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Harborough Local Housing & Employment Land Evidence

Final Report

Iceni Projects Limited on behalf of
Harborough District Council

February 2025

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ICENI PROJECTS
LIMITED ON BEHALF
OF HARBOROUGH
DISTRICT COUNCIL

Harborough Local Housing &
Employment Land Evidence
FINAL REPORT

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A: Review of Existing Employment Areas & Extant Allocations

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1. Executive Summary

- 1.1 This Local Housing and Employment Land Evidence report has been prepared to provide aligned evidence on housing need, economic growth and employment land provision over the 2020-41 plan period as well as to provide local evidence to support housing mix policies in the local plan.

Overall Housing Need

- 1.2 Harborough District has seen strong housing supply and housing delivery performance in recent years, which has resulted in strong comparative growth in the housing stock, despite some delays in bringing forwards the SDAs at Scraftoft and Lutterworth East. Housing growth has been weaker in these areas as a consequence.
- 1.3 Affordability pressures are evident with house prices 10 times average earnings across the District. The long-term trend has been of deteriorating housing affordability, and the evidence indicates that this has resulted in a declining home ownership rate in all parts of the District. However, compared to other areas, levels of home ownership in Harborough are still strong – and more than $\frac{3}{4}$ of all households are home owners. Whilst sales market conditions have weakened, there remains an underlying housing need.
- 1.4 The standard method is set out by Government as the starting point for considering the overall need for housing. The 2022 HENA calculated housing need at 534 dpa. The latest data has seen this fall to 510 dpa.
- 1.5 The sub-regional evidence has found no basis for making upward adjustments to housing need taking account of demographic trends; and finds that the standard method provides a strong and consistent basis for plans across the HMA. However there are distributional issues with an unmet need generated in Leicester over the period to 2036. The Council has agreed through an SOCG to contribute to meeting Leicester’s unmet needs, contributing 123 dpa to 2036.

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- 1.6 Taking the HENA housing need calculation (534 dpa) and applying this over the plan period (2020-41) generates a need for 11,214 homes. With the unmet need for Leicester then included, a need for 13,182 homes is shown, equivalent to 628 dpa.

Table 1.1 Harborough Local Housing Need & Unmet Need, 2020-41

	dpa	Plan Period
Local housing need (from HENA)	534	11,214
Unmet need from Leicester, 2020-36	123	1968
Draft requirement (rounded)	628	13,182

- 1.10 The report has considered the evidence regarding the inter-relationship between housing and employment provision. It identifies that the draft housing requirement of 13,182 homes would support between 12,700 – 13,300 jobs in the District, with the range influenced by commuting dynamics. This significantly exceeds the scenarios for local economic growth considered which showed growth of between 4,800 jobs in the ‘baseline’ scenario for economic growth and 9,000 jobs in the ‘Growth Scenario’ for the District which draw on the Leicester & Leicestershire Housing and Economic Growth Assessment (HENA).
- 1.11 The report has then overlaid scenarios for delivery of additional strategic B8 development of up to 140ha in line with the conclusions of the 2024 Strategic B8 Sensitivity Study. It has sought to test whether these could put any upward pressure on housing need. The analysis in this report finds that whilst the delivery of additional strategic B8 development could support increased employment growth in Harborough District, this would not place any upward pressure on the housing need and can be accommodated within the proposed housing requirement. The available labour in the District supported by the proposed housing provision at 13,182 homes is sufficient to accommodate and support the jobs growth associated with strategic B8 development, with the evidence making no assumptions on increased net commuting from other locations.

Affordable Housing Need

- 1.12 The report provides updated evidence on the need for affordable housing in Harborough District, and the need in different parts of the District. It indicates an overall need for 421 affordable homes per year across the District, within which there is a need for 310 rented affordable homes and 111 affordable home ownership homes – a 75% / 25% split. The table below shows the annual affordable housing need in different areas.

Table 1.2 Annual Affordable Housing Need

	Social/ Affordable Rented Need	Affordable Home Ownership Need	Total Need	Annual
Market Harborough	87	29	116	
Lutterworth	33	9	42	
Broughton Astley	28	9	37	
Fleckney	14	5	19	
Great Glen	15	6	21	
Kibworth	21	7	28	
Leicester Fringe	29	6	35	
Other Rural Areas	85	39	124	
TOTAL	310	111	421	

- 1.13 The scale of affordable housing need is significant, and the Council is justified in seeking to maximise delivery on sites where possible.
- 1.14 The affordable need represents 2/3 of the proposed housing requirement. It is unlikely that this level of housing provision is deliverable. Whilst the adjustments within the standard method are sufficient to meet the needs of additional households, the evidence continues to suggest some tenure imbalance. However the Council needs to balance the profile of need and viability considerations in setting policies for affordable housing and it is important to recognise that public funding is a constraint to affordable housing delivery.

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- 1.15 The report's analysis indicates that in terms of the profile of affordable housing to be sought through planning policies, a 75/25 split in policy between social/affordable rented and affordable home ownership homes is appropriate. There is strong evidence to support delivery of homes at social rent levels, which the needs evidence indicates could account for between 20 - 70% of the need for rented affordable housing. However in setting policies within the Local Plan, this needs to be balanced against viability and funding availability.
- 1.16 The evidence indicates that delivery of First Homes would do little to meet genuine local affordable housing needs given current Open Market Values of newbuild homes, with shared ownership potentially being a genuinely affordable product (particularly for smaller homes) as well as indicating a need for rent-to-buy homes. It therefore recommends that shared ownership and rent-to-buy should therefore should be prioritised within the provision of affordable home ownership homes.
- 1.17 Affordable housing delivery performance has improved in recent years, although not all sites/ schemes contribute (for instance permitted development schemes, those below policy thresholds or which cannot viable contribute). There are short-term factors, with increased construction costs and other priorities for Registered Providers (RP) which may make affordable housing delivery in the short-term more challenging: but it is important that affordable housing delivery is maintained as a key priority.

Need for Different Types of Homes

- 1.18 There are a range of influences on the mix of housing. Policy H5 in the adopted Local Plan sets out that housing schemes should make efficient use of land with densities having regard to the context of the site, local character and accessibility by sustainable modes. It expects major housing development to provide a mix of homes informed by the latest housing needs evidence.
- 1.19 The report models the need for different sizes of homes over the plan period to 2041. It's strategic conclusions on the appropriate mix of homes are set out below.

Table 1.3 Strategic Conclusions on Housing Mix

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	15%	25%	50%
2-bedrooms		45%	30%	
3-bedrooms	45%	40%	30%	
4+-bedrooms	25%		15%	

- 1.20 Some flexibility should be adopted in applying this to individual development sites. Regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- 1.21 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site specific circumstances. Flatted development is expected to be focused in more urban locations – particularly in Market Harborough and central Lutterworth.
- 1.22 There is a potential demand for bungalows which might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There is also an identified need arising from the growth in households with mobility problems and of wheelchair user households. On this basis the report recommends that the Council consider provision of up to 5% bungalows on suitable major sites.
- 1.23 Having regard to prospective changes in Building Regulations, the evidence supports a policy requiring new dwellings should meet M4(2) accessible and adaptable standards, where suitable level access can be achieved. It identifies a need for 364 wheelchair-user homes over the 2020-41 plan period. To meet the identified need, the evidence would justify provision of 5% of all new market homes to be M4(3) compliant and a higher figure in the affordable sector (10%) subject to viability. These figures reflect that not all sites would be able to deliver

homes of this type and the potential for adaptations to existing homes. In the market sector these homes would be M4(3)A (adaptable); and M4(3)B (accessible) for affordable housing.

Need for Specific Types of Housing

- 1.24 Based on the evidence, there is the potential for the **Build to Rent** sector to develop over the plan period – in particular with the sector having a role in delivering major urban extensions. It is appropriate, therefore, for Council to include policies related to Build-to-Rent development within the new Local Plan which address their expectation for such development provision for longer-term tenancies of 3+ years, policies regarding affordable housing provision and clawback provisions in the event of scheme/ unit disposal. The NPPF Glossary expects schemes to include conditions requiring operators to offer tenancies of 3 or more years but with options for tenants to break (without a fee) after 6 months with a 1 month notice period.
- 1.25 In respect of affordable housing, the economics of build-to-rent development are different to standard ‘for sale’ or mixed tenure residential schemes. Government is keen to secure growth in the sector and in this context, the PPG proposes 20% affordable housing as a ‘suitable benchmark’ for affordable private rent within BTR developments. A minimum rent discount relative to local market rents is expected to be set out in policy, with a 20% discount proffered. Affordable housing policies need therefore to be informed by detailed viability testing which specifically addresses the BTR sector and which should focus on suburban build-to-rent.
- 1.26 The current Local Plan has positive policies supporting **Self- and Custom-Build** development. It is evident that despite a relatively permissive policy for CSB development, volumes of permissions have not been matching registrations, with the evidence pointing to a cumulative shortfall of 172 dwellings as at October 2024.
- 1.27 To meet the need identified on the Register, the Council as part of its new Local Plan might reasonably therefore consider a tightening of the policy framework. A

potential approach to doing so could include setting out a specific requirement on the proportion of custom- and self-build development expected on larger sites, such as an expectation of 10% provision on sites of over 40 dwellings with a cascade mechanism should clear interest not be forthcoming; as well as working with public sector landowners to drive forward delivery.

- 1.28 The evidence of need for **Children’s Home bedspaces** in the report is a relevant planning consideration. The Written Ministerial Statement (May 2023) makes clear that in two tier authorities as here, it expects local planning authorities to support these vital developments where appropriate, to ensure that children in need of accommodation are provided for in their communities. There are not however particular planning policy changes which are considered particularly warranted in a context where development is more likely to relate to applications for change of use of existing housing stock.
- 1.29 A key area where there is a need for specialist housing, is to support a growing older population. The evidence indicates a growth of 12,400 people aged 65+ over the plan period – growth of almost 60% - including growth of 8,700 aged over 75 as life expectancy increases.
- 1.30 The net need shown for specialist housing is set out in the table below. These are net figures, and it is reasonable to expect some closures of older and smaller care homes, which do not meet modern standards; as well as equally remodelling or redevelopment of dated sheltered housing schemes.

Table 1.4 Specialist Housing for Older People – Harborough

		Net Need, 2020 - 2041
Housing with support	Market	1,043
	Affordable	206
Total (housing with support)		1,249
Housing with care	Market	489
	Affordable	140
Total (housing with care)		629
Residential care bedspaces		346
Nursing care bedspaces		473
Total bedspaces		819

1.31 Larger strategic sites should be expected to make provision for a range of specialist types of homes for the District’s growing older population in order to boost supply. Such provision can help to contribute positively to the pace of housing delivery on such sites.

Local Economy & Property Market

1.32 The evidence shows that Harborough has a range of attributes: it is an affluent area, with a high quality of life offer, strong levels of economic participation, a good balance between homes and jobs and broad sectoral structure. But productivity performance is below average, and recent business growth has been weak.

1.33 There is a strength in agricultural activities and a strong representation and strength in sectors which relate to warehousing and logistics, which reflects in particular the concentration of such activities at Magna Park, Lutterworth. Beyond these areas, the local economy is broadly based. The business base is focused on small businesses.

1.34 The profile points to the need to nurture diversity in the business base: from providing opportunities for and nurturing the growth of indigenous small businesses, considering how relationships to universities (such as those in Leicester and Coventry) can be developed, and providing a land supply which can

both support investment by existing businesses in the District and attract new footloose occupiers. It points in particular to the need to provide local employment opportunities in the Leicester Fringe area whilst recognising economic links with the City.

- 1.35 Harborough has a modestly-sized office market, focused on SMEs and local demand. Rental levels make new-build speculative office development challenging. Net absorption has been negative since Covid-19 which has contributed to rising vacancy levels. This means that substantive new-build development in the short-term is unlikely to 2028/9. In the medium/longer-term the evidence points to growth in office-based activities; which combined with the market trends towards good quality space can be expected to support occupier demand for new-build offices.
- 1.36 However growth in values for office premises, or occupiers willing to pay a premium for space, are likely to be required to support substantive new-build development. Whilst some freehold development may come forward, these factors are likely to limit the delivery of new-build office and R&D space; but mean that it will be important to protect good quality existing office space.
- 1.37 This report addresses the need for local industrial space, which includes industrial development and non-strategic B8 warehousing; whilst separate sub-regional evidence and a Strategic B8 Sensitivity Study address the needs for strategic B8 development in units of over 9,000 sq.m.
- 1.38 The District has a much larger and more developed local industrial market with evidence of demand and new-build development coming forwards across a range of location/ settlements within the District. The evidence points to demand across a range of unit sizes; with Market Harborough and Lutterworth having the most developed local industrial markets. At the time of writing, supply is relatively tight but this is influenced by growth in interest rates and construction costs since the pandemic holding back new development.

Employment Land Needs

- 1.39 The reports tests the findings on employment land needs set out in the Leicester and Leicester HENA to take account of local circumstances and market dynamics, and to reflect the plan period (2020-41).
- 1.40 For office and R&D development, Icenii recommend that the Council plans on the basis of 9.6 ha of provision, which is made up of a base need for 7.6 ha (to support delivery of 26,550 sq.m floorspace), together with adjustments to provide for flexibility, churn and a choice of sites. The calculation is shown below.

Table 1.5 Overall Office and R&D Needs, Harborough 2020-41

	E(g)(i) Office	E(g)(ii) R&D	Total
Base need: Growth Scenario	5.3	2.3	7.6
Margin for Flexibility	1.1	0.3	1.4
Margin for Churn and Choice	0.4	0.2	0.6
Total Need	6.8	2.8	9.6

- 1.41 Due of the effects of automation and improvements in productivity, and the important influence of replacement demand, on the need for industrial premises, there is a weak relationship between floorspace needs and employment trends. The growth scenario forecasts show growth in warehousing employment and a modest decline in industrial (manufacturing) jobs over the plan period. But this will underplay development needs because of the effects of replacement demand which are an important driver of the commercial market as businesses seek modern floorspace with sufficient height, power and ESG credentials.
- 1.42 The report therefore bases its assessment of industrial needs on gross completions trends over a 10 year period, with adjustments to provide for a choice of sites, land supply flexibility and to reflect current tight supply conditions. This results, as shown below, in a need for 50.6 ha of industrial land to meet local needs. Strategic B8 needs are separate and additional to this.

Table 1.6 Industrial Development Needs (ha) based on 10 yr gross completions trend

	Light Industrial E(g)(iii)	Industrial B2	Warehouse / Distribution B8 (< 9000 sq.m)	Total
10 yr gross completions projection	9.1	16.4	9.8	35.3
Margin for flexibility	2.2	3.9	2.3	8.4
Margin for choice and churn	0.7	1.2	0.7	2.6
Sub-total	11.9	21.5	12.9	46.4
Vacancy adjustment (2.2% to 7.5%)				4.2
Total local industrial need				50.6

- 1.43 Drawing the analysis together across commercial uses, a total local employment land need is shown for 60.1 ha of land over the 2020-41 plan period. This is very marginally higher than the 57 ha in the Leicester & Leicestershire HENA, reflecting in particular the slightly longer plan period.

Employment Land Supply Position

- 1.44 The quantitative supply-demand position, as summarised in Table 1.7, identifies a modest total surplus of 5.9 ha of employment land at the district level, subject to significant unconsented land within KEA/GEAs being allocated. The current supply position provides a varied portfolio of employment provision in a range of geographical locations which are attractive and offer a choice to the market. There is therefore limited need to identify new allocations to meet the district's need to 2041.
- 1.45 Whilst there is a modest surplus across all employment uses, the analysis identifies a modest shortfall of industrial land. Icenis's review of existing

employment sites identifies opportunities for additional development on land at existing employment sites which could contribute to meeting this shortfall.

Table 1.7 Quantitative Supply-Demand Balance

	E(g)(i) Offices	E(g)(ii) R&D	E(g)(iii) Light Industrial	B2 Industrial	Non- Strategic B8 (units <9,000 sqm)	Total (Ha)
Need, 2020-41	6.8	2.8	13.0	23.5	14.1	60.2
Gross Completions (2020/21 – 2022/23)	0.3	0.0	2.1	1.1	1.8	5.1
Commitments at 31/03/23*	11.3	-0.6	4.5	11.6	23.4	50.2
Residual Need to plan for (at 31/03/23)	+4.8	-3.4	-6.5	-10.8	+11.1	-4.8
Recommended allocations to roll forward	4.1	2.4	3.5	0.8	0.0	10.8
Supply/Demand Balance	+8.9	-1.0	-3.0	-10.0	+11.1	+5.9

*Includes Wellington Business Park and Airfield Business Park (consented Oct 23)

NB: Figures may not sum due to rounding

1.46 Further to this, it is recommended that there is justification to provide limited additional provision (new allocation(s)) to help address the issue of flexibility, to ensure delivery against need across all employment uses, and to address a geographical gap – in both office and industrial provision - around the Leicester urban fringe area (as part of any strategic development area) to help support a balance of homes and jobs and the delivery of sustainable places.

1.47 Appendix B 'Assessment of Commercial Attractiveness of Candidate Employment Sites' reviews the commercial attractiveness of selected candidate sites which have been promoted to the Council for employment development, and which are

identified by the Council as potential candidate employment sites for allocation. It is intended to feed into the consideration of potential alternatives for allocation in the new Local Plan.

Changes to Existing Employment Site Designations

- 1.48 Following an assessment of employment areas designated by the current Local Plan, Icenl recommend that 35 areas should be similarly designated and safeguarded in the new Local Plan. This comprises 14 KEA's and 21 GEA's, as set out in Table 1.8 below.
- 1.49 As a result of the review of existing employment areas, changes to the boundaries of 17 designated areas are recommended and 2 new KEA's and 2 new GEA's, not previously identified, are proposed.
- 1.50 Following a review of undeveloped and partially developed extant allocations, Icenl recommend that the majority make a valuable contribution to employment land supply, and where significant un-consented land exists within proposed KEA/GEA designations this should be allocated in the new Local Plan.

Table 1.8 Recommendations for KEAs and GEAs

Key Employment Areas	General Employment Areas
Market Harborough	Market Harborough
Compass Point Business Park	Sovereign Park, Lathkill Road
Euro Business Park	Courtyard Workshops, Bath Street
Peaker Park, Rockingham Road	Farndon Road Business Centre
The Point Business Park	Fernie Road Industrial Estate
Airfield Business Park, Leicester Road	Forester Foods, Great Bowden Road
	Riverside Industrial Estate
	Saw Mill, Gores Lane
	Rockingham Road Industrial Estate
	Welland Industrial Estate
	The Shires, Euro Business Park
	Bowden Business Village
Lutterworth	Lutterworth
Mulberry Enterprise Park (Semelab), Coventry Road	Ladywood Works, Leicester Road
Cosford Business Park, Central Park	Wycliffe Industrial Estate, Leicester Road
Midland Court Business Park	Elizabethan Way, off Leicester Road
Bilton Way	Off Leicester Road (Lutterworth Coaches/Travis Perkins area)*
St John's Business Park, off Rugby Road	Oaks Industrial Estate
	Land at Gilmorton Road, Lutterworth
	C&V Business Park, Leicester Road*
Broughton Astley	
Cottage Lane Industrial Estate	
Estley Green Business Park, Box Road*	
Kibworth	Kibworth
Kibworth Business Park	The Hatchery, Harborough Road
Beauchamp Business Park*	
	Fleckney
	Churchill Way Industrial Estate
	Other Rural Centres
	Agricultural Barns, Gliding Club

Source: Icen Analysis, * = New GEA/KEA proposed

1.51 The site assessments also considered whether adjustments to the current KEA/GEA boundaries were necessary. Icení's recommendations, informed by assessments of individual sites, are summarised in the table below.

Table 1.9 Recommended amendments to KEA and GEA Boundaries

KEA / GEA	Recommended Change to Boundary
Market Harborough	
Compass Point Business Park	KEA boundary extended to include the BE1 allocated land that lies between the current two parcels of land that make up the KEA.
Farndon Road Business Centre	GEA boundary extended to include the southernmost section of the site, the unit occupied by JPS Trading Services and the area adjoining Gracelands Park Homes.
Fernie Road Industrial Estate	Boundary expanded to include the portion of the industrial estate bounded by Fernie Road and York Street which has units of similar type/quality/age to the remainder of the site.
Riverside Industrial Estate	Boundary expanded to include the Riverside End Industrial Estate site given that the type/age/quality of the units are not significantly different from those across Riverside IE.
Saw Mill, Gores Lane	Boundary of this site should be reduced to remove the now extant commitment for delivery of an Aldi food store.
Euro Business Park	B&M occupied unit removed from this site and included within The Shires, Euro Business Park GEA as quality/age of building is more similar to the unit at The Shires.
The Shires, Euro Business Park	Boundary expanded to include B&M occupied unit as per comment above.
Peaker Park, Rockingham Road	Boundary expanded to include the vacant plot of land at the entrance to the site to affirm the principle of employment use on the site.
The Point Business Park	The boundary should be extended to include the car park to the front of the site. It is not currently being used and could provide an intensification opportunity subject to consideration of necessary parking provision.

Airfield Business Park, Leicester Road	The boundary of the Key Employment Area should be amended to include the entire site – including the entirety of Phases 1, 2 and 3.
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- 1.52 To address the modest quantitative employment land shortfalls identified, the Council should consider additional employment land allocations through the new Local Plan.

2. Introduction

- 2.1 Harborough District Council is preparing a new Local Plan for the District. The Plan will set out planning policies which will inform the determination of planning applications for development.
- 2.2 To support the preparation of the Local Plan, the Council has commissioned Icení Projects ('Icení') to prepare local housing and employment land evidence to inform policies regarding the level and mix of housing, as well as evidence regarding local employment land dynamics. The updated evidence is expected to address issues related to:
- **Housing mix** – providing a local-based review and assessment to support the review of policies regarding the mix of housing sought;
 - **Local employment land dynamics** – considering dynamics regarding supply and demand for local employment land provision within the District, including the adequacy of the current supply to meet local needs; and
 - **Aligning homes and jobs provision** – in particular considering the implications of the strategy for provision of strategic warehousing, and the alignment of the Plan's strategy for homes and jobs.
- 2.3 This Study sits alongside the sub-regional evidence base which includes the Leicester and Leicestershire ('L&L') Housing & Economic Needs Assessment ('HENA'), and associated Housing and Employment Distribution Papers, which were prepared by Icení in 2021/22, and the Warehousing and Logistics in Leicester & Leicestershire (2021) which Icení was also involved in preparing. A Harborough Strategic B8 Study (December 2024) has also been prepared which sits alongside this report.
- 2.4 This Study provides a 'sense check' on the conclusions of the HENA on housing mix; and an update of the local employment land evidence, including assessments of existing sites, to provide a basis for reviewing current policies and considering if additional employment land allocations are needed.

2.5 The Council’s Local Plan is intended to cover a **2020-41 plan period**. The base data for the Plan thus aligns with the sub-regional evidence; with the timeframe providing for a 15 year period from the intended adoption data of the Plan, as required by national policy¹.

Sub-Areas

2.6 The map below shows the geography of the District and the main settlements. To understand housing and economic dynamics in different parts of the District, for analytical purposes we segment some elements of the analysis to consider the sub-areas shown in Table 2.1 and Figure 2.1 below. The sub-areas have been created using Census output areas for 2011 and 2021. Data availability issues influence those areas in which local-level analysis for the sub areas can be provided.

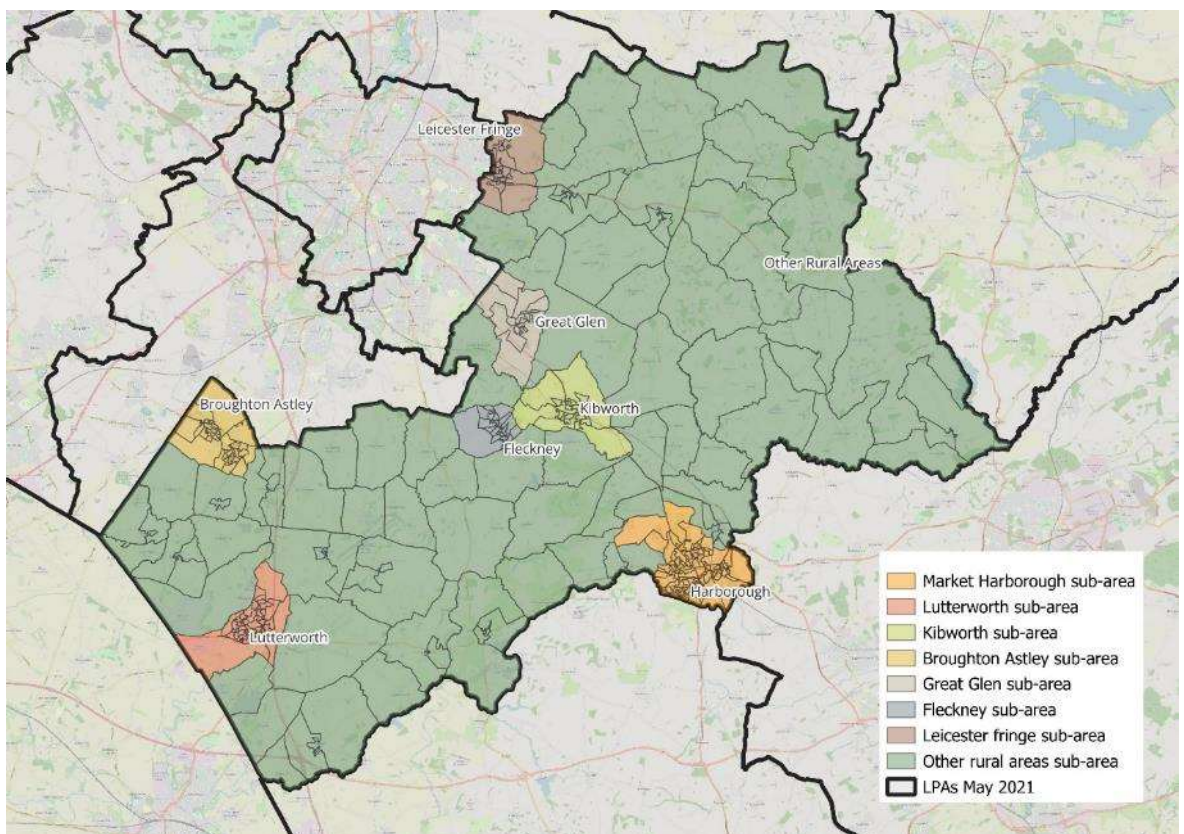
Table 2.1 Harborough District Sub-Areas

Geography	Area	Description
Market Towns	Lutterworth	<ul style="list-style-type: none"> • Market town within the South West of the District. • Includes and is coterminous with the Lutterworth Parish area.
	Market Harborough	<ul style="list-style-type: none"> • Market town in the South East of the District. • Includes the unparished area of Harborough district, encompassing Market Harborough and Market Harborough built up area (2021).
Leicester Fringe		<ul style="list-style-type: none"> • Area to the North / North West of the District, bordering Leicester City. Falls within the Leicester Principal Urban Area. • Includes and is coterminous with both the Thurnby and Bushby, and Scraftoft parishe areas.

¹ NPPF Para 22

Geography	Area	Description
Larger Villages	Kibworth	<ul style="list-style-type: none"> Includes and is coterminous with both the Kibworth Harcourt and Kibworth Beauchamp Parishes.
	Broughton Astley	<ul style="list-style-type: none"> Includes and is coterminous with Broughton Astley Parish.
	Great Glen	<ul style="list-style-type: none"> Includes and is coterminous with the Great Glen Parish.
	Fleckney	<ul style="list-style-type: none"> Includes and is coterminous with the Fleckney Parish.
Rural Areas	Other Rural Areas	<ul style="list-style-type: none"> Includes the remainder of the Parish areas across the District.

Figure 2.1 Sub-Area Geography



Source: Icenis, Census 2021

Report Structure

2.7 The remainder of the report is structured around three sections as follows:

-
- Section A: Housing Mix;
 - Section B: Employment land Provision; and
 - Section C: Aligning Homes and Jobs.

2.8 The report is supported by two appendices:

- Appendix A: Review of Existing Employment Areas and Extant Allocations; and
- Appendix B: Assessment of Commercial Attractiveness of Candidate Employment Sites.

3. Housing Stock & Supply Trends

- 3.1 This section includes a profile of the housing stock in different parts of the District and considers trends in housing supply. As new-build housing typically makes up a small proportion of the overall housing stock, understanding the existing stock provision is important in considering what mix of new-build homes are needed.

Housing Stock Growth

- 3.2 In 2022, Harborough District had a total of 42,300 dwellings. The District's housing stock has grown relatively strongly in comparative terms over the last decade, with the growth rate increasing in the 2017-22 period – supported by stronger market conditions and land availability.

Table 3.1 Dwelling Stock Growth

CAGR	5 Year Growth Rate (2017-22)	10 Year Growth Rate (2012-22)
Harborough District	2.1%	1.7%
Leicester and Leicestershire	1.1%	1.0%
East Midlands	1.1%	0.9%
England	1.0%	0.9%

Source: DLUHC Live Table 100, Icen analysis

- 3.3 The housing stock has grown in all parts of the District. Table 3.1 below compares the total number of number of dwellings in each of the sub-areas between 2011 and 2021, using Census data.
- 3.4 The sub-areas with the highest growth proportional to their existing dwelling stock were Kibworth, with a 32% increase in total dwellings between 2011 and 2021, followed by Leicester Fringe (29%) and Great Glen (25%). Fleckney has seen the lowest proportionate growth with only a 6% increase in dwellings over the 10 year period.

3.5 However the greatest contribution to housing growth across the District has been from the Market Harborough sub-area (26.1% of total net change between 2011-21), followed by the Other Rural Areas (21.5%). Lutterworth’s contribution to District-wide growth has been relatively subdued – in particular as the Lutterworth East SDA has yet to come forwards.

Table 3.2 Dwelling change by Harborough Sub-Areas

Sub-areas	2011	2021	Net change	% change	% of total net change
Other Rural Areas	10,651	11,897	1,246	11.7%	21.5%
Broughton Astley	3,474	3,982	508	14.6%	8.8%
Fleckney	1,982	2,108	126	6.4%	2.2%
Great Glen	1,559	1,947	388	24.9%	6.7%
Kibworth	2,362	3,119	757	32.1%	13.0%
Lutterworth	4,045	4,693	648	16.0%	11.2%
Market Harborough	9,897	11,413	1,516	15.3%	26.1%
Leicester Fringe	2,131	2,747	616	28.9%	10.6%
Harborough Total	36,101	41,906	5,805	16.1%	100.0%

Source: Census 2011, Census 2021

3.6 Affordable housing delivery in Harborough has been improving in recent years in both absolute and relative terms. Table 3.3 shows that the annual delivery has more than doubled relative to the previous 5 year period, and there has been a notable growth in the percentage of affordable housing achieved. Affordable housing over the last 5 years has been of over 200 properties per annum: 22% of net completions.

Table 3.3 Affordable Housing Delivery Performance

Harborough District	2013-18	2018-23
Annual affordable delivery	77	201
% affordable achieved	15%	22%

Source: HDC Monitoring Data

3.7 HDC’s data on the profile of affordable housing completions indicates that the profile of affordable housing delivered is split 55/45 in favour of rented provision (at social and affordable rents). The proportion of shared ownership homes delivered is higher than the Policy H1 requirement (30%), as on some schemes a variance in the tenure mix has been justified to support viability.

Table 3.4 Mix of Affordable Housing Delivered

	2018-22	% Total Affordable
Social & Affordable Rented	448	55%
Shared Ownership	368	45%
Total Affordable	816	100%

Source: HDC Monitoring Data

Housing Trajectory

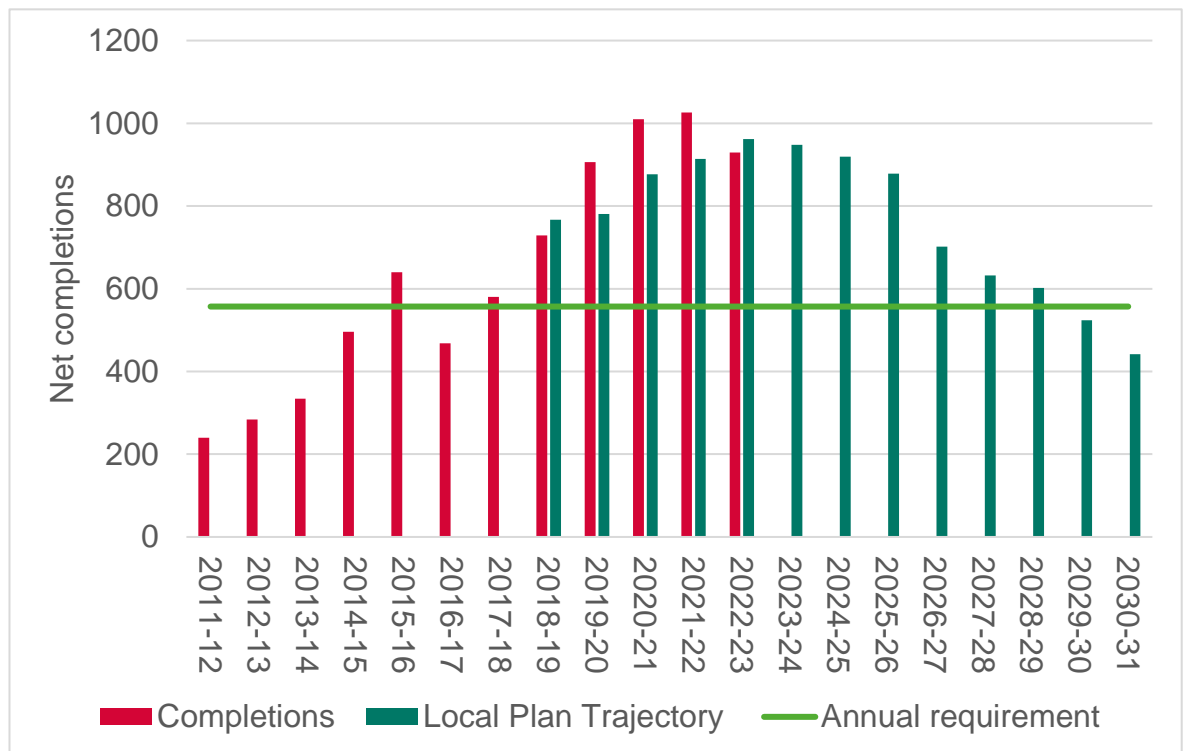
3.8 The current Harborough Local Plan was adopted in April 2019, with a plan period of 20 years covering 2011 to 2031. The spatial strategy (policy SS1) aims to direct development to appropriate locations in accordance with the settlement hierarchy.

3.9 The adopted Local Plan provides for major housing growth in the District of a minimum of 12,992 dwellings, with a requirement to deliver at least 557 dwellings per annum. This was intended to be achieved through completions, delivery of commitments, and Neighbourhood Development Plan (NDP) allocations (collectively accounting for 69% of Local Plan supply), and through policies for major growth at Strategic Development Areas (SDA) and other allocations, of which the most sizeable were:

- Lutterworth SDA (2,750 dwellings of which 1,260 dwellings in the plan period);
- Scraftoft SDA (1,200 dwellings);
- Overstone Park, Market Harborough (600 dwellings); and
- East of Blackberry Grange, Northampton Road, Market Harborough (350 dwellings).

-
- 3.10 The largest single provision in terms of units of housing was allocated at the SDA to the East of Lutterworth. While a hybrid planning application for the site was approved in July 2020, following a resolution in July 2021 to amend the agreed Section 106 contributions, this decision, was subject to an unsuccessful judicial review in the High Court.. Planning permission was issued in May 2022. However this site has been slow to progress and as of November 2024 applications have been submitted to vary the Section 106 agreement and some of the planning conditions as well as discharge one condition, although no Reserved Matters applications have been received.
- 3.11 A Strategic Development Area was also allocated in Scraftoft North (in the Leicester Fringe sub-area) for around 1,200 dwellings and associated infrastructure on Scraftoft Golf Club. An outline application for the site was submitted in October 2019 (19/00700/OUT) and is pending consideration at the time of writing. The application has stalled due to technical issues on the site (archaeology and asbestos findings) and the application documentation has been updated in response to this.
- 3.12 Nonetheless, despite the delays in the progress of some of these larger sites (which will therefore contribute to delivery over the new Local Plan period, 2020-41), housing delivery in the District has grown notable since the adoption of the Local Plan in 2019, as shown in Figure 3.1 below with delivery of over 1,000 dwellings in both 2020/21 and 2021/22. Housing delivery is thus running ahead of the plan trajectory.
- 3.13 A new Local Plan is likely to introduce further housing supply which can contribute to housing delivery in the late 2020s and beyond.

Figure 3.1 Housing Delivery Performance against the 2019 Local Plan Trajectory

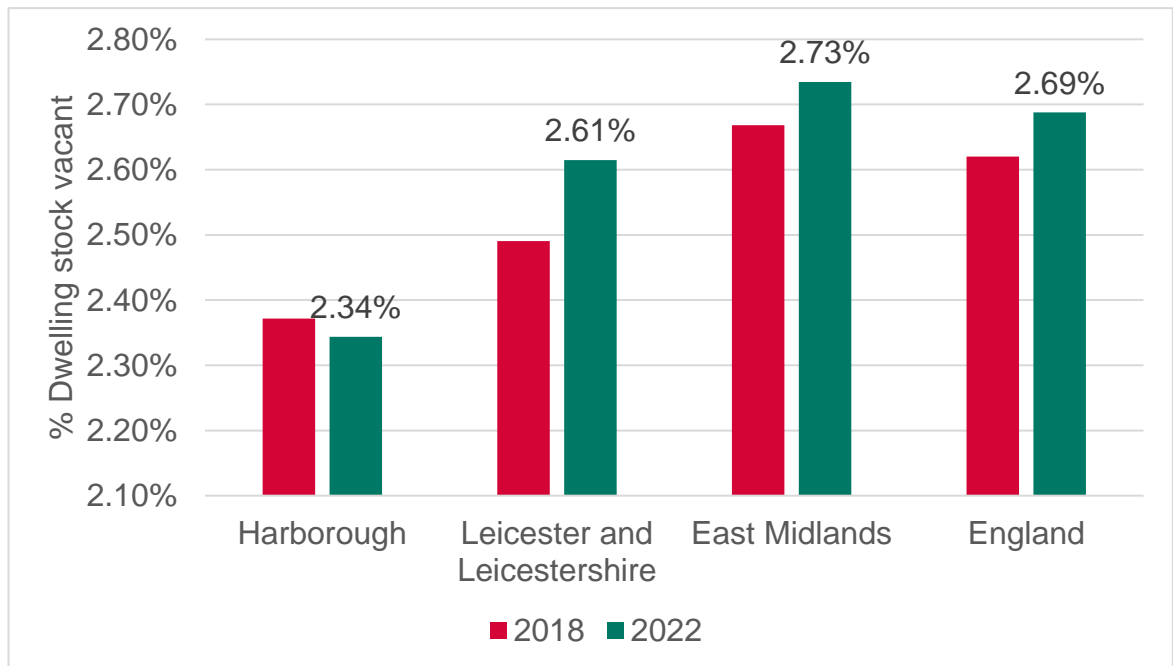


Source: HDC Monitoring/Iceni

Vacant Dwellings

- 3.14 A level of vacancy is required to ensure there is sufficient churn of stock and allow for repairs to properties, as too low of a vacancy rate can indicate a constrained supply and market. Just 2.3% of the housing stock in Harborough is vacant which is below wider benchmarks. This means that there is little potential to meet housing need through reducing the scale of vacant homes.

Figure 3.2 Vacancy Rate – Harborough District and Comparator Areas



Source: DLUHC Live Tables 100 and 615, Icenl analysis

3.15 The 2021 Census pointed to a slightly higher proportion of unoccupied dwellings (3.5%), as this will include some second homes. Levels of unoccupied dwellings were higher than 3% in Market Harborough (at 4.8%), the Other Rural Areas (3.8%), Great Glen (3.2%) and in the Leicester Fringe (3.2%). These variances may however partly reflect the Census sampling than underlying differences.

3.16 It is likely that Government will in the short-term introduce a registration scheme for short-term lets which allows the Council to identify any concentrations. Overall however the evidence does not point to any particular issues around vacant homes; or indicate that these could contribute to meeting future housing need.

Housing Tenure

3.17 Harborough District has a relatively high level of home ownership, with three quarters of households being home owners. This is in part a reflection of its age structure (with a higher proportion of older households who own their homes outright).

3.18 The Private Rented Sector is modest in size, accommodating c. 5,400 households (13%); with around 3,500 households (9%) living in the Social Rented Sector.

Table 3.5 Tenure Profile, 2021

	Harborough		L&L	East Midlands	England
	No	%			
Owned	30,632	76%	47%	65%	61%
<i>Owned Outright</i>	16,484	41%	25%	35%	33%
<i>Owned with Mortgage</i>	14,148	35%	22%	30%	29%
Shared ownership	805	2%	1%	1%	1%
Social rented	3,531	9%	23%	15%	17%
Private rented	5,439	13%	29%	19%	20%
Lives rent free	7	0%	0%	0%	0%

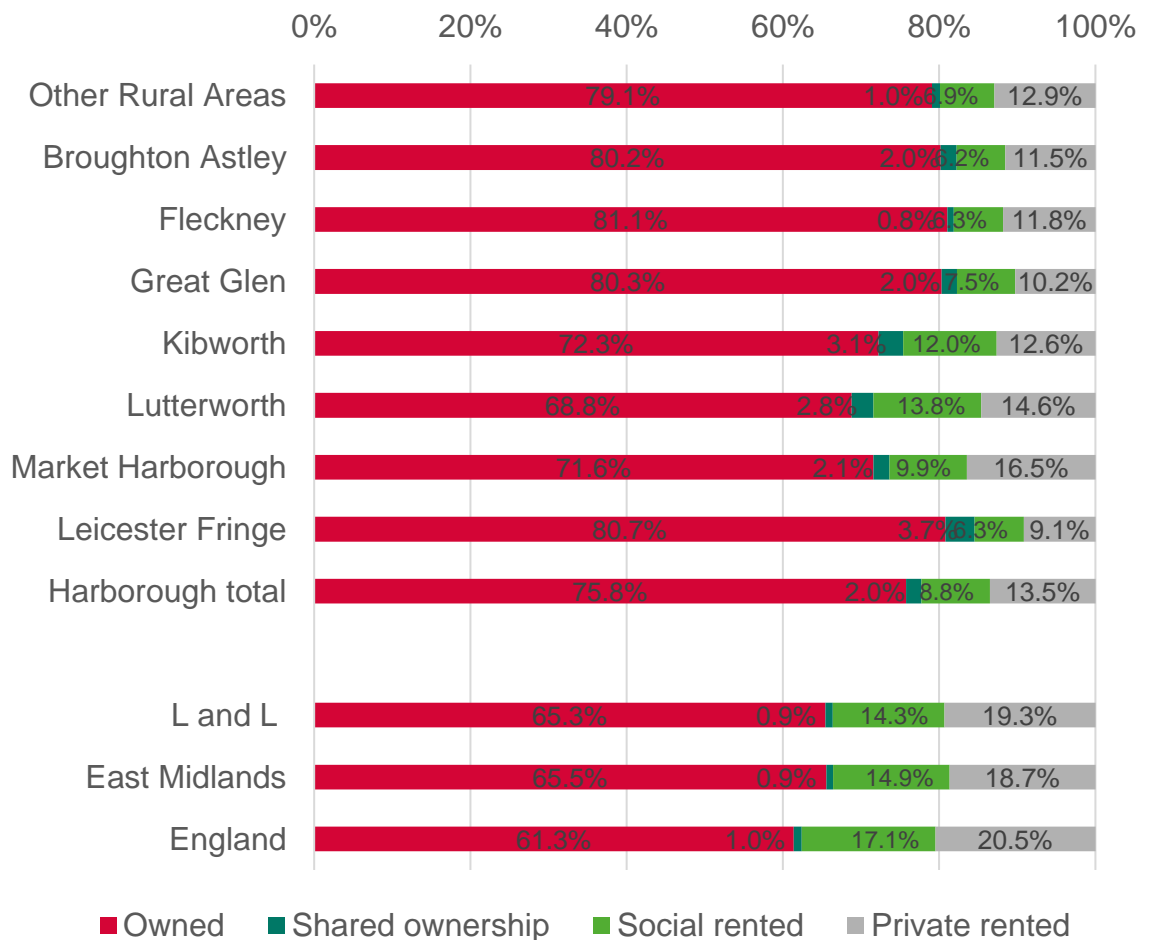
Source: 2021 Census

3.19 At a sub-area level, Lutterworth and Kibworth have higher relatively proportions of households who are living in the social rented sector (13.8% and 12.0%). These settlements, as well as Market Harborough, see higher levels of private renting than other locations. The largest private rented sector is in Market Harborough (c. 1,800 households).

3.20 Home ownership is highest in the Leicester Fringe, Great Glen and the Other Rural Areas, in each case accounting for over 80% of households. It is notably weaker in relative terms in Lutterworth and Kibworth (69% and 72% respectively).

3.21 Shared ownership across the District accounts for only 800 properties. There are shared ownership properties in a range of areas, but with the greatest concentration (in absolute and proportional terms) in Market Harborough.

Figure 3.3 Tenure Profile – Sub-Areas, 2021



Source: Census 2021

- 3.22 Home ownership *rates* have fallen in all parts of the District between 2011-21, with the greatest percentage point falls seen in Broughton Astley (-4.7pp), Lutterworth (-4.3pp) and Kibworth (-4.0pp). The absolute number of home owners has *grown*: it is the proportion (as a percentage of all households) which has fallen.
- 3.23 Falling home ownership is offset by growth in shared ownership, social renting (except in Market Harborough) and in Private Renting in the market towns, Leicester Fringe and main service centres. Private renting in other rural areas has remained essentially static.

Table 3.6 Tenure Changes in Sub-Areas, 2011-21

	Owned		Shared Ownership		Social Rented		Private Rented	
	2011	2021	2011	2021	2011	2021	2011	2021
Broughton Astley	84.9%	80.2%	0.8%	2.0%	5.1%	6.2%	9.1%	11.5%
Fleckney	83.9%	81.1%	1.0%	0.8%	5.7%	6.3%	9.4%	11.8%
Great Glen	82.4%	80.3%	0.7%	2.0%	6.8%	7.5%	10.2%	10.3%
Kibworth	76.2%	72.3%	0.9%	3.1%	11.1%	12.0%	11.7%	12.6%
Leicester Fringe	84.6%	80.7%	2.6%	3.7%	4.3%	6.3%	8.4%	9.2%
Lutterworth	73.1%	68.8%	1.6%	2.8%	13.7%	13.8%	11.6%	14.6%
Market Harborough	72.9%	71.6%	1.7%	2.1%	10.2%	9.9%	15.2%	16.5%
Other Rural Areas	79.7%	79.1%	0.6%	1.0%	6.7%	6.9%	13.1%	12.9%
Harborough District	78.1%	75.8%	1.2%	2.0%	8.4%	8.8%	12.4%	13.5%

Source: 2011 Census; 2021 Census

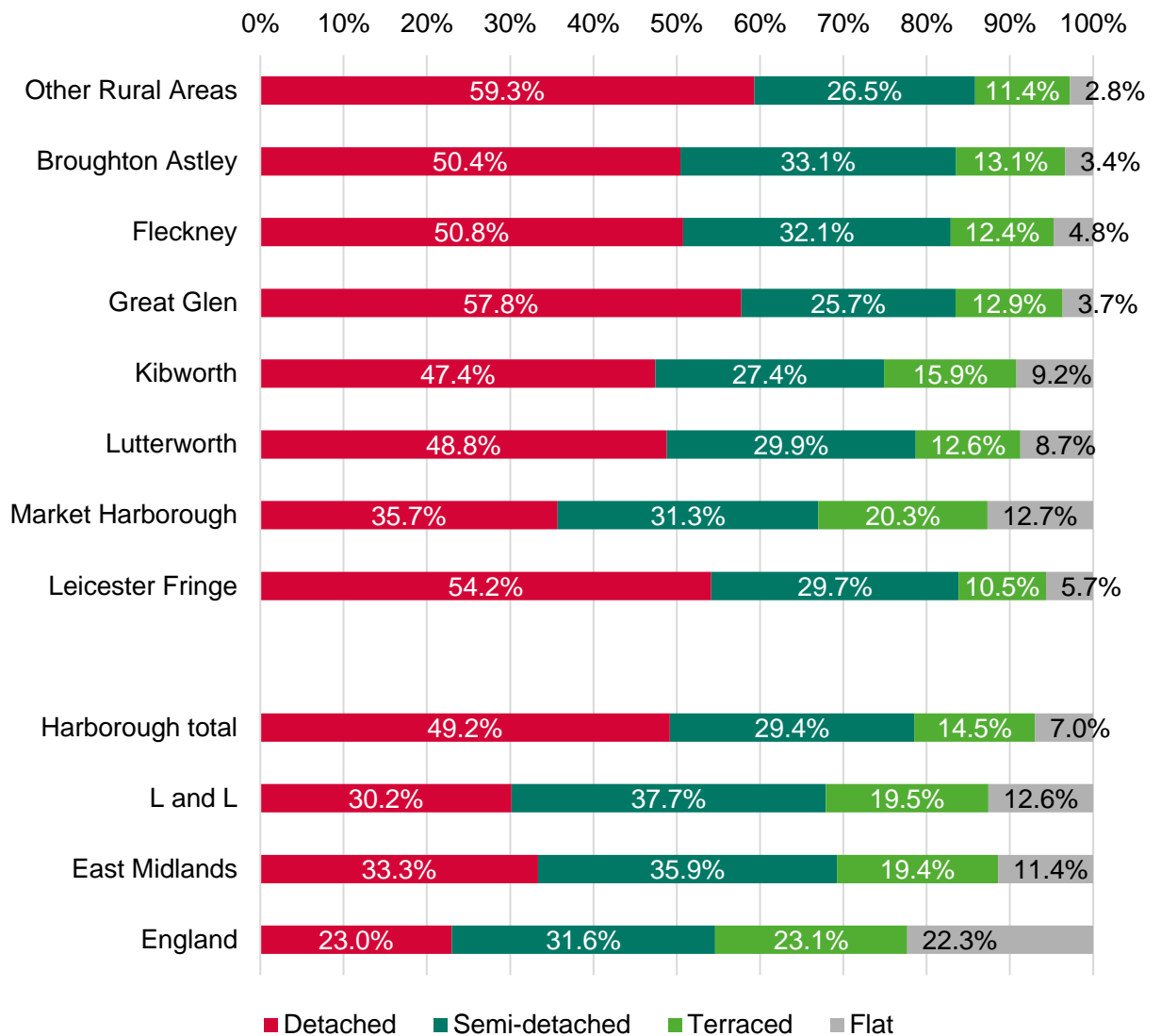
- 3.24 In the context of a growing older population, the fall in home ownership is a consequence of affordability pressures in the District. Home ownership levels however remain above regional/national benchmarks in all areas.

Types and Sizes of Homes

- 3.25 Harborough's housing stock profile is one of less typically dense forms of housing, with almost 50% of homes being detached across the District; and a relatively low proportion of flatted properties (particularly outside of Market Harborough).
- 3.26 Market Harborough, the District's largest settlement, has a larger proportion of smaller homes (20.3% terraced and 12.7% flatted) with its overall proportion of dwelling types more closely representing regional figures.
- 3.27 Despite proximity to Leicester City with more dense forms of housing, the Leicester Fringe sub-area has a very high proportion of detached and semi-detached dwellings (84% of dwellings combined): it is a relatively affluence and higher value suburban location.

3.28 Detached and semi-detached homes dominate the housing offer in the larger villages and other rural areas. Whilst this is characteristics of similar areas, it does have some impact in influencing the ability of younger households to access housing.

Figure 3.4 House Type Profile by Sub-Area, 2021



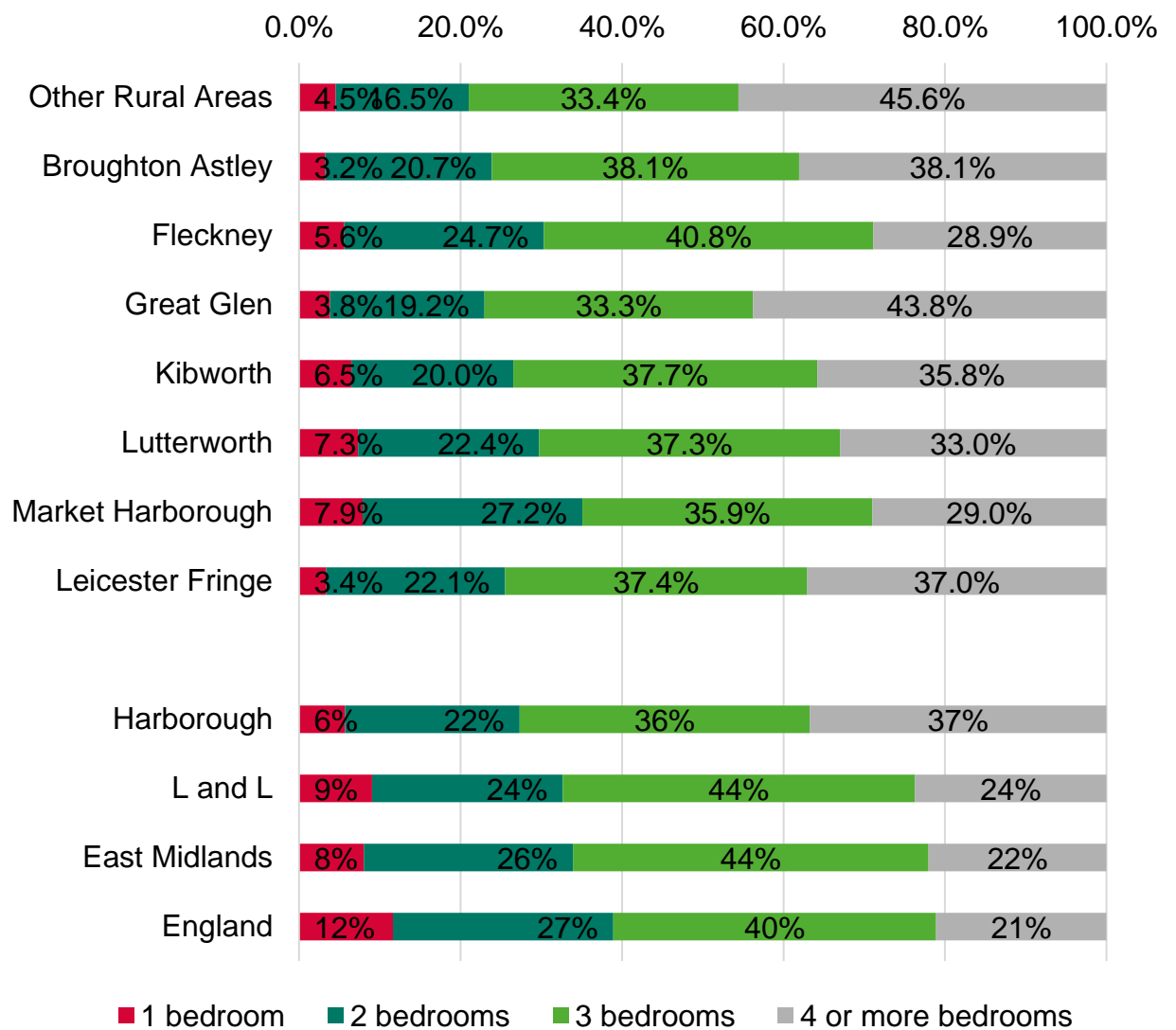
Source: *Census, 2021*

3.29 In terms of the size of residential properties by bedrooms, the majority of dwellings in Harborough District have 3 or more bedrooms and thus represent ‘family housing’ (36% 3-bed, 37% 4 bed+). The District profile is one of larger properties in comparison to the county, and regionally and nationally. The rate of 4 bedroom

and larger houses is significantly higher than the comparator geographies – which is in part a function of the District’s relative rurality.

3.30 Figure 3.5 below shows that the Other Rural Areas of the District have the largest dwellings by number of bedrooms, having the largest amount of 4 or more-bedroom properties (46%) and the least 1- and 2-bed properties (21% combined), when compared to the rest of the sub-areas. Great Glen is similar in this regard. Smaller properties by bedroom size are more common in Market Harborough, Fleckney, and Lutterworth.

Figure 3.5 House Size Profile by Sub-Area, 2021



Source: Census 2021

-
- 3.31 In the context of the above data on type and size of households, there is clearly a prevalence of larger, less dense forms of dwellings in the District and particularly the Other Rural Areas and the Larger Villages. On the other hand, there is a greater volume of smaller, more dense forms of dwellings in Market Harborough and Kibworth, and to a lesser extent Lutterworth. These reflect in part the mix in the historic cores of these settlements. Recent flatted development is more prevalent in Market Harborough than other locations.
- 3.32 It is common for a range of homes to include ‘spare bedrooms’ – in particular as in the market sector, the size of homes people occupy is influenced by their age and wealth more than their household size, with many households seeking spare rooms to provide space for family and friends to come and stay, to provide separate rooms for children or space to work from home. The data, as shown in Table 3.7 below, shows that there is significant underoccupancy of the housing stock in the District.
- 3.33 An occupancy rating of 0 means that the number of rooms in a home equates to the numbers ‘needed’ by the household; with a number over 0 pointing to under-occupancy and under zero pointing to overcrowding.
- 3.34 Reflecting the larger stock profile, levels of underoccupancy are above wider benchmarks across the District. This is particularly prevalent in the villages and rural areas. Lutterworth and Leicester Fringe have slightly higher levels of overcrowding than other sub-areas.

Table 3.7 Occupancy rating by Harborough District sub-area

Geography	Occupancy rating (bedrooms) of +2 or more	Occupancy rating (bedrooms) of 0	Occupancy rating (bedrooms) of -1 or less
Other Rural Areas	60.1%	11.9%	1.2%
Broughton Astley	51.2%	13.8%	0.9%
Fleckney	45.8%	18.0%	1.5%
Great Glen	55.3%	13.1%	1.5%
Kibworth	49.7%	17.9%	1.0%
Lutterworth	47.4%	18.2%	2.2%
Market Harborough	44.2%	19.1%	1.4%
Leicester Fringe	49.9%	15.5%	2.1%
Harborough District	51.1%	15.8%	1.4%
Leicester and Leicestershire	39.2%	23.5%	5.0%
East Midlands	40.3%	21.8%	3.1%
England	35.6%	26.8%	4.4%

Source: *Census 2021*

- 3.35 It is interesting to also consider how the occupancy of homes varies by tenure. Under-occupancy is focused towards the owner occupied sector, and particularly older households who own homes outright. By providing attractive homes for these households, there may be some opportunities to encourage older households to downsize.

Table 3.8 Occupancy of Homes by Tenure – Harborough District, 2021

	Owns Outright	Owns with Mortgage	Social Rented	Private Rented
Under-occupied (2+)	67.1%	54.0%	7.1%	23.4%
Under-occupied (1)	26.0%	34.2%	30.2%	43.3%
Rightsized (0)	6.4%	10.8%	57.6%	30.7%
Overcrowded (-)	0.6%	1.1%	5.0%	2.6%

Source: *Census 2021*

- 3.36 The evidence however also shows that there are opportunities to address overcrowding in the social housing sector through providing attractive opportunities for over-occupying households (particularly older people) to downsize.

Housing Stock and Summary Trends: Implications

Harborough District has seen strong housing supply and housing delivery performance in recent years, which has resulted in strong comparative growth in the housing stock, despite some delays in bringing forwards the SDAs at Scraftoft and Lutterworth East. Housing growth has been weaker in these areas as a consequence.

Affordable housing delivery performance has improved in recent years, although not all sites/ schemes contribute (for instance permitted development schemes, those below policy thresholds or which cannot viable contribute). There are short-term factors, with increased construction costs and other priorities for RPs which may make affordable housing delivery in the short-term more challenging: but having regard to the need shown later in this report, it is important that this is maintained as a key priority.

The long-term trend has been of deteriorating housing affordability, and the evidence indicates that this has resulted in a declining home ownership rate in all parts of the District. However compared to other areas, levels of home ownership in Harborough are still strong – and more than $\frac{3}{4}$ of all households are home owners. The District therefore has modest-sized social and private rented sectors. The greater concentration of private renting is in Market Harborough; but it is also a significant sector in Lutterworth.

The District's housing offer is quite focused towards larger properties, with almost 50% of being detached; and detached and semi-detached homes predominating. 73% of homes are family-sized with 3 or more bedrooms. Market dynamics are likely to reinforce around this. But with a growing older population and significant under-occupancy, there is potential to provide opportunities for households to downsize (or right-size) which can help to make better use of the existing stock.

4. Housing Market Dynamics

- 4.1 In this section we turn to review housing market dynamics, addressing both the sales and rental markets; and dynamics on the ground at the time of preparation of this report.

National Market Dynamics

- 4.2 The COVID-19 pandemic has been widely attributed to the rapid increase in house prices in England seen in recent years (2020-2022), as shown in Figure 4.1 below. Factors such as the movement toward working from home and remote working practices are considered to have sparked the “race for space” which together with a Stamp Duty ‘holiday’ and market support through the Help-to-Buy scheme contributed to strong market conditions over this period: particularly larger type properties outside of major urban centres. Some households were also able to increase savings to increase during the pandemic.
- 4.3 However market conditions turned in Autumn 2022. Interest rates began rising in 2022 and are the highest they have been since 2008, with the Bank of England reversing its prolonged period of sub 1.0% Bank Rate in 2003². Influenced by inflationary pressures caused by the Ukraine conflict, Bank Rates increased at nearly every Monetary Policy Committee (MPC) review to decade highs in Summer 2023 in an effort to control overheating inflation in the UK economy. In response to monetary policy tightening, lending rates at retail banks have increased, increasing the costs of mortgage finance and reducing market confidence. The Bank intentionally sought to cool the housing market.
- 4.4 In combination, the inflationary pressures in the UK economy coupled with sub-par wage growth contributed to a ‘cost-of-living crisis’, with some commentators suggesting a period of ‘stagflation’ has occurred. The year-on-year change in

² <https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx>

house prices had been negative for the six months to December 2023 (see Figure 4.1).

Figure 4.1 Monthly UK House Price Inflation 2011 to 2024



Source: ONS

- 4.5 The Help-to-Buy Equity Loan Scheme was a Government scheme launched in 2013 and was designed to help first-time buyers and existing homeowners purchase a new-build property. The scheme provided financial assistance in the form of an equity loan – an interest-free loan for a set period. Help-to-Buy was criticised as contributing to increase in house prices leading to the peak in 2014. The scheme ended in March 2023, and this is a likely factor in the recent negative house price inflation, with affordability for first time buyers being negatively affected.
- 4.6 Through 2024, the housing market has started to regain some momentum, with the Bank of England starting to cut interest rates in Summer 2024, with the Bank rate standing at 4.75% at the time of writing. Alongside this, inflationary pressures

have subsided and as at November 2024, the inflation rate, at 2.3%, is only marginally above the Government’s target.

- 4.7 Savills’ capital value forecast for second hand mainstream housing considers that house prices will grow over the next five years as inflationary pressures subside and interest rates fall, with the East Midlands slightly out-performing the national position influenced by its relative affordability.

Table 4.1 Savills Capital Value Forecast for Second hand Mainstream Housing

	2025	2026	2027	2028	2029	5 years to 2029
UK	4.0%	5.5%	5.0%	4.0%	3.0%	23.4%
East Midlands	4.0%	5.5%	5.5%	4.5%	3.0%	24.6%

Source: Savills Research (Nov 2024)

- 4.8 Savills however expect transactions levels to remain slightly below their pre-pandemic average over the next five years influenced by the lack of current support for first-time buyers. They expect transactions to peak in 2028 as falling interest rates help to release pent-up demand. The second homes surcharge and prospect of increased regulation of the private rented sector is expected to dampen investor demand.

Sales Market Dynamics

- 4.9 We turn next to housing market dynamics at a more localised level. Median house prices in Harborough District stood at £327,000 over the year to Sept 2023. This is based on ONS Small Area House Price Statistics and uses the latest data from this source at the time of writing.
- 4.10 A separate data source – the HM Land Registry House Price Index – can be used to consider more recent trends and records monthly changes in house prices. It shows house prices remaining relatively stable, with the average house price using the latest data for August 2024 standing at £341,100, just 1% above the

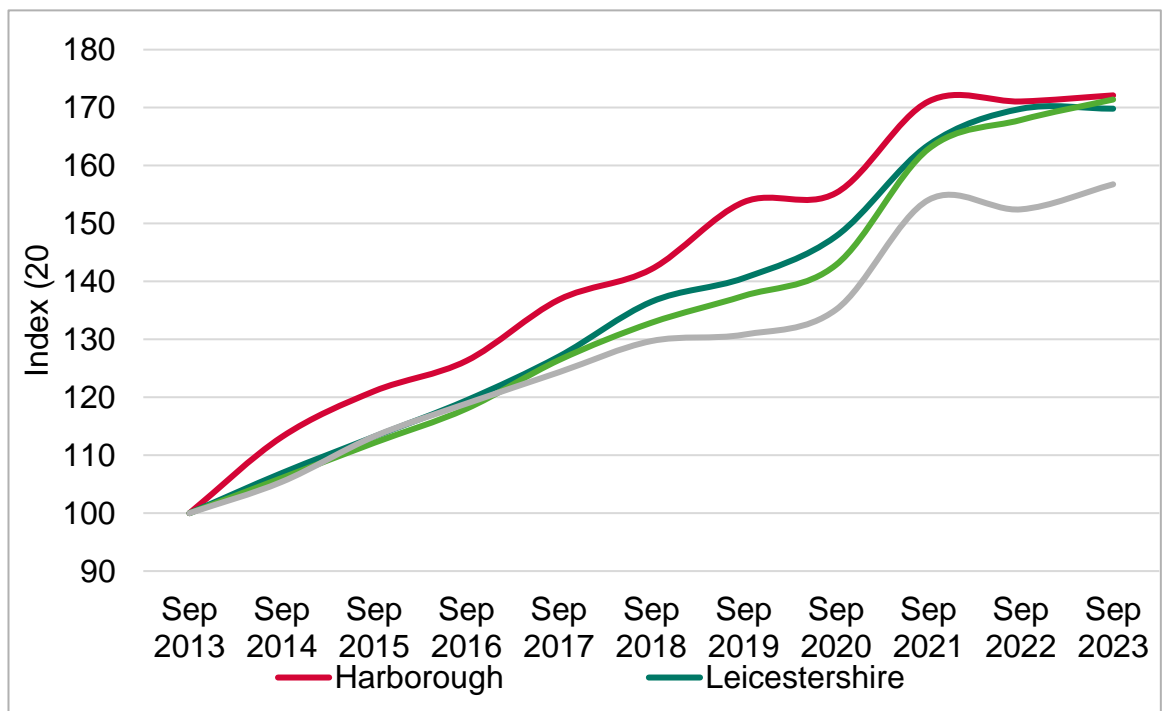
level in September 2024 (£336,200). Taking account of wider inflation, the real terms value of homes over this period has fallen.

4.11 Over the longer-term however, house prices have increased in the District slightly more than across comparator geographies between 2013-23 as shown in Figure 4.2 below. However, there has been some levelling off in price increases and convergence with the East Midlands and Leicestershire since 2021, following the sharp increases during the COVID-19 pandemic.

Table 4.2 Median House Price Growth against Comparators

	Median Price, Sept 2023	1 Yr Growth	5 Yr Growth (CAGR)	10 Year Growth (CAGR)
Harborough	£327,000	0.6%	3.9%	5.6%
Leicestershire	£270,000	0.0%	4.5%	5.4%
East Midlands	£239,950	2.1%	5.2%	5.5%
England	£290,000	2.8%	3.9%	4.6%

Figure 4.2 Median house price index 2013 to 2023



Source: ONS Small Area House Price Statistics

4.12 Table 4.2 below shows median house prices based on sales during the year to Sept 2023. Sales prices in Harborough are significantly more expensive than in

across the comparator geographies; and are generally higher than in other parts of Leicestershire reflecting a broader distinction between the north and south of the County.

4.13 The Other Rural Areas of the District have the highest median sales prices in 2023 for dwellings in the District. This is a common distinction in house prices across England as rural properties are typically larger. Fleckney and Broughton Astley are the least expensive areas, with a relatively low median in comparison to other areas of the District.

4.14 Data on flats for 2023 is incomplete, however historical data shows a similar situation in previous years where flats are more expensive in Harborough than to its regional comparators, but less expensive than in England as a whole.

Table 4.3 Median sales price (new and existing build) by housing type, year to date September 2023

Geography	All	Detached	Semi	Terraced	Flat
Other Rural Areas	£372,500	£506,000	£360,000	£272,500	£89,000
Broughton Astley	£249,500	£430,000	£219,950	£169,975	No data
Fleckney	£240,000	£307,000	£230,000	£185,000	No data
Great Glen	£308,500	£336,000	£270,000	No data	No data
Kibworth	£308,500	£397,500	£195,000	£262,000	£168,000
Lutterworth	£295,000	£414,000	£248,000	£103,500	No data
Market Harborough	£293,000	£422,500	£296,000	£254,250	£168,750
Leicester Fringe	£294,000	£317,500	£273,000	£270,000	£142,500
Harborough	£327,000	£450,000	£256,000	£240,000	£175,000
Leicestershire	£270,000	£385,000	£255,000	£205,000	£135,000
East Midlands	£239,950	£345,000	£225,000	£184,250	£131,000
England	£290,000	£440,000	£273,000	£237,500	£230,000

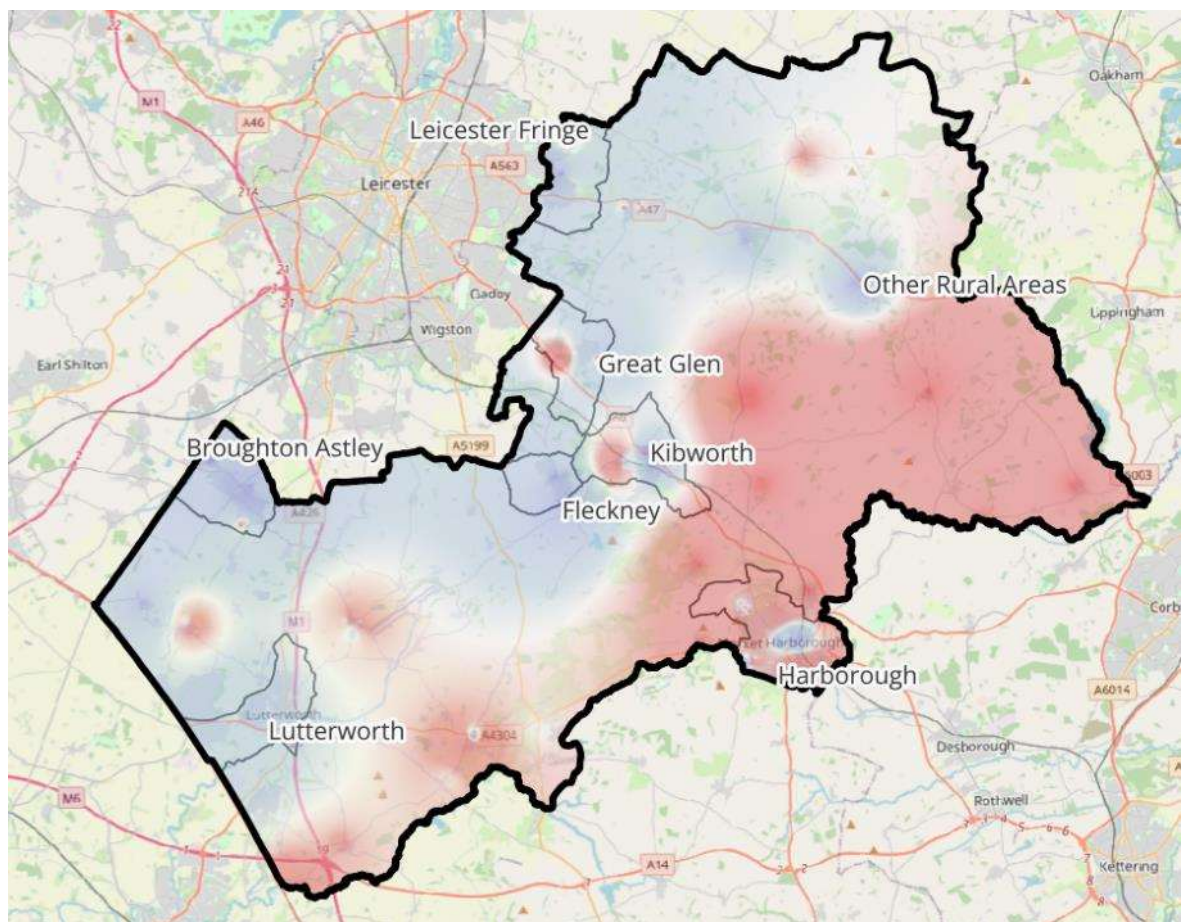
Source: ONS HPSSA data, Land Registry data, Icen analysis

4.15 The range of prices in 2023 was largest in Market Harborough. In the Other Rural Areas, there were a number of outliers sold at values upwards of £800,000, which

sales in a number of particularly attractive villages throughout the District. This is a likely factor in the higher sales values seen in the Other Rural Areas.

- 4.16 In terms of the geographical spread of different prices in the District, the heat map (Figure 4.3) below illustrates the typically higher prices in the east of the District and particularly in the rural areas of the District. House prices are generally lower in more urban areas (as is common), and in the Leicester Fringe. Notably, there are pockets of less expensive housing within Market Harborough.

Figure 4.3 Illustrative Heat Map of House Price Geography



Source: Land Registry data

- 4.17 It is useful to contextualise the range of prices with the sales activity within sub-areas, given the different of geographical scales and numbers of dwellings of the sub-areas. In terms of what is being sold, the number of new builds has increased as a proportion of Land Registry deed registrations in the 5 years to September 2023. This coincides with the significant increase new-build development since

2017. Government support, through the Help-to-Buy Equity Loan Scheme helped support this stronger relative performance of the new-build market over this period, but the scheme has since come to an end.

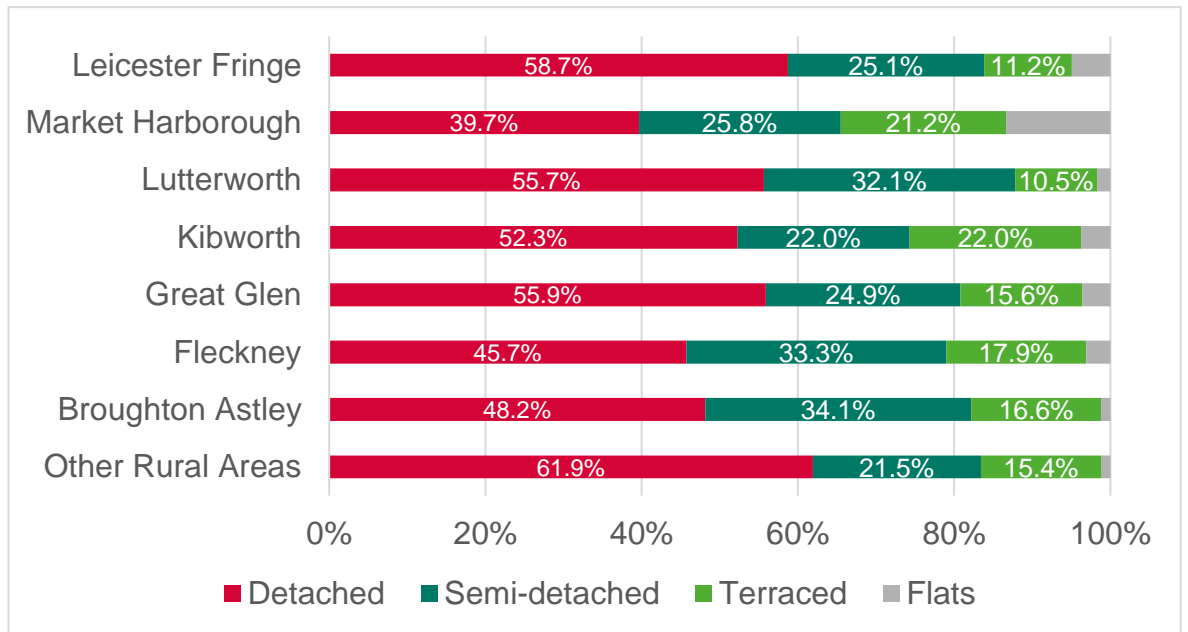
Table 4.4 Profile of Dwellings Sold

	5 year to September 2023		10-year to September 2023	
	New build	Existing	New build	Existing
Other Rural Areas	31%	69%	20%	80%
Broughton Astley	25%	75%	21%	79%
Fleckney	30%	70%	19%	81%
Great Glen	25%	75%	29%	71%
Kibworth	30%	70%	26%	74%
Lutterworth	17%	83%	21%	79%
Market Harborough	25%	75%	24%	76%
Leicester Fringe	38%	62%	35%	65%
District Total	28%	72%	24%	76%

Source: HM Land Registry data

- 4.18 Looking at the profile of sales over the last 5 years by type, detached and semi-detached sales have dominated in most areas; but with higher sales of terraced properties in Market Harborough and Kibworth; and higher flatted sales in Market Harborough. Market Harborough is the only real location with a notable flatted market.

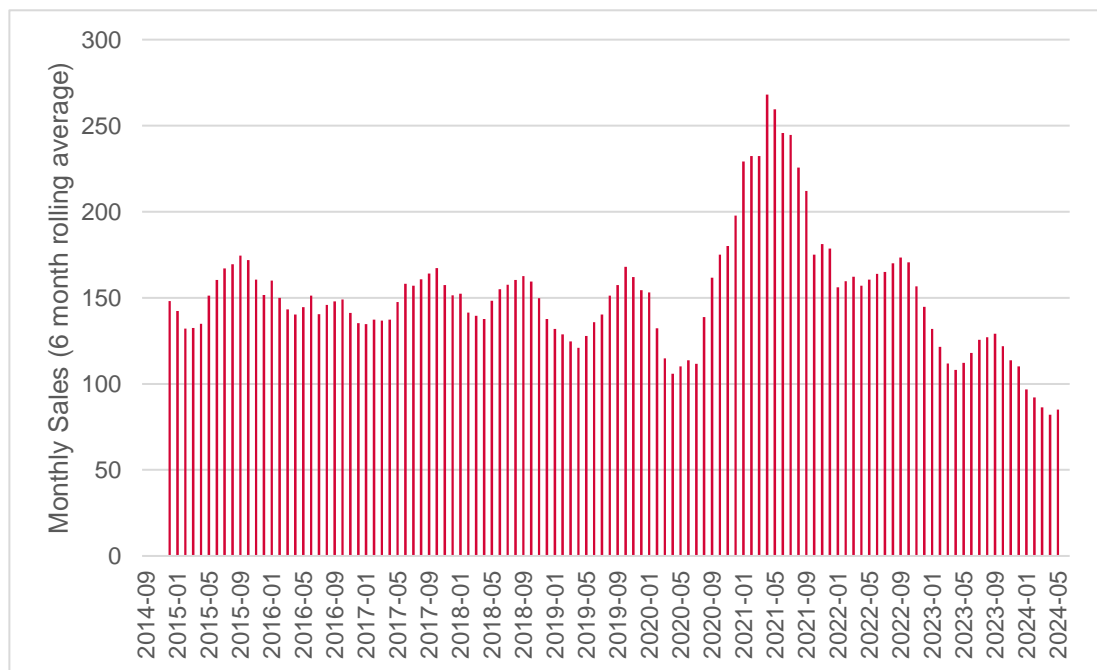
Figure 4.4 Sales by Type, 2018-23



Source: IcenI analysis of HM Land Registry data

4.19 The housing market is evidently cyclical, and this is borne out in the volumes of sales. As the chart below shows, sales volumes were very strong in late 2020 and through 2021 (as households re-evaluated living circumstances), but have since dropped dramatically; with particularly weak sales volumes since late 2022.

Figure 4.5 Sales Volumes- Harborough District

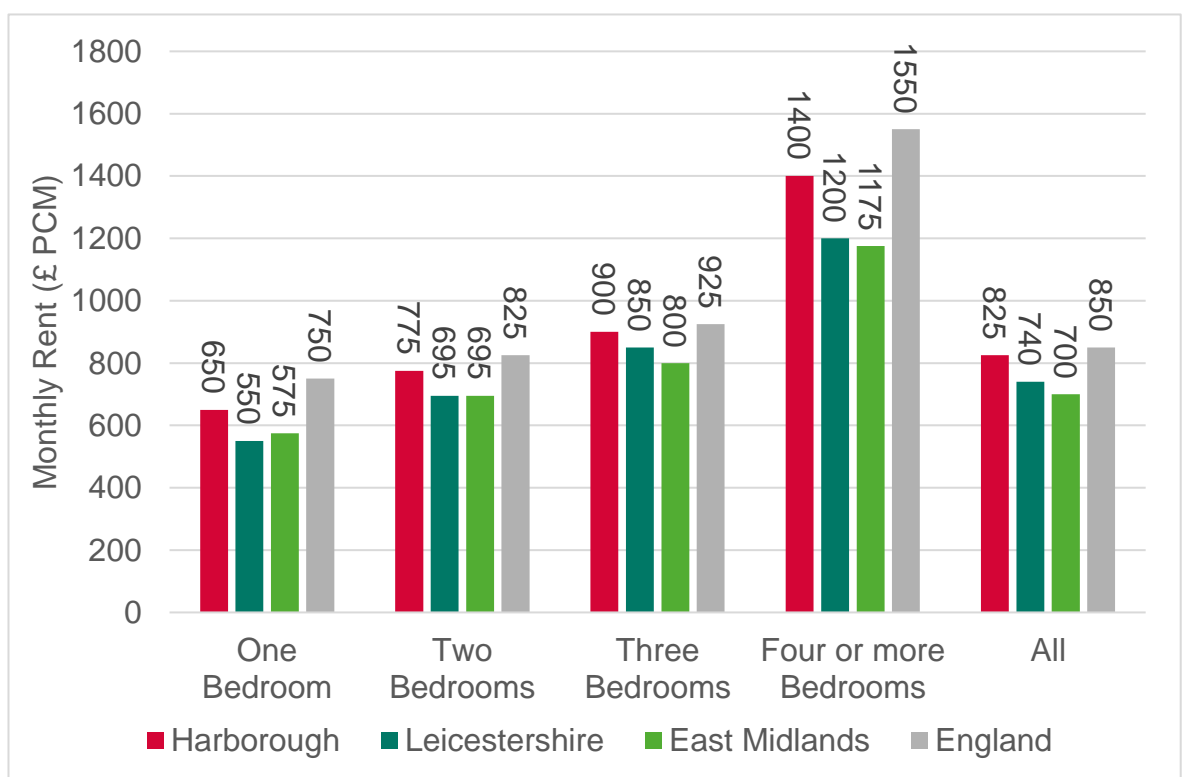


Source: IcenI analysis of ONS Small Area House Price Statistics data

Rental Market Dynamics

4.20 In 2022/2023, the median rent in Harborough for all housing types was £825 per calendar month as shown in Figure 4.5 below. Median monthly rents in the District and in Leicestershire are currently and historically higher than comparators in the East Midlands. Per calendar month rents are more similar to the national median for each size of property.

Figure 4.6 Median Private Rental Costs, 2022/23

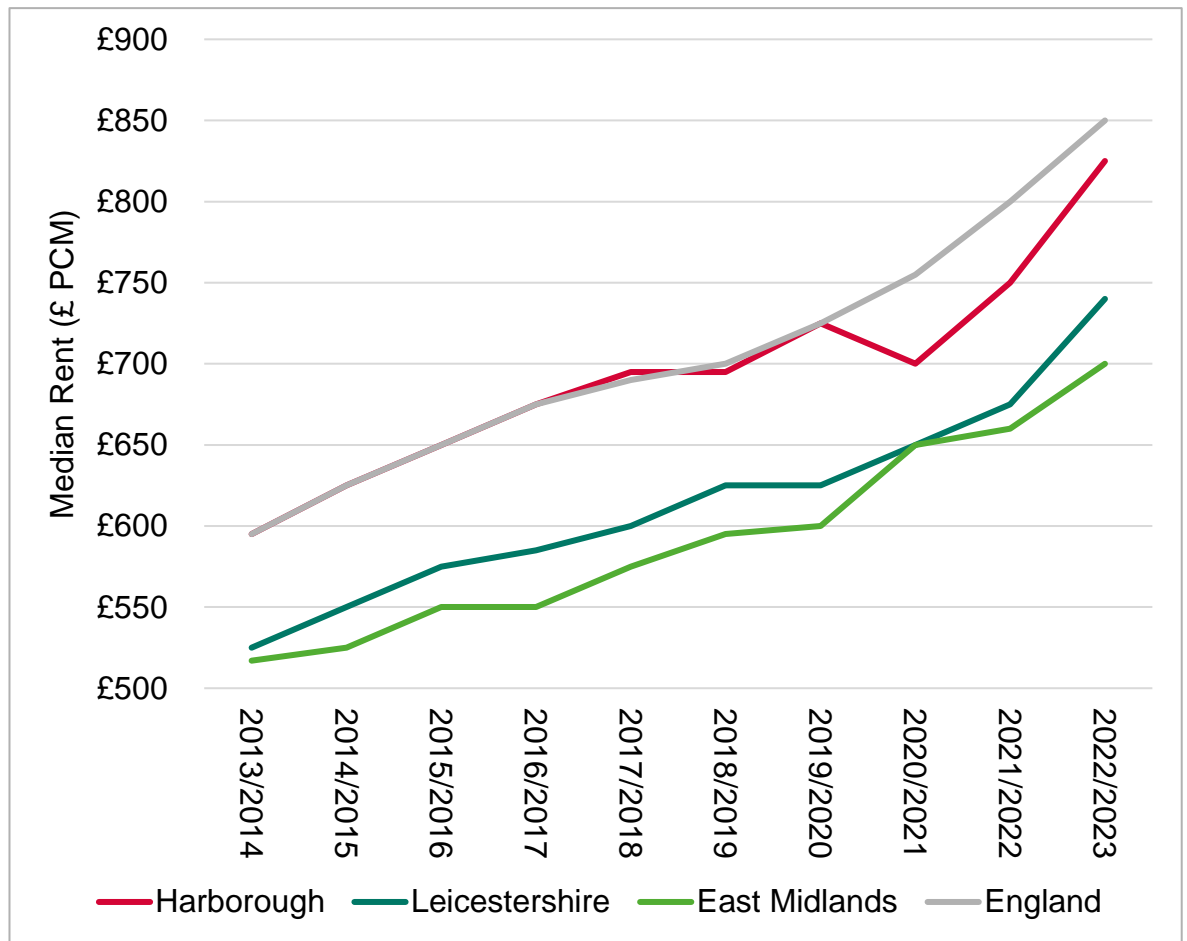


Source: ONS

4.21 Historically, median monthly rents in Harborough have remained similar to the national average. Median monthly rents have however remained significantly higher than in the East Midlands and Leicestershire over the 10 years to 2023. The District has also seen stronger rental growth than other parts of Leicestershire.

4.22 Rents in the District have increased by 31% over the five years to 2022/23, rising from £495 to £650 PCM.

Table 4.5 Median rents (PCM) for all housing sizes



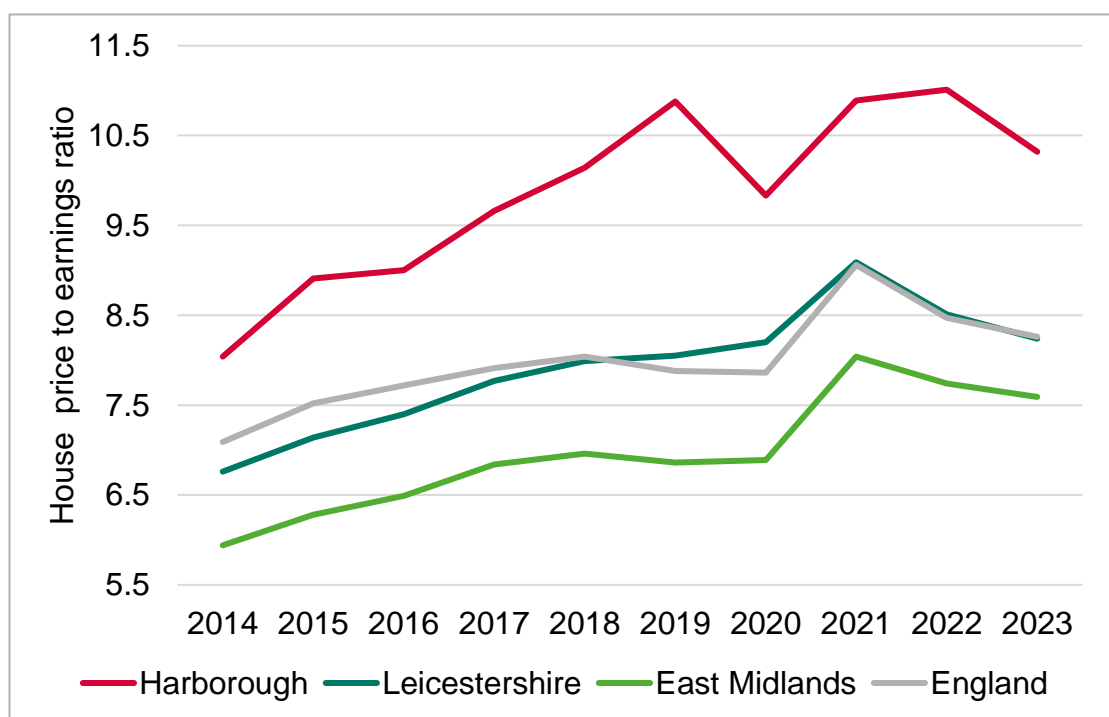
Source: ONS Housing Affordability

- 4.23 The analysis on sales and rental prices of housing above presents Harborborough as a relatively more expensive District when compared with the county and region. This is borne out in affordability data, which shows that the District has a higher affordability ratio than other parts of Leicestershire.
- 4.24 Whilst affordability in the District has worsened over the last decade, the five year trend is one of relative stability: with the average house price remaining around 10 times the median earnings of FT workers. This ratio is however significant, pointing to notable barriers for younger households in getting on the housing ladder.
- 4.25 With a median house price of £341,000, households would also need around £34,000 to be able to afford a 10% deposit on a new home; which combined with

conveyancing and moving costs means that households need significant savings to be able to get on the housing ladder.

4.26 Whilst the recent position in terms of sales values relative to earnings has been stable, the rise in interest rates since early 2022 is likely to have made it more difficult for households to buy and constrained effective demand for market housing to buy.

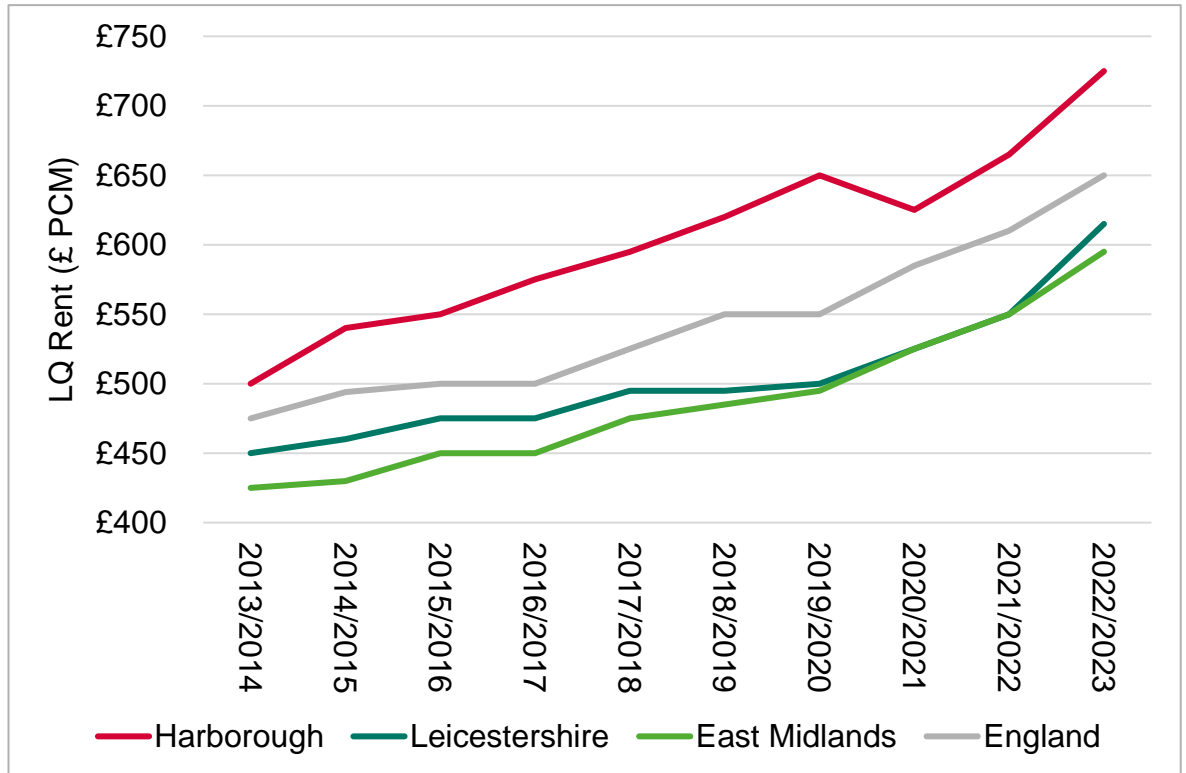
Figure 4.7 House Price to Workplace-based Earnings Affordability Ratio



Source: ONS Affordability Data

4.27 Analysis of median rents in Harborough showed Harborough as more expensive than its regional and county comparators. Lower quartile rents for Harborough shows a more significant difference, being much higher currently and historically than regional and even national figures. This points towards a lack of affordable renting options in the District.

Figure 4.8 Lower Quartile Rents, 2013-14 to 2021-22



Source: ONS HPSS data

Engagement with Estate and Letting Agents

4.28 We provide in this sub-section a commentary on market conditions at the time of preparation of this report (March/April 2024), based on engagement with a section of estate and letting agents across different settlements in the District.

Sales Market Overview

4.29 The sales market is typically cyclical, with agents expressing that the through and immediately following the Covid-19 pandemic the market was very buoyant, but it has slowed significantly since with effective demand for housing for sale weakening. Current market conditions were described by agents as “not dead and not buzzing”, “static” and “very difficult.” This is likely to be underpinned by a combination of economic uncertainty and interest rate rises since Autumn 2022

which have influenced both households' ability to buy and market sentiment, which agents indicate have made it more difficult to secure sales.

- 4.30 Cost pressures described as impacting the local market, reflecting the wider 'cost of living crisis.' Agents also felt that some households have completed property upgrades/ extensions since 2020 (influenced by Covid-19) which has resulted in fewer households moving.
- 4.31 Properties that are coming onto the market are being influenced in particular by landlords off-loading stock and deceased owners, rather than through moves of existing households. Prospective changes in legislation – as proposed through the Renters Reform Bill – agents indicate have influenced a situation which, combined with other cost pressures, has resulted in landlords deciding to sell properties. Agents consider that higher interest rates will also be a key factor here (for those landlords who have mortgages on properties) as well as the influence of other legislative changes over the last decade, including the phasing out of mortgage interest relief for unincorporated landlords (impacting those who are higher rate taxpayers), the 3% increase in Stamp Duty Land Tax for buy-to-let and second home properties and requirements for a minimum EPC E rating for properties.
- 4.32 Movers are only doing so out of necessity. While there are properties available, the pace of sales has weakened and the current norm is for properties to remain on the market for longer. Where properties are on the market for too long and sales not forthcoming, some owners are removing properties from the sales market to then let these out to allow for a more certain cash flow. Whilst it is a good time to be a buyer, as the market is less competitive, higher interest rates are in particular restricting the volume of mortgaged sales; with lower numbers of First-time Buyers. A greater proportion of sales are thus from older households who are equity-rich.
- 4.33 Agents consider that fewer investors are purchasing properties, which was linked to the rise in interest rates. Combined with landlords exiting the rental market (for the reasons set out above), the anecdotal evidence appears to suggest that the PRS supply is likely to be contracting at the current time.

Rental Market Overview

- 4.34 Across all areas of the District, rental market conditions appear similar with agents describing the market as “very busy” and “buoyant” – underpinned by strong tenant demand. Agent considered this to be a direct result of affordability issues, with rental demand buoyed as households are renting for longer (rather than buying).
- 4.35 The majority of tenants seeking properties (around 80%) are considered to be from Harborough District. It is understood that there is not any notable demand arising from students across Harborough District. In terms of the types of properties sought, agents describe demand for a range of properties; but with smaller property sizes being more population than larger 4+ bed homes. Typically, lease terms are over 12 months.
- 4.36 We next turn to consider market nuances in the main settlements within Harborough District.

Broughton Astley

- 4.37 The sales market in Broughton Astley is described by agents as “good” but price sensitive, with properties needing to be 'right' price to secure sales. It is considered that there is a broad mix of buyers for different types of properties: with agents suggesting that there are no property types specifically outperforming others, however there is more activity for 4-bed dwellings compared to last year (2023). Sales activity around 3-bed detached dwellings was specifically noted to have fallen.
- 4.38 The rental market in Broughton Astley is described as “very busy” currently and rental prices are considered relatively high. One agent suggested that properties to let are expected to continue to be in high demand as less and less properties become available.

Kibworth and surrounds

- 4.39 The sales market in Kibworth was described as “not dead and not buzzing.” There are few First Time Buyers seeking properties despite a recent decreases in sales

prices achieved, when compared to 2023 and 2022. Fleckney and Great Glen are considered to have fair prices but “not much demand” at the current time in terms of sales. The rental market however is considered to be very busy.

Lutterworth

4.40 In Lutterworth the sales market is considered “static”, and this is considered as a result of demand factors and not supply issues, with stock and listings considered to be “higher than ever.” These demand factors are in line with national and general issues such as market uncertainty and interest rate rises (as described above) rather than issues specific to Lutterworth. Recent downward pressure on sales prices is recognised by agents.

4.41 The Lutterworth residential rental market is considered by agents to be “very busy.” One agent from Lutterworth considered that viewings per property are much higher for lettings than sales. Agents consider that two-bedroom rental values are particularly high in Lutterworth, commanding up to £900 per month. One agent considered that some of the lettings market demand is from people relocating for work purposes. Given the concentration of employment and recent new development, this is understandable.

Market Harborough

4.42 Compared to other areas, agents operating in Market Harborough expressed a more positive view and outlook for the residential sales market in Harborough. Despite the “challenging” wider market context, the sales market locally was described by one agent as really busy. There are a mixture of buyers, with one agent stating that young couples and First Time Buyers are the most prevalent.

4.43 An increase in interest in 3-bedroom properties was noted, however the increase in sales interest and activity has been across a mixture of property sizes. When queried, the agents stated that the uptick in market activity has occurred within the past few months at the time of writing (April 2024), after a period of lower comparative demand. It was considered that a recent downward pressure on prices may be driving this, which corresponds with recent negative national house

price inflation. This is probably evidence of some uptick in market confidence seen in Spring 2024.

- 4.44 The rental market is considered by local agents to be doing “very well” in Market Harborough. It is considered that smaller properties (in terms of bedrooms sizes) are more popular, however there is good demand for all property types. There is not considered to be a gap in the market for property types, and the area is understood to be well stocked with a range of properties, both in-town and out-of-town.

Housing Market Dynamics: Implications

Housing costs, both for homes to buy and to rent, are higher than in other parts of Leicestershire. Sales market conditions are currently relatively depressed, as the market has reacted to higher interest rates since 2013 together with the end of the Help-to-Buy Equity Loan Scheme; but market conditions are forecast to improve in the short-term.

For large residential schemes, product diversity can help to support build-rates; with the potential for higher delivery to be supported by other market segments, such as affordable housing, build-to-rent and self- and custom-build where appropriate.

5. Affordable Housing Need

- 5.1 This section provides an assessment of the need for affordable housing in Harborough. The analysis follows the methodology set out in Planning Practice Guidance (Sections 2a-018 to 2a-024) and provides two main outputs: firstly an assessment of the need from households unable to buy or rent housing; and secondly from households able to rent but not buy.

Affordable Housing Sector Dynamics

- 5.2 The 2021 Census indicated that 8.8% of households in Harborough District lived in social rented homes, with the sector accommodating around 3,500 households. In addition it showed around 800 households living in shared ownership properties. Data from the Regulator of Social Housing (RSH) for 2023 indicates that the stock may be greater; with Registered Providers (RPs) owning 4,773 properties in the District, of which 71% were for general needs; 8% supported housing or housing for older people; and 20% low cost home-ownership homes (such as shared ownership properties).
- 5.3 The majority of general needs homes are rented out at social rents (around 74% of homes) and the rest at affordable rents. It should be noted the RSH data does not show social or affordable rents for a small number of properties.

Table 5.1 Stock owned or Managed by Registered Providers – Harborough District

	Stock	% of stock
General needs rented	3,399	71.2%
<i>Of which at social rents</i>	2,433	-
<i>Of which at affordable rents</i>	862	-
Supported housing/housing for older people	401	8.4%
Low cost home ownership	973	20.4%
Total	4,773	100.0%

Source: RSR Geographical Look-Up Tool 2023

5.4 As at February 2024, there were 874 'live' applications on the Council's Housing Register and a further 66 in the category of 'pending assessment'. In addition, data for June 2024 shows there were a modest 19 households accommodated in temporary accommodation; all of whom were being accommodated outside of the District.

Affordable Housing Needs Methodology: Overview

5.5 This section provides an assessment of the need for affordable housing in Harborough. The analysis follows the methodology set out in Planning Practice Guidance (Sections 2a-018 to 2a-024) and provides two main outputs: firstly an assessment of the need from households unable to buy OR rent housing; and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership.'

5.6 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years and was used in previous Housing Needs Assessment such as the previous L&L HENA. In summary, the methodology looks at a series of stages as set out below:

- Current affordable housing need (annualised so as to meet the current need over a period of time);
- Projected newly forming households in need;
- Existing households falling into need; and
- Supply of affordable housing from existing stock

5.7 The first three bullet points above are added together to identify a gross need, from which the supply is subtracted to identify a net annual need for additional affordable housing.

5.8 Examples of different affordable housing products are outlined in the box below.

Definitions of Different Types of Affordable Housing

Social Rented Homes – are homes owned by local authorities or private registered providers for which rents are determined by the national rent regime (through which a formula rent is determined by the relative value and size of a property and relative local income levels). They are low cost rented homes.

Affordable Rented Homes – are let by local authorities or private registered providers to households who are eligible for social housing. Affordable rents are set at no more than 80% of the local market rent (including service charges).

Rent-to-Buy – where homes are offered, typically by housing associations, to working households at an intermediate rent which does not exceed 80% of the local market rent (including service charges) for a fixed period after which the household has the change to buy the home.

Shared Ownership – a form of low-cost market housing where residents own a share of their home, on which they typically pay a mortgage; with a registered provider owning the remainder, on which they pay a subsidised rent.

Discounted Market Sale – a home which is sold at a discount of at least 20% below local market value to eligible households; with provisions in place to ensure that housing remains at a discount for future households (or the subsidy is recycled).

First Homes – a form of discounted market sale whereby an eligible First-time Buyer can buy a home at a discount of at least 30% of market value. Councils are able to set the discounts and local eligibility criteria out in policies.

Affordability

- 5.9 An important first part of the affordable needs modelling is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 5.10 The table below shows estimated current prices to both buy and privately rent a lower quartile home in the District (excluding newbuild sales when looking at house prices). Across all dwelling sizes the analysis points to a lower quartile price of £240,000 and a private rent of £875 per month.

Table 5.2 Estimated lower quartile cost of housing to buy (existing dwellings) and privately rent (by size) – Harborough

	To buy	Privately rent
1-bedroom	£130,000	£695
2-bedrooms	£210,000	£825
3-bedrooms	£265,000	£1,000
4-bedrooms	£365,000	£1,300
All dwellings	£240,000	£850

Source: Land Registry and Internet Price Search

- 5.11 The table below shows how prices and rents vary by sub-area. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in Rural areas.

Table 5.3 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Market Harborough	£233,000	£835
Lutterworth	£235,000	£850
Broughton Astley	£213,000	£785
Fleckney	£211,000	£785
Great Glen	£251,000	£845
Kibworth	£256,000	£885
Leicester Fringe	£251,000	£880
Other Rural Areas	£293,000	£990
TOTAL	£240,000	£850

Source: Land Registry and Internet Price Search

- 5.12 Next it is important to understand local income levels as these (along with the price/rent data) will determine what households can afford. Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes. Data has also been drawn from the Annual survey of Hours and Earnings (ASHE) to consider changes since the ONS data was published.
- 5.13 Overall, the average (mean) household income in the District is estimated to be around £52,800, with a median income of £44,600. The lower quartile income of all households is estimated to be £25,700. Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location.

Table 5.4 Estimated average (median) household income by sub-area

	Median income	As a % of District average
Market Harborough	£40,800	91%
Lutterworth	£40,000	90%
Broughton Astley	£46,500	104%
Fleckney	£44,400	100%
Great Glen	£46,900	105%
Kibworth	£44,400	100%
Leicester Fringe	£42,800	96%
Other Rural Areas	£50,500	113%
TOTAL	£44,600	-

Source: Derived from a range of data

5.14 To assess affordability, two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. For the purposes of analysis and consistent with the 2022 HENA assessment, the following assumptions are used:

- Rental affordability – a household should spend no more than 30% of their income on rent; and
- Mortgage affordability – assume a household has a 10% deposit and can secure a mortgage for four and a half times (4.5x) their income.

5.15 The table below shows the estimated incomes required to both buy and rent privately in each sub-area. This shows a notable ‘gap’ in all areas across all areas, particularly locations where house prices are higher. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 5.5 Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Market Harborough	£46,600	£33,400	£13,200
Lutterworth	£47,000	£34,000	£13,000
Broughton Astley	£42,600	£31,400	£11,200
Fleckney	£42,200	£31,400	£10,800
Great Glen	£50,200	£33,800	£16,400
Kibworth	£51,200	£35,400	£15,800
Leicester Fringe	£50,200	£35,200	£15,000
Other Rural Areas	£58,600	£39,600	£19,000
TOTAL	£48,000	£34,000	£14,000

Source: Based on Housing Market Cost Analysis

Need for Social & Affordable Rented Housing

- 5.16 The analysis below set out an updated estimate of the need for social and affordable rented housing across the District and sub-areas. The methodology and sources are virtually identical to those used in the 2022 HENA, with the main difference being to update using 2021 Census information where relevant.
- 5.17 The table below sets out the overall District-wide estimate of need and includes a brief description of the sources of information and methodology used. The analysis suggests **an annual need for 310 rented affordable homes** if all needs were to be met.

**Table 5.6 Assessment of need for social and affordable rented housing –
Harborough (2023) – per annum**

Stage	Number	Notes
Current need	42	Updated by reference to Census data and homelessness statistics and based on 875 households in need annualised over a 21-year period
New household formation	322	Updated figures based on latest ONS household projections and based on gross formation of 694 households with 46% unable to afford the market. Updated figure recognises higher lower quartile cost in private rented sector.
Existing households falling into need	50	Households from other tenures annually receiving lettings or registering need
Gross Annual Need	413	Total of above categories
Lettings to new tenants	103	Update based on lettings in the 2020-23 period
Net Annual Need	310	Gross need - lettings

Source: Derived from a range of sources

- 5.18 The table below summarises this information by sub-area and shows a notable need in all locations.

Table 5.7 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Market Harborough	8	93	16	118	31	87
Lutterworth	5	41	6	51	18	33
Broughton Astley	3	28	4	35	7	28
Fleckney	2	14	2	18	4	14
Great Glen	3	14	2	19	4	15
Kibworth	2	25	4	31	11	21
Leicester Fringe	5	26	2	34	5	29
Other Rural Areas	13	81	14	108	23	85
TOTAL	42	322	50	413	103	310

Source: Derived from a range of sources

- 5.19 The table below provides a comparison between the findings of this study and the 2022 HENA. The analysis suggests a modest increase in affordable need over the period with this being due to an increase in gross need (in all components of the modelling) – this is likely to be mainly due to higher estimates of the cost to access the private rented sector.

Table 5.8 Comparison of social/ affordable rented need to the 2022 HENA

	2022 study	This assessment
Current need	21	42
Newly forming households	268	322
Existing households falling into need	41	50
Total Gross Need	330	413
Re-let Supply	76	103
Net Need	254	310

Source: Derived from a range of sources

- 5.20 The analysis does suggest that affordable housing delivery should be maximised where opportunities arise but caution should be used in trying to make a direct

links between the affordable need and overall need. This is because part of the affordable need is existing households who already have accommodation (and therefore do not give rise to a net need for housing) and also because the role of the wider housing market needs to be understood – particularly the extent to which the private rented sector provides benefit supported lettings to those unable to afford.

- 5.21 As of November 2023, there were 1,305 households claiming Housing Benefit or Universal Credit (with a housing component). There will however be concerns about the potential gap between rents paid and the amount of benefit received.
- 5.22 Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below considering what a reasonable split might be between these two tenures. The analysis has looked at current social and affordable rents, along with market rents to see what proportion of households are likely to be able to afford different products.
- 5.23 The table below suggests that around 13% of households who cannot afford to rent privately could afford an affordable rent at 80% of market rents, with a further 14% being able to afford current affordable rents. There are also an estimated 19% who can afford a social rent (but not an affordable one). A total of 54% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure). This analysis points to a clear need for social rented housing.

Table 5.9 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford 80% of market rent	13%
Afford current affordable rent	14%
Afford social rent	19%
Need benefit support	54%
All unable to afford market	100%

Source: Affordability analysis

- 5.24 The analysis indicates that provision of up to 70% of rented affordable housing at social rents could be justified; albeit in setting planning policies, this will need to be

considered alongside viability evidence. Higher provision at social rents will reduce the support through housing benefits required to ensure households can afford their housing costs.

Need for Affordable Home Ownership

- 5.25 Table 5.10 updates analysis in the 2022 HENA study looking at the need for affordable home ownership. This is housing for households who are able to afford to privately rent but cannot afford to buy. The same methodology has been applied with the table below showing a fairly modest need when compared with the need for rented affordable housing – although the analysis does identify there are clearly many households in the gap between buying and renting. A net need for 111 affordable home ownership homes per year is shown.
- 5.26 The calculation includes supply from the relets of existing Low Cost Home Ownership (LCHO) properties, such as existing shared ownership dwellings. The supply could be widened to also include a proportion of market homes sold below Lower Quartile (LQ) prices which would reduce the need further.

Table 5.10 Estimated Need for Affordable Home Ownership (p.a.)

	Total Gross Need	Resales of LCHO	Net Need
Market Harborough	43	14	29
Lutterworth	16	8	9
Broughton Astley	14	5	9
Fleckney	6	1	5
Great Glen	9	2	6
Kibworth	13	6	7
Leicester Fringe	12	6	6
Other Rural Areas	46	7	39
TOTAL	160	49	111

Source: Derived from a range of sources

- 5.27 The table below shows a comparison between this study and the 2022 HENA report. This shows a lower net affordable home ownership need in this study and this is in part driven by a lower estimate of gross need. This reflects the smaller

gap in incomes between those necessary to buy or rent in this study relative to that found in the 2022 Study: the income differential in this study is £14,000 relative to £16,500 in 2022. This study also projects for a much higher level of LCHO resales – this figure is based on a 5% turnover of the stock shown by the RSH – figure from the previous study (based on CoRe data) look to be a bit low and may have only captured a fraction of resales.

Table 5.11 Comparison of Estimated Need for Affordable Home Ownership (p.a.) 2022 and this study

	2022 study	This assessment
Total Gross Need	195	160
Resales of LCHO	10	49
Net Need	185	111

Source: Derived from a range of sources

- 5.28 Interestingly, if the need for rented affordable housing and affordable home ownership are added together, the two studies show a similar level of need (439 units per annum in 2022 and 421 in this study).
- 5.29 We next move on to consider the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before consider shared ownership.
- 5.30 The table below sets out a suggested purchase price for affordable home ownership/First Homes in Harborough by size. It works through first (on the left hand side) what households with an affordable home ownership need could afford (based on a 10% deposit and a mortgage at 4.5 times' income). The right-hand side of the table then sets out what Open Market Value (OMV) this might support, based on a 30% discount. The lower end of the range is based on households who could afford to rent privately without financial support at LQ rents; with the upper end based on the midpoint between this and the lower quartile house price.
- 5.31 Focussing on 2-bedroom homes, it is suggested that an affordable price is between £165,000 and £187,500 and therefore the open market value of homes would need to be in the range of £235,700 and £267,900 (if discounted by 30%).

Table 5.12 Affordable home ownership prices – 2023 – Harborough

	What households with an affordable home ownership need could afford	Open Market Value (OMV) of Home with 30% Discount
1-bedroom	£130,000	£185,700
2-bedrooms	£165,000 - £187,500	£235,700 - £267,900
3-bedrooms	£200,000 - £232,500	£285,700 - £332,100
4+-bedrooms	£260,000 - £312,500	£371,400 - £446,400

Source: Derived from a range of sources

- 5.32 It is difficult to definitively analyse the cost of newbuild homes as these will vary from site-to-site and will be dependent on a range of factors such as location, built-form and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the table below providing a general summary of existing schemes.
- 5.33 This analysis is interesting as it shows the median newbuild price for all sizes of homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting. That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered as affordable.
- 5.34 This analysis shows how important it will be to know the OMV of housing before discount to be able to determine if a product is going to be genuinely affordable in a local context – providing a discount of 30% to the OMV will not automatically mean it becomes affordable housing in a local context.
- 5.35 The Government’s current policy for First Homes indicates that these must be priced at below £250,000. The evidence thus suggests that First Homes, if delivered, would provide principally 1-bed properties (with potentially some 2-beds in lower value areas). In the District, there are however low sales of 1-beds pointing to a relatively modest market locally. With the current price cap, they would not provide an attractive choice of homes or substantively meet the needs of those households with an affordable home ownership need who cannot buy on the open market.

5.36 Overall, it is considered the evidence for Harborough District does not support the policy of the now previous Government, as set out in the May 2021 Written Ministerial Statement, that 25% of affordable housing should be provided as First Homes.

5.37 Furthermore, Icení notes that the new Government has consulted on proposed changes to the NPPF which propose greater flexibility in setting policies for the mix of affordable housing to meet identified local needs. The changes proposed include the removal of the policy requirement for at least 10% of homes to be made available for affordable home ownership.

Table 5.13 Estimated newbuild housing cost by size – Harborough

	No. of homes advertised	Range of prices	Median price
1-bedroom	2	£220,000	£220,000
2-bedrooms	10	£240,000-£395,000	£285,000
3-bedrooms	51	£285,000-£500,000	£360,000
4+-bedrooms	69	£315,000-£995,000	£500,000

Source: Derived from a range of sources

5.38 The analysis below moves on to consider shared ownership. For this analysis an assessment of monthly outgoings has been undertaken with a core assumption being that the outgoings should be the same as for renting privately so as to make this tenure genuinely affordable. The analysis has looked at what the OMV would need to be for a shared ownership to be affordable with a 25% and 50% share.

5.39 The findings for this analysis are interesting and do point to the likelihood that **shared ownership can be a genuinely affordable tenure** for smaller homes (up to 2-bedrooms). For larger accommodation, given current OMVs in the District it may be more difficult to make shared ownership affordable, even with 25% equity shares. Our engagement points to some growth in difficulties in selling shared ownership properties in the District.

Table 5.14 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Harborough

	50% share	25% share
1-bedroom	£197,000	£239,000
2-bedroom	£234,000	£284,000
3-bedroom	£284,000	£344,000
4-bedrooms	£369,000	£447,000

Source: Derived from market cost analysis

- 5.40 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. **Rent to Buy can be advantageous for some households as it allows for a smaller ‘step’ to be taken on to the home ownership ladder.**
- 5.41 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 5.42 In order to access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Affordable Housing: Implications

The analysis indicates an overall need for 421 affordable homes per year, within which there is a need for 310 rented affordable homes and 111 affordable home ownership homes – a 75% / 25% split.

The scale of affordable housing need is significant, and the Council should look to maximise delivery on sites where possible and should look at a range of means of boosting delivery – including through its own housing delivery programme.

There is strong evidence to support delivery of homes at social rent levels, which the needs evidence indicates could account for between 20 - 70% of the rented need. However in setting policies within the Local Plan, this needs to be balanced against viability and funding availability.

The evidence indicates that delivery of First Homes would do little to meet genuine local affordable housing needs given current Open Market Values of newbuild homes with shared ownership potentially being a genuinely affordable product (particularly for smaller homes) as well as indicating a need for Rent to Buy homes. These should therefore should be prioritised within the provision of affordable home ownership homes.

6. Need for Different Types & Sizes of Homes

- 6.1 This section considers the appropriate mix of housing across Harborough, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

- 6.2 The number of families in Harborough (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 11,500 as of the 2021 Census, accounting for 29% of households. This proportion is slightly higher than that seen across the County, region and nationally with demand for family housing an important component of the Borough's housing market.

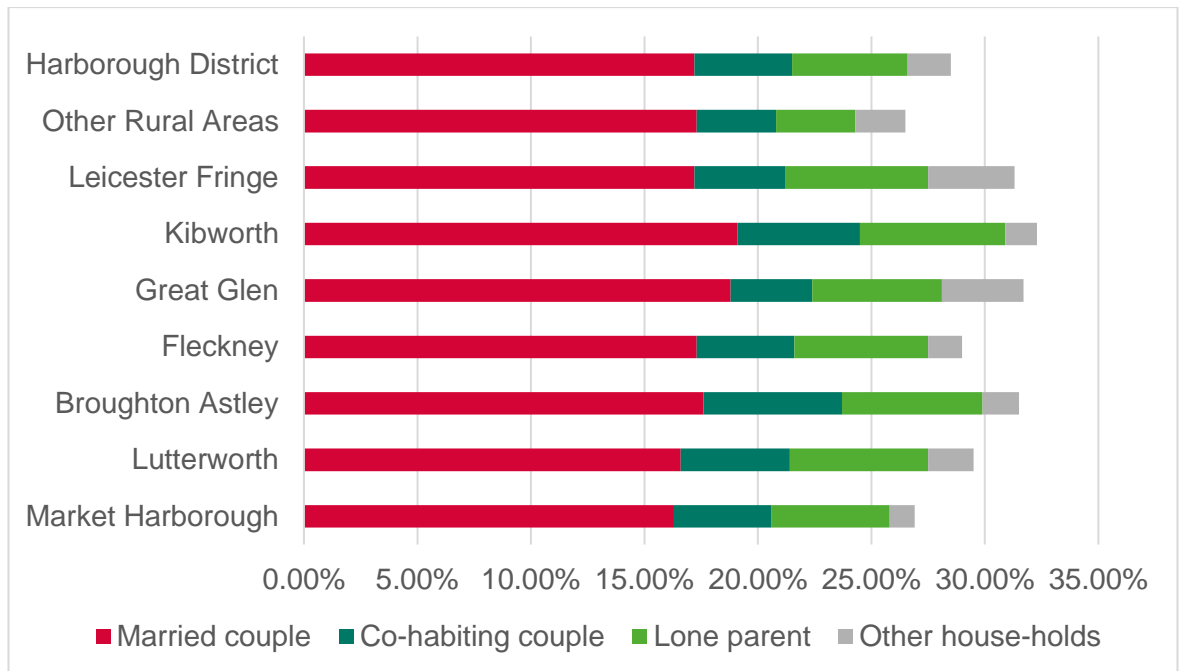
Table 6.1 Households with dependent children (2021)

	Harborough		Leicester-shire	East Midlands	England
	No.	%	%	%	%
Married couple	6,956	17.2%	15.1%	13.8%	14.4%
Cohabiting couple	1,750	4.3%	5.0%	5.1%	4.5%
Lone parent	2,066	5.1%	5.7%	6.5%	6.9%
Other households	772	1.9%	2.0%	2.4%	2.7%
All other households	28,870	71.4%	72.2%	72.2%	71.5%
Total	40,414	100.0%	100.0%	100.0%	100.0%
Total with dependent children	11,544	28.6%	27.8%	27.8%	28.5%

Source: Census (2021)

- 6.3 The table below shows the same information for each of the eight sub-areas. There is some variation in the proportion of households with dependent children, this being highest in Kibworth and lowest in Rural locations.

Figure 6.1 Households with Dependent Children, 2021



Source: 2021 Census

- 6.4 There is a greater proportion of family households living in rented tenures. In Harborough, only 43% of lone parent households are owner-occupiers compared with 87% of married couples with children.
- 6.5 Overall, some 3% of households with dependent children are overcrowded, compared with 0.6% of other households. The Census data indicates that 4% of all lone parents and 19% of 'other' households being overcrowded. Levels of under-occupancy are also notably lower in households with dependent children.

Modelling the Mix of Homes Needed

- 6.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure, drawn from 2021 Census data. By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over 2021-40 plan period.

6.7 An important starting point is to understand the current balance of housing in the area. In the District, the market stock (owner-occupied) is dominated by 3+- bedroom homes (making up 82% of the total in this tenure group). The profile of the social rented sector is broadly similar to wider geographies; whilst the private rented sector is slightly larger than seen nationally, but consistent with other locations.

Table 6.2 Number of Bedrooms by Tenure, 2021

		Har- borough	Leicester- shire	East Midlands	England
Owner- occupied	1-bedroom	2%	2%	2%	4%
	2-bedrooms	16%	18%	20%	21%
	3-bedrooms	37%	47%	49%	46%
	4+-bedrooms	45%	34%	29%	29%
	Total	100%	100%	100%	100%
	Ave. no. beds	3.24	3.13	3.06	3.01
Social rented	1-bedroom	29%	29%	28%	29%
	2-bedrooms	41%	35%	36%	36%
	3-bedrooms	28%	32%	32%	31%
	4+-bedrooms	3%	3%	4%	4%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.05	2.09	2.11	2.10
Private rented	1-bedroom	12%	12%	14%	21%
	2-bedrooms	40%	39%	39%	39%
	3-bedrooms	35%	37%	36%	29%
	4+-bedrooms	13%	12%	11%	11%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.48	2.48	2.43	2.30

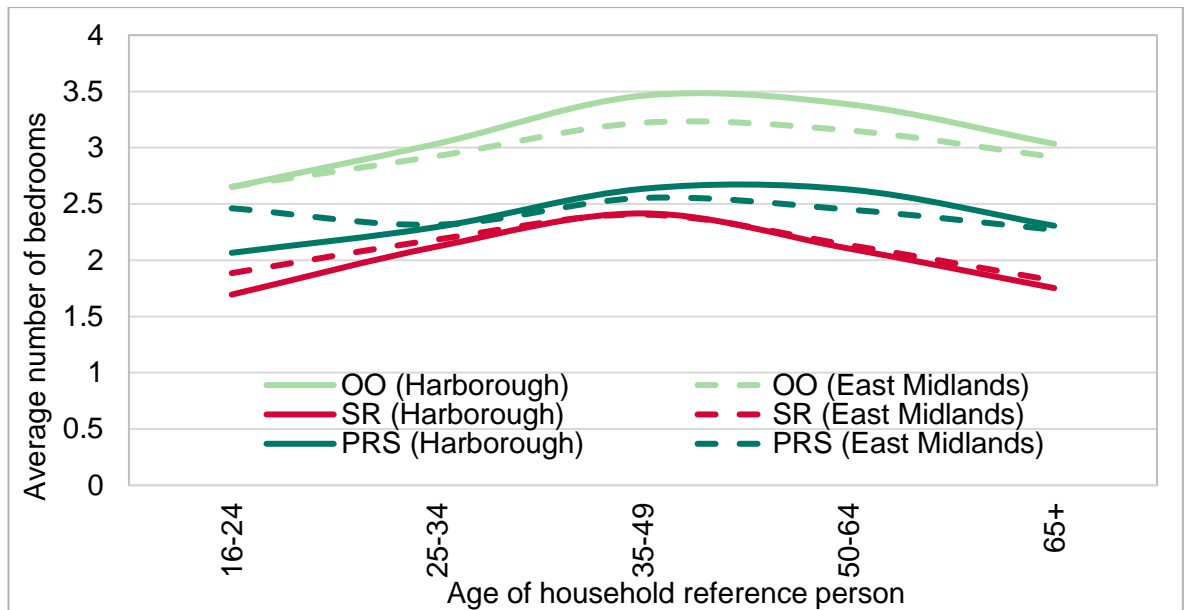
Source: Census (2021)

Overview of Methodology

6.8 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time.

-
- 6.9 For market housing, the size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units. This said, a supply of additional smaller level access homes may encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 6.10 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 6.11 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).
- 6.12 The figure below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Harborough and the East Midlands region. In all sectors the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies both Harborough and the region as following similar patterns by age in all tenures although larger dwelling sizes in the owner-occupied sector can be seen for Harborough in most age groups.

Figure 6.2 Average Bedrooms by Age and Tenure in Harborough



Source: Census (2021)

6.13 The analysis uses the existing occupancy patterns at a local level as a starting point for analysis and applies these to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

6.14 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular older age groups. The number of households headed by someone aged

50-64 is however projected to see a more modest increase over the period studied. The analysis is aligned to the growth scenario using the current standard method need plus unmet need from Leicester (13,188 dwellings over the 2020-41 period).

Table 6.3 Projected Change in Household by Age of HRP in Harborough

	2020	2041	Change in Households	% Change
Under 25	513	636	123	23.9%
25-34	3,953	5,134	1,180	29.9%
35-49	9,491	11,869	2,378	25.1%
50-64	12,477	13,408	930	7.5%
65-74	6,280	8,347	2,068	32.9%
75-84	4,752	8,415	3,663	77.1%
85+	1,975	4,437	2,462	124.6%
TOTAL	39,442	52,246	12,804	32.5%

Source: Demographic Projections

Initial Modelled Outputs

- 6.15 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures. Market housing focusses on 3+- bedroom homes, affordable home ownership on 2- and 3-bedroom accommodation and rented affordable housing showing a slightly smaller profile again.

Table 6.4 Initial Modelled Mix of Housing by Size and Tenure

	1- bedroom	2- bedrooms	3- bedrooms	4+ bedrooms
Market	2%	22%	44%	32%
Affordable home ownership	14%	40%	35%	10%
Affordable housing (rented)	31%	39%	28%	3%

Source: Housing Market Model

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- 6.16 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. This data shows a pattern of need which is more focussed on 1-bedroom homes and with around a quarter of households requiring 3+-bedroom accommodation.

Table 6.5 Size of Social/Affordable Rented Housing – Housing Register Information (March 2023)

	Number of households	% of households
1-bedroom	316	44%
2-bedrooms	235	33%
3-bedrooms	125	17%
4+-bedrooms	47	7%
TOTAL	723	100%

Source: LAHS

Adjustments for Under-Occupation and Overcrowding

- 6.17 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2021. It is however worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 6.18 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this to some degree over time. Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 6.19 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households.

Overall, in the owner-occupied sector in 2021, there were 28,524 households with some degree of under-occupation and around 250 overcrowded households

Table 6.6 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	7,260	11,868	19,128
+1	0	4,348	3,151	1,897	9,396
0	589	732	1,110	231	2,662
-1	14	75	98	66	253
TOTAL	603	5,155	11,619	14,062	31,439

Source: Census (2021)

- 6.20 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 6.7 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	220	33	253
+1	0	736	297	32	1,065
0	988	633	395	18	2,034
-1	24	64	77	11	176
TOTAL	1,012	1,433	989	94	3,528

Source: Census (2021)

Table 6.8 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	842	433	1,275
+1	0	1,456	714	188	2,358
0	662	637	318	54	1,671
-1	18	64	38	21	141
TOTAL	680	2,157	1,912	696	5,445

Source: Census (2021)

- 6.21 In using this data in the modelling, an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy. This assumption is considered reasonable as it does retain some (considerable) degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).
- 6.22 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table (Table 6.10). It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 6.9 Adjusted Modelled Mix of Housing by Size and Tenure

	1- bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Market	2%	28%	46%	24%
Affordable home ownership	16%	44%	32%	9%
Affordable housing (rented)	31%	39%	25%	5%

Source: Housing Market Model (with adjustments)

6.23 Across the District, the analysis points to around a third of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.

6.24 This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

Table 6.10 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Harborough

	1- bedroom	2- bedrooms	3- bedrooms	4+ bedrooms
Under 65	22%	37%	34%	7%
65 and over	42%	58%		
All affordable housing (rented)	31%	39%	25%	5%

Source: Housing Market Model (with adjustments)

6.25 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 310 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.

6.26 This analysis is quite clear in showing **the very low supply of larger homes relative to the need for 4+-bedroom accommodation** where it is estimated the supply is only around 9% of the need arising each year, whereas for all other sizes the proportion of the need which is being met by relet supply is significantly greater.

Table 6.11 Need for rented affordable housing by number of bedrooms

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	106	37	69	22.2%	35.0%
2-bedrooms	161	46	115	37.0%	28.9%
3-bedrooms	121	17	104	33.6%	14.0%
4+-bedrooms	25	2	23	7.3%	9.1%
Total	413	103	310	100.0%	24.9%

Source: Derived from a range of sources

Indicative Targets for Different Sizes of Property by Tenure

- 6.27 In drawing conclusions on the appropriate mix of homes to seek through planning policies, we have brought together the modelling with analysis of Housing Register data and broader considerations such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Table 6.12 Recommended Social/ Affordable Rented Housing Mix

	General Needs Rented	Housing for Older People
1-bedroom	25%	50%
2-bedrooms	30%	50%
3-bedrooms	30%	
4+ bedrooms	15%	

Source: Icen Analysis

- 6.28 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households and childless couples. We would expect development schemes to focus in particular on 2- and 3-bed properties; with demand for 1- and 4+ bed units being more limited in the District.

Table 6.13 Recommended Affordable Home Ownership Housing Mix

	Affordable Home Ownership
1-bed	15%
2-bed	45%
3-bed	40%
4+ bed	

Source: Icen Analysis

- 6.29 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile as well as the potential to slightly reduce levels of under-occupancy. Whilst we have also had regard to the potential for rightsizing, but recognise that in the market sector there is limited ability to control what households purchase; and some of the wider evidence which continues to point towards demand for larger homes. This sees a slightly larger recommended profile compared with other tenure groups:

Table 6.14 Recommended Market Housing Mix

	Market Housing
1-bed	30%
2-bed	
3-bed	45%
4+ bed	25%

Source: Icen Analysis

- 6.30 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also relevant considerations as to what the appropriate mix of market housing on individual development sites.

Housing Mix on Individual Schemes

- 6.31 The analysis above has focussed on overall District-wide needs with conclusions at the strategic level. It should however be recognised that there will be variations in the need within areas due to the different role and function of a location and the specific characteristics of local households (which can also vary over time). This report does not seek to model smaller-area housing mix although the report does contain a range of data that can help inform specific local issues (including data about household composition, current housing mix and overcrowding/under-occupation). Below are some points for consideration when looking at needs in any specific location:
- a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes as it may reflect the role and function of different areas. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;
 - b) That said, many areas of the District have a limited supply of small/cheaper stock and so consideration needs to be given to diversifying the stock; and
 - c) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development whereas a more suburban/rural site may be more appropriate for family housing.
- 6.32 Policies should support flexible to a different mix where specific local characteristics suggest or where it is justified by other local evidence. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall.
- 6.33 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which

could lead to the mix of housing being altered from the overall suggested requirement.

Bungalows

- 6.34 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available. This indicate that 13% of homes across the District are bungalows (compared to 9% nationally), the majority of which (87%) have 2- or 3-bedrooms.

Table 6.15 Number of dwellings by property type and number of bedrooms (March 2020)

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	330	2,790	1,680	290	40	5,130
Flat/Maisonette	1,580	1,360	120	20	20	3,110
Terraced house	250	2,850	3,110	460	20	6,690
Semi-detached house	60	1,660	6,520	920	20	9,180
Detached house	40	470	4,830	10,320	100	15,750
All flats/houses	2,260	9,130	16,260	12,010	200	39,860
Annexe						100
Other						230
Unknown						450
All properties						40,630

Source: Valuation Office Agency

- 6.35 Bungalows are generally popular with older households with strong demand when they become available. However new-build development is often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most

suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

- 6.36 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 6.37 The Council could consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report).

Summary

- 6.38 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Harborough is fairly average with around 29% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.
- 6.39 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following

represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

- 6.40 In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 45% to have at least 3-bedrooms. Our recommended mix is set out below:

Table 6.16 Recommended Housing Mix

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	15%	25%	50%
2-bedrooms		45%	30%	
3-bedrooms	45%	40%	30%	
4+-bedrooms	25%		15%	

- 6.41 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- 6.42 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas affordable housing registered providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices there are potential difficulties in making (larger) AHO genuinely affordable.

-
- 6.43 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- 6.44 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development).
- 6.45 There is a potential demand for bungalows which might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There is also an identified need arising from the growth in households with mobility problems and of wheelchair user households. On this basis we would recommend that the Council consider provision of up to 5% bungalows on suitable major sites.

7. Specific Market Segments

- 7.1 This section moves on to consider the housing needs of different segments of the population, and for specific forms of housing including build-to-rent and custom- and self-build development.

Older Persons

- 7.2 At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Harborough are presented.

Current Population of Older People

- 7.3 The table below provides baseline population data about older persons in Harborough and compares this with other areas. The table shows the District has a slightly older age structure than seen regionally or nationally with 22% of the population being aged 65 and over. The proportion of people aged 75 and over and 85 and over is also above equivalent figures for other areas.

Table 7.1 Older Persons Population, 2022

	Harborough	Leicester-shire	East Midlands	England
Under 65	77.8%	79.0%	80.3%	81.4%
65-74	11.2%	10.8%	10.3%	9.6%
75-84	8.0%	7.5%	6.9%	6.5%
85+	2.9%	2.7%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	22.2%	21.0%	19.7%	18.6%
Total 75+	11.0%	10.2%	9.4%	9.0%

Source: ONS

Projected Future Change in the Population of Older People

- 7.4 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Harborough is projected to see a notable increase in the older person population. The projection linked to delivery of 13,188 dwellings (2020-41) shows a projected increase in the population aged 65+ of around 59% - the population aged Under 65 is in contrast projected to see a more modest increase (of 19%).
- 7.5 In total population terms, the projections show an increase in the population aged 65 and over of 12,400 people. This is against a backdrop of an overall increase of 26,200 – population growth of people aged 65 and over therefore accounts for 47% of the total projected population change.

Table 7.2 Projected Change in Population of Older Persons, 2020 to 2041 – Harborough

	2020	2041	Change in population	% change
Under 65	74,353	88,131	13,778	18.5%
65-74	11,188	14,900	3,712	33.2%
75-84	7,107	12,574	5,467	76.9%
85+	2,640	5,908	3,268	123.8%
Total	95,288	121,512	26,224	27.5%
Total 65+	20,935	33,381	12,446	59.5%
Total 75+	9,747	18,481	8,734	89.6%

Source: Demographic projections

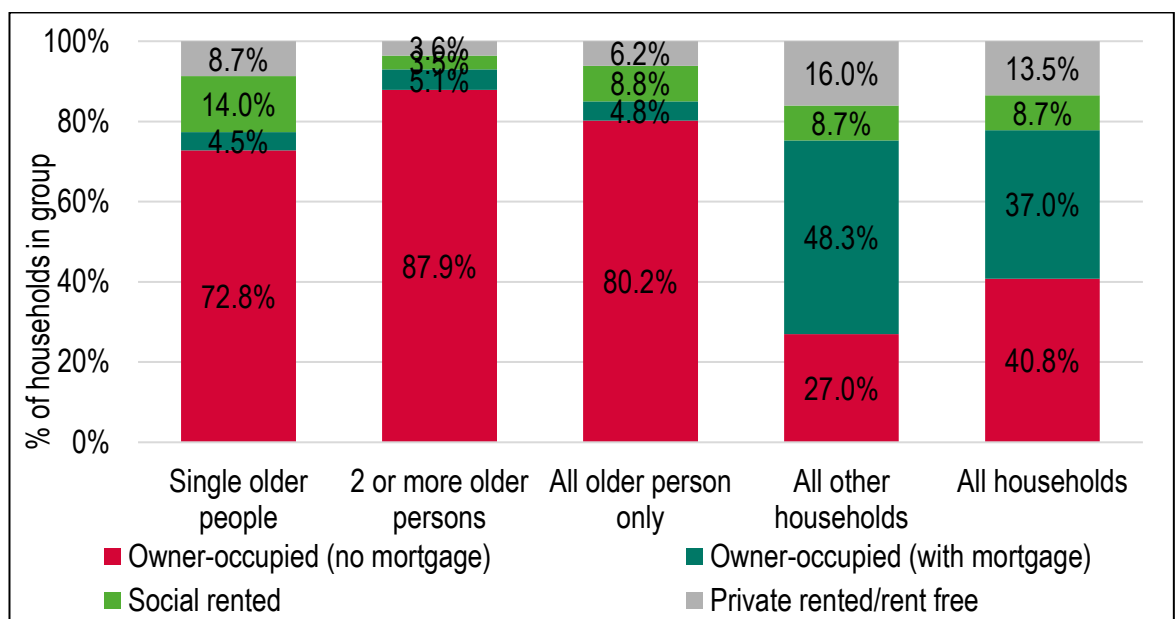
Characteristics of Older Person Households

- 7.6 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (81% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 10% of older

persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 9%).

7.7 There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 13.1: Tenure of Older Persons Households in Harborough, 2021



Source: 2021 Census

Disabilities

7.8 The table below shows the proportion of people who are considered as disabled under the definition within the 2010 Equality Act³, drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 28% of households in the District contain someone with a

³ The Census uses the same definition of disability as described in the Equality Act. This defines disability as a person with a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities.

disability. This figure is slightly lower than that seen across Leicestershire and also below the regional and national average. The figures for the population with a disability show similar patterns compared with other areas – some 15% of the population having a disability.

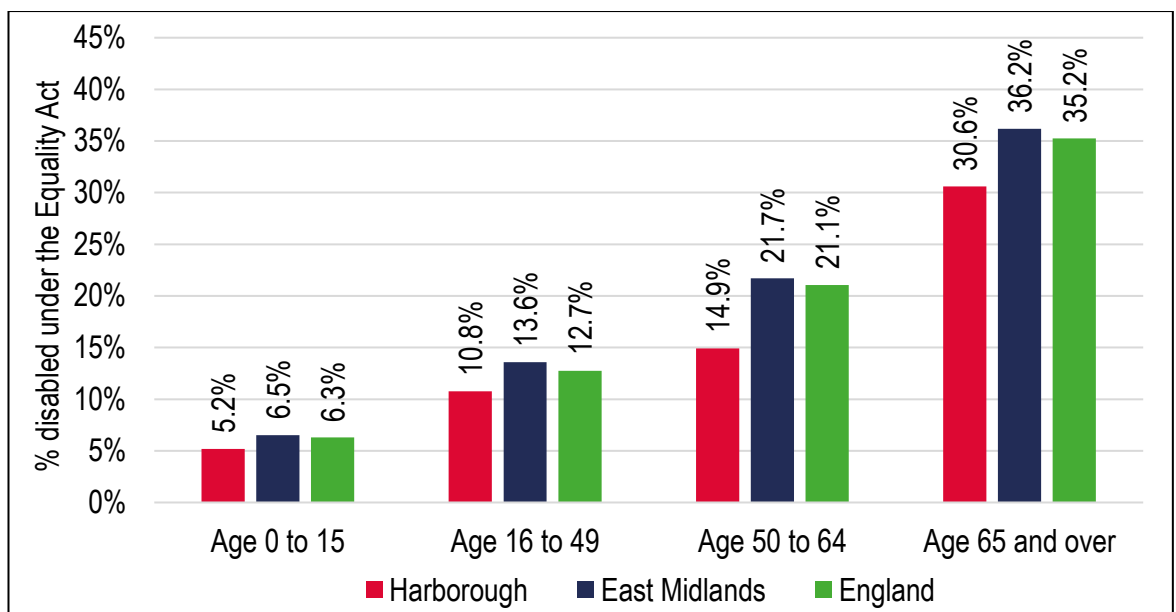
Table 7.3 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Harborough	11,516	28.5%	14,709	15.1%
Leicestershire	91,463	30.9%	118,062	16.6%
East Midlands	680,791	33.4%	894,920	18.3%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

7.9 As noted, it is likely that the age profile will impact upon the numbers of people with a disability, as older people tend to be more likely to have a disability. The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. For older age groups, the analysis also shows lower levels of disability in each age band within Harborough when compared with the regional and national position.

Figure 13.2: Population with Disability by Age



Source: 2021 Census

Health Related Population Projections

- 7.10 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 7.11 Of particular note are the large increases in the number of older people with dementia (increasing by 90% from 2020 to 2041 and mobility problems (up 77% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 10% of total projected population growth.

**Table 7.4 Projected Changes to Population with a Range of Disabilities –
Harborough**

Disability	Age Range	2020	2041	Change	% Change
Dementia	65+	1,237	2,354	1,117	90.3%
Mobility problems	65+	3,287	5,817	2,530	77.0%
Autistic Spectrum Disorders	18-64	434	511	77	17.8%
	65+	173	274	101	58.5%
Learning Disabilities	15-64	1,131	1,341	210	18.5%
	65+	379	599	219	57.8%
Impaired mobility	16-64	2,664	3,035	371	13.9%

Source: POPPI/PANSI and Demographic Projections

- 7.12 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live

independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

- 7.13 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

- 7.14 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

- 7.15 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

-
- 7.16 There are a number of ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 7.17 Whilst there are no definitive rates, the PPG [63-004] notes that ‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)’. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 7.18 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 7.19 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).
- 7.20 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 7.5 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008) ⁴	Housing in Later Life (2012) ⁵	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: *Housing LIN*

7.21 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to

⁴ Based on the More Choice Greater Voice publication of 2008

(https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

⁵ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

7.22 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

7.23 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

7.24 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Harborough, the data shows better health in the older person population and so a reduction has been made to the prevalence rates.

7.25 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a

higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Harborough is the 308th most deprived local authority in England (out of 317) – i.e. a very low level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care).

7.26 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

7.27 Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing), particularly in the market sector; there is sufficient supply of affordable housing currently (in net terms overall) but a potential need over the plan period. The analysis also points to a need for housing with care (e.g. extra-care) in both the market and affordable sectors (78% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces although current shortfalls are quite modest.

Table 7.6 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2020-41 – Harborough

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	75	339	729	390	653	1,043
	Affordable	39	520	383	-137	343	206
Total (housing with support)		114	859	1,112	253	996	1,249
Housing with care	Market	31	75	298	223	267	489
	Affordable	11	55	103	48	92	140
Total (housing with care)		41	130	400	270	359	629
Residential care bedspaces		37	329	356	27	319	346
Nursing care bedspaces		41	286	400	114	359	473
Total bedspaces		78	615	756	141	678	819

Source: Derived from Demographic Projections and Housing LIN/EAC

7.28 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to ‘downsize’ which can help improve their quality of life.

7.29 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the ‘top-end’ of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will

be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

- 7.30 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them ‘visitable’ for wheelchair users and data about wheelchair users by tenure.
- 7.31 The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 7.7 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

7.32 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 981 wheelchair user households in 2020, and that this will rise to 1,454 by 2041.

Table 7.8 Estimated number of wheelchair user households (2020-41) – Harborough

	Prevalence rate (% of households)	Households 2020	Households 2041	Wheelchair user households (2021)	Wheelchair user households (2041)
24 and under	0.7%	513	636	4	4
25-34	0.5%	3,953	5,134	18	24
35-49	1.0%	9,491	11,869	94	117
50-64	1.5%	12,477	13,408	181	195
65 and over	5.3%	13,007	21,199	684	1,115
All households		39,442	52,246	981	1,455

Source: Derived from a range of sources

7.33 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households.

7.34 Applying this to the current number of wheelchair user households gives a current need for 245 additional wheelchair user homes. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) then a further need for 119 homes in the 2020-41 period can be identified. Added together this leads to **a need estimate of 364 wheelchair user homes – equating to 17 dwellings per annum.**

Table 7.9 Estimated need for wheelchair user homes, 2020-41

	Current need	Projected need (2020-41)	Total current and future need
Harborough	245	119	364

Source: Derived from a range of sources

7.35 The estimates of the need for wheelchair user housing in Harborough are somewhat lower than in the 2022 HENA. The table below compares figures.

Table 7.10 Comparing the estimated wheelchair user homes need (2020-41) to the HENA

	Current need	Projected need	Total current and future need
HENA (2020-41)	279	692	971
HEDNA (2020-41)	245	119	364

7.36 There are two key reasons for the difference. Firstly, the HENA drew on data from the 2011-12 English Housing Survey (EHS) and 2011 Census data about local levels of disability. In this report, the data has been updated to look at 2018-19 EHS and the 2021 Census. This change looks to have reduced overall estimates of wheelchair user households in the District. The bigger change is however due to how the projected need has been dealt with. In the HENA all of the projected need was included within the estimates. However, on reflection it was considered that most of those households who will become wheelchair users in the Borough will already be resident in accommodation in the area (taking into account people/households ageing over time) and it is therefore likely that a significant proportion (assumed to be 75% - consistent with figures used for the current need in the HENA) will be living in accommodation that could be adapted, rather than there being a need to move to alternative specialist accommodation. The effect of this is to reduce the scale of need for specialist provision.

7.37 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair user (including 2.2% using a wheelchair indoors),

compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 7.11 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: *English Housing Survey (2018/19)*

- 7.38 To meet the identified need, the Council could seek a proportion (5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 7.39 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).
- 7.40 The level of provision proposed reasonable on the basis of either of the figures shown in Table 7.10 above, as in reality some sites will be unable to deliver these levels due to viability, whilst other sites may not be able to deliver due to characteristics (such as topography) which inhibit the potential for level access.

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- 7.41 It is worth noting that the Government has recently reported on a consultation (Raising Accessibility Standards for New Homes⁶) on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds.
- 7.42 The key outcome is: *'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'*. This change is due to shortly be implemented through a change to building regulations.
- 7.43 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.
- 7.44 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.
- 7.45 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

⁶ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

7.46 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Private Rented Sector and Build to Rent

7.47 The Build to Rent sector has emerged in the context of growth in private renting, increasing house prices and shortfall in overall housing delivery. Nationally, Government has sought to support its growth, with the 2017 Housing White Paper supportive of investment in Build-to-Rent in recognition of the role which this could play in helping to drive up overall housing supply and increase choice and housing standards for those living in private rented homes; as well as providing more stable rented accommodation for families (as schemes often include longer-term tenancies). The Government's '*A Build to Rent Guide for Local Authorities*' identifies similar benefits.

7.48 The NPPF Glossary provides a definition of Build-to-Rent development, which is "*Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development.*"

7.49 Evidence, such as the British Property Federation's *Who lives in Built to Rent*, note that the profile of tenants is focused on those aged under 44 (with the 25-34 age group the most prevalent) and includes single people, couples, sharers and families. However this is reflective of the current state of the BTR market which has to date been more focused towards cities and larger towns where there are stronger concentrations of renters.

7.50 The 2021 Census data however points to a relative modest Private Rented Sector in the District, with around 5,400 households. As a proportion of total households

this is 13.5%, with concentrations of private renting in the man towns – Lutterworth (14.6%) and Market Harborough (16.5%). However to support new-build development, the absolute number are also relevant. The 2021 Census indicated around 1,790 households in the sector in Market Harborough but falling to 670 in Lutterworth.

- 7.51 There are two main forms of Build to Rent (BTR) development. The first is Multi Family Housing (MFH) which are typically flatted schemes delivered in an urban context which are purpose-built for renting and offer communal spaces and amenities within schemes for residents, such as communal lounges, workspaces and gyms on site. Schemes have integrated property management and most have on-site staff 24/7; and are typically located in areas with good access to local amenities, jobs and public transport. However MFH is reliant on their being a pool of potential tenants sufficient to support demand for schemes, which typically have 100+ units.
- 7.52 The second form is Single Family Housing (SFH) or suburban Build to Rent which is different, and is the form of suburban housing with private gardens. Again there is however active estate management, but these scheme are more likely to come forwards on greenfield sites.
- 7.53 Across the UK there are now over 100,000 BTR properties which have been completed with rapid growth in the market in recent years with almost 15,000 units now being completed per year and 54,000 additional units currently under construction.⁷ This is currently focused towards multi-family developments in London and regional cities.
- 7.54 However suburban build-to-rent schemes are increasing emerging; and whilst there are no current/ pipeline BTR schemes in Harborough District at the moment,

⁷ Savills/BPF, Q3 2023

there are however a number of examples of other schemes in adjoining and other Midlands authorities. These include:

- The Pioneers, Houlton, Rugby: a suburban BTR development of 149 two- and three-bed family homes with solar panels, EV charging and super-fast broadband on the former Rugby Radio Station site. It has been brought forward by Urban & Civic.
- Baberton Grange, Nuneaton: Simple Life, which is funded by Sigma Capital Group, has delivered a 50 unit build-to-rent scheme of two, three and four-bed properties as part of the Baberton Grange urban extension which is being brought forward by Countryside.
- Draklow Park, Burton-on-Trent: a further development by Simple Life as part of a wider urban extension, which is delivering 2, 3 and 4-bed homes to rent. The BTR component of this 1,500 home scheme is for 195 units as part of Simple Life's JV with Countryside.
- Fairham, Nottingham: again this is a major urban extension where Countryside are bringing forward a mixed-tenure scheme for 333 units which includes affordable and market homes, as well as 100 suburban Build-to-Rent homes in partnership with Start Living.

7.55 Beyond Countryside/Start Living, other key investors in this sector include Harworth Group, which are bringing forwards suburban BTR on a range of urban extensions; and Legal and General. We are seeing increasing partnerships between housebuilders and investors to support growth of the sector, with delivery focused in particular on larger strategic sites. Savills research (Jan 2024)⁸ indicates that although this is an embryonic market currently, there are a range of investors looking to expand their portfolios significantly in the next 5-10 years.

7.56 **In Harborough we see the greatest potential for support suburban BTR investment to be in Market Harborough, influenced by its existing strong private rental market, in Lutterworth, where employment growth can be**

⁸ https://www.savills.co.uk/research_articles/229130/355913-0

expected to support market growth, and in the Leicester Fringe. There is also some potential on the Leicester Fringe influenced by the City's larger rental market. It is reasonable to expect some development of this market over the plan period to 2040.

- 7.57 It is appropriate, therefore, for Council to include policies related to Build-to-Rent development within the new Local Plan which address their expectation for such development provision for longer-term tenancies of 3+ years, policies regarding affordable housing provision and clawback provisions in the event of scheme/ unit disposal. The NPPF Glossary expects schemes to include conditions requiring operators to offer tenancies of 3 or more years, but with options for tenants to break (without a fee) after 6 months with a 1 month notice period.
- 7.58 In respect of affordable housing, the economics of build-to-rent development are different to standard 'for sale' or mixed tenure residential schemes. The emphasis is on creating a longer-term investment with investment returns phased over a longer period of time (patient capital). This means that finance costs may be higher and viability will also be sensitive to changes in interest rates.
- 7.59 Government is keen to secure growth in the sector and in this context, the PPG proposes 20% affordable housing as a 'suitable benchmark' for affordable private rent within BTR developments. A minimum rent discount relative to local market rents is expected to be set out in policy, with a 20% discount proffered. Councils can set higher discounts, and there may be a case to consider this to ensure a supply of 'genuinely affordable homes' however this needs to be balanced against the effects on viability and the growth of the sector, which is currently not particularly well established locally. Affordable housing policies need therefore to be informed by detailed viability testing which specifically addresses the BTR sector and which should focus on suburban build-to-rent.

Self- and Custom-Build Development

- 7.60 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) (“the 2015 Act”) provides a legal definition of ‘self-build and custom housebuilding’ which are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 7.61 The Government has long had a clear agenda for supporting and promoting the self-build and custom-building sector; and sees that its growth can help support increased product diversity and housing delivery. Local authorities are required by the 2015 Act to maintain and publicise a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land to build their own self-build and custom homes. The Council set up its Register in early 2016.
- 7.62 The Housing and Planning Act 2016 (“the 2016 Act”), which received Royal Assent on 12th May 2016, formally introduced the ‘Right to Build’. It has placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period (commencing on 31st October 2016). The fundamental intention is to increase the supply of land for those considering self and custom-build.
- 7.63 Using the Council’s Self-Build Register data, the table below analyses the numbers of individuals and groups joining in the relevant base periods.

Table 7.12 Harborough Self-Build and Custom Housebuilding Register Data

Base Period	Register		
	Individuals	Associations	Plots required
1 (Launch - 30/10/16)	33	0	33
2 (31/10/16 -30/10/17)	40	0	40
3 (31/10/17-30/10/18)	35	0	35
4 (31/10/18-30/10/19)	34	0	34
5 (31/10/19-30/10/20)	40	0	40
6 (31/10/20-30/10/21)	36	0	36
7 (31/10/21-30/10/22)	28	1	30
8 (31/10/22-30/10/23)	34	0	34
9 (31/10/23-30/10/24)	16	0	16

Source: HDC Monitoring

- 7.64 The Council has introduced a fee to join the Register from 1st April 2024, but has a single part Register and does not apply either a local connection test or financial solvency test.
- 7.65 The number of individuals registering an interest averages around 35 per annum over the 8.5 year period for which data is available.
- 7.66 The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended) within 3 years of the end of each base period. It also has a Duty to have regard to the Register when carrying out its planning, housing, land disposal and regeneration functions.
- 7.67 The 2019 Harborough Local Plan, in Policy H5, sets out that proposals for self-build and custom-build housing will be supported in any location suitable for housing, including on allocated, committed and windfall sites which are in accordance with Policy GD2. It sets out that the Council will seek provision of land for the sector on housing allocations capable of providing 250 or more dwellings as part of the appropriate mix of dwellings. In addition, the Plan allows for plots to

come forwards on sites within or adjoining the built up or committed areas of the District's most sustainable towns and villages.

7.68 The table below assesses supply, in terms of granting permissions for CSB development against the need shown on the Register. It shows that a cumulative shortfall has built up in particular over the last 5 years, as registrations have exceeded the permissions granted. As at October 2024, the cumulative shortfall stands at 172 dwellings.

Table 7.13 Performance in Granting Custom- and Self-Build Permissions

	Cumulat- ive plots required	Permiss- ions granted in Base Period	Cumulat- ive Permiss- ions	Cumulat- ive Shortfall in meeting Duty
1 (launch - 30/10/16)		0	0	0
2 (31/10/16 -30/10/17)		0	0	0
3 (31/10/17-30/10/18)		5	5	0
4 (31/10/18-30/10/19)	33	11	16	17
5 (31/10/19-30/10/20)	73	1	17	56
6 (31/10/20-30/10/21)	108	2	19	89
7 (31/10/21-30/10/22)	142	1	20	122
8 (31/10/22-30/10/23)	182	13	33	149
9 (31/10/23-30/10/24)	218	13	46	172

Source: HDC Monitoring/lceni

7.69 The permissions data above excludes permission for 28 plots as part of the outline consent on the East of Lutterworth SDA (granted in Base Period 7) which, if included, would reduce the shortfall to 144 units.

7.70 Research by Ipsos MORI has suggested that 1 in 50 of the adult population are interested and expect to progress Custom- and Self-Build development.⁹ Applied to the population aged 16+ in Harborough District of 102,600 in 2023, this would indicatively equate to a potential interest from around 1,700 individuals. This is however an indication of aspirations based on a survey, rather than for instance

⁹ <https://www.ipsos.com/en-uk/one-seven-britons-expect-look-building-their-own-home>

households clearly moving forward with a self-build project and the data does not relate specifically to the District. It does provide some evidence to suggest that the scale of need shown on the Register could be an under-estimate, given that not all prospective households interested in self- and custom-build development may know of the Register, or acted positively in signing up to it.

7.71 It is instructive to drill into the property size and type requirements on those on the Register (where known). Almost all of those registered seek a detached home. 10% seek a bungalow (focused on 2- and 3-bed); with the remainder seeking typically larger properties with 3+ bedrooms. The strongest need is for 4-bed properties and plots of over 500 sq.m.

Table 7.14 Profile of CSB Property Size Requirements where Known

	1-bed	2-bed	3-bed	4-bed	5+ bed
Bungalow		4	12	2	
Detached	1	6	33	81	33
Other		3	1	1	
Total	1	13	46	84	33
%	1%	7%	26%	47%	19%

Source: HDC Self- and Custom-Housebuilding Register

7.72 Locationally the evidence points to demand across the District, including in both the towns, larger settlements and in villages across the District.

7.73 It is evident that despite a relatively permissive policy for CSB development, volumes of permissions have not been matching registrations. To meet the need identified on the Register, the Council as part of the Local Plan Review might reasonably therefore consider a tightening of the policy framework. A potential approach to doing so could include:

- Setting out a specific requirement on the proportion of custom- and self-build development expected on larger sites, such as an expectation of 10% provision on sites of over 40 dwellings, with a cascade mechanism should clear interest not be forthcoming;
- Working with the County Council, as a key public sector landowner, to support increased delivery on sites which it controls.

Children's Homes' Needs

- 7.74 A Written Ministerial Statement by the Minister of State for Housing and Planning on 23rd May 2023 has made clear Government's commitment to supporting the development of accommodation for looked after children, and its delivery through the planning system. It outlines that LPAs should determine whether it is appropriate for studies such as this to consider the accommodation needs of children in need of social services care (children in care). It advises that LPAs should give due weight to and be supportive of applications for accommodation for looked after children in their area that reflect local needs; and that local/ unitary and upper tier authorities should work with commissioners to assess local need.
- 7.75 The 'sufficiency duty' under the Children's Act (1989) requires local authorities to take steps to secure, as far as reasonably practical, sufficient accommodation within the Authority's area boundaries to meet the needs of children that the local authority is looking after and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation. The authority in these terms is Leicestershire County Council (HCC).
- 7.76 The County Council approved a *Children's Social Care – Placement Sufficiency Statement and Market Position Statement* in April 2021 covering the period to April 2024.¹⁰ A refresh of this is due to be published in Autumn 2024.
- 7.77 The duty of 'sufficiency' that requires local authorities and Children's Trust partners to ensure that, through direct provision or commissioned services, a range of placements sufficient to meet the needs of all children in care are available locally or that there is a plan in place to move towards that position. In addition, local authorities have a duty to accommodate homeless young people

¹⁰

https://www.proceduresonline.com/llr/childcare/leicestershire/user_controlled_lcms_area/uploaded_files/CFS%20Placement%20Market%20Position%20Sufficiency%20Statement%20October%202021.pdf

aged 16-17 and care leavers aged 18-20; and these are considerations in the allocation of social housing.

- 7.78 The strategic approach is one of seeking to avoid children being placed in care where possible; and finding fostering placements where possible. LCC is seeking to increase its in-house fostering provision to reduce reliance on the external market, as well as making best-use of existing provision; whilst the Strategy seeks to reduce the amount of time children and young people spend in residential care.
- 7.79 However there are a growing number of children whose needs cannot be met with foster families- particularly those with more complex needs.¹¹ This generates needs for children's home spaces and is focused on those aged 11-17. The County Council is seeking to increase its own in-house residential care provision, although it also works with external providers.
- 7.80 The Market Position Statement identifies that over the 2021-3 period, LCC would seek to grow its in-house provision of care homes for children: with an additional home for younger children (under 16) and one for children aged 16-18; as well as short-term assessment provision. However in addition the Statement seeks to support expansion of both residential and fostering placements for those aged 14-17.
- 7.81 New provision by external providers can assist in helping achieve sufficient placements within Leicestershire, but does not automatically mean that LCC will place children there. It seeks to place children firstly through its providers' framework (Gateway to Resources) and needs to have regard to both the quality and cost of provision. Equally other local authorities are able to place children in homes within Leicestershire, and some can afford to pay more. LCC is happy to engage with potential providers. Need is thus managed on a cross-boundary basis meaning that it would be false to generate specific local figures.
- 7.82 However Icenii would note that the demographic evidence also shows a growing population of children in Harborough District over the plan period. This, the need to

¹¹ Including mental health problems, social/emotional behaviour issues, and autism/SEN

accommodate unaccompanied asylum seeker children, and the benefits of increasing provision in Leicestershire to reduce ‘out-of-area’ placements points to a clear need for additional provision.

Table 7.15 Changing Population of Children in Harborough District, 2020-40

	2020	2041	Change
Aged 0-10	10,939	13,477	2,538
Aged 11-17	8,309	9,229	920

Source: JGC Demographic Projections

- 7.83 Children’s homes are not typically large, with normally between 1-3 children in a home as well as provision for staff to sleep and a number of communal rooms. They tend to be detached properties with up to 4/5 bedrooms, including bungalows, or smaller properties which could be extended. They should typically include outdoor space within a garden and ideally provision for staff parking. In Leicestershire, they tend to be focused more towards the market towns – which in Harborough District is Market Harborough and Lutterworth.
- 7.84 Additional provision does not necessarily need to be new-build and will often involve conversion of existing C3 properties. Children’s homes would typically fall within a C2 use class.
- 7.85 Challenges associated with provision in Harborough include the higher housing costs relative to other parts of Leicestershire; difficulties with staff recruitment; and accessibility. Barriers to delivery including the need for certainty associated with conversion of properties to secure approval from Ofsted for new provision; and objections from surrounding residents in some instances.
- 7.86 The evidence of need herein is a relevant planning consideration. The WMS makes clear that in two tier authorities as here, it expects local planning authorities to support these vital developments where appropriate, to ensure that children in need of accommodation are provided for in their communities. There are not however particular planning policy changes which are considered particularly

warranted in a context where development is more likely to relate to applications for change of use of existing housing stock.

8. Harborough's Local Economy

- 8.1 In this section we profile key features of the local economy including analysis of the district's economic structure, business base, labour market and challenges facing its economy.
- 8.2 Harborough District's geography is of a relatively rural District which sits between larger employment centres such as Leicester, Northampton and Coventry.
- 8.3 Harborough District is part of the Leicester and Leicestershire Functional Economic Area (FEMA), highlighting the district's symbiotic economic relationship with the city of Leicester and the county of Leicestershire as a whole. It however has the second lowest population density in Leicester & Leicestershire behind Melton.
- 8.4 The towns of Market Harborough and Lutterworth and the logistics and distribution park at Magna Park are the district's main economic centres or locations. Smaller concentrations of employment provision are also located across a number of the district's large villages such as Broughton Astley, Fleckney and Kibworth. There are also smaller concentrations of employment in some medium villages and pockets of employment in more isolated locations across the district, often resulting from land-based business diversification reflecting the rurality of the District.

Economic Structure

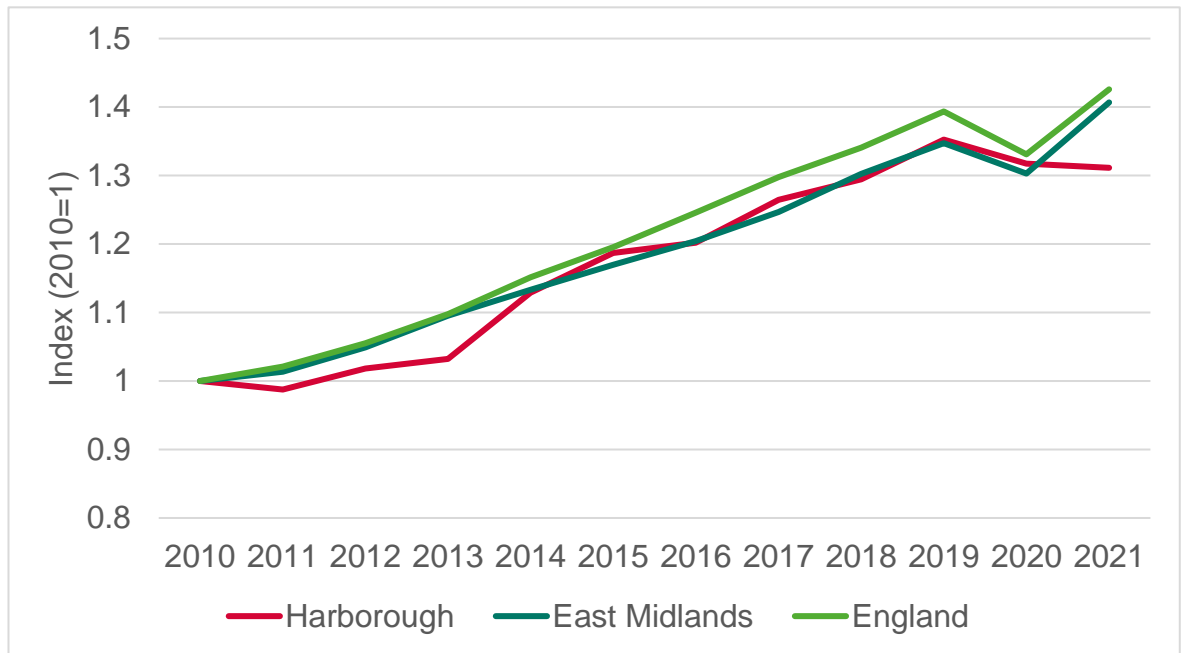
- 8.5 Harborough's economy supported around 48,000 jobs in 2022 which is made up of around 43,500 jobs recorded by the ONS Business Register and Employment

Survey (BRES) together with self-employment.¹² The ONS estimates that Harborough's GVA was £2.1 billion in 2021.

- 8.6 Figure 8.1 below presents GVA growth indexed to 2010. Harborough's economy appears less resilient to economic shocks in comparison to the East Midlands and England as a whole. Economic growth in Harborough remained lower than that seen in the East Midlands and England for a number of years following the 2007-2008 financial crisis. Between 2014-2019, Harborough's economy grew at roughly the same rate as the East Midlands as a whole. A decline in GVA can be seen in 2020 as a result of the COVID-19 pandemic. It is notable that Harborough's economy continued to contract in 2021 in contrast to the East Midlands and England which saw some recovery in performance.
- 8.7 However there are particular productivity challenges. Nationally productivity growth was strong in the 2004-8 period, but fell through the subsequent recession with relatively weak productivity growth then seen across the UK between 2011 and the onset of Covid-19.
- 8.8 Harborough's productivity performance, measured using GVA per hour worked, has remained consistently below the national average; with productivity within the local economy sitting 17% below the national average in 2021. This is similar to its performance in 2011 (16% below) and worse than in 2004 (where there was a 13% differential). It has thus relatively low productivity performance with no evident signs of improvement.

¹² ONS Jobs Density Statistics, NOMIS

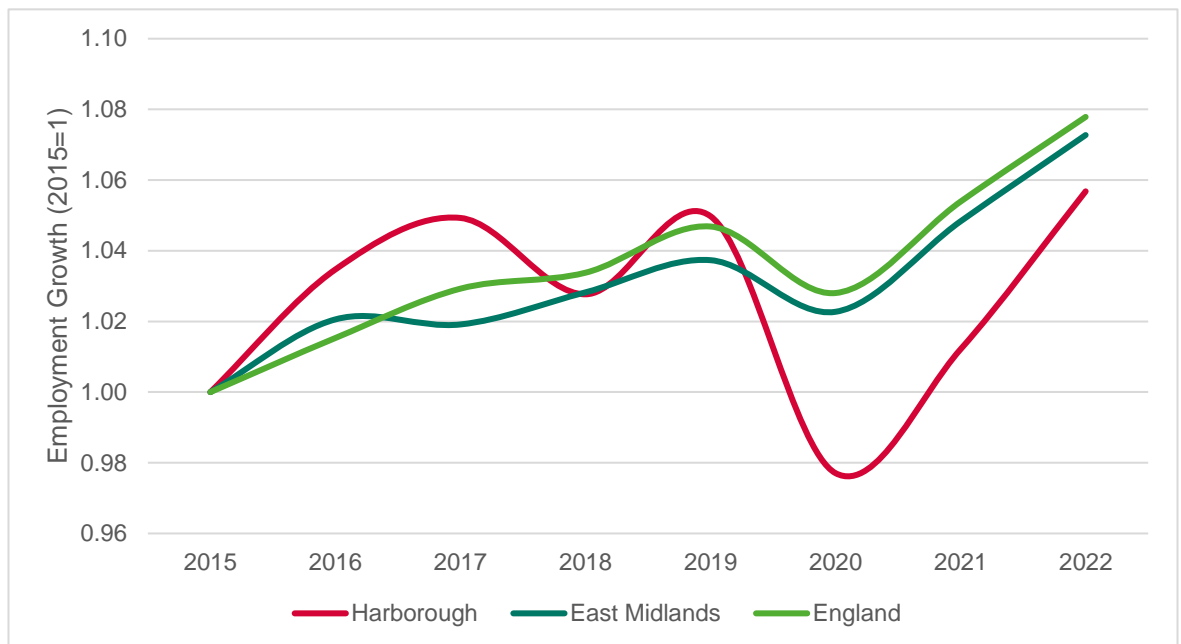
Figure 8.1 Indexed GVA growth, Harborough vs East Midlands & England, 2010-2021



Source: Icen Analysis of ONS UK Small Area GVA Estimates

8.9 The Figure below compares growth in employment (as recorded by BRES) indexed to 2015 (as this is the period for which consistent data is recorded by this data source). It can be seen that the COVID-19 pandemic caused a significantly greater reduction in job numbers in Harborough compared to the East Midlands as a whole and England. However, Harborough's employment has recovered at a faster rate than the wider region and country. Economic recovery is likely to have been influenced by the significant recent logistics/distribution development which has been seen at Magna Park, Lutterworth which was spurred on by structural change within the sector.

Figure 8.2 Indexed employment growth, Harborough vs East Midlands & England, 2015 - 2022



Source: ONS Business Register and Employment Survey (BRES)

8.10 The table below provides a breakdown of employment by sector for Harborough, using the BRES data, and compares the proportion of jobs in each sector to the wider East Midlands region and England. The largest sectors in the District in employment terms are:

- Wholesale and retail trade – this is the largest sector in the District, with a slightly above average concentration, and is likely to reflect a combination of retailing across the district and e-commerce activities / retailers at Magna Park.
- Transportation and storage – the economic strength in this sector reflects the District’s central UK location and attractiveness of Magna Park for National Distribution Centres (NDCs). Jobs are mostly within warehousing and storage.
- Hospitality – the strength of Harborough employment in this sector reflects in particular employment related to pubs and bars, followed by licensed restaurants and hotels.
- Professional, scientific and technical services – In this sector employment levels sit between regional and national levels. Employment is mostly in management consultancy, head offices and architectural/engineering.

- Administrative and support services – Employment in this sector is broadly similar to wider benchmarks, and tends to include those employed through employment agencies.
- Health – this is a large sector in many areas, but Harborough employment is actually lower than regional and country benchmarks. Employment in social care is relatively strongly represented influenced by the District's demographic profile.

8.11 Public sector employment is modest, accounting for 6.7% jobs in the District, which is well below levels at a regional and national level (14.4% and 15.9%). This is to be expected given the district's rural character and partly reflects Harborough's proximity to larger centres which offer higher order health and education services.

Table 8.1 Employment Jobs by Sector, Harborough vs the East Midlands and England, 2022

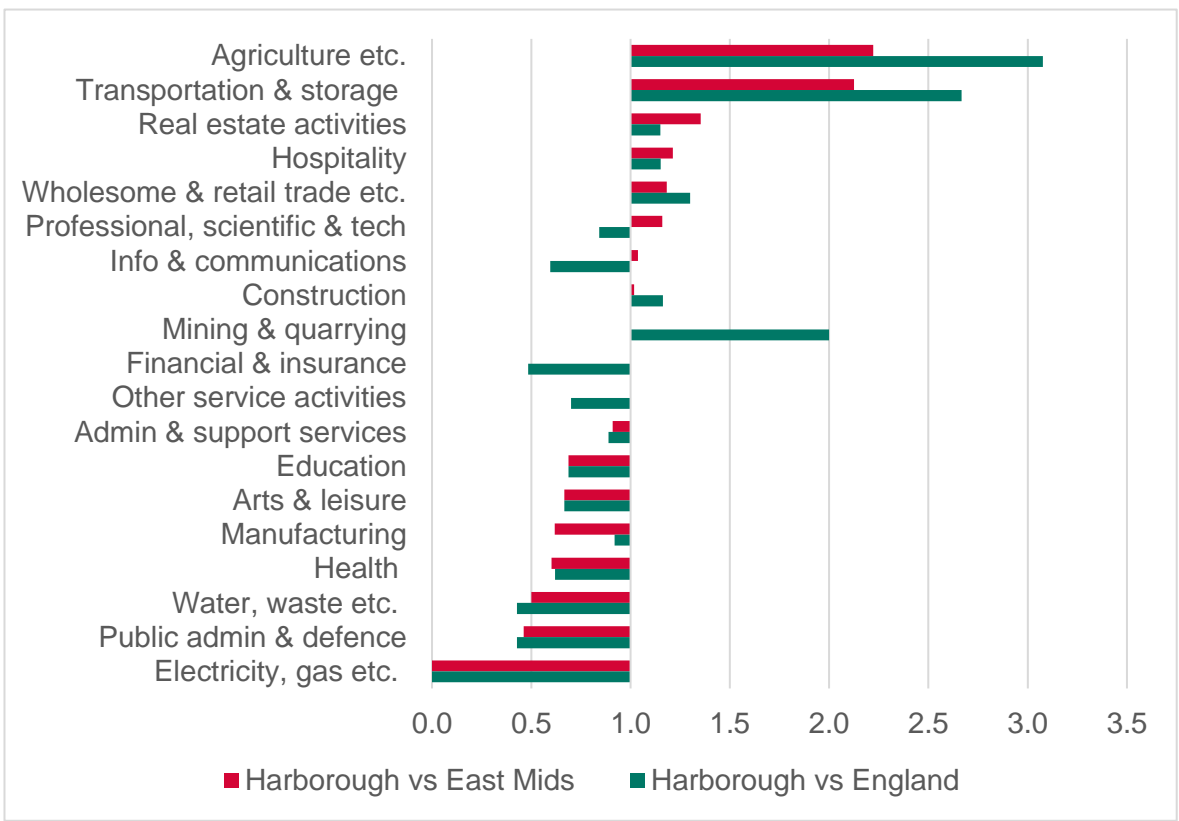
Industrial sector	Employment Jobs	Harborough (%)	East Midlands (%)	England (%)
Agriculture etc.	1,750	4	1.8	1.3
Mining & quarrying	75	0.2	0.2	0.1
Manufacturing	3,000	6.8	11	7.4
Electricity, gas etc.	15	0	0.6	0.3
Water, waste etc.	150	0.3	0.6	0.7
Construction	2,500	5.7	5.6	4.9
Wholesale & retail trade	8,000	18.2	15.4	14
Transportation & storage	6,000	13.6	6.4	5.1
Hospitality	4,000	9.1	7.5	7.9
Info & communications	1,250	2.8	2.7	4.7
Financial & insurance	700	1.6	1.6	3.3
Real estate activities	1,000	2.3	1.7	2
Professional, sci & tech	3,500	8	6.9	9.5
Admin & support services	3,500	8	8.8	9
Public admin & defence	800	1.8	3.9	4.2
Education	2,500	5.7	8.3	8.3
Health	3,500	8	13.3	12.9
Arts & Leisure	700	1.6	2.4	2.4
Other service activities	600	1.4	1.4	2
Total	43,540			

Source: Icen analysis of ONS Business Register and Employment Survey

8.12 To consider an assessment of the relative concentration of employment in different sectors compared to wider benchmarks, we have used a location quotient (LQ) analysis. A LQ over 1 indicates a stronger representation of a sector locally relative to the region/England, and vice versa.

8.13 The analysis points in particular to strong concentrations of employment in agriculture (which is common for large rural districts) and transport and storage, which is likely to be influenced by Magna Park – the largest multi-site distribution centre in the UK. These sectors have double the concentration of jobs in these sectors in Harborough compared to the East Midlands and England. Lower scoring LQ sectors include utilities and public services.

Figure 8.3 Location Quotient of Employment in Harborough vs the East Midlands and England



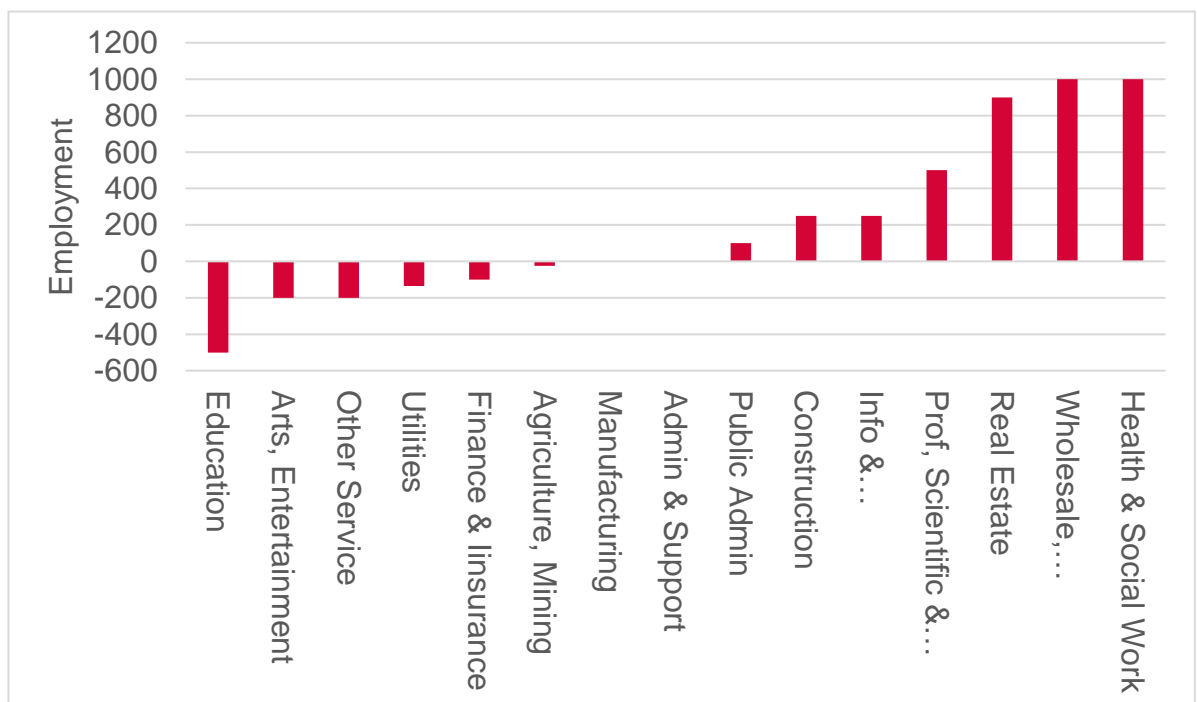
Source: Icen analysis of the ONS BRES (2022)

8.14 Agricultural employment in the District is also notable, with c. 1,750 jobs in the sector, and a strong representation of agricultural employment compared to wider geographies.

8.15 However, beyond these two sectors there are few evident wider economic sectors in which there is a strong concentration of employment in Harborough, or indication that it forms part of a cluster. The District has a broad-based economy with employment across a range of wider sectors.

8.16 The Figure below shows changes in employment between 2017 and 2022 by sector. The greatest absolute increase in employment was in health and residential care (+1000), wholesale/retail (+1000) and real estate. More modest growth was evident in some office-based activities (real estate and professional services). Manufacturing employment remained stable. Reductions in employment were focused on service sector activities which are not typically accommodated on employment land.

Figure 8.4 Change in Employment by Sector 2015 – 2022, Harborough



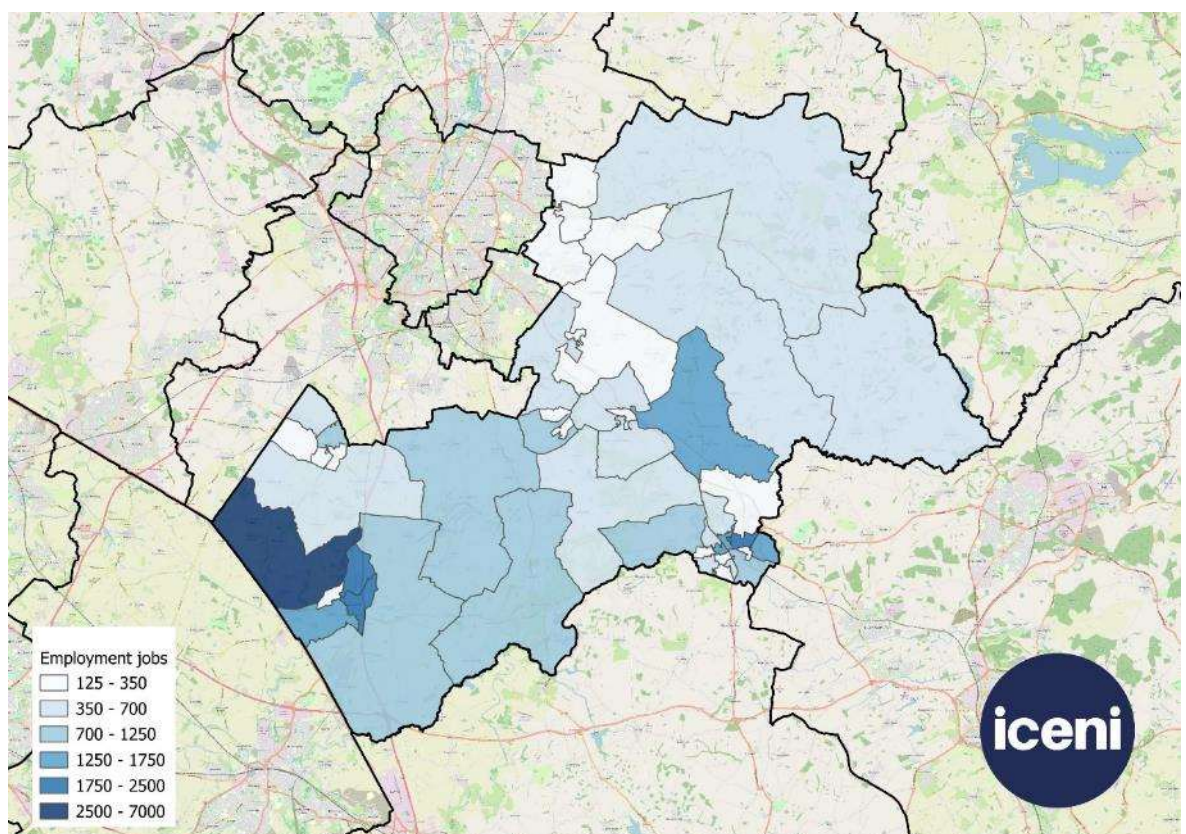
Source: Icenis analysis of ONS BRES data

8.17 The Figure below maps jobs at the LSOA level across Harborough. It can be seen that the highest concentrations of jobs are found towards Lutterworth in the south west of the district. This is unsurprising given the presence of Magna Park, a major logistics and distribution park. Higher concentrations of jobs are also found in

Market Harborough, particularly surrounding the rail station where there are multiple industrial and retail parks.

- 8.18 Notably, there is also a relatively high concentration of employment seen in the LSOA north of Market Harborough. There are a number of local employment sites within this area including The Manor Rural Business Complex at Tur Langton and Kibworth Business Park.
- 8.19 There are generally very low concentrations of employment in LSOAs adjoining the Leicester Principal Urban Area (PUA) which is very focussed on residential uses. There is a case for additional employment land provision, in particular if strategic development is brought forward in this area, to provide local opportunities for living and working.

Figure 8.5 BRES Employment in Harborough District by LSOA



Source: IcenI Analysis of ONS BRES data, 2022

- 8.20 To provide an indication of the balance between workforce size and employment provision in different areas, IcenI has sought to provide an indicative analysis of

jobs densities considering BRES data on employee jobs, built up from a ward level based on data availability, alongside data from the 2021 Census on the working-age population aged 16-64. The District average of 0.7 using this metric is similar to wider regional/national benchmarks.

- 8.21 The evidence points to a strong concentration of employment around Lutterworth; a broad balance between jobs and homes in Market Harborough and in the Lubenham area; but a lower level of employment in other areas which points to net out-commuting. It shows a particularly low jobs density in the Leicester Fringe area.

Table 8.2 Indicative Local Jobs Densities

	Employee Jobs	Workforce	Employment Density
Billesdon & Tilton	1,500	700	0.46
Leicester Fringe & Great Glen	9,000	2,250	0.25
Kibworths	5,100	2,250	0.44
Fleckney	3,500	1,500	0.43
Lutterworth & Ullesthorpe	8,400	15,000	1.79
Broughton Astley	6,400	2,050	0.32
Kilworth & Husbands Bosworth	2,100	1,000	0.48
Dunton	1,600	1,500	0.92
Market Harborough & Great Bowden	15,600	11,500	0.74
Lubenham	2,000	1,500	0.73
Misterton	1,900	800	0.42

Source: Icen analysis

- 8.22 Commuting patterns are analysed in Table 13.15 later in this report. They show significant volumes of commuting both into and out of the District, such that 52% of working residents (based on 2011 Census data) worked within the District with 48% commuting elsewhere to work; whilst 54% of those working in the District live within it, with 46% commuting in. The 2011 Census showed net out-commuting of around 1,900 workers.
- 8.23 The 2021 Census, influenced by Covid-19, showed much higher levels of home-based working (rising from 22% to 48% of residents), somewhat skewing commuting dynamics. It showed out-commuting in net terms of just 300 persons – a much lower level.

-
- 8.24 The analysis essentially shows a strong relationship between the size of settlements and its economic role. The District's largest economies are in Market Harborough and Lutterworth, with the concentration of both people and employment opportunities providing the greatest opportunities for people to live and work locally. It shows comparatively strong performance for Lutterworth given its size suggesting net in-commuting to this area.
- 8.25 In contrast, given the size of the residential population, there are relatively few jobs in the Leicester Fringe and Great Glen area, with a jobs density of 0.25, and a particular case for seeking to bolster local employment provision in this area, to provide local employment opportunities – whilst recognising its accessibility to wider employment opportunities in Leicester City.

Business Base

- 8.26 There were 5,355 businesses in Harborough in 2023. The table below provides a breakdown of businesses by size. The proportion of businesses within Harborough in each size category are broadly in line with the East Midlands and England. The majority of businesses within Harborough (89.9%) are micro businesses employing 0-9 people in 2023. Only 15 businesses (0.3%) had over 250 employees within the District.

Table 8.3 Business counts by size

	Total	% Micro (0-9)	% Small (10 to 49)	% Large (250+)
Harborough	5,355	89.9%	8.5%	0.3%
East Midlands	183,510	88.8%	9.2%	0.4%
England	2,370,125	89.2%	8.8%	0.4%

Source: UK Business Counts, 2023

8.27 A breakdown of businesses by sector is shown in the table below. Businesses within the professional, scientific & tech, wholesale & retail trade, construction and agricultural sectors comprise over 50% of the total business stock in Harborough.

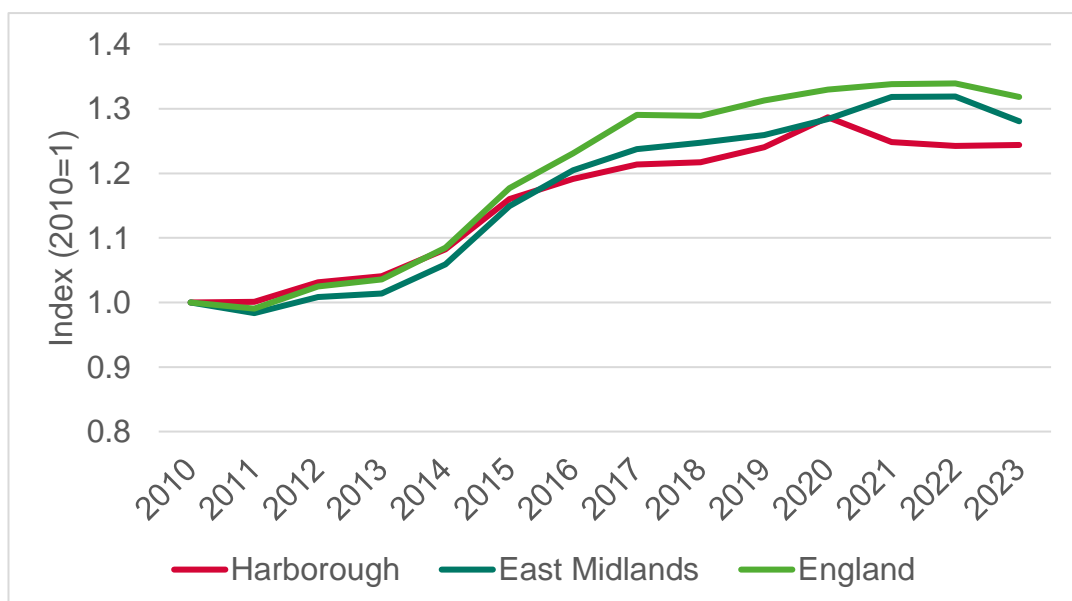
Table 8.4 Business count by sector, Harborough

Industrial sector	Number of businesses	Proportion of Total Businesses (%)
Professional, scientific & tech	895	17%
Wholesale & retail trade etc.	730	14%
Construction	645	12%
Agriculture etc.	550	10%
Admin & support services	460	9%
Manufacturing	280	5%
Real estate activities	260	5%
Hospitality	250	5%
Info & communications	250	5%
Transportation & storage	240	4%
Health	190	4%
Other service activities	185	3%
Financial & insurance	130	2%
Arts & leisure	115	2%
Education	110	2%
Public admin & defence	40	1%
Water, waste etc.	15	0%
Mining & quarrying	5	0%
Electricity, gas etc.	5	0%
Total	5,355	100%

Source: ONS Business Counts, 2023

- 8.28 Harborough has a much greater proportion of businesses within the Agriculture, forestry and fishing sector (10%) than the East Midlands (6%) and England (4%). This is unsurprising given the rural nature of the District.
- 8.29 Harborough also has a higher proportion of businesses within the Professional, scientific and technical activities sector (17%) than the East Midlands (13%). This will in part be related to small home-based businesses; but cross-referencing this to the BRES data shows significant employment in this sector in areas such as management consultancy and head office activities as well (with employee jobs of 1000 and 500 respectively).
- 8.30 Harborough’s proportion of businesses in all other sectors are broadly similar to the proportions seen across the East Midlands and England.
- 8.31 Between 2010 and 2015, the number of businesses within Harborough grew more rapidly than the East Midlands as a whole and was broadly comparable to average growth across England. Growth rates across all three areas began to slow post 2015. 2020 saw a spike in business growth within Harborough, driven by a rise in micro sized businesses likely a result of the Covid-19 pandemic. However, the number of businesses proceeded to fall in 2021 and has plateaued since. Business growth over the last 5 years has been modest.

Figure 8.6 Indexed Business Growth, 2010 to 2023



Source: Icen analysis of ONS UK Business Counts data

8.32 Table 8.5 shows business survival rates in Harborough compared to the East Midlands and England between 2017 and 2022.

8.33 In general, Harborough's business survival rates have been equal to or higher than the East Midlands/England averages between 2017 and 2022. However businesses born in Harborough in 2019 were significantly less likely to survive the next 3 years than those across the East Midlands or England as a whole. This is partly influenced by the structure of the business base; but also by the effect of the pandemic on some sectors – including retail and hospitality.

Table 8.5 Business survival rates, Harborough vs the East Midlands and England

Survived at least...	Harborough	East Midlands	England
1 year - Born 2021	94%	94%	94%
2 years - Born 2020	78%	69%	71%
3 years - Born 2019	48%	59%	56%
4 years - Born 2018	57%	50%	47%
5 years - Born 2017	47%	41%	39%

Source: ONS, IDBR (Business Demography, 2022, Tables 5.1a-1)

8.34 Self-employment levels, at around 9.0% of the workforce based on data from the Annual Population Survey, are in line with wider averages.

Labour Market

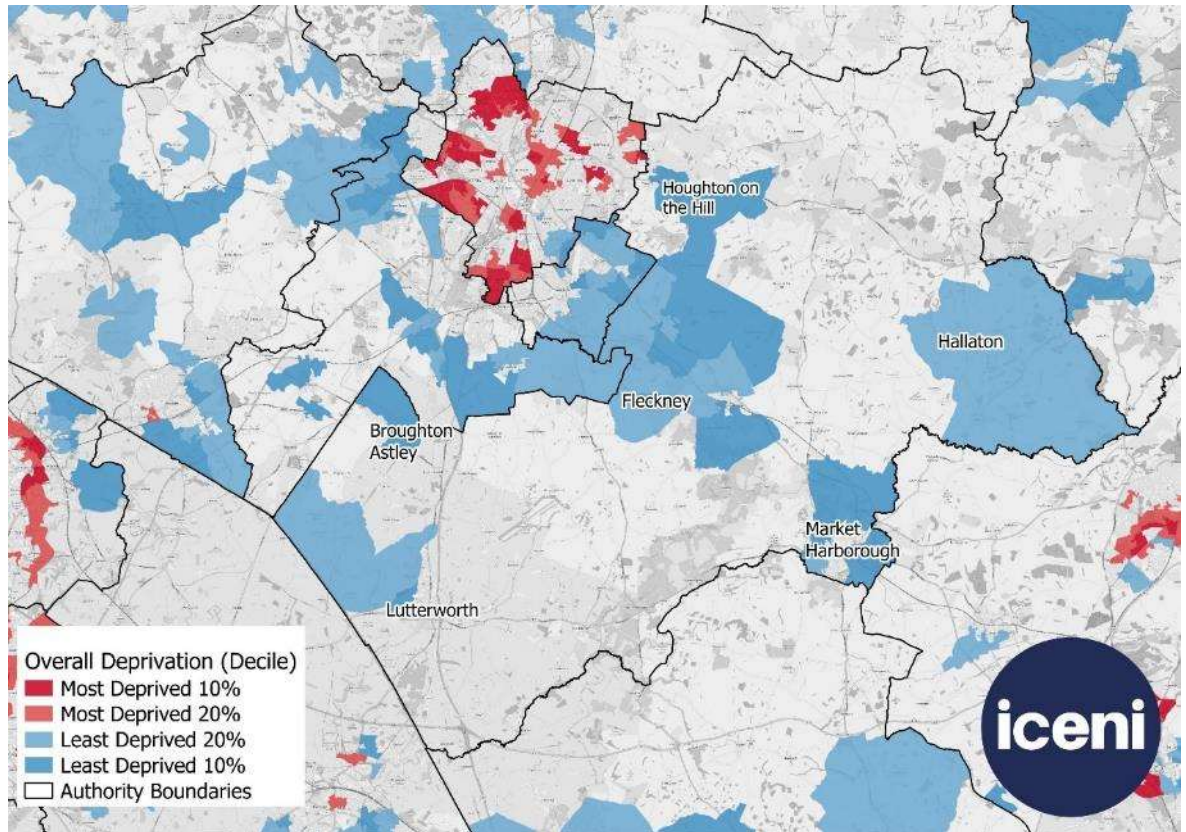
8.35 The percentage of economically active people in the population is a key measure of an area's labour force. This is defined as those in employment plus those who are unemployed but seeking work. An average economic activity rate has been calculated for the three years between October 2020 and September 2023 recognising that the Annual Population Survey (APS) sample at a district level can be small, and the influence of Covid-19. Harborough's economic activity rate over this time period was 83.2%, notably higher than that of the East Midlands (78.0%) and England (78.8%). The latest APS data also points to a high employment rate

of 80.1%¹³. The three year average is however more reliable given the survey-nature of the data source.

- 8.36 One metric for unemployment in the UK is the unemployment rate for people aged 16-64. Harborough's unemployment rate was 2.9% between October 2022 and September 2023. This was lower than that of the East Midlands (3.5%) and England (3.9%).
- 8.37 The Index of Multiple Deprivation (IMD) ranks every LSOA in England from most to least deprived. The figure below maps the 10% and 20% most and least deprived LSOAs across Harborough as defined by the Index of Multiple Deprivation (IMD). Levels of deprivation across the district are generally extremely low with many villages classified within the least deprived decile by the IMD. There are no LSOAs within the 10% or 20% most deprived LSOAs in England.

¹³ NB: The Employment rate is a different measure to the economic activity rate. The employment rate calculates the proportion of people in employment out of the total population aged 16-64, whereas the economic activity rate calculates the proportion of economically active people (those in employment **or unemployed but seeking work**) in the population aged 16-64.

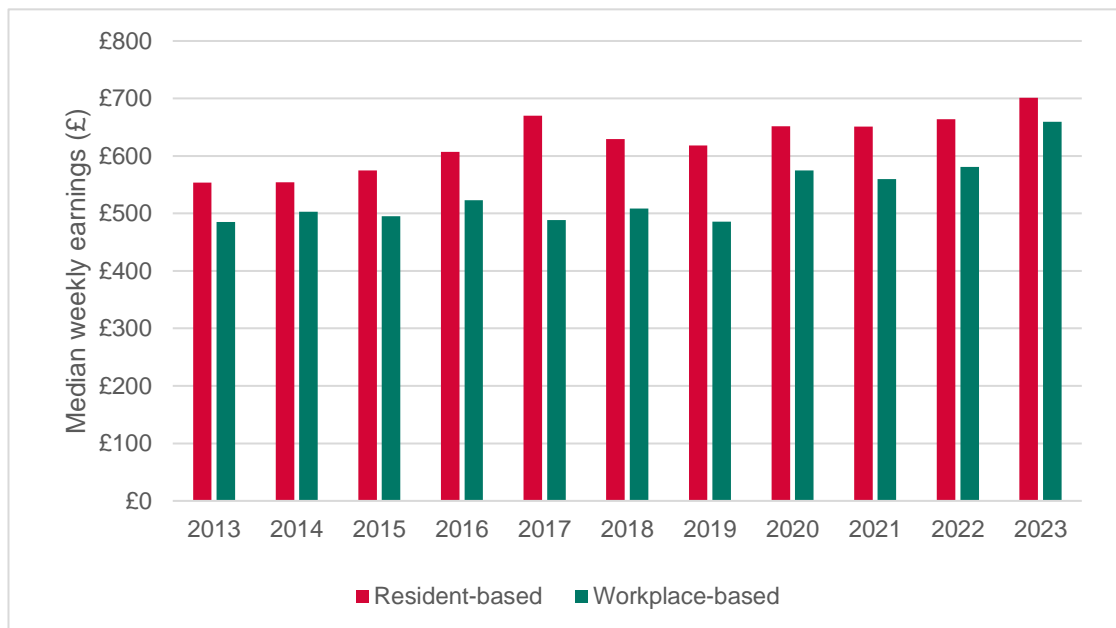
Figure 8.7 Mapping of IMD data for the district of Harborough



Source: IMD 2019, MHCLG

- 8.38 Figure 8.8 presents residence-based and workplace-based median weekly earnings over time. Workplace-based earnings measure the average earnings of people who work in a particular area but may live elsewhere. Residence-based earnings are measured by where employees live.
- 8.39 Harborough's median resident-based earnings have consistently been higher than median workplace-based earnings. In 2023, resident and workplace-based median weekly earnings were £701 and £659 in the District respectively. This is indicative of a labour market with a degree of out-commuting to higher-paid jobs. This is typical of a rural district, and reflects the close proximity to Leicester and strong rail connectivity to other urban centres from Market Harborough. The District sits within the wider Leicester and Leicestershire FEMA, highlighting the close economic relationship Harborough has with other neighbouring authorities.
- 8.40 Since 2017, the gap between resident and workplace-based median earnings has broadly been narrowing, with 2023 seeing the smallest gap recorded since 2013.

Figure 8.8 Median Gross Weekly Residence-Based and Workplace-based Earnings, 2023



Source: ONS, Annual Survey of Hours and Earnings

Economic Challenges and Opportunities

- 8.41 Harborough is an affluent District which is well connected and offers a high quality of life and environment and performs well across a range of metrics. As our analysis shows, its residents' population has been growing, it has a strong and diverse private-sector business base but there is out-commuting to higher paid jobs. There is an opportunity to leverage these attributes post-Covid and for existing consents for the growth of Magna Park to help drive forward investment.
- 8.42 Major external influences include those related to the climate crisis and imperative to move towards net zero; the effects of advances in technology and the digital economy; and Brexit.
- 8.43 Automation and AI are general factors which are likely to affect how local economies evolve and are likely to affect a range of employment sectors, and can help support productivity growth and address the productivity challenge. But automation and AI may equally impact on local employment opportunities; and

shift the profile of roles towards higher skill levels. They thus provide both opportunities and risks.

- 8.44 Some of the key challenges for Harborough District include limited representation of major business clusters, or a well-defined innovation ecosystem (with no higher education footprint). Here links to the universities in Leicester and Coventry may be important. Digital infrastructure is not as strong as in some other areas. There are housing affordability challenges.
- 8.45 The District's location within the logistics 'Golden Triangle' supports commercial demand for logistics and distribution space; and makes it an attractive location for National Distribution Centres. But it is important that the local plan also addresses the needs of other economic sectors, including supporting the indigenous SME business base.

Economic Profile: Implications

The evidence shows that Harborough has a range of attributes: it is an affluent area, with a high quality of life offer, good balance between homes and jobs given its geography and broad sectoral structure. But productivity performance is below average, and recent business growth has been weak. It lacks a well-defined innovation ecosystem and there is out-commuting to higher skilled roles beyond the District, and there are risks but also opportunities associated with the impacts of technology, including AI and automation, which can help to shift the employment profile over time more towards higher skilled roles contributing to improving productivity.

The profile points to the need to nurture diversity in the business base: from providing opportunities for and nurturing the growth of indigenous small businesses (including though providing grow on space to support business growth), considering how relationships to universities (such as those in Leicester and Coventry) can be developed, and providing a land supply on attractive employment sites which can both support investment by existing businesses in the District and attract new footloose occupiers.

9. Commercial Property Market Review

- 9.1 This section provides separate assessments of the industrial (covering industrial and warehousing of all sizes) and office markets in Harborough.
- 9.2 A range of data sources are used including CoStar which is a national property database fed into by agents. Valuation Office Agency (VOA) data has also been used which provides the best indication of the amount of commercial floorspace in the area.
- 9.3 To supplement the quantitative analysis, engagement with local agents¹⁴ was also undertaken in April 2024 to provide further qualitative insights into the commercial market.

Office Market

National Office Market Overview

- 9.4 At a national level, at the time of writing in Spring 2024 demand in the office market remains low with CoStar stating:

“Heavy office demand losses continue, with structural changes unleashed by the pandemic are combining with weak economic conditions to see a further wave of office space released onto the market. Annual net absorption stands at -4.5 million sq.ft (approx. 418,100 sqm), bringing total demand losses since the pandemic began to more than 25 million sq.ft (approx. 2.3 million sqm).”

¹⁴ Innes England, Budworth Hardcastle, Andrew & Ashwell

There is now more than 110 million sq.ft (approx. 10.2 million sqm) of vacant office space across the UK, an 80% increase on the amount vacant when the pandemic struck and the highest figure in 10 years.”

- 9.5 Nationally, the office vacancy rate in Spring 2024 was at a nine-year high of 8.1%, with CoStar forecasting further increases in levels of vacant space as weak demand coincides with significant net deliveries in 2024. We are seeing the longer-term impacts of changing working patterns, with recent years seeing a range of office occupiers downsizing and reducing their space requirements on lease events.
- 9.6 However, the market has become increasingly polarised, with some market segments performing well. Since the pandemic there has been a ‘flight to quality’ - prime, modern and sustainable office space is sought after, with CoStar reporting that *“net absorption in the best quality, 5 Star buildings has been positive throughout the past four years, with all the demand losses coming in buildings rated 4 Star or below”*. Location has also become increasingly important post-pandemic, with tenants seeking locations with good amenities, a leisure offer and those which are accessible by public transport to attract and retain staff and welcome clients. This has tended to favour the strongest locations, such as city centres, as opposed to secondary locations.

Leicester Sub-Regional Office Market Overview

- 9.7 Harborough District forms part of a Leicester-focused sub-regional office market. The evidence from CoStar is that office market conditions in Leicester and Leicestershire have weakened since the onset of the pandemic, which has driven multiple quarters of negative net absorption and rising vacancy. They report in terms of dynamics in the City that:

“Average office rents in Leicester have edged up by 0.4% over the past 12 months, with growth in the Grade A (4 & 5 Star) segment offsetting rent losses in secondary (1–3 Star) properties. To put recent rental performance in perspective, Leicester has been a bit of a laggard among similar sized markets and other parts of the Midlands. In the three years leading up to March 2024, average office rents in Leicester rose by about 1% per year on a

12- month trailing basis. This performance compares to about 2% per year in Coventry and 3.5% per annum in Northampton within the same timeframe.”

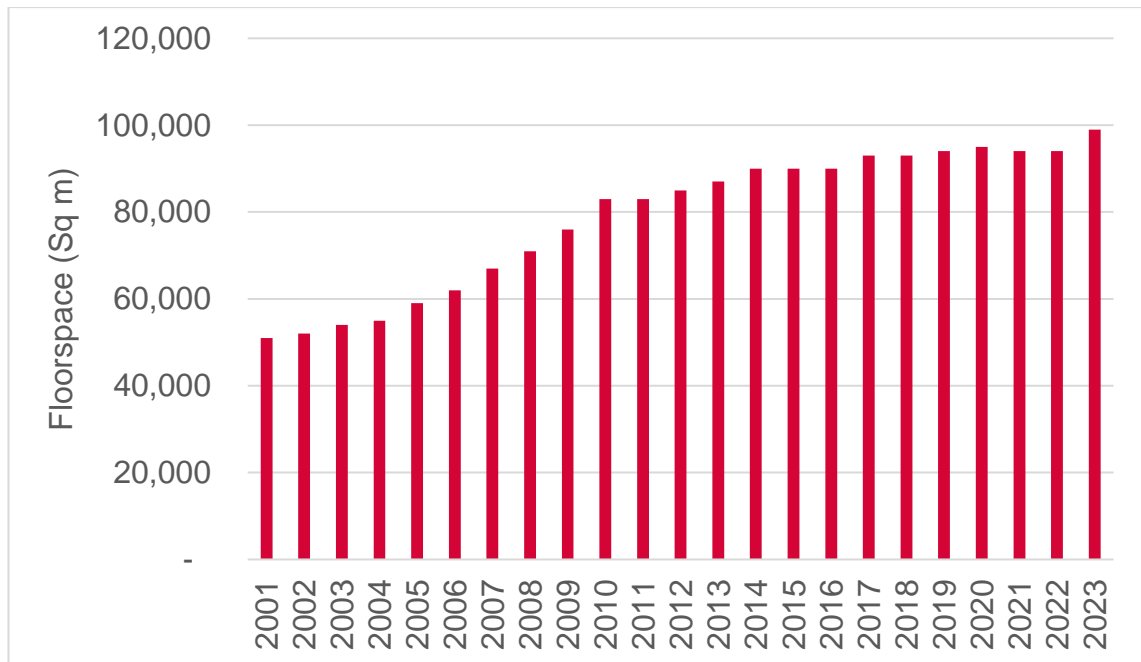
- 9.8 CoStar expect rents to fall in the near future as a result of increasing vacancy, with the availability of space putting downward pressure on rents as different buildings compete for tenants. In addition to this, forthcoming completions in Market Harborough and Lutterworth are set to increase available stock, which could put further downward pressure on rents. Older properties in secondary locations are most likely to see rents falling as occupiers increasingly seek high quality, sustainable office space in good locations.

Harborough Office Stock

- 9.9 The VOA¹⁵ provide information on the amount of office floorspace by administrative area. In Harborough there was 99,000 sq.m of office floorspace in total at the end of the 2022/23 financial year. This makes up 8% of Leicester and Leicestershire’s total office floorspace. The District thus has a modestly sized office market.
- 9.10 More recent CoStar data suggests that Harborough had 92,271 sqm of office floorspace across 189 properties at the end of Q1 2024, however there are differences in the way that the VOA and CoStar collect data and define office space which may lead to inconsistencies between figures.
- 9.11 The figure below shows the amount of floorspace in Harborough between 2000/01 and 2022/23 as reported by the VOA. Floorspace increased by 63% between 2000/01 and 2010/11, compared to a slower growth of 13% over the next 10 years to 2020/21. This is consistent with broader trends where there has been essentially spaceless growth in office-based activities as employment densities have risen and with growth in home/hybrid working. Floorspace increased by 5,000 sq.m between 2021/22 and 2022/23, to an all-time high of 99,000 sq.m.

¹⁵ VOA: Non-domestic rating: stock of properties including business floorspace, 2023

Figure 9.1 Total Office Floorspace in Harborough (2000/01 – 2022/23)



Source: Icen analysis of VOA data (2023)

- 9.12 The 10 year trend (2013-23) has seen office floorspace in Harborough grow by 14%, in comparison to a decline of -3% at the regional level and -7% nationally.¹⁶
- 9.13 The table below provides the breakdown of office stock in the district by size band based on CoStar data. Over 70% of office premises are under 500 sq.m which would generally be considered small office space. This is typical for a rural district where much of the office demand is related to local businesses.

Table 9.1 Count of office stock by size band (Sqm), Harborough

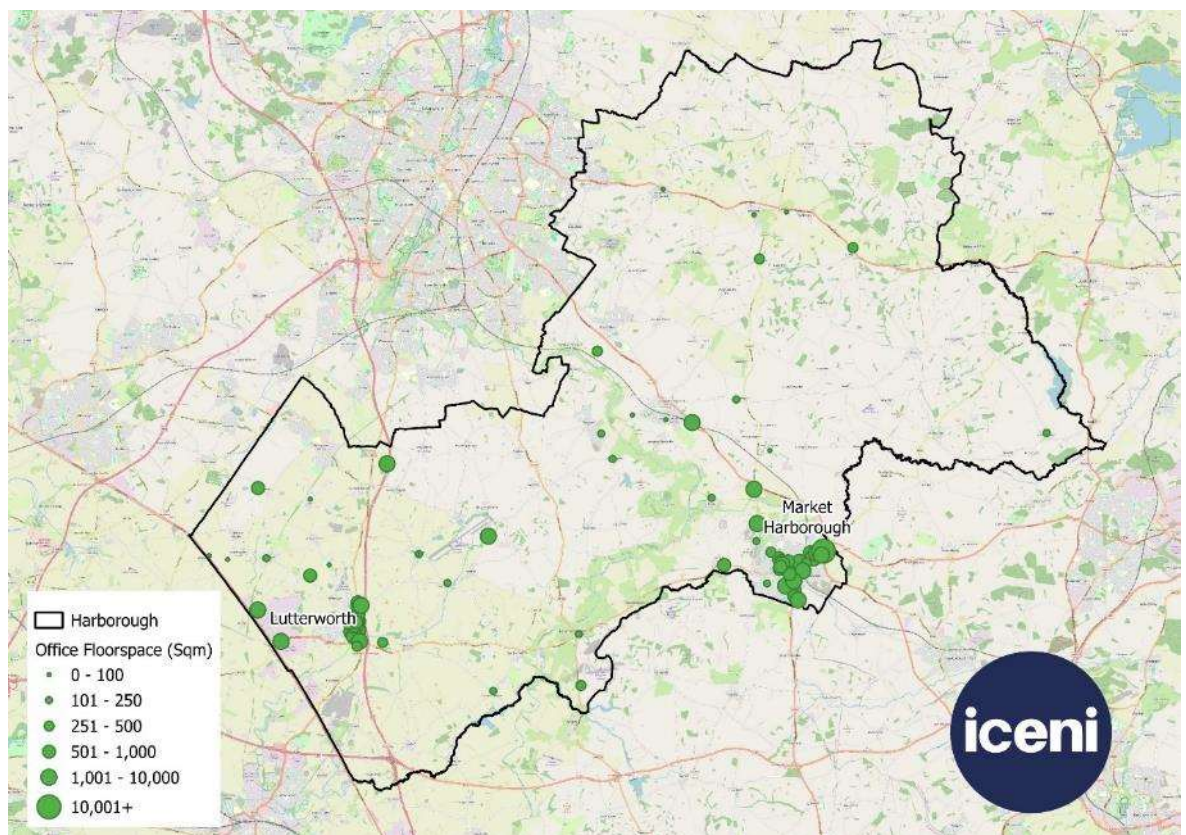
Size Band (Sqm)	Count of office units	Proportion of total units
0 – 100	20	11%
101 – 250	56	30%
251 – 500	58	31%
501 – 1,000	36	19%
1,000 +	19	10%
Total	189	100%

¹⁶ NB this may include some office floorspace in warehouse buildings but from the mapping this appears limited

Source: Icen Analysis of CoStar data (2024)

- 9.14 The map below shows the location of office stock across Harborough. The relative size of each circle represents the amount of office floorspace at each postcode location. It can be seen that the majority of office floorspace is located in Market Harborough and Lutterworth, with very few office spaces located elsewhere in the District due to its rural nature.

Figure 9.2 Map of Office Floorspace, Harborough



Source: Icen analysis of CoStar data (2024)

- 9.15 The maps on the next page provide a closer look at office floorspace across Market Harborough and Lutterworth. It should be noted that the maps are not intended to provide precise accurate locations of office sites as the central point of each postcode is used, however they do provide an indication of where floorspace is concentrated within each town.
- 9.16 The office stock in Lutterworth is generally comprised of small, individual units, often located within former residential properties. It can be seen that stock is

concentrated close to the town centre. There are two purpose-built office parks – St John’s Business Park, north of the A4303, and Midland Court off the A426.

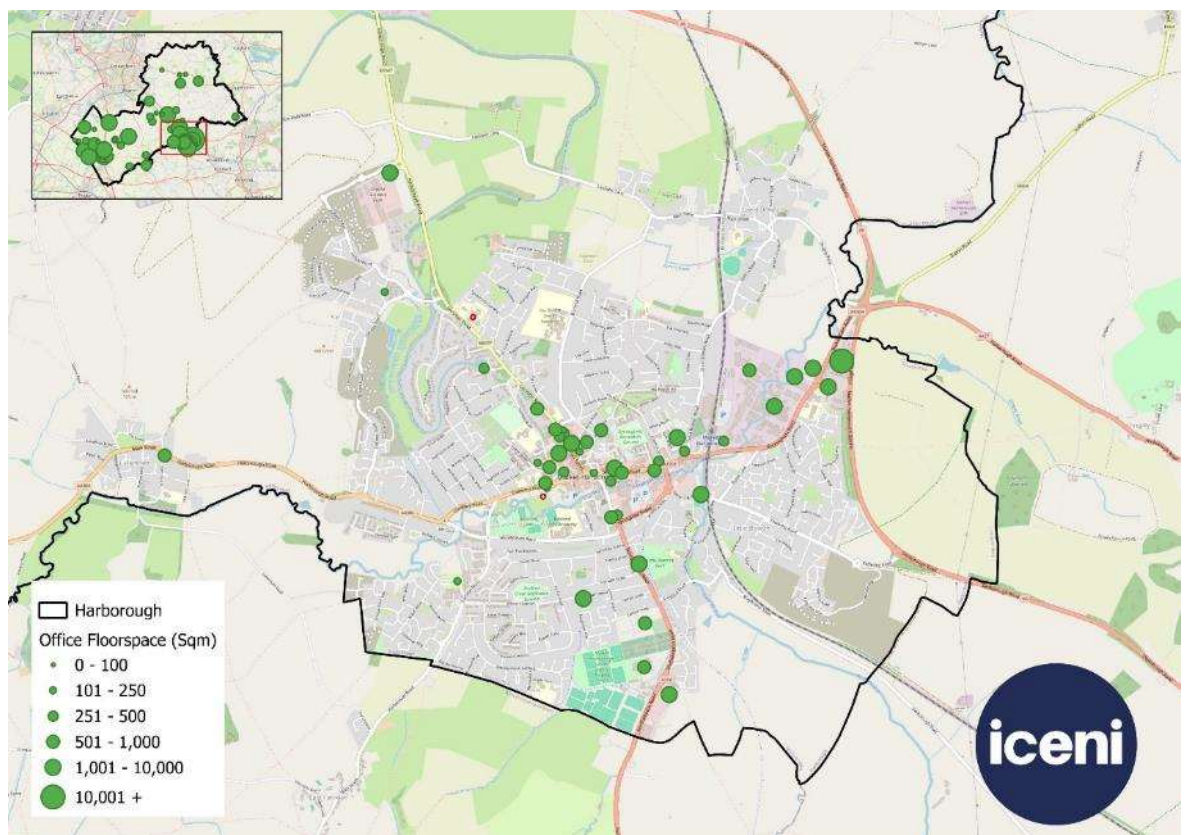
9.17 Market Harborough’s office stock consists of a greater number of purpose-built office spaces in business parks such as The Point, Peaker Park, Compass Point, Airfield Business Park and Welland Business Park. A large cluster of office space is seen to the north east of the Town Centre where The Point, Peaker Park and the Joules Head Office are located. The town, including the town centre, is desirable as an office location, being connected to the Midland Mainline with frequent trains to London and Leicester.

Figure 9.3 Map of Office Floorspace, Lutterworth and Magna Park



Source: IcenI analysis of CoStar data, 2024

Figure 9.4 Map of Office Floorspace, Market Harborough

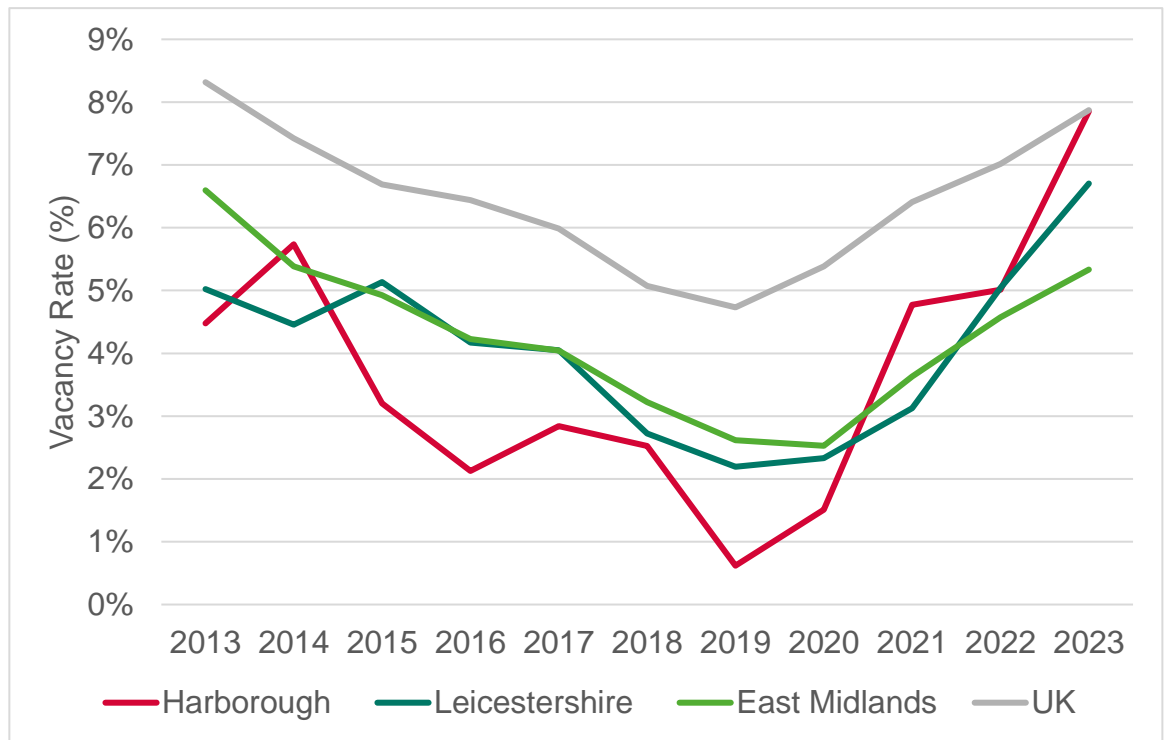


Source: IcenI analysis of CoStar data, 2024

Office Floorspace Demand

- 9.18 The figure below shows how the office market vacancy rate in Harborough has changed over time compared to Leicestershire, the East Midlands and the UK. Harborough's office vacancy rate has fluctuated substantially over the ten year period between 2013 and 2023. The vacancy rate was at a historical low in 2019 at 0.6% representing very tight market conditions. Since then, the vacancy rate has increased rapidly to 7.4%. This increase can primarily be attributed to the structural shift in the office market post-pandemic, with increased levels of home working reducing demand for office space.
- 9.19 The current vacancy level is not an unhealthy level, but with prospects that this could rise further, is likely to contribute to limiting new-build development in the short-term (to 2028/29). Alongside this, high current interest rates and low current office rents make the prospects of significant new-build office development relatively weak.

Figure 9.5 Office Vacancy Rate, (2013-2023)

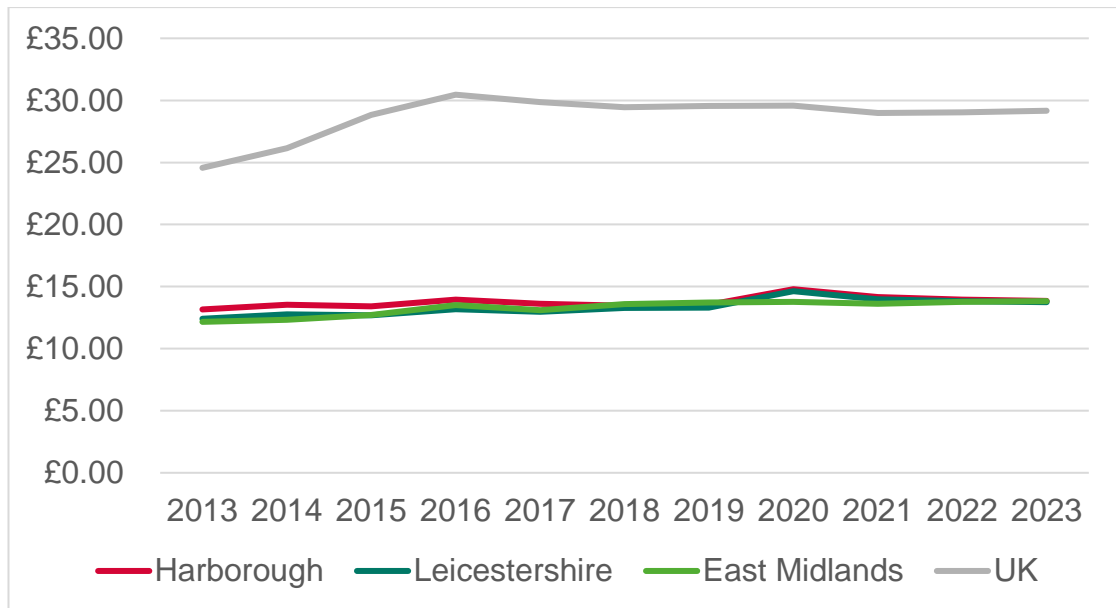


Source: Icen analysis of CoStar data (2024)

- 9.20 Figure 9.6 shows how average office rental prices in Harborough have changed over time compared to the wider comparators. At the end of 2023, the average rental price in Harborough was £13.84/sq.ft, almost exactly matching average rental prices across Leicestershire and the East Midlands, but significantly below the UK average of £29.16/sq.ft. Rental levels make the viability of new-build office development challenging.
- 9.21 It can be seen that UK average rental prices have consistently been greater than those seen in the Harborough, Leicestershire and the East Midlands, with average UK rents two times greater than Harborough's since 2015. These trends are unsurprising given that the national average includes London and the 'Big 6' regional office markets¹⁷ where properties attract premium rents.

¹⁷ Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester.

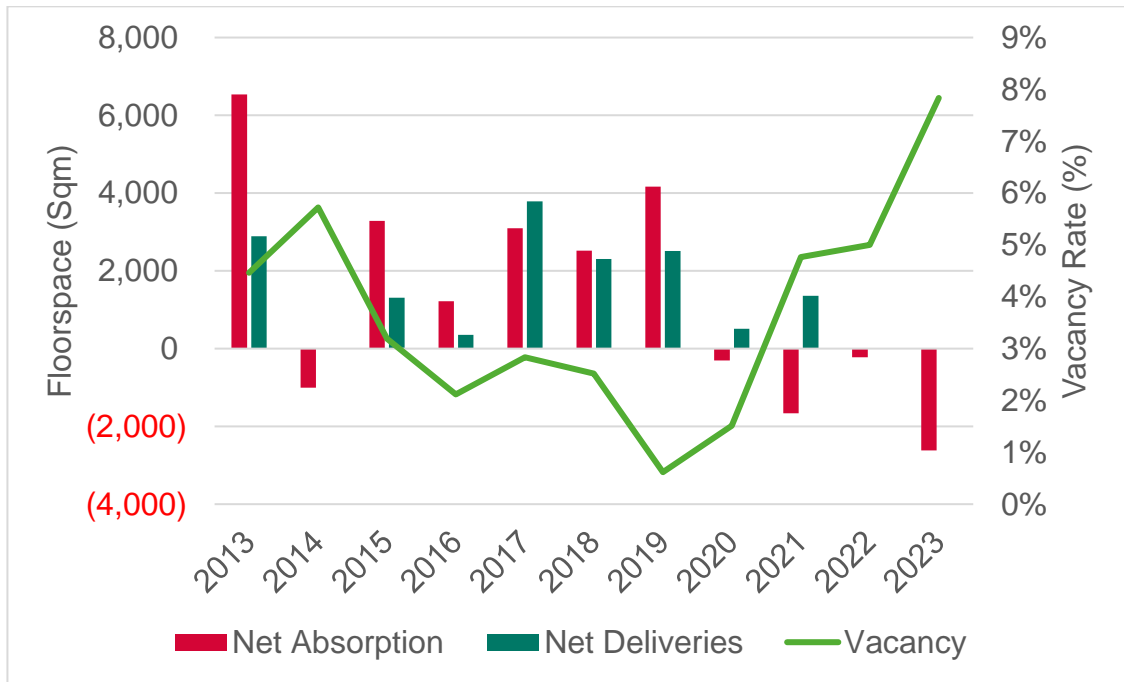
Figure 9.6 Average rental price for Offices (£ per sq ft, inflation adjusted)



Source: IcenI analysis of CoStar data (2024)

- 9.22 CoStar provides data on net absorption which is a measure of the balance between space moved into and moved out of (i.e. Net absorption = Move ins – Move Outs). It therefore provides a good indicator of the level of demand in the market. This differs from net deliveries which is the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).
- 9.23 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).
- 9.24 The figure below shows net absorption, net deliveries and their resulting impact on vacancy rates in Harborborough. In the majority of years prior to 2020, net absorption was positive indicating growing occupier demand for office space in the District. In 2020 net absorption became negative and has remained negative since. Particularly high negative net absorption of 2,615 sqm was seen in 2023, combined with zero net deliveries, pushing the vacancy rate up substantially.

Figure 9.7 Office Net Absorption, Net deliveries and Vacancy Rates, Harborough

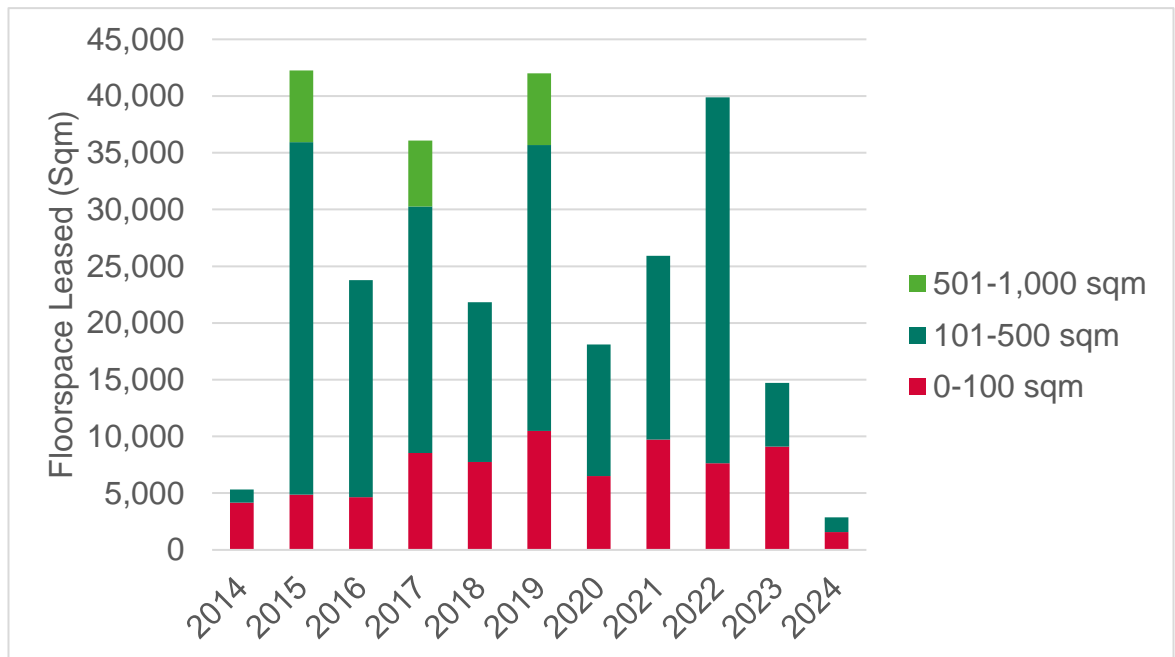


Source: Icen Analysis of CoStar Data (2024)

Demand by Size

- 9.25 The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by property size. However, it is important to note that leasing activity can be constrained by the available stock.
- 9.26 The figure below shows the amount of leasing activity (sq ft) by size band which has occurred over the last 10 years. Over the 5 years between 2019 and 2023, the average floorspace leased each year was 2,600 sq.m (28,000 sq.ft), with the majority of deals in the 101 – 500 sq.m size band. This reflects the nature of the local economy which is focused on SMEs.

Figure 9.8 Office Floorspace Leased in Harborough by Size Band (Sqm)



Source: IcenI analysis of CoStar data (2024)

Commercial Agent Insight

9.27 IcenI carried out targeted telephone engagement with local agents in April 2024¹⁸. All agents reported tough conditions within the office market, with low demand for properties since the pandemic. Harborough generally has a relatively small market, focused on demand from local SME businesses, and does not often attract interest from companies outside of the District. Larger companies would tend to look to Leicester or Northampton for office locations. Agents noted on-going vacancies at The Point (Market Harborough) which are reflective of the low current levels of demand.

It seems likely that the rising availability and weak current demand may limit new-build office development in the short-term (to around 2027/28). In the medium/longer-term the forecast evidence points to growth in office-based activities; which combined with the market trends towards good quality space can be expected to support occupier demand for new-build offices. However growth in

¹⁸ Innes England, Budworth Hardcastle, Andrew & Ashwell

values, or occupiers either willing to pay a premium for space or those looking for freehold space, are likely to be required to support substantive new-build development.

Industrial Market

- 9.28 This section moves on to provide a commentary on the industrial market overall. This includes industrial, manufacturing and warehouse/distribution sub-sectors and all size bands (including strategic B8 development).

UK Industrial Market Overview

- 9.29 CoStar report that the heightened levels of occupier and investor demand for industrial property witnessed during the height of the pandemic have faded following an extended period of high inflation and elevated interest rates. However, the sector continues to benefit from structural factors such as e-commerce, supply chain reconfiguration and the push towards net-zero carbon emissions, which should continue to support leasing decisions and, in turn, unlock opportunities for investors. Although consolidation by distribution occupiers and retailers has caused net absorption to cool down significantly over the past 18 months, it remains positive.
- 9.30 Whilst there has been a slowing in demand, increased supply has also contributed to rising vacancies. CoStar state that although construction activity has begun to ease, it remains elevated, with 45.1 million sq ft (approx. 4.2 million sqm) underway across the UK. Concerns over reduced demand and high build costs are reported to have led to reduced construction starts in recent months which will impact the near- to medium-term pipeline. Larger developers such as Tritax, Segro and Panattoni are however continuing with significant schemes, aided by their superior purchasing power, large customer bases and ability to deliver best-in-class warehouses that satisfy the demands of increasingly Environmental, Social and Governance (ESG)-conscious occupiers.

Leicester and Leicestershire Industrial Market Overview

- 9.31 Leicestershire's position at the heart of the Golden Triangle makes it a key location for national and international distribution companies seeking access to major markets and population centres. Around 90% of the country's residents can be reached within four hours' drive of strategic sites such as Magna Park Lutterworth. Daventry International Rail Freight Interchange (DIRFT) and major ports on the east coast of England are also easily accessible.
- 9.32 As per the national market, the high levels of demand witnessed during the pandemic have begun to subside in the Leicestershire market. CoStar (April 2024) report that leasing has slowed at a time of rising supply, causing the vacancy rate to recently rise above 5% for the first time in a decade. More than a quarter of all availability in early 2024 was tenant space available to sublet, reflecting spare warehouse capacity among some logistics service providers.
- 9.33 CoStar report that whilst softer market conditions have brought about a slowdown in rental growth, the pace of the deceleration has differed across market segments and locations, with more energy-efficient facilities and tight submarkets such as Harborough outperforming the market-wide growth rate.
- 9.34 While consolidation in the industrial and logistics sector is expected to continue in the months ahead, Leicester and Leicestershire remains well placed to benefit from warehouse occupiers reorganising their distribution networks and a recovery in retail sales or the economy.

Harborough Industrial Stock

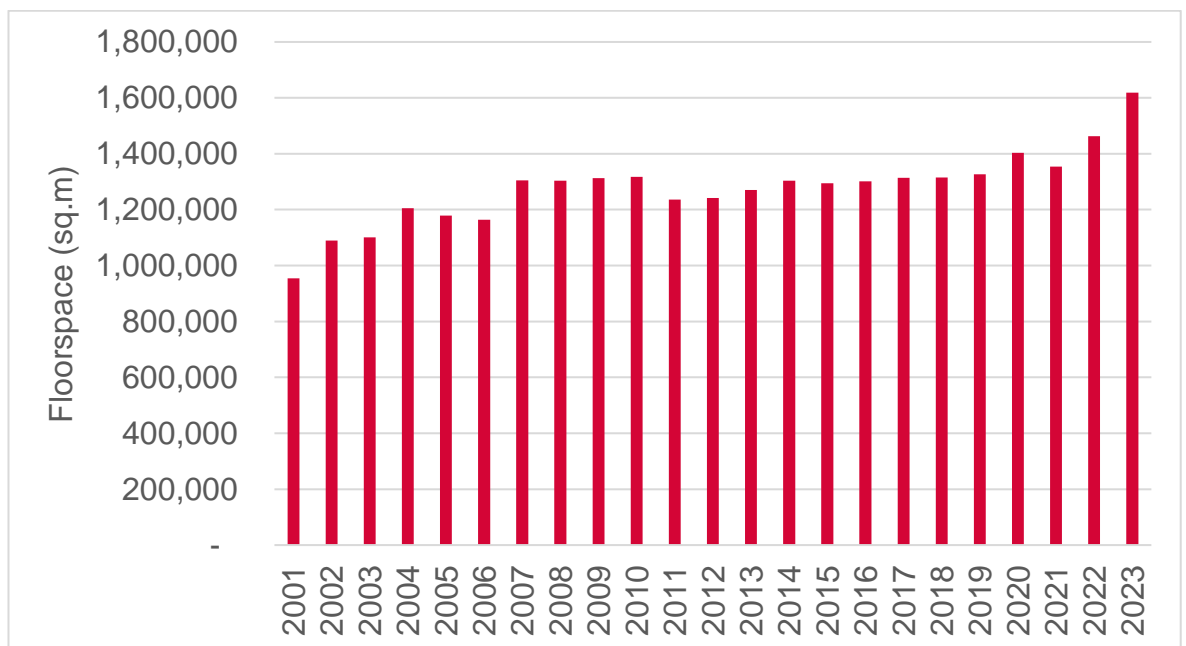
- 9.35 The VOA¹⁹ provide information on the amount of industrial floorspace by administrative area. In Harborough there was 1.6 million sq.m of industrial floorspace in total at the end of the 2022/23 financial year. This makes up 15% of Leicester and Leicestershire's total industrial floorspace.

¹⁹ VOA: Non-domestic rating: stock of properties including business floorspace, 2023

9.36 More recent CoStar data suggests that Harborough had 1.8 million sq.m of industrial floorspace across 283 properties at the end of Q1 2024, however there are differences in the way that the VOA and CoStar collect data and define industrial space which may lead to inconsistencies between figures.

9.37 The figure below shows the amount of floorspace in Harborough between 2000/01 and 2022/23 as reported by the VOA. Floorspace increased by 30% between 2000/01 and 2010/11, compared to a slower growth of 10% over the next 10 years to 2020/21. Floorspace increased rapidly between 2021 and 2023 (by 20%) driven by strong warehousing and logistics demand resulting from structural change in these sectors during and following on from the pandemic. Industrial stock growth in Harborough significantly out-paced that across the wider East Midlands and nationally over the last decade (27% vs 13% and 4% respectively).

Figure 9.9 Total Industrial Floorspace in Harborough (2000/01 – 2022/23)



Source: Icen analysis of VOA data (2023)

9.38 The table below provides the breakdown of industrial stock in the district by size band based on CoStar data. There is a good spread of units across all size brackets. Almost 20% of stock falls within the 10,000 sqm+ category, reflecting the strength of the industrial and warehousing sector in the district with a large number of strategic units.

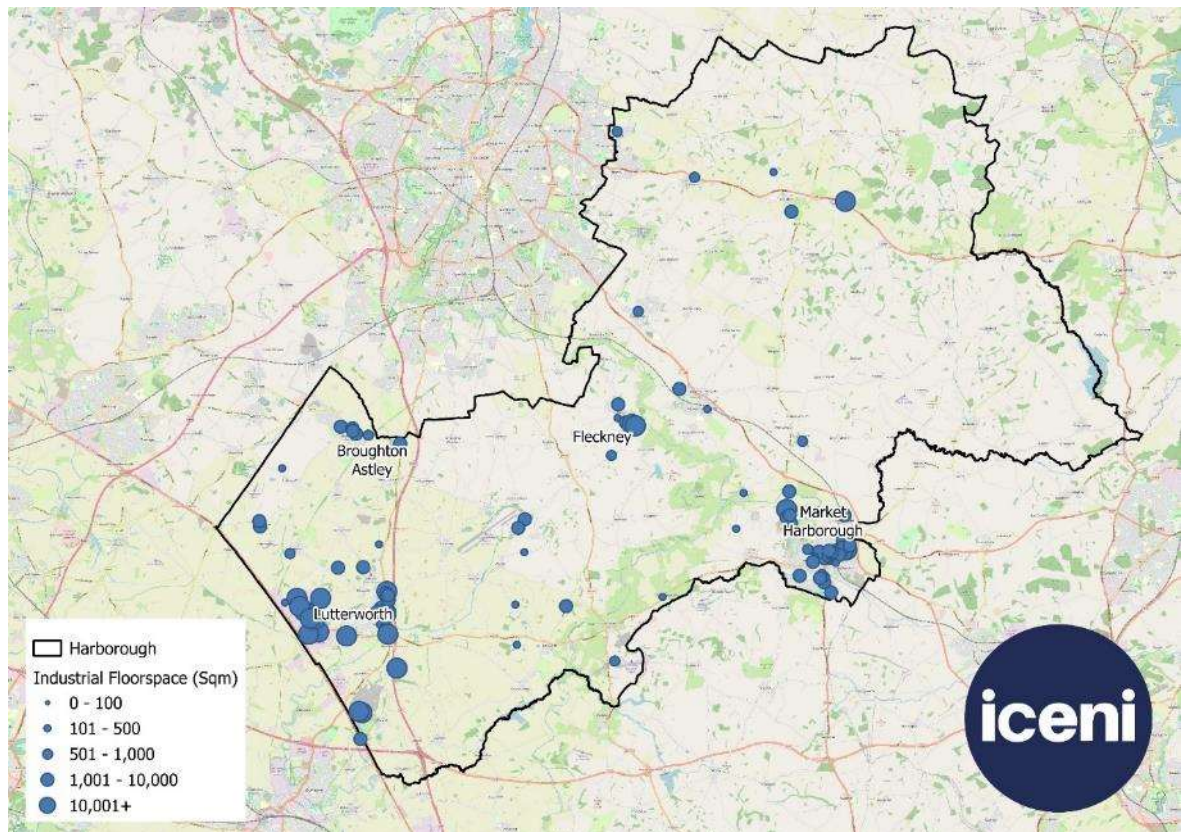
Table 9.2 Count of industrial units by size band (Sqm), Harborough

Size Band (Sqm)	Count of units	Proportion of total units
0 - 500	70	24%
501 – 1,000	58	20%
1,001 – 10,000	101	36%
10,000 +	54	19%
Total	283	100%

Source: Icen Analysis of CoStar data (2024) NB: Figures may not sum due to rounding

- 9.39 The map below shows the location of industrial stock across Harborough by floorspace. The relative size of each circle represents the amount of industrial floorspace at each postcode location. It is clear that the greatest concentration of industrial floorspace is located at Magna Park to the west of Lutterworth. Magna Park is the UK and Europe’s largest dedicated logistics and distribution park, strategically located to benefit from Lutterworth’s location within the “Golden Triangle”.
- 9.40 Significant clusters of industrial floorspace, albeit at a smaller scale, are also seen in the town of Lutterworth itself and Market Harborough. The villages of Broughton Astley and Fleckney also have some local clusters of industrial floorspace, with the remainder of sites distributed across the largely rural areas.

Figure 9.10 Map of Industrial Floorspace, Harborough District

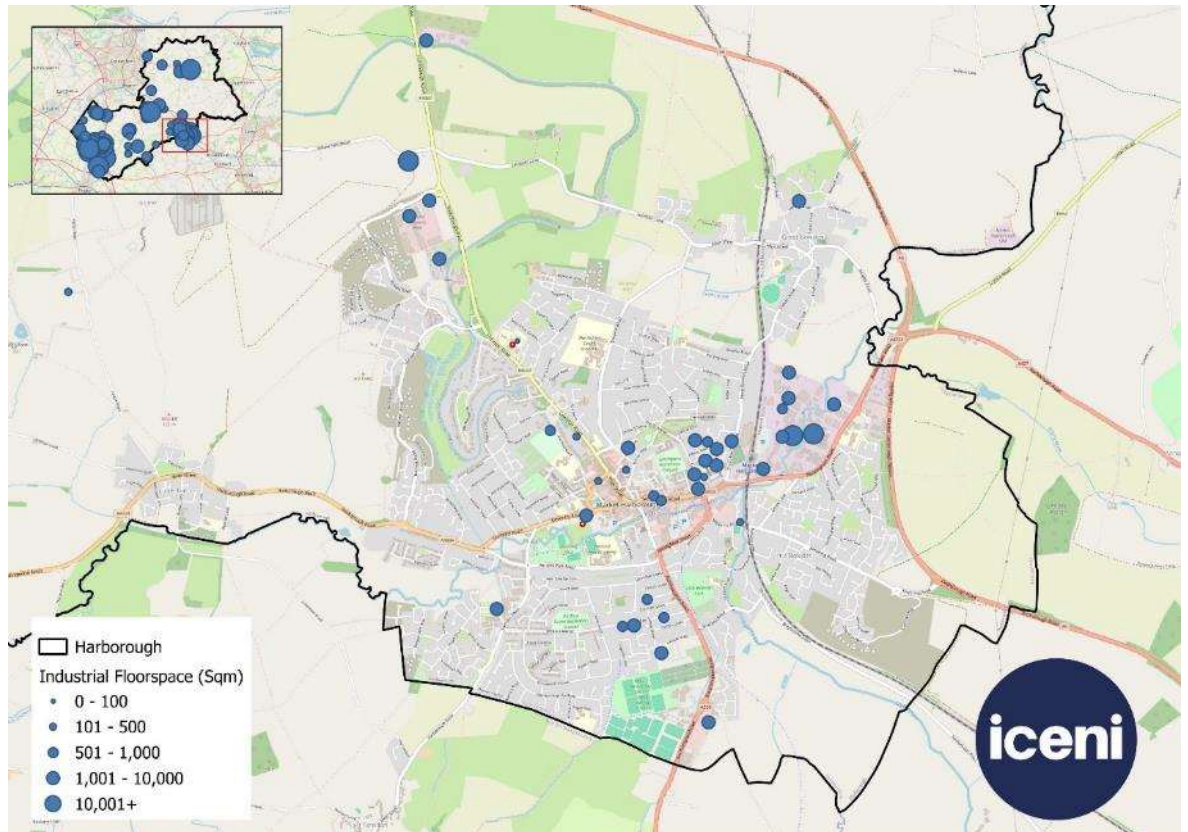


Source: IcenI analysis of CoStar data (2024)

- 9.41 The maps on the next page provide a closer look at industrial floorspace across Market Harborough and Lutterworth. It should be noted that the maps are not intended to provide precise accurate locations of industrial sites as the central point of each postcode is used, however they do provide an indication of where industrial floorspace is concentrated within each town.
- 9.42 In Market Harborough, the majority of industrial stock is clustered towards the north east of the town, close to the train station. There are also a number of sizeable business parks located off the B6047 north of the town.
- 9.43 To the west of Lutterworth, there is a significant quantum of industrial floorspace at Magna Park which comprises large strategic B8 units used for warehousing and logistics. In Lutterworth town itself, there is significant clustering of industrial premises along the eastern side of the A426. These premises are significantly smaller in scale and tend to cater more towards local businesses, with a mix of

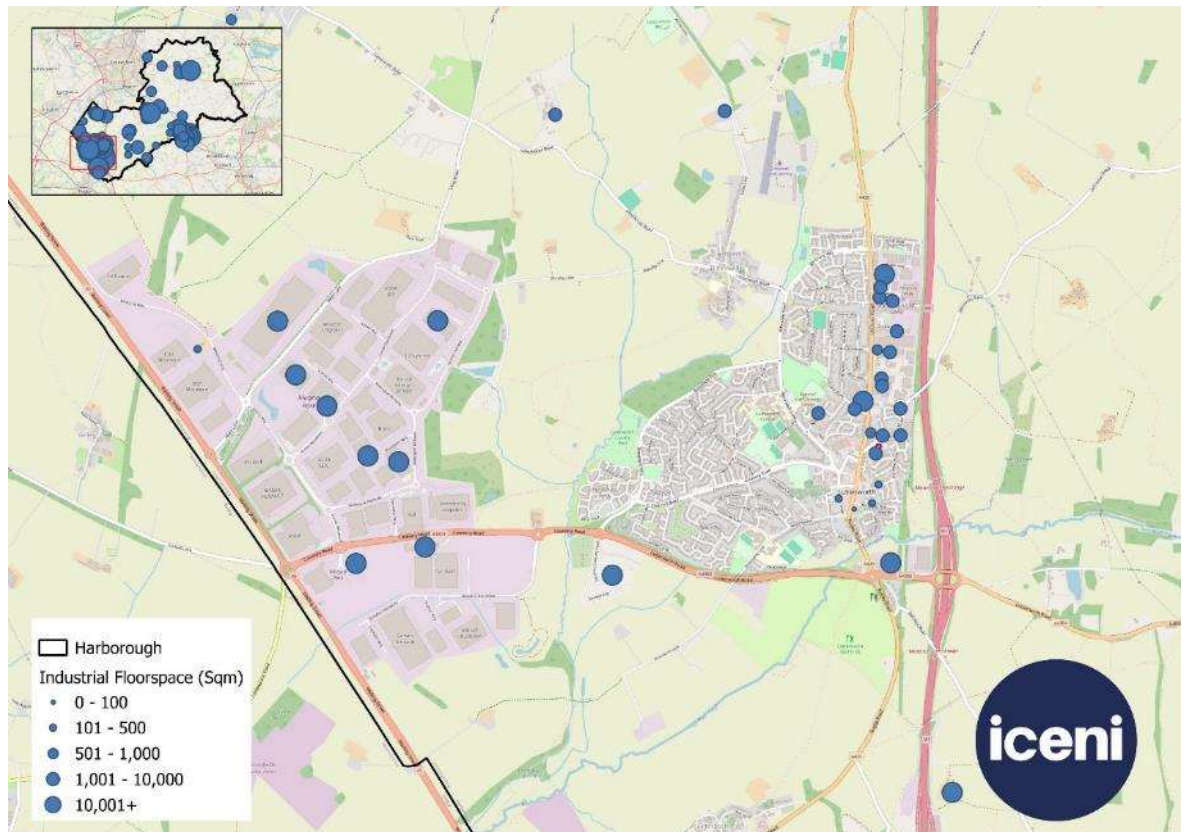
traditional industrial uses with some warehousing, albeit at a smaller scale than Magna Park. This location does not see strategic B8 units.

Figure 9.11 Industrial Floorspace, Market Harborough



Source: IcenI analysis of CoStar data (2024)

Figure 9.12 Industrial Floorspace - Lutterworth

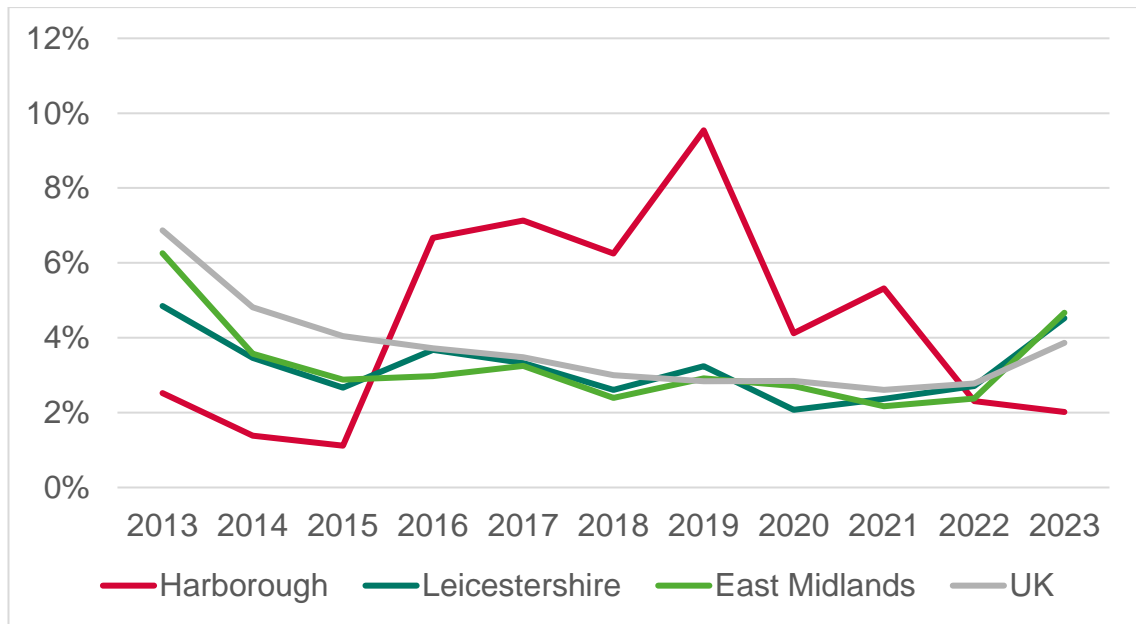


Source: Iceni analysis of CoStar data (2024)

Demand – Harborough Industrial Market

- 9.44 The figure below shows how the industrial vacancy rate has changed over time in Harborough. The vacancy rate in Harborough has been more volatile compared to the comparator areas which can be expected in smaller areas. The vacancy rate peaked at 9.5% in 2019. Since then, with strong market conditions, the vacancy rate has fallen to 2.0%.
- 9.45 Between 2022 and 2023, the vacancy rate in Leicestershire, the East Midlands and UK increased substantially as market conditions weakened, whilst Harborough’s vacancy fell. For the first time since 2015, Harborough now has a lower vacancy rate than the wider comparator regions, suggestive of a tighter market. This is consistent with the evidence from our site assessments, which point to limited available vacant units (although there are a range of sites which can support new development).

Figure 9.13 Industrial Vacancy Rates, 2013 - 2023



Source: Icen analysis of CoStar data (2024)

9.46 The table below shows a breakdown of vacancy rates by unit size in 2023. Vacancy rates for big box and mid box units are comparable to the overall vacancy rate for all industrial stock, whilst the vacancy rate for small units is slightly higher at 3.2%. A vacancy rate between 5% and 10% would be expected in a well-functioning market so the vacancy rates in all size categories are low and imply a supply constraint. However this is in part likely to be factors influencing development of the time of writing – including the growth in construction costs and rise in interest rates seen since 2021.

Table 9.3 Industrial Vacancy Rates by Unit Size, Harborough, 2023

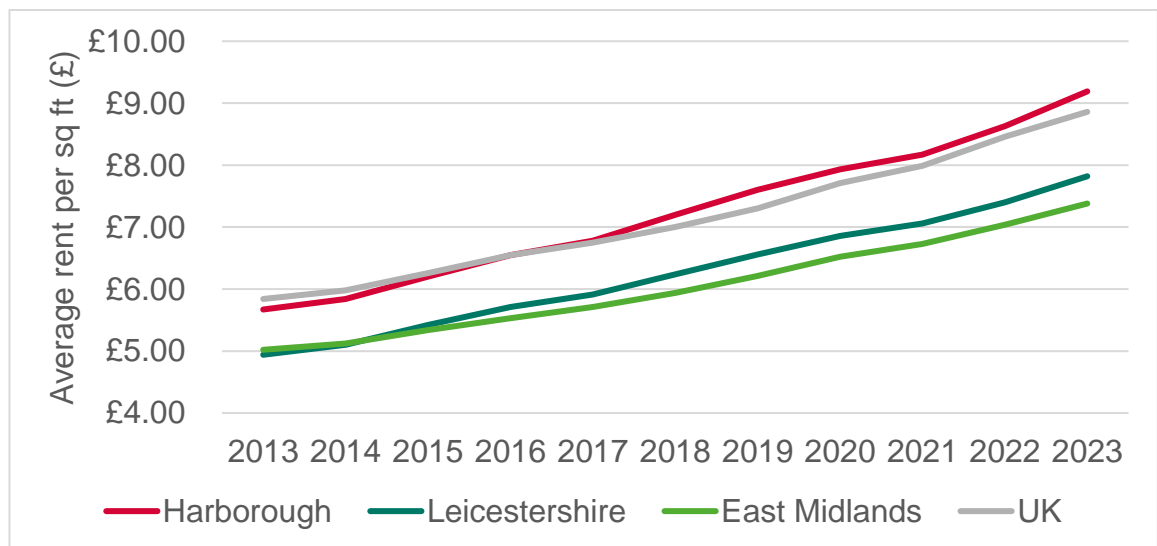
	All unit sizes	Big Box (9,000+ sq.m / 100,000 sq +)	Mid Box (2,300 – 9,000 sq.m / 25,000 - 100,000 sq ft)	Small Units (up to 2,300 sq.m / 25,000 sq ft)
Vacancy Rate	2.0%	1.9%	2.2%	3.2%

Source: Icen analysis of CoStar data (2024)

9.47 The figure below shows how average rents have changed between 2013 and 2023. Rents have grown steadily since 2013 in Harborough and the comparators. Harborough’s average industrial rent has consistently been higher than the

average across Leicestershire and the East Midlands and is more comparable to UK levels. This is in-part reflective of Lutterworth's location within the Golden Triangle and the associated warehousing/logistics demand.

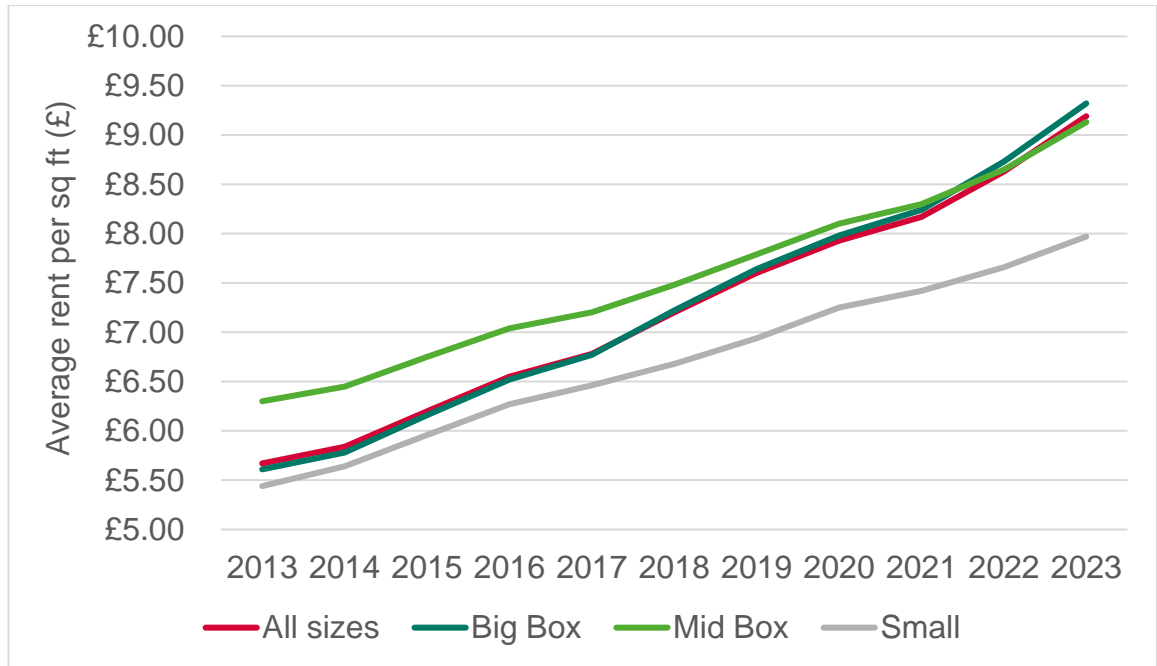
Figure 9.14 Average Industrial Rents, (£ per sq ft, inflation adjusted) 2013-2023



Source: IcenI analysis of CoStar data (2024)

9.48 Average rents vary by size of unit. Small units have consistently seen the lowest rents over the last 10 years. Big box rents for units of > 9,000 sq.m have increased the most significantly, overtaking mid box units in 2022. Average rents for big box and mid box units are now over £9 per sq ft whilst small units average £7.92 per sq ft.

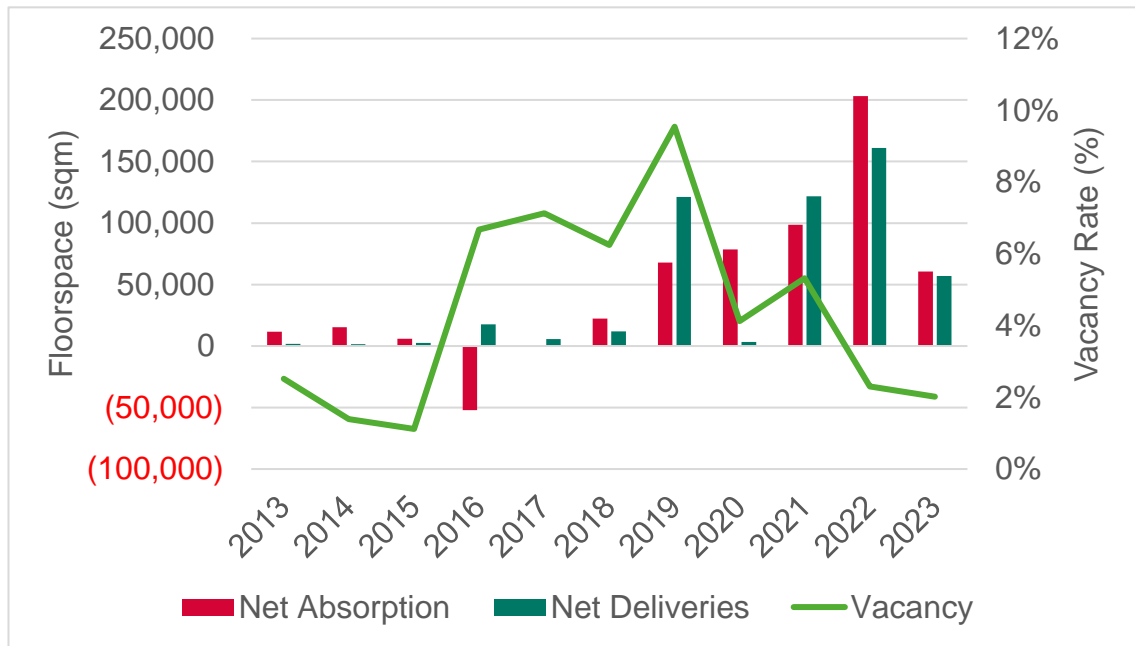
Figure 9.15 Average rents (£ per sq ft) by unit size, Harborough, 2013 - 2023



Source: Icen Analysis of CoStar Data (2024)

9.49 The figure below shows net absorption, net deliveries and their resulting impact on industrial vacancy rates in Harborough. Positive net absorption increased significantly between 2018 and 2022. In 2020, vacancy rates fell substantially from 9.5% to 4.1% as net absorption significantly outweighed net deliveries. This re-occurred in 2022 with the vacancy rate falling to 2.3%.

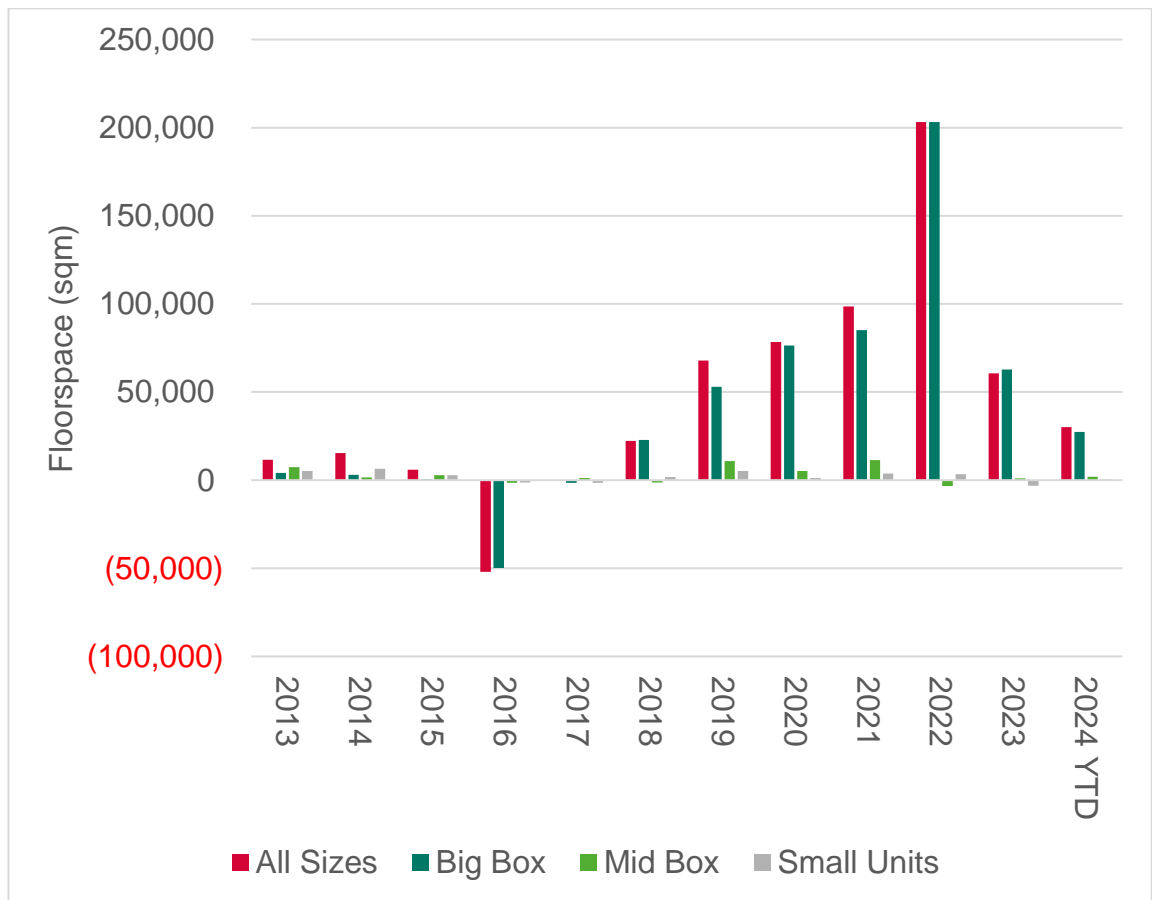
Figure 9.16 Net Absorption, Net Deliveries and Vacancy Rates, Harborough Industrial Stock



Source: Icen Analysis of CoStar Data (2024)

9.50 The increasing levels of positive net absorption seen since 2018 have been driven by big box floorspace (9,000+ sq.m / 100,000 sqft+) driven by delivery of strategic B8 units at Magna Park, Lutterworth as can be seen in the Figure below.

Figure 9.17 Net Absorption by Size of Unit, Harborough Industrial Stock, 2013 – 2023.

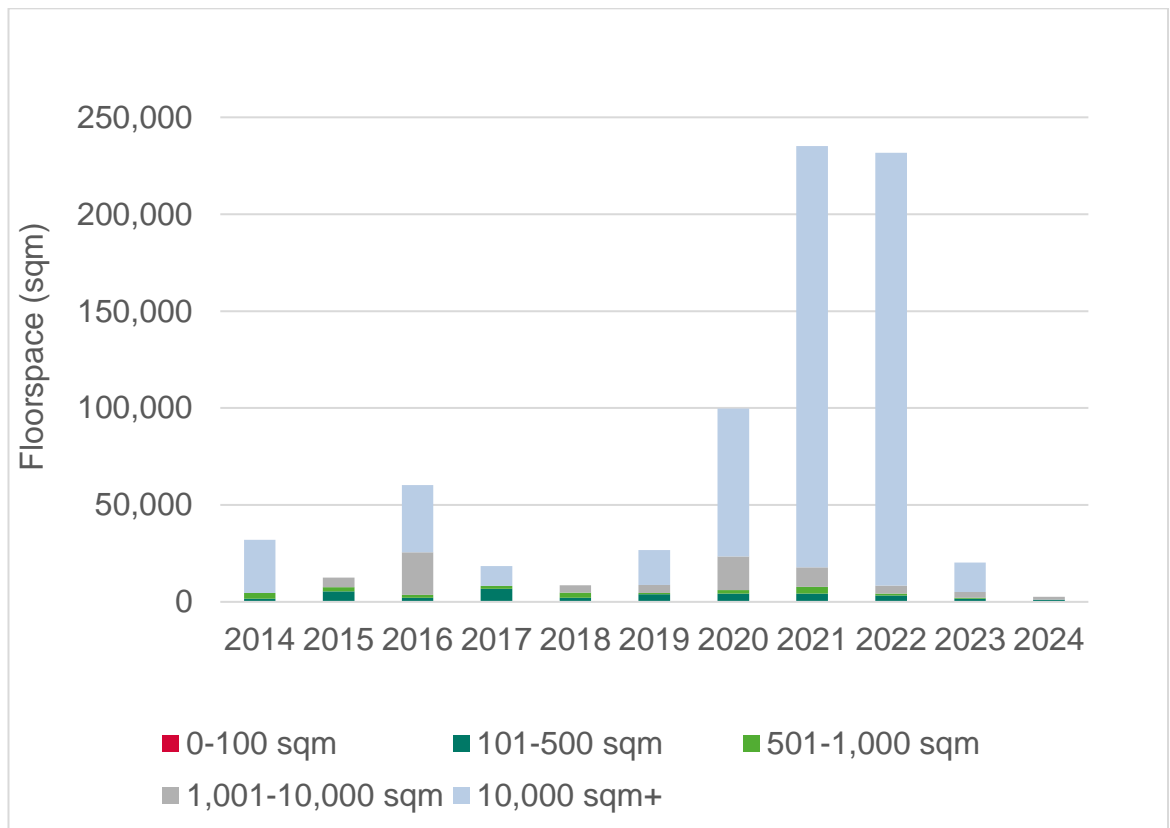


Source: IcenI analysis of CoStar Data (2024)

Demand by Size

9.51 The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. The figure below shows the amount of leasing activity (sqm) by size band which has occurred over the last 10 years. It is evident that there has been significant leasing of big box (9,000 sq.m +) units, especially between 2020 and 2022 as the extensions to Magna Park have come forwards; and reflecting strong market conditions influenced by restructuring of the warehousing and logistics market in recent years. This is considered further in the Strategic B8 Needs Sensitivity Report.

Figure 9.18 Industrial Floorspace Leased by Size Band (Sqm), Harborough, 2014 - 2024

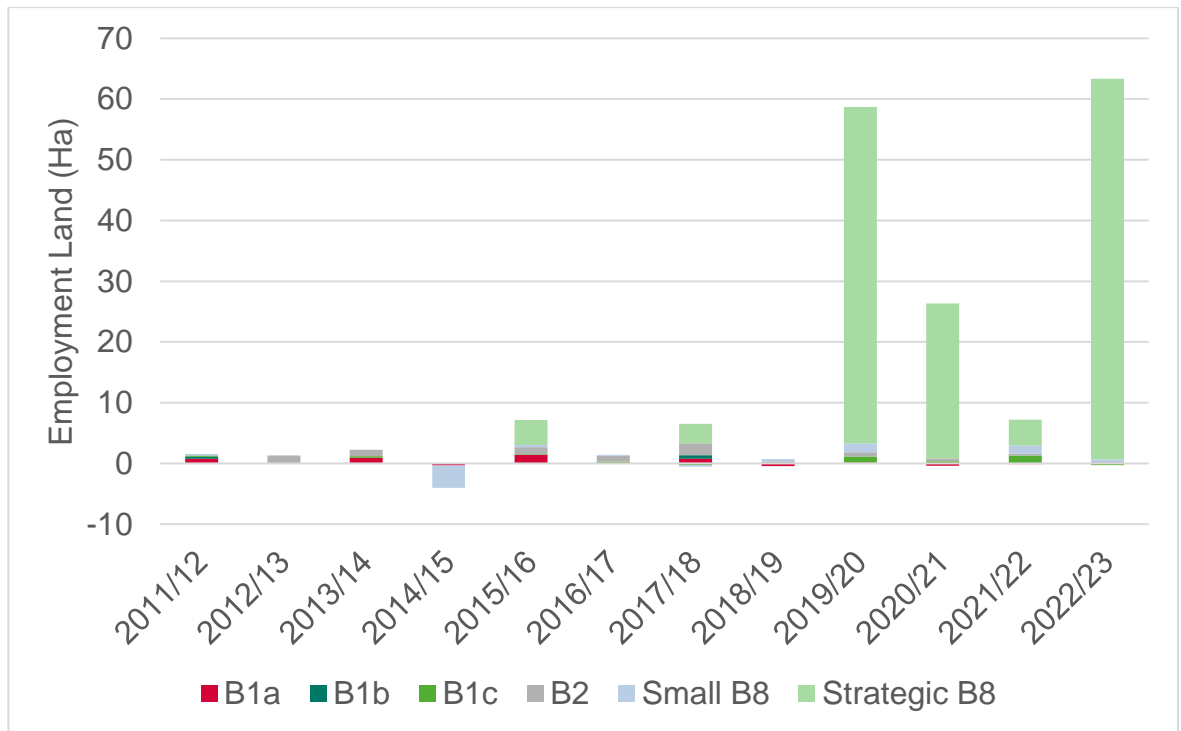


Source: Icen analysis of CoStar data (2024)

Development Trends

- 9.52 Harborough District Council undertake monitoring of employment land which is used to collate net completions data for the District. The figure below shows net completions by use class between 2011/12 and 2022/23.
- 9.53 It is evident that net completions have grown substantially since 2019/20, driven by strong growth in strategic B8 units as Magna Park has expanded. This growth was likely driven by the rise in e-retailing during the COVID-19 pandemic which increased demand for warehousing and distribution space; and the timely release of land through the 2019 Local Plan. In 2022/23, net completions reached an all-time high, with strategic B8 land (63ha) accounting for 99% of the total growth in floorspace.

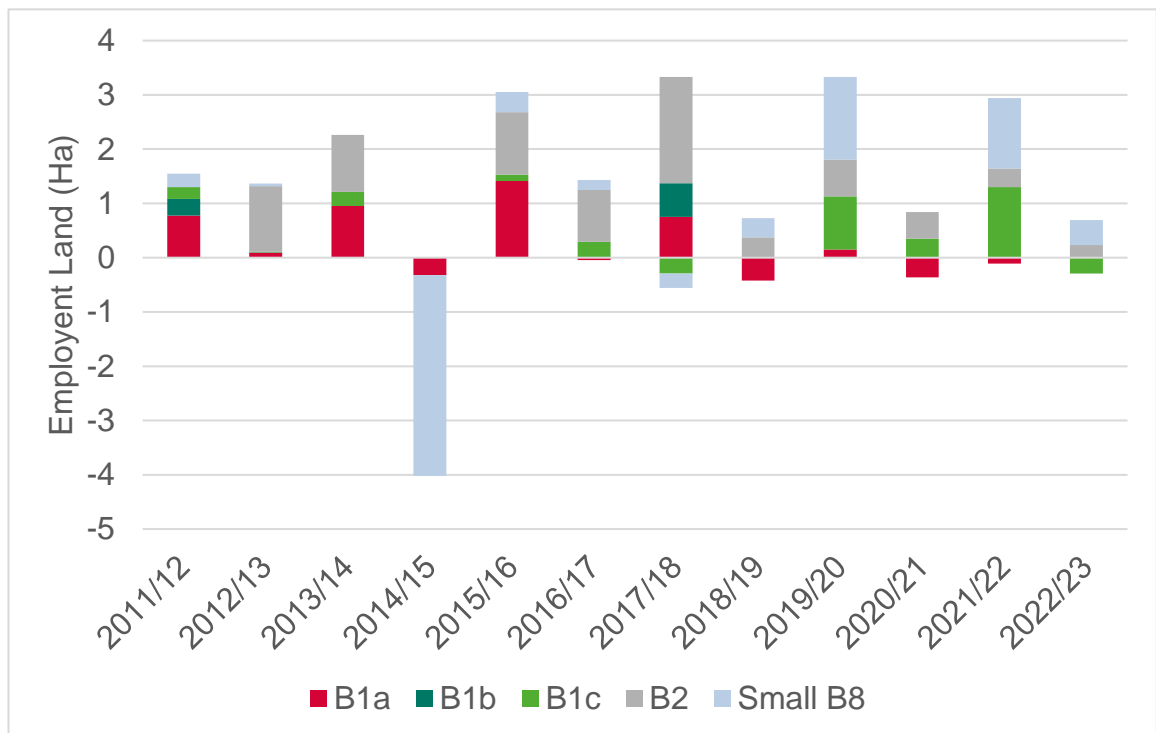
Figure 9.19 Net Completions, Harborough, 2011/12 – 2022/23



Source: Harborough District Council Annual Monitoring Data

- 9.54 The figure below excludes strategic B8 completions to show the breakdown of completions by use class for general employment uses. Over the last 5 years, net completions averaged 1.5ha per annum. Over this time period, B1a (office) land has declined, with net negative completions in 3 of the 5 years (greater space lost than delivered) and small positive net completions in 2019/20 and 2022/23 (0.15ha and 0.01ha respectively). Ten year average net completions (excluding strategic B8) are of 1.3 ha per year.
- 9.55 Net completions have generally been strongest in industrial activities - particularly non-strategic B8 and B1c (light industrial) - in recent years. There has however also been a healthy level of B2 development as well.

Figure 9.20 Net completions (excluding Strategic B8), Harborough, 2011/12 – 2022/23

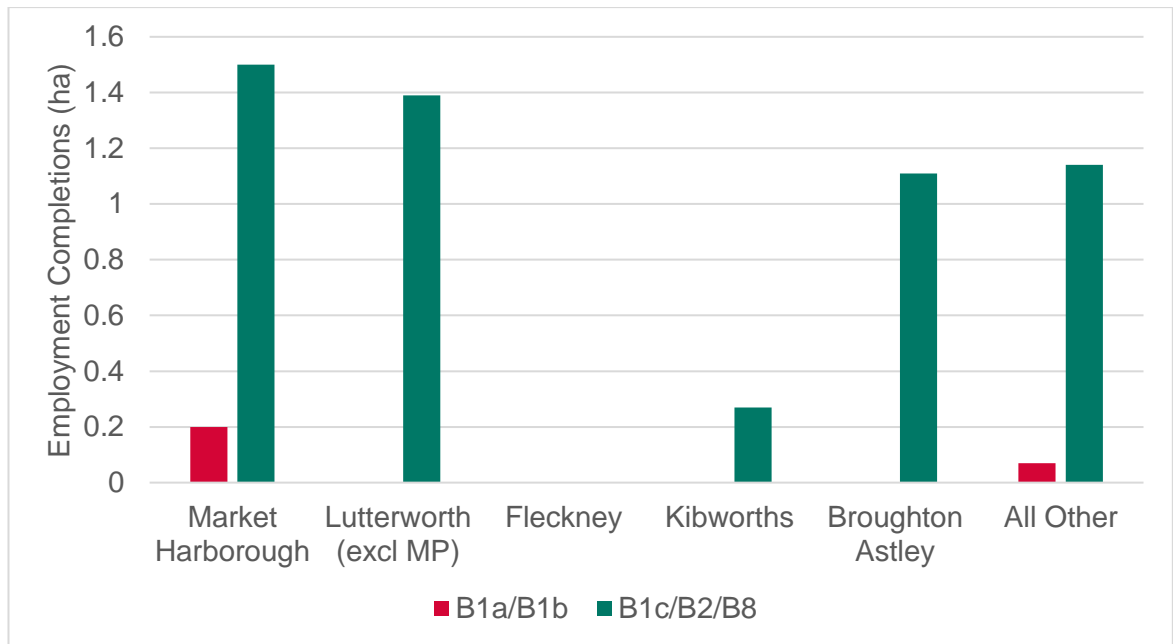


Source: Harborough District Council Annual Monitoring Data

9.56 A breakdown of gross completions by settlement (excluding strategic B8) is shown below over the last 3 years. This shows development at both Market Harborough, particularly at Leicestershire County Council’s Airfield Business Park off the B6047 Harborough Road, as well as at Lutterworth (including the Enterprise Park development on Coventry Road and Tungsten Park off Bilton Way). Broughton Astley has also seen development at Estley Green Business Park (BANP Site 1a). The chart also shows the strong focus on industrial development.

9.57 Alongside the developments shown, there has been 85 ha of development for strategic B8 uses completed as extensions to Magna Park, Lutterworth.

Figure 9.21 Gross completions by Sub-Area, 2020/21 - 2022/23



Source: *Harborough District Council Annual Monitoring Data*

- 9.58 IcenI carried out targeted telephone engagement with local agents²⁰ in April 2024. Regarding the general industrial and storage/distribution market, agents reported a lack of stock across the board, coupled with high levels of demand.
- 9.59 Whilst agents acknowledged a reasonable level of pipeline development in Harborough, it was noted that increased build costs and high interest rates have impacted the viability of new build developments in recent years and at present. Whilst there is demand for new industrial/warehousing space, high costs are preventing/delaying schemes from being built-out at the time of writing in Spring 2024. IcenI would not however expect this to persist across the plan period.

²⁰ Innes England, Budworth Hardcastle, Andrew & Ashwell

Commercial Market: Implications

Harborough has a modestly-sized office market, focused on SMEs and local demand. Rental levels make new-build speculative office development challenging. Net absorption has been negative since Covid-19 which has contributed to rising vacancy levels. This means that substantive new-build development in the short-term is unlikely to 2028/9.

In the medium/longer-term the forecast evidence (as considered in Section 10) points to growth in office-based activities; which combined with the market trends towards good quality space can be expected to support occupier demand for new-build offices. However growth in values, or occupiers willing to pay a premium for space, are likely to be required to support substantive new-build development. Whilst freehold office development may also be expected, these factors are likely to limit the delivery of new-build office and R&D space; but mean that it will be important to protect good quality existing office space.

The District has a much larger and more developed industrial market with evidence of demand and new-build development coming forwards across a range of location/ settlements within the District. The evidence points to demand across a range of unit sizes; with Market Harborough and Lutterworth having the most developed local industrial markets. At the time of writing, supply is relatively tight but this is influenced by growth in interest rates and construction costs since the pandemic.

10. Future Employment Land Needs

10.1 In this section of the report we move on to consider employment land needs over the plan period (2020-41). This report considers the needs for local employment land provision, with the separate Strategic B8 Needs Sensitivity Report and wider sub-regional evidence addressing the need for strategic B8 development.

HENA Findings

10.2 The L&L HENA (June 2022) provides consistent sub-regional evidence on the need for employment land over the plan period (2020-41).

10.3 It considered labour demand, based on two scenarios for jobs growth – a baseline set of forecasts from Cambridge Econometrics, together with a ‘Growth Scenario’ which was developed to inform the HENA and the L&L LEP’s Economic Strategy. Icenl then considered the implications of the scenarios for employment floorspace, applying jobs density assumptions to the projected sectoral growth, and plot ratio assumptions. A sensitivity analysis was then run for office space to take account of changing working patterns, which modelled a reduction in future forecast need by 30%.

10.4 The HENA then included needs models based on past gross and net completions, informed by trends from 2011-20; and compared completions trends to VOA data on net floorspace changes over the 2011-19 period.

10.5 For future office space needs, it concluded that using the labour demand modelling represented the most appropriate basis for drawing conclusions. It found that conclusions should be based on the growth scenario model which included adjustments to reflect local economic ambitions and adjustments; but that there were potential downside risks associated with changing working patterns.

10.6 For R&D space, it concluded that the labour demand figures risked over provision and that the gross completions trend should be used.

10.7 For industrial space, including local warehousing/distribution (i.e. excluding strategic B8), Icení found that labour demand modelling did not take account of the issues around replacement demand and the need for modern industrial premises, which are important considerations in influencing development needs and underpinned strong demand. This meant that the labour demand models were inappropriate, and it recommended that conclusions should be drawn based on gross completions.

10.8 The recommended needs position identified for Harborough District 2021-41 was thus as follows:

Table 10.1 Employment Land Needs identified in HENA – Harborough 2021-41

	Offices inc R&D	Industrial	Local Distribution	Total
Base Need (sq.m)	21,100	98,800	38,700	158,600
Margin for Flexibility (sq.m)	6,500	24,700	9,700	40,900
Margin for Churn & Choice	1,600	7,400	2,900	11,900
Vacancy Adjustment (sq.m)	0	11,900		11,900
Total Floorspace, 2021-41	29,200	194,100		223,300
Land Requirement (ha)	8.3	48.5		56.9

Source: L&L HENA

10.9 The figures include a ‘margin for flexibility’ based on 5 years of gross completions for industrial/ distribution and 2 years for offices/R&D, recognising that forecasting is not an exact science, locational and site requirements vary and the potential for delay or slippage in sites coming forwards.

10.10 A further margin was then included to allow for churn and market choice for industrial stock provision (not offices), which was based on adding 7.5% to the base need.

10.11 An adjustment was also added to raise the industrial vacancy level for existing stock to the preferred 7.5% level. For Harborough this added 11,900 sq.m to the industrial requirement.

-
- 10.12 Floorspace was then converted to a land area based on plot ratio assumptions which take into account the relationship between floorspace and site area. For Harborough, the HENA used a plot ratio of 0.35 for offices, and 0.4 for (local) industrial and distribution uses.

Updating the Needs Position

- 10.13 The plan period for the Harborough Local Plan is from 2020-41. In this section we have both sought to review the HENA findings on need taking account of the latest data and a specific local review, as well as include adjustments to generate a plan period requirement.

Office and R&D Needs

- 10.14 The HENA Growth Scenario shows growth of 1,500 FTE jobs in Office and R&D activities over the 2020-41 plan period. Applying the employment densities therein (FTE jobs per sq.m GEA) shows a net floorspace growth of 26,550 sq.m. Based on a plot ratio of 0.35, the level of floorspace change shown by the Growth Scenario would equate to development of around 7.6 ha of land.²¹

²¹ 5.3 ha for offices and 2.3 ha for R&D

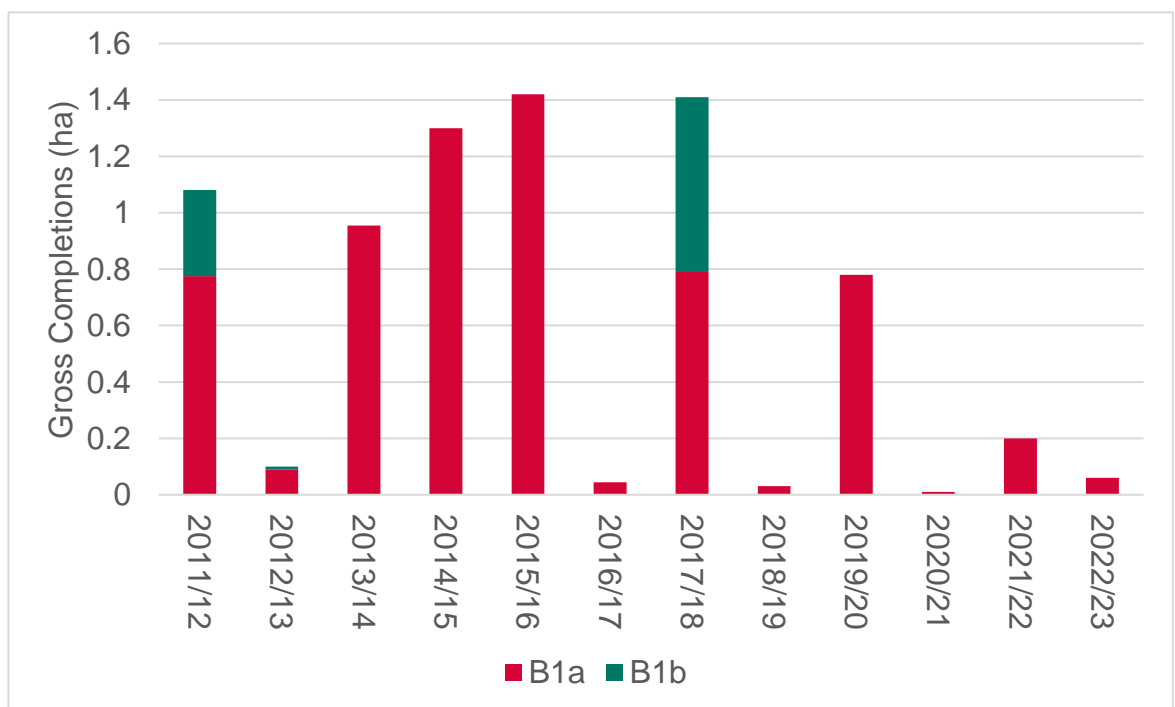
**Table 10.2 Office & R&D Needs based on HENA Growth Scenario –
Harborough 2020-41**

	Change in FTE Jobs, 2020-41	Employment Density	Net Floorspace Change	Land need (ha)
Office	1,230	15	18,450	5.3
R&D	270	30	8,100	2.3
Total	1,500		26,550	7.6

10.15 This scenario results in very similar results to projecting trends in total office space growth recorded by the VOA over the 2013-33 decade (25,200 sq.m).

10.16 We have set out below trends in gross completions for Office and R&D uses over the period since 2011. Over the period since 2011, gross completions have averaged 0.62 ha per annum, with an average over the last 10 years which is consistent with this. A projection of 10 year gross completions trends generates a need for 13.0 ha. However this will inevitably be higher than the labour demand modelling as it includes provision for some replacement of losses.

Figure 10.1 Gross Completions for Office & R&D Uses, Harborough



Source: HDC Monitoring Data

- 10.17 Completions have however dropped notably since 2018, with the 5 year average gross completions figure standing at 0.22 ha. Projecting gross completions over the plan period on this basis results in a lower office & R&D need of 4.5 ha.
- 10.18 Indeed the 5 year trend has been of negative net completions as losses of land in office and R&D use have exceeded new development.

Table 10.3 Projection of Gross Completions, 2020-41

Projection basis	E(g)(i) Offices	E(g)(ii) R&D	Office & R&D Total
5 year trend	4.5	0.0	4.5
10 year/plan period trend	11.7	1.3	13.0

- 10.19 Whilst current market conditions and the adjustment of the office market to changing working patterns may see rising vacancy within office space in the short-term to 2028/9, there will be a continuing need to provide modern floorspace over the medium/ longer-term to support an adaptable and diverse economy in the District.
- 10.20 Icen consider that it is reasonable to continue to plan on the basis of the HENA Growth Scenario which generates a net need for 7.6 ha for office and R&D uses.
- 10.21 Turning next to consider losses, these have averaged 0.36 ha per annum for E(g)(i) and (ii) uses²² over both a 5 and 10 year period. However the historical trend is influenced by permitted development and may not be replicated moving forwards. Having regard to the other adjustments made, as well as market dynamics in the District, it is not considered appropriate to make specific provision for losses. Whilst there may be some need for replacement of space lost, we would expect this to be counter-balanced by the effects of changing working patterns on floorspace needs for these sectors.

²² E(g)(i) Office was formerly known as B1a, and E(g)(ii) R&D was formerly known as B1b, before changes to the Use Class Order

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- 10.22 We consider a margin based on 2 years worth of completions (based on the 10 year trend) would be added on, consistent with the HENA for offices; and 5 years for R&D. With an office vacancy rate of around 7.5%, no further adjustment is warranted.
- 10.23 In addition we have added a margin for churn and choice, as per the HENA, based on maintaining a 7.5% vacancy rate. This is applied to the growth scenario modelled needs.
- 10.24 Bringing the different strands together, we conclude in identifying a need for 9.6ha of land for office and R&D space over the plan period.
- 10.25 This is greater than the HENA need as it reflects an additional year to align with the plan period and has not included a specific downward adjustment for growth in home-based working as this whilst this may be counter-balanced by some requirement for replacement of losses. Monitoring of gross completions should be undertaken against the need shown having regard to these factors.

Table 10.4 Overall Office and R&D Needs, Harborough 2020-41

	E(g)(i) Office	E(g)(ii) R&D	Total
Base need: Growth Scenario	5.3	2.3	7.6
Margin for Flexibility	1.1	0.3	1.4
Margin for Churn and Choice	0.4	0.2	0.6
Total Need	6.8	2.8	9.6

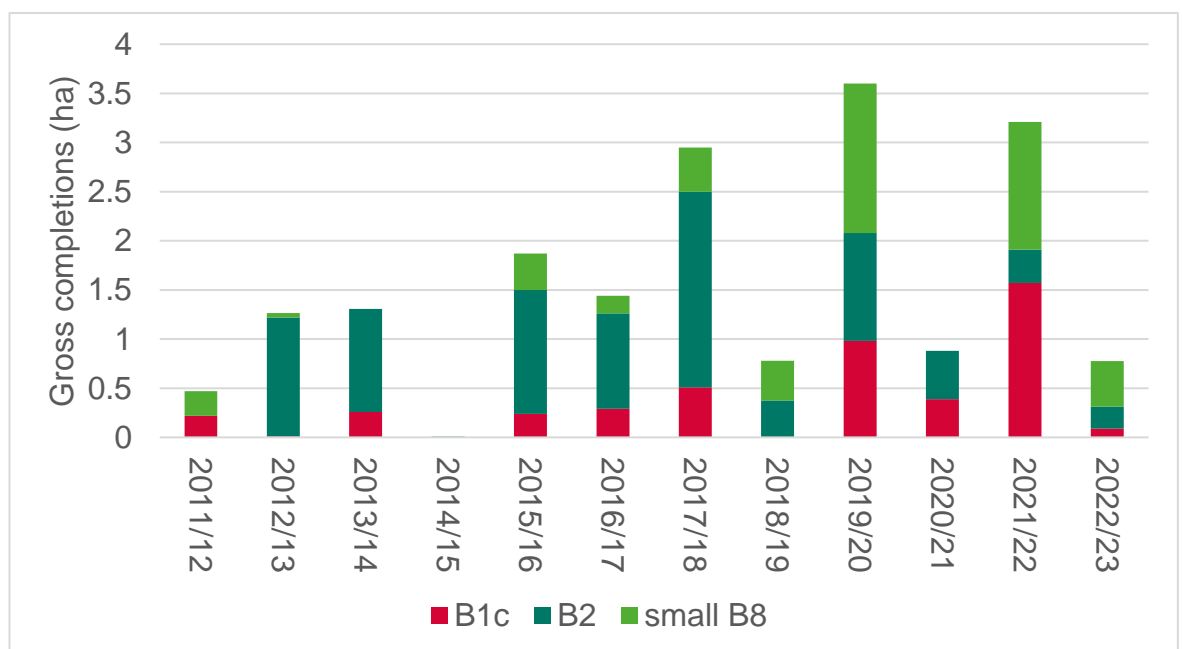
Local Industrial Development Needs

- 10.26 We turn next to consider local industrial needs; together with warehousing / distribution needs for premises of < 9,000 sq.m. Larger units for strategic B8 development are considered within the separate evidence base.
- 10.27 Because of the effects of automation and improvements in productivity, and the important influence of replacement demand, on the need for industrial premises,

there is a weak relationship between floorspace needs and employment trends. The growth scenario forecasts show growth in warehousing employment and a modest decline in industrial (manufacturing) jobs over the plan period. But this will underplay development needs because of the effects of replacement demand which are an important driver of the commercial market as businesses seek modern floorspace with sufficient height, power and ESG credentials.

10.28 We focus herein therefore on updating the HENA forecasts to take account of the latest completions data. The figure below shows gross completions for industrial uses in Harborough over time – excluding strategic B8 development. The market was relatively weak in the early part of the period shown; but has performed strongly over the period since 2015. Average gross industrial completions over the period shown is 0.99 ha per year, which is very similar to the 10 year average of 1.02 ha.

Figure 10.2 Industrial Gross Completions – Harborough



Source: IcenI analysis of HDC data

10.29 We have set out a projection of gross completions trends for industrial uses (besides strategic B8) in the table below, considering trends over different time periods and then projecting these over the 21 year plan period (2020-41).

Table 10.5 Projections of Industrial Gross Completions – Harborough

	Light Industrial E(g)(iii)	Industrial B2	Warehouse/ Distribution B8 (< 9000 sq.m)	Total
5 yr trend	12.7	10.6	15.5	38.8
10 yr trend	9.1	16.4	9.8	35.3
Plan period trend	8.0	15.8	8.7	32.5

- 10.30 Annualised losses are of around 0.2 ha per annum over the last 5 years and a higher 0.67 ha over the last 10 years but are set within a context of strong overall growth in industrial floorspace. However using gross completions data, there is no need to make a specific provision for replacement of losses of employment land. It does indicate that some completions may however take place through redevelopment of buildings on existing sites and potential on existing sites has been captured in the supply assessment.
- 10.31 We have however included a margin for flexibility, based on an additional 5 years of gross completions. A margin to provide a choice of sites is provided based on an assumption of a 7.5% vacancy rate which is applied to the growth in stock.
- 10.32 In addition, as per the HENA, an adjustment has been included to reflect the tight nature of the current market. We calculate a 2.2% vacancy rate in units of < 9,000 sq.m in Spring 2024, and estimate provision of 16,900 sq.m (equivalent to 4.2 ha of development land) is necessary to enable this to rise to levels which might be expected in normal market conditions (7.5%).
- 10.33 Drawing these different components together, we identify industrial development needs (excluding strategic B8 units of over 9,000 sq.m) of 50.6 ha based on a 10 year completions trend as shown below.

Table 10.6 Industrial Development Needs (ha) based on 10 yr gross completions trend

	Light Industrial B1c	Industrial B2	Warehouse/ Distribution B8 (< 9000 sq.m)	Total
10 yr gross completions projection	9.1	16.4	9.8	35.3
Margin for flexibility	2.2	3.9	2.3	8.4
Margin for choice and churn	0.7	1.2	0.7	2.6
Sub-total	11.9	21.5	12.9	46.4
Vacancy adjustment (2.2% to 7.5%)				4.2
Total local industrial need				50.6

- 10.34 Re-running the modelling using a 5 year completion trend generates a higher need for 55.2 ha of land for local industrial development, as shown in Table 10.7 below.

Table 10.7 Industrial Development Needs (ha) based on 5 yr gross completions trend

	Light Industrial B1c	Industrial B2	Warehouse/ Distribution B8 (< 9000 sq.m)	Total
5 yr gross completions projection	12.7	10.6	15.5	38.8
Margin for flexibility	3.0	2.5	3.7	9.2
Margin for choice and churn	1.0	0.8	1.2	3.8
Sub-total	16.7	14.0	20.3	51.0
Vacancy adjustment (2.2% to 7.5%)				4.2
Total local industrial need				55.2

10.35 These two scenarios provide, in a sense, a set of parameters for local industrial needs. However **the 10 year approach remains our preferred approach** in that very strong market conditions immediately post-Covid have weakened since and cannot reasonably be expected to persist over the plan period to 2041 as a whole.

Conclusions on Needs

10.36 Bringing the needs evidence together, we conclude in recommending that provision should be made for 60 ha of employment land to meet local needs (excluding strategic B8) over the 2020-41 plan period. The disaggregation of this by use class is shown below. This is very marginally higher than the 57 ha in the Leicester & Leicestershire HENA (2022), reflecting in particular the slightly longer plan period.

Table 10.8 Conclusions on Local Employment Land Needs – Harborough, 2020-41

	Employment Land (Ha)
E(g)(i) Offices	6.8
E(g)(ii) R&D	2.8
E(g)(iii) Light Industrial	11.9
B2 Industrial	21.5
B8 Small Distribution/ Warehousing	12.9
Industrial Vacancy Adjustment	4.2
Total Local Employment Land Needs	60.1

11. Reviewing Employment Land Supply

11.1 In this section, we consider the current employment land supply. It sets out:

- Current Local Plan policies related to employment land provision. These are set out within the Harborough Local Plan 2011-2031 which was adopted in April 2019.
- the methodology used to undertake the review of existing employment sites and extant allocations, the detailed findings of which are set out in Appendix A; and then
- Provides a summary of conclusions from the review, including recommendations on employment designations and an up-to-date supply position.

11.2 The evidence in this section provides a basis in particular for considering adjustments to policies relating to existing employment areas and extant allocations. The supply/demand balance and analysis of gaps in supply is then considered in Section 12.

11.3 The detailed review of existing employment areas and extant allocations is set out in **Appendix A**.

Existing Employment Land Policies

11.4 The existing Local Plan sets out 14 objectives which underpin the policies set out in the plan. Objective 2 relates to employment and is replicated below. Chapter 6 then sets out the policies relating to Business and Employment.

Objective 2. Employment: Promote sustainable economic growth by facilitating the sustainable growth of businesses, fostering new local enterprise and helping to create more jobs that meet local employment needs. Contribute to reducing the need for out commuting and thereby help to increase the sustainability and

self-containment of communities, while encouraging the development of a vibrant, diverse and sustainable business community.

- 11.5 Policy BE1 *Provision of new business development* then sets out the quantum of development needed, which was 59 ha for office B1(a) and (b), industrial B1(c)²³ and B2 and non-strategic B8 in addition to existing commitments. It set out a need for additional allocations to accommodate need over the plan period to 2031 in the following locations:
- a. Market Harborough - a minimum of 24 hectares in accordance with Policies MH4, MH5 and MH6;
 - b. Lutterworth - a minimum of 26 hectares in accordance with Policies L1 and L2;
 - c. Land off Marlborough Drive, Fleckney – about 3 hectares in accordance with Policy F2; and
 - d. Land south and west of Priory Business Park, the Kibworths – about 6 hectares in accordance with Policy K1.
- 11.6 The Plan thus made significant allocations of new employment land.
- 11.7 BE1.2 sets out policy in relation to rural economic development. We have replicated this below. This enables existing buildings/commercial premises to be developed to support rural employment; as well as the delivery of new buildings to cater for local needs.

2. Rural Economic Development

On sites within or well related to Rural Centres and Selected Rural Villages, sustainable development which delivers local employment opportunities, supports and diversifies the rural economy or enables the expansion of business and enterprise will be permitted where it:

- a. re-uses existing buildings; or

²³ To note Class B1 was revoked 01/09/2020 and replaced by the new Class E(g)

-
- b. re-develops existing and former employment sites and commercial premises; or
 - c. comprises well designed new buildings of a size and quality to cater for identified local needs; and
 - d. is equipped to meet modern business requirements.

- 11.10 In addition, Policy BE2 sought to address strategic B8 warehouse/distribution needs, defined as units in B8 storage and distribution >9,000 sqm. BE2.1 safeguards Magna Park and adjoining committed or allocated sites for strategic storage and distribution (Class B8) and sets out conditions whereby redevelopment at existing, committed or allocated sites will be permitted.
- 11.11 BE2.2 states that additional development of up to 700,000 sq.m for non rail-served strategic storage and distribution use will be provided as an extension of, or site adjoining, Magna Park. Of the 700,000sqm, 320,000 sqm is allocated at Land to the North and West of Magna Park. BE2.3 lists a series of criteria that development proposals for these sites are required to comply with.
- 11.12 Policy BE3 *Existing Employment Areas* outlines the conditions for development to be permitted in Key Employment Areas (KEAs) and General Employment Areas (GEAs). KEAs are defined as sites of significance for existing and future business use and are protected for continued business use. GEAs are defined as sites generally fit for purpose for business use but which may benefit from upgrade or renewal to continue to be attractive to the market and achieve high levels of occupancy.
- 11.13 Areas identified as KEAs and GEAs are listed in Table B.14 of the Local Plan, as shown below. The sites are grouped according to locations as defined within the Settlement hierarchy, outlined within Policy SS1 of the Plan.

Table 11.1 Key and General Employment Areas – 2011-31 Local Plan

Table B.14 Key and General Employment Areas

Key Employment Areas	General Employment Areas
Market Harborough	Market Harborough
The Point Business Park, Rockingham Road	Welland Industrial Estate, Rockingham Road
Bowden Business Village, off Leicester Road	Euro Business Park, Rockingham Road
Riverside End Industrial Estate, Riverside	The Shires, Euro Business Park, Rockingham Road
Compass Point Business Park, Northampton Road	Riverside Industrial Estate, Rockingham Road
Airfield Business Park, Leicester Road	Rockingham Road Industrial Estate, Rockingham Road
Peaker Park, Rockingham Road	Sovereign Park, Lathkill Street
	Courtyard Workshops, Bath Street
	Fernie Road Industrial Estate, Fernie Road
	Fosters Foods, Great Bowden Road
	Farndon Road Business Centre, Farndon Road
	Saw Mill, Gores Lane
Lutterworth	Lutterworth
St John's Business Park, off Rugby Road	Wycliffe Industrial Estate, Leicester Road
Bilton Way Industrial Estate, Leicester Road	Semelab, Coventry Road
Midland Court, off Leicester Road	Elizabethan Way, off Leicester Road
Cosford Business Park, off Central Way	Oaks Industrial Estate, Gilmorton Road
	Ladywood Works, off Leicester Road
Broughton Astley	Off Leicester Road (Lutterworth Coaches/ Travis Perkins area)
Swannington Road/ Stanier Road Industrial Estate	Land at Gilmorton Road
Rural Centres	Rural Centres
Nursery Court and Milestone Court, Kibworth Business Park, south of Harborough Road, Kibworth Harcourt.	The Hatchery, Harborough Road, Kibworth Harcourt.
Churchill Way Industrial Estate, Fleckney.	Victoria Works, Saddington Road, Fleckney.
	Agricultural Barns, Gliding Club, Sibbertoft Road, Husbands Bosworth

Source: Harborough Local Plan 2011 to 2031

- 11.14 Policies BE4 and BE5 provide specific policy relating to Bruntingthorpe Proving Ground and Leicester Airport respectively.

Neighbourhood Plans

- 11.15 There are three adopted Neighbourhood Plans which set out employment allocations within Harborough.
- 11.16 The **Billesdon Neighbourhood Plan 2014-2028** identifies a shortage of floor space for new and existing businesses in the Parish. Policy BP10: The LCC Depot (Gaulby Road) allocates 1.5 hectares of land at the former Leicestershire County Council Highways Depot to employment uses (Business and Storage or Distribution).
- 11.17 The **Broughton Astley Neighbourhood Plan (BANP) 2012-2028** allocates an employment area (EMP1) of 6.8 ha at Land north of Broughton Way for mixed use. The land includes c.1.25Ha for employment use (Class B) alongside other commercial, retail and community development. In addition, an area of 1.7ha of land is allocated for employment uses within Development Site 1a, also north of Broughton Way.
- 11.18 **The Shearsby Neighbourhood Plan 2017-2031** Policy E2 outlines a Proposed Shearsby Employment Area, including existing and proposed sites at Saddington Road. The policy states that light industrial uses will be supported, whilst proposals for general industrial or large-scale business uses will not be permitted except in exceptional circumstances.
- 11.19 The Billesdon and Broughton Astley Neighbourhood Plan Allocations were factored into employment land supply in Policy BE1 of the Harborough Local Plan.

Existing Site & Extant Allocations Assessment Methodology

- 11.20 Icenii undertook site assessments in Spring 2024 to review the employment land portfolio in the District. This included surveys of both existing sites and extant allocations.
- 11.21 Site assessments considered all of the sites identified as part of the existing employment land policies and Neighbourhood Plan allocations, as outlined above

(Policies BE1, BE2, BE3, BE4 and BE5) plus the Shearsby Neighbourhood Plan allocations.

11.22 There are a number of smaller employment areas and groups of employment units in locations below the 'Rural Centre' level in the District's settlement hierarchy. These are however outside the scope of this work and not specifically addressed in this assessment.

11.23 Site surveys were undertaken using a methodology which draws on the Planning Practice Guidance. The site assessments addressed:

- The size, nature and intensity of use of the employment site including information on the nature and types of businesses and key occupiers and mix of uses;
- The site's accessibility including its location, accessibility by road and proximity to the strategic road network (SRN), public transport accessibility, and internal access including by HGVs together with servicing arrangements for existing businesses;
- The age, size and quality of existing buildings, including vacancy levels, the quality of the environment on-site and whether there any physical constraints to the use of the land such as steep topography or adjacent uses;
- Relevant planning history and extant applications, with consideration of any site-specific delivery barriers;
- Adequacy of existing parking provision, including evidence of on-street parking and whether this inhibits HGV access and circulation;
- The site's attractiveness as a working environment including proximity to local services and amenities for employees, and open space;
- The site's relationship with its immediate surrounding and whether there are any potential bad neighbour or adjacency issues.

11.24 These aspects are drawn together in assessing the site's overall suitability and market attractiveness, the appropriate mix of uses and any changes to site

boundaries which would be appropriate to reflect the planning history and/or circumstances on the ground.

- 11.25 Where there was development potential on existing employment sites, such as evident vacant plots, or the potential for intensification of use, this was noted. Our assessment included consideration of the market attractiveness of available land, and any known factors which might impact on its deliverability to inform assessment of its contribution to the employment land supply position.
- 11.26 When determining whether sites were to be designated as a GEA or KEA, the following definitions were considered, which expand upon the definitions in the current Local Plan:
- KEA – Commercially attractive, high quality employment areas which are significant for existing and future employment use (e.g. location, scale, type) in sustainable places.
 - GEA - Fit for purpose, employment areas which are important for existing and future employment use, to maintain a varied portfolio (e.g. location, quality, type) and jobs / homes balance, but may benefit from upgrade, intensification or redevelopment to aid durability / commercial attractiveness.
- 11.27 The assessment of sites has considered whether the designation of sites as GEA or KEA should be adjusted; as well as whether any adjustments to site boundaries is warranted. It has also considered their potential to accommodate additional development.
- 11.28 The full review of sites can be found in the Appendix A entitled Review of Existing Employment Areas & Extant Allocations. The following section provides a summary of the current supply position as determined by the findings of the site assessments.

Review of KEA and GEA Designations

- 11.29 Based on the findings from the site assessments, the following table provides a recommended update to Table B.14 of the current Local Plan, setting out Key Employment Areas and General Employment Areas. The proposed KEAs and

GEAs are grouped according to locations as defined within the Settlement hierarchy.

Table 11.2 Recommendations for KEAs and GEAs

Key Employment Areas	General Employment Areas
Market Harborough	Market Harborough
Compass Point Business Park	Sovereign Park, Lathkill Road
Euro Business Park	Courtyard Workshops, Bath Street
Peaker Park, Rockingham Road	Farndon Road Business Centre
The Point Business Park	Fernie Road Industrial Estate
Airfield Business Park, Leicester Road	Forester Foods, Great Bowden Road
	Riverside Industrial Estate
	Saw Mill, Gores Lane
	Rockingham Road Industrial Estate
	Welland Industrial Estate
	The Shires, Euro Business Park
	Bowden Business Village
Lutterworth	Lutterworth
Mulberry Enterprise Park (Semelab), Coventry Road	Ladywood Works, Leicester Road
Cosford Business Park, Central Park	Wycliffe Industrial Estate, Leicester Road
Midland Court Business Park	Elizabethan Way, off Leicester Road
Bilton Way Industrial Estate	Off Leicester Road (Lutterworth Coaches/Travis Perkins area)*
St John's Business Park, off Rugby Road	Oaks Industrial Estate
	Land at Gilmorton Road, Lutterworth
	C&V Business Park, Leicester Road*
Broughton Astley	
Cottage Lane Industrial Estate	
Estley Green Business Park, Box Road*	
Kibworth	Kibworth
Kibworth Business Park	The Hatchery, Harborough Road
Beauchamp Business Park*	
	Fleckney
	Churchill Way Industrial Estate

	Other Rural Centres
	Agricultural Barns, Gliding Club

Source: Icení Analysis

* New GEA/KEA proposed

11.30 It is proposed, based on the site assessments, that Beauchamp Business Park in Kibworth Harcourt and Estley Green Business Park in Broughton Astley are identified as new KEAs. In addition, two new GEAs are proposed: C&V Business Park and Off Leicester Road (Lutterworth Coaches/Travis Perkins area), both of which are in Lutterworth.

11.31 In addition, there are a number of sites where Icení conclude that the designation of the sites as KEA or GEA should be amended as follows:

- Mulberry Enterprise Park – this site is designated as a GEA, but has seen new modern employment development come forward and has further potential for high quality commercial space. Icení recommend that it should therefore be re-designated as a KEA;
- Riverside End – this site was previously designated as a KEA. It is suggested that this site is merged into the Riverside Industrial Estate GEA as the type/quality/age of stock does not vary substantially from that of the wider Riverside Industrial Estate.,
- Euro Business Park – This site is currently designated as a GEA and includes both the B&M retail store and the Joules head office building. Icení recommend that the site boundary is amended to exclude the B&M occupied unit, leaving just the Joules head office. This is a recently developed, high quality employment site which justifies KEA status.
- Bowden Business Village – This site is currently designated as a KEA, however Icení recommend that it should be re-designated as a GEA. The site provides limited critical mass of activity and is located in an isolated location.
- Churchill Way Industrial Estate - This site is currently identified as a KEA, however Icení consider that there is a case for seeking to encourage regeneration – with investment and redevelopment to provide better quality, modern business units over time. For this reason, it is recommended that the site is identified as a GEA to provide greater flexibility.
- Victoria Works – This site is currently identified as a GEA. Icení consider that the quality of the older space on the site no longer meets modern commercial standards and we do not consider that it warrants protection for employment

use. It is therefore recommended that is de-designated as a GEA. However, the site boundary should be amended with the more recent space on the SE side of the site included within the Churchill Way Industrial Estate GEA.

11.32 The site assessments also considered whether adjustments to the current KEA/GEA boundaries were necessary. Icení's recommendations are summarised in the table below.

Table 11.3 Recommended amendments to current KEA and GEA Boundaries

KEA / GEA	Recommended Change to Boundary
Market Harborough	
Compass Point Business Park	KEA boundary extended to include the BE1 allocated land that lies between the current two parcels of land that make up the KEA.
Farndon Road Business Centre	GEA boundary extended to include the southernmost section of the site, the unit occupied by JPS Trading Services and the area adjoining Gracelands Park Homes.
Fernie Road Industrial Estate	Boundary expanded to include the portion of the industrial estate bounded by Fernie Road and York Street which has units of similar type/quality/age to the remainder of the site.
Riverside Industrial Estate	Boundary expanded to include the Riverside End Industrial Estate site given that the type/age/quality of the units are not significantly different from those across Riverside IE.
Saw Mill, Gores Lane	Boundary of this site should be reduced to remove the now extant commitment for delivery of an Aldi food store.
Euro Business Park	B&M occupied unit removed from this site and included within The Shires, Euro Business Park GEA as quality/age of building is more similar to the unit at The Shires.
The Shires, Euro Business Park	Boundary expanded to include B&M occupied unit as per comment above.

Peaker Park, Rockingham Road	Boundary expanded to include the vacant plot of land at the entrance to the site to affirm the principle of employment use on the site.
The Point Business Park	The boundary should be extended to include the car park to the front of the site. It is not currently being used and could provide an intensification opportunity subject to consideration of necessary parking provision.
Airfield Business Park, Leicester Road	The boundary of the Key Employment Area should be amended to include the entire site – including the entirety of Phases 1, 2 and 3.
Lutterworth	
Elizabethan Way, off Leicester Road	Elizabethan House at the front of the site is not included within the site boundary but is used for employment purposes with a diverse range of occupiers. It is therefore recommended that the boundary is amended to include Elizabethan House.
Midland Court Business Park	It is recommended that the boundary of the KEA is extended to include the vacant land to the east of the site which had consent as part of the original scheme and may provide potential for a further phase of the development.
Bilton Way Industrial Estate	The site boundary should be amended to include the Oakberry Road area which includes further employment development and the full extent of the recently developed Tungsten Park within this KEA.

Kibworth / Fleckney / Other Rural Centres	
Kibworth Business Park, Kibworth Harcourt	It is recommended that the two current KEAs (Nursery Court and Milestone Court) are combined to form a singular KEA (Kibworth Business Park). The existing units at the current two adjacent KEAs do not vary significantly in type/quality/age of premises.
The Hatchery, Kibworth Harcourt	It is recommended that the boundary is amended to remove a residential property and retail usage along the frontage of the site which are not classed as employment uses.
Churchill Way Industrial Estate, Fleckney	It is recommended that the site boundary is extended to include the developed portion of the F2 employment allocation and the better quality portion (southeast) of the Victoria Works GEA.
Agricultural Barns, Gliding Club	The current site boundary does not accurately reflect the current buildings on the ground and should be amended to include the buildings on the north and western side of the current red line and the car park to the south.

11.33 Subject to the recommended changes to designations and boundary amendments outlined above, Icenl are of the view that safeguarding KEAs/GEAs remains appropriate to maintain a diverse portfolio of land/property for employment uses in the district.

11.34 The site assessments have then considered the potential to accommodate employment development on existing sites which are identified as KEA/GEA. The site assessments have included an assessment of potential land availability within these areas, however these areas of land have not been included within the supply position. The development of these sites for employment uses is supported by existing policies and they do not therefore need to be allocated for development, but could contribute to meeting needs. Such an approach is consistent with the Framework's emphasis on making best use of brownfield or previously-developed land.

11.35 We consider that there could be development potential as follows:

- Midland Court, Lutterworth: potential for up to 0.6 ha through development of remaining, vacant plots on this site and adjustment of the site boundary to reflect the situation on the ground. Office-focused site, but light industrial may be appropriate;
- Churchill Way Industrial Estate, Fleckney: development of vacant land on existing site: + c. 0.6 ha industrial.

11.36 These are small sites and have not been specifically promoted for development through the Call for Sites; but may provide some additional flexibility within the District's employment land portfolio to meet local needs.

12. Employment Land Supply-Demand Balance

12.1 In this section we draw together information regarding the supply and demand for employment. There are both quantitative and qualitative components to this, and it has been informed by the review of existing employment sites and allocations undertaken by Iceni in Spring 2024 and the market analysis.

Quantitative Supply Position

12.2 Using the Council's 2022/23 monitoring year data, we have sought to consider the quantitative supply position for employment land (excluding strategic B8).

12.3 The supply position includes commitments in terms of both sites with planning permission as at 31/03/2023, as well as extant allocations from the adopted 2019 Local Plan. These, together with completions between 2020-23, can contribute to the employment land supply over the plan period.

12.4 Para 126 in the NPPF (Dec 2023) set out that planning policies should be informed by regular reviews of land allocated for development; and such reviews should consider whether there is a reasonable prospect of an application coming forwards for the use allocated in the plan. The deliverability of employment development has therefore been considered, in particular on extant employment allocations as well as sites with extant planning consent.

12.5 Each of the allocated sites are reviewed in Appendix A, with Table 12.1 below providing a summary of Iceni's recommendations.

12.6 Based on this review of undeveloped and partially developed extant allocations in the Harborough Local Plan 2011-31, Iceni find that the extant allocations remain deliverable and should continue to form part of the employment land supply.

12.7 Of the extant neighbourhood plan allocations, it is for neighbourhood plans to consider their future use. However Iceni have sought to consider what should realistically continue to be included as extant allocations as part of the District's

employment land supply. We consider that the LCC Depot, Gaulby Road, Billesdon site should not employment land supply calculations: this site has been allocated in the Neighbourhood Plan for employment use since 2014 but has not come forwards for development. We consider that the site is poorly located for employment development and is separated from the core of the village and associated services. For these reasons we do not consider it to be a deliverable employment site and so the Council should not rely on this neighbourhood allocation nor include it within its supply of deliverable employment sites. On the other hand, Elm Business Park – Site EMP1 – in the Broughton Astley Neighbourhood Plan is an attractive and deliverable employment site, and it reasonable to be considered as part of the District’s employment land supply.

Table 12.1 Extant Allocations – Summary of Recommendations

Extant Allocations	Consented land (Ha)	Unconsented Land (Ha)	Summary of Recommendation / Comments
MH4 – Wellington Business Park (Land at Airfield Farm)	13.1	0	NB: Consent was granted in October 2023 (beyond the 2022/23 monitoring year), however site has been included within commitments due to its significant scale.
MH5 - Airfield Business Park, Leicester Road	3.8	0	NB: Consent was granted in October 2023 (beyond the 2022/23 monitoring year), however site has been included within commitments due to its scale.
MH6 – Compass Point Business Park	0	4.3	Significant unconsented land within the amended KEA boundary should be considered for allocation.
L1 - Lutterworth East SDA	21.5	0	Continue to require employment land to be delivered as part of the SDA.

L2 – Land South of Lutterworth Rd / Coventry Rd	0	3.4	The site should continue to be allocated for employment uses.
F2 – Land off Marlborough Drive, Fleckney	2.7	0	The entirety of the site has planning consent as of 31/03/2023.
K1 – Land south and west of Priory Business Park, the Kibworths	2.6	3.1	Significant unconsented land (Phase 3) within the amended KEA boundary should be considered for allocation.
BANP Site 1A – Site 1A north side of Broughton Way (Estley Green Business Park)	0.3	0	Reserved Matters consent granted in October 2015 and development has commenced since. 0.3 ha residual as of 31/03/2023.
BANP EMP1 – Land North of Broughton Way (Elm Business Park)	4.8	0	Considered deliverable – should continue to form part of supply.
BNP BP10 – LCC Highways Depot, Gaulby Lane, Billesdon	0	1.5	This site should not be included within the supply of deliverable employment sites.
Total	48.7	10.8²⁴	

NB: Figures may not sum due to rounding

12.8 Taking the above recommendations into consideration, Table 12.2 provides the total supply position based on HDC Monitoring Data (Monitoring Year 2022/23). This includes gross completions (2020/21-2022/23), commitments (both 2019 allocated sites and other non-allocated sites) and extant allocations where it is recommended that they are rolled forward and therefore remain a part of the district's supply. A detailed table of commitments is included within Appendix A1.

²⁴ Total figure excludes BNP BP10 – LCC Highways Depot

12.9 Whilst a base data of April 2023 is used for the supply calculations overall, there are some major employment allocations which at this point had live planning applications and were consented later in 2023. Wellington Business Park (Allocation MH4) and Airfield Business Park (Phase 3) (Allocation MH5) have been included within the commitments on this basis, despite planning permissions being granted slightly later than the monitoring cut-off date (31/03/2023) due to the scale of the proposals.

Table 12.2 Supply Position – Local Employment

	E(g)(i) Offices	E(g)(ii) R&D	E(g)(iii) Light Industrial	B2 Industrial	Non- Strategic B8	Total
Gross Completions (2020/21 – 2022/23, Ha)	0.3	0.0	2.1	1.1	1.8	5.1
Commitments at 31/03/23 (Ha)	11.3	-0.6	4.5	11.6	23.4	50.2
Recommended allocations to roll forward (Ha)	4.1	2.4	3.5	0.8	0.0	10.8
Total Supply (Ha)	15.7	1.8	10.0	13.4	25.2	66.1

Source: HDC Employment Monitoring Data, Monitoring Year 2022/23

NB: Figures may not sum due to rounding

Supply-Demand Balance

12.10 Using the Council’s 2022/23 monitoring year data, we have sought to consider the supply-demand balance. Within this we have distributed the industrial vacancy adjustment figure (4.2Ha) on a pro rata basis across the industrial uses (E(g)(iii), B2 and non-strategic B8) based on the need shown.

12.11 Bringing the analysis together the balance position at 31/3/23 shows a **modest quantitative surplus (5.9 ha) of employment land supply** is shown against the need, in particular reflecting a surplus of office (E(g)(i) and non-strategic warehousing (B8) space in quantitative terms; and shortfall of industrial space

(E(g)(iii)/B2) and R&D space (E(g)(ii)). This balance position is subject to significant unconsented land within KEA/GEAs being allocated in the next Local Plan.

The split between uses should however be seen as indicative, given that many committed sites and allocations have consents which enable a range of forms of employment development to come forwards. Greater weight should therefore be given to the total figures.

Table 12.3 Quantitative Supply-Demand Balance

	E(g)(i) Offices	E(g)(ii) R&D	E(g)(iii) Light Industrial	B2 Industrial	Non- Strategic B8 (units <9,000 sqm)	Total (Ha)
Need, 2020-41	6.8	2.8	13.0	23.5	14.1	60.2
Gross Completions 2020/21 – 2022/23)	0.3	0.0	2.1	1.1	1.8	5.1
Commitments at 31/03/23*	11.3	-0.6	4.5	11.6	23.4	50.2
Residual Need to plan for (at 31/03/23)	+4.8	-3.4	-6.5	-10.8	+11.1	-4.8
Recommended allocations to roll forward	4.1	2.4	3.5	0.8	0.0	10.8
Supply/Demand Balance	+8.9	-1.0	-3.0	-10.0	+11.1	+5.9

*Includes Wellington Business Park and Airfield Business Park (consented Oct 2023)

NB: Figures may not sum due to rounding

12.12 Office & R&D commitments include the East of Lutterworth SDA (4.25 ha), South of Lutterworth Road (A4303) (2.4 ha) in Lutterworth; and Airfield Business Park (3.6 ha), Compass Point Business Park (2.55 ha) and Land at Airfield Farm (Wellington Business Park) (4.3 ha) at Market Harborough. However it is likely that space at Airfield Business Park will be delivered for industrial use; whilst equally

the space at Compass Point on the southern side of Market Harborough could come forwards as light industrial development.

- 12.13 In terms of industrial provision as a whole (E(g)(iii)/B2/Non-Strategic B8), across the District the evidence points to a modest deficit of 1.9 ha. However a level of flexibility is evident when the overlap between sites identified for office and light industrial use (which both fall within an E(g)) are considered; and equally the overlap between B2 industrial and non-strategic B8, where almost all sites have open consents or allocations policies which enable development of both uses. It is also important to have regard to qualitative factors which are considered further below.
- 12.14 It should be noted that the supply/demand balance position represents a point-in-time position and will change over time. In particular:
- The supply/demand position in table 12.3 is based on HDC 2022/23 Monitoring Year data. The balance is subject to change based on the publication of 2023/24 Monitoring Year (and subsequent) data.
 - Proposals for allocated sites may alter from the assumptions as of 2022/23 monitoring due to amendments to planning consents or via Reserved Matters applications.

Overlaying Qualitative Considerations

- 12.15 The sub-regional evidence in the Leicester and Leicestershire HENA drew conclusions on the spatial approach to meeting employment land needs in Section 13 (Paras 13.36 – 13.41). Here we seek to both interpret these and draw them together with the findings of this assessment, including the assessment of existing and pipeline supply.
- 12.16 Harborough's largest settlements are the two market towns of Lutterworth and Market Harborough, where much of the district's employment provision in the is focussed. The District has particular sector strengths in logistics/distribution and agriculture as identified in Chapter 8 which relate to the district's rural nature and location in relation to the M1; but otherwise a relatively broad-based economy.

Office & R&D Floorspace

- 12.17 There is a modest-sized office market in the district focused on demand from existing SME businesses, reflecting the District's largely rural nature, with the strongest office offer and presence at Market Harborough, which includes a number of HQ functions such as those of Diechmann and Joules. There is a secondary concentration of office space in Lutterworth, but it is smaller in size and more focused towards smaller businesses.
- 12.18 The HENA expected office availability to rise in the short-term and limit volumes of new-build development, and this is supported by the analysis herein. It expected a market focus for office development within the FEMA²⁵ in the medium- and longer-term on Leicester, but with potential for smaller office developments to come forwards in both town centre and business park locations. This includes potential for managed workspace provision. These conclusions remain appropriate.
- 12.19 There is not a particular focus for R&D development in Harborough District, reflecting the lack of specific presence of a university or key research-focused site. The needs evidence points to a modest need for up to 2.8 ha over the plan period. The HENA identified that future growth in these activities could be accommodated on higher quality business parks alongside (including as part of) other forms of commercial development, including manufacturing, food manufacturing and ICT. Business park locations can cater for both E(g)(i) office and E(g)(ii) R&D development.
- 12.20 In quantitative terms, Table 12.3 identifies potential supply of land (of 17.2 Ha) which exceeds the needs position (of 9.3 ha), providing sufficient supply and some flexibility. However qualitative considerations are also relevant and it should also be noted that some of this supply is on sites which have an open consent across employment uses (and may not necessarily be brought forward for office development).

²⁵ Functional Economic Market Area

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- 12.21 Market Harborough is the strongest office market in the District, and benefits from both a greater critical mass of provision than Lutterworth or other locations; and equally the rail station which provides connectivity both within the region and to London. These factors support its attractiveness for office-based occupiers. Attractive sites for E(g)(i) and (ii) uses are those in particular which offer both accessibility to the urban area and the station and are accessible by public transport.
- 12.22 However, build out has been slow for an extended period of time as a result of the pandemic and rising construction costs, with a substantial pipeline development remaining. The main concentration of office occupiers is on the eastern side of town close to the A6; but some provision of office development could also be anticipated with residential growth along the B6049 Leicester Road.
- 12.23 The indicative distribution of supply, including extant commitments and those on existing allocations, shows a potential land supply of up to 10.9 ha for E(g)(i) and (ii) uses at Market Harborough with a notable choice of sites – with supply at Airfield Business Park and Wellington Business Park off the B6047, as well as at Compass Point on the southern side of town and at Peaker Park, on the eastern side. There is thus a good choice of potential land, which should be maintained, and a strong existing supply position at Market Harborough for these uses.
- 12.24 Lutterworth’s existing office provision is more limited, with the majority of stock comprising small re-purposed residential buildings in the town centre. At Lutterworth, whilst there has been potential supply available in recent years at Land to the South of Lutterworth Road (allocation L2 in the existing Plan), this has not come forwards. The proposed Swift Valley Business Park within the East of Lutterworth SDA commitment, with its strong relationship with M1 Junction 20, would however be more commercially attractive, not least reflecting the profile of the location and its strategic accessibility; and the relationship with residential growth. The proposed E(g) focused business park here remains appropriate and can be expected to address local needs at Lutterworth as well as being attractive to regional SME businesses.

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- 12.25 The evidence points to limited existing office/R&D floorspace provision around the Leicester urban fringe area despite the strong access to labour. The HENA evidence points to the potential for out-of-town locations around Leicester to support new office developments; and there is a clear justification for additional employment provision in this area to provide local opportunities for living and working if new strategic development is taken forwards.
- 12.26 In the large villages, there are some existing small business parks which cater for local SME occupiers, such as at Kibworth Business Park on the A6 Corridor; but future office development can be expected to be focused towards the larger centres, albeit there may be instances of a local business seeking delivery of modest space elsewhere particularly on a freehold basis.
- 12.27 Overall, beyond the Leicester fringe area, we do not find a particular need to bring forward additional allocations for office E(g)(i) and (ii) uses.

Industrial Floorspace

- 12.28 Harborough's industrial market (leaving aside strategic B8) is stronger than its office market, although consists of a large number of SME scale businesses with fewer larger manufacturing firms. Demand is more widely spread than the office market, with clusters of industrial units across key locations throughout the District.
- 12.29 The Leicester and Leicestershire HENA set out that key locations of demand for industrial and local distribution from a market perspective are at accessible locations in proximity to labour force, with the strongest being those close to motorway or A-road junctions. The strongest markets in the District are Market Harborough – the largest settlement in the district with a critical mass of population - and Lutterworth – reflecting strong accessibility to the M1. In addition to this, there is also demand in the large villages to provide for local SME businesses.
- 12.30 The HENA recommended that development of mid-sized and smaller units should be considered through intensification or extensions to existing estates which are proximate to local settlements. The role of urban extensions was also specifically identified in providing an opportunity to support the delivery of new employment spaces for smaller and mid-sized units well connected to the motorway network.

Smaller units (< 1,500 sq.m) tend to rely on proximity to population centres due to the nature of occupiers.

- 12.31 In quantitative terms, Table 12.3 identifies a potential modest supply deficit of industrial space (E(g)(iii),B2 and non-strategic B8). As outlined earlier in this chapter, a level of flexibility is evident when the overlap between sites identified for office and light industrial use (which both fall within an E(g)) are considered. However it is important to also consider more local dynamics.
- 12.32 At Lutterworth, the supply of new industrial premises (beyond strategic B8) has been more restricted in comparison to Market Harborough and large villages across the District. Besides development at Tungsten Park, there has been limited new-build industrial space delivered in recent years. Occupancy levels are high across industrial premises in Lutterworth across all size bands. The strongest demand would be for units <1850 sq.m (15,000 sqft) and 1,850 – 4,650 sq.m (20,000-50,000 sq.ft) size brackets.
- 12.33 The supply constraints have been influenced by delays in the delivery of the Lutterworth East Strategic Development Area (SDA). However it now has outline planning consent and can be expected to support additional new-build development over the plan period. Icenis's analysis of candidate sites (Appendix B) indicates no clear alternative sites which could be brought forwards in the short-term to provide additional industrial land.
- 12.34 Market Harborough accommodates industrial units of a range of sizes, with a focus on small and medium-sized premises (up to 7,400 sq.m). The quality and age of stock varies; and like many areas – whilst there has been recent new-build development of mid box units, there has been limited provision of modern starter units for small businesses (< 1,400 sq.m). Recent new-build development has been focused in particular at Airfield Business Park.
- 12.35 The current supply pipeline for industrial development at Market Harborough is reliant on the delivery of Wellington Business Park, at Airfield Farm. This makes up 8.8 ha of 11.3 ha industrial supply at Market Harborough based on the current monitoring data; meaning that the site, which is suitable and well located, is of central importance to maintaining a supply of industrial land. It is reasonable to

expect it to come on stream as the remaining plots at the adjoining Airfield Business Park are built out.

- 12.36 As with offices, the evidence points to limited existing industrial floorspace provision around the Leicester urban fringe area– despite the strong access to labour. Whilst this is not a primary industrial market, there are key A-road corridors which run through the area – the A6 and A47– which offer the potential to accommodate modest industrial schemes to support local SME occupiers; and we would consider that there is a particular case for provision should major urban extensions to the Leicester Urban fringe be brought forwards to provide a choice of local employment opportunities.
- 12.37 New industrial stock has recently been delivered at Broughton Astley, as allocated within the Broughton Astley Neighbourhood Plan (Site 1a). The completion of this Site may help the delivery of the other employment allocation North of Broughton Way (EMP 1), however rising build costs and interest rates have been preventing progress to date. This site however will help to support a continuity of supply for the settlement over the plan period and local employment growth.
- 12.38 Kibworth (Beauchamp and Harcourt) has limited industrial stock at present, but construction of Beauchamp Business Park is underway which will deliver 99,849 sq ft of industrial space. This demonstrates a local market for provision of small business space for local SME businesses, which the Beauchamp Business Park and surrounding sites can meet.
- 12.39 Rural sites considered as part of the review of existing KEA and GEAs by Icenl are generally reasonably vibrant; with higher activity and occupancy than some other areas.

Summary – Employment Land Supply-Demand Balance

- 12.40 The evidence and assessment work undertaken results in a number of key conclusions:

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- Following an assessment of employment areas designated by the current Local Plan, Icení recommend that 35 areas should be similarly designated and safeguarded in the new Local Plan. This comprises 14 KEA's and 21 GEA's.
 - As a result of the review of existing employment areas, changes to the boundaries of 17 designated areas are recommended and 2 new KEA's and 2 new GEA's, not previously identified, are proposed.
 - Following a review of undeveloped and partially developed extant allocations, Icení recommend that the majority make a valuable contribution to employment land supply, and where significant un-consented land exists within proposed KEA/GEA designations this should be allocated in the new Local Plan.
 - The quantitative supply-demand position identifies a modest total surplus of 5.9 ha of employment land at the district level, subject to significant unconsented land within KEA/GEAs being allocated. The current supply position provides a varied portfolio of employment provision in a range of geographical locations which are attractive and offer a choice to the market. There is therefore limited need to identify new allocations to meet the district's need to 2041.
 - Whilst there is a modest surplus across all employment uses, the analysis identifies a modest shortfall of industrial land. Icení's review of existing employment sites identifies opportunities for additional development on land at existing employment sites which could contribute to meeting this shortfall.
 - Further to this, it is recommended that there is justification to provide limited additional provision (new allocation(s)) to help address the issue of flexibility, to ensure delivery against need across all employment uses, and to address a geographical gap – in both office and industrial provision - around the Leicester urban fringe area (as part of any strategic development area) to help support a balance of homes and jobs and the delivery of sustainable places.
 - Appendix B 'Assessment of Commercial Attractiveness of Candidate Employment Sites' reviews the commercial attractiveness of selected candidate sites which have been promoted to the Council for employment development, and which are identified by the Council as potential candidate employment sites for allocation. It is intended to feed into the consideration of potential alternatives for allocation in the new Local Plan.

13. Balancing Homes and Jobs

- 13.1 In this section we turn to consider issues associated with the balance of homes and jobs, and the overall housing requirement for the purposes of the Local Plan.

Current Local Plan Requirement

- 13.2 The current Harborough Local Plan 2011-31 was adopted in April 2019. It is based on meeting a housing need for 11,140 homes (557 dwellings per annum) based on the evidence set out in the Leicester & Leicestershire HEDNA 2017. This was based on evidence prepared prior to the introduction of the standard method and took a demographic projection as a starting point (422 dpa) with an uplift then applied for market signals (to 532 dpa) with a modest further upwards adjustment then applied to align the strategy for homes and jobs having regard in particular to the allocation of land for strategic distribution development at Magna Park within Policy BE2 within the Plan (+25 dpa).

Sub-Regional Evidence in the HENA

- 13.3 The Leicester & Leicestershire Housing & Economic Needs Assessment (HENA) provides a consistent evidence base on housing need across the Housing Market Area (HMA). It considered the housing needs evidence, including the standard method housing need at the time when it was prepared. The Study was published in June 2022.
- 13.4 The HENA also considered whether there was a need to adjust the housing need to take account of up-to-date demographic evidence, to support economic growth or the delivery of affordable housing.²⁶ It did not find any evidence that upward adjustments were necessary at an HMA level, but found that for some other

²⁶ Although it noted that affordable housing need was a consideration in setting housing targets.

authorities in the HMA (besides Harborough) that higher housing provision through redistribution of unmet need could help to balance jobs and homes.

- 13.5 At the L&L level, the housing need shown across the HMA was 21% higher than the previous assessment of housing need in the 2017 HEDNA and above historical housing delivery.
- 13.6 In this report we test whether the HENA findings on housing need related to Harborough remain justified, including considering the latest demographic evidence; standard method figures; unmet need from Leicester; and issues related to the alignment of jobs and homes within the Local Plan.

Demographic Trends

- 13.7 We move on next to consider the latest demographic data and what this says about how Harborough District's population has changed.
- 13.8 The analysis informs consideration as to whether there are any exceptional circumstances to justify deviation from the standard method. This recognises revisions to the NPPF in December 2023 which identify that there may be exceptional circumstances, including relating to the particular demographic characteristics of an area, which may justify use of an alternative approach to calculating housing need (NPPF Para 61). The wording however expects such circumstances to occur exceptionally, rather than be common.

Population

- 13.9 The latest population data is from the ONS 2022 Mid-Year Population Estimates. The population of Harborough is estimated to be 100,500: this is a growth of around 14,100 people over the previous decade. This equates to a growth of around 16% since 2012 which is notably higher rate of growth to that seen across any of the County, the East Midlands region and nationally.

Table 13.1 Population Change (2012-22)

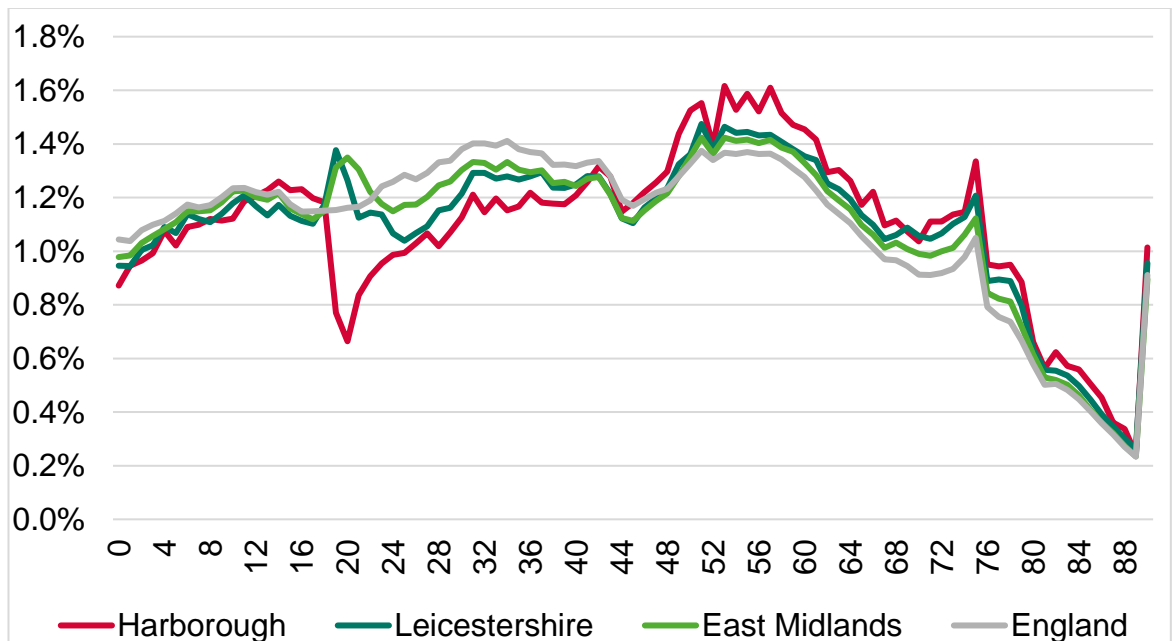
	2012	2022	Change	% change
Harborough	86,350	100,481	14,131	16.4%
Leicestershire	655,098	722,155	67,057	10.2%
East Midlands	4,570,702	4,934,939	364,237	8.0%
England	53,506,812	57,106,398	3,599,586	6.7%

Source: Mid-year population estimates

Age Structure

- 13.10 The figure below shows the age structure by single year of age. This shows that Harborough has fewer people aged in their late teens and early 20s which will be linked to people moving away for higher education. The data also points to a higher proportion of people aged around 50 and over. This profile is similar to other more rural districts.

Figure 13.1 Population Profile (2022)



Source: Mid-year population estimates

- 13.11 The analysis below summarises the population across three broad age groups: a) children, b) working age and c) pensionable age). It highlights the higher proportion of people aged 65 and over when compared with regional and national data, although figures are very similar to those seen across Leicestershire.

Table 13.2 Population Profile (2022) – Summary Age Bands

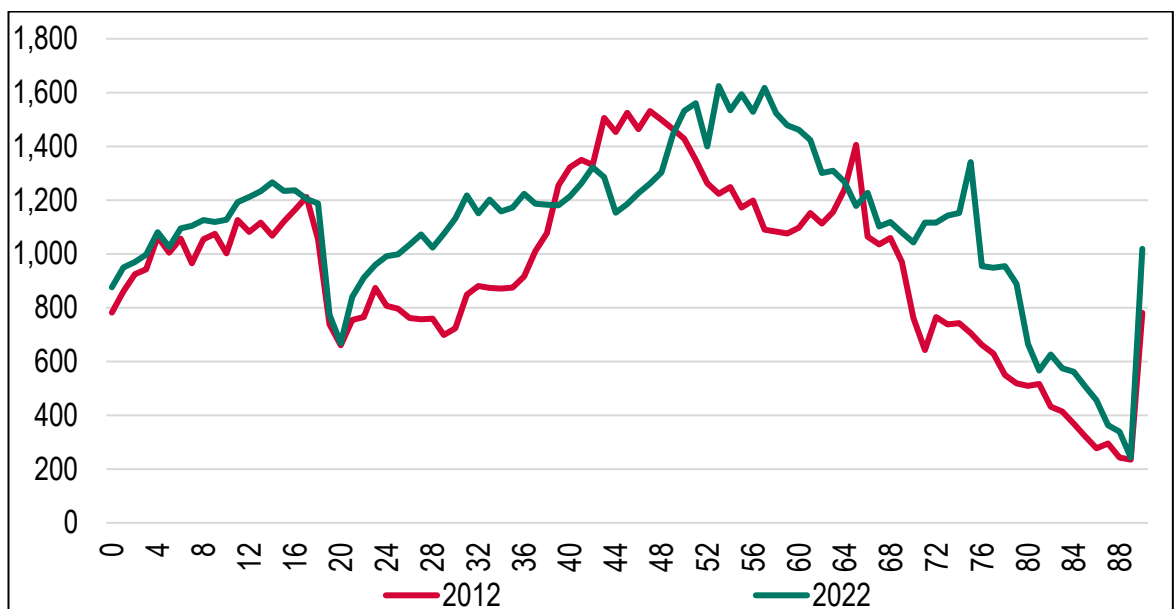
	Harborough		Leicester-shire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
Under 16	17,609	17.5%	16.9%	18.1%	18.5%
16-64	60,590	60.3%	60.8%	62.2%	62.9%
65+	22,282	22.2%	22.3%	19.7%	18.6%
All Ages	103,783	100.0%	100.0%	100.0%	100.0%

Source: Mid-year population estimates

Age Structure Changes

13.12 The figure below shows how the age structure of the population has changed in the 10-year period from 2012 to 2022. There have been increases in the population in their 50s; whilst the number of people aged 70 and over also looks to have increased notably. Where there are differences, it is often due to cohort effects (i.e. smaller or larger cohorts of the population getting older over time). Those in their late 20s/ early 30s have also grown.

Figure 13.2 Population Age Structure (people) (2012 and 2022)



Source: Mid-year population estimates

13.13 The information above is summarised into the three broad age bands to ease comparison. The table below shows an increase of 8.4 in the Under 16 population

and a 13.3% rise for those aged 16–64. The largest increase (of 34%) is seen in the 65+ age group – the population aged 65 and over accounts for 40% of all population change over this period.

**Table 13.3 Change in population by broad age group (2012-22) –
Harborough**

	2012	2022	Change	% change
Under 16	16,243	17,609	1,366	8.4%
16-64	53,463	60,590	7,127	13.3%
65+	16,644	22,282	5,638	33.9%
TOTAL	86,350	100,481	14,131	16.4%

Source: Mid-year population estimates

- 13.14 The evidence shows growth in older households and a relative ageing of the population; but also growth in those in their 20s and 30s with growth in family households.

Components of Population Change

- 13.15 The table below consider the drivers of population change from 2011 to 2022. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international).
- 13.16 There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2011-21 period). There are also ‘other changes’, which for Harborough are relatively low – these changes are often related to armed forces personnel or boarding school pupils.
- 13.17 The data shows natural change to generally be dropping over time – there are now slightly more deaths than births in the Borough. Migration is variable and generally on an upward trend – it is clear that migration, and particularly internal (domestic) migration, is the main driver of population growth in the Borough.

13.18 The analysis also shows (for the 2011-21) period a positive level of UPC (totalling just over 700 people over the 10-year period), this suggests when the 2021 Census was published ONS had previously have slightly under-estimated population change; or there could have been errors in the Census data. However UPC in the case of Harborough is quite modest.

13.19 Overall the data shows a continuing trend of population growth throughout the period studied and in particular the last two or three years. This is likely to be, at least in part, related to completion levels in the Borough.

Figure 13.3 Components of population change, mid-2011 to mid-2022 – Harborough

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2011/12	56	639	-59	27	-12	651
2012/13	5	1,005	-32	22	-4	996
2013/14	75	567	-6	6	3	645
2014/15	35	1,340	-15	17	34	1,411
2015/16	55	1,126	3	-10	34	1,208
2016/17	-52	1,147	-33	-11	57	1,108
2017/18	-12	916	-92	1	117	930
2018/19	-36	1,049	-105	-20	125	1,013
2019/20	-140	1,684	-112	28	167	1,627
2020/21	-67	2,978	-63	-99	217	2,966
2021/22	-89	2,172	199	-55	0	2,227

Source: ONS

ONS Admin-based Population Estimates

13.20 Over the last couple of years ONS has been developing new ‘admin based’ population estimates with data now available for mid-2021 to mid-2023 – the latter date therefore being since the most recent MYE. It is therefore of interest to look at population estimates from this source, although we would point out that ONS note the following on their website:

‘These are official statistics in development because we continue to refine our methods. They do not replace official mid-year population and international migration estimates and should not be used for decision making’.

13.21 The table below shows population estimates from the admin-based data and also the MYE. For 2021-22 the admin-based figures show virtually identical population growth to the MYE; but they also include a relatively high estimated level of growth for the 2022-23 period (albeit lower than 2021-22). This does point to the strong growth shown in the MYE for the last 2-3 years as having continued and is again consistent with the level of completions shown.

Table 13.4 ONS admin-based population estimates (2021-23) and comparison with MYE – Harborough

	ONS MYE	Change	ONS Admin-based Estimate	Change
2021	98,254	-	98,506	-
2022	100,481	2,227	100,912	2,406
2023	-	-	102,698	1,786

Source: ONS

Standard Method Local Housing Need

13.22 The NPPF sets out a ‘standard method’ which is used to calculate an area’s local housing need and is intended to be an advisory starting point for establishing a housing requirement within a new local plan. The standard method has a number of steps, as set out in Planning Practice Guidance which generate an annual housing need figure, which is then intended to be applied to the plan period.

13.23 We consider here both the standard method housing need shown in the HENA, and also the figure using the latest data at the time of writing.

Step One: Setting the Baseline

13.24 The first step is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year

being the first year (i.e. 2024-34 using the latest data). At the time of the HENA, the projection showed average household growth for Harborough of 377 per annum (2022-32). Using the latest data for the 2024-34 period the projections have seen this figure fall slightly to 365 per annum.

Step Two: Affordability Adjustment

- 13.25 The second step is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available.
- 13.26 The HENA calculations were based on a 2021 affordability ratio figure of 10.69. The Government's Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 6.25%, with the calculation being shown below. This generated an uplift of 42% and a housing need of 534 dwellings per annum.
- 13.27 The latest affordability data at the time of writing is for 2023 and was published by ONS in March 2024. For the District, the current ratio is 10.32, giving an uplift of 40%. This leads to a housing need of 510 dwellings per annum.

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

- 13.28 The slight reduction in the housing need is thus mainly a consequence mainly of a change in the projection period used, rather than any fundamental change in the level of housing need.

Step Three: The Cap

- 13.29 The third step of the Standard Method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:

-
- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.
 - The second situation is where plans and evidence are more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

13.30 The last Local Plan was adopted in April 2024 and is therefore more than 5-years old. The cap applicable is set at 40% of the higher of a) the projected household growth identified; or b) the average annual housing requirement in the adopted Local Plan. For Harborough, the existing Local Plan has a housing requirement of 557 dpa, which is the higher figure, which means that the cap would be a figure of 780 dwellings. As this is above the housing need generated from Step 2, no cap is applied.

Step Four: Urban Uplift

13.31 The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift ensures that the Governments stated target of 300,000 dwellings per annum is met and that *“homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable.”* Harborough is not listed within the top 20 urban areas in the country and therefore no additional uplift is applied. This is however applicable to Leicester.

Standard Method Calculation using 2014-based Household Projections

13.32 The table below works through the Standard Method calculations for the District. This confirms the need for 510 dwellings per annum.

Table 13.5 Standard Method Housing Need Calculations using 2014-based Household Projections – Harborough District

	HENA Calculation	Latest Data
Household growth period	2022-32	2024-34
Change in households	3,768	3,653
Per annum change	377	365
Affordability ratio	10.69	10.32
Uplift to household growth	42%	40%
Uncapped need (per annum)	534	510

Source: Derived from a range of ONS and MHCLG sources

- 13.33 The PPG sets out that housing need should be assessed at the start of the plan-making process, but this figure needs to be kept under review until the point of submission of the Plan. New affordability data is released annually in late March.

Considering Wider Demographic Evidence

- 13.34 We move on next to consider wider evidence related to demographic trends to consider whether the particular demographic characteristics of the area provide a basis for using an alternative approach, as per Para 61 in the NPPF.

Data used in 2014-based projections

- 13.35 On the 22nd March 2018 ONS released revised population estimates for England and Wales: mid-2012 to mid-2016. The main justification ONS listed for this were that improvements had been made to international emigration and foreign armed forces dependents and that the distribution of people aged in their 20s and 30s has changed more than for other age groups.
- 13.36 By updating previous estimates of population change and migration (including in the period 2011-14) ONS were essentially changing the data used to underpin part of the 2014-based projections. It is therefore worthwhile seeing how significant these changes were for Harborough and if updated information point to the 2014-based projections as being substantially wrong.

13.37 The table below shows estimated population in 2014 from the original and revised MYE. For the District, the revised population estimate for 2014 is slightly lower than for previous data (data used for the 2014-SNPP). This would suggest the 2014-based projections might slightly over-estimate population growth. However, the scale of difference is not at all substantial and would be unlikely to have a notable impact on projections.

Table 13.6 Original & Revised Estimate of Population in 2014

	Original estimate	Revised estimate	Difference
Harborough	88,008	87,935	-73

Source: ONS

Demographic Trends

13.38 The analysis below looks at population trends across the District, including more recent demographic data. Two main sources are initially used, these are:

- MYE (unadjusted) – unadjusted ONS mid-year population estimates (MYE) – these are estimates of population made by ONS through its tracking of births, deaths and migration from 2021. This is an important source as the data contained within this data source (notably about migration) is likely to be used by ONS as part of the next round of population projections (2022-based SNPP); and
- MYE (Census adjusted) – these are estimates of population in 2021 that take account of 2021 Census data. Essentially, ONS use the Census (which dates from March 2021) and roll forward to a mid-year estimates based on births, deaths and migration in the 3 month period. The Census adjusted MYE replace the unadjusted figures as the ONS view of population in 2021.

13.39 From these sources there are only two consistent data points (2011 and 2021). Much of the analysis to follow therefore looks at trends in this 10-year period.

13.40 The table below shows population figures for 2011 and 2021 from these sources. The data shows the 2014-based projections had projected the population of the District to reach 93,000 by 2021 and ONS, in their monitoring of data, had actually

estimated a higher population figure (97,500). Following publication of the 2021 Census, ONS has revised upwards its estimate of population in 2021 to 98,300. Both the trend-based figures are higher than the 2014-SNPP had projected but are arguably not exceptional – Harborough is not unique in seeing this trend, but it does point if anything to a potential upside.

Table 13.7 Estimated Harborough Population in 2011 and 2021

	2011	2021	Change	% change
2014-based SNPP/SNHP	85,699	92,988	7,289	8.5%
MYE (unadjusted)	85,699	97,516	11,817	13.8%
MYE (Census adjusted)	85,699	98,254	12,555	14.7%

Source: ONS

- 13.41 In terms of more recent trends, we can also look at household changes as projected in the 2014-SNHP and as now shown by the Census, this is shown in the table below. This shows across that household growth in the 10-year period to 2021 was projected to be at a lower level in the 2014-SNHP than the Census has now shown.

Table 13.8 Estimated Households in 2011 and 2021 – Harborough

	2011	2021	Change	% change
2014-based SNHP	35,070	39,345	4,275	12.2%
Census	34,898	40,414	5,516	15.8%

Source: ONS

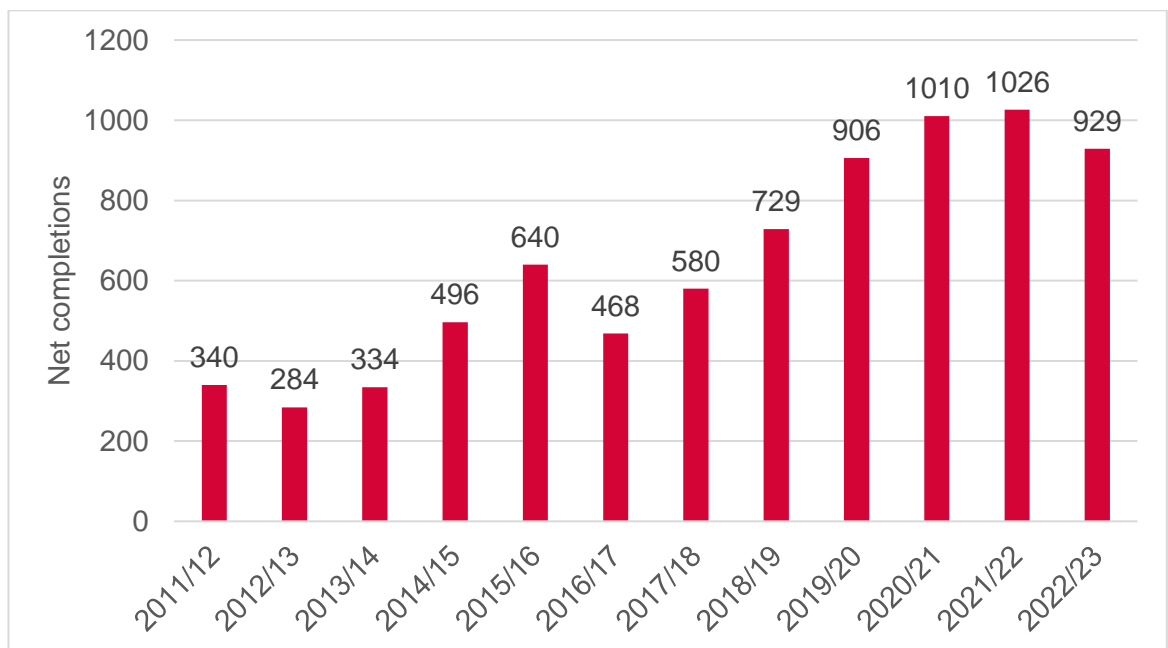
- 13.42 The demographic evidence shows that growth in population and households has been higher than in the 2014-based Household Projections in Harborough specifically. However we do need to bear in mind the conclusions of the sub-regional evidence that found that there were not, when considered at that level, exceptional circumstances for deviating from the standard method but found that there were potential distributional considerations which needed to be taken into account.

Historic Completions Trends

13.43 An influence on strong recent demographic growth is likely to have been housing delivery. Historical completions data is therefore an important relevant point of reference.

13.44 The chart below shows an upward trend in housing delivery in the District, with average net completions of 645 dwellings per annum achieved since the start of the plan period in 2011. Delivery has been particularly strong over the period since 2019, when the Local Plan was adopted: in our experience it is common to see a particular spike in housing delivery immediately after plan adoption, as is evident here.

Table 13.9 Net Completions – Harbourough District



Source: HDC

13.45 Average delivery of 645 dpa across the plan period to date reflects an over-delivery of 16% against the plan requirement of 557 dpa (as an average over the plan period).

Unmet Need from Leicester

- 13.46 Harborough District Council formally agreed on 18th December 2023 to contribute to meeting unmet needs from Leicester, by signing a Statement of Common Ground (SOCG) relating to Housing and Employment Land Needs.²⁷ The SOCG sets out that there is an unmet need arising from Leicester City of around 18,700 homes over the 2020-36 period. This figure is subject to testing through the Leicester Local Plan Examination but is agreed as a working assumption.
- 13.47 The SOCG apportions contributions from Leicestershire authorities to meeting this unmet need, with Harborough agreeing to contribute an annual average of 123 dpa over the relevant period (2020-36).

Drawing the Initial Evidence Together

- 13.48 Drawing the initial evidence (as considered above) together, Icenl would note that:
- The latest standard method figure is of 510 dpa. This has dropped since the preparation of the HENA (when the figure was 534 dpa), particularly driven by declining household growth over time shown in the 2014-based Household Projections;
 - There is evidence that demographic growth has been stronger than predicted in the 2014-based Household Projections over the period to 2021 and 2022;
 - However an influence on this is likely to have been the strong housing delivery seen over the last 5 years, which is typical of the period immediately following the adoption of a plan and has driven overall housing delivery to a level notably above the current Plan's requirement;
 - The sub-regional evidence found no exceptional circumstances justifying movement away from the standard method and provides a strong and consistent foundation for plans across the HMA;

²⁷ See <https://www.l1strategicgrowthplan.org.uk/latest-updates/publication-of-statement-of-common-ground-relating-to-housing-and-employment-land-needs/>

- There are however distribution effects, as recognised within the sub-regional evidence. Addressing unmet needs from Leicester would add 123 dpa to the housing requirement over the period to 2036.

13.49 Taking the HENA housing need calculation (524 dpa) and applying this over the plan period (2020-41) generates a local housing need for 11,214 homes per year. With the unmet need for Leicester then included, a need for equivalent to 628 dpa over the plan period is shown (13,118 dwellings).

Table 13.10 Harborough Local Housing Need & Unmet Need, 2020-41

	dpa	Plan Period
Local housing need (from HENA), 2020-41	534	11,214
Unmet need from Leicester, 2020-36	123	1968
Draft requirement (rounded)	628	13,188

13.50 Taking a local housing need figure which is higher than the current calculation of 510 dpa, using the latest evidence, provides flexibility to take account of potential further changes in affordability before the point of submission.

Alignment of Homes and Jobs

13.51 We next move on to consider issues regarding the alignment of homes and jobs.

To do so, we work through a process of considering:

- The labour supply growth which can be expected to arise with housing delivery in line with the above scenarios;
- How this sits with expected labour demand, drawing on the HENA economic scenarios; and
- The implications of additional jobs growth at Magna Park which could impact on the distribution of employment growth within L&L.

Growth in Population and Labour Supply

- 13.52 To consider growth in labour supply, we have modelled two scenarios: first provision in line with Harborough's standard method housing need of 10,710 dwellings over the 2020-41 period (and average of 510 per annum); and then a second scenario which captures the implications of higher housing provision and taking unmet needs from Leicester on labour supply growth in the District. This second scenario models provision of 13,188 dwellings over the 2020-41 plan period as set out in Table 13.10 above.
- 13.53 Scenario have been developed which flexes migration to and from the District such that there is sufficient population to support these levels of additional homes. The modelling links to 2018-based population and household projections and also rebases population and households to the levels shown in the 2021 Census and includes MYE data up to 2022. Within the modelling, migration assumptions have been changed so that across the District the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).
- 13.54 With provision of 510 dpa over the plan period to 2041, a population increase of around 19,800 people is shown with population growth mainly shown in the 65 and over age band – a projected increase of 55% in this age band from 2020 numbers, with this age group accounting for around 58% of all population growth.
- 13.55 With the higher housing delivery figure, based on provision of 13,188 dwellings over the plan period, there is again projected to be an ageing of the population, but there are stronger increases in both the Under 16 and 16-64 populations.

Table 13.11 Projected population change 2020 to 2041 by broad age bands – Harborough (linked to delivery of 10,710 dwellings)

	2020	2041	Change in population	% change from 2020
Under 16	16,853	18,551	1,698	10.1%
16-64	57,500	64,064	6,564	11.4%
65 and over	20,935	32,464	11,529	55.1%
Total	95,288	115,079	19,791	20.8%

Source: Demographic Projections

Table 13.12 Projected population change 2020 to 2041 by broad age bands – Harborough (linked to delivery of 13,188 dwellings)

	2020	2041	Change in population	% change from 2020
Under 16	16,853	19,999	3,146	18.7%
16-64	57,500	68,132	10,632	18.5%
65 and over	20,935	33,381	12,446	59.5%
Total	95,288	121,512	26,224	27.5%

Source: Demographic Projections

- 13.56 To calculate growth in labour supply, we next age and sex specific economic activity rates to the projected population. These rates are derived from the Office for Budget Responsibility (OBR) July 2018 Fiscal Sustainability Report. This data has then been rebased to information in the 2021 Census (on age, sex and economic activity) in Harborough.
- 13.57 The table below shows the assumptions made for the District. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups, where economic participation is affected by changes in pensionable ages. In general the trends show older people working for longer, and more women in work.

Table 13.13 Projected changes to economic activity rates (2020 and 2041) – Harborough

	Males			Females		
	2020	2041	Change	2020	2041	Change
16-19	38.2%	37.6%	-0.6%	41.6%	41.1%	-0.5%
20-24	83.7%	84.4%	0.6%	80.5%	81.3%	0.8%
25-29	90.5%	90.4%	0.0%	88.8%	88.8%	0.0%
30-34	91.5%	91.3%	-0.2%	87.1%	87.5%	0.4%
35-39	92.1%	91.5%	-0.6%	85.5%	87.8%	2.3%
40-44	92.0%	90.6%	-1.3%	86.3%	89.7%	3.4%
45-49	92.3%	91.7%	-0.6%	86.9%	91.6%	4.7%
50-54	90.8%	89.7%	-1.1%	85.1%	88.2%	3.1%
55-59	85.8%	85.1%	-0.7%	74.6%	76.8%	2.1%
60-64	68.6%	76.4%	7.8%	53.3%	63.0%	9.7%
65-69	33.5%	46.4%	12.9%	18.9%	36.0%	17.1%
70-74	15.9%	18.3%	2.3%	7.9%	14.4%	6.5%
75-89	6.4%	7.6%	1.1%	2.2%	5.6%	3.3%

Source: Based on OBR and Census (2021) data

13.58 Applying these rates to the projected population growth by age/sex, sees the economically active population increase by 12,650 persons (24.4%) over the plan period for the emerging 13,188 dwelling housing requirement. Provision in line with the standard method (510 dpa) figure would see an increase in the economically active by 9,050.

Table 13.14 Estimated change to the economically active population (2020-41) – Harborough

	Economically active (2020)	Economically active (2041)	Total change in economically active	% change
Standard Method	48,862	57,913	9,051	18.5%
SM (+unmet)	48,862	61,512	12,650	25.9%

Source: Derived from demographic projections

13.59 There is currently a broad balance between jobs in Harborough and labour supply in the District. We have considered both 2011 and 2021 Census data, recognising

that the timing of the latter Census during the Covid-19 pandemic is likely have fed into the commuting data shown within it.

- 13.60 Overall, from both sources the data shows a small level of net out-commuting for work with the number of people resident in the area who are working being up to 4.5% higher than the total number who work in the area. These numbers are shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).
- 13.61 When comparing the two sources it is clear the main difference is a large increase in the number of home workers (or those of no fixed workplace) in 2021 compared with 2011. As the country has moved away from the pandemic, it is possible this figure has started to reduce.

Table 13.15 Commuting patterns – Harbourough

	2011	2021
Live and Work in LA	13,159	9,610
Home workers or no fixed workplace	9,779	23,575
In-commute	19,561	15,287
Out-commute	21,475	15,598
Total working in LA	42,499	48,472
Total living in LA and working	44,413	48,783
Commuting Ratio	1.045	1.006

Source: Census 2011, 2021

- 13.62 However it is possible that the geography of employment growth will impact on commuting dynamics, where logically jobs growth on the boundaries of the District may impact on commuting dynamics over time. It is important in these terms to recognise that functional geographies and catchments of individual employment locations transcend local authority boundaries.
- 13.63 Were the commuting ratio to remain the same, Icen calculate that provision of between 12,700 – 13,200 jobs could be supported; whereas a 1:1 commuting assumption would see 13,300 jobs supported over the plan period to 2041. This

includes an assumption that 5% of workers hold a second job based on data from the Annual Population Survey for the District over the last 5 years.

Table 13.16 Jobs supported by demographic projections (2020-41)

		Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Standard Method	2011 commuting	9,051	9,527	9,117
	2021 commuting	9,051	9,527	9,470
	1:1 commuting	9,051	9,527	9,527
SM (+unmet)	2011 commuting	12,650	13,316	12,742
	2021 commuting	12,650	13,316	13,236
	1:1 commuting	12,650	13,316	13,316

Jobs Growth identified in the HENA

- 13.64 The HENA set out two scenarios for jobs growth over the plan period. These were described in Chapter 6 in the HENA Report.
- 13.65 A baseline scenario, based on forecasts from Cambridge Econometrics, forecast employment growth in Harborough of 4,800 over the plan period 2020-41 (Table 6.1), equating to 4.1% increase in jobs.
- 13.66 The HENA then additionally modelled a 'Growth Scenario' which modelled additional growth in key economic sector aligned to the LLEP Economic Growth Strategy. This included enhanced growth in advanced manufacturing and engineering; life sciences and biotechnology; logistics and distribution; sports science; and space/aerospace as well as in some office-focused activities, including IT and Digital and Professional and Financial Services. The effects of this on Harborough District were to increase the forecast to 9,000 jobs over the 2020-41 period.

Table 13.17 HENA Jobs Growth Scenarios

	Jobs Growth, 2020-41
Baseline Scenario	4,800
Growth Scenario	9,000

Source: HENA Table 6.4/ Cambridge Econometrics/Iceni

- 13.67 Comparing the level of labour demand shown here to the labour supply growth in Table 13.14 and the potential jobs supported in Table 13.16, it is clear that there is sufficient labour available to support these scenarios for economic growth.

Provision for Strategic Warehouse/Distribution Needs

- 13.68 We next turn to test whether the level of housing provision proposed can accommodate additional strategic warehousing/ distribution (B8) development.
- 13.69 For context, the 2019 Local Plan made provision for additional development of up to 700,000 sq.m of strategic storage and distribution floorspace at/ adjoining Magna Park, Lutterworth. It made allocations to the north and west; and to the south of Magna Park to provide for this. The Plan's evidence – the Magna Park Sensitivity Study (2017) – considered the inter-relationship with housing provision and found that provision of an additional 25 homes a year through redistribution of housing growth within Leicester & Leicestershire would be justified relative to the then existing evidence of need. It is now appropriate to retest this taking account of the latest evidence and the different plan period (which now extends a further decade to 2041).
- 13.70 To consider these issues, we have worked through a process of:
- Considering the gross job creation which could arise from potential scenarios for additional strategic B8 growth;
 - Interrogating the inter-relationship between this and the HENA forecasts, recognising in particular that the growth scenario already built-in additional growth in logistics & distribution; and
 - Appraised whether the workforce draw is anticipated to have any impact on housing need either in Harborough or in other nearby local authorities.

13.71 An overview of the approach adopted is set out in the diagram below.

Figure 13.1: Overview of Approach



13.72 The analysis updates and superseded that within the Magna Park Sensitivity Study 2017.

Scenarios for Additional Strategic B8 Floorspace

13.73 We need first to understand what additional strategic B8 floorspace may support job creation over the plan period for the new Local Plan (2020-41). This will include the build out of Policy BE2 allocations from the 2019 Local Plan as well as any new allocations in a new Local Plan.

13.74 In terms of completions and commitments, using HDC's monitoring data 433,187 sq.m of strategic B8 development has been delivered to March 2023, of which 217,470 sq.m was delivered in advance of the current plan period which starts in March 2020. In addition there were extant commitments (as at March 2023) for 265,322 sq.m of strategic B8 floorspace. This means that 481,039 sq.m of strategic B8 development related to the existing Local Plan is expected to support employment growth in the plan period.

13.75 The Council are also considering whether it is necessary to make provision for further strategic B8 development through the Local Plan. Leicester & Leicestershire-wide evidence points to a shortfall in provision across this geography of 133 ha in a scenario in which the Hinckley National Rail Freight

Interchange (NRFI) proposals are consented; and 392 ha in a scenario in which this is not, over the period to 2041. However the Strategic B8 Needs Sensitivity Report which IcenI has prepared for the Council, identifies an interim position indicating that this range has potentially increased to between 277 – 537 ha. This is in addition to the existing development and commitments at Magna Park.

13.76 The Strategic B8 Needs Sensitivity Report identifies Lutterworth as one potential location where new strategic B8 floorspace could be developed. Taking this into account, the Council has asked IcenI to test scenarios for further allocations for strategic storage and distribution (B8) floorspace of:

- Scenario A: 0 ha
- Scenario B: 100ha
- Scenario C: 140 ha

13.77 These scenarios align with the conclusions of the Strategic B8 Needs Sensitivity Report.

13.78 It is assumed for the purposes of this Study that these are delivered in the Lutterworth area, such as around M1 Junction 20, as extensions to Magna Park or other locations along the A4303 / A4304 Corridor.

Estimating Additional Job Creation

13.79 The first stage of analysis is to consider the gross job creation associated with the additional strategic B8 development scenarios. Gross jobs relate to the potential jobs which could be accommodated within new development, and does not take account of displacement effects, job losses through redevelopment or businesses moving locally.

13.80 We calculate the potential additional floorspace associated with this using a plot ratio of 0.35, consistent with the sub-regional evidence. We have assumed an

employment density of 95 sq.m per FTE job, which is consistent with strategic B8 development.²⁸

Table 13.18 Gross Job Creation associated with Strategic B8 Scenarios

Scenario	A	B	C
Additional land (Ha)	0	100	140
Additional strategic B8 floorspace (sq.m)	0	350,000	490,000
Strategic B8 commitments (sq.m)	481,000	481,000	481,000
Total floorspace (sq.m)	481,000	831,000	971,000
Jobs density (sq.m per FTE job)	95	95	95
Estimated Gross FTE jobs supported	5,063	8,747	10,221

- 13.81 There are a number of considerations which are relevant in considering additionality. These are set out below.
- 13.82 **Deadweight** is the need to discount for existing on-site jobs being lost. Specific sites are not identified at this stage and may well be greenfield. No assumptions on deadweight have therefore been made at this stage.
- 13.83 **Displacement** arises where the intervention takes market share or jobs or land from other existing local firms or organisations. For example, an intervention may help a business to expand its operations. However, this business may take market share from other local firms producing the same goods or services, resulting in them losing trade and possibly staff.
- 13.84 For this exercise, we assume displacement as 25%. The Leicester and Leicestershire Strategic Warehousing 2021 report assumes a relatively high level of replacement demand for large logistics units at the Leicester and Leicestershire level however this is likely to be lower for any individual authority; and it is assumed that existing provision at Magna Park can support in-situ replacement given the site's locational attributes and large lots.

²⁸ This is consistent with the employment density for National Distribution Centres shown in the HCA Employment Densities Guide, 3rd Edition (2015)

13.85 **Substitution** is where a firm substitutes one activity for a similar one (such as recruiting a jobless person while another employee loses a job to take advantage of public sector subsidy). The evidence is limited on substitution effects and where it exists the results tend to indicate low impact (see HCA Additionality Guide 2014 Table 4.9). In the context of a significant concentration of warehousing and logistics activity at Lutterworth already, labour market competition between businesses, and the effects of automation (including automation of current buildings over time), we have assumed a substitution level of 20%.

13.86 Taking into account the above the net direct effects of the scenarios excluding any multipliers are assessed as below.

Table 13.19 Calculation of Net Workplace-based Jobs

Scenario	A	B	C
Gross FTE jobs supported	5,063	8,747	10,221
Displacement (25%)	1,266	2,187	2,555
Sub-Total FTE Jobs	3,797	6,561	7,666
Substitution (20%)	759	1,312	1,533
Resultant Net FTE Jobs	3,038	5,248	6,133
FTE to Total Jobs @ 90%	3,375	5,832	6,814

Multiplier Effects

13.87 Multiplier effect are induced or indirect, based on business-to-business spending or residents earnings. Assuming a multiplier of 0.3 on the net total jobs in Harborough District taking account of commuting dynamics (as considered later in this section), the net additional labour requirement for the District varies from 1,100 – 2,200 jobs (rounded) as set out below.

Table 13.20 Net additional Labour Requirements for Harborough Residents

Scenario	A	B	C
Net direct jobs	844	1,458	1,704
Multiplier jobs	253	437	511
Total jobs	1097	1,895	2,215

- 13.88 This multiplier effect essentially considers economic impacts which additional workers will have arising from spending on goods and services within Harborough District. The 0.3 sits between the 0.1 (neighbourhood) and 0.5 (regional) effects in the HCA Additionality Guide 2014. There will evidently be wider multiplier effects, including supply chain effects, beyond the District.

Have jobs already been captured in the HENA Growth Scenario

- 13.89 We next move on to consider the extent to which strategic B8 jobs have already been captured in the L&L HENA Growth Scenario. The HENA Growth Scenario makes uplifts to the logistics sector, although the precise spread of these jobs by sector is not defined.
- 13.90 From the Cambridge Econometrics modelling, we have extracted the jobs growth in relevant sectors as identified in the table below. This includes 34% of the business support services sector in line with BRES data on the proportion of employee jobs in this sector at Magna Park. It shows that jobs growth of around 5,200 is already included related to these sectors within the Growth Scenario modelling. This reflects the importance of logistics activities to the Harborough economy and the historical growth in this sector (which will have fed into the forecasts).

Table 13.21 HENA Growth Scenario for Harborough – Logistics-related Sectors

	2020	2041	Change
Wholesaling	3,451	3,928	477
Retail	3,311	3,701	390
Land transport	1,072	1,211	139
Warehousing and postal	6,244	8,761	2,517
Food & beverage services	2,472	3,894	1,422
Business support services	1,272	1,560	288
Total	17,823	23,056	5,232

- 13.91 Comparing this to Table 13.19, the analysis shows that the HENA Growth Scenario already builds in sufficient employment growth to cover additional strategic B8 growth in Scenario A. The additional potential (workplace-based) jobs growth relative to the HENA Growth Scenario is a modest 600 jobs in Scenario B; and 1,600 jobs (rounded) in Scenario C.

Relating Strategic B8 Jobs Growth and Housing Need in Harborough District

- 13.92 We turn next to consider the inter-relationship with housing need. We consider first Harborough District, and then wider geographies.
- 13.93 Table 13.22 below analyses labour demand and shows that for the scenarios modelled, employment growth over the plan period could be of up to 9,600 jobs (2020-41) with delivery of 100 ha of additional land for strategic B8 development (Scenario B), rising to 10,600 jobs with delivery of 140 ha of strategic B8 development in Scenario C.
- 13.94 Comparing this to the labour supply position, in Scenario B there is a very modest level of additional potential jobs growth over and above that supported by the standard method of 510 dpa (100 jobs). In Scenario C with delivery of 140 ha of additional strategic B8 land this could rise to around 1,000 jobs. This takes the

higher end range figures shown which relate to the resident workforce growth and make no assumptions on commuting.

- 13.95 However the redistribution of housing need within the HMA, which sees Harborough meeting unmet needs from Leicester, will support additional workforce growth in Harborough District. Taking account of this (and commuting dynamics), **there is more than sufficient to accommodate the additional jobs associated with Scenarios B and C, meaning that there no additional adjustments are necessary in balancing homes and jobs.**

Table 13.22 HENA Jobs Growth Scenarios – Harborough

		Jobs Growth / Labour Supply , 2020-41
Labour Demand	Baseline Scenario	4,800
	HENA Growth Scenario	9,000
	HENA Growth Scenario + Logistics Scenario B	9,600
	HENA Growth Scenario + Logistics Scenario C	10,600
Labour Supply	Standard Method (510 dpa)	9,100 – 9,500
	Standard Method + Unmet Need	12,700 – 13,300

- 13.96 The evidence thus points to **the available labour in Harborough District being able to accommodate the growth in additional workers arising related to the strategic B8 growth scenarios. It makes no assumptions on growth in commuting from other locations in net terms.**

Testing Impacts on Housing Need in Other Areas

- 13.97 The Magna Park Employment Growth Sensitivity Study 2017 assumed employment growth at Magna Park however drew workers from a broader range of areas, including areas beyond the District boundary. It is therefore sensible additionally to test whether strategic B8 development could have any impacts on housing need in other areas.

Where will the Workforce be drawn from?

- 13.98 In considering where workers might be drawn from, a particular consideration here is one of geography, with the Lutterworth area lying very close to the District and County boundaries; with Coventry, Leicester, Hinckley and Rugby all being within a relatively short commuting distance. It is close to the M1 and the A5. These influence cross-boundary commuting to existing jobs at Lutterworth including at Magna Park.
- 13.99 The 2017 Magna Park Employment Growth Sensitivity Study considered commuting dynamics to Magna Park using 2011 Census data. It found a catchment area extending to include Coventry, Nuneaton and Bedworth, Rugby, Hinckley and Bosworth, Blaby and Leicester; with 18.9% of the workforce drawn from Harborough District. In drawing conclusions in the Plan it assumed that the proportion of workforce drawn from within Harborough District should grow to 25%.
- 13.100 We can now look at this again using 2021 Census data. Using a best-fit output area geography,²⁹ the table below shows the distribution of commuters to Magna Park. This shows 14% of workers living within Harborough, 31% in Leicester and 10% in Hinckley and Bosworth. Overall 2/3 of the workforce is drawn from within Leicester and Leicestershire; with 27% from Coventry and Warwickshire; and the remaining 6% from other locations.

²⁹ E00130995 and E00187460

Table 13.23 Commuting Flows to Magna Park, 2021 Census

	% Commuters
Leicester	31%
Harborough	14%
Hinckley and Bosworth	10%
Coventry	9%
Nuneaton and Bedworth	9%
Rugby	8%
Blaby	7%
Oadby and Wigston	2%
Charnwood	2%
West Northamptonshire	2%
Other	7%
Total	100%

Source: 2021 Census

- 13.101 The 2021 Census data needs to be treated with some caution given the effects of the Covid-19 pandemic / lockdown at the time when it was undertaken.
- 13.102 Icen consider that it would be reasonable however to test a higher proportion of the workforce being captured in Harborough District, including taking account of commitments for residential growth at Lutterworth in the existing Local Plan. We have therefore sought to test, as a planning assumption, 25% of the additional workforce residing in Harborough District with the intention of limiting the need to travel. This is also consistent with the modelling approach which underpinned the analysis relating to the existing commitments. This generates an adjusted commuting pattern as shown below.

Table 13.24 Commuting Assumptions for Modelling

	% Commuters, 2021 Census	Adjusted commuting assumptions
Leicester	31%	27.3%
Harborough	14%	25.0%
Hinckley and Bosworth	10%	8.6%
Coventry	9%	8.1%
Nuneaton and Bedworth	9%	7.4%
Rugby	8%	6.8%
Blaby	7%	5.8%
Oadby and Wigston	2%	1.9%
Charnwood	2%	1.9%
West Northamptonshire	2%	1.4%
Other	7%	5.9%
Total	100%	100.0%

13.103 Applying the adjusted commuting assumptions to the total jobs shown in Table 13.16 results in the following distribution of additional workers by local authority in each of the three growth scenarios.

Table 13.25 Distribution of Additional Workers

Scenario	A	B	C
Leicester	922	1,593	1,861
Harborough	844	1,458	1,704
Hinckley and Bosworth	289	499	583
Coventry	274	473	553
Nuneaton and Bedworth	250	432	504
Rugby	229	395	462
Blaby	195	337	393
Oadby and Wigston	64	111	130
Charnwood	64	110	129
West Northamptonshire	46	79	92
Other	200	345	403
Total	3,375	5,832	6,814

13.104 However counter-balancing this are likely to be commuting flows from Harborough to these other locations.

-
- 13.105 For robustness, we have then sought to consider whether there is sufficient 'headroom' in housing needs evidence to accommodate this level of growth.
- 13.106 Within Leicestershire, the Housing & Economic Needs Assessment (HENA) 2022 draws conclusions on housing need based on the standard method. This equates to a minimum housing need for 5,713 dpa. The evidence showed the following:
- HENA Table 8.3 shows that this sufficient labour to support between 89,400 – 93,000 jobs over the 2020-36 period across Leicester & Leicestershire. This significantly exceeds forecast employment growth in the baseline projections considered (26,900 jobs to 2036 – see Table 6.2) and in the aspirational growth scenario (63,200 jobs to 2036– see Table 6.3).
 - To 2041, HENA Table 8.5 showed that the standard method was around 37% above the need shown in the Growth Scenario (Table 8.5) showing considerable flexibility to support additional employment growth.
- 13.107 The Growth Scenario builds in employment growth between 2020-41 of around 23,600 jobs in logistics-focused sectors. Even with higher growth in logistics employment than this, which is not specifically demonstrated, there is clearly considerable flexibility before there is any impact on the HENA's conclusions on housing need.
- 13.108 In Coventry and Warwickshire, the analysis (see Table 13.25) shows a commuting draw of up to 1,300 workers in Scenario B and 1,500 in Scenario C. Again this is likely to be counter-balanced (at least in part) by cross-boundary commuting of Leicestershire residents into Coventry & Warwickshire. The sub-regional evidence in the C&W HEDNA 2022 identified a need for 3,697 – 3792 dpa to support economic growth (Tables 7.9) - which fell well below the housing need identified within the Study (4906 dpa). As in Leicestershire, the evidence pointed to significant potential to support additional economic growth without impacting on housing need. The evidence thus points to labour supply availability. There is therefore no evidence that there is any upward impact of growth in the Lutterworth area on housing need in Coventry & Warwickshire.
- 13.109 Finally in respect of West Northamptonshire, the Council's March 2024 HEDNA's includes provision for 6 dpa to contribute to supporting additional workers related to growth at Magna Park. This is applied to the 2022-41 plan period and therefore

an uplift of 114 dwellings applied. On the basis of 1.32 jobs per home³⁰, the evidence above would suggest that the revised strategic B8 growth scenarios would require 35 additional homes over the West Northants plan period to 2041 in Scenario A, 60 homes in Scenario B and 70 homes in Scenario C. The scale of additional housing need shown is lower than previously assessed (equivalent of up to 3 dpa). Having regard to the scale of potential influences, this is considered de minimus. In particular, Government's proposals to introduce a revised standard method would see the housing needs position for West Northamptonshire rise by 22% and provide clear flexibility to support additional jobs growth.

13.110 To reiterate at this point, whilst this analysis considers a potential distribution of workers, **the analysis in this report points to sufficient labour supply growth being supported in Harborough District such that there is no requirement for an increased draw of workers in proportional terms from other surrounding areas into Harborough District.**

³⁰ Calculated based on the difference in jobs growth and housing need between the LGS and LGS+DIRFT+NG Scenarios, each additional home supports 1.32 jobs

14. Conclusions & Recommendations

- 14.1 This section draws together the preceding analysis to provide key conclusions and recommendations.

Overall Housing Need

- 14.2 Harborough District has seen strong housing supply and housing delivery performance in recent years, which has resulted in strong comparative growth in the housing stock, despite some delays in bringing forwards the SDAs at Scraftoft and Lutterworth East. Housing growth has been weaker in these areas as a consequence.
- 14.3 Affordability pressures are evident with house prices 10 times average earnings across the District. The long-term trend has been of deteriorating housing affordability, and the evidence indicates that this has resulted in a declining home ownership rate in all parts of the District. However compared to other areas, levels of home ownership in Harborough are still strong – and more than $\frac{3}{4}$ of all households are home owners. Whilst sales market conditions have weakened, there remains an underlying housing need.
- 14.4 The standard method is set out by Government as the starting point for considering the overall need for housing. The 2022 HENA calculated housing need at 534 dpa. The latest data has seen this fall to 510 dpa.
- 14.5 The sub-regional evidence has found no basis for making upward adjustments to housing need taking account of demographic trends; and finds that the standard method provides a strong and consistent basis for plans across the HMA. However there are distributional issues with an unmet need generated in Leicester over the period to 2036. The Council has agreed through an SOCG to contribute to meeting Leicester's unmet needs, contributing 123 dpa to 2036.
- 14.6 Taking the HENA housing need calculation (524 dpa) and applying this over the plan period (2020-41) generates a need for 11,214 homes. With the unmet need

for Leicester then included, a need for 13,118 homes is shown, equivalent to 628 dpa.

Table 14.1 Harborough Local Housing Need & Unmet Need, 2020-41

	dpa	Plan Period
Local housing need (from HENA)	534	11,214
Unmet need from Leicester, 2020-36	123	1968
Draft requirement (rounded)	628	13,188

- 14.10 The report has considered the evidence regarding the inter-relationship between housing and employment provision. It identifies that the draft housing requirement of 13,188 homes would support between 12,700 – 13,300 jobs in the District, with the range influenced by commuting dynamics. This significantly exceeds the scenarios for local economic growth considered which showed growth of between 4,800 jobs in the ‘baseline’ scenario for economic growth and 9,000 jobs in the ‘Growth Scenario’ for the District which draw on the Leicester & Leicestershire Housing and Economic Growth Assessment (HENA).
- 14.11 The report has then overlaid scenarios for delivery of additional strategic B8 development of up to 140ha in line with the conclusions of the 2024 Strategic B8 Sensitivity Study. It has sought to test whether these could put any upward pressure on housing need. The analysis in this report finds that whilst the delivery of additional strategic B8 development could support increased employment growth in Harborough District, this would not place any upward pressure on the housing need and can be accommodated within the proposed housing requirement. The available labour in the District supported by the proposed housing provision at 13,188 homes is sufficient to accommodate and support the jobs growth associated with strategic B8 development, with the evidence making no assumptions on increased net commuting from other locations.

Affordable Housing Need

- 14.12 The report provides updated evidence on the need for affordable housing in Harborough District, and the need in different parts of the District. It indicates an overall need for 421 affordable homes per year across the District, within which there is a need for 310 rented affordable homes and 111 affordable home ownership homes – a 75% / 25% split. The table below shows the annual affordable housing need in different areas.

Table 14.2 Annual Affordable Housing Need

	Social/ Affordable Rented Need	Affordable Home Ownership Need	Total Need	Annual
Market Harborough	87	29	116	
Lutterworth	33	9	42	
Broughton Astley	28	9	37	
Fleckney	14	5	19	
Great Glen	15	6	21	
Kibworth	21	7	28	
Leicester Fringe	29	6	35	
Other Rural Areas	85	39	124	
TOTAL	310	111	421	

- 14.13 The scale of affordable housing need is significant, and the Council is justified in seeking to maximise delivery on sites where possible and considering a range of means of boosting delivery – including through its own housing delivery programme.
- 14.14 The affordable need represents 2/3 of the proposed housing requirement. It is unlikely that this level of housing provision is deliverable. Whilst the adjustments within the standard method are sufficient to meet the needs of additional households, the evidence continues to suggest some tenure imbalance. However the Council needs to balance the profile of need and viability considerations in

setting policies for affordable housing and it is important to recognise that public funding is a constraint to affordable housing delivery.

- 14.15 The analysis indicates that in terms of the profile of affordable housing to be sought through planning policies, a 75/25 split in policy between social/ affordable rented and affordable home ownership homes is appropriate. There is strong evidence to support delivery of homes at social rent levels, which the needs evidence indicates could account for between 20 - 70% of the need for rented affordable housing. However in setting policies within the Local Plan, this needs to be balanced against viability and funding availability.
- 14.16 The evidence indicates that delivery of First Homes would do little to meet genuine local affordable housing needs given current Open Market Values of newbuild homes, with shared ownership potentially being a genuinely affordable product (particularly for smaller homes) as well as indicating a need for rent-to-buy homes. It therefore recommends that shared ownership and rent-to-buy should therefore should be prioritised within the provision of affordable home ownership homes.
- 14.17 Affordable housing delivery performance has improved in recent years, although not all sites/ schemes contribute (for instance permitted development schemes, those below policy thresholds or which cannot viable contribute). There are short-term factors, with increased construction costs and other priorities for RPs which may make affordable housing delivery in the short-term more challenging: but it is important that affordable housing delivery is maintained as a key priority.

Need for Different Types of Homes

- 14.18 There are a range of influences on the mix of housing. Policy H5 in the adopted Local Plan sets out that housing schemes should make efficient use of land with densities having regard to the context of the site, local character and accessibility by sustainable modes. It expects major housing development to provide a mix of homes informed by the latest housing needs evidence.

14.19 The models the need for different sizes of homes over the plan period to 2041. The strategic conclusions drawn on the appropriate mix of homes are set out below.

Table 14.3 Strategic Conclusions on Housing Mix

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	30%	15%	25%	50%
2-bedrooms		45%	30%	
3-bedrooms	45%	40%	30%	
4+-bedrooms	25%		15%	

14.20 Some flexibility should be adopted in applying this to individual development sites. Regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

14.21 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site specific circumstances. Flatted development is expected to be focused in more urban locations – particularly in Market Harborough and central Lutterworth.

14.22 There is a potential demand for bungalows which might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There is also an identified need arising from the growth in households with mobility problems and of wheelchair user households. On this basis the report recommends that the Council consider provision of up to 5% bungalows on suitable major sites.

14.23 Having regard to prospective changes in Building Regulations, the evidence supports a policy requiring new dwellings should meet M4(2) accessible and adaptable standards, where suitable level access can be achieved. It identifies a

need for 364 wheelchair-user homes over the 2020-41 plan period. To meet the identified need, the evidence would justify provision of 5% of all new market homes to be M4(3) compliant and a higher figure in the affordable sector (10%) subject to viability. These figures reflect that not all sites would be able to deliver homes of this type and the potential for adaptations to existing homes. In the market sector these homes would be M4(3)A (adaptable); and M4(3)B (accessible) for affordable housing.

Need for Specific Types of Housing

- 14.24 Based on the evidence, there is the potential for the **Build to Rent** sector to develop over the plan period – in particular with the sector having a role in delivering major urban extensions. It is appropriate, therefore, for Council to include policies related to Build-to-Rent development within the new Local Plan which address their expectation for such development provision for longer-term tenancies of 3+ years, policies regarding affordable housing provision and clawback provisions in the event of scheme/ unit disposal. The NPPF Glossary expects schemes to include conditions requiring operators to offer tenancies of 3 or more years but with options for tenants to break (without a fee) after 6 months with a 1 month notice period.
- 14.25 In respect of affordable housing, the economics of build-to-rent development are different to standard ‘for sale’ or mixed tenure residential schemes. Government is keen to secure growth in the sector and in this context, the PPG proposes 20% affordable housing as a ‘suitable benchmark’ for affordable private rent within BTR developments. A minimum rent discount relative to local market rents is expected to be set out in policy, with a 20% discount proffered. Affordable housing policies need therefore to be informed by detailed viability testing which specifically addresses the BTR sector and which should focus on suburban build-to-rent.
- 14.26 The current Local Plan has positive policies supporting **Self- and Custom-Build** development. It is evident that despite a relatively permissive policy for CSB development, volumes of permissions have not been matching registrations, with

the evidence pointing to a cumulative shortfall of 172 dwellings as at October 2024.

- 14.27 To meet the need identified on the Register, the Council as part of its new Local Plan might reasonably therefore consider a tightening of the policy framework. A potential approach to doing so could include setting out a specific requirement on the proportion of custom- and self-build development expected on larger sites, such as an expectation of 10% provision on sites of over 40 dwellings with a cascade mechanism should clear interest not be forthcoming; as well as working with public sector landowners to drive forward delivery.
- 14.28 The evidence of need for **Children’s Home bedspaces** in the report is a relevant planning consideration. The 2023 Written Ministerial Statement makes clear that in two tier authorities as here, it expects local planning authorities to support these vital developments where appropriate, to ensure that children in need of accommodation are provided for in their communities. There are not however particular planning policy changes which are considered particularly warranted in a context where development is more likely to relate to applications for change of use of existing housing stock.
- 14.29 A key area where there is a need for specialist housing, is to support a growing older population. The evidence indicates a growth of 12,400 people aged 65+ over the plan period – growth of almost 60% - including growth of 8,700 aged over 75 as life expectancy increases.
- 14.30 The net need shown for specialist housing is set out in the table below. These are net figures, and it is reasonable to expect some closures of older and smaller care homes, which do not meet modern standards; as well as equally remodelling or redevelopment of dated sheltered housing schemes.

Table 14.4 Specialist Housing for Older People – Harborough

		Net Need, 2020 - 2041
Housing with support	Market	1,043
	Affordable	206
Total (housing with support)		1,249
Housing with care	Market	489
	Affordable	140
Total (housing with care)		629
Residential care bedspaces		346
Nursing care bedspaces		473
Total bedspaces		819

- 14.31 Larger strategic sites should be expected to make provision for a range of specialist types of homes for the District's growing older population in order to boost supply. Such provision can help to contribute positively to the pace of housing delivery on such sites.

Local Employment Land Needs

- 14.32 The evidence shows that Harborough has a range of attributes: it is an affluent area, with a high quality of life offer, strong levels of economic participation, a good balance between homes and jobs and broad sectoral structure. But productivity performance is below average, and recent business growth has been weak.
- 14.33 There is a strength in agricultural activities and a strong representation and strength in sectors which relate to warehousing and logistics, which reflects in particular the concentration of such activities at Magna Park, Lutterworth. Beyond these areas, the local economy is broadly based. The business base is focused on small businesses.

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- 14.34 The profile points to the need to nurture diversity in the business base: from providing opportunities for and nurturing the growth of indigenous small businesses, considering how relationships to universities (such as those in Leicester and Coventry) can be developed, and providing a land supply which can both support investment by existing businesses in the District and attract new footloose occupiers. It points in particular to the need to provide local employment opportunities in the Leicester Fringe area whilst recognising economic links with the City.
- 14.35 Harborough has a modestly-sized office market, focused on SMEs and local demand. Rental levels make new-build speculative office development challenging to 2028/9. In the medium/longer-term the evidence points to growth in office-based activities; which combined with the market trends towards good quality space can be expected to support occupier demand for new-build offices.
- 14.36 However growth in values for office premises, or occupiers willing to pay a premium for space, are likely to be required to support substantive new-build development. Whilst some freehold development may come forward, these factors are likely to limit the delivery of new-build office and R&D space; but mean that it will be important to protect good quality existing office space.
- 14.37 The District has a much larger and more developed local industrial market with evidence of demand and new-build development coming forwards across a range of location/ settlements within the District. The evidence points to demand across a range of unit sizes; with Market Harborough and Lutterworth having the most developed local industrial markets. At the time of writing, supply is relatively tight but this is influenced by growth in interest rates and construction costs since the pandemic holding back new development.

Employment Land Needs

- 14.38 The reports tests the findings on employment land needs set out in the Leicester and Leicester HENA to take account of local circumstances and market dynamics, and to reflect the plan period (2020-41). For office and R&D development, Icenl recommend that the Council plans on the basis of 9.6 ha of provision, which is made up of a base need for 7.6 ha (to support delivery of 26,550 sq.m floorspace), together with adjustments to provide for flexibility, churn and a choice of sites. The calculation is shown below.

Table 14.5 Overall Office and R&D Needs, Harborough 2020-41

	E(g)(i) Office	E(g)(ii) R&D	Total
Base need: Growth Scenario	5.3	2.3	7.6
Margin for Flexibility	1.1	0.3	1.4
Margin for Churn and Choice	0.4	0.2	0.6
Total Need	6.8	2.8	9.6

- 14.39 Due of the effects of automation and improvements in productivity, and the important influence of replacement demand, on the need for industrial premises, there is a weak relationship between floorspace needs and employment trends. The growth scenario forecasts show growth in warehousing employment and a modest decline in industrial (manufacturing) jobs over the plan period. But this will underplay development needs because of the effects of replacement demand which are an important driver of the commercial market as businesses seek modern floorspace with sufficient height, power and ESG credentials.
- 14.40 We conclude therefore that planning for industrial needs should be based on gross completions trends over a 10 year period, with adjustments to provide for a choice of sites, land supply flexibility and to reflect current tight supply conditions. This results, as shown below, in a need for 50.6 ha of industrial land to meet local needs. Strategic B8 needs are separate and additional to this.

Table 14.6 Industrial Development Needs (ha) based on 10 yr gross completions trend

	Light Industrial B1c	Industrial B2	Warehouse / Distribution B8 (< 9000 sq.m)	Total
10 yr gross completions projection	9.1	16.4	9.8	35.3
Margin for flexibility	2.2	3.9	2.3	8.4
Margin for choice and churn	0.7	1.2	0.7	2.6
Sub-total	11.9	21.5	12.9	46.4
Vacancy adjustment (2.2% to 7.5%)				4.2
Total local industrial need				50.6

- 14.41 Drawing the analysis together across commercial uses, a total local employment land need is shown for 60.1 ha of land over the 2020-41 plan period. This is very marginally higher than the 57 ha in the Leicester & Leicestershire HENA, reflecting in particular the slightly longer plan period.

Employment Land Supply Position

- 14.42 The quantitative supply-demand position, as summarised in Table 14.7, identifies a modest total surplus of 5.9 ha of employment land at the district level, subject to significant unconsented land within KEA/GEAs being allocated. The current supply position provides a varied portfolio of employment provision in a range of geographical locations which are attractive and offer a choice to the market. There is therefore limited need to identify new allocations to meet the district's need to 2041.
- 14.43 Whilst there is a modest surplus across all employment uses, the analysis identifies a modest shortfall of industrial land. Icenis's review of existing

employment sites identifies opportunities for additional development on land at existing employment sites which could contribute to meeting this shortfall.

Table 14.7 Quantitative Supply-Demand Balance

	E(g)(i) Offices	E(g)(ii) R&D	E(g)(iii) Light Industrial	B2 Industrial	Non- Strategic B8 (units <9,000 sqm)	Total (Ha)
Need, 2020-41	6.8	2.8	13.0	23.5	14.1	60.2
Gross Completions (2020/21 – 2022/23)	0.3	0.0	2.1	1.1	1.8	5.1
Commitments at 31/03/23*	11.3	-0.6	4.5	11.6	23.4	50.2
Residual Need to plan for (at 31/03/23)	+4.8	-3.4	-6.5	-10.8	+11.1	-4.8
Recommended allocations to roll forward	4.1	2.4	3.5	0.8	0.0	10.8
Supply/Demand Balance	+8.9	-1.0	-3.0	-10.0	+11.1	+5.9

*Includes Wellington Business Park and Airfield Business Park (consented Oct 2023)

NB: Figures may not sum due to rounding

- 14.44 Further to this, it is recommended that there is justification to provide limited additional provision (new allocation(s)) to help address the issue of flexibility, to ensure delivery against need across all employment uses, and to address a geographical gap – in both office and industrial provision - around the Leicester urban fringe area (as part of any strategic development area) to help support a balance of homes and jobs and the delivery of sustainable places.
- 14.45 Appendix B 'Assessment of Commercial Attractiveness of Candidate Employment Sites' reviews the commercial attractiveness of selected candidate sites which have been promoted to the Council for employment development, and which are

identified by the Council as potential candidate employment sites for allocation. It is intended to feed into the consideration of potential alternatives for allocation in the new Local Plan.

Changes to Existing Employment Site Designations

- 14.46 Following an assessment of employment areas designated by the current Local Plan, Icenl recommend that 35 areas should be similarly designated and safeguarded in the new Local Plan. This comprises 14 KEA's and 21 GEA's, as set out in Table 14.8 below.
- 14.47 As a result of the review of existing employment areas, changes to the boundaries of 17 designated areas are recommended and 2 new KEA's and 2 new GEA's, not previously identified, are proposed.
- 14.48 Following a review of undeveloped and partially developed extant allocations, Icenl recommend that the majority make a valuable contribution to employment land supply, and where significant un-consented land exists within proposed KEA/GEA designations this should be allocated in the new Local Plan.

Table 14.8 Recommendations for KEAs and GEAs

Key Employment Areas	General Employment Areas
Market Harborough	Market Harborough
Compass Point Business Park	Sovereign Park, Lathkill Road
Euro Business Park	Courtyard Workshops, Bath Street
Peaker Park, Rockingham Road	Farndon Road Business Centre
The Point Business Park	Fernie Road Industrial Estate
Airfield Business Park, Leicester Road	Forester Foods, Great Bowden Road
	Riverside Industrial Estate
	Saw Mill, Gores Lane
	Rockingham Road Industrial Estate
	Welland Industrial Estate
	The Shires, Euro Business Park
	Bowden Business Village
Lutterworth	Lutterworth
Mulberry Enterprise Park (Semelab), Coventry Road	Ladywood Works, Leicester Road
Cosford Business Park, Central Park	Wycliffe Industrial Estate, Leicester Road
Midland Court Business Park	Elizabethan Way, off Leicester Road
Bilton Way	Off Leicester Road (Lutterworth Coaches/Travis Perkins area)*
St John's Business Park, off Rugby Road	Oaks Industrial Estate
	Land at Gilmorton Road, Lutterworth
	C&V Business Park, Leicester Road*
Broughton Astley	
Cottage Lane Industrial Estate	
Estley Green Business Park, Box Road*	
Kibworth	Kibworth
Kibworth Business Park	The Hatchery, Harborough Road
Beauchamp Business Park*	
	Fleckney
	Churchill Way Industrial Estate
	Other Rural Centres
	Agricultural Barns, Gliding Club

Source: Icen Analysis, *= New KEA/GEA proposed

14.49 The site assessments also considered whether adjustments to the current KEA/GEA boundaries were necessary. Icení's recommendations, informed by assessments of individual sites, are summarised in the table below.

Table 14.9 Recommended amendments to KEA and GEA Boundaries

KEA / GEA	Recommended Change to Boundary
Market Harborough	
Compass Point Business Park	KEA boundary extended to include the BE1 allocated land that lies between the current two parcels of land that make up the KEA.
Farndon Road Business Centre	GEA boundary extended to include the southernmost section of the site, the unit occupied by JPS Trading Services and the area adjoining Gracelands Park Homes.
Fernie Road Industrial Estate	Boundary expanded to include the portion of the industrial estate bounded by Fernie Road and York Street which has units of similar type/quality/age to the remainder of the site.
Riverside Industrial Estate	Boundary expanded to include the Riverside End Industrial Estate site given that the type/age/quality of the units are not significantly different from those across Riverside IE.
Saw Mill, Gores Lane	Boundary of this site should be reduced to remove the now extant commitment for delivery of an Aldi food store.
Euro Business Park	B&M occupied unit removed from this site and included within The Shires, Euro Business Park GEA as quality/age of building is more similar to the unit at The Shires.
The Shires, Euro Business Park	Boundary expanded to include B&M occupied unit as per comment above.
Peaker Park, Rockingham Road	Boundary expanded to include the vacant plot of land at the entrance to the site to affirm the principle of employment use on the site.
The Point Business Park	The boundary should be extended to include the car park to the front of the site. It is not currently being used and could provide an intensification opportunity subject to consideration of necessary parking provision.

Airfield Business Park, Leicester Road	The boundary of the Key Employment Area should be amended to include the entire site – including the entirety of Phases 1, 2 and 3.
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- 14.50 To address the modest quantitative employment land shortfalls identified, the Council should consider additional employment land allocations through the new Local Plan.

A1. Commitments Position – End 2022/23 (01/04/2023)

A1.1 The tables overleaf detail the employment commitments as of 01/04/2023.

Table A1.1 Commitments (@ 31/03/2023)

Allocation	Site / Address	B1a	B1b	B1c	B2	Non-Strategic B8	Total
BANP Site 1A	Site 1A north side of Broughton Way (Estley Green Business Park)	0	0	0	0	0.25	0.25
BANP EMP1	Land North of Broughton Way (Elm Business Park)	0.6	0	0	2.1	2.1	4.8
BNP BP10	LCC Highways Depot, Gaulby Lane, Billesdon	0	0	0.75	0	0.75	1.5
No	Land at Home Farm, Rolleston Rd, Billesdon	0	0	0.28	0	0.29	0.57
F2	Land R/O Unit 4, Marlborough Drive	0.1	0.1	0.2	1.15	1.13	2.68
No	FCC Environment, Welham Lane	0	0	0.51	0	0	0.51
K1	Land S & W of Priory Business Park	0.4	0	2.65	2.65	0	5.7
L2	Land to South of Lutterworth Road (A4303)	2.4	0	1	0	0	3.4
L1e	Land east of Lutterworth, Gilmorton Road (E of Lutt SDA)	0	0	0	0	13	13
L1f	Land east of Lutterworth, Gilmorton Road (E of Lutt SDA)	4.25	0	0	4.25	0	8.5
MH5	Airfield Business Park	3.6	0	-0.48	-0.48	1.16	3.8
MH6	Compass Point Business Park	0.95	1.6	1.7	0	0	4.25
No	Development 6 Peaker Park	0.35	0	0	0	0	0.35
MH4	Land at Airfield Farm (Wellington Business Park)	4.3	0	2.15	2.15	4.5	13.1
No	Building A and D, Valley Way	0	0	0	0.34	0	0.34
No	Units M1 And M2, Welland Ind Est, Valley Way	0	0	0.1	0.1	0.1	0.3

No	Glenmere Timber, Riverside	0.14	0	0	0	0	0.14
No	Land & Buildings Evergreen Field Farm, Pincet Lane, HB	0	0	0.18	0	0	0.18
No	Silverthorn, Station Road, North Kilworth	0	0	0.03	0.12	0.12	0.27
No	Magna Park South (formerly DBSymmetry)	0	0	0	0	0	0
BE2.2b	Magna Park North, Land at Mere Lane, Bittesby	0	0	0	0	0	0
No	Land Units 1-3 Bruntingthorpe Ind Estate, Upper Bruntingthorpe	0	0	0	0	0.12	0.12
No	Unit 2 Bruntingthorpe Ind Estate, Upper Bruntingthorpe	0.065	0.065	0	0	0.12	0.25
No	Land Units 1-3 Bruntingthorpe Ind Estate, Upper Bruntingthorpe	0	0	0	0	0.12	0.12
No	MES International, Walton New Rd Ind Estate, Bruntingthorpe	0	0	0	0	0.36	0.36
No	Land adj to Walton New Rd, Bruntingthorpe	0	0	0	0	0.21	0.21
No	Tugby Orchards, Wood Lane	0.07	0	0	0	0	0.07
Sub Total (Allocated Sites)		16.6	1.7	8.0	11.8	22.9	61.0
Sub Total (Other Sites)		0.6	0.1	1.1	0.6	1.4	3.8
Total		17.2	1.8	9.1	12.4	24.3	64.8

Source: HDC Annual Monitoring Data 2022/23

Table A1.3 Total Commitments at 31/03/2023

Allocation	Site / Address	B1a	B1b	B1c	B2	Non-Strategic B8	Total
Total Gross Commitments at 31/03/2023		17.2	1.8	9.1	12.4	24.3	64.8
Losses (Committed 2023/23)		-1.8	0	-0.3	-0.007	-0.2	-2.3
Net Commitments at 31/03/2023		15.5	1.8	8.7	12.4	24.2	62.5

Source: HDC Annual Monitoring Data 2022/23

