

Cabinet
Council

12th January 2016
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Name of Cabinet Member:

Cabinet Member for Business, Enterprise and Employment – Councillor K Maton

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected:

All Wards could be affected indirectly due to the on-going development of the Local Plan.

Title:

Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA)

Is this a key decision?

Yes

The proposals within the report could have a significant impact on residents or businesses in two or more electoral wards.

Executive Summary:

The Memorandum of Understanding (MoU) attached at Appendix 1 was presented to the Coventry and Warwickshire Shadow Economic Prosperity Board (sEPB) at its meeting on 29th September 2015. This was accompanied by a covering report (also part of Appendix 1) which recommended the MOU be endorsed by each of the six authorities (Coventry City, Rugby Borough, Warwick District, North Warwickshire Borough, Stratford on Avon District and Nuneaton and Bedworth Borough).

The MoU seeks to ensure the housing needs of the Coventry and Warwickshire Housing Market Area (HMA) are planned for in full during the current round of Local Plans. It responds to the fact that Coventry City is unable to accommodate its full housing needs as well as the recommendations made by the Planning Inspector currently considering the Warwick District Council Local Plan. In doing so it supersedes a previous agreement made at the sEPB in November 2014 and presented to this Council in March 2015.

The MoU has been jointly developed over the summer of 2015 by all six authorities with further support from Warwickshire County Council. Its development has been supported by an officer and member reference group of the sEPB. It has been informed by updated evidence on population projections, economic growth forecasts and household formation

rates and contains points of agreement that relate to the levels of housing need and how that housing should be distributed across the HMA. This distribution supports both demographic and workforce growth as well as considering migration and commuting flows between the six authorities.

The MoU therefore proposes the following distribution of housing needs and a housing requirement to be taken forward into plan making.

Local Authority	OAN Housing Need (demographic)	Aligning population and economic growth	Further redistribution from Coventry	Need from Birmingham	Housing Requirement
Coventry CC	42,400	-3,800	-14,000	0	24,600
North Warwickshire BC	3,800	320	540	620	5,280
Nuneaton & Bedworth BC	8,580	1,460	4,020	0	14,060
Rugby BC	9,600	0	2,800	0	12,400
Stratford-on-Avon DC	9,160	2,020	0	2,000	13,180
Warwick DC	12,000	0	6,640	0	18,640
C&W Total	85,540	0	0	2,620	88,160

The MOU was supported by all Members of the sEPB except representatives of Nuneaton and Bedworth Borough Council (NBBC). The lack of support from NBBC at this time is considered further in the proposed response to their Borough Plan (Item 2 of the Cabinet agenda).

As part of this agreement, the sEPB committed to seeking a formal commitment from each of the individual Local Authorities represented to the MOU by November 2015. Although slightly delayed, this report requests such endorsement.

Recommendations:

The Cabinet is requested to recommend that the Council endorses the Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA) attached at Appendix 1.

The Council is recommended to endorse the Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA) attached at Appendix 1.

List of Appendices included:

Appendix 1 – Report to the Coventry and Warwickshire Shadow Economic Prosperity Board (sEPB) – 29th September 2015 including the proposed Memorandum of Understanding.

Background papers:

None

Other useful documents:

- The report to the Shadow Economic Prosperity Board and accompanying appendices are available via the following web link:
https://www.rugby.gov.uk/meetings/meeting/669/coventry_warwickshire_and_south_west_leicestershire_shadow_economic_prosperity_board
- The November 2014 report to the sEPB, which has now been superseded was presented to Cabinet and Council for endorsement in March 2015 and is available via the following link:
<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=130&MId=10260&Ver=4> (item 9)
- Updated Joint Strategic Housing Market Assessment for Coventry and Warwickshire (JSHMA - September 2015):
http://www.coventry.gov.uk/info/111/planning_policy/2095/independent_housing_numbers_study
- Updated Coventry Strategic Housing Land Availability Assessment (SHLAA) 2015:
http://www.coventry.gov.uk/info/111/planning_policy/2376/strategic_housing_land_availability_assessment

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 12th January 2016

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Report title: Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA)

1. Context (or background)

- 1.1 Appendix 1 is a copy of the report and Memorandum of Understanding (MoU) considered by the Coventry and Warwickshire and South West Leicestershire Shadow Economic Prosperity Board (sEPB) at its meeting held on 29th September 2015. Although the sEPB includes the Local Authority area of Hinckley and Bosworth, the report only relates to the six authorities within Coventry and Warwickshire, which make up the Housing Market Area (HMA). The report responds to earlier concerns in relation to meeting the housing needs of the Coventry and Warwickshire Housing Market Area, in particular those raised by the Planning Inspector currently overseeing the Warwick District Council Local Plan. This responds to the principal issue of Coventry City being unable to accommodate its full housing needs within its own boundaries. As such, the report sets out a robust, justified and transparent process for redistributing housing needs from the city to enable each authority to appropriately plan for these housing needs in full.
- 1.2 In view of the significance of this matter, it was accepted that all the constituent authorities should be asked to formally endorse the MOU. This is clearly set out in recommendation 3 of Appendix 1.
- 1.3 The recommendations presented to the sEPB were set out as follows:

Recommendation 1: Agree the principle of a redistribution in line with the methodology set out in paragraphs 12 to 19;

Recommendation 2: Agree the Memorandum of Understanding set out in Appendix 1, noting that at this moment in time, clause 4 of the MOU and paragraph 21 of this report, is pertinent to Nuneaton and Bedworth Borough Council (NBBC);

Recommendation 3: Agree that each of the six Local Plan Authorities within the HMA will seek to formally endorse the MoU by end of November 2015.

Recommendation 2 was slightly amended prior to the meeting in response to concerns raised by NBBC. Notwithstanding this amendment NBBC were the only Council not to sign the MoU. The 5 other authorities did sign up to it, with all of the other authorities (at the time of writing – North Warwickshire Borough, Stratford on Avon District, Rugby Borough and Warwick District Councils) having already endorsed it through their own internal processes.

- 1.4 With regards Recommendation 1 of the sEPB report, this draws on updated evidence produced over the summer, which considers new population projections, economic growth forecasts and household formation rates (The updated Joint SHMA). It then considers on-going work on the City Councils Housing Land Supply to evidence the shortfall in housing needs that could not be accommodated within the city’s administrative boundaries (The updated SHLAA). This identified the following information for Coventry:

Table 1: Coventry’s housing Figures

Total Housing Need (Coventry 2011-2031)	Total Potential Supply / Capacity (2011-2031)	Shortfall to be Redistributed
42,400	24,600	17,800

- 1.5 The need to redistribute housing need from the city to Warwickshire has become increasingly pressing in recent years with new projections continuing to place an upward pressure on the city's population and subsequent housing needs. Indeed this pressure has culminated in a significantly greater proportion of need originating from the city compared to the shires. For example, since 2004 total need (year on year) for Coventry and Warwickshire has remained broadly stable. In 2004 though, just 17% of this need was originating from the city whilst in 2014 this proportion has increased to 49%. This change has been influenced by a range of factors including housing supply and availability, access to mortgages, the economic climate, job creation and continued regeneration of Coventry.
- 1.6 The updated evidence now identifies the Objectively Assessed Need for housing in the Coventry and Warwickshire Housing Market Area as 85,540 homes between 2011 and 2031 (4,277 per annum). This figure has been derived from the most recent government population projections. When aligned with forecasts for jobs growth there is no upward pressure on housing needs across Coventry and Warwickshire as a whole at this time. When considered at a local authority level however there is some imbalance, especially in Nuneaton and Bedworth, North Warwickshire and Stratford, where uplift in housing need is required to support projected jobs growth. In Coventry the reverse is true, and so an initial redistribution of housing is proposed by the MoU to support the alignment of housing and employment needs across the six authorities. This is highlighted in column 3 of Table 2 and accounts for 3,800 homes, meaning a further 14,000 homes require redistribution by alternative means.
- 1.7 Consideration has therefore been given to both spatial and functional relationships between Coventry and its neighbouring authorities. The spatial element considered six options regardless of administrative boundaries and after a simple Sustainability Appraisal suggested that the Edge of Coventry and Growth Corridor options are likely to be the most sustainable spatial approaches. The functional relationships approach looked at the relative relationships of each of the Warwickshire authorities with Coventry, based on existing migration and commuting trends. Two options were considered:
- The relationship with Coventry based on two way commuting flows; and
 - The relationships with Coventry based on gross migration flows.

Consideration of these two options indicated that both were important and a valid means of assessing functional relationships. They were therefore given equal weighting, meaning an approach which applied the average percentage of migration and commuting flows was taken forward.

- 1.8 Development of the MoU over the summer suggested that the functional relationships approach should be taken forward to shape the MoU. It was felt that this approach:
- best reflected existing patterns of movement;
 - provided a robust and objective methodology; and
 - retained local sovereignty in terms of the spatial approach to be used by each local authority to meet the resulting housing requirement.

The spatial approach has therefore not been used to influence the MoU but provides shared evidence which should be considered in preparing the spatial strategies within local plans.

- 1.9 Applying the functional relationship approach indicates that Warwick and Nuneaton and Bedworth have the strongest relationships with Coventry, with Rugby also having a significant relationship and Stratford-on-Avon and North Warwickshire having weaker relationships. This is reflected in column 4 of Table 2.

1.10 In addition to the unmet needs of Coventry, the MoU also had regard to the unmet needs arising from Birmingham, especially as they relate to Stratford on Avon District and North Warwickshire Borough, which are also situated within the greater Birmingham HMA. This is identified in column 5 of table 2 for completeness.

Table 2: Redistributing Housing Needs and Identifying Housing Requirements

Local Authority	OAN Housing Need (demographic)	Aligning population and economic growth	Further redistribution from Coventry	Need from Birmingham	Housing Requirement
Coventry CC	42,400	-3,800	-14,000	0	24,600
North Warwickshire BC	3,800	320	540	620	5,280
Nuneaton & Bedworth BC	8,580	1,460	4,020	0	14,060
Rugby BC	9,600	0	2,800	0	12,400
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1.11 Recommendation 2 of the sEPB report reflects the outcome of the work undertaken to support Recommendation 1. The second aspect of the recommendation was added with a view to alleviating concerns raised by NBBC. Unfortunately, this did not enable NBBC to sign the MoU as they remained concerned around their capacity and their ability to plan for the additional 4,020 homes identified as a result of their functional relationship with the city. Although the NBBC Borough Plan has recently been published for consultation, capacity work for the Borough remains on-going. This issue is covered further in the Council's proposed response to the NBBC Borough Plan (item 2 of this Cabinet agenda).

1.12 Recommendation 3 of the sEPB report asks the individual authorities within Coventry and Warwickshire to formally endorse the MoU by the end of November 2015 to support the continuation of both Stratford and Warwick's Local Plan examinations. Due to timetabling and the on-going development of the city's Local Plan it has not been possible to present this MoU for endorsement until January. This slight delay has not proved problematic though as Warwick's hearings have been suspended until May and Stratford's hearing programmed to reconvene in January.

2. Options considered and recommended proposal

2.1 There are only 2 realistic options considered available in relation to this report.

2.2 The first is to refuse to endorse the recommendations of the sEPB (at Appendix 1). This option would cause significant issues in relation to the Duty to Cooperate and mean an alternative approach would need to be investigated for meeting the housing needs of Coventry and Warwickshire. Under such circumstances the development of Coventry's Local Plan would be significantly delayed. This raises further risk of unplanned developments within the city boundary and would delay the delivery of new homes to meet the city's housing needs in the most sustainable way. It would also introduce notable risks around the Council's ability to discharge its Duty to Cooperate responsibilities with its Warwickshire neighbours in relation to other strategic issues. This option is not recommended.

- 2.3 The second option is recommended through this report and would see the sEPB MoU endorsed by the City Council. This provides a solid and transparent platform from which to plan for new homes across Coventry and Warwickshire in the coming years. Endorsement of the MoU at Appendix 1 will help enable the Council to fulfil its obligations in relation to the Duty to Co-operate and to meet the housing requirements of the housing market area, as required by national planning policy.

3. Results of consultation undertaken

- 3.1 The report at Appendix 1 has been developed in a short space of time in response to concerns raised by the Planning Inspector examining the Warwick District Council Local Plan. As such, there has not been an opportunity to consult on this particular MoU.
- 3.2 It has however been presented to the sEPB at its September 2015 meeting, which is a publicly accessible arena and the MoU will form part of the papers made available to support the Coventry Local Plan public engagement process in January 2016 (subject to Cabinet and Council approval under Agenda item 3 of this Cabinet Agenda).
- 3.3 All responses received during the Local Plan engagement in January 2016 will be considered in their entirety and reported to Business, Economy and Enterprise Scrutiny Board (3) in March 2016 prior to submission to the Secretary of State. The Local Plan and its supporting evidence (including this MoU) will then be subject to a period of public examination by an independent Planning Inspector.

4. Timetable for implementing this decision

- 4.1 Subject to approval by Cabinet and Council, this MoU will provide a firm basis from which to continue the development of Local Plans in Coventry and Warwickshire. On this basis, Coventry City Council would hope to have an adopted Local Plan by December 2016.

5. Comments from Executive Director of Resources

5.1 Financial implications

There would be financial benefit to the Council through the increase in the council tax base generated as a result of the growth identified in this report. Whilst such growth will place pressure on key services and longer term maintenance programmes, it will allow the Council a degree of financial flexibility to spread the cost over a larger number of properties.

It should also be noted that any housing development will require planning permission which could attract a s106 and/or CIL contribution from developers, which could be required to offset the additional pressures placed on the Council through development.

5.2 Legal implications

Section 33A of the Planning and Compulsory Purchase Act 2004 (as introduced by the Localism Act 2011), associated regulations, the National Planning Practice Guidance (2014) and paragraphs 178-181 of the National Planning Policy Framework (2012) set out the requirements in relation to the Duty to Cooperate. In order to progress a sound Local Plan Coventry must discharge its responsibilities with regards this 'duty', which relates to strategic aspects of planning, of which housing delivery is included.

The NPPF is clear that the housing needs of a Housing Market Area (and respective constituent authority parts) must be met. Where needs cannot be met within an authorities administrative boundaries then they must engage through the Duty to Cooperate to ensure they can be met within other authority areas. Only where certain constraints exist and cannot be overcome can an authority justify need not being planned for. It is considered that the work undertaken across Coventry and Warwickshire to date, and the proposals made in Appendix 1 represent clear evidence of continued efforts of all represented authorities to discharge this responsibility. This reflects the city's lack of developable land options and helps to ensure that the 'duty', especially in relation to housing provision is being met. The development of the MoU will subsequently be of significant benefit at the Council's Local Plan examination and will help ensure the city can demonstrate its full housing needs are being planned for.

The Council's responsibilities under the Duty to Cooperate do not end here however. The Council will need to continue active, constructive and on-going cooperation with its neighbouring authorities and key stakeholders in order to ensure appropriate plans are put in place in relation to wider development needs, infrastructure and Green Belt policy. Plans will also need to ensure that all reasonable alternative development options have been considered.

In addition the City Council will need to continue working with Nuneaton and Bedworth Borough Council, who as yet have not signed the MoU, and who's further capacity work may bring about a review of the MoU.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

- A prosperous Coventry: The delivery of new homes within and around Coventry will help to support the growth of the city's economy and attract investment to the sub-region.
- Citizens living longer, healthier, independent lives: Striking a balance between providing new homes and jobs as well as protecting the most sensitive and highest value green spaces will help to make Coventry a healthier city, encouraging better quality homes and built environment. It will also make provisions for more accessible and useable green spaces of higher quality.
- Making Coventry an attractive and enjoyable place to be: Striking a balance between providing new homes and jobs as well as protecting the most sensitive and highest value green spaces will help to make Coventry an attractive and enjoyable place to be.
- Providing a good choice of housing: A step change in the city's housing delivery will help to ensure that sufficient new homes are provided to meet the needs of local people.
- Making places and services easily accessible: New housing will be planned alongside new infrastructure meaning new homes will be well integrated into existing communities. This will help to ensure improved accessibility to key services and facilities.
- Encouraging a creative, active and vibrant city: Investment in new housing will support investment in new jobs and economic growth. In turn this will help support

improvements to the city centre through a holistic planning process. A step change in the city's housing delivery, supported by the city centre first policy, will help to establish the centre as the hub for new retail, leisure and community investment. New development will also help to ensure that new and existing services are viable and accessible.

- Developing a more equal city with cohesive communities and neighbourhoods: The delivery of this number of homes within the city will represent a step change in housing delivery for Coventry. This will help to ensure that more people will be adequately housed, with greater access to new jobs, leisure provisions and community facilities.
- Improving the environment and tackling climate change: The work undertaken to examine housing needs across Coventry and Warwickshire thus far has given consideration to protecting the most sensitive and highest value green spaces. Delivering new homes across Coventry will, in practical terms, bring about improvements to areas in need of investment, and will protect the most valuable and sensitive areas of green space from inappropriate development.

6.2 How is risk being managed?

When considering work under the Duty to Cooperate there is always a degree of risk

The preparation of this MoU and engagement with the sEPB has sought to limit the risk associated with both the MoU at Appendix 1 and the support that it provides for housing delivery and plan making across Coventry and Warwickshire.

The main risk associated with this stage of the Duty to Cooperate process remains that NBBC have not yet signed the MoU. They have indicated a need to complete further capacity work, but depending on the outcomes of this work this could result in a need to review the MoU in the 2016.

Both these risks could have impacts on the future of housing delivery across Coventry and Warwickshire. Should either situation arise however it will be reported back to Council.

6.3 What is the impact on the organisation?

No direct impact.

6.4 Equalities / EIA

An equalities and consultation analysis is not considered necessary for this paper. Appropriate work and engagement will be undertaken however as part of the next stage of the Local Plan.

Notwithstanding, the level of housing to be delivered in and around Coventry is expected to generate significant economic and social benefits to the city. This will be promoted by urban regeneration and the redevelopment of land currently sitting vacant and derelict. The delivery of new homes will also support additional opportunities for job creation and the delivery of new infrastructure.

6.5 Implications for (or impact on) the environment

At this point, there are expected to be some environmental impacts brought about by the level of housing outlined in this report and the likely need to release land from the Green Belt to meet the development needs of the city. This has previously been outlined in the draft Local Plan that was considered by Council in September 2014 and is discussed further in the emerging Local Plan that is presented to this meeting (agenda item 3 of this Cabinet agenda). The development of the Local Plan to date has included a commitment to protect the city's highest value and most sensitive green spaces. This commitment remains unchanged by this report.

6.6 Implications for partner organisations?

There are no implications for partner organisations that cannot be mitigated or managed through the supporting work that has already been undertaken and will be prepared by the Council as it moves towards the final version of its new Local Plan.

There will however be potential implications for the Council's neighbouring authorities as part of the Duty to Cooperate. The extent of these impacts will largely depend upon the outcome of new evidence associated with capacity, and any subsequent changes to the distribution of housing growth. This is however expected to be managed by the respective authorities as they prepare their own Local Plans. These impacts are however expected to be minimised through the on-going development of a shared and consistent evidence base and will be considered through an active, constructive and on-going process as part of the Duty to Cooperate.

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