

**Strategic Growth Plan
Strategic Planning Group
15 October 2015**

Item 4.3

Evidence Base and Costs

1.0 Introduction

1.1 At the last meeting of the Members' Advisory Group (23 July 2015), it was agreed that a paper on the evidence base and other costs associated with the Strategic Growth Plan should be prepared. This paper has been produced in response to that request and deals with:

- a) the likely scope of the evidence base for the Strategic Growth Plan (this will include studies also required for individual Local Plans)
- b) indicative costs that would be associated with the evidence base and other matters relating to the production of the Strategic Growth Plan
- c) the methodology for determining how any costs might be apportioned between the ten partner organisations (the City, the County, the seven borough and district councils and the Leicester & Leicestershire Local Enterprise Partnership).

2.0 Background

2.1 Initial discussions on the nature and scope of the evidence base and formulae for apportioning costs took place at the Strategic Planning Group in January and March 2015. The task was subsequently delegated to the Planning Officers' Forum and a Working Group was established in June 2015. The Working Group has since gathered information, on the scope and estimated cost of the evidence base, from individual authorities under two headings:

- a) information which would be assembled at the level of an individual authority to support an individual Local Plan (and therefore commissioned individually)
- b) information which would be gathered by more than one authority (e.g. at the level of the Housing Market Area or across a smaller group of authorities) either to support Local Plan preparation or to help create the Strategic Growth Plan.

This report focuses on the latter.

3.0 Developing an evidence base

3.1 The evidence base will comprise different types of document:

- a) **Core studies:** These are required because they relate to the fundamental provisions of the plan e.g. a review of the Strategic Housing Market Assessment (this needs to be updated regularly to take account of new demographics and

property market considerations), an assessment of economic needs and growth potential (to ensure that the provisions of the plan are aligned with growth targets in the Strategic Economic Plan), a study of major infrastructure requirements (to ensure that transportation, utilities, etc. are provided in line with expected growth), etc. These studies create a strong evidential base to inform and support the decisions that are being made; they also lie at the heart of the Duty to Co-operate.

Most of these studies will be required in any case to support individual Local Plans. In that sense they are not 'new' and provision for some or all of the costs may already have been made in local authority budgets. Joint commissioning will be more efficient in terms of time and cost.

- b) **'Follow-on' studies:** These are needed to examine some issues in more detail (e.g. viability studies of potential development locations) and often arise out of decisions made during the course of preparing the plan or because a particular theme is to be pursued (e.g. a 'green' agenda, sector growth studies, etc.). Decisions on what these studies are and when they need to be commissioned will be taken during the course of preparing the Plan but two possible studies are shown here for illustrative purposes.
- c) **'Process' documents:** In the case of a Local Plan these documents would be required by statute or regulation. In the case of a non-statutory plan, as is the case with the Strategic Growth Plan, there is considerably greater flexibility. Nevertheless, because the provisions of the Strategic Growth Plan are likely to provide a context for decisions at a local level, it would be advisable to commission these documents to demonstrate that a similarly robust approach is being taken. Because these are process documents, they need to be commissioned at the outset and the work will follow the speed of progress on the Plan.
- d) **'Compilation' documents:** These tend to be produced by local authorities 'in house' because they require a detailed knowledge of a particular area and/or assemble information across a wide area (e.g. housing land availability assessments, employment land availability assessments). Most build upon and update existing information.

3.2 At this early stage in preparing the Strategic Growth Plan, it is impossible to be definitive about the full extent of the evidence base. Whilst there is a recognised need for some studies, the need for others will be created by decisions made during the plan-making process itself. In addition, because there is no precedent for a Strategic Growth Plan of this type, there are no reference points that can be taken from similar documents. What can be produced, however, is a preliminary list based on the collective knowledge and experience of officers within the constituent organisations, all of whom have been involved in local and strategic planning matters for many years.

3.3 To further assist in this process, officers will be collaborating with the Planning Advisory Service (PAS) which has procured, and will be paying for, the costs of

consultancy support on strategic planning matters (£20,000 of work from Shared Intelligence whose consultants work in the fields of economic development, local government, the health and well-being of communities and the use of evidence to inform policy-making). PAS views the work of the Leicester & Leicestershire authorities as being a vanguard for this type of work, nationally, and wishes to provide practical support.

3.4 A preliminary list of studies is shown in Appendix 1. This identifies the various documents in the categories above and outlines why each study is needed. In the vast majority of cases, some work has already been undertaken by individual authorities and this will be used to defray the ultimate cost of the work wherever possible. Most of the work is likely to be needed in the 2016/17 financial year but some will need to start earlier to support individual Local Plans or to validate the processes that are being used. Priority studies are:

- a) An update of the Strategic Housing Market Assessment (SHMA)* needed to support individual Local Plans
- b) An Economic Needs Assessment*, also needed to support Local Plans and to ensure alignment with targets in the Strategic Economic Plan (SEP)
- c) A Sustainability Appraisal/Strategic Environmental Assessment, a process document for which a framework is required at the outset.

**Note: Government now recommends that these pieces of work should be combined into one study (a Housing and Economic Development Needs Assessment or HEDNA)*

3.5 More detailed discussions on the detailed scope of work will be undertaken over the coming months. We recommend that the preliminary list of studies is reviewed on a quarterly basis.

4.0 Costs

4.1 Costs associated with the preparation of the Strategic Growth Plan fall under two headings:

- a) **Consultancy costs** associated with the preparation of the evidence base
- b) **Production costs** associated with the plan itself including graphics, consultation events and venues, web site design/hosting, etc.

4.2 Estimates for consultancy costs are given in Appendix 2. This also indicates whether these costs would be 'new' or covered in whole or in part by the requirements of individual Local Plans. It has been assumed that these costs would be incurred over three financial years, 2015/6-2017/8. Production costs are difficult to predict until decisions have been made on these matters but it would be sensible to assign a provisional sum to these elements.

- 4.3 The partner organisations have a long-established and successful track record of sharing costs. To date this has tended to be agreed on a one-off basis e.g. the current Strategic Housing Market Assessment and the Logistics & Distribution Study. The costs of such studies, as individual commissions, have tended to be relatively modest, particularly when shared across a number of organisations.
- 4.4 The costs associated with the Strategic Growth Plan, however, are different in both scale and duration. In many respects they are similar to the costs associated with an authority's statutory plan-making functions, albeit they would be shared across the partner organisations. On that basis, it is suggested that the partner organisations should make provision for the anticipated costs in their budgets over, say, a three year period so that necessary funds can be drawn down as and when required. This is particularly important if the plan is to be prepared as speedily and efficiently as possible.

5.0 Apportionment of costs

- 5.1 In terms of the apportionment of costs between authorities, three possible formulae appear to exist:
- a) **Formula 1:** An equal split across all partner organisations
 - b) **Formula 2:** A split according to the relevance of the study to each organisation or the one which benefits most from the information
 - c) **Formula 3:** An unequal split based on population.
- 5.2 In all cases, a decision would have to be made on whether the County Council and the LLEP should contribute to each study as neither have the same type of statutory plan-making functions as a local authority. In principle, both have agreed that they will contribute to some or all of the studies.
- 5.3 Choosing the most appropriate formula will depend on the nature of each study. Typical questions include:
- a) What is the nature and scope of the study (i.e. how relevant is it to the work of each organisation)?
 - b) Which organisations should be involved in commissioning the study (all ten or just some)?
 - c) How should the costs be apportioned? On the basis of population, area, some other factor?
- 5.4 Appendix 3 shows what these calculations might mean in terms of Formula 1 making assumptions about whether there would be 8, 9 or 10 organisations sharing the costs. Appendix 3 also shows what the costs might mean if Formula 3 were to be used (population based). No calculation has been produced using Formula 2 because it is impossible to predict what the sharing arrangements might be; any number of authorities might choose to collaborate on a special interest study, a good

example being the Distribution and Logistics study where only 5 organisations shared the costs.

5.5 The calculations in Appendix 3 have been brought together to produce a range of indicative costs as set out in Table A below.

Table A: Indicative range of costs depending on formula used (Based on Preliminary List of Studies in Appendix 1, estimated costs of £505,000 in Appendix 2 and calculations in Appendix 3.						
Organisation	8 sharing	9 sharing	10 sharing	Population (excluding County/ LLEP)	Population (after 10% County/ LLEP)	Indicative Range
Blaby	63,125	56,112	50,500	48,480	38,784	38,784-63,125
Charnwood	63,125	56,112	50,500	85,345	68,276	50,500-85,345
Harborough	63,125	56,112	50,500	43,935	35,148	35,148-63,125
Hinckley & Bosworth	63,125	56,112	50,500	54,035	42,228	42,228- 63,125
Leicester City Council	63,125	56,112	50,500	169,680	135,744	50,500-169,680
Leicestershire County Council	0	56,112	50,500	0	50,500	0-56,112
LLEP	0	0	50,500	0	50,500	0-50,500
Melton	63,125	56,112	50,500	25,755	20,604	20,604-63,125
North West Leicestershire	63,125	56,112	50,500	47,975	38,380	38,380-63,125
Oadby & Wigston	63,125	56,112	50,500	28,785	23,028	23,028-63,125

5.6 Table 2 demonstrates that the formula chosen for apportioning costs will have a significant impact on the range, critical influences being the number of organisations collaborating on any given study and, more importantly, whether costs will be shared equally or in terms of population.

6.0 Conclusions

6.1 Based on the above, it is possible to come to a number of conclusions:

- a) It is possible to prepare a preliminary list of key documents required to make up the evidence base for the Strategic Growth Plan as shown in Appendix 1. This might change, however, as decisions are made during the course of preparing the plan or as a result of matters outside our control (e.g. changes in government policy). This risk has to be managed as we work through the process of preparing the plan.
- b) Much of the work needed to produce the Strategic Growth Plan will also be needed by individual authorities to support their own Local Plans; not all are

new studies and it may be possible to offset some of the costs against existing budgets. This will vary from one organisation to another.

- c) Estimated costs can be prepared on the basis of previous experience but costs cannot be finalised until such time as detailed specifications have been prepared and tenders received. It might be possible to reduce costs by bundling studies together but a high demand for consultancy services (as appears to be the case at present) tenders could result in higher than estimated results.
- d) A critical decision, is whether studies should be commissioned on the basis of population estimates or another arrangement. The range of costs given in this report provides an indication of the order of magnitude costs under a variety of formulae. The actual costs that are incurred should be updated on a quarterly basis.
- e) Many of the studies may be commissioned on the basis of population figures (although these need to be updated in the light of new figures) so one way forward is to work on the basis that costs would be apportioned between the eight local authorities in this way. These costs would be reduced if the County Council or the LLEP were to contribute but, equally, they would rise if some of the studies were to be shared by a smaller number of organisations. To cover this possibility it is suggested that a buffer of 20% should be added to these figures for budgeting purposes. As with the list of studies, it is recommended that these costs be reviewed on a quarterly basis.

6.0 Recommendations

6.1 It is recommended that:

- a) The preliminary list of studies identified in Appendix 1 and indicative costs given in Appendix 2 are accepted as the basis of the evidence base for the Strategic Growth Plan.
- b) Partner organisations make provision in their budgets for costs to be shared between the eight local authorities on the basis of population estimates. These figures should be adjusted upwards to give a 20% buffer, recognising that costs could increase or decrease as a result of decisions on individual studies or external influences beyond our control.
- c) Additional provision should be made for production costs.
- d) The preliminary list of studies and costs should be reviewed on a quarterly basis and additional budgetary provision made as necessary.
- e) Authorisation is given to commence procurement processes in relation to a) the Housing and Economic Needs Assessment and b) the process

documents that need to be in place at the outset with some costs being incurred on both during the 2015-16 financial year.

Appendix 1: The Evidence Base

Table 1.1: The Core Studies

CORE STUDIES				
	Nature of Study	Justification	Comments	Required for Local Plans?
1	Strategic Housing Market Assessment (SHMA)	An up-to-date SHMA is an essential pre-requisite of any plan and is essential in demonstrating compliance with the Duty to Co-operate.	There is an existing SHMA (GL Hearn) which covers the period to 2036. This needs to be updated e.g. to incorporate new demographic data or to provide a view on likely trends beyond 2036. All of this work would be needed by LPAs to prepare their Local Plans. See also 2 below.	Yes
2	Economic Development Needs Assessment and Assessment of Growth Potential	It is essential that housing land provision aligns with economic development needs and growth potential including the economic growth projections of the Strategic Economic Plan.	Government guidance now recommends that this work should be combined with a SHMA. The actual commission therefore would be a Housing and Economic Needs Assessment or HEDNA.	Yes
3	Transportation Assessment	It is essential to demonstrate that any development proposals can be supported by the existing transportation network or improvements to it. Work will be needed to test options and growth scenarios arising.	An existing study (Testing Through to 2031) has been completed (Jacobs and David Simmonds Consultancy) which takes a high level view of the existing transportation network and its potential to accommodate new growth. The study identifies stress points on the network. The LLITM model is also being updated. New work will build upon this.	Yes

4	Utilities Infrastructure Capacity Study	The availability of critical utilities (e.g. energy, water, waste water treatment facilities, telecommunications) is an important consideration at the strategic scale.	A preliminary indication of areas of high stress and/or opportunity will influence the selection of potential growth locations; more detailed work is needed to underpin the quantum of location and any upgrades that might be needed. Information will be required to support local plans but a broader analysis at a strategic level is needed to assess the potential of areas to accommodate major growth.	Yes
5	Water Cycle Study and Strategic Flood Risk Assessment (Levels 1 and 2)	A Strategic Flood Risk Assessment (SFRA) maps flood risk and planned development within a district or borough council's boundary.	Water cycle and flood risk analysis is required to support local plan preparation; analysis at the strategic scale will allow comparison to be made between sites.	Yes
6	Landscape Sensitivity and Green Infrastructure Assessment	The sensitivity of the landscape to accommodate new development is one important factor in the selection of potential development areas.	Existing studies provide an assessment of the existing landscape character. These can be used as the basis of a study which examines the capacity of the Leicester and Leicestershire landscape to accommodate growth on a strategic scale. An assessment of green infrastructure and high level ecological constraints could be undertaken at the same time or commissioned separately.	Yes
7	Agricultural Land Quality Assessment	A high-level strategic study of agricultural land classifications which will support decisions on the selection of potential strategic growth locations.	The quality of agricultural land is a significant influence on the selection of Greenfield land for development, the objective being to avoid the best and most versatile land.	Yes

Appendix 1: The Evidence Base (Cont)
Table 1.2: Follow-on Studies (indicative)

FOLLOW-ON STUDIES (INDICATIVE)				
	Nature of Study	Justification	Comments	Required for Local Plans?
1	Viability assessment of strategic options	Before decisions can be made on which sites should be included in the plan more detailed work will need to be undertaken on delivery.	During the course of preparing the Strategic Growth Plan, options and preferred options will be identified. At this stage it is impossible to determine what these options will be, or how many will need to be assessed. The work, however, will include an assessment of the scale of the development and its viability this element of work.	Yes, by those authorities in which the proposal is located.
2	Low Carbon Opportunities Assessment	Major new development creates opportunities for investment in low carbon technology and infrastructure that does not exist in smaller scale development.	If sustainable development is to be pursued as a strong theme of the new plan, an assessment of the potential for reducing the carbon footprint of the development and enhancing responses to climate change, etc. would be highly desirable.	Possibly – if this theme is to be pursued.
3	Sector studies	Some sectors might make a distinctive contribution to L & L's growth. Further study will help to define the support needed.	Significant work has already been undertaken by the LLEP. Work is in progress to define how these can be taken forward.	Possibly – if this theme is to be pursued..1

Appendix 1 (Cont)

Table 1.3: Studies Already in Progress and/or to be continued

STUDIES ALREADY IN PROGRESS AND/OR TO BE CONTINUED				
	Nature of Study	Justification	Comments	Required for Local Plans?
1	Principal Urban Area Transport Study	To establish baseline information on transport issues in the wider Leicester Urban Area	Study nearing completion; further detail likely to be required as detailed proposals are considered.	Yes
2	Strategic Rail Study and assessment of potential Burton-Leicester passenger line	To establish the potential for improvements in strategic rail connections and to assess the feasibility of re-opening the Burton-Leicester line to passenger traffic	Studies nearing completion; future work relates to dissemination and lobbying strategy for strategic rail connections.	Yes – some related to specific authorities
3	Midlands Connect continuation work	To identify constraints in the existing West Midlands network and the potential for improvements	Current study nearing completion; the need for further work to be discussed with partners	Yes – generally applicable
4	Logistics &	To enable a better understanding of the	Initial study completed; the need for further work to be discussed with	Possibly – depends on the

	Distribution Study	logistics and distribution sector and determine future need	partners	authority
5	CIL Viability Study	To assess the impact of new arrangements for pooling of contributions, the desirability of CIL across a wider area, section 106 monitoring	Initial study completed but conclusions need to be re-assessed in light of new regulations relating to planning gain.	Yes – but extent of work depends on the authority
6	Gypsy & Traveller Accommodation Assessment	To assess the need for and potential provision for Gypsy & Traveller accommodation.	Initial study completed but needs to be updated on the light of recent LP decisions.	Yes – but extent of work depends on the authority

Appendix 1: The Evidence Base (Cont)

Table 1.4: 'Process' documents

'PROCESS' DOCUMENTS				
	Nature of Study	Justification	Comments	Required for Local Plans?
1	Sustainability Appraisal/Strategic Environmental Appraisal	An SA/SEA is a mandatory requirement of a Local Plan. It would be advisable to undertake the same process for the Strategic Growth Plan.	The purpose of an SA/SEA is to assist in the preparation of a Plan by identifying the key sustainability/environmental issues facing the plan area, to predict what would be the likely effects of a plan on these issues, and to put forward recommendations on how to improve it. Given the likely influence of the Strategic Growth Plan on individual Local Plans this work should start as early as possible in the plan preparation process.	No – this is a separate plan
2	Habitats Regulation Assessment (HRA)	An SA/SEA is a mandatory requirement of a Local Plan. It would be advisable to undertake the same process for the Strategic Growth Plan.	The purpose of an SA/SEA is to assist in the preparation of a Plan by identifying the key sustainability/environmental issues facing the plan area, to predict what would be the likely effects of a plan on these issues, and to put forward recommendations on how to improve it. Given the likely influence of the Strategic Growth Plan on individual Local Plans this work should start as early as possible in the plan preparation process.	No – this is a separate plan
4	Equalities Impact Assessment	A study to assess the impact of the proposed plan on a number of indices relating to equal opportunities.	This is part of the risk assessment process and it might be appropriate to combine this with other aspects of the work.	No – this is a separate plan

Appendix 1: The Evidence Base (cont)

Table 1.5: 'Compilation' documents

'COMPILATION' DOCUMENTS				
	Nature of Study	Justification	Comments	Required for Local Plans?
1	Sieve Map Analysis	The assembly and co-ordination of key data to show its spatial distribution across the county.	This is being prepared in house using information held primarily by the County Council and the Homes & Communities Agency with input from the LAs and the LLEP.	Possibly – depends on each local authority
2	Strategic Housing Land Availability Assessments (by LA)	A SHLAA provides information on the spatial distribution of potential housing sites.	This information could be provided in house by the LAs; it has to be collected in any case to support decisions on individual local plans.	Yes
3	Strategic Employment Land Availability Assessments (by LA)	An ELAA provides information on the spatial distribution of potential employment sites.	This information could be provided in house by the LAs; it has to be collected in any case to support decisions on individual local plans.	Yes

Appendix 2: Indicative Costs*

Table 2.1 Core Studies, Follow-on and Process Studies (Note: Excludes studies already in progress)

	Nature of Study	2015-16	2016-17	2017-18	Total
	Core studies				
1 & 2	Combined Strategic Housing Market Assessment and Economic Development Needs Assessment	40,000	60,000	0	100,000
3	Transportation Assessment	10,000	80,000	10,000	100,000
4	Utilities Assessment	0	30,000	20,000	50,000
5	Water Cycle Study and Strategic Flood Risk Assessment	0	50,000	20,000	70,000
6	Landscape Sensitivity and Green Infrastructure Assessment	0	25,000	25,000	50,000
7	Agricultural Land Quality Assessment	0	20,000	0	20,000
	Typical 'Follow-on' Studies				
8	Viability Assessment of Strategic Options	0	30,000	20,000	50,000
9	Low Carbon Opportunities Assessment	0	25,000	0	25,000
	'Process' documents				
11	Sustainability Appraisal/Strategic Environmental Assessment/Habitat Regulations Assessment	10,000	20,000	10,000	40,000
	Totals	60,000	340,000	105,000	505,000

Appendix 2: Indicative Costs

Table 2.2: Production Costs

	Production Costs		
	Nature of Study	Justification	Estimate (£)
1	Legal Opinion	A legal opinion is generally sought during the course of development plans preparation	10,000
2	Web site	There needs to be one dedicated source of information on all matters relating to the Strategic Growth Plan; a dedicated web site would be the most effective means of communication	10,000
3	Graphics, consultation and production costs (provisional sums)	This is highly dependent upon the nature of the communications strategy and will need to be reviewed	Say 80,000

Appendix C: Apportionment of Costs

Table 3.1: Typical shared costs using Formula 1 (based on preliminary list in Appendix 1 and estimated costs of £505,000 in Appendix 2)					
	Organisation	2015-16	2016-17	2017-18	Total
Studies – Cost per organisation based on total costs of £505,000 and split between:					
8 organisations	The City Council; 7 boroughs and districts	7,500	42,500	13,125	63,125
9 organisations	As above plus the County Council	6,667	37,778	11,667	56,112
10 organisations	As above plus the LLEP	6,000	34,000	10,500	50,500

**Table 3.2a: Typical shared costs using Formula 3 (based on preliminary list in Appendix 1 and estimated costs of £505,000 in Appendix 2)
Studies – costs per organisation based on population figures as per current SHMA*
(*Note that these might need to be revised in line with most recent population statistics)**

Authority	% of total	2015-16	2016-17	2017-18	Total
Blaby	9.6				48,480
Charnwood	16.9				85,345
Harborough	8.7				43,935
Hinckley & Bosworth	10.7				54,035
Leicester	33.6				169,680
Melton	5.1				25,755
North West Leicestershire	9.5				47,975
Oadby & Wigston	5.7				28,785

Table 3.2b: Typical shared costs using Formula 3 and assuming that the County Council and the LLEP each pay 10%, the remaining 80% being shared as set out below (based on preliminary list in Appendix 1 and estimated costs of £505,000 in Appendix 2)

Authority	% of total (£505,000)	2015-16	2016-17	2017-18	Total
County Council	10				50,500
LLEP	10				50,500
	% of 80% remaining (£404,000)				
Blaby	9.6				38,784
Charnwood	16.9				68,276
Harborough	8.7				35,148
Hinckley & Bosworth	10.7				43,228
Leicester	33.6				135,744
Melton	5.1				20,604
North West Leicestershire	9.5				38,380
Oadby & Wigston	5.7				23,028