



**Report to: Place and Economic Development Committee, 6<sup>th</sup> September 2021**

**Report of: Corporate Director – Planning and Governance**

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**Subject: SOUTH WORCESTERSHIRE FIVE YEAR HOUSING LAND SUPPLY REPORT 2021**

**1. Recommendation**

**That the Place and Economic Development Committee:**

- 1.1 **Notes the publication of the South Worcestershire Councils 2021 Five Year Housing Land Supply (5YHLS) Report and Appendices on 22 September 2021, which details that Officers consider for the period 1 April 2021 to 31 March 2026 a robust 5YHLS against the Standard Method housing requirement can be demonstrated.**
- 1.2 **Notes that on account of the South Worcestershire Councils being able to demonstrate a 5YHLS, all policies in the South Worcestershire Development Plan (SWDP) relating to the supply of housing should be given full weight in the determination of planning applications (excluding the elements of SWDP3 which are no longer appropriate given the utilisation of the Standard Method housing requirement and associated change in approach to 5YHLS).**

**2. Background**

- 2.1 Local Planning Authorities have been required to demonstrate a 5YHLS since the publication of Planning Policy Statement 3 "Housing" (November 2006). The objective was to substantially increase the supply of housing across the country as advocated in the former Government's Barker Review.
- 2.2 The publication of the National Planning Policy Framework (NPPF; March 2012) resulted in the cessation of all Planning Policy Statements. However, the requirement to maintain a 5YHLS remains a key component of the NPPF, as updated (Paragraphs 74-77 refer) and boosting the supply of housing remains an important Government objective.

**3. South Worcestershire Councils Five Year Housing Land Supply**

- 3.1 The adoption of the South Worcestershire Development Plan (SWDP) in February 2016 established, at SWDP3, five separate sub-areas (Malvern Hills, Worcester City, Wychavon, Wider Worcester Area Malvern Hills and Wider Worcester Area Wychavon) for dealing with housing, employment and retail provision, redistributing the requirements according to land availability and natural and environmental constraints.

Since the adoption of the SWDP, the South Worcestershire Councils have published five separate 5YHLS Reports on an annual basis (Wider Worcester Area Malvern Hills since 2018/19 as required by SWDP3) against the annual housing requirements detailed in SWDP3.

- 3.2 The SWDP is now more than five years old. As set out in the NPPF at Paragraph 74, in such circumstances the calculation of the 5YHLS position should be based on the local housing need calculated using the Standard Method rather than any housing requirement adopted in the Local Plan. Given this, a single joint approach to 5YHLS is being adopted by the South Worcestershire Councils from 2021 onwards. Any other approach to 5YHLS in South Worcestershire from 2021 onwards would not be appropriate as it would require the redistribution of either the Standard Method calculation for each Local Authority to the five sub-areas or the supply for each of the five sub-areas back to each Local Authority. It should be noted that it is the intention of the SWDP Review to formally establish a single joint approach to 5YHLS, and that the South Worcestershire Councils are considered as a single entity in the calculation of the Housing Delivery Test, with a 2020 measurement of 157% published in January 2021.
- 3.3 The Standard Method calculation sets a baseline using the 2014-based household projections and makes an affordability adjustment according to the most recent median workplace-based affordability ratios, setting a cap of 40% above the average annual housing requirement figure set out in the existing policies and adding a 35% uplift to Greater London and the other 19 most populated urban centres. The latest Standard Method calculation for the South Worcestershire Councils is 1,283 dwellings per annum, as set out in Table 1 below.

**Table 1 - South Worcestershire Councils Standard Method Calculation**

	<b>Baseline Need</b>	<b>Affordability Adjustment</b>	<b>Total Annual Dwelling Need</b>
<b>Malvern Hills</b>	278	135	413
<b>Worcester</b>	301	67	368
<b>Wychavon</b>	366	136	502
<b>South Worcestershire Councils Total</b>	<b>945</b>	<b>338</b>	<b>1,283</b>

- 3.4 2020/21 saw 1,719 completions across South Worcestershire, meaning there have been 19,942 total completions since the outset of the SWDP plan period (1 April 2006 to 31 March 2021); this is significantly above the cumulative annual requirement set out in the SWDP of 16,580 during the same period which represents a surplus of some 2,912 dwellings.

Given the size of the oversupply, the South Worcestershire Councils consider it is appropriate to reduce the residual annual requirement by adopting the 'Liverpool approach' and spreading the oversupply over the remaining SWDP plan period. With the inclusion of a 5% buffer as advocated by the NPPF at Paragraph 74, the five year target equates to 5,035 dwellings.

- 3.5 The detailed 5YHLS report (provided at **Appendix 1**) sets out the methodology used by Officers in assessing and calculating the 5YHLS. As in previous years, Officers have adopted a very cautious approach in scrutinising all large sites that have planning permission, as well as proposed allocations in the SWDP. Where there is doubt associated with bringing a site forward or it is too large to deliver in its entirety in five years, it has been reduced or excluded from the calculation. In all cases, the Officer's decision is set out in the 5YHLS Report and the associated appendices.
- 3.6 Appendix 1 demonstrates that the South Worcestershire Councils can demonstrate a robust 5YHLS of 5.76 years against the Standard Method housing requirement.

#### **4. Preferred Option**

- 4.1 The preferred option is for members to note and endorse the recommendations set out in section 1 above.

#### **5. Alternative Options Considered**

- 5.1 The alternative option is for the South Worcestershire Councils to not publish a Five Year Housing Land Supply update. Not maintaining an up-to-date Five Year Housing Land Supply could result in speculative planning applications and planning appeals, particularly given that the SWDP (2016) is now more than five years old.

#### **6. Implications**

##### **6.1 Financial and Budgetary Implications**

There is potential for planning appeals to be lodged to test the South Worcestershire Councils 5YHLS supply position and SWDP policies generally. Although large scale speculative planning applications have seen a marked decline since the adoption of the SWDP, such applications may increase in the future. Appeals with respect to 5YHLS, however, do tend to take the form of formal inquiries which are costly in terms of securing Counsel and consultancy services.

##### **6.2 Legal and Governance Implications**

The NPPF (paragraph 74) indicates that local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide five years supply of housing against their housing requirements set out in adopted strategic policies or against the local housing need where the strategic policies are more than five years old.

### 6.3 Risk Implications

Not maintaining an up-to-date Five Year Housing Land Supply could result in speculative planning applications and planning appeals, particularly given that the SWDP (2016) is now more than five years old.

Maintaining a robust 5YHLS position will therefore maximise the ability of the councils to successfully defend (at appeal) unsustainable development proposals.

Members should note that the South Worcestershire Councils' position of 5.76 years has yet to be tested at a planning inquiry and there is inevitably a risk that, at a planning inquiry, arguments could be made to challenge the methodology used in reaching this assessment.

The housing market is cyclical in nature and another downturn could see housing completions decline again. Despite the construction of homes being outside the control of local planning authorities, it was evident during the last recession that it was no defence at 5YHLS Inquiries.

### 6.4 Corporate/Policy Implications

The Five Year Housing Land Supply Report itself does not establish policy.

### 6.5 Equality Implications

An Equality Impact Assessment is not required for the production of the Five Year Housing Land Supply Report as it is simply a monitoring report and does not in itself contain any policies.

### 6.6 Human Resources Implications

None

### 6.7 Health and Safety Implications

None

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**Background Papers:** Adopted South Worcestershire Development Plan (SWDP; February 2016)  
National Planning Policy Framework (July 2021)  
Appendix 1: Five Year Housing Land Supply Report 2021