

**Bath & North East Somerset
Local Plan (Core Strategy /Placemaking Plan)**

2011-2029

Partial Update

Submission Draft December 2021

**Topic Paper: Housing Requirement and
Housing Supply**

**Bath & North East
Somerset Council**

Improving People's Lives

1. Introduction

- 1.1 The Council is progressing a partial update to the adopted Core Strategy and Placemaking Plan (together comprising the Local Plan). The Local Plan Partial Update (LPPU) is being prepared in order to address a number of important issues in the short-term. These include replenishing or updating housing supply which is necessary in order to address a future shortfall in supply.
- 1.2 At the Placemaking Plan Examination in 2017, the Council confirmed there was a marginal shortfall of around 350 dwellings in supply against the Core Strategy requirement of around 13,000 dwellings, which arises towards the end of the plan period and that it would be addressed through the required five yearly review of the Plan. This was accepted by the Inspector and in relation to housing supply this review is being undertaken now resulting in a partial update of the Local Plan.
- 1.3 This Topic Paper updates and supersedes the equivalent housing topic papers published at Reg 18 and Reg 19 stages of the LPPU preparation. It explains the Council's review of the housing requirement and the approach in establishing the current shortfall in housing supply, the scale of the shortfall that will be planned for in the LPPU, the implications of doing so and the approach taken in identifying additional supply.

2. Housing Requirement Position

Core Strategy

- 2.1 The Council adopted the Core Strategy in 2014. It established a housing requirement of around 13,000 dwellings from 2011 to 2029. As at April 2021, there were eight years of the plan period remaining.
- 2.2 The Core Strategy housing requirement is based on a Strategic Housing Market Assessment (SHMA) – available at:
https://www.bathnes.gov.uk/sites/default/files/sitedocuments/Planning-and-Building-Control/Planning-Policy/Evidence-Base/Housing/banes_shma_update_2013.pdf
- 2.3 The Core Strategy housing requirement was based on the 2013 SHMA – however, the objectively assessed demographic based need of 8,955 was boosted significantly to a Core Strategy housing requirement of around 13,000 (722 per annum). It was boosted in order to address the backlog from the

previous Local Plan (1,167 dwellings); to enable delivery of affordable housing to meet the identified need of 3,290; and to respond to market signals (i.e. market adjustment). As such the plan requirement is significantly (around 50%) greater than the demographic based need. It will also enable more people/households to move into B&NES given that the boosted Core Strategy housing requirement is greater than the need arising from trend-based demographic changes within B&NES. Opinion Research Services (ORS) have undertaken a review of these factors, comparing the Core Strategy requirement to the other subsequent needs assessments (see their report available as CD-SD027).

- 2.4 The National Planning Practice Guidance (NPPG at Paragraph: 062 Reference ID: 61-062-20190315) makes it clear that, in assessing whether a plan needs to be reviewed, local housing need will be considered to have changed significantly where a plan has been adopted prior to the standard method being implemented, on the basis of a number that is significantly below the number generated using the standard method. This is not the case in B&NES where the Core Strategy requirement is in fact greater than the number generated by the standard method (i.e. 722 dwellings per annum as opposed to 676).
- 2.5 As this is a partial update of the plan and not the preparation of a new local plan and in light of guidance in the NPPG, the Council considers that it is not appropriate to change the plan period, housing requirement or spatial strategy. Therefore, the supply shortfall that will be addressed is that based on the Core Strategy housing requirement.
- 2.6 The Core Strategy housing requirement has been reviewed and is considered to remain appropriate for plan-making. The NPPF (para. 61) outlines that in preparing strategic policies through plan-making a housing requirement should be established based on local housing need using the standard method, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. These exceptional circumstances apply to this partial update as the annual requirement set by the Core Strategy is above subsequent assessments of need including the 2018 SHMA and the standard method.
- 2.7 The ORS analysis shows that the level of demographic growth in the 2013 SHMA is of a very similar magnitude to that in later projections underpinning the 2018 SHMA and the standard method. In addition, the adjustment or boost to the demographic based need in deriving the Core Strategy requirement is greater than both the adjustment proposed in the 2018 SHMA and the standard method. Therefore, ORS have concluded that the most appropriate approach is to plan to meet the annual requirement set by the Core Strategy (see CD-SD027).

- 2.8 Whilst the Council considers that the LPPU should be based on meeting the Core Strategy housing requirement, the likely significant sustainability effects of meeting the reduced requirement using the standard methodology were considered through the sustainability appraisal of the Options document - available at: <https://beta.bathnes.gov.uk/policy-and-documents-library/local-plan-partial-update-options-consultation-supporting-documents>

Standard Method and the West of England Combined Authority (WECA) Spatial Development Strategy

- 2.9 The NPPF (para. 61) outlines that in preparing strategic policies through plan-making a housing requirement should be established, based on local housing need using the standard method. The NPPG (at Paragraph: 010 Reference ID: 2a-010-20201216) also makes it clear that the standard method is a minimum starting point for identifying local need and that this is not, of itself, the housing requirement that should be planned for. The housing requirement should be established through plan-making. In areas where a joint authority with an elected Mayor has strategic planning powers (such as the WECA) the housing requirement for the combined area and the distribution across that area should be derived through the preparation of a Mayoral Spatial Development Strategy.
- 2.10 National planning policy (NPPF, para. 74 and footnote 39) also makes it clear that for the purposes of assessing future housing land supply and demonstrating a five year supply the housing need figure established through the standard method should be used. Further it will be relevant in the formulation of the SDS once an adopted strategic policy is more than five years old.
- 2.11 On the 20th December 2020 Department of Levelling Up, Housing and Communities (as it now is) confirmed that the standard method figure should continue to be based on 2014 projections. An adjustment is made to the household projections figure to reflect housing affordability within an area. The standard method relates to projected changes in all parts of the population, including students. As such, the local standard method need figure calculated includes student housing (NPPF, para. 61). It should be noted that the Core Strategy housing requirement excludes the student population so that purpose built student accommodation (PBSA) does not contribute to the Core Strategy housing delivery. The provision of student accommodation to meet the needs of the student population is planned for separately through the Core Strategy and Placemaking Plan.
- 2.12 Some revisions to the standard method were announced in December 2020. The primary revision is that for the largest cities and urban areas an uplift has been applied. This applies to 20 local authorities, which excludes Bath & North East

Somerset. However, this uplift does apply to Bristol City Council and this is relevant to and will be addressed through the preparation and approval of the SDS (see also paras 2.16 – 2.20 below).

- 2.13 As referenced above, the Core Strategy does not account for (and specifically excludes) the student population, so under Core Strategy figures the construction of Purpose Built Student Accommodation (PBSA) is not taken into account in the five year housing land supply calculation. This is however accounted for in the standard methodology.
- 2.14 The standard methodology is currently calculated as an annual local housing need of 676. This is the uncapped figure where the household projections have been adjusted upwards by 41%. Whilst the inputs to the standard method calculation will change on an annual basis, it is likely that the standard method results for future years will remain below the adopted Core Strategy housing figure.
- 2.15 Therefore, basing the LPPU on the Core Strategy requirement of 722 p.a. will result in a higher rate of housing delivery than the standard method. Not only is the Core Strategy figure higher than the standard method but the omission of PBSA from the assessed figures will also result in higher housing delivery. The provision of PBSA for the student population will be in addition to the 722 p.a. Currently there is permission for PBSA which amounts to an equivalent of 264 dwellings. The amount of PBSA provided during the plan period will likely increase due to further permissions and the University of Bath masterplans which proposes further PBSA on the Claverton campus.

SDS and Unmet Need from Bristol

- 2.16 The LPPU seeks to replenish housing supply in delivering the Core Strategy requirement (up to 2029). In order to plan for longer term housing provision a new Local Plan will be prepared. This will be brought forward within the context of and to deliver the WECA Mayoral Spatial Development Strategy (SDS). In accordance with the NPPG, the SDS will establish the housing requirement for the combined authority area based on the standard method and set out its distribution across the constituent authorities. The new Local Plan for B&NES will then set out the strategy and identify and allocate sites to deliver this housing. As set out in the Council's approved Local Development Scheme, both the SDS and new Local Plan will be progressed in a timely manner, with the SDS anticipated to be approved and published in spring 2023 and the new Local Plan for B&NES adopted in 2024. WECA has already progressed preparation of the supporting evidence base (including a Local Housing Needs Assessment) and is committed to publishing the draft SDS for statutory consultation in spring 2022.

B&NES Council has also committed resources to prepare the new Local Plan aligned to the SDS preparation.

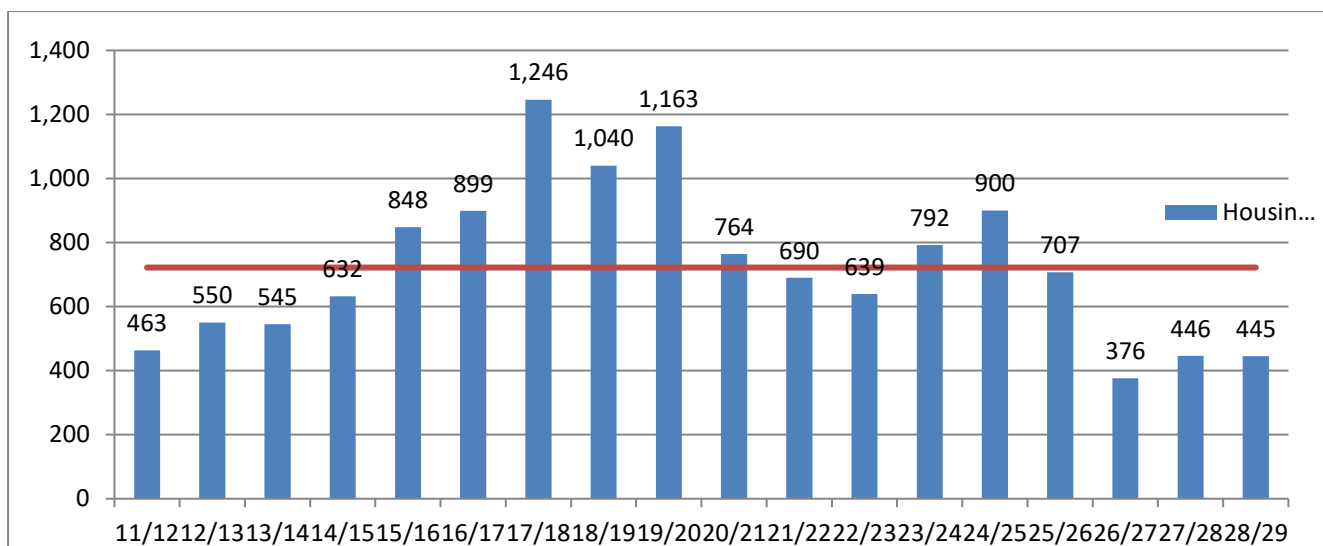
- 2.17 The Core Strategy requirement more than fully met the needs identified in the 2013 SHMA. At the time of examination there were discussions on the unmet need from Bristol and the need to address this via a timely plan-review aligned with those of the other West of England authorities was noted and required by the examining Inspector. Policy DW1 in the Core Strategy therefore, references the first review of the plan being timed to co-ordinate with the review of the other West of England Core Strategies. Review of the housing requirement and consideration of how best to meet Bristol's unmet need across the sub-region is most appropriately undertaken through the preparation of a sub-regional plan. The four West of England Unitary Authorities (B&NES, Bristol City Council, North Somerset Council and South Gloucestershire Council) prepared a West of England Joint Spatial Plan (JSP) addressing this issue, but the plan was withdrawn during its examination. The unmet need from Bristol will be identified and a strategy for meeting it will be established through the Spatial Development Strategy (SDS) which is being prepared by WECA. The establishment and staffing of WECA as the responsible body for preparing the SDS is an important differentiating factor with preparation of the West of England JSP. In addition, the LPPU would mitigate delay in the SDS by ensuring the Council has an up-to-date plan in place by 2023.
- 2.18 The SDS will provide a strategic housing requirement for B&NES covering a longer plan period (2022-2042) which will then be planned for via the New Local Plan. As set out above, the draft SDS is due to be published next spring for its statutory 12 week consultation. Work on the new Local Plan will commence early next year. To address any unmet need or extend the plan-period through the partial update, would undermine and prejudice the work being progressed through the SDS. The LPPU is therefore a proactive approach to meeting the existing shortfall in the Core Strategy plan period in a plan led way whilst the SDS is being prepared, rather than simply waiting for the SDS and new Local Plan to be adopted.
- 2.19 In this context and given the LPPU is a review and updating of the plan on a limited basis it is entirely appropriate that the existing plan-period (up to 2029) is retained. The Council considers that the requirement set out in the NPPF (para 22) that strategic policies should look ahead over a minimum 15 year period post-adoption does not apply to the LPPU as it is a limited review and updating of the adopted Plan and is not changing either the housing requirement or spatial strategy. As set out above, establishing a housing requirement and a plan period over the longer term (2022-2042), as well as allocating sites to deliver the required housing, will be achieved through the SDS and new Local Plan. This is

consistent with the approach recently accepted in Bedford. Bedford Borough Council recently adopted their local plan with a plan period until 2030 and therefore could not demonstrate a 15 year plan period at adoption. This was accepted by the Inspector as the future Cambridge-Milton Keynes-Oxford Arc will have significant implications for Bedford and the Local Plan policy cannot dictate parameters of a future plan (see Bedford Local Plan Inspector's Report, CD-GEN002). Bedford Council showed a clear commitment to review the adopted plan within three years.

2.20 However, should the SDS be significantly delayed (given the LPPU mitigates the risk of some delay), the LPA would continue to progress the new local plan based on the standard methodology and this would consider any unmet need from Bristol under the Duty to Cooperate. The LPA will need to keep under review the point at which such a route would be pursued in the context of ensuring a continuing supply of housing in a plan-led way towards the end of the current plan period (2029). Any unmet need from Bristol and the provision that B&NES should plan for to contribute towards meeting such need is difficult to quantify without a sub-regional strategy. In addition, there have been suggestions by the Government that the standard method, including the uplift for major cities such as Bristol is likely to be subject to change in spring 2022. The adoption of the LPPU will allow the LPA to meet B&NES housing needs while the SDS is prepared. The LPPU site allocations perform an important role in that they help maintain supply in a planned way, whilst the growth to be planned for in the SDS and to be delivered through sites allocated in the new Local Plan begin to come forward.

3. Housing Delivery

3.1 The adopted Core Strategy requirement of 13,000 homes equates to an average of 722 homes per year (see paras. 2.3 and 2.15 above). As shown by the graph below, housing delivery in the district has significantly exceeded this annual figure in the last five years. Overall, 8,150 homes have been completed between 2011 and 2021. Given that the accommodation needs of the student population are not included within the Core Strategy housing requirement, the construction of Purpose Built Student Accommodation (PBSA) is not included in these completions figures (as referred to above at paras. 2.11, 2.13 and 2.15). In order to meet the Core Strategy requirement, around 4,850 dwellings (excluding PBSA) need to be built during the remaining eight years of the plan period to 2029.



3.2 In addition to past housing completions the graph above shows predicted future delivery as set out in the Council’s latest published housing trajectory (31st March 2021 base date), which is available at:

<https://beta.bathnes.gov.uk/sites/default/files/2021-08/Housing%20Trajectory%202021.pdf>

3.3 At adoption of the Core Strategy in 2014 the Council was carrying a deficit from the early part of the plan period. This was factored into the 5YHLS using the Sedgfield method and by the monitoring year 17/18 the Council was no longer carrying the deficit (assuming making good the Local Plan backlog at the start of the plan period is not explicitly taken into account – see para. 4.28 below).

3.4 The overall plan requirement included a backlog resulting from past under delivery from the previous plan period (1996-2011). As stated in paragraph 84 of the Inspector’s Report, this was considered as a market adjustment and did not need to be regarded as a shortfall to which the PPG advice applies. However, this backlog need would have already existed at the start of the Core Strategy period in 2011 and it was important that it was addressed as early as possible.

3.5 The Council’s monitoring data shows that the Core Strategy has greatly increased housing delivery in the authority area, in particular between monitoring years 17/18 to 19/20. This is largely due to several sites allocated in the Core Strategy delivering at the same time. For example, the former MOD sites, the Keynsham allocations and Whitchurch allocations delivered at the same time.

Housing Delivery Test

- 3.6 The Housing Delivery Test was introduced when the NPPF was revised in 2018. The test compares a council's past three years of housing delivery against its three-year requirement. The results of the test are published by the Government annually. As the Council has significantly exceeded its housing requirement for the past three years the Council is confident that the test will be passed this year. It should also be noted that the Housing Delivery Test includes an allowance for the dwellings equivalent of PBSA. Inclusion of PBSA within the Housing Delivery Test figures contributes to the Council's positive results. Last year's test result was 222%.
- 3.7 As set out above, the Housing Delivery Test only relates to the previous three years delivery. Therefore, once delivery drops below the annual requirement across a three-year period the housing delivery test will be failed. As can be noted in the above graph, the housing delivery in B&NES has been well above the annual requirement for the past five years. However, the delivery trajectory graph shows that in the future delivery is predicted to begin to drop below the required annual figures. The reduction in annual delivery is projected to result in failure of the Housing Delivery Test during the plan period without the addition of the proposed LPPU site allocations.

4. Housing Supply

Overall Supply

- 4.1 The Council's published 2020 housing delivery trajectory showed there was sufficient supply to meet the Core Strategy requirement. However, in reviewing the supply as set out in the 2020 trajectory some sites were identified where housing delivery during the plan period cannot be relied upon to the extent originally anticipated. Adjusting the anticipated supply from these sites and taking a realistic view on delivery of the remaining sites, plus an allowance for small windfall sites, the latest estimated current supply is around 4,671 dwellings from 2021 up to 2029. This results in a shortfall of around 200 against the Core Strategy requirement (as shown in the latest 2021 based delivery trajectory). This is of a similar magnitude (albeit slightly lower) to the shortfall identified at the time of the Placemaking Plan Examination. The adjusted supply and consequential shortfall arises towards the end of the plan period.
- 4.2 This shortfall in overall supply, allied to the future Housing Delivery Test and five-year land supply, requires further allocations to be made through the LPPU.

Approach to housing supply

- 4.3 The NPPG sets out the factors which local planning authorities should consider in assessing whether policies in a Local Plan need to be reviewed. In accordance with this guidance and as set out above, the Council considers that the delivery trajectory shows that overall supply is likely to be insufficient to meet the plan requirement and that in future years the Housing Delivery Test and requirement to identify a Five-Year Housing Land Supply will be at risk. Therefore, corrective action is required to replenish the housing supply through the LPPU in order to address these issues.
- 4.4 As detailed above, the Core Strategy annual requirement is considered to be the most appropriate basis against which the shortfall should be assessed and met. Subsequent SHMAs have confirmed that this figure reflects demographic trends and will result in a higher housing yield than the standard methodology.

Scale of the Supply Shortfall

- 4.5 As set out above, the estimated supply shortfall to deliver the Core Strategy requirement is around 200 dwellings. However, in order to ensure the Council still meets the Housing Delivery Test the most straightforward approach to identifying the supply shortfall is to base it on delivering 722 per annum up to 2029. This results in a supply shortfall of around 1,100 as set out in the table below.

	Annual requirement	X 8(2021- 2029)	Reviewed supply	Estimated shortfall
Core Strategy requirement	722	5,776	4,671	1,105

- 4.6 Therefore, through the LPPU, sites need to be identified in order to deliver an additional 1,105 dwellings. In identifying sites, it should be noted that the result of the LPPU is a projected total provision of around 14,000 dwellings during the plan period to 2029. Whilst the Core Strategy requirement of 13,000 dwellings is not a cap, this resultant planned provision significantly exceeds the requirement and provides flexibility of supply of more than 5% ($1,000/13,000 = 7.69\%$).
- 4.7 It is also worth noting that the planned provision through the partial update set out above will also be substantially greater than that which would result from using the current standard method figure as the basis for the supply shortfall – see below:

- Annualised requirement is 676 dwellings p/a
- 8 years x 676 = 5,408 dwellings
- Current supply = 4,935 dwellings (this includes 264 dwellings equivalent from purpose built student accommodation as this forms part of the standard methodology figure)
- Supply shortfall is 5,408 – 4,935 dwellings = 473 dwellings
- Difference between Core Strategy requirement (Housing Delivery Test based) shortfall and standard method-based shortfall = 1,105 – 473 = 632 dwellings

4.8 Therefore, to base the LPPU on meeting the Core Strategy housing requirement, rather than apply the standard method, will result in a greater yield of housing.

Addressing the Overall Supply Shortfall

4.9 The LPPU replenishes the supply of housing to address the above calculated shortfall in a plan-led manner on identified sites. This comprises some additional supply on sites already allocated in the Placemaking Plan, as well as some new site allocations. Primarily these are brownfield sites. As referenced above, the spatial strategy remains unchanged as this is a partial update of the Local Plan. Therefore, in identifying additional supply the existing spatial strategy approach has been closely followed, focussing on sites within Bath, at Keynsham and then the Somer Valley. No release of Green Belt land is proposed in order to allocate sites for housing development. Further information on the approach employed is set out in the Topic Paper on the Overall Purpose, Scope and Approach of the LPPU (CD-SD025).

Five-Year Housing Land Supply

4.10 In addition to the Housing Delivery Test, the NPPF (para. 74) also requires the Council to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old i.e. a Five-Year Housing Land Supply (5YHLS). The supply of specific deliverable sites should in addition include a buffer of 5% to ensure choice and competition in the market for land.

4.11 As noted above, the B&NES Core Strategy which establishes the housing requirement was adopted in 2014. Therefore, currently the Council's 5YHLS calculations are based on the standard method. The standard method housing figure for B&NES is 676 per annum for the next ten years. Under the Core

Strategy requirement, the Council has identified a supply of deliverable housing land for 3,464 homes between 1 April 2021 and 31st March_2026 in the latest published housing trajectory (31st March 2021 base date – see link to it in para. 3.2 above). When PBSA is included (as allowed for under the standard method and using the Housing Delivery Test Measurement Rule Book supply the ratio of 2.5 bed spaces to one dwelling) the housing land supply is 5.26 years against the current standard method figure. Therefore, at present the Council can demonstrate a 5YHLS when assessed against the standard methodology for calculating local housing need.

- 4.12 Once the LPPU is adopted, the Council will calculate its 5YHLS against the Core Strategy housing requirement. As shown below, the 5YHLS position becomes marginal over the next two years.
- 4.13 As shown by the graph above (at para. 3.1), housing delivery from 2011 to 2021 has exceeded the annualised Core Strategy requirement of 722, delivery is effectively ahead of schedule and the_Council is carrying a surplus against the annualised requirement.
- 4.14 Once the LPPU sites are allocated, delivery is mostly predicted to be above the required 722 a year but will not result in the levels of delivery seen in years such as 2017/18. However, the next three years are showing a slow down in delivery, as the new allocations begin to progress through the planning process and deliver housing.
- 4.15 If the housing trajectory delivers as predicted in 2021/22, then the Council will be carrying a surplus of 816 in 2022. However, it is predicted that the 5YHLS will fall to 4.96 in 21/22 when assessed against the annualised Core Strategy requirement (i.e. not taking account of the surplus delivery). Future projections suggest that, once the LPPU is adopted, from 22/23 the Council will be able to demonstrate a 5YHLS if a 5% buffer is applied without taking account of the surplus.
- 4.16 The table below demonstrates the predicted 5YHLS once the LPPU is adopted. It outlines the extent to which 5YHLS will differ depending on whether the surplus is taken into account or not. Therefore, taking account of the surplus in the next monitoring year will ensure that the Council can maintain a 5YHLS as the LPPU allocations begin to deliver.

	5YHLS	5YHLS plus surplus
21/22	4.9	6.04
22/23	5.2	6.12

- 4.17 Some sites proposed to be allocated in the LPPU are already progressing through the planning system such as the Keynsham safeguarded land (213 units). Since the 2021 Housing Trajectory, the Homebase site in Bath (part of site allocated in the adopted Placemaking Plan) has gained full permission (272 dwellings) and the Council's planning committee have resolved to grant permission for a further 343 dwellings on the Lower Bristol Road in Bath.
- 4.18 Some of the sites to be allocated in the LPPU are within or adjoining areas where housing is already under construction such as Keynsham (safeguarded land adjoins a site which is under construction) and Paulton (proposed site allocation lies within the wider former factory site). It is envisaged that none of the sites allocated will require significant physical infrastructure interventions such as additional roads. The sites allocated are a variety of sizes, will diversify supply and deliver a variety of dwelling types/sizes. The sites allocated in the LPPU will be able to deliver within the plan period.
- 4.19 The allocation of sites within the LPPU will allow for the 5YHLS to be retained for the remainder of the plan period and the Housing Delivery Test to continue to be passed.

Taking account of oversupply

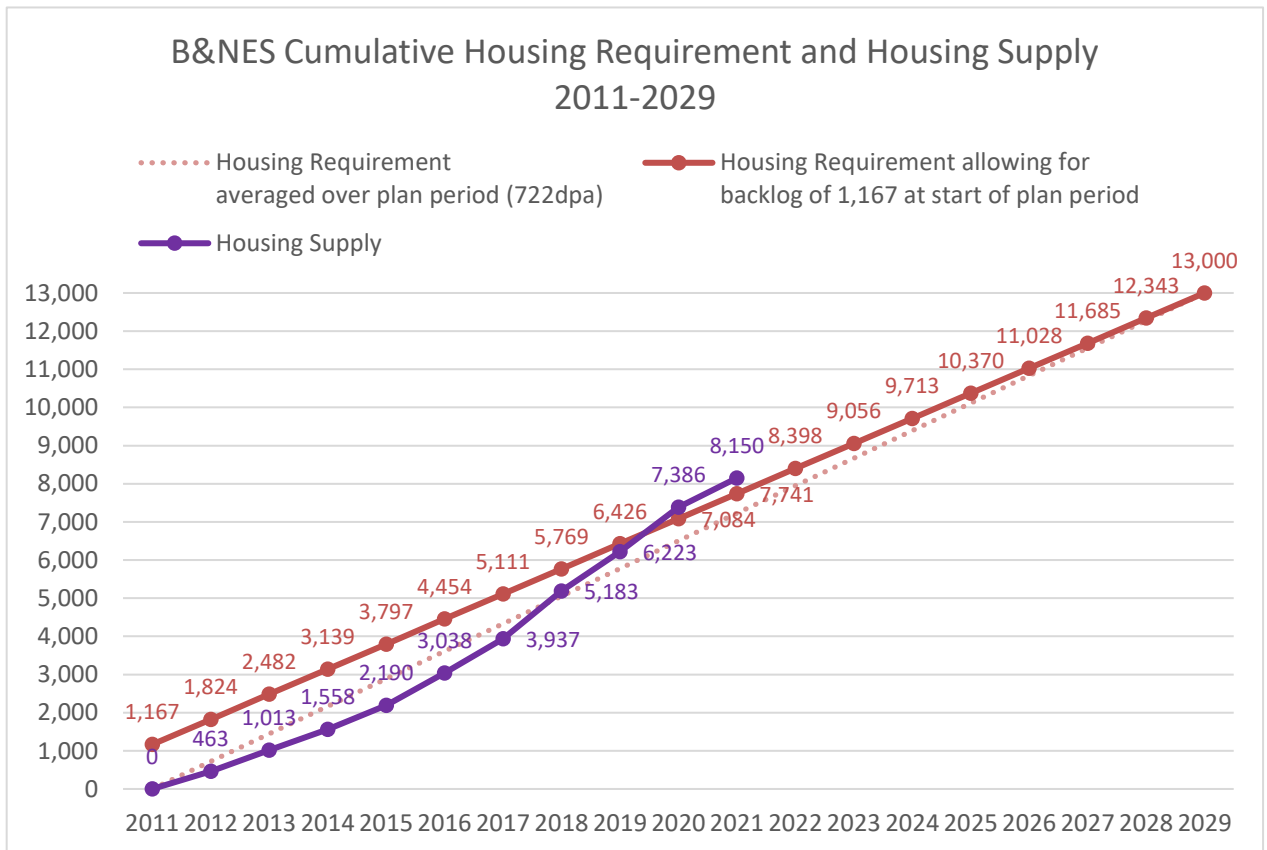
- 4.20 National policy or guidance does not address a situation where there has been over supply in the earlier years of the plan period (as has been the case in B&NES) and whether it can be factored into the calculation of 5YHLS. The only guidance set out in the PPG (paragraph: 032 Reference ID: 68-032-20190722) relates to circumstances where additional supply can be used to offset any shortfalls against requirements from previous years.
- 4.21 A recent court judgement, *Tewkesbury Borough Council v Secretary of State for Housing Communities and Local Government and J J Gallagher Limited and Richard Cook* [2021] EWHC 2782 (Admin), considered the issue of oversupply in assessing a 5YHLS as relevant to the determination of a planning application. The Judge acknowledged that there was no specific policy or guidance covering the situation where there has been an oversupply in the earlier years of the plan period and held that this was a matter of planning judgment for the decision maker in the circumstances of any case being considered. In particular, it was held that:

43..... When it arises that there is no policy covering the situation under consideration then it calls for the exercise of planning judgment by the decision-maker to make the necessary assessment of the issue to determine the weight to be placed within the planning balance in respect of it. In the absence of policy within the Framework on the question of whether or not to take account of oversupply of housing prior to the five year period being assessed in the calculation of the five-year housing land supply the question of whether or not to do so will be a matter of planning judgment for the decision-maker bearing in mind the particular circumstances of the case being considered.

It was concluded that the Inspector was as a matter of planning judgment, in the circumstances of that case, entitled not to take in to account the earlier oversupply in assessing the 5YHLS. However, it was also concluded that the issue of oversupply is a matter of planning judgement to be considered on a case by case basis.

- 4.22 In the *Tewkesbury* case Tewkesbury Council could not demonstrate a 5YHLS when the oversupply was taken into account. Tewkesbury had not yet allocated new sites to deal with their future shortfall. The circumstances in B&NES differ to the *Tewkesbury* case as set out in paras 4.23 – 4.25 below.
- 4.23 The Council considers that in the circumstances that apply to B&NES it is appropriate for the oversupply in the earlier part of the plan period (2017 onwards) to be factored into the 5YHLS. The Core Strategy housing requirement (on which the LPPU is based) is derived from a 2013 SHMA which in itself was based on population and household projections that precede the more recent periods of housing delivery that have been higher than the annual housing requirement when averaged over the Core Strategy period. Therefore, the housing requirement against which 5HYLS is calculated does not factor in or include this recent high housing delivery.
- 4.24 Importantly the Core Strategy housing requirement was boosted explicitly to address a backlog from the previous Local Plan. By definition, the backlog relates to a need that already existed at the start of the Core Strategy period in 2011; it isn't a need that built-up year-on-year over the 18 years to 2029. The Core Strategy examining Inspector considered this backlog to be part of market adjustment (para. 75 of the Inspector's Report into the examination of B&NES Council's Core Strategy, CD-GEN003) and whilst he did not require for it to be addressed in the first five years of the plan period (as this would, at that time, have required further site allocations and delay to the Core Strategy adoption), it is logical that it should be addressed relatively quickly. As such, this would

necessitate or result in higher levels of delivery earlier in the plan period (i.e. oversupply against the Core Strategy requirement based on an average annual figure). This is exactly what has happened as demonstrated by the graph below which shows supply against the annualised Core Strategy requirement either taking account or not taking account of the Local Plan backlog. The former shows that the level of over supply up to 2021 is limited in its extent.



4.25 The shortfall in the 5YHLS if the oversupply is not taken into account is marginal i.e. the 5YHLS would be 4.96 years at adoption of the LPPU. The LPPU site allocations are considered to be deliverable in the short term and require no major infrastructure interventions. As they are projected to deliver quickly the marginal shortfall of a 5YHLS (without taking account of oversupply) only lasts for one to two years after adoption and is then remedied by the LPPU site allocations. This is entirely different to the Tewkesbury case where Tewkesbury Council could not demonstrate a 5YHLS when the oversupply was taken into account and they had not yet allocated new sites to deal with their future shortfall.

4.26 In the Tewkesbury case the judge also highlights in paragraph 46 of the judgement that there are several broad approaches as to how the oversupply can be taken into account. The figures detailed in para 4.16 above are calculated where the oversupply has been taken into account within the 5 year supply. In the same way, a deficit would be taken into account and addressed in the five years (Sedgefield method). An alternative approach is to take account of the oversupply across the remainder of the plan period. The comparative estimates are out below.

	5YHLS	5YHLS plus surplus in first five years	5YHLS plus surplus spread across plan period
21/22	4.9	6.04	5.73
22/23	5.2	6.12	5.97

4.27 The Council's preferred approach would be to take account of the oversupply within the first five years as this is the same method that would be used should the Council be carrying a deficit.

4.28 On that basis, the 5YHLS would be maintained when the LPPU is adopted (if found sound and legally compliant) and whilst the new LPPU allocations would begin to deliver. Taking account of the oversupply would also mean that that the tilted balance is not engaged in the meantime. The purpose of the tilted balance is to help ensure the housing requirement established through a Local Plan is delivered. Up to now there has been delivery in excess of the Core Strategy requirement, as explained above. Through the adoption of the LPPU, sites have been identified that will ensure the Core Strategy housing requirement is more than met. Accordingly, taking account of the surplus would not undermine the delivery of housing but reflect the boosting of the housing supply that has already been achieved through the Core Strategy. The housing delivery test will ensure that the Council delivers the required housing for the remainder of the plan period.

5. Conclusion

5.1 The Council is of the view that using the Core Strategy housing requirement is the correct basis on which the LPPU should address housing supply and this is fully justified. Preparation of the LPPU enables the housing supply shortfall to be addressed and for a 5YHLS to be maintained and the Housing Delivery test to be passed for the remainder of the plan period.

5.2 For the reasons outlined above it is also considered appropriate to take account of oversupply. On that basis a 5YHLS would be maintained at adoption of the LPPU (if it is found sound and legally compliant). In particular:

- The Core Strategy housing requirement has been reviewed and it is considered to remain an appropriate basis for plan-making in accordance with the exceptional circumstances outlined in NPPF, para. 61.
- The Core Strategy annual requirement will result in higher housing delivery than the standard methodology.
- The LPPU will maintain housing delivery in a planned manner while the SDS is being prepared.
- The LPPU sites will come forward quickly and do not require any major infrastructure intervention.
- Adopting the LPPU enables the Council to show a 5YHLS at adoption and for the remainder of the plan period.
- Taking account of the Council's oversupply is justified and appropriate in the circumstances and will help to maintain the 5YHLS in the short term.