



HOUSING DELIVERY TEST

Action Plan July 2021

East Cambridgeshire District Council

July 2021

1. Background and summary of national policy

- 1.1. The Housing Delivery Test (HDT) was first mooted by the Housing White Paper, published in February 2017. The purpose of the HDT is to hold local authorities to account over the **past delivery** of new housing.
- 1.2. The HDT should not be confused with the 'Five Year Land Supply' (5YLS) test which is a separate national policy test relating to the **future supply** of housing. ECDC publishes a separate report¹ in relation to whether or not it passes the 5YLS test.
- 1.3. The revised National Planning Policy Framework (NPPF; published July 2018 and updated February 2019) introduces the HDT and sets specific measures to 'penalise' local authorities where housing delivery falls short of housing requirement.
- 1.4. The Ministry for Housing, Communities & Local Government (MHCLG) has calculated a HDT 'measurement' figure for every plan area in England. Typically the plan area is a district or borough boundary, but in areas with joint plans the plan area may be a collection of districts. To calculate the HDT measurement for each plan area, the number of new homes **built** in the past three financial years is divided by the number of new homes **required** in the same period. The HDT figure is expressed as a percentage. For example, if the number of new homes built in a plan area is equal to the number of new homes required (over the past three years), the HDT measurement will be 100%. HDT results are due to be published annually, every November.
- 1.5. The 2020 HDT measurement was (similar to the 2018 and 2019 measurements) delayed and only published by MHCLG on 19 January 2021 (rather than in November 2020) and covers the financial years 2017/18, 2018/19 and 2019/20. The next HDT result is therefore due in November 2021 (though in practice this maybe January or February 2022, if the pattern of previous years is repeated).
- 1.6. The method for calculating the HDT is further explained in the *Housing Delivery Test measurement rulebook*² and the *Housing Delivery Test: 2019 technical note*³. Such notes are complicated and take considerable effort to work through and understand.
- 1.7. The NPPF applies sanctions to local authorities where they perform poorly against the HDT. Table 1 sets out the sanctions which will apply where the HDT measurement falls below certain percentage thresholds. The sanctions reflect the performance of the area in delivering housing - the lower the HDT measurement, the greater the severity of the sanctions applied.

¹ <https://www.eastcambs.gov.uk/local-development-framework/monitoring-and-local-development-scheme>

² <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

³ <https://www.gov.uk/government/publications/housing-delivery-test-2019-measurement>

Table 1: Housing Delivery Test Sanctions

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1.	Less than 95%	The local authority should prepare an Action Plan which assesses the causes of under-delivery and identifies actions to increase delivery in future years.
2.	Less than 85%	Add a 'buffer' equivalent to one year's supply (20%) when performing the Five Year Land Supply calculation
3.	a) From November 2018 - less than 25% b) From November 2019 - less than 45% c) From November 2020 - less than 75%	For applications involving the supply of housing, the Local Plan policies most important for determining the application will be considered out-of-date. In such circumstances, planning applications will be determined in accordance with the NPPF's 'presumption in favour of sustainable development'.

2. East Cambridgeshire's 2020 HDT measurement (as published January 2021) and sanctions applied

- 2.1. East Cambridgeshire has a relatively high housing requirement (and very high, if compared on a pro rata basis with its existing housing stock). Nevertheless, East Cambridgeshire has performed reasonably well against the HDT.
- 2.2. East Cambridgeshire's 2020 HDT measurement is 87%.
- 2.3. As a result of falling below 95%, a sanction must be applied in accordance with the NPPF. The following sanction is applied (until at least the next HDT results are published) to East Cambridgeshire:
 - Sanction 1 - Prepare and publish an Action Plan (within 6 months of results being published)
- 2.4. The good news is that because East Cambridgeshire exceeded the 85% threshold, it does not have to apply sanction 2 or sanction 3.
- 2.5. This document forms the required 'Action Plan' (as required by sanction 1).
- 2.6. The action plan identifies the possible reasons for under-delivery, explores ways to reduce the risk of further under-delivery and sets out measures that East Cambridgeshire District Council intends to take to improve levels of delivery.
- 2.7. The measures which ECDC will take to help to boost supply are set out in this Action Plan.

3. National Requirements for preparing an Action Plan

3.1. Paragraph 75 of the National Planning Policy Framework (NPPF) states that:

'To maintain the supply of housing, local planning authorities should monitor progress in building out sites which have permission. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority's housing requirement over the previous three years, the authority should prepare an action plan in line with national planning guidance, to assess the causes of under delivery and identify actions to increase delivery in future years.'

3.2. Some key elements of national planning guidance, in relation to what the 'Action Plan' should cover and how it should be prepared are as follows:

- *"barriers to early commencement after planning permission is granted";*
- *"barriers to delivery on sites identified as part of the 5 year land supply" (examples given.);*
- *"whether sufficient planning permissions are being granted ..within statutory time limits";*
- *"whether the mix of sites identified is proving effective in delivering at the anticipated rate".*
- *"whether proactive pre-planning application discussions are taking place to speed up";*
- *"the level of ongoing engagement with key stakeholders ..increased pace of delivery";*
- *"whether particular issues, such as infrastructure or transport, could be addressed at a strategic level".*

3.3. In summary, therefore, there is no legal requirement to prepare an Action Plan (only national policy to do so), nor are there any known sanctions for not preparing one. In addition, the contents and preparation process of such an Action Plan are not prescribed in any detail – rather more in a suggestive 'guidance' way.

3.4. Nevertheless, this action plan is loosely based on covering the key elements described above, and has taken account of loose further guidance issued by the national Planning Advisory Service (PAS) available here:

<https://www.local.gov.uk/sites/default/files/documents/HDT%20Action%20Plan%20Notes%20Revised%2015%20January%202019.pdf>

4. An analysis of under-delivery in East Cambridgeshire:

Analysis of information as recommended by NPPG

- 4.1. The following questions are based on the proposed themes (in italics below) which could be examined, as set out in PPG Reference ID: 68-050-20190722.

Are there any barriers to early commencement after planning permission is granted and whether such sites are delivered within permitted timescales?

- 4.2. On the whole, no fundamental barriers exist across East Cambridgeshire.
- 4.3. Of course, individual sites have their own unique issues and considerations, and many larger schemes include s106 agreements.
- 4.4. If any generalised issues do arise, it revolves around one of the two following issues:
- highway capacity, particularly along the A142 (at many points, as it crosses the district) and the A10 (particularly around Ely). These highway issues do require additional evidence and testing at planning application stage, and potentially off-site improvements (or contributions towards improvements) agreed with developers. ECDC and wider partners are working to fully understand the issues and solutions for these problems, and 'on the ground' junction improvements have taken place in the past 12 months; and
 - education capacity, which can take some time to establish site specific need and contributions from the county council, and subsequent agreement with the developer.

Are there any barriers to delivery on sites identified as part of the 5 year land supply (including land banking, scheme viability, affordable housing requirements, pre-commencement conditions, lengthy section 106 negotiations, infrastructure and utilities provision, involvement of statutory consultees etc.)?

- 4.5. If a site is included in the 5YLS, then by definition there should be no fundamental barriers to it being delivered. ECDC very carefully considers all its sites for deliverability, and only includes sites deliverable with five years on its 5YLS register.

Are sufficient planning permissions being granted and are they determined within statutory time limits?

- 4.6. Yes. The Council often, year in year out, permit over 1,000 new homes, well in excess of typical annual delivery (200-400 homes per annum). As at 1 April 2020, East Cambridgeshire had over 10,000 dwellings as net commitments, 5,000 of which have planning permission. Choice of sites and locations available in the district would cater for all types of developers.

Are the mix of sites identified proving effective in delivering at the anticipated rate?

- 4.7. The Council is confident that a good mix of sites are being approved, meaning a high choice for the market, from small sites up to large urban extensions, and also permissions are across the district (i.e. geographically spread).
- 4.8. Nevertheless, despite this mix, delivery has not been quite as fast as expected, but is improving year on year. There is no evidence to suggest that the mix of sites identified is proving ineffective in delivering the required rate.

Are proactive pre-planning application discussions taking place to speed up determination periods?

- 4.9. Yes, the Council has clear and well used pre-application process in place.

What is the level of ongoing engagement with key stakeholders (for example, landowners, developers, utility providers and statutory consultees) to identify more land and encourage an increased pace of delivery?

4.10. Between 2016 and 2018, the Council's strategic planning team had regularly engagement with a wide range of developers and agents, via the process of preparing a new Local Plan. Unfortunately, that Local Plan did not reach its adoption stage (it being withdrawn from examination immediately prior to 'main modifications' consultation). Nevertheless, that process resulted in a good understanding by the Council of what land was available for development (whether already allocated or not).

4.11. Similarly, but more from the 'development management' perspective, the Council holds frequent, and well attended, 'agents forum' meetings (though these have slowed during the pandemic, but will be restored when it is safe to do so after the pandemic). These wide-ranging meetings help to understand from developers where issues or concerns may be, as well as an opportunity for the council to further encourage delivery.

Could issues, such as infrastructure or transport for example, be addressed at a strategic level - within the authority, but also with neighbouring and upper tier authorities where applicable?

4.12. The strategic issue of highway capacity is being addressed at a strategic level, namely the Combined Authority and Cambridgeshire County Council.

4.13. No other strategic issue exists.

Analysis of other information (not necessarily recommended in NPPG)

4.14. This section provides an analyses other information which might help to ascertain why delivery has not achieved requirements.

Are Large Sites coming on stream?

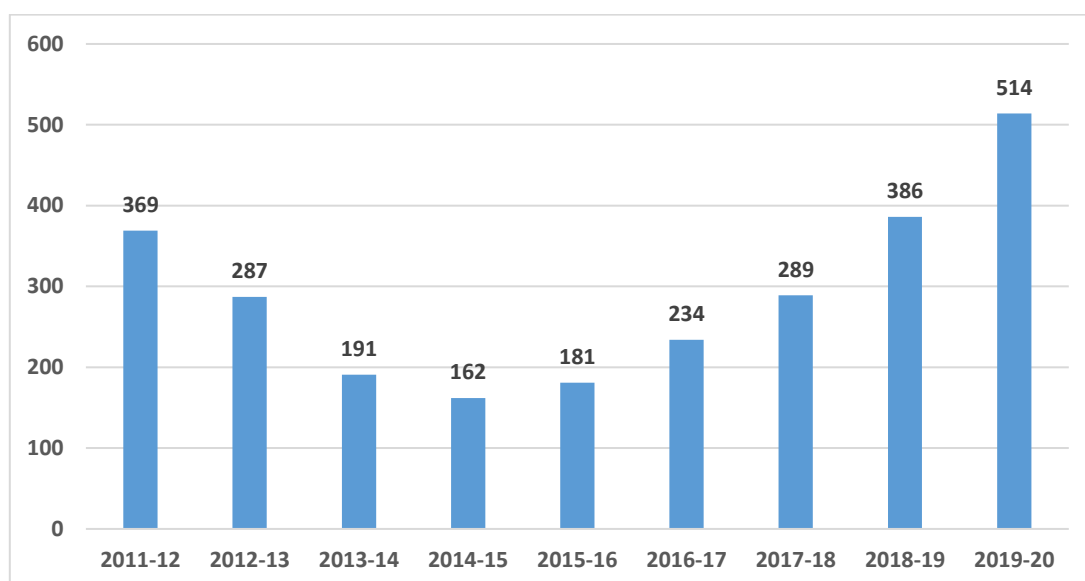
4.15. It is widely accepted that large sites (say, 500+ homes) take longer to provide the first completed home than smaller sites, due to the greater level of upfront infrastructure required. However, once completions commence on large sites, generally speaking such large sites can provide a steady supply of homes for many years to come (potentially 250 homes per annum, or even more).

4.16. In East Cambridgeshire, there are relatively few large (500+) sites. However, one site stands out, that being 'North Ely' which is intended to deliver around 3,000 homes, split over two similar sized 'halves' albeit covered by a single policy allocation and SPD framework. This large combined site has taken some time to get from its inception, to permission, to delivering homes. However, 2018/19 has marked a considerable turning point, with homes thereafter now steadily being delivered, and detailed permission in place for further homes. The Council expects a valuable contribution of new homes to be completed on this site and this has martialized in 2019/20 as seen from the graph below. This one (joint) site alone, therefore, should boost delivery in the district for many years to come.

Recent Trajectory – up or down?

4.17. The district hit its 'low' point for delivery in 2014/15. However, since then, there has been a steady upwards trajectory in terms of delivery with steep rise in 2019/20. This is positive annual delivery but is still just short of requirements. We are not yet (as at early July 2021) in a position to publish 2020/21 figures, but will do so shortly. The following graph illustrates the recent trajectory:

Net Completions in East Cambridgeshire 2011-20



Conclusion

- 4.18. The analysis by the Council does not point to a specific reason(s) why delivery has underperformed in recent years, though it is pleasing to see the continued rise in delivery year-on-year, and getting close to matching the requirement.
- 4.19. We continue to note that permissions granted are at record highs, and considerably more houses are permitted each year than are required to meet our 'need'. Over the past few years, the stock of unimplemented permissions (the number of consents, plus the number of homes permitted in total) has consistently and considerably grown in number.
- 4.20. There are no known fundamental 'showstoppers' (eg infrastructure capacity) which prevents delivery.
- 4.21. The analysis points, therefore, to a 'market failure' to deliver (especially in the period 2014/15-2017/18). With over 5,000 homes permitted, yet only 200-500 per annum delivered, it is not a lack of consent or available land which appears to be the problem, but rather a lack of investment and delivery by landowners/developers. On the positive side, North Ely should continue to provide a steady supply for many years to come, and the graph above shows a clear positive trend district wide.
- 4.22. Accordingly, the focus for any action should be on two broad themes, and by doing so it is anticipated the positive delivery rates of the past two years will continue and increase:
- (a) Continue to maintain a positive approach to granting consents on suitable sites, in line with the development plan, to further expand the supply of available land; and
 - (b) Continue to work closely with developers to understand why delivery is not happening on the ground for some consented sites, or delivery is not as quick as would be anticipated.

5. Actions Proposed

- 5.1. The NPPG lists a number of possible actions, and each of these are listed below. In addition, at the end, are further actions proposed which are more bespoke to East Cambridgeshire.

NPPF Suggested Actions (in bold italics) and Council Response

Revisiting the Strategic Housing Land Availability Assessment (SHLAA) / Housing and Economic Land Availability Assessment (HELAA) to identify sites potentially suitable and available for housing development, including public sector land and brownfield land;

- 5.2. The Council last produced a SHLAA style document as part of the emerging (now withdrawn) Local Plan, containing site based information (including suitability) using information and data of around late 2017.
- 5.3. More recently, Five Year Land Supply Report (5YLSR) published in December 2020 sets out extensive information on a site by site basis (though this excludes sites which are not committed in some form or other, because such untested sites would not be deemed 'deliverable').
- 5.4. The Council could publish an updated SHLAA. The risk with producing a SHLAA, within which are sites which are untested and uncommitted, is the considerable confusion the status of such sites have. The general public often regard a SHLAA as a Council promoted document i.e. a development plan allocations document 'by the backdoor'. Similarly, some developers claim the existence of their site in a SHLAA means the principle of development is approved.
- 5.5. Overall, there is no clear evidence that publishing an updated SHLAA will have any effect on delivery rates, and, worse, could cause confusion. It is also resource intensive to prepare (and manage queries thereafter). As such, the Council is not proposing to update its SHLAA at the present time.

Working with developers on the number of houses on site, including whether sites can be subdivided;

- 5.6. The Council already works positively with developers and will continue to do so. Whether a site should or could be sub-divided is an entirely commercial matter, and not something the Council could impose on developers.

Offering more pre-application discussions to ensure issues are addressed early;

- 5.7. The Council runs a wide ranging and effective pre-application service. Such a service has been reviewed as part of the preparing this Action Plan, and no further enhancement is deemed necessary or value for money. Advice on pre-application is clearly set out on the Council's website⁴.

Consider the use of Planning Performance Agreements;

- 5.8. The Council continues to offer Planning Performance Agreements, though take up has been limited to date.

Carrying out a new Call for Sites, as part of plan revision;

- 5.9. The Council has decided to carry out Single Issue Review of the Local Plan. Although the housing figure will be updated in line with current guidance, it appears unlikely at this stage to allocated new sites as there are more than sufficient commitments to cater for the housing needs arising. It is extremely unlikely therefore that we would need a 'call for sites' for this review of the Local Plan.

⁴ <https://www.eastcambs.gov.uk/planning/pre-application-advice>

Revising site allocation policies in the development plan, revising existing policies acting as a barrier to delivery, setting out new policies aimed at increasing delivery, or accelerating production of an emerging plan incorporating such policies;

5.10. See Para 5.9 response.

Reviewing the impact of any existing Article 4 directions for change of use from non-residential uses to residential use;

5.11. The Council has no such Article 4 directions in place.

Engaging regularly with key stakeholders to obtain up-to-date information on build out of current sites, identify any barriers, and discuss how these can be addressed;

5.12. In May 2020, the Council engaged with all known developers / agents of sites. A reasonable response rate (37%) was received after considerable effort. Nevertheless, of the responses received, such information has usefully fed in to the recently published 5YLSR.

Establishing whether certain applications can be prioritised, conditions simplified or their discharge phased on approved sites, and standardised conditions reviewed;

5.13. The Council's position is that all applications will be treated fairly and in a timely manner. All the Council's standard conditions have been reviewed to try and reduce the amount of pre-commencement conditions, in order to speed up the process. The Council also use phased conditions if acceptable, but this is assessed on a site by site basis.

Ensuring evidence on a particular site is informed by an understanding of viability;

5.14. Viability is always a consideration when considering relevant planning applications, and officers have a good working understanding of viability issues.

Considering compulsory purchase powers to unlock suitable housing sites;

5.15. The Council believes CPO measures should be used as a last resort. Instead, the Council prefers to work with developers to unlock sites, and take advantage of alternative funding streams such as GIF and CA funds.

5.16. The Council does not presently intend to use CPO powers.

Using Brownfield Registers to grant permission in principle to previously developed land;

5.17. There is no clear evidence that taking this action would speed up delivery of sites, particularly in an area such as East Cambridgeshire with very limited brownfield land. Also, granting permission in principle is a very resource intensive activity for the Council, with no means of recouping such costs. It is not, therefore, a practical option to pursue.

Encouraging the development of small sites and higher site densities.

5.18. Where development is occurring, it appears to be concentrated more on small sites rather than larger sites. The issue for small sites is speed and total volume of supply which comes forward.

5.19. Higher density is an important consideration at the planning application stage, and has to be considered in the context of East Cambridgeshire's relatively rural characteristic, and small market towns. Average density of over the last 9 years has been 33.9 per hectare. It could be considered as high taking account of the rural nature of the district.

5.20. A greater emphasis on 'higher density' is unlikely to yield any gain in terms of short-term delivery of numbers, but could harm townscape and landscape quality.

Other Actions

- 5.21. In addition to the suggested Actions in the NPPG, the following matters have been considered by the Council and are either actively underway, are being considered, or have been rejected:

Actions underway:

Community-Led Housing (Community Land Trust development)

- 5.22. The Council is a national leader in terms of promoting community-led development, and this is delivering homes on the ground. We will continue to support such development.

Delivering homes directly

- 5.23. The Council has set up (2016) 'Palace Green Homes' in order to directly deliver homes on the ground, and is already achieving just that, with ambitions to deliver greater volumes as the company establishes itself. Details: <https://www.palacegreenhomes.co.uk/>

Updating SPDs

- 5.24. The Council had intended to update its set of SPDs over the coming 1-2 years, such as the developer contributions and design SPDs. With the Government intention to introduce National Design Guidance and this to be used as basis for local Design Guidance/Code, the Council will wait until these proposals are finalised before proceeding to develop its local advice. It is the Council's desire that built homes in East Cambridgeshire are constructed to high standards and locally distinctive in character.

Updated Viability Information

- 5.25. The Council recently published updated generic (i.e. not site specific) viability information, in order to set a framework for negotiating planning proposals whereby the affordable housing 'ask' in the development plan may be a barrier to viably delivering a scheme. <https://www.eastcamb.gov.uk/local-development-framework/viability-assessment-report>. Whilst this information does not over-ride development plan policy, it establishes baseline principles as to what the current viability situation is in East Cambridgeshire, saving applicants from undertaking such work (though site specific viability issues are still the responsibility of the applicant).

Reduction in implementation period

- 5.26. On sites for 2 or more dwellings, we have reduced the time period for implementation to 2 years instead of 3. This is in order to speed up in implementation of housing permissions.

6. Engagement on the Action Plan

- 6.1. This third Action Plan has not been directly consulted upon. Nevertheless, the information contained within it has been assisted by ongoing engagement with developers and agents.
- 6.2. Views on this Action Plan are welcomed.
- 6.3. It is uncertain whether the Council will pass the HDT 100% threshold in the near future, and therefore uncertain whether a further Action Plan will likely be required to be published. Your views on this third Action Plan will inform the publication of future Action Plan, if one is produced.