

Leicester City
Housing Delivery
Test Action Plan
2023

Contents

- 1. Introduction 2
- 2. Housing Delivery Test 2
- 3. Housing Delivery Test results for Leicester 3
- 4. Housing Delivery in Leicester 5
- 5. Reasons for recent under delivery in Leicester 6
- 6. The situation in 2022/23 9
- 7. Actions to support housing delivery in Leicester 10

1. Introduction

- 1.1. Leicester City Council has produced this Housing Delivery Test Action Plan in response to the 2022 Housing Delivery Test measurement results, which were published on 19 December 2023, as the City Council's housing delivery fell below the appropriate threshold when measured against its housing requirement for the relevant period.
- 1.2. The aims of this Action Plan are to identify the reasons for under-delivery and set out measures Leicester City Council intends to take to improve levels of delivery.

2. Housing Delivery Test

- 2.1. The Housing Delivery Test (HDT) was introduced by the Government in 2018 to measure net homes delivered in a local authority area against the homes required over the previous three years, using national statistics and local authority data. However, as explained in the 2022 Housing Delivery Test: 2022 measurement technical note, in the 2022 HDT the period for measuring total homes required was reduced to a 2-year 7-month period. This was because an 8-month period was used for the 2020/21 monitoring year to account for the variations in levels of housing delivery as local planning authorities and construction industry faced disruption on a national, regional, and local level due to the Covid-19 pandemic; and an 11-month period was used for the 2019/20 monitoring year to account for disruption to housing delivery and monitoring caused by the first national lockdown in March 2020.
- 2.2. The housing requirement is based on a methodology that is set out in detail in the 2022 HDT Technical Note (19 December 2023).
- 2.3. Per paragraph 79 of the National Planning Policy Framework (NPPF) (December 2023), where delivery of housing has fallen below the housing requirement over the previous three years, the following policy consequences apply:
 - a) where delivery falls below 95% of the requirement over the previous three years, the authority should prepare an action plan to assess the causes of under-delivery and identify actions to increase delivery in future years;
 - b) where delivery falls below 85% of the requirement over the previous three years, the authority should include a buffer of 20% to their identified supply of specific deliverable sites as set out in paragraph 77 of the NPPF, in addition to the requirement for an action plan.
 - c) where delivery falls below 75% of the requirement over the previous three years, the presumption in favour of sustainable development applies, as set

out in footnote 8 of the NPPF, in addition to the requirements for an action plan and 20% buffer.

- 2.4. The consequences for under-delivery are applied until the subsequent HDT measurement is published. Should delivery meet or exceed 95%, no consequences apply.
- 2.5. In line with NPPF Paragraph 11, the primary implication of the presumption in favour of sustainable development for decision-makers is that policies which are most important for determining applications are out of date and hence planning permission should be granted unless:
 - a) the application of policies in the NPPF that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or
 - b) Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF taken as a whole.

3. Housing Delivery Test results for Leicester

- 3.1. From the time that measurement results were first published on the introduction of the Housing Delivery Test in 2018 until the 2021 HDT measurement results, Leicester consistently delivered more than its required number of dwellings. Figure 1 depicts Leicester's historic housing delivery compared against its housing requirement. Table 1 shows the percentage of housing delivered in Leicester against the housing requirement set in the HDT measurement result for each year.

Figure 1. Leicester City Council HDT Measurement Results, 2018-2022

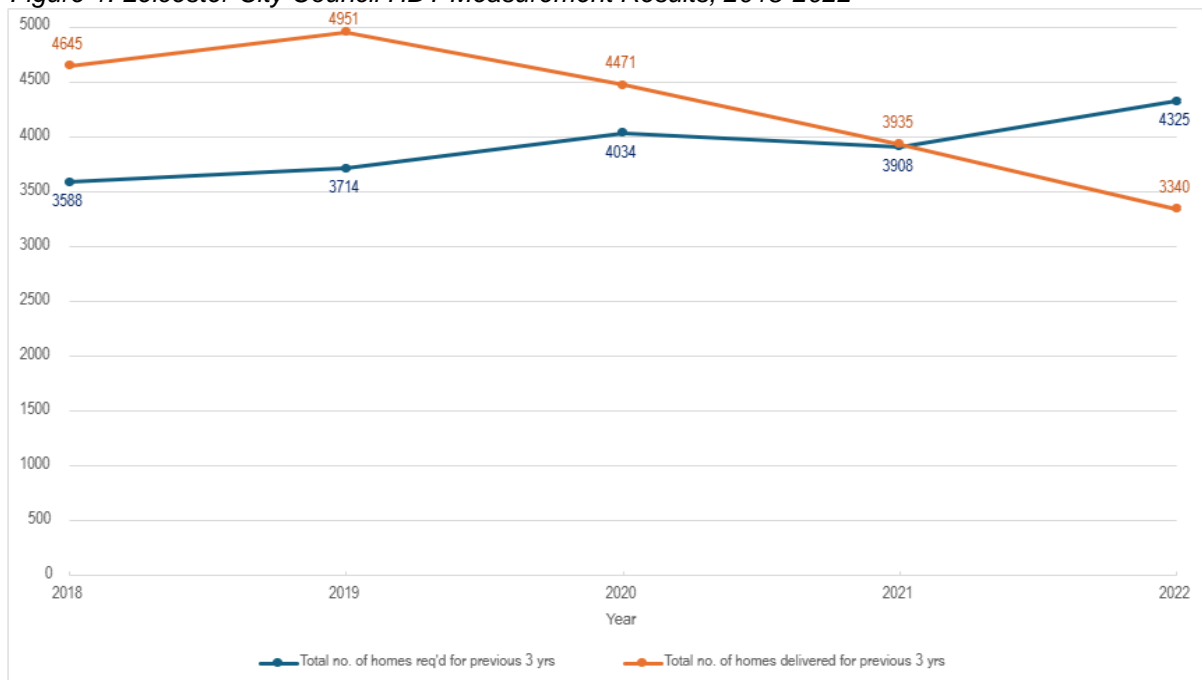


Table 1. Leicester City Council HDT Measurement Results, 2018-2022

Year	Total no. of homes required	Total no. of homes delivered	Housing Delivery Test: measurement (where housing requirement is 100%)	Housing Delivery Test: consequence
2022	4325	3340	77%	Buffer
2021	3908	3935	101%	None
2020	4034	4471	111%	None
2019	3714	4951	133%	None
2018	3588	4645	129%	None

3.2. As Table 1 highlights, Leicester has previously delivered substantially more housing than its requirement, reaching a peak in 2019 when housing delivery was a third more than the requirement. However, as Table 1 and Figure 1 show, housing delivery moved gradually closer to the requirement figure in 2020 and 2021. The 2022 results of the Government's Housing Delivery Test (HDT) (issued on 19 December 2023) show that delivery fell below the housing requirement as only 77% of net new housing required in Leicester was delivered.

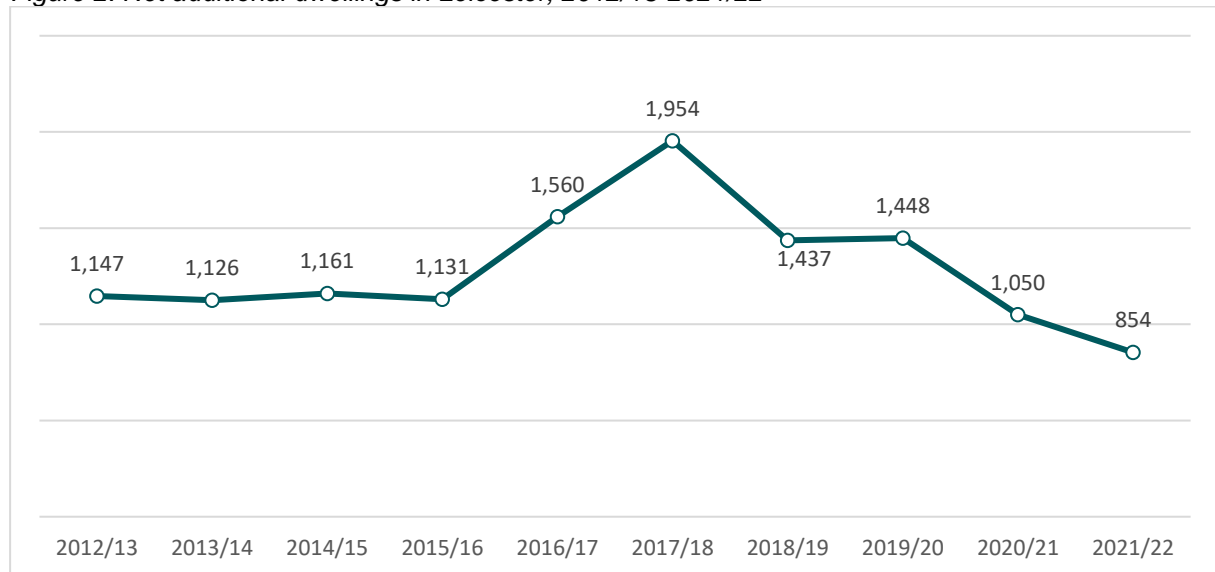
3.3. As a result, per paragraph 79 of the NPPF, due to housing delivery having fallen below 95% of the local planning authority's housing requirement over the previous three years, the Council is required to publish an action plan to look at the causes of under delivery and to set out actions to increase delivery; further, due to housing delivery having fallen below 85% of the local planning authority's

housing requirement over the previous three years, the Council should include a buffer of 20% to its identified supply of specific deliverable sites.

4. Housing Delivery in Leicester

- 4.1. Figure 2 below shows that from the year 2015/16, there was a surge in the delivery of net additional dwellings in Leicester, peaking in 2017/18 before regressing from that high point and plateauing in 2018/19 and 2019/20. Since 2020/21 there has been a downward trend in the number of net additional homes delivered in Leicester.

Figure 2. Net additional dwellings in Leicester, 2012/13-2021/22



- 4.2. As Figure 3 and Figure 4 below show, by the end of March 2022, there were planning permissions in place to enable the delivery of 8,927 dwellings and another 2,714 Class C2 care homes and student accommodation dwellings (Note: the HDT measurement calculation adjustments have not been applied to the 2,714 figure for Class C2 care homes and student accommodation dwellings).
- 4.3. The high number of granted permissions for new housing contrasts with the downward trend in the net additional dwellings being delivered in Leicester, suggesting that the planning process is not a cause of reduced housing delivery. Instead, the primary reasons appear to rest with the housebuilding industry which is not implementing granted planning permissions.

Figure 3. No. of dwellings with planning permission, by year (Note: excludes permissions for Class C2 care homes and student accommodation)

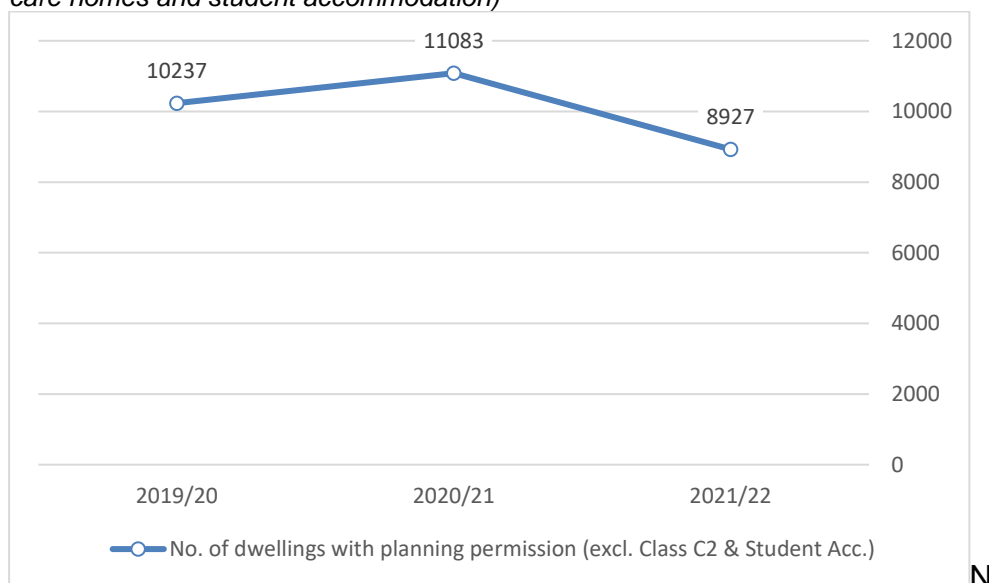
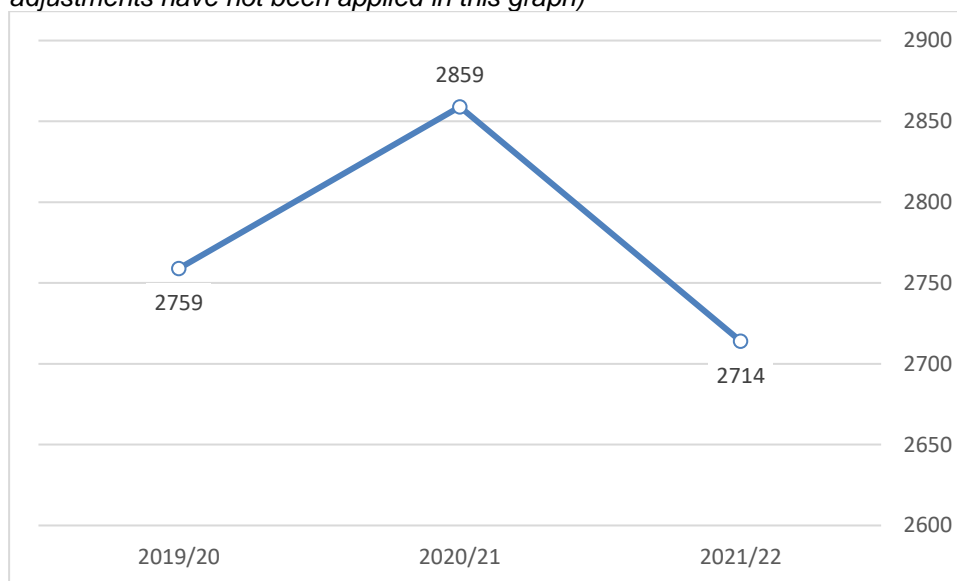


Figure 4. No. of Class C2 care homes and student accommodation dwellings with planning permission, by year (Note: Student and other communal accommodation housing delivery test calculation adjustments have not been applied in this graph)



5. Reasons for recent under delivery in Leicester

Demolitions

- 5.1. A significant reason for under delivery in relation to the housing requirement was due to a large increase in the number of demolitions that occurred in 2021/22 in Leicester. Table 2 below highlights the sudden jump in the number of demolished dwellings compared with the previous nine years. The number of demolished dwellings was unusually high due to the demolition of a single residential building, Goscote House, which contained 134 flats. The building was demolished as its long-term integrity could not be guaranteed for longer than 5 years. It is noted in the notification of demolition of the building that there is

potential for redevelopment of the site in the future. The demolition of Goscote House skewed the net additional dwellings figure in Leicester for 2021/22, which is more closely aligned with delivery in prior years when the number of demolitions is excluded.

Table 2. No. of demolitions in Leicester, by year

Year	New builds	Net Conversions	Net changes of use	Demolitions	Net additional dwellings
2021/22	801	6	183	136	854
2020/21	810	73	168	1	1,050
2019/20	1,139	83	264	38	1,448
2018/19	887	80	472	2	1,437
2017/18	1,284	93	580	3	1,954
2016/17	916	76	570	2	1,560
2015/16	633	30	472	4	1,131
2014/15	947	15	200	1	1,161
2013/14	726	66	348	14	1,126
2012/13	1,036	-6	118	1	1,147

Effect of COVID-19 pandemic and lockdowns

- 5.2. From the year 2019/20, the COVID-19 pandemic and associated lockdowns had a considerable adverse impact on housing delivery at a national level. In Leicester, the pandemic and lockdowns inhibited housing delivery further than in most other local authority areas as Leicester spent more time under local restrictions than anywhere else in the country. On 29 June 2020, Leicester was put into a local lockdown by the Secretary of State for Health, being the first area in the country to face restrictions of this kind. Over the next year, Leicester saw more COVID-19 cases than the rest of the UK¹. This had a deep and drawn-out effect on local economic recovery.

Shortages in construction materials and wider economic situation affecting housing construction

- 5.3. In June 2020, The Bank of England reported that construction sector output was significantly lower than the previous year due to weak private sector demand and that activity was being constrained by social distancing measures as well as by shortages of materials². By March 2022, it reported that construction sector output continued to remain modest because rising material and labour costs had caused delays to some construction projects or had made some projects unviable, and that lead times for many materials were lengthy, though availability had improved since Summer 2021 when shortages were at their most severe³. Furthermore, by March 2022 16.6% of construction firms reported experiencing a shortage of workers.
- 5.4. The pandemic restrictions and local and national lockdowns contributed greatly to the fall in construction sector output in 2020, 2021 and 2022. The war in Ukraine and the implementation of Brexit have also significantly increased supply chain delays and materials costs. Additionally, the decision to leave the

¹ [Beyond the lockdowns: Lessons learned from Leicester's COVID story](#)

² [Agents' summary of business conditions - 2020 Q2 | Bank of England](#)

³ [Agents' summary of business conditions - 2022 Q1 | Bank of England](#)

European Union with the consequent ending of Freedom of Movement has had significant effects on the employment of non-UK workers in the construction sector⁴, as EU citizens can no longer work in the UK without visas. It was noted in a government commissioned report published on 15 March 2023 that vacancies have risen strongly in the construction sector⁴.

35% uplift on housing requirement

- 5.5. In December 2020, the Government announced a 35% uplift on the housing need of the 20 largest urban authorities. The uplift figure is an arbitrary one and has increased the challenge of delivering the amount of the housing to meet the requirement and satisfy the HDT measurement.

Housing land supply

- 5.6. As set out in paragraph 61 of the NPPF, Leicester's housing need is informed by the local housing needs assessment using the standard method. The housing need identified for Leicester is 2,464 dwellings per annum. This figure includes the 35% uplift applied to the housing need of the 20 largest urban authorities, introduced by the Government in 2020.
- 5.7. An appeal decision in January 2022 confirmed that Leicester had a 2.8-year supply of housing land and therefore could not demonstrate a five-year housing land supply⁵. Under the NPPF this means that the presumption in favour of sustainable development should be applied to decisions for planning applications involving the provision of housing.
- 5.8. Leicester City Council now needs to only demonstrate a four-year supply of land for housing development, rather than five, because the Council is sufficiently progressed in its local plan-making preparation to benefit from paragraph 226 of the new NPPF (December 2023). However, Leicester remains subject to the presumption in favour of sustainable development because the city cannot demonstrate a four-year supply of land. The main reasons that Leicester cannot currently demonstrate a four-year supply is due to the lack of an up-to-date local plan – the Leicester Core Strategy is now over 5 years old.

Factors that are not affecting housing delivery

- 5.9. It is considered that the following factors were not affecting delivery for the period 2019/20 to 2021/22:
- 5.10. *Speed in determining planning applications*
Regarding the speed of determining planning applications, in each year of the three-year period 2019/20 to 2021/22, the Council determined 80% (2019/20), 73% (2020/21) and 74% (2021/22) of non-major planning applications within 8 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 70%).

In each year of the three-year period, the Council determined 88% (2019/20), 83% (2020/21), and 95% (2021/22) of major planning applications within 13

⁴ [Construction and hospitality shortage review \(accessible\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/reports/2023/construction-and-hospitality-shortage-review)

⁵ [LEICESTER - 101-107 Mary Gee Houses Halls of Residence, Ratcliffe Road, Leicester \(DCS ref: 200-010-598\)](#)

weeks, or in accordance with the terms of an extension of time agreement (against a national target of 60%).

The above demonstrates that the Council is dealing with applications in a speedy manner, exceeding national targets, and delivery is therefore not affected.

5.11. *Decisions on planning applications*

During the three-year period, 2019/20 to 2021/22, the Council determined 3,588 applications, of which 81% (2,918) were granted permission. This shows that the Council is approving the vast majority of development proposals and that the development management process is not delaying housing delivery in the city. It suggests that other reasons, outside of the Council's control, may be strongly contributing to the city's reduced rate of housing delivery over the past few years.

5.12. *Planning Obligations*

There is no evidence to demonstrate that planning obligations have affected the delivery of housing in Leicester as contributions are only paid once triggers in the development process have been reached. Examples of such triggers include commencement, the construction of a specified number of houses, completion, etc. Therefore, planning obligations do not impede development as they are only activated through the progression of a development.

6. The situation in 2022/23

6.1. The number of net additional dwellings for the monitoring year 2022/23 increased significantly on that for 2021/22, as can be seen in Table 3 below. The number of dwellings demolished has reverted to similar numbers as in the years prior to 2021/22, while there was sharp growth in the number of new builds completed.

Table 3. Net additional dwellings for monitoring year, 2022/23

Year	New builds	Net Conversions	Net changes of use	Demolitions	Net additional dwellings
2022/23	1,373	59	205	5	1,632

6.2. *Speed in determining planning applications*

Regarding the speed of determining planning applications, the Council determined 72% of non-major planning applications within 8 weeks, or in accordance with the terms of an extension of time agreement in 2022/23 (against a national target of 70%).

It determined 88% of major planning applications within 13 weeks, or in accordance with the terms of an extension of time agreement in 2022/23 (against a national target of 60%).

It is clear that the Council continues to deal with applications in a speedy manner, exceeding national targets, and that delivery remains unaffected.

6.3. *Decisions on planning applications*

In 2022/23, the Council determined 1,408 applications, of which 77% (1,086) were granted permission. Again, this shows that the Council is approving most development proposals and that the development management process continues not to impede housing delivery in the city.

7. Actions to support housing delivery in Leicester

Leicester Local Plan, 2020-2036

- 7.1. The Leicester Local Plan is now at an advanced stage of development, having been through several stages of preparation and four rounds of public consultation. The publication version of the plan along with its supporting evidence was submitted to Government in September 2023. Planning Inspectors have been appointed and provisional hearing dates for the Examination in Public of the Plan have been set for July 2024 and October 2024.
- 7.2. The Local Plan is expected to be adopted in Spring 2025. Once adopted, greater certainty and clarity will be provided for developers in terms of housing allocations and development management policies.
- 7.3. Some of the Local Plan's approaches to improving housing delivery in Leicester are set out below:
 - a) The Plan includes proposals for the delivery of at least 20,730 dwellings within the city up to 2036. It proposes four strategic sites on which 1,838 dwellings will be accommodated (approximately 9% of the city's housing target up to 2036) and forty-seven non-strategic sites on which 1,230 dwellings will be accommodated (approximately 9% of the city's housing target). Development from these greenfield site allocations is therefore expected to meet approximately 15% of the city's housing need.

The sites selected for allocation in the Local Plan have gone through a sustainability appraisal process and a viability assessment. In undertaking the assessments, the Council has worked closely with site promoters and landowners to ensure that the allocations are deliverable and developable. Statements of Common Ground have also been agreed for the strategic sites.

- b) Brownfield sites and land within and close to the city centre will be prioritised for residential development. This will be achieved through the plan's proposed allocation of 6,286 dwellings, or approximately 30% of the city's housing target up to 2036, in the Central Development Area (CDA). The amount of housing planned for is informed by evidence commissioned by the City Council to optimise housing development within the CDA. Such housing development within the inner-city area aligns with the Government's guidance on prioritising development on brownfield land.

- c) Of the Local Plan's 51 sites which include allocation for housing, 36 are on City Council-owned land and another 2 are on part-private part-City Council-owned land. Having a high proportion of site allocations on City Council-owned land is advantageous in expediting the delivery of housing on these sites. It helps minimise the number of actors involved in bringing the site forward for development, it affords greater control to the City Council in ensuring timely delivery of housing on the sites, and it means the City Council is fully aware of the site's status at any time in its progression towards development, including knowledge of any constraints on site or any obstacles encountered during the development process.
- d) Some of the Local Plan's proposed sites are part of larger sites which straddle administrative boundaries. The City Council has worked closely with its neighbouring authorities to identify and allocate these sites so that they will become allocations within the authorities' respective local plans. Continued collaborative working between the authorities will ensure that these sites come forward for development as coordinated comprehensive developments.
- e) Efficient delivery of housing on Local Plan site allocations on City Council-owned land is made more achievable by the fact that the City Council has an in-house Developments Team, which will facilitate development on these sites through the provision of pre-application advice and regular proactive engagement with builders and agents.
- f) In line with the NPPF requirement to identify a supply of specific, deliverable sites for first 5 years of the plan period, and to identify specific, developable sites for years 6-10 and beyond, the Local Plan housing trajectory includes housing commitments, which are extant outline and full planning permissions, in the overall housing supply. A total of 9,410 dwellings (about 45% of the Local Plan housing target) is to be met through the delivery of housing on sites that have already been granted permission. Depending upon the status of the permissions, commitment sites are likely be developed within the first five years of the plan period, or between years 6-10.
- g) At Regulation 19 stage, the City Council chose to increase the minimum housing density requirements within the Local Plan to 75 dwellings per hectare within the CDA and to 35 dwellings per hectare outside of the CDA. Within the CDA, the increase in density does not improve viability, but it does demonstrate the City Council's commitment to ensuring the most efficient use of land.
- h) The City Council has a history of continuous proactive duty-to-cooperate engagement with other authorities in the Housing Market Area. This is evident in the Regulation 18 Preferred Options draft of the Local Plan, when the city's housing need was 1,712 dwellings per annum, as calculated based on the then standard methodology. As it would not have been possible to accommodate the entirety of the city's housing need up to 2036 within the

city's boundaries, which are tightly constrained, the delivery of these 1,712 dwellings per year required the support of the district authorities in the HMA. In December 2020, the Government imposed an arbitrary 35% uplift on the housing need of the local authorities which contain the largest proportion of the 20 most populated urban centres in England. Consequently, the City Council's housing need was increased to 2,464 dwellings per annum. Leicester City Council, Leicestershire County Council, and the Leicestershire district authorities have since worked together tirelessly to address the city's increased housing need. This cooperation eventually resulted in the production of the Leicester and Leicestershire Authorities – Statement of Common Ground relating to employment and housing land needs (June 2022), which, inter alia, apportions 18,694 dwellings of the city's housing need up to 2036 between the Leicestershire authorities. The Statement of Common Ground has been signed by all parties.

- i) Substantial investment (approximately £50 million) in the CDA through the Connecting Leicester scheme has contributed into making the city centre more attractive for housing. Over recent years significant investment has gone into the Highcross Shopping Centre, Haymarket Shopping Centre, and cultural facilities, including Curve Theatre and Performing Arts Centre and the Phoenix Arts Centre. The key transport hubs, St. Margaret's Bus Station and Leicester Train Station, as well as schools and health centres, have also received considerable amounts of funding.

Strategic Housing and Economic Land Availability Assessment

- 7.4. The Strategic Housing and Economic Land Availability Assessment (SHELAA) identifies sites potentially suitable and available for housing development. The City Council published a SHELAA report in September 2022, which contains a couple of scenarios for the first five-year supply from the date of adoption of the Leicester Local Plan, 2020-2036. It demonstrated that Leicester would have 6.7 years of housing supply upon adoption of the Local Plan in the scenario that the apportionment of the city's unmet housing need will be as set out in the Leicester and Leicestershire Authorities – Statement of Common Ground relating to employment and housing land needs (June 2022).
- 7.5. The SHELAA is an active database that will continue to be under review as part of Government requirements and through engagement with stakeholders. Factors such as land availability and site capacities will be updated as necessary. To maintain a current dataset, the Council has committed to revising the SHELAA on an annual basis.

Ashton Green

- 7.6. Ashton Green will make a substantial contribution to the number of new homes delivered in Leicester. It is a development site of 130 hectares of greenfield land that will provide up to 3,000 new homes. As both landowner, master-developer and promoter, the City Council can manage the direction of development of the site and ensure the long-term delivery of a sustainable new community. Sustainability is intrinsic to Ashton Green – it will include the creation of a new village centre with shops and essential services, several parks, and open spaces. A range of house types and tenures (30% of which will be affordable

housing) are to be delivered. The development is well served by public transport and is adjacent to the A46. Highways infrastructure, including new footpaths and cycleways, has been delivered onsite to unlock future phases of the development.

- 7.7. Outline planning permission, an infrastructure delivery plan, and phasing strategy are already in place. The first phase of development was completed in 2020 with the construction of 100 two-, three- and four-bedroom homes. It also included the delivery of 30 affordable properties. A developer is currently onsite delivering Phase B, which will deliver 307 homes (including 92 affordable properties) comprised of a mix of two-, three-, four- and five-bedroom homes. So far, approximately 110 homes have been completed as part of Phase B. A developer has been selected for Phase C, which is a scheme that will deliver 440 homes, a mixed-use retail centre, and a further site for affordable housing. Marketing of future development phases is in progress.
- 7.8. In 2018, the Council successfully secured £10m of external grant funding from the Government's Housing Infrastructure Fund (HIF) marginal viability fund, through Homes England. The highway infrastructure from the bid enabled the delivery of 2 km (1.24 miles) of major spine roads to immediately open up land for the next phases of around 1,000 homes and will help to accelerate the build out of Ashton Green into the future.
- 7.9. Furthermore, the Council used £5m of funding from National Highways to deliver major off-site highway infrastructure work, to make capacity improvements to the A5630 (Anstey Lane) and junction with the A46 Leicester Western Bypass.

Waterside

- 7.10. The Waterside is a formerly industrial area of the city, characterised by manufacturing, which had suffered decline over several decades, but which has recently become a focus for regeneration efforts. The development site is comprised of around 60 hectares of land between the River Soar and the A50 corridor. The vision for regeneration of the Waterside is to see it become a thriving neighbourhood, offering a vibrant place to live and space for local businesses to flourish, as well as being a place that reconnects Leicester to its waterfront.
- 7.11. A supplementary planning document setting out a spatial plan and vision for change and investment in the Waterside was adopted in 2015. It provides an overall framework for delivery.
- 7.12. Bringing the Waterside regeneration to a stage where development could commence on site has required extensive intervention work on the part of the City Council, including negotiation with landowners, the relocation of existing businesses, and ultimately the use of compulsory purchase powers. The City Council secured £20m from the Local Growth Fund to enable the first phase of development to begin.
- 7.13. A developer has been commissioned to deliver homes at the site. So far, 129 dwellings of the permitted 367 dwellings have been built and development is

progressing at a steady rate. The dwellings being delivered at the site range from one- and two-bedroom apartments to two-, three-, and four-bedroom houses.

- 7.14. The developments at both Ashton Green and the Waterside have required support and funding from the Government, Homes England, the Leicester and Leicestershire Enterprise Partnership, and others. The City Council continues to engage with Homes England, in particular, to seek funding opportunities and to explore further regeneration and CPO possibilities.