

— POLICY

The five-year supply, the tilted balance, and why your council *can't say no*.

The mechanism that hands control to developers when a council falls behind.

The Editor



Ground Level

The standard method produces a number. What happens next is worse.

Every council must demonstrate, at all times, that it has identified enough deliverable housing sites to meet five years of that number. Not sites that might come forward. Not sites with outline planning permission that nobody has started building. Deliverable sites: available now, in a suitable location, with a realistic prospect of homes being completed within five years.

If a council cannot show five years of supply against the standard method figure, it loses effective control of where development happens. That is the mechanism this explainer describes.

How the five-year supply is calculated.

Take the annual housing target. Multiply by five. Add a buffer. Then compare that total against the sites the council can prove will deliver homes within the period.

The buffer is 5% in most cases. If the council's Housing Delivery Test result falls below 85%, the buffer rises to 20%. That effectively turns a five-year requirement into a six-year one.

A council with a target of 1,036 homes per year needs to demonstrate 5,439 deliverable homes at 5% buffer, or 6,216 at 20%. Not planned homes. Not allocated homes. Deliverable

homes, supported by evidence that development is genuinely coming forward.

The denominator matters as much as the numerator. A council might have plenty of sites with planning permission. But if the target has just been increased by 147%, the supply that looked adequate last year is suddenly less than two years' worth. Nothing changed on the ground. The formula changed.

1.8 yrs

Cotswold District's housing land supply against its new target of 1,036. The land didn't disappear. The number moved.

SOURCE · CDC HOUSING LAND SUPPLY REPORT, JUNE 2025

Cotswold District had a comfortable supply against its old target of 420. Against the new target of 1,036, it has 1.8 years. The land didn't disappear. The number moved.

What happens below five years.

Paragraph 11(d) of the NPPF sets out what planners call the *"tilted balance."* When a council cannot demonstrate a five-year supply, its local housing policies are considered out of date. The test for granting planning permission flips. Instead of the applicant having to show why the development should be approved, the council has to show why the harm would *"significantly and demonstrably"* outweigh the benefits.

That is a high bar. Housing delivery is treated as a benefit. The shortage of supply is treated as a reason to approve. A development that provides homes in an area where the council admits it

cannot demonstrate supply starts with the weight of national policy behind it.

In practice, this means developers can submit applications on sites that were never allocated in the Local Plan, sites the community never chose, sites the council would have refused twelve months earlier. If the council refuses, the developer appeals. At appeal, the inspector applies the tilted balance. The inspector notes the supply shortfall. The inspector concludes the benefits of providing housing outweigh the harm. Permission is granted.

This is not a theoretical risk. It is happening across England right now in every authority that cannot show five years of supply. Developers target these councils deliberately, because the tilted balance means they are more likely to win.

The Housing Delivery Test.

The five-year supply is forward-looking: can the council show enough sites for the next five years? The Housing Delivery Test looks backwards: did the council actually deliver enough homes over the past three years?

The test compares completions against the housing requirement over a rolling three-year period and produces a percentage score. Three thresholds matter.

Below 95%, the council must publish an action plan setting out how it will increase delivery. This is administrative. It does not change planning decisions directly.

Below 85%, the 5% buffer on the five-year supply is replaced by a 20% buffer. The council now needs to demonstrate what is effectively a six-

year supply against an already elevated target. For most councils already below five years, this makes the gap larger and the tilted balance harder to escape.

Below 75%, the tilted balance is triggered again, this time through the delivery test rather than the supply calculation. Even a council that can demonstrate five years of supply will face the presumption in favour if its actual delivery has been too low. Two routes to the same outcome.

Why so many councils are failing.

189

Councils across England that cannot demonstrate a five-year housing land supply — more than half of all local planning authorities.

SOURCE · URBANIST ARCHITECTURE, JANUARY 2025

As of January 2025, 189 councils across England could not demonstrate a five-year housing land supply (Urbanist Architecture). That is more than half of all local planning authorities.

This is not because 189 councils stopped building homes. Many of them were delivering at or above their previous targets. The standard method changed in December 2024, the targets jumped, and overnight the supply that had been adequate became a shortfall. Councils that had spent years assembling a pipeline of sites, negotiating Section 106 agreements, and working through the plan-making process found themselves below five years with no realistic way to recover.

The system creates a paradox. A council that has been building homes consistently, that has an adopted Local Plan, that has allocated sites and granted permissions, can still fall below five years if the formula increases faster than the sites can be delivered. And once it falls below, the tilted balance means development comes forward on sites outside the plan, sites the council did not choose and cannot control. The plan becomes less relevant. The formula becomes more powerful.

There is no general mechanism in the NPPF for a council to argue that the target is unachievable and therefore the five-year supply test should be applied differently. The one partial exception involves areas covered by National Parks, where planning guidance may support separating the need arising inside the park from outside it. Otherwise, the target is the target. The supply is the supply. If one exceeds the other, the tilted balance applies.

What "*deliverable*" actually means.

The NPPF defines deliverable sites as those that are available now, offer a suitable location for development now, and are achievable with a realistic prospect that housing will be completed within five years.

Sites with detailed planning permission are generally considered deliverable unless there is clear evidence they will not come forward. Sites with outline permission, or sites allocated in the plan but without permission, require further evidence: a written commitment from the developer, proof of funding, a realistic build-out trajectory.

Councils and developers argue constantly about what qualifies. A large strategic site with outline permission for 2,000 homes may have a lead-in time of five years before a single dwelling is completed. The council might count 200 of those homes in its supply. The developer at appeal might argue the real number is lower. An inspector makes a judgement. The difference between 200 and 150 can be the difference between a five-year supply and a four-year one, which determines whether the tilted balance applies.

These disputes play out at planning inquiries across the country. They are technical, expensive, and decided by an inspector applying national policy. The community whose village is about to change is not a party to the calculation. They find out the result when the decision letter arrives.

Connection to the standard method.

The standard method sets the target. The five-year supply test enforces it. Together they form a closed system.

A high target makes it harder to demonstrate five years of supply. Falling below five years triggers the tilted balance. The tilted balance means development is approved on sites the plan never allocated. Those approvals take years to translate into completed homes, and in the meantime the target keeps rising because the affordability ratio has not improved. The council remains below five years. The tilted balance remains in force.

The only reliable way out is to adopt a new Local Plan that allocates enough sites to meet

the target. But preparing a Local Plan takes five to seven years. During that time, the tilted balance applies. Developers do not wait.

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— The Editor • Ground Level, May 2026

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