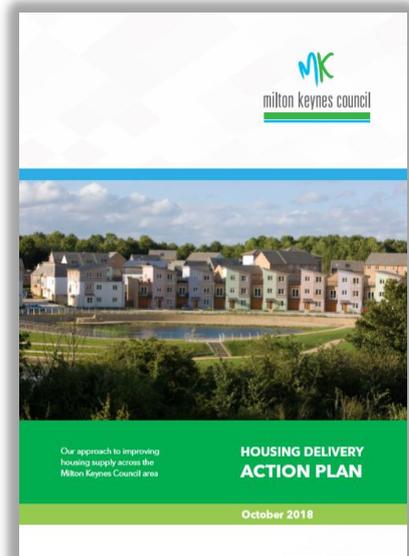
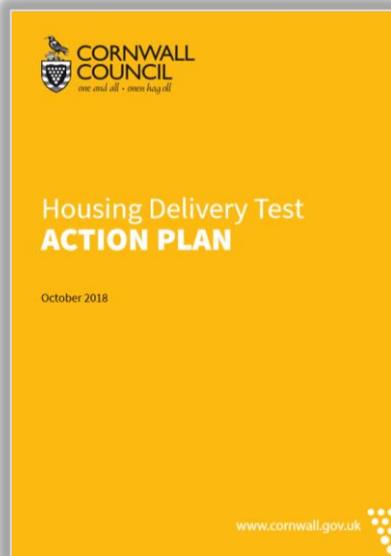
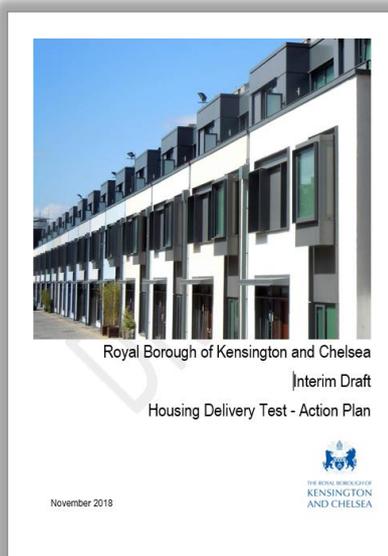


Housing Delivery Test: Preparing Effective Action Plans Resource Pack – SECOND DRAFT

15th January 2019



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INTRODUCTION

15th January 2019

A note about this resource pack:

This document was prepared in anticipation of the announcement of the Housing Delivery Test results in November 2018. The announcement of these results have been delayed.

Many councils will be in a position to predict their HDT results with confidence, and will not need the official numbers to start work on an Action Plan and get ahead of the 6 month timetable. This document is for those councils.

This is the second draft of the guide, and it may require further revision once the HDT results are published.

In 2018 the "Housing Delivery Test" (HDT) was introduced into the planning system as part of the new National Planning Policy Framework. It provides a new indicator for housing delivery and creates a series of consequences on councils for "failing" the test. During 2018 the Planning Advisory Service, working with our suppliers Hyas Associates¹, have been supporting some pilot Councils with one of these consequences - the preparation of an 'Action Plan'.

The pilot exercise had the following broad objectives:

- To support pilots to work through the process of creating Action Plans;
- To test and help evolve accompanying guidance, resources & ongoing support; and
- To publish a variety of Action Plans to accompany the Housing Delivery Test announcement.

The scope and nature of an Action Plan is not fully prescribed by national policy or guidance, and any approach should relate to local circumstances and needs. This document, and the separate accompanying resources provide practitioners with a suite of advice and tools to help them understand and respond to this new requirement.

¹ Hyas Associates Ltd www.hyas.co.uk

Overview

Overview of the Housing Delivery Test

The Housing Delivery Test (HDT) measures net additional dwellings provided in a local authority area against the homes required. The methodology for calculating the Housing Delivery Test measurement is set out in the Housing Delivery Test Measurement Rule Book², and the Ministry of Housing, Communities and Local Government (MHCLG) will publish the HDT result for each local planning authority in England annually in November.

The consequences of failing the HDT are set out in the revised National Planning Policy Framework (NPPF)³. These consequences will apply until subsequent HDT results demonstrate that delivery exceeds the required rate in the following year.

The consequences will continue to apply until the subsequent Housing Delivery Test results are published, or a new housing requirement is adopted. The relevant consequence for any under-delivery will then be applied. Should delivery exceed 95%, no consequences will apply. Where a new housing requirement is adopted, the Housing Delivery Test calculation will be run using these new targets and any consequences for under-delivery will be applied.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685292/Housing_Delivery_Test_Measurement_Rule_Book.pdf

³ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Overview of the Action Plan

All local planning authorities with a result of less than 95% have six months to prepare an Action Plan. The role of an Action Plan as set out in Planning Practice Guidance is to:

“identify the reasons for under-delivery, explore ways to reduce the risk of further under-delivery and set out measures the authority intends to take to improve levels of delivery.”

A local planning authority can prepare an Action Plan at any time, irrespective of whether it passes or fails the HDT. Indeed, an Action Plan can be part of a proactive approach to think ahead, understand, and manage potential risks to future housing supply.

An Action Plan is intended to be a practical document, focussed on effective measures aimed at improving delivery within an area. However, issues affecting delivery are likely to vary significantly across the country and within individual areas, so for an Action Plan to be relevant and effective for a particular locality, it should be underpinned by appropriate evidence, research and local understanding.

To ensure the document is of optimal impact, local planning authorities should publish an Action Plan within six months of the publication of the Housing Delivery Test result (i.e. by May of the following year). Clearly, the earlier that appropriate actions and measures are identified and implemented then the sooner the results could be seen.

Guidance on the HDT has been set out as part of the Planning Practice Guidance⁴ (MHCLG, September 2018) in relation to “Housing and economic land availability assessment”. Key elements have been extracted and referenced in these notes.

Note

This document forms part of a wider resource pack to support the preparation of an Action Plan. Accompanying resources include:



A template Action Plan document (report style). This could form the basis of a written Action Plan.



A root-cause analysis data worksheet. This could be used to capture and compile relevant data on local housing sites, their delivery, key issues and local responses.

These resources are not intended to be prescriptive in terms of style or format, and local planning authorities are advised to prepare materials in a form most appropriate to their local circumstances.

⁴ <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment#housing-delivery-5-year-land-supply>

Steps Involved in Preparing an Action Plan

Preparation of an Action Plan requires both:

- Looking backwards: A good understanding of the issues affecting delivery within a particular area over the last 3 years, to align with the HDT assessment period.
- Looking forwards: To identify potential issues around future delivery and forecasting how delivery will change over time.

Six key steps

The preparation of an effective Action Plan is anticipated to follow a stepped process with stakeholder engagement running through each stage, as set out below:

Step 1 - Data gathering	+ stakeholder engagement
Step 2 - Root Cause Analysis	+ stakeholder engagement
Step 3 - Action Planning	+ stakeholder engagement
Step 4 - Consulting and publishing	+ stakeholder engagement
Step 5 - Implementing actions	+ stakeholder engagement
Step 6 - Monitoring outcomes	+ stakeholder engagement

Each step is covered in detail in the following chapters.

Stakeholder engagement

Engagement is the common thread running through the process of preparing an Action Plan. It is for the local planning authority to decide which stakeholders to involve in the formation of the document. Representatives of those with an impact on the rate of delivery in the area should be included, such as, but not limited to those set out in the Planning Practice Guidance⁵:

- Small and large developers
- Land promoters
- Private and public landowners
- Infrastructure providers (such as utility providers, highways, etc)
- Upper tier authorities (County Councils) in non-unitary areas
- Neighbouring authorities with adjoining or cross-boundary sites.

Active engagement with stakeholders will help to identify key relevant local issues and challenges and help to derive effective solutions. Some issues will require infrastructure providers and others from beyond the boundary of the local planning authority. Engagement should however remain proportionate to the task in hand and enable issues and actions to be derived in a timely and efficient manner.

⁵ Housing and economic land availability assessment, Paragraph 70

Step 1: Data Gathering

Whilst the factors affecting under-delivery will vary across the country and between authorities, there are commonly used data sets and good practice methods that can be used to assemble and coordinate data.

Existing information is preferred because it can be used quickly to:

- understand what sites are already delivering
- check whether this in line with expected rates
- identify sites due to come forward in the next five years; and
- clarify issues already affecting particular sites or landowners.

The data available will come from a number of sources and could be held in different council departments. Sources of existing data are likely to include:

- 5 year housing land supply data
- Annual Monitoring Report evidence
- SHLAA, call for sites and other local plan evidence
- Data/information relating to Section 106's (there may be relevant triggers on numbers of homes etc.) or CiL contributions
- Information from developer/housebuilder forums

Pilots found other, sometimes less obvious, sources of data such as Council tax registrations; Building Regulation Certificates issued and refuse collection registrations.

Recommendation

All the relevant data should be collated into a single database to assist in the diagnostic process. This resource pack includes a template worksheet which could be used to capture local data into one place in a standard format. However, many authorities already have bespoke databases which can be adapted to suit the HDT purpose, and no council should need to start from scratch.

The goal is not to require 100% accuracy or completion. In examining the data, a useful starting point is to assess whether the information provides a reasonable basis to understand the local position. The information should provide a reasonable overview based upon local typologies/sizes/complexity of the local housing market and supply context. Gaps in understanding are usually a sign of a lack of stakeholder engagement.

For larger authorities, there may be too much data to deal with efficiently.

Local Planning authorities may need to categorise or split the data into certain development typologies. These should be determined locally and could be based upon development type, location, size or another locally derived approach. A typology-based approach would enable key trends and issues to be identified across large numbers of separate sites.

**Data gathering – proportionate & targeted data monitoring
(Case Study Example – Cornwall Council)**

The Council area is large and diverse, and compiling relevant information is a challenge. The Council is proactive in engaging with site promoters and developers to 'get under the skin' of individual site issues and is able to do this in a proportionate way by focusing on the larger sites and by using a RAG rating approach.

The Council has drawn the data together into a comprehensive spreadsheet that provides specific information on current site delivery, and this has helped identify actions and approaches by the Council on individual sites and across the wider area. The Council keep the information 'live' and up-to-date on an ongoing basis.

Where information is not available about specific sites, data from previous years is assessed and where necessary, average lead in times and delivery rates are applied to typologies of sites (based on size ranges).

Step 2: Root Cause Analysis

Once data has been gathered, there will then need to be an assessment of what it is saying about local delivery. We call this the 'Root Cause Analysis' and it uses the information **in order to extract potential trends, issues, implications or factors influencing local delivery**, either generally or across certain typologies of sites.

When assessing issues that may be influencing delivery the following points from the Planning Practice Guidance⁶ may be useful:

- Barriers to early commencement after planning permission is granted and whether such sites are delivered within permitted timescales.
- 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.).
- Whether sufficient planning permissions are being granted and whether they are determined 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 determination periods.
- 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.

Another point to think about is whether current or future supply is highly dependent upon a smaller number of strategic sites, and whether these require bespoke approaches to keep them on track.

The outcome from the 'root cause analysis' process should be a reasonable understanding of the main local issues and challenges influencing delivery rates, which can be used as the basis to evolve and test potential actions and interventions. We learned from the pilots that there is a risk that the findings become a long list of generic "we should improve the way we do X" exhortations. A thorough challenge is required to ensure that the output correctly identifies underlying causes and doesn't just flag a series of symptoms.

⁶ Housing and economic land availability assessment, Paragraph 71

The local issues influencing delivery (Case Study Example –Harrogate)

To gain a better understanding of what barriers might be acting to deter or delay housing delivery in the local area, Harrogate Borough Council compiled relevant information and sought an external impartial view (via the LGA's Housing Expert programme) to assess dynamics within the local housing market, and how this was influencing, along with other factors, the delivery of new housing.

This commission involved face-to-face interviews with representatives of sites capable of delivering the majority of the permissioned houses in the district, together with key service areas within the Council and external consultees (including the Highway Authority and York, North Yorkshire and East Riding Local Enterprise Partnership).

Using an external body to carry out this analysis enabled frank and open discussions – which might not have been forthcoming had the review been managed internally. The analysis led to the Council identifying a range of suitable actions to be included within the Action Plan.

Step 3: Action Planning

The issues that will begin to emerge from the above data gathering and root cause analysis, will need to be turned into tangible actions to be included in the final plan. Some of these could be contentious, may require a corporate response (beyond the planning function), and/or may rely on other stakeholders. The process of creating an Action Plan is an iterative process to test what actions have been identified and whether they will be effective and appropriate.

The previous two steps of the Action Planning approach should have raised an awareness of the nature of local issues, challenges, implications and possible scope of a necessary response. This should effectively involve risk identification and establish the basis for subsequent risk management, and create the opportunity to raise the profile of housing delivery and ensure that it is recognised as not just a problem for 'planning'. It is likely to have wider implications for a Council in terms of corporate growth ambitions, meeting the identified needs of the local population, and future income (i.e. CIL receipts, New Homes Bonus), etc.

In deciding who to involve in this process and where to report the initial Action Plan, it is helpful to think about the following points:

- Does the Council have a corporate approach to delivery/growth issues currently? If so, where is this reported to?
- How active/willing is the Council to adopt a proactive approach, such as direct funding, delivery or use of its own land/assets, or bidding for government funding? If so, where are these decisions made?
- Might a solution need to involve a different approach to the allocation of land to meet need?
- Is there an issue of resources – either around monitoring or potential, identified actions?
- Do the identified issues have implications for other Departments; authorities or organisations?
- Where should decisions be made and progress reported? Is there a suitable Committee, Group or Board in place to perform this function or is something new needed?

At the core of the Action Planning process, local planning authorities will need to identify actions to boost delivery. Some useful ideas and options relating to the use of planning tools and actions are set out in the Planning Practice Guidance⁷ and include:

⁷ Housing and economic land availability assessment, Paragraph 72

- 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.
- Working with developers on the number of houses on site, including whether sites can be subdivided.
- Offering more pre-application discussions to ensure issues are addressed early.
- Using Planning Performance Agreements.
- Carrying out a new Call for Sites, as part of plan revision.
- 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.
- Reviewing the impact of any existing Article 4 directions for change of use from non-residential uses to residential use.
- 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.
- Establishing whether certain applications can be prioritised, conditions simplified or their discharge phased on approved sites, and standardised conditions reviewed.
- Ensuring evidence on a particular site is informed by an understanding of viability.
- Considering compulsory purchase powers to unlock suitable housing sites.
- Using Brownfield Registers to grant permission in principle to previously developed land.
- Encouraging the development of small sites and higher site densities.

Additionally, there are other planning tools not explicitly set out above (such as Local Development Orders), and process improvements (such as streamlining S106 processes). There may also be a wider range of actions and interventions that will give a comprehensive response, such as:

- **Place marketing & promotion**, to actively promote the area/specific areas to stimulate market interest. This could be targeted at different audiences, for example where there are limited active developers, a focus could be placed on housebuilders/investors, or where there is a need to stimulate market demand, place-based marketing could stimulate consumer demand.
- **Land assembly.** A proactive approach may be needed to address local difficulties in the land market, including possible use of compulsory purchase powers, and best use of public sector owned land.
- **Infrastructure planning, bidding, funding & finance.** Where infrastructure delivery is holding up supply, proactive approaches may be needed to identify funding opportunities, bid for monies, and/or evolve new local infrastructure funding mechanisms.
- **Delivery vehicles.** Entirely new delivery vehicles might be required, for example housing development companies, joint ventures or statutory vehicles such as development corporations.
- **Employment & supply chain.** Where issues exist with the local capacity of the construction industry, initiatives may be needed to work with education, training and local businesses to enhance and build local capacity across the construction industry.

Actions identified through this process should be clear, implementable and measurable. The Action Plan could include a range of interventions classified as **short, medium and long-term** to help provide some immediate improvements to delivery, but also to help with long-term planning for general growth aspirations.

Evolving a range of actions

(Case Study Example – Milton Keynes Council)

The Milton Keynes Housing Delivery Action Plan sets out a broad range of practical and proactive measures that the Council is putting in place to address low rates of delivery, and a process to monitor implementation.

Five key strands of activity have been identified by the Council based upon local issues and challenges that are influencing delivery, with a range of actions set out for each. The key strands include:

1. Corporate prioritisation of housing delivery as a key cross-cutting theme to drive behaviour and decision making within various parts of the Council;
2. Improved planning processes and consistency in decision making, making the planning process more efficient and effective;
3. Supporting the market to deliver, including ensuring a more diverse supply of land is brought to market and addressing issues relating to a reliance on a small number of large sites;
4. Stimulating demand through effective placemaking, marketing & promotion;
5. Working with Central Government and other stakeholders, such as to secure new infrastructure funding.

Step 4: Consulting and Publishing

Consulting

There is no requirement to consult on an Action Plan, and extensive consultation will not be possible within the six month production timetable. However, if the actions identified have corporate and/or financial implications then some formal process of consultation may be required.

For example, improving procedures around section 106 mechanisms may require legal and stakeholder involvement; funding and delivery interventions may require the involvement of developers and/or Homes England. Ideally, those affected by and involved in actions should be consulted and engaged as part of the reporting process.

Publishing

The Action Plan needs to be a publicly accessible document. It should provide a clear statement of the conclusions of the work and allow stakeholders to work together.

Not all of the actions identified at the internal reporting stage will necessarily need to be provided in detail as part of a published Action Plan. Indeed, **some of the information regarding specific site-by-site detail, stakeholder situations/approaches, financial or commercial considerations may not be suitable for publication.** In these circumstances, the Action Plan could summarise key messages, conclusions and actions that emerge from the internal analysis and reporting procedures.

As part of this resource pack [a template for an Action Plan report is provided](#) that could be adapted to suit local circumstances. Accompanying data standards will be tested in the hope that the underlying data can also become open and accessible.

Steps 5 and 6: Implementing and Monitoring

The Action Plan will not be a one-off piece of work. For the actions to be effective, they could require changes to internal procedures, planning policy, etc. Some elements could take time to implement and take effect. It is therefore important to establish how it will be implemented at the initial reporting stage– who is responsible for what and by when – and how it will be monitored over time.

Councils already carry out extensive monitoring and the Action Plan process should be incorporated alongside it, rather than being something separate and new. Where joint cross-boundary working is involved, and actions are (at least in part) reliant on outside organisations, the involvement of others in monitoring and implementation be addressed.

In some cases, the creation of a new Committee, Group or Board could provide an appropriate structure for reporting, monitoring impact and adjusting the Action Plan over time.

A Corporate approach to implementation & monitoring (Case Study Example – Gateshead)

In recognition of the corporate significance of local housing delivery, Gateshead Council are preparing their Action Plan with the intention that it will be considered and approved by Cabinet, Portfolio holders and their Planning and Development Committee.

Progress against the action plan will be monitored in-house, aligned with existing procedures that are already in place within the planning and development team. A digital tool is being developed to capture information on sites such as ground conditions in order to inform prospective developers, particularly SMEs and this will sit alongside a programme of development frameworks and the granting of Permission In Principle for a number of sites. Regular forums and reviews with Registered Providers, National Housebuilders, SMEs and custom/self-builders will continue, as will corporate collaborations with other teams within the council who are starting to bring forward council owned sites.

It is intended that the Action Plan and its impact on housing delivery will be monitored, with the plan updated and taken back for formal review and approval on an annual basis.



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