

Environment and Sustainability Committee



17 June 2025

Title	Housing Delivery Test Action Plan 2024
Purpose of the report	To make a decision
Report Author	Esme Spinks, Planning Development Manager Jane Robinson, Interim Strategic Planning Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	No
Corporate Priority	Addressing Housing Need
Recommendations	Committee is asked to: <ol style="list-style-type: none"> 1. Approve the Housing Delivery Test Action Plan 2024. 2. Agree publication of the Housing Delivery Test Action Plan 2024 on the Council's website.
Reason for Recommendation	<p>The completion of the Plan is a requirement because only 61% of the housing needs have been delivered over the last three years. This is the planning <u>quantitative</u> measurement of housing need. However, the affordable rented housing need is not being met as in the last five years, only three years had affordable rented new build completions (65 units). The Plan identifies actions to address under delivery against the housing requirement in the area. The Plan looks at the reasons for under delivery and the steps to be taken to drive up housing delivery in the area.</p>

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> Only 61% of the borough's housing needs have been delivered over the last three years. This is the planning <u>quantitative</u> measurement of housing need. However, the affordable rented housing need is not being met as in the last five years, only three years had affordable rented new build completions (65 units). 	<ul style="list-style-type: none"> The completion of the Housing Delivery Test Action Plan is a Government requirement (we are under-delivering).

This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> The plan looks at the reasons for under delivery and the steps to be taken to drive up housing delivery in the area. 	<ul style="list-style-type: none"> Adopt the Action Plan and deliver the actions to increase delivery.

- 1.1 This report seeks to outline the content of the Housing Delivery Test Action Plan 2024. The Action Plan is a requirement because only 61% of the housing needs have been delivered over the last three years.
- 1.2 The Housing Delivery Test Action Plan 2024 identifies actions to address under delivery against the housing requirement in the area. The Plan looks at the reasons for under delivery and the steps to be taken to drive up housing delivery in the area.
- 1.3 The Plan's year is 2024 rather than 2025 as the data is calculated to 31/03/24.

2. Key issues

- 2.1 The Housing Delivery Test (HDT) has been introduced by the Government as a monitoring tool to demonstrate whether local areas are building enough homes to meet their housing need. The HDT, which was published in December 2024, updates the previous results in 2018 - 2023. The test compares the number of new homes delivered over the previous three years with the authority's housing requirement. In the case of Spelthorne, the housing requirement is the minimum annual local housing need figure (631per annum as of April 2024).

- 2.2 The calculation for Spelthorne is given as:

$992(\text{homes delivered}) / 1632 (\text{homes required}) = 61\%.$

It should be noted that the Government's housing delivery test only considers the **quantum** of dwellings which have been delivered, it does not reflect the acute affordable housing need which remains grossly unmet in Spelthorne.

- 2.3 The HDT was originally introduced in a phased approach over three years. It will have the following consequences:

- Where housing delivery over the previous three years has been less than 95% of the housing requirement, LPAs should prepare an action plan setting out the causes of under delivery and the intended actions to increase delivery.
- Where delivery has been less than 85% of the housing requirement, a 20% buffer should be applied to the supply of deliverable sites for the purposes of housing delivery assessment.
- Where delivery has been less than 75% of the housing requirement, the National Planning Policy Framework's (NPPF) presumption in favour of sustainable development will apply. The three year transitional period has now ended therefore the HDT consequences will be standardized moving forward.

- 2.4 As a consequence of the HDT being 61%, the local authority falls into the category where the following apply:
- an action plan should be prepared,
 - a 20% housing buffer figure is applied to the housing requirements; and
 - a presumption in favour of development within the borough applies as the housing delivery over the last three years is less than 75%.

The proposed action plan demonstrates that Spelthorne Council is taking positive steps and is serious about housing delivery.

The presumption in favour of sustainable development means that proposed developments should be granted planning permission unless their adverse impacts "significantly and demonstrably" outweigh their benefits.

- 2.5 The housing test results for the last six years are set out in the following table:

Measurement Year	Total Homes Required	Total Homes Delivered	HDT score (%)	Consequence
2024	1632	992	61%	Presumption + Action Plan + 20% buffer
2023	1,566	1,072	68%	Presumption + Action Plan + 20% buffer
2022	1,554	1,073	69%	Presumption + Action Plan + 20% buffer
2021	1,574	785	50%	Action Plan + 20% buffer
2020	1,509	904	60%	Action Plan + 20% buffer
2019	1,394	876	63%	Action Plan + 20% buffer

An analysis of the 2023 position in all Surrey authorities is contained in Table 8 of the Action Plan. Other Surrey Local Planning Authorities (LPAs) with the same 'consequences' are Epsom and Ewell (38%), and Tandridge (42%).

- 2.6 The HDT Action Plan is the Council's response to the challenge set out in the Government's National Planning Policy Framework to boost significantly the supply of homes and has four goals:

- To examine the possible causes of the ‘under delivery’ of new homes in the Borough.
- To explain what the Council has been doing so far to boost housing delivery.
- To build relationships with developers, landowners and agents responsible for building homes on sites that have planning permission, allowing the Council to adopt the role of an enabler of much needed residential development ensuring housing permissions are built out as quickly as possible.
- To set out what actions the Council can take to increase the rate and number of homes built in Spelthorne.

3. Options analysis and proposal

- 3.1 The first section of the report examines the Action Plan context. These include Spelthorne’s corporate documents which play a role in housing delivery. It should be noted that this action plan does not play any role in deciding the future of the current Green Belt or proposed housing allocations. These have been dealt with completely separately as part of the of the emerging new local plan.
- 3.2 The next section is an assessment of the ‘under delivery’ of new homes in the Borough including a review of the potential reasons behind the housing supply deficit. This includes the local and national issues which influence housing delivery, (i.e., affordability issues, proximity to London, build costs, post Covid 19 impacts, difficulties once development has commenced). A range of data and sources have been used to inform this analysis. As part of this process, the Council has engaged with stakeholders to improve its understanding of the issues effecting housing delivery. The analysis of the issues has been used to inform what actions the Council need to take to improve its housing delivery.
- 3.3 Critically, the final section of the action plan includes a number of measures to improve decision making and also to support wider opportunities. These include, amongst many:
 - working with site promoters and other stakeholders to deliver Local Plan allocations,
 - continuing to improve planning performance on speed and quality of decision making,
 - refining the Planning DM computer software and procedures to enhance agile / paperless working in DM; and to
 - constantly reviewing the discharge of planning conditions (after planning permission has been granted) to speed up the process.
- 3.4 The Action Plan identifies future actions to boost housing delivery, including the need to ensure the Local Plan is adopted by the end of 2025. The

Council's assets offer a positive opportunity to boost housing delivery further moving forward (which will be done in partnership with others), however barriers to development will need to be reduced. Once adopted, the Local Plan will provide more certainty as to the Council's housing land supply and will help to deliver housing to meet the Borough's development needs.

- 3.5 We have reviewed our Action Plan against other Local Planning Authorities and best practice and details are contained in Appendix B. A further analysis will be undertaken in 2026.

4. Financial management comments

- 4.1 There is a need ensure the Local Plan is adopted by the end of 2025, in order to provide greater certainty to developers, to avoid further delays in meeting the Borough's housing needs and to reduce the risk of potentially costly appeals where applications are overturned or refused and then allowed on appeal. There is no specific budget set aside for such eventualities – all these costs come out a reserve which will diminish over time. A HDT of below 75% will also provide an increased financial risk associated with the costs of defending planning appeals.

5. Risk management comments

- 5.1 There are no known consequences if Spelthorne fails to produce an action plan when required to. The government will not intervene if our housing delivery test level (%) does not increase, this only happens at present when there is poor performance in the speed and quality measurements of major and non-major applications. Consistent under-delivery could harm the authority's reputation in terms of housing delivery impacting public and private sector investment.
- 5.2 However, Spelthorne is at the highest (worst) level in the 'consequences' of the housing delivery test regime. A 20% housing buffer is applied to our 5 year housing land supply figures for consistent under delivery. We are also required to produce an Action Plan to demonstrate how seriously we seek to address this issue. Finally, there is a presumption in favour of approving development in our decision making process. This presumption will remain even when the Local Plan is adopted and we have a 5 year housing land supply as we are required to meet both targets.
- 5.3 If the HDT remains below 75% (we are at 61%) the presumption in favour of sustainable development will remain and this will carry significant weight in the determination of planning applications for housing developments.
- 5.4 A HDT of below 75% will also provide an increased financial risk associated with the costs of defending planning appeals, particularly the more costly Hearings and Local Inquiries. Local Planning Authorities are required to fund their own costs in defending planning applications at appeals, including the cost of counsel. These costs can be significant and can extend to over £100,000 for very large and complex appeals.
- 5.5 A HDT of below 75% will give housing delivery "very substantial weight" in decision making, thereby increasing the risk of development being allowed on unsuitable sites

within the borough. An increase in approval of speculative development on unsuitable sites could lead to strain on local infrastructure and services through an “unplanned” and not strategic approach to infrastructure delivery.

- 5.6 The anticipated adoption of the new Local Plan in September 2025 will support the delivery of new homes in the borough, through the allocation of development sites and the release of Green Belt for family homes. The new Local Plan projects the delivery of almost 10,000 homes up to 2039, which will improve the Council's Housing Delivery Test result. However given the nature of the Housing Delivery Test, which takes an average of the past three years of housing delivery, it may take some time for the impact of the new Local Plan to filter down into the results of the HDT.
- 5.7 Whilst the Council has identified actions to address past under delivery in housing, it should be noted that there are factors beyond the Council's control that may negatively impact housing delivery, for example market forces or developer priorities. These may limit the impact of the Council's actions set out in the plan.

6. Procurement comments

- 6.1 There are no procurement issues.

7. Legal comments

- 7.1 The National Planning Policy Framework requires that, where the HDT 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 practice guidance (PPG), to assess the causes of under-delivery and identify actions to increase delivery in future years.
- 7.2 Once approved, the Action Plan demonstrates not only the council's commitment to responding positively to the challenge of increasing housing delivery but also is a measure of good practice to identify ways to support delivery. However, most importantly it provides compliance with the framework's and the PPG's requirement for an action plan.

8. Other considerations

Local Plan

- 8.1 The Local Plan 2024-2039, will guide development in the Borough to 2039/40. Ensuring timely progress on the Local Plan will help the Council to boost its housing delivery by giving certainty, address some of the issues raised in the HDTAP and give the Council more decision-making powers. Failing to meet our housing needs means we will continue to be subject to the most severe sanctions of the HDT.

Local Government Reorganisation

- 8.2 Changes to the HDT will occur with LGR as there will be different geographical areas covering housing needs and delivery with the forthcoming

amalgamation of boroughs and districts. However, this has not yet been agreed by Government and consequently it is too soon to say how this will fall out. This matter will be updated in 2026.

9. Equality and Diversity

- 9.1 This report does not have any direct equality and diversity impacts although the LPA will continue to require all housing schemes to have regard to equality and diversity issues.

10. Sustainability/Climate Change Implications

- 10.1 This report does not have any direct sustainability/climate change implications although the LPA will continue to require housing schemes to comply with current policy guidance on sustainability/climate change issues.

11. Timetable for Implementation

- 11.1 The agreed plan should be made available to the public via the website as soon as possible.
- 11.2 The agreed plan will be reported to the Planning Committee for information as soon as possible.

12. Contact

- 12.1 Russ Mounty, Principal Planner
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Background papers: There are none.

Appendices:

Appendix A Housing Delivery Test Action Plan 2024

Appendix B Planning Practice Guidance – areas for review and suggested actions