



Woking Borough Council

**Housing Delivery Test
Action Plan**

June 2024



1. Introduction

- 1.1. The Housing Delivery Test was introduced by the Government in July 2018. The Housing Delivery Test (HDT) is an annual measurement of housing delivery against the planned housing requirement or housing need. The HDT is measured and published by the Department for Levelling Up, Housing and Communities (DLUHC). The expectation is to deliver the planned housing requirement in full, in this regard 100%. Sanctions are applied if a local authority failed to deliver the required number of homes.
- 1.2. The most serious sanctions involve the 'presumption in favour of sustainable development'. In this case that means a requirement to grant planning permission for housing unless either the application of certain specific policies in the National Planning Policy Framework (NPPF)¹ provides a clear reason for refusing the development proposed; or any adverse impacts of granting permission would *significantly and demonstrably* outweigh the benefits, when assessed against the policies in the NPPF taken as a whole.² The latter effect is known as the 'tilted balance': when decisions are taken on planning applications, the usual weighing up of considerations carried out by decision takers would become tilted towards the grant of planning permission. Also, the Local Plan would have less weight in the decision making process. For these reasons it is important for Woking to avoid the most serious sanctions in the Housing Delivery Test, as set out in the next paragraph.
- 1.3. Local planning authorities are required to take appropriate actions where certain delivery target thresholds are not met. The specific consequences for local planning authorities who do not meet such targets are set out below:
 - 1.3.1. Where housing delivery falls below 95% of the local planning authority's housing requirement, they should prepare an Action Plan in line with the Planning Practice Guidance (PPG), 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.
 - 1.3.2. Where housing delivery falls below 85% of the local planning authority's housing requirement, a 20% buffer on the five year housing land supply position would be applied, as opposed to the standard 5% buffer. This means that if the authority had only slightly more than five years' housing land supply when applying a 5% buffer, it will have to identify more land for housing development in the next five years, enough to achieve a 20% buffer. Where not enough land can be identified, the presumption in favour of sustainable development (see paragraph 1.2 above) will apply in decision taking
 - 1.3.3. Where housing delivery falls below 75% of the local planning authority's housing requirement, the NPPF's presumption in favour of sustainable development (see paragraph 1.2) will apply in decision taking.

¹ The relevant NPPF policies for Woking are those that protect Green Belt, international and national designated sites of importance for biodiversity, irreplaceable habitats (for example, ancient woodland), flood risk areas, designated heritage assets or certain archaeological features.

² Our italics. See National Planning Policy Framework, paragraph 11(d)

- 1.4. The first results of the Housing Delivery Test were published by the Government in February 2019 (for the financial year 2017-18), labelled as the 2018 Measurement. Results were published again in February 2020 (for 2018-19), January 2021 (for 2019-20) and January 2022 (for 2020-21). The publication of the Housing Delivery Test for 2021-22 was held back until 19 December 2023; no test figures for 2022-23 have been published to date. The test for 2021-22 (the “2022 measurement”) therefore remains the latest version.
- 1.5. According to the Government’s figures, in the 2022 measurement, Woking scored 76%, which comes with a sanction to identify 20% buffer of housing land supply to improve the prospect of achieving the planned housing requirement. The Council will also have to prepare a Housing Delivery Test Action Plan.
- 1.6. As a national planning policy context, paragraph 73 of NPPF requires local planning authorities to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years’ worth of housing against their housing requirement set out in adopted strategic policies or against their housing need where the strategic policies are more than five years old. The supply of specific deliverable sites should in addition include a buffer (moved forward from later in the plan period) of 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply. 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. The requirement to produce an Action Plan depends on the most recent HDT figure published by DLUHC³, regardless of whether or not that figure is accurate or up-to-date.
- 1.7. The Planning Practice Guidance and the Housing Delivery Test Rule Book provides further clarification regarding how the number of homes required should be calculated. Where the housing requirement is set out in a local plan, the requirement should continue to be used until it is more than five years old, or the requirement has been reviewed and found not to require updating. Where a housing requirement figure becomes older than five years (unless the relevant strategic policies have been reviewed and found not to require updating) during the HDT period, this will be used for the HDT measurement up to the fifth anniversary of its adoption. Where this anniversary is part way through the year, the housing requirement will be apportioned based on the number of days in the year. If the figure has not been reviewed, or requires updating, the remainder of the year and subsequent years, will be based on the minimum annual local housing need figure, until a new housing requirement is adopted. The Planning Practice Guidance and the Housing Delivery Test Rule Book can be accessed by the links below respectively:

Planning practice guidance - GOV.UK (<https://www.gov.uk/guidance/housing-supply-and-delivery>).

Housing Delivery Test measurement rule book - GOV.UK (<https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>)

³ Ref. NPPF footnote 43; Planning Policy Guidance on Housing Supply and Delivery, paragraph 036 and 041;

1.8. Woking Borough Council has a Core Strategy, which was adopted in October 2012. In accordance with paragraph 33 of the NPPF, the Core Strategy was reviewed in October 2018 and again in October 2023. Both reviews confirmed that the annual average of 292 dwellings per year housing requirement of the Core Strategy does not need updating. The Core Strategy should therefore continue to provide an up-to-date strategic policy context for the housing requirement for the area and the basis upon which the HDT figure should be calculated up to October 2017 and since October 2018. The alternative approach taken by DLUHC has not always been clear, but appears to be based on our housing need rather than housing requirement, and therefore produces different figures (see table 1 below).

2. Overview of Housing delivery since the adoption of the Core Strategy

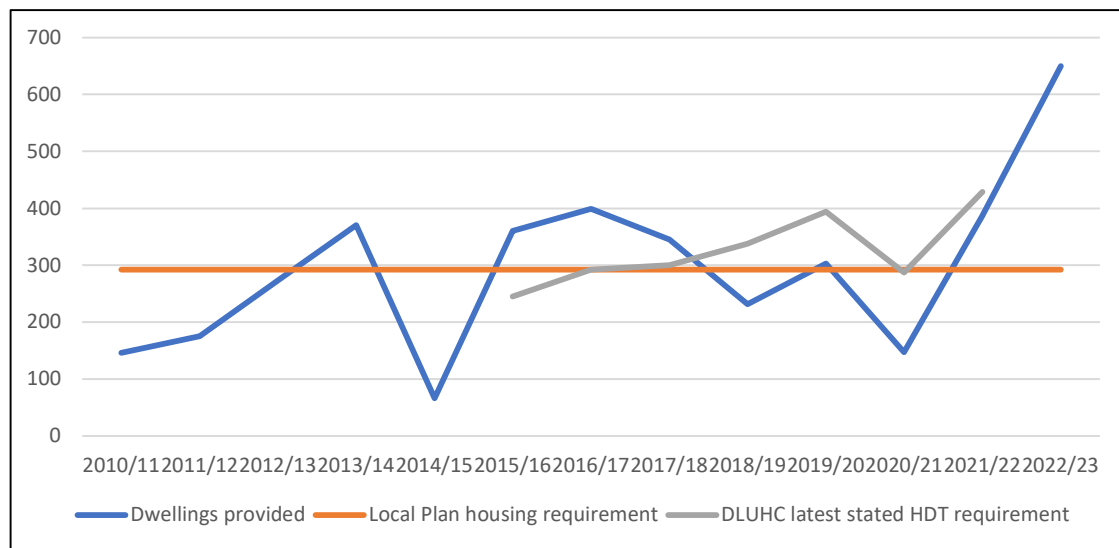
2.1. Overall, housing provision since the adoption of the Core Strategy in 2012 has been slightly above the requirement of 292 dwellings per year. In 2023, average housing provision since the adoption of the Core Strategy was 321 dwellings per year. Average housing provision over the whole plan period (since 2010) was 296 dwellings per year. A summary of housing provision over the Core Strategy period is set out in the Table below.

Table 1. Dwellings provided over Core Strategy period

Year	Dwellings provided	Woking Local Plan Housing requirement	DLUHC latest stated requirement for comparison ⁴
2010/11	146	292	-
2011/12	175	292	-
2012/13	273	292	-
2013/14	370	292	-
2014/15	66	292	-
2015/16	360	292	245
2016/17	399	292	292
2017/18	345	292	300
2018/19	231	292	338
2019/20	303	292	394
2020/21	147	292	287
2021/22	386	292	429
2022/23	650	292	Not available

⁴ The methodology which DLUHC uses to calculate the HDT has changed over the years. The figures in this column are those shown in the latest set of HDT results in which that year appears, i.e. the 2022 HDT for 2019/20, 2020/21 and 2021/22, the 2021 HDT for 2018/19, etc.

Figure 1. Dwellings provided over Core Strategy period



2.2. The three years covered by the 2022 Housing Delivery Test (i.e. 2019-2022; highlighted in the table above) were mostly characterised by a steep dip in completions in the worst year of the Covid pandemic, followed by a recovery. In calculating the Housing Delivery Test, the Government does discount one month's worth of requirement from 2019/20 and four months from 2020/21- a discount of 20% of the total requirement for the two years- but the dip shown by our figures is far stronger than that. In 2019/20 the delivery rate was above the Core Strategy requirement at 303 dwellings, mostly in the town centre, half of them the on the 14-storey development at Harrington Place. In 2020/21 housing completions within the Borough fell dramatically because of the pandemic and the problems of the construction industry in 2020/21, with 147 dwellings being completed, less than half the previous year's total. Over half of these were delivered on two, predominantly permitted development change of use sites on Chertsey Road in the Town Centre. Dwelling numbers quickly recovered in 2021/22 to 386 completions, across a range of sites including two major permitted development change of use schemes, and progress on two of the biggest allocated sites.

2.3. In 2022/23, not covered by the 2022 Housing Delivery Test, the borough saw the highest completions rate in its recent history, with 650 dwellings. This was largely due to the completion of the Victoria Square development with 429 town centre dwellings, although there were also six other sites that delivered more than ten dwellings each. We would normally expect the 2023 HDT result, taking this number into account, to have been published by DLUHC at the start of 2024. The completion figures for Woking for 2023/24 have not yet been signed off but, although not comparable to last year, they continue to show a reasonable level of delivery.

2.4. As usual, dwelling permission numbers were higher than dwelling completions (in fact, more than twice as high) in each of the years 2019/20, 2020/21 and 2021/22. The permission number remained at a comparable level in 2022/23, although it was overtaken by the exceptionally high number of completions.

- 2.5. As at 1 April 2023, the borough had a total housing land supply to deliver 2,738 dwellings compared with the housing requirement of 1,685 (using a 5% buffer) between 2023/24 – 2027/28.⁵ The Housing Delivery Test result of 76% means that a 20% buffer should be applied to the housing land supply requirement; the requirement would therefore now be 1,926. We therefore have a surplus of 812 net additional dwellings against the requirement and an overall supply of 7.1 years of housing land supply. There is no past undersupply against requirements that would need to be compensated for. The Council has consistently over many years been able to identify a 5 year housing land supply.
- 2.6. Towards the end of the period covered by the 2022 Housing Delivery Test, in October 2021, the Council adopted the Site Allocations DPD (adopted in October 2021, part-way through the period covered by the Housing Delivery Test) which released three large housing sites from the Green Belt (released as of 2022). One of these sites partly received permission in 2023/24 (included in the land supply figure above) while the Council is pursuing a pre application on the other part; taken together these proposed developments would deliver substantially more than the allocated dwelling number on the site. An application on another of the former Green Belt sites is pending consideration, while an application on the largest site is expected imminently. In total, the Site Allocations DPD allocated land for 3,417 dwellings; out of the allocations, 609 dwellings are already complete, 1,910 have planning permission, and more than 1,500 further dwellings are at least at pre application stage.
- 2.7. Overall, 2023/24 saw planning permission granted for 428 dwellings, comparable to permissions granted in previous years, as well as a resolution to grant permission on an allocated site with 329 co-living units, net gain considered equivalent to 177 standard dwellings.
- 2.8. The Core Strategy directs most new development to previously developed land in the town, district, and local centres, which offers the best access to a range of service and facilities. The Town Centre has been identified as the primary focus of sustainable growth. In 2022 (near the end of the period covered by the 2022 Housing Delivery Test) the Council carried out a Housing Market Assessment of the Town Centre (2022) to assess whether in the light of the effects of the pandemic, the Town Centre has the capacity to absorb the nature and type of development being proposed for the area during the plan period. The Study concluded that there is sufficient demand for the nature and type of homes being proposed and that the Town Centre has the capacity to absorb the proposed growth trajectory over the plan period.
- 2.9. The mix of site locations on which development has occurred was analysed for the Core Strategy Review in 2023, comparing actual delivery rates over the plan period with the indicative numbers set out for each zone in policy CS10: Housing Provision and Distribution. The Review found that:
- The anticipated figure for the Town Centre is on track and we expect it to be exceeded.

⁵ Five Year Housing Land Supply AMR Supplement, 2023
<https://www.woking2027.info/developmentplan/corestrategy/annualmonitoringreport/2023supplement.pdf>

- The figures to date for West Byfleet District Centre and for the other Local Centres have been rather low; for West Byfleet District Centre the completion of the Sheer House development is expected to allow the target to be met by the end of the plan period.
- For the Rest of the Urban Area, we have already seen the delivery of 176% of the Core Strategy expectation.
- For the urban extension sites at Moor Lane and Brookwood Farm, the ultimate numbers delivered were slightly lower than anticipated in the Core Strategy.
- For the sites released by the SADPD from the Green Belt in 2022, as expected only a small proportion of the anticipated completions have been delivered to date. However, there is a high probability of meeting the target so long as progress continues on these sites as expected.
- In addition, 104 windfall dwellings have been delivered in the rest of the Green Belt, which was not identified as a location for development in CS10.

3. Causes of under-provision in the last three years

- 3.1. The failure of the Housing Delivery Test in Woking Borough is not due to the availability of housing land supply. In fact, the Council has sufficient land supply to enable the delivery of 7.1 years' worth of housing provision against the housing requirement plus 20%. The requirement in this context is the Core Strategy requirement up to 2027 (the end of the plan period), and housing need thereafter. The Site Allocations DPD identifies sufficient deliverable sites with significant over supply and cushion to cater for any non-implementation.
- 3.2. The main cause of under provision in 2020/21 was the impact of the pandemic and Brexit, and the associated problems with the construction industry such as labour shortages and supply-chain blockages. In calculating the Housing Delivery Test, DLUHC does discount four months' worth of housing from the requirement for 2020/21 (as well as one month from 2019/20), but that only accounts for the months when the strictest national lockdowns banned construction workers from sites; not for the wider effects of relevant issues on the construction sector, which were severe for the entire year. The figures from 2021 onwards show that construction in Woking recovered strongly from the pandemic, and these will be reflected in future iterations of the Housing Delivery Test.
- 3.3. The spatial strategy for the distribution of development focuses most new development on previously development in sustainable urban locations. Development on previously developed land has its challenges regarding development viability. Often, this has implications on the provision of Affordable Housing, which is needed most in the area due to higher-than-average affordability ratio. The Council has taken positive action to minimise the impacts of development on viability. The Council has adopted Community Infrastructure Levy (CIL) as the primary mechanism to secure developer contributions towards infrastructure provision. In setting the levy, the Council has carried out a viability assessment to ensure that an effective balance is struck between the need to provide infrastructure to support development and the viability of development. Because of the varying characteristics of the borough, a differential rate for residential development has been set for various parts of the borough. The rates complement the overall spatial strategy of the Core Strategy. The Charging Schedule will carefully be monitored to assess whether

changes are needed in the future. The Charging Schedule can be accessed by:
<https://www.woking2027.info/infrastructure/httpwwwoking2027infoinfrastructurechargingchedule>.

- 3.4. The future outlook on housing provision is positive. As the U.K. emerges from the various economic shocks of the past few years, the underlying economic strength of Woking, in particular, the Town Centre remains fundamentally positive.
- 3.5. The latest Office for Budget Responsibility (OBR) report on economic and fiscal outlook⁶, published in March 2024, states that inflation has receded more quickly than was expected in November 2023 and that markets now expect a sharper decline in rates of interest, which would make near-term growth prospects stronger and should enable a faster recovery in living standards from the record decline that took place last financial year, even though the medium-term economic outlook remains challenging. One of the biggest changes to the OBR's economy forecast in March 2024 was an increase in the size and growth of the UK population.
- 3.6. With regard to the housing market specifically, the OBR forecast states that:

"As Bank Rate rose to reach its current level in the third quarter of 2023, housing transactions fell to 256,000, down more than 40 per cent from the post-pandemic peak. Leading survey indicators from the Royal Institute of Chartered Surveyors suggest that the market will remain weak, but there are signs that demand is beginning to recover as interest rates on new mortgages continue to fall in anticipation of cuts in Bank Rate. Our central forecast is for residential property transactions to be broadly flat 2024, compared to a fall of 7 per cent in our November forecast. Transactions then recover in our forecast, reaching pre-pandemic levels in early 2025, two years before we expected in November.

"In our central forecast, we expect house prices to fall around 2 per cent in 2024, slightly under half of the 5 per cent we expected in November. This is mainly due to our lower mortgage rate forecast. The average house price in the UK is forecast to fall to slightly under £275,000 in the final quarter of 2024. Supported by falling new mortgage rates, we then expect house prices to grow around 2 per cent in 2026, and around 3½ per cent in 2027 and 2028. That would see nominal house prices surpass their historical peak in the first quarter of 2027."

Office for Budget Responsibility- Economic and Fiscal Outlook Forecast, March 2024

- 3.7. Woking has several attributes which should make it relatively resilient in the face of adverse economic circumstances, and well placed to take advantage of any recovery. Woking took

⁶ <https://obr.uk/economic-and-fiscal-outlooks/#chapter-1>

second place for the second year running in the UK Vitality Index 2024⁷, and has now occupied a top five place in that ranking for the last five years. The UK Vitality Index is an analysis produced by LSH of the 100 largest UK towns and cities outside London, aiming to find the best places to live and work with the strongest growth prospects. Woking has held the top score for the 'Health and Environment' pillar of the index for the last three years, with high scores for life satisfaction and quantity of green space.

- 3.8. Woking has a strong and vibrant economy with a strength in new business creation as well as in innovative, technology-intensive, and knowledge-based industries which tend to do better in an economic downturn. These industries include concentrations in Motor Vehicles, Information Technologies, Pharmaceuticals and Aerospace. Leading companies in high value sectors choose to locate in Woking due to its excellent connections, highly skilled workforce, range of affordable premises and quality of life. They include McLaren in automotive, Capgemini in financial services, Nuvias in technology distribution, Roke in artificial intelligence and robotics R&D and several petrochemical and pharmaceuticals organisations. These will continue to generate demand for homes to meet the needs of the growing work force.
- 3.9. Woking Borough Council as an organisation is facing severe financial constraints, having issued a Section 114 notice in June 2023. The most notable effect of this on housing delivery has been on the large redevelopment at Sheerwater, where the phases that have not yet been started (which had outline permission only) are no longer being taken forward by the Council; some of the vacant dwellings in that area will be brought back into use rather than redeveloped (which will still help to reduce housing need), whilst the remainder will be marketed to other developers. These changes have already been factored into the land supply position as stated above. More broadly, the Council is preparing to sell off various sites, which could in fact provide a boost to housing supply over the coming years. The second place achieved by the town of Woking in the LSH UK Vitality Index (noted above) was allocated well after the Council's financial issues were made public, showing that these issues need not outweigh the many advantages of the Borough when considered as a place to live and invest.
- 3.10. Against the above background the following specific actions are proposed to help improve the prospect of achieving the planned housing requirement in future years. The list includes actions taken since the end of the Housing Delivery Test measurement period, i.e. 31 March 2022.

4. Actions to reduce risk of further under-delivery and improve levels of housing delivery

- 4.1. **Development in the pipeline** – There are several major developments that are being implemented to deliver significant number of homes in the coming months and years. The Borough's strong housing land supply position is described above. In addition, the planning

⁷ <https://www.lsh.co.uk/-/media/images/lsh/research/vitality%20index%20report%202024>

pipeline for housing continues to be very active with various major housing sites at application or pre-application stage.

- 4.2. **Preparation of a new Local Plan**- The second review of the Woking Core Strategy (approved in October 2023) found that the document remained up to date, but nevertheless there was a need to produce a new Local Plan since the plan period expires in 2027. Preparatory work has now begun on the new Local Plan, with evidence to include:
- Housing and Economic Development Needs Assessment.
 - A survey of developers and landowners holding planning permission for housing developments in the Borough, to obtain up-to-date information on build out and identify any barriers.
 - Strategic Housing Land Availability Assessment (SHLAA): a SHLAA call for sites was carried out in the winter of 2022/23, and the responses from developers and landowners (including Surrey County Council) have informed the housing supply information above. A further call for sites is planned for later in 2024.
- 4.3. **Potential action on Site Allocations**- the Site Allocations Development Plan Document, adopted in 2021, included expected timescales for site delivery, with for each site a key date to trigger potential action if there is significant under-provision. A small number of the allocated sites have key dates which fall in the current financial year (although most of those sites are already complete), with a larger number having key dates next financial year. Potential actions for consideration are set out in the SADPD as including: Compulsory Purchase; Review of SHLAA; Review of Employment Land; Review of heads of terms for S106; Reprioritise infrastructure investment; Review of allocation.
- 4.4. **Land disposals**- The Council is currently reviewing its entire property portfolio to identify sites that can potentially be disposed of for housing delivery. For example, the Council has recently secured planning consent for 9 houses at Westfield Avenue Yard and has agreed a deal to sell the site to a housebuilder. For the Egley Road Barn site (site allocation GB7), pre-application discussions have taken place to establish the level of housing that can be delivered, and the site is currently being marketed to housing developers. There are other sites which may have potential for residential development, thus the Council is considering how to progress these sites, in consultation with residential agents. There are also a number of office/commercial buildings that may have the potential to deliver residential, either via new-build schemes or residential conversion.
- 4.5. **Review of Affordable Housing Delivery SPD and Climate Change SPD** – The Council has reviewed these two documents to reflect current conditions and national policy, providing greater certainty to developers about interpretation of the policies on these topics in the Local Plan
- 4.6. **Developer Contributions** – The Council is reviewing its processes regarding Community Infrastructure Levy and Section 106 to streamline and provide a better experience for our customers so that any infrastructure needed as a result of development can be addressed in a timely way and not delay development.
- 4.7. **Peer Challenge actions**- The Council is committed to the continuous improvement of the Planning Service to deliver effective and efficient service to all its customers. As part of this

commitment, it had worked with Local Government Association and the Planning Advisory Service to undertake a Planning Services Peer Challenge. The review was undertaken in December 2021 and the Final Report was published in March 2022. The report makes several recommendations to Improve decision taking and plan making. This includes:

- Ensuring a digitalised based local plan when the existing Core Strategy is reviewed;
- Emphasis on regeneration as a separate function to facilitate housing and infrastructure delivery;
- Improved Members/Officer training;
- Improved engagement between Officers and Members;
- Develop community support, information, and training around Neighbourhood Planning.
- Consider reintroduction of regular or periodic Agents Forum as part of the new Local Plan production process, building on work done during the Town Centre Masterplan consultation. Continue participation in pan-Surrey Developers' Forum, established to facilitate partnership working between developers/agents and the local planning authorities in Surrey. The Forum is active and meets regularly.

4.8 Investment- Up until 2023, the Council continued to invest a significant amount of money to improve the town centre environment to make it attractive for inward investment. This includes the integrated transport package (about £25M), walking and cycling infrastructure, and more. Although the Council's overall past investment programme has had a severe negative effect for the Council as an organisation, the benefits of this particular spending in attracting development to the town centre are still expected to be felt over the coming years.

4.9 Article 4- The Council will be willing to use Article 4 Direction to protect specific sites where it is proven to be justified to enable the delivery of the housing requirement. At this stage, it is not considered necessary, but the Council will continue to monitor the situation.