

Homebuilding Capacity Fund Review & Evaluation



Final Report

December 2021

A SUMMARY: PURPOSE & FINDINGS

The Homebuilding Capacity Fund (HCF) Review and Evaluation examines the performance of the HCF programme to date, exploring what has been achieved so far and the role of the programme in putting in place important factors that could drive improved housing delivery in the future. The review identifies that, despite the modest funding envelope of the fund and tight timescales, and the impact of Covid on workstreams, the HCF has provided significant value to local authorities.

Whilst it is difficult to immediately assess the fund's success against outcomes that are ultimately much longer-term in nature (no homes have been delivered as a direct output); compelling arguments have emerged to show its value in the wider homebuilding 'story' and logic chain.

We have undertaken a Theory of Change analysis to support an evaluation of whether the Homebuilding Capacity Fund was effective in ensuring that the requisite skills and processes are in place to unlock and generate increased housing supply in the future, and to assess what impact the fund has had to remedy the initial challenges that hinder this aim. Local authorities have used the funding specifically to identify and address gaps in housing and planning expertise, strengthen cross-departmental collaboration, progress foundational work needed for future homebuilding efficiency and to increase the strategic focus of local authorities towards homebuilding.

There is a strong rationale for the GLA to continue to prioritise revenue funding allocations to support capacity building of this nature within local authorities which will enable this initial momentum to be extended and enhanced over the longer term.

INTRODUCING THE HOMEBUILDING CAPACITY FUND

The Homebuilding Capacity Fund (HCF) is a £10 million fund that was set up in September 2018 as a response to ambitious housing targets within the London Plan, to address rising housing needs and continuing affordability pressures. The London Plan sets a target for 52,000 new homes a year over the next ten years, whilst the Mayor has also committed to start building 116,000 affordable homes by March 2023 through the Affordable Homes Programme. These are ambitious housing targets and there is widespread acknowledgement that in order for these to be met, councils will have to play a greater role in facilitating their delivery.

Council budgets for planning and development have fallen by 50% since 2010, leaving many without the resources and capacity to adopt the new skills and approaches required to deliver on London's housing ambitions. The HCF responds to these challenges by providing local authorities with the opportunity to bid for revenue funding to build skills and capacity across their housing and planning teams.

PROGRAMME OBJECTIVES

It is well known that there is an undersupply of affordable homes in London, which becomes more ingrained each year as property prices increase at a faster rate than the average salary. To support councils to play a greater role in increasing housing supply, the Mayor created the Building Council Homes for Londoners programme. This programme offered support to councils, including higher affordable housing grant rates to enable them to play a greater role in delivering new affordable homes for London.

In response to the Mayor's announcement of significant capital investment for the Building Council Homes for Londoners programme, local authorities expressed concern that they did not have enough resource to meet the associated targets. This stems from decades of underfunding across councils which has reduced the size of their housing and planning teams, due to pressures on public finances. Capacity was a clear issue - councils did not have enough members of staff and some councils were missing crucial skillsets from their in-

house teams - so revenue funding was needed to facilitate building the teams and experience to be able to fully optimise the additional capital funding.

As a result, the HCF was formed to address immediate resource and capacity concerns in the immediate and short term.

At the programme's inception, four clear and interrelated **objectives** were identified:

- Develop a **sustainable increase in the capacity and skills of both housing and planning departments** within councils;
- Promote the Mayor's **good growth principles** in housing delivery across London;
- **Diversify the range of homebuilders, development models and sites** for new homes in London; and
- **Support the delivery of housing targets** set out in the London Plan and the Building Council Homes for Londoners programme; and the Mayor's long-term target of 50 per cent of new homes being affordable.

Outputs

The key proposed outputs in the successful local authority proposals include:

1. The direct **employment of new staff** (including planning, urban design, housing development, programme management, procurement)
2. The creation of **masterplan and capacity studies** to deliver new homes
3. **Training and skills** capacity building for council teams.

FUNDING & DELIVERY MODEL

In September 2018, £10 million from the Business Rates Retention Pilot was approved to deliver the HCF as part of the wider Build for London Project. £236k was top sliced from the allocation to employ the HCF Programme Officer and an additional post to support separate work on construction skills. The HCF began delivery in 2019-20, with **28 local authorities** receiving **£9.764m** across **53 projects**.

Each London borough was invited to bid for up to £750k to 'deliver more council homes, increase development on small sites, develop strategic masterplans for areas with significant residential growth potential, and ensure that new developments achieve optimal density'¹.

At the end of financial year 2020-21, a total of £912k was carried forward into financial year 2021-22 as a result of project delays in delivering agreed-upon outputs predominantly due to Covid-19. A total of 17 projects were extended, with a maximum extension period of six months, bringing the programme's end date to September 2021.

There has been a total underspend of £360k.

DELIVERY APPROACH

In 2018-19 the Mayor, London Boroughs and City of London Corporation established the London Business Rates Pool. Using his share of the net financial benefit of this pool, the Mayor established a £112 million Strategic Investment Fund (SIF). From this, £10 million was allocated to the Build for London project in 2018, which was formally renamed the Homebuilding Capacity Fund (HCF) as a revenue funding programme. This funding was officially delegated to the GLA's Housing & Land team, with collaboration required from the Planning team. As such, the prospectus (published in October 2018) was built by Housing & Land, with guidance from Planning, and, given the nature of many of the bids received, the Planning team took a leading role in planning related bid assessments. Housing & Land led project management through project delivery.

¹ Homebuilding Capacity Fund Prospectus, 2018

The GLA published the Homebuilding Capacity Fund Prospectus which outlined the funding programme and all relevant information. Bids were to be submitted via the GLA OPS online platform so that entries could be stored and assessed by the GLA. Applicants were asked to submit a project brief; and to provide an outline of the proposal to identify how it would accelerate housing delivery. Boroughs would also have to identify how the proposal met one or more of the **funding priorities** outlined below

- 1 Delivering a new generation of council homes;
- 2 Increasing housing supply by supporting more development on 'small sites';
- 3 Proactive planning in areas with significant growth; and
- 4 Ensuring optimal density of new residential developments.

Proposals were also asked to identify the value for money of the project. Boroughs were asked how they had ensured cost estimates were realistic and achievable without compromising the quality of the proposal and also to justify that the funds would not be capitalised to a project or programmes that had already been funded through other means (including business as usual spend by the council). Applicants were also asked to give detailed outcomes of the application.

STUDY PURPOSE & APPROACH

Commissioned by the Greater London Authority (GLA), the Homebuilding Capacity Fund evaluation was undertaken between August and November 2021.

The evaluation aimed to:

- Draw clear conclusions on the **impact and effectiveness of delivery** to-date;
- Examine how the **rationale for the programme** has evolved since 2019, and its ongoing relevance;
- Explore **scenarios** for how the programme could evolve in the future;
- Provide clear **recommendations** to inform GLA decision making and planning regarding the continuation of the programme in 2022 and beyond (if continuation is possible).

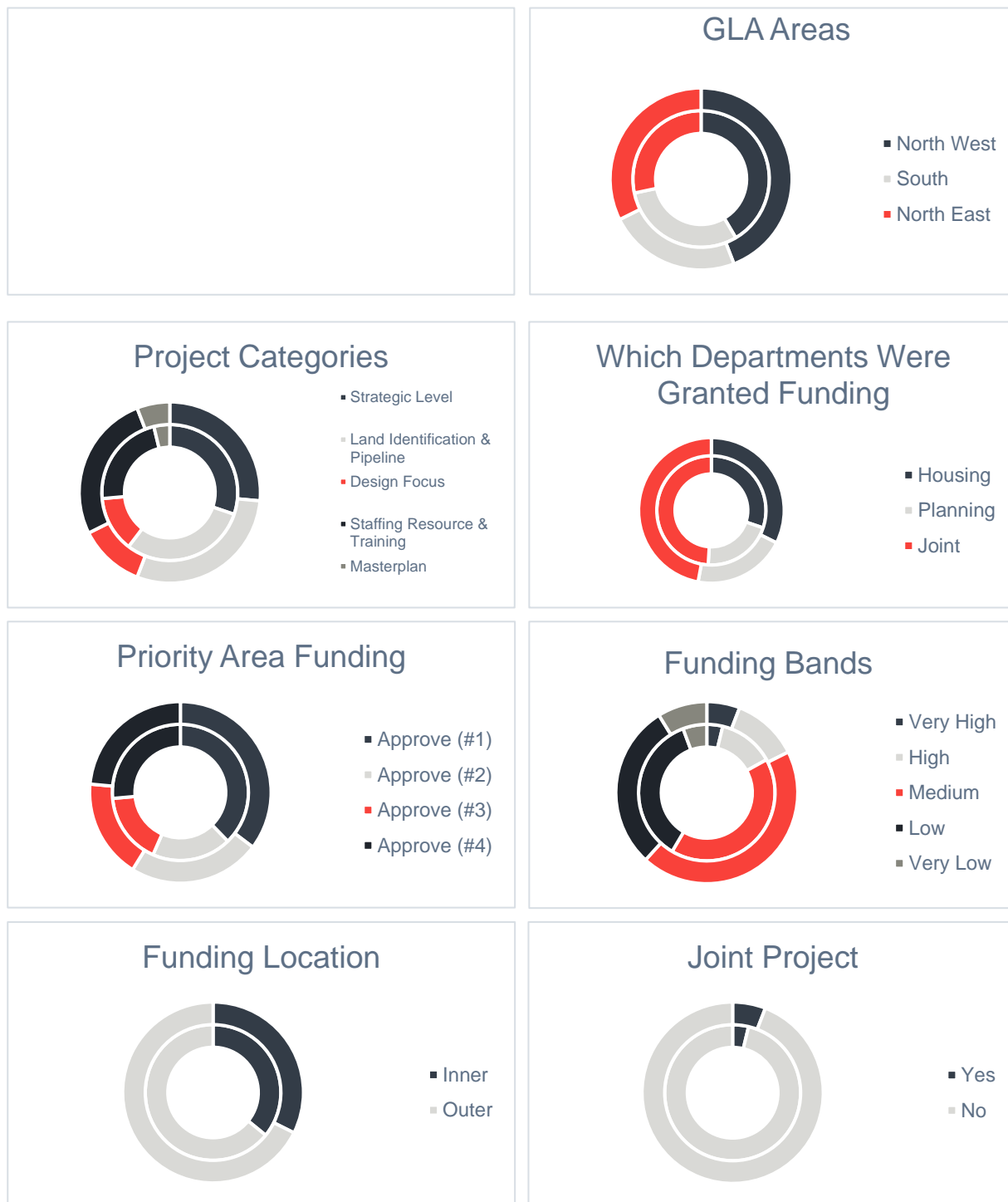
This evaluation recognises that the HCF, in its current limited scope and timeframe, cannot deliver against the long-term objectives set out for the programme alone; it is, rather, an important first step to unlocking future activity. The evaluation seeks to understand the role that the programme (and availability of revenue funding) has had in building the **capacity and foundational ability** of local authorities to deliver homes in the longer term.

RESEARCH APPROACH

Conclusions and recommendation have been developed from a thorough research programme, comprised of the following elements:

- Detailed **analysis of internal programme monitoring information**, covering both financial elements of delivery and tracking of key delivery outputs and outcomes;
- An **online survey** of programme participants. This was sent to all 28 local authorities who received funding, with an 64% response rate;
- In support of the survey, a programme of **consultation** was undertaken with selected local authorities to enable an explorative consideration of the programme's role and impact. In total, 19 structured interviews were held across 16 boroughs. This represents 57% of the boroughs that received funding, and 64% of total projects funded as many boroughs have multiple projects;
- Through the online survey and structured interviews, the evaluation has received feedback from 26 of the 28 boroughs that received funding (93%). The projects funded by those that have given feedback equates to 92% of the overall fund allocation;
- Through discussions with GLA Programme Managers, a sample of boroughs were identified for interview to develop a deeper understanding of the experience and key issues for participating boroughs;
- By mapping each project and borough into eight categories or banding, final borough selection then took place, ensuring that they were representative of the entire fund allocation;
- All boroughs that received funding were contacted and invited to give feedback and could request to be interviewed at their discretion.

Figure 1: Split of All Projects and Those Interviewed



Source: WSP/PRD Analysis, GLA OPS

The following research questions provided the focus for the evaluation. These questions guided all engagement sessions and set an overall framework for this report:

- **Improving Capacity and Skills**

(Indirect impact on ability to deliver homes in the future)

Has the HCF successfully led to additional, greater capacity and skill base in local authority planning and/or housing teams?

Is this additional capacity and/or skill base sustainable in the long term without further HCF funding?

- ***Catalysing Change through Leadership***

(shaping / influencing outcomes)

Is the HCF successfully resulting in innovation, good growth principles and equalities impacts in new homes planned and/or delivered by local authorities?

Has the HCF funding led to a greater strategic focus within local authorities to deliver housing?

- ***Delivering Change through Action***

(Direct deliverables and impact)

Is the Homebuilding Capacity Fund helping public landowners to deliver additional homes?

Is the HCF resulting in the delivery of more affordable homes than would otherwise be delivered?

REPORT CONTENTS

The report is intended to be used as a practical tool by the Homebuilding Capacity Team and other interested parties such as Housing & Land and Planning teams to develop a better understanding of the need and role of revenue funding in building capacity and as a resource to guide future programme planning.

- **Part 1: Progress Review** - covering the delivery story to date, focusing on the progress of the programme against its core objectives.
- **Part 2: Forward Plan** - building on the performance review, consideration of how the programme could evolve in the future, and the delivery and resource implications of this.

IN SUMMARY: SNAPSHOT OF FINDINGS

SUMMARY OF ACHIEVEMENT

The HCF has enabled a vast array of projects to be taken forward, with the revenue funding being very well received by local councils. The funding has renewed confidence in local councils that they can achieve ambitious housing targets, and many councils have increased their internal housing targets as a result of the funding.

Changes in thought leadership and restructuring of teams in councils have laid the foundations for long term benefits to be realised. Councils have also used the funding to explore avenues of housing provision that would otherwise have been deemed too risky, or where they simply didn't have resources to investigate further. A good example of this relates to small sites, where some councils have known there is housing potential ready to unlock but have been focused on large council owned sites as more immediate projects. In this example, something that has been on the periphery of the local council's approach to housing has now become a mainstream approach to supplying new housing. Unlocking schemes such as these across London has had a potentially significant impact on the future pipeline of housing delivery and will continue to do so should councils be able to maintain the long-term benefits of their projects.

KEY ACHIEVEMENTS

The fund has enabled councils to growth their in-house skills and capacity through a range of programmes. It is important to keep in mind that councils have vastly different resources in terms of team members and structures. Councils with larger teams and greater focus on homebuilding may have fewer opportunities to be able to expand on their current approach. This does not mean that councils with smaller teams reaped more benefits from the same funding though, as large councils were still able to unlock new ways of working, synergies, and breakdown any bottlenecks in their routes to delivery.

The HCF enabled councils to step back and analyse their team setup and identify and address areas for improvement. Some boroughs stated that just taking time to think about their setup in the pre-application phase enabled them to make changes and build a more efficient team dynamic. Making steps to improve team efficiencies before receiving funding to expand resource and skills training made the most of funding allocation.

KEY BARRIERS

One of the key obstacles to the success of the HCF has been Covid-19. As with most industries, the impact of Covid-19 has been seen across several areas. Projects addressing training and upskilling of colleagues that are based in the same working location have been hindered through the need to work from home. Where specialist roles have been filled and knowledge sharing would have happened on a daily basis in the office, this is harder to maintain and facilitate when working remotely. It has also proved difficult to hire people into positions the funding was allocated for. This is partly a result of Covid-19, but is also due to the nature of the labour market in what is a relatively small pool of specialist resources. Some specialist roles such as procurement management or legal roles have a small pool of suitably experienced candidates for the positions, and it can take time to fill these roles. Common feedback was that councils cannot be competitive with private companies for specialist roles, as salary ranges are often too low. If it took longer to fill the roles being funded, projects were likely to have underspent on their allocation.

Covid-19 has also meant that council resources have had to focus on other pressing issues, taking some focus away from homebuilding.

PART 1: PROGRESS REVIEW

1. PROGRAMME BACKGROUND

1.1 PROGRAMME CONTEXT & RATIONALE

London's housing crisis is both deep and prolonged. It is also well documented, with the need for urgent action widely acknowledged and addressed in Mayoral policy. The ambitious housing targets outlined in the London Plan - 52,000 homes to be delivered every year over the next ten years - recognise the chronic undersupply of homes and provide a strong call to action. The requirement for more affordable homes is perhaps the more fundamental crisis, caused by a decade of serious under-delivery: there is an estimated requirement of 42,500 sub-market price homes each year but when this is compared to the average delivery of just 7,900 a year in the five years since 2016/17, the depth of the issue is brought into sharp focus².

If these targets are to be met, and the crisis addressed, both the public sector and private sector need to find ways to work more effectively and efficiently, both together and individually. However, years of austerity for London's local authorities have led to reduced local authority budgets and to some degree a hollowing out of in-house skill and capacity. This has been exacerbated by the Covid-19 pandemic which has led to heightened financial pressures faced by local authorities, redeployment of staff into front-line activities and an increased demand for affordable homes.

We have undertaken a Theory of Change appraisal to understand the issues currently being faced, the measures that have been taken to try and address these issues and have reviewed the effectiveness of the HCF in addressing this situation with affordable housing provisions. The Theory of Change allows us to assess the current round of interventions, see if there are still any gaps or issues that need to be addressed and evaluate whether they can be covered in possible future interventions. The HCF funds were intended to have immediate and short-term operational and strategy impacts that would unlock longer-term benefits to support homebuilding. However, the HCF also recognises that local authorities need support to build back housing and planning related capacity if they are to meaningfully contribute to the delivery of new homes. This revenue funding is an important first step to ensuring that the capital funding unlocked through the Building Council Homes for Londoners £1.03bn fund can be mobilised effectively.

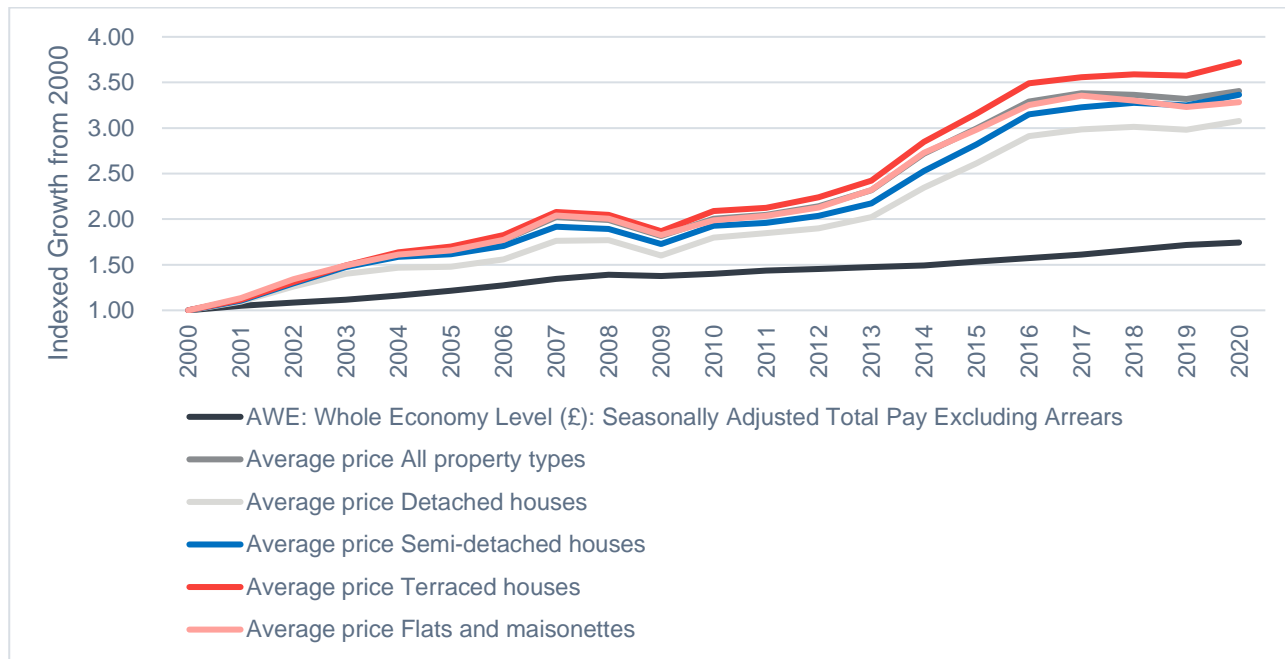
The Current Landscape

The last few decades have been characterised by reduced council owned stock, a reduced role of the public sector in direct delivery of homes and an increased role for the private sector. As the charts below demonstrate, we are seeing significant increases in the delivery of homes, but without greater input from the public sector, the affordability crisis will continue. The lack of affordable homes supplied by the private market can be related to market failure within the housing market generally, where public sector intervention is required to more efficiently allocate scarce resources for broader economic and societal gain. The availability of capital funding is supporting local authorities to take a greater role in home building, but there is still a lack of in-house resource and capacity available to build momentum and drive growth.

Figure 2 highlights the growing issue in London, where property prices are all increasing at a much higher rate than Average Weekly Earnings (AWE). This means that, year on year, buying a property in London becomes less affordable as property prices are increasing at a faster pace than the average wage.

² [Delivering on London's Housing Requirements, London Councils, 2021](#)

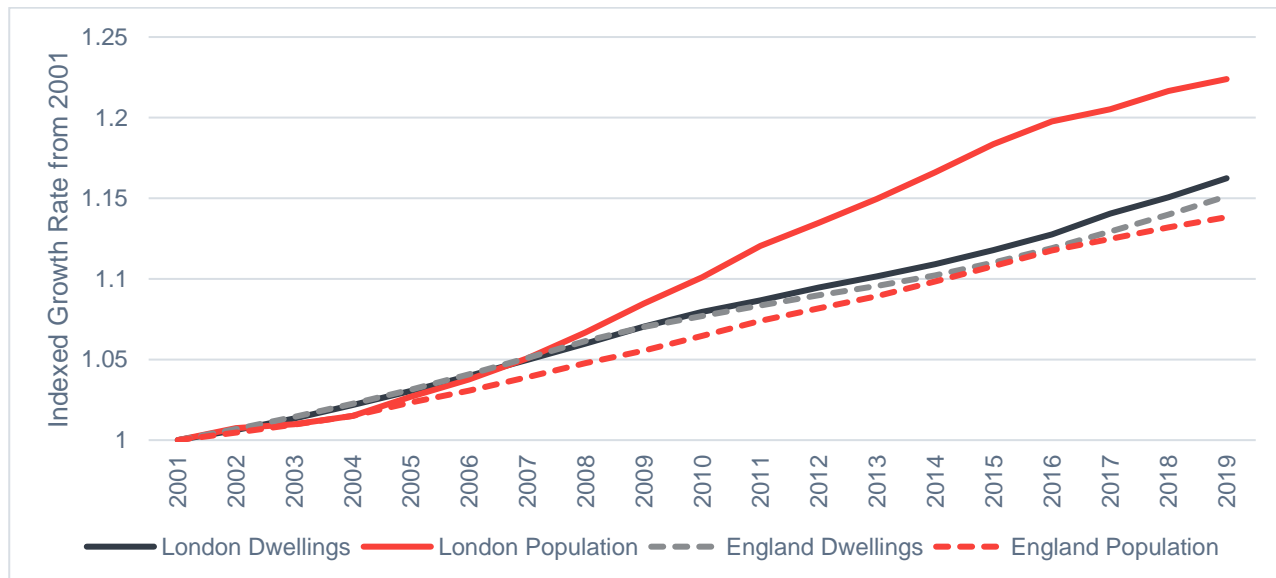
Figure 2: London Average Property Price and Real Wage from 2000



Source: ONS, WSP/PRD Analysis

Figure 3 shows the indexed growth rate of the number of dwellings and population in England and London from 2001. Since 2001, England can be seen to have increased the number of dwellings at a higher growth than population has increased. However, the same cannot be said about London, where population growth has far exceeded the growth in dwellings. Future population growth in London could also be seen as being constrained, because population increases in the capital can only occur with additional dwellings or increases in the number of residents per dwelling. Figure 3

Figure 3: England and London Dwellings and Population Indexed to 2001

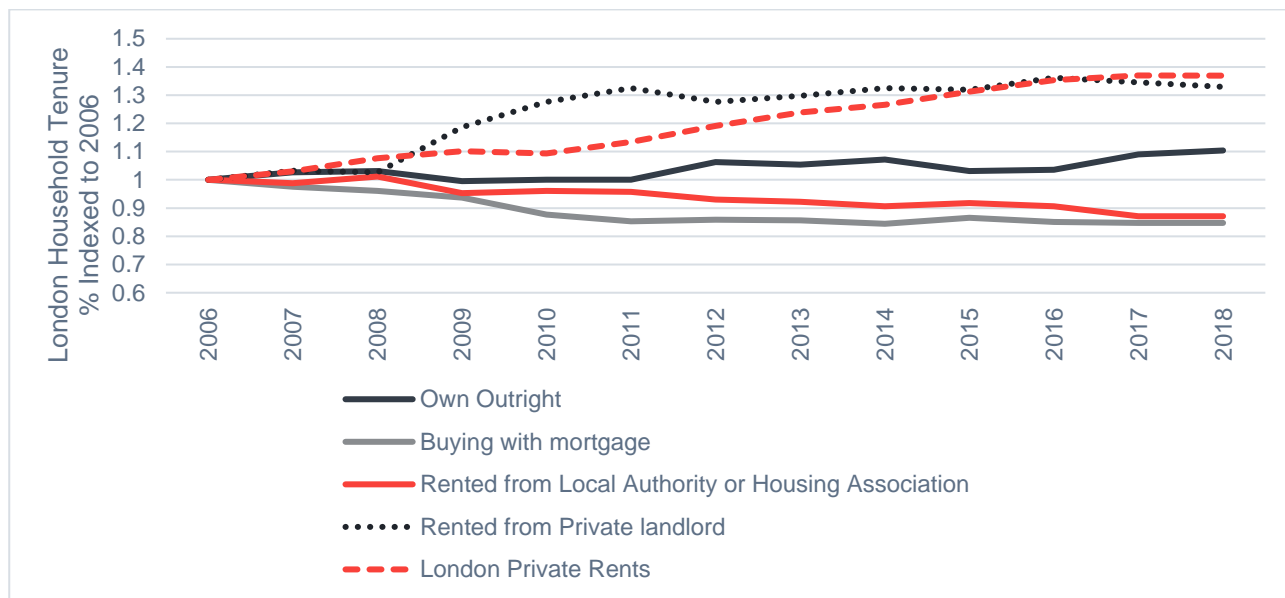


Source: DCLG, 2021, Net Additional Dwellings

As seen in previous figures, house prices are increasing more quickly than average weekly earnings, and the population growth in London has outgrown the increase in dwelling numbers. Figure 4 shows that since 2006, there has been a rise in the percentage of households renting from private landlords, and the

percentage of those being rented from local authorities or housing associations has fallen. The percentage of privately rented homes in the capital increased by 33% from the 2006 level of 18.8% (to 25% in 2018). Over the same period, private rents have increased by 37%. The relative increase in house prices has also resulted in a decrease in the number of homes bought with a mortgage.

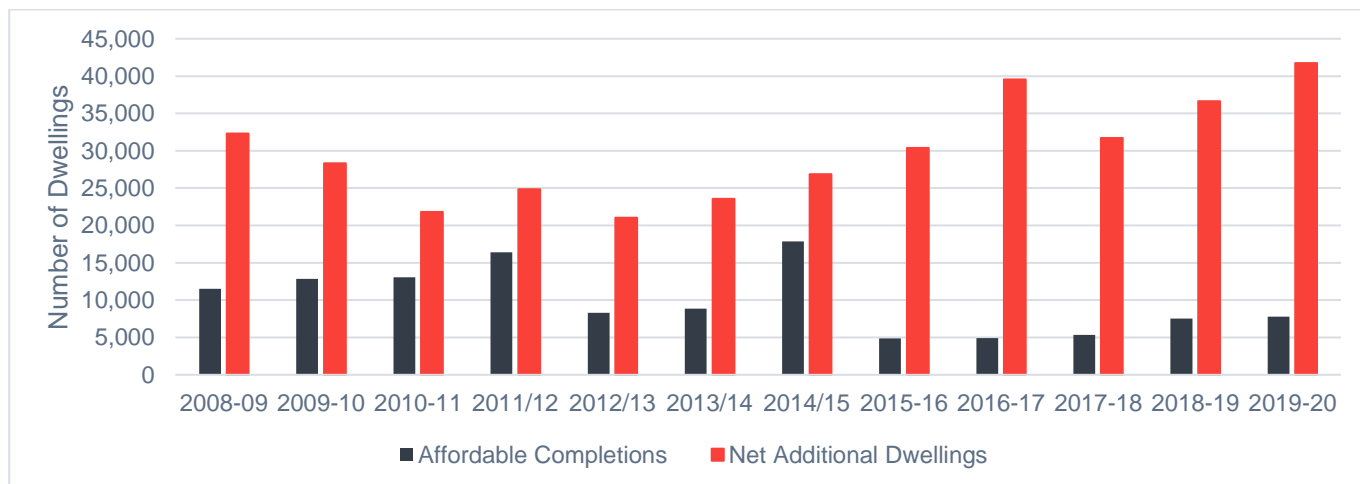
Figure 4: London Household Tenure (%) and Private Rents Indexed from 2006



Source: ONS: Housing Tenure of Households, Nov 2019, Experimental Index of Private Housing Rental Prices, Oct 2021.

Error! Reference source not found.5 shows the quantum of dwelling stock held by local authorities in London. There was a decrease of over 247k dwellings from 1994 to 2017, owing to several initiatives.

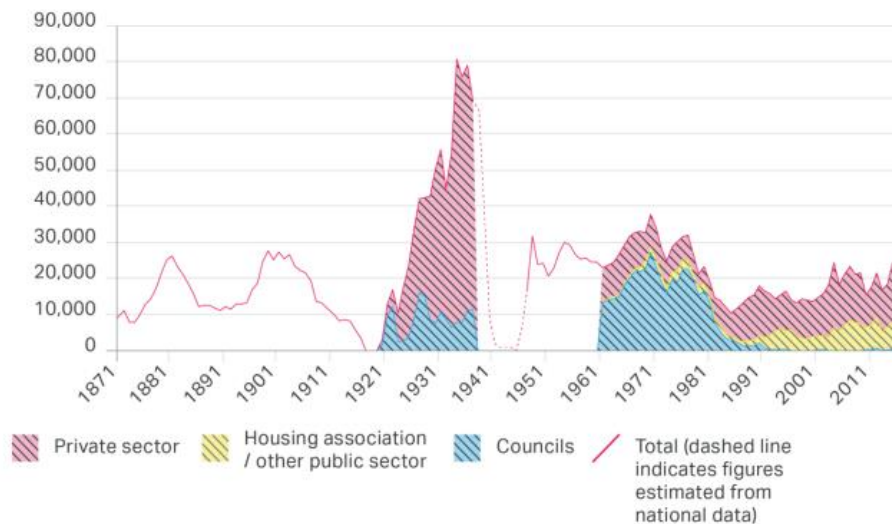
Figure 5: Net Additional Dwellings in London per year, and Affordable Completions



Source: DCLG, 2021, Net Additional Dwellings, and GLA Housing Site Starts and Completions

Figure 7 shows the net additional dwellings in London between 2008-09 and 2019-20, along with the number of affordable completions. Some net additional dwellings are as a result of changing building purposes and conversions, but the graphic shows that in recent years the number of affordable completions make up only a small percentage of net additional dwellings.

Figure 6: New Build Homes in Greater London 1871 to 2017



Source: *Building Council Homes for Londoners*, page 6.

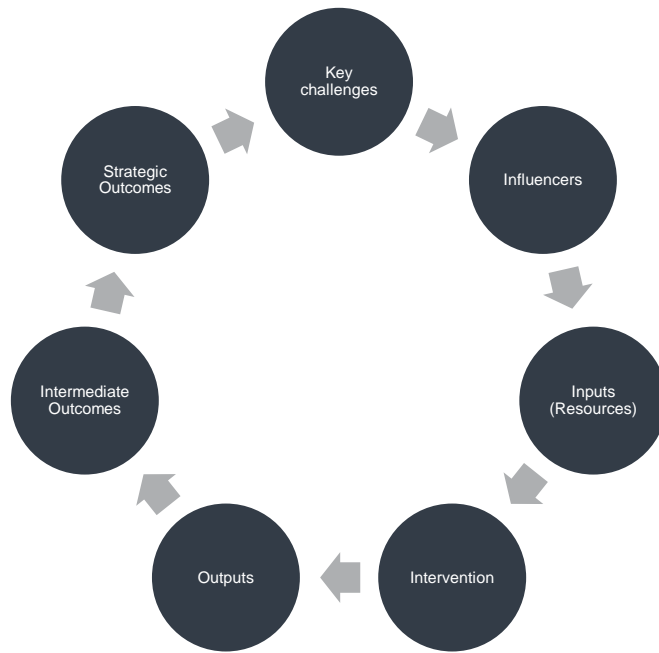
The Building Council Homes for Londoners report of May 2018 states that since the early 1990s councils in London have built less than 2 per cent of London's new homes. When compared to the 20,000 a year average in the 1970s, it is clear that there has been a shift in focus in recent decades. The 'Building Council Homes for Londoners' programme was created to provide more capital funds for councils to initiate, plan, and bring council home developments to fruition.

Despite the significant capital funding, councils are held back by a lack of resources and rigid limits on their powers and borrowing. Access to capital funding is increasing, providing important impetus for increased future home delivery, but a lack of in-house resource, skill and expertise is limiting affective delivery.

Theory of Change

We have undertaken a Theory of Change assessment regarding the key issues of homebuilding in the capital. A typical iterative cycle is shown below, starting from identifying the key challenges (market failure). With this identified, key influencers and inputs are identified, and a range of interventions designed and introduced to try and mitigate the initial issue. The nature of the continuous flow shows that once an intervention is completed, the outputs and outcomes of that intervention must be evaluated to take stock of the progress made. At this point, the key challengers can be redefined based on the new status-quo following the first round of intervention.

In the context of the HCF, the key challenge is providing adequate council homes in terms of both quantity and quality. The market failure has been discussed previously in this report, noting that the private market will not provide enough affordable housing in London. The key influencers of London local authorities and working bodies were identified, and the HCF was created as a way of facilitating change. The findings of this report are both the outputs of the HCF, and an acknowledgement of what is still needed to address the key challenges for the future.



HCF - THEORY OF CHANGE SCOPING

Core Problem: A lack of skill and capacity in local authorities, resulting in limited or ineffective delivery of new and affordable homes	Key Challenges	Influencers	Inputs (resources)	Activity	Outputs	Intermediate outcomes	Wider enablers	Strategic outcomes	End Goal Increased delivery of homes by local authorities, meeting housing targets
	Limited budgets and access to funding Limited access to land or inability to unlock land Lack of capacity and expertise Pandemic sector impacts No HRA account	Market drivers Strategic drivers Policy Funding & other support Housing targets	Funding agreement with the GLA Number of projects Number of local authorities Strategic support from GLA partners	Strategic Level Land Identification & Pipeline Design Focus Staffing Resource & Training Masterplan	# Staff hired/ trained # skills/ expertise # Strategies produced # other documents produced # guidance documents produced # Sites & land identified # Masterplans developed # New starts	Greater housing and planning department capacity Expertise & skill base Land identified Delivery pipeline Opportunity/ growth areas New proactive approaches Equalities impacts	Other funding mechanisms: Affordable Homes Programme; Mayor's Land Fund; Housing Infrastructure Fund; Planning system value capture Strategic support and guidance Public private partnerships Economic growth Higher budgets Land values	Increased capacity and skills Good growth principles incorporated into housing delivery Diversity in development models and sites More homes delivered Equalities impacts Development arms Creation of HRA accounts	

Figure 7: Theory of Change

PROGRAMME DESIGN

Projects funded

The HCF funded a broad range of different project types, with a requirement for them to build internal capacity to deliver on longer-term aims around housebuilding. These projects each varied considerably in character, intention and output, from masterplans and characterisation studies to site identification work and staff hiring.

To assess these projects, we analysed each project against a set of characteristics, enabling us to break them down into broad project categories:

- Strategic
- Land Identification & Pipeline
- Design focus
- Staffing resource and training
- Masterplan

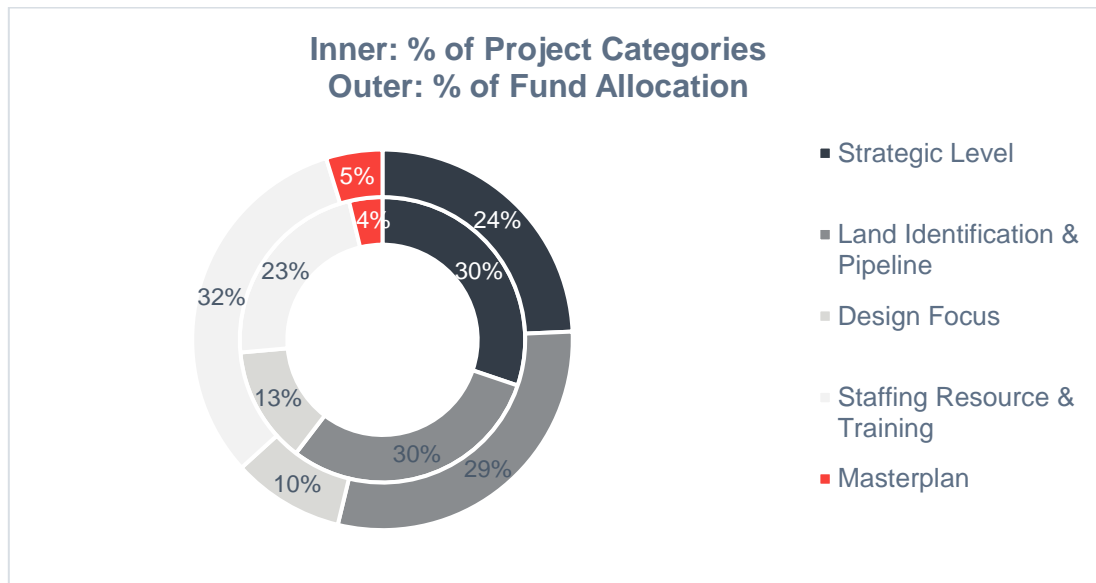
Despite this, it is important to note that the nature of these projects and wide scope of the bid assessment criteria means that there are substantial overlaps in projects; many projects have several elements within the same bid, for example a characterisation study along with site identification and staffing resources, which made categorisation difficult.

These 'category allocations' allowed us to understand how and where funding was spent and to what outcome. On an evaluation methodology level, we used these categories to ensure that our engagement process would be representative of the whole fund allocation.

Figure 9 shows the split of categories amongst the 53 projects funded, and how the funding allocation was split among these categories. It can be seen that the 'Staffing Resource & Training' accounted for 23% of projects but accrued 32% of the total HCF allocation. The 'Strategic Level' projects were allocated a smaller funding allocation (by percentage) than the proportion of projects within that category. This however does not paint the full picture as many projects had multiple elements, and therefore could have been assigned to a different categories.

Given the shorter term aims of the fund, it is reassuring to see that the majority of funds were spent on projects likely to result in more immediate outcomes. Many of the masterplan and design focus projects, as well as many of the strategic level projects, were built around delivering longer-term outputs.

Figure 8: Projects Funded and Fund Allocations



Source: GLA OPS and WSP/PRD Analysis

Targets & Milestones

Objectives

The following objectives were set for the programme:

- Develop a sustainable increase in the capacity and skills of both housing and planning departments within councils;
- Promote the Mayor's good growth principles in housing delivery across London;
- Diversify the range of homebuilders, development models and sites for new homes in London; and
- Support the delivery of housing targets set out in the London Plan and the Building Council Homes for Londoners programme; and the Mayor's long-term target of 50 per cent of new homes being affordable.

Priorities

Four priorities were set for the funding to guide the nature of project bids and associated outcomes, aligning with the overarching programme objectives set out above:

- Building a new generation of council homes (Priority # 1)
- Building more homes, including social rented and other genuinely affordable homes, on small sites (Priority # 2)
- Proactive masterplans in areas with significant growth potential (Priority # 3)
- Planning for optimal density across new residential developments in an area (Priority # 4).

Table 1 shows the percentage of projects that were aligned to each priority area at the bidding stage.

Table 1: Priority Areas of HCF Projects

Priority Areas	Percentage of Projects	Percentage of Funding
Building a new generation of council homes (Priority # 1)	38%	48%
Building more homes, including social rented and other genuinely affordable homes, on small sites (Priority # 2)	19%	17%
Proactive masterplans in areas with significant growth potential (Priority # 3)	17%	18%
Planning for optimal density across new residential developments in an area (Priority # 4)	26%	18%

These objectives and project priorities relate to longer-term ambitions which are beyond the delivery potential of this programme as a standalone funding stream; it is important for this evaluation to note the practical limitations of the HCF to tangibly drive forward longer-term benefits.

The outputs required from successful bids reflect the shorter-term ambitions of the HCF as a standalone intervention, intended to have an indirect positive benefit on the broader, longer-term objectives to deliver more homes:

4. The direct employment of new staff (including planning, urban design, housing development, programme management, procurement);
5. The creation of masterplan and capacity studies to deliver new homes; and
6. Training and skills capacity building.

Milestones & Programme Evaluation

Project milestones were set upon the funding for each project being allocated. These milestones were also used as reference points where the councils could evidence progress made and apply for the funding to be released. Milestones were generally quarterly meetings with the GLA, but this was not always observed.

2. THE DELIVERY STORY SO FAR

Despite a relatively low level of resource, thus far, the HCF has engaged 28 London local authorities and contributed to the successful delivery of 53 separate planning and housing related projects. These have supported local authorities to undertake the foundational work needed to increase future potential and efficiency in longer term ambitions around housing delivery.

The fund has received enthusiastic feedback from local authorities, and it has been widely reported that much of the work undertaken would not have happened without the revenue funding received through the HCF.

2.1 PROGRAMME OPERATION & GOVERNANCE

FUNDING & PROJECTS

To date, the programme funding has contributed to:

- The retention of over 60 officers, including through Public Practice; and
- The commissioning of more than 41 studies, including Masterplans, Strategic Policy Documents (SPD's), Design Codes, Characterisation Studies, and others.

Funding

The HCF Prospectus stated that boroughs could apply for a maximum of £750k for projects specifically for their borough, but in addition to this £750k, they could apply for joint projects with other boroughs.

Projects

The programme supported a breadth of projects

The Homebuilding Capacity Fund covered a vast array of projects, many of which had multifaceted outcomes and outputs. For example, a single bid may have up to five different elements to be delivered which could be categorised across a range of topics. We identified 5 key areas and mapped each project into these categories by a judgement of what the lead element in the project was.

From the 53 projects, we identified 16 land identification and pipeline related projects, 16 strategic level projects, 12 that centred around staff resourcing and training (though many projects included additional hires), 7 design focused schemes, and 2 masterplan projects.

Of the 16 online survey responses by London boroughs gathered during the consultation, 94% of respondents stated that the fund had been a success, with the remaining 6% stating that it has been 'somewhat' of a success. 100% of the respondents stated that there had been long term benefits from the HCF and outputs of their projects.

Table 2: Household Tenure Split in London

		Own Outright (%)	Buying with mortgage (%)	Rented from Local Authority or Housing Association (%)	Rented from Private landlord (%)
Inner London	2006	15.2	24.2	37.1	23.5
	2018	18.8	21.6	31	28.6
	Variance	3.6	-2.6	-6.1	5.1
Outer London	2006	26.8	40	17.7	15.5
	2018	28.4	33.2	16	22.4
	Variance	1.6	-6.8	-1.7	6.9

PROGRAMME GOVERNANCE

The programme officially sat with Housing & Land. Official input from the GLA planning team was sought, with specific input in the bid assessment phase.

Once bids had been assessed, scored, and funding allocated, the planning team ceased to have an active role in the programme. A Housing & Land Project Manager took on joint responsibility with Area Managers for ongoing programme management, until the Programme Manager left post and the responsibility was passed entirely to Area Managers. In 2020, another Housing & Land Project Manager was employed to manage the programme until its completion.

COVID IMPACT Covid-19 had a significant impact on the programme with 17 of the 53 projects delayed. These projects were extended for up to six months which resulted in the programme ending later than expected. The impact of Covid is likely to be further reaching than this: findings from the engagement suggest that more projects would have been extended if the option had been clearly communicated.

3. ANALYSIS: PROGRAMME PERFORMANCE & IMPACT

Despite the relatively limited size and resource of the programme, it has made significant headway.

Through a series of engagement sessions with local authorities, programme leaders and other strategic stakeholders, an email survey, and an in-depth review of the project monitoring information, the programme has enabled a significant amount of work to be undertaken. The programme has received positive feedback on both the direct impact of the programme in building capacity and undertaking important foundational work to improve future housing related output but also indirectly in the way that it has provoked further thought and strategic focus in how local authorities can deliver homes.

ASSESSING PERFORMANCE AGAINST FUND OBJECTIVES

- *Develop a sustainable increase in the capacity and skills of both housing and planning departments within councils*

Capacity

There are several success stories regarding additional recruitment within local authority teams, in terms of direct and indirect benefits. The HCF has enabled a short-term boost in capacity which has resulted in additional hires and extension of temporary contracts through alternative funding to allow councils to retain staff hired through the programme. The majority of boroughs we spoke to wanted to make permanent positions available, but needed funding to compete with private sector offerings, or the council simply doesn't have enough resource to fund full term positions. With the majority of additional human resource secured through temporary contracts, when the funding stopped, these extra contracts also stopped. However, there have been indirect benefits such as the restructuring of teams and allowing for councils to stop, reorganise and 're-strategise' their teams to enable efficiency gains.

The perceived value of additional capacity is linked to the current HRA and size of the initial team within each council. A common theme was that without revenue funding, council pay bands are insufficient to attract the right level recruits for certain roles. Bringing someone in house means that they align to the team's goals and aspirations, and don't have the pressures of too many other departments bidding for their time too.

Skills

Some councils that have large teams felt that there were no opportunities to improve on the current skillsets within the team, and therefore did not include elements of upskilling within their bids. Whereas other councils focused their entire bids on skills training, where councils could focus funds on their direct needs.

Retention of Staff

Covid-19 hampered the ability to retain staff, which has been seen across many industries, particularly in entry level jobs where it is harder to gather 'on the job training' through virtual working.

As the vast majority of new hires were on temporary contracts, many of the synergy benefits of diversifying the team and adding capacity have been lost since the funding stopped. Whilst there was always a desire to retain the members of staff, there simply is not enough revenue for the team to stay at higher resource levels.

Retention of staff also impacts on the in-house skillset, as vital experience is lost from the in-house teams. In some cases, members of staff that received training as a result of the HCF had since left the councils and joined other councils or other public sector organisations.

One issue raised by both the GLA, and a number of interviewees is that the GLA and different local authorities are all competing with one another for candidates to hire. When funding was released to the councils at the same time as each other, it created a mini bidding war on salaries and resulted in price inflation.

- ***Promote the Mayor's good growth principles in housing delivery across London***

One of the fund objectives was to promote the Mayor's good growth principles in housing delivery across London. This has been achieved through a wide range of projects focused on setting out good design principles, including borough character studies, design standards, and creating new tools to display and share the design standards in the borough.

The Mayor's Good Growth principles are six-fold, to enhance design of buildings and neighbourhoods for all Londoners. There are;

4. Setting (design) standards
5. Applying standards
6. Building capacity
7. Supporting diversity
8. Commissioning quality
9. Championing good growth

Some examples of how the HCF have helped promote the Mayor's good growth principles include:

- I. Borough created a housing density and design study to deliver intensification around the town centres and key corridors, and a separate project focused on provide specific guidance for optimising housing supply in existing stock. Reported that the models developed were transferrable to other projects, providing opportunity for more homes in the future.
- II. Borough used the HCF to create an innovative small sites design narrative which is now publicly available online using in-house GIS skillsets seconded into the team. This meets multiple good growth standards and will continue to be a powerful tool for future developments, not only in planning but for increasing efficiencies.
- III. Borough used some of the funding to better understand the costs of rooftop and build-over development opportunities, adding a potential pipeline for future capacity within the borough.

These examples along with many others could be shared between other boroughs seeking to undertake similar types of projects to build efficiencies pan-London, and ensure lessons learned in one council can be passed on to other locations.

Two councils stated that in retrospect, they would have liked to have used the funding to seek out new sites and implement viability and delivery assessments of sites. Site identification and early-stage feasibility studies were mentioned to have a significant impact on the overall efficiency of in-house teams. Bringing feasibility assessments to the forefront of site identification meant that only viable sites reached project managers, and these projects could therefore be expedited.

- ***Diversify the range of homebuilders, development models and sites for new homes in London***

Borough stated in their final report that “the use of the HCF has helped to ensure a focus on delivery of the small sites that may have been overlooked in a wider programme.”

Borough stated that their successful projects had provided a basis to release other funds now that a baseline example had been created.

Current and Future Challenges for Councils

Whilst the revenue funding has been successful, there remains many obstacles to boroughs being able to supply more homes:

- Some councils stated that they are anecdotally running out or have already run out of land that they own and can develop. With property prices continuing to grow in the capital (more than the English average), this problem will likely continue into the future.
- Construction prices are currently increasing quicker than inflation, which is putting pressure on councils that already have full planning authorisation but have insufficient funds to complete the development. Two councils stated that despite having sites ready to start construction, increasing construction prices may force councils to pause homebuilding in the short term until market pressures ease. If private developers are able to access these sites, the opportunity to increase HRA stock may be lost, or more costly to pursue.

- ***Support the delivery of housing targets set out in the London Plan and the Building Council Homes for Londoners programme***

The HCF has helped many of the local councils support the delivery of housing targets, with 25% of councils interviewed stating that the success of the projects run with the funding has raised confidence that the in-house team can meet current targets, and that the councils have raised their ambitions as a result of this increased confidence in the deliverability of the in-house teams.

Four boroughs we spoke to indicated that the funding had allowed them to realise their housing targets and push beyond that. This resulted in the confidence to increase targets for future developments.

A Borough stated that the HCF has “allowed the council to be more ambitious and set the bar high for the next programme bid to the GLA, which will deliver more units to help tackle the mayors housing target”.

One indirect benefit of the fund was that it allowed councils time to stop and reconsider better ways of working. With additional funding councils could ask questions of their current setup, such as what the best formation for their team is, where could additional resources be most efficiently deployed, does the dynamic and make-up of the current roles within a team need transformation etc. Where are the blockages in progressing in a timely manner. For some boroughs, the blockages were found outside their teams, and thus the best way to support the delivery of housing targets was to bring those roles into the team – for example with lawyers and procurement experts.

- ***Programme Design***

The interviewees generally praised the programme design and implementation of the GLA OPS online tool for tracking progress. This praise included GLA staff being proactive and engaging with training and monitoring progress, clear guidance and keeping to tight timescales, as well as the flexibility of the GLA to changes in scope and milestones. Many of the interviewees use the GLA OPS tool daily for capital funding

projects and recording milestones and progress, so engaging in a similar process for revenue funding seemed natural. However, a few respondents would have preferred the GLA OPS to be more aligned to the capital funding dashboard / user interface to increase efficiency of use. As recording revenue funding milestones was generally completed on a less frequent basis (quarterly) than for capital funding projects, some users felt they had to re-learn how to use the system each quarter.

In some cases, expected project outcomes and milestones were not redrafted following fund reductions at moderation of the bids. This meant that project teams were trying to achieve the same goals but without the funding to do so.

Application Process

Some boroughs stated that the GLA hosted a helpful workshop following issue of the HCF Prospectus to give an overview of the types of projects that were anticipated, where councils could discuss the types of projects they would put forward for funding. This was reported to be a highly effective meeting but was not attended by as many local authorities as anticipated.

Several interviewees stated that it was difficult to apply for the funding because the fund could be used too broadly. If the fund were more focused, it may have been quicker to apply for and then had outcomes more aligned to the overall intended outcomes of the HCF.

A minority of interview participants also mentioned that there was insufficient time to apply for the HCF, resulting from high workloads at the time of the application window. Teams with fewer resources in terms of staff members were therefore potentially less likely to have availability to apply for the funding.

However, 75% of the online survey respondents stated that the fund was easy to apply for, with 13% stating 'somewhat' and 13% unable to determine as the applicants were no longer at the council. This shows that the application process was effective, but with some small areas for improvement.

Administration of the Funding

Most interviewees stated that there were no specific issues with the levels of administrative tasks to monitor the project, evidence milestones, and claim revenue. However, 38% of respondents in the online survey stated that they would have benefited from greater guidance and support from the GLA, with a further 13% stating that they 'somewhat' would have benefitted. Further detail included wanting to be aligned with other boroughs working on similar projects, direction on the emerging guidance that the Good Growth by Design module is taking and further help with submitting evidence and what the evidence should detail for each project. Respondents did note that this was a new funding stream, and as such issues were to be expected.

Three of the boroughs we spoke to stated that there were too many administrative tasks, with others claiming that the invoicing was time consuming, it was difficult to submit evidence, and some projects didn't understand what should be submitted for evidence. This was repeated on multiple occasions in response to projects that on-boarded staff. This could be easily addressed by clarifying the required evidence upon granting the funding.

Receiving Funding

One topic that was mentioned by a couple of respondents was that it was not clear what funding had been sent to them, and where that funding had been sent in terms of the internal teams within the councils. Where councils had multiple projects running in unison, communication of how much revenue the GLA had paid out and for which project/team would have been useful.

Two boroughs stated a need for more guidance on what to do if there were delays introduced in the project, and whether extensions would be acceptable or not. One interviewee noted that their council underspent on one of their projects because they ran out of time (due to Covid-19 related delays), and only found out after closing the project that other councils were able to extend the project to use the full fund allocation.

As many projects were based around hiring members of staff to join the team on a temporary basis, it would be useful to be able to have longer funding time frames. Due to the lack of skilled resources in certain job roles, and Covid-19, it took many councils longer than anticipated to fill vacancies. In one instance, it took a full year to hire the required resource, and therefore the majority of funding allocated for the first year resulted in underspend. Instead, the funding could be ringfenced for a two-year employment contract from the date of hire.

3.2 PERFORMANCE ASSESSMENT BY PROJECT TYPE

As mentioned previously, with each bid allowing multiple elements, it is difficult to categorise each project to just one project type. It was common that bids have multiple elements across two or three different project categories.

Table 3: Summary of Effectiveness by Project Type

Project Type	Headline Assessment
Strategic level	Strategic level projects as a category are broad, owing to the large variation of projects delivered through the HCF. Strategic projects such as characterization studies, building height strategies, small site narratives and SPDs open up a big opportunity for developers (public and private) to better understand the needs within each borough. The benefits of these documents will be felt for years to come, and being able to expedite their formation and publication will have positive knock-on impacts. It is challenging to be able to quantify the direct and indirect benefits of supporting schemes like these, but it is accepted that these foundational projects really are a catalyst for change and are vital to giving boroughs the chance to hit their housing targets.
Design Focus	Projects focused on designing good growth principles have been positive in terms of both short term and longer-term benefits. New innovations like GIS interactive borough maps showing the design standards will have a positive impact in years to come, unlocking efficiencies and making the design standards more accessible. This should mean that higher quality developments are created and will be more quickly passed through the planning process as the correct standards will already be adhered to. Schemes like this all have benefits in years to come, but it's exceedingly difficult to quantify the time savings and efficiency gains these types of projects unlock.
Land identification and pipeline	Land identification and pipeline projects have tremendous value in terms of being able to capture a benefit within the funding period that can then be continued even when funding has run out. Identification of new sites is crucial to meeting housing targets, and multiple councils stated that they would not have attempted to look at specific sites without the HCF, but now see this as a viable option to increase future housing provision. Some boroughs have used the HCF to also allow them to look outside of their own borough and see if there are opportunities to provide housing stock outside their boundary. These types of projects appear to have had a strong beneficial impact on thought leadership and opening councils to the possibility of being able to deliver sites to new locations that they otherwise have not had resources to explore. With better tracking of outputs, this could be a positive short-term project which delivers quantifiable outputs in terms of new sites identified.
Staffing resources and training	There have been great benefits in enabling councils to recruit more capacity and invest in training for their teams. There have been many direct benefits like unblocking of bottlenecks, shared knowledge and training, efficiency gains in terms of both more in-house specialist capability and more manpower to expedite workstreams. The benefit of councils being able to see how their specific team should be expanded in the most optimal manner and seeing that in effect will have a long-term benefit on the councils. However, most hires resulting from the HCF have been temporary, and although

	<p>some have been retained, the majority left the council when funding stopped. This is despite the clear desire to retain these roles, and need from the council to Great benefits in the short term, depends on being able to retain resources (funding, better pay in the private sector). Some training recipients have already left the councils too, which emphasizes the need to continue long term revenue funding.</p>	
Master planning	<p>There were relatively few projects focused on or including elements of master planning. The benefits of masterplans are typically much further away and are risky projects to fund because the strategic environment may change dramatically enough to require changes/updates to the masterplan. Whilst these projects are still essential, they do not appear to be the best fit for short term revenue funding like the HCF but would still benefit from long term revenue funding to unlock the capacity needed to hit housing targets.</p>	

CONCLUSIONS

4.1 KEY PROGRAMME STRENGTHS AND ACHIEVEMENTS

- The HCF revenue funding has allowed councils to **broaden the range of delivery methods** they are currently exploring. For example, hiring new members of staff on temporary contracts to investigate a new area of homebuilding, e.g., small sites, that would otherwise remain untapped until the larger prospects had all been developed. This brings forward many more housing projects than would have been delivered in the coming years without the funding.
- The funding has built **new capacity and skill sets** into council in-house teams. New members of staff bring in fresh ideas and ways of working that they have experienced in past roles, which can build efficiencies within their new teams. Though many roles were temporary in nature, some councils have been able to retain colleagues through other sources of funding, and the skills transfer to in-house staff will be a long-term benefit for the councils.
- Having such a broad scope for funding allowed local authorities to identify **gaps and opportunities** for greater **efficiencies and synergies** across their in-house delivery team. A 'one size fits all' approach to revenue funding for specific elements only would not be equitable as the team structures and needs across London boroughs differ substantially. The broad scope also allowed space for innovation in working methods, looking at adopting recent technologies such as issuing GIS interactive planning maps of the borough for use by the public and potential developers.
- The funding built a stronger **strategic focus on homebuilding**, with several boroughs reporting that they had renewed confidence that they could achieve housing targets, and new higher levels of ambition in delivering those programmes. Part of this success story is due to giving local authorities the opportunity to work cross-departmentally and build internal organisational capacity.
- There are some clear, quantifiable, outputs of the funding for projects such as site identification, building studies, and publication of design codes which will benefit the borough for years to come. These have all laid a **foundation** for which to expand local authority led council home developments. Laying this groundwork should result in an accelerated movement toward direct homebuilding in the capital.

4.2 WEAKNESSES AND HEADROOM FOR IMPROVEMENT

Weaknesses and room for improvements should be thought of with respect to deliverability and operational perspective of new revenue funding schemes in the future, rather than another round of the HCF.

- Many of the boroughs stated that they wanted to be put in communication with other boroughs working on similar type projects as they were embarking on. This would have allowed for **knowledge sharing** amongst the boroughs and give them an informal network of people going through the same challenges. If the funding allocation were done in rounds, there may be opportunity to group boroughs together after the initial application. Local authorities may then decide to pool their resources across a few areas, which could unlock more capacity and greater efficiencies.
- As councils are already faced with under-resourcing and trying to manage large programmes of work, they require greater lead in times for bids and upfront strategic support in bid development. This would allow for a more detailed bid to be put forward.
- One of the benefits of the HCF was that it could support a broad spectrum of projects, however this is also seen as a weakness of the programme because a more focused funding stream could have led to a greater impact on short term housing developments. Without a clear definitive list of what the funding could be used for, some councils felt uncomfortable putting resources into bidding for a project that they did not know would be eligible for funding or not. Therefore, a tighter range of

projects could give confidence to councils that they are bidding or an eligible pot of money, and therefore have the confidence to put enough resources into the bidding process.

- Despite the benefits of funding a wide range of projects and allowing each council to assess their own needs, there is an argument for **narrowing the scope** of projects for funding and focusing on those with shorter term benefits. Projects such as master planning with a longer delay between planning and starting developments have more factors at play which could result in the masterplan not being adopted, and therefore the funding could have been used more successfully elsewhere. A smaller range in projects could also lead to a more rigid collation of project outputs in quantifiable outcomes, for example the exact number of new sites identified.
- Some projects could have benefitted from a more robust reporting schedule, along with mid-term reviews to check in on progress and discuss areas for improvement whilst undertaking the project.
- Throughout our evaluation there was a lot of praise for the GLA HCF Project Manager, but it was noted that having someone with a planning background may have expedited some areas of project governance, particularly with regards to evidencing claims. We understand the planning team were there to facilitate this but could have been more actively involved during the lifetime of the projects.

Programme Objective	Research Question	Headline Assessment
<p>Improving Capacity and Skills (indirect impact on ability to deliver homes in the future)</p>		
1. Develop a sustainable increase in the capacity and skills of both housing and planning departments within councils	Has the HCF successfully led to additional greater capacity and skill base in local authority planning and/or housing teams?	<p>There has certainly been a highly successful addition in terms of greater capacity and skill base in local authorities during the funding period. Despite Covid-19 and remote working, almost all councils were able to make the hires they had bid for and were able to grow their teams.</p> <p>In some instances, it took longer to fill positions than anticipated during the bid. This meant that the councils underspent their allocated revenue as the position remained vacant.</p> <p>There has been a great deal of knowledge sharing and upskilling resulting from the HCF. One efficiency gain of having someone in-house meant that training on the job could occur naturally, along with specific external training.</p>
	Is this additional capacity and/or skill base sustainable in the long term without further HCF funding?	<p>Councils have seen the enormous impact of adding additional resources and skills in-house, but this is untenable without further revenue funding. Though some councils have been able to transition temporary hires onto permanent contracts, the vast majority do not have the revenue to do so. This is despite the resounding desire to keep the role filled.</p> <p>Other specialist skills simply cannot be hired without revenue funding because councils lack the funding to compete with private companies. Council salary bands would need to become more competitive to be able to fill all of the required positions.</p>
<p>Catalysing Change through Leadership (shaping / influencing outcomes)</p>		
2. Promote the Mayor's good growth	Is the HCF successfully resulting in innovation, and good growth principles in new homes planned	There have definitely been innovations because of the HCF, from innovative ways to display and disseminate information, to innovations in how housing and planning teams should be setup more efficiently. One borough stated that just having the HCF

principles in housing delivery across London	and/or delivered by local authorities?	Prospectus allowed them to stop and examine their current team and assess where the skillset could be expanded, or bottlenecks removed. Innovations such as interactive GIS maps showing building design standards, publication of local plans, height strategies, characterisation studies in the borough will have long term impacts on new homes being planned and delivered.
Delivering Change through Action (direct deliverables and impact)		
3. Diversify the range of homebuilders, development models and sites for new homes in London	Is the Homebuilding Capacity Fund helping public landowners to deliver additional homes?	The HCF has laid a foundation for councils to build upon and grow their housing ambitions and confidence to do so. Many councils stated that they simply would not have started looking at small sites had it not been for the revenue funding. However now they understand the process for engaging with and bringing small sites through planning, they are now accepted as a viable solution to adding more homes. Some councils have already built on all the large plots of land they have available, so other solutions are required, including looking outside of the borough for opportunities.
4. Support the delivery of housing targets set out in the London Plan and the Building Council Homes for Londoners programme.	Is the HCF resulting in the delivery of more affordable homes than would otherwise be delivered?	The overwhelming response to this question through consultation has been 'Yes,' in both the number of dwellings councils are now investigating and expediting the process so that houses can be provided much sooner than would have been without the HCF. Bringing new developments online quicker also unlocks council resources to work on other developments sooner. However, the affordable homes created by the HCF will not be realised for years to come. The HCF has laid a foundation for which councils can now revert to and become more ambitious in their housing goals in years to come. Whilst difficult to quantify this impact, the HCF can be seen as a great catalyst to unlocking the capital funding allocated to councils.

PART 2: LOOKING FORWARD

THE CASE FOR CONTINUED INTERVENTION

In the three years since the HCF commenced, the strategic, economic and social context across London has evolved rapidly – not least over the course of 2020 and 2021 with the onset of the Covid-19 pandemic and associated economic crises.

In many respects, this evolution in context has strengthened the need and rationale for the forms of interventions characterised by this programme, which not only provide strategic leadership and influence at the local and city level, but also provide direct intervention and action across areas.

STRATEGIC NEED & OPPORTUNITY

The strategic case for an intervention such as the HCF is best considered in relation to the programme's core objectives:

1. Develop a sustainable increase in the capacity and skills of both housing and planning departments within councils;
2. Promote the Mayor's good growth principles in housing delivery across London;
3. Diversify the range of homebuilders, development models and sites for new homes in London; and
4. Support the delivery of housing targets set out in the London Plan and the Building Council Homes for Londoners programme; and the Mayor's long-term target of 50 per cent of new homes being affordable.

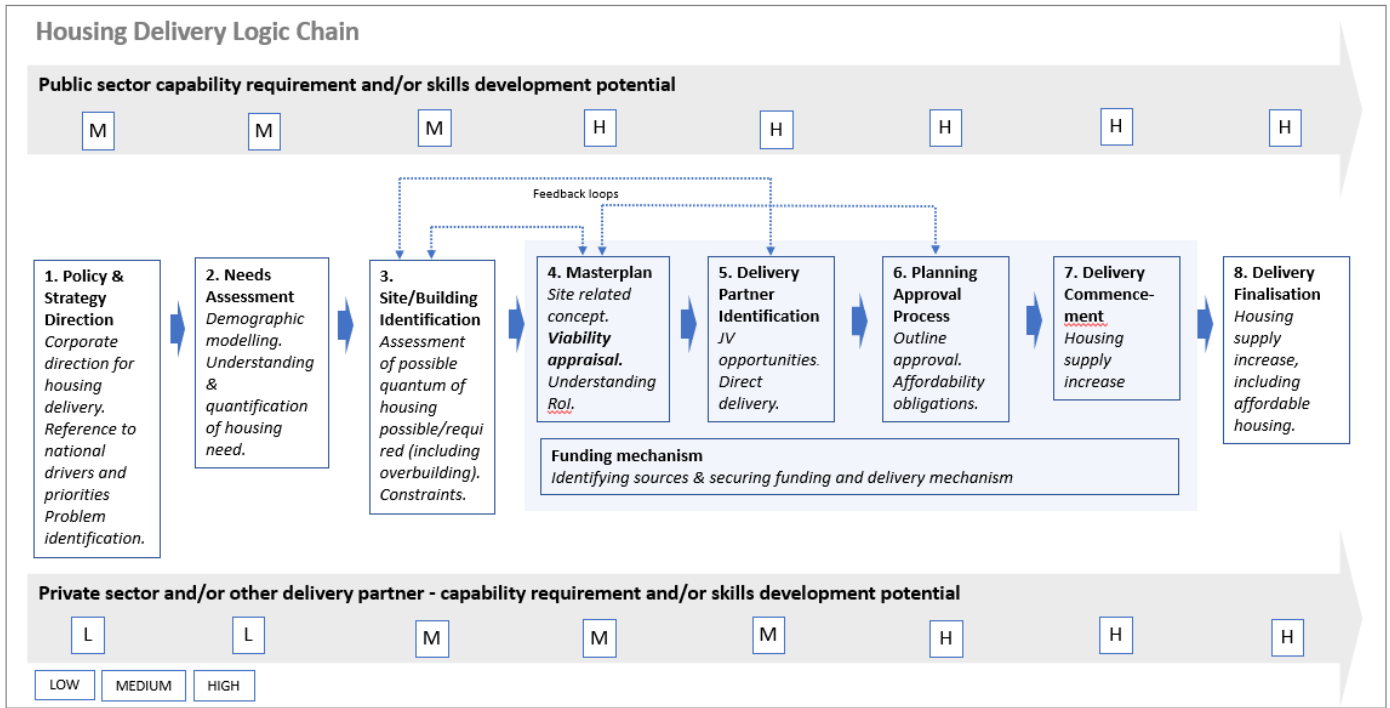
In considering these four interlinked objectives, there are several key points of evolution in the strategic context in the period since 2018:

- I. The formal adoption of the **New London Plan** in March 2021 and the ambitious housing (and affordable housing) targets held within it
- II. The **Covid-19 pandemic** and the resultant disruption caused to the building industry, increased inflation and rising materials and construction costs
- III. The **economic crises** precipitated by the Covid-19 pandemic and the resultant turbulence and uncertainty in London's housing markets
- IV. Continued skills shortages in London in housing & planning related fields and increasing recruitment competition between London councils
- V. The enhanced focus on **racial injustice and inequality** resulting from the Black Lives Matter movement, and the political and strategic need to respond to this in developing and delivering public sector investment
- VI. The broader Mayoral focus on Good Growth (embedded across the Mayor's suite of policy documents) and an increasing focus across the 32 boroughs on more inclusive approaches to economic development and growth. Supporting enhanced 'local' outcomes for borough residents and enterprise is a key theme cutting across much of this.

At this time of significant economic challenge there remains clear value in supporting interventions or policies that emphasise the importance of local authority action and leadership at the strategic level, while providing the funding to support practical delivery for those who need it.

At the current time, it is unlikely that the HCF will continue in its current form. However, it is still important to learn from the experience and impact of this programme in order that broader policy design

and implementation at the London level can be made more effective generally in the context of affordable housing delivery. The focus of the HCF on the 'foundational stages' of the housebuilding process provide interesting lessons for the future and can be considered as important elements of a housing supply 'logic model'. An interpretation of this logic model is illustrated below, indicating the key steps necessary in the process of delivering housing, from initial policy and strategy through to 'on the ground' construction and delivery.



From this evaluation, it would appear that the HCF has been most effective in supporting steps 2, 3, 4 and 5 of the above logic model. These are necessary elements in the process of securing longer term housing delivery, and without a robust early-stage foundational trajectory, the necessary housing numbers will inevitably be more difficult to achieve. The considerations for the future presented below are derived in part from this logic model and as per the evidence gathered for this evaluation.

STRATEGIC CONTEXT & FUND OBJECTIVES

Programme Aim 1: Develop a sustainable increase in the capacity and skills of both housing and planning departments within councils

In response to the ambitious housing targets in the London Plan (along with a range of more locally specific political and strategic drivers), the London Boroughs have increasingly been adopting more proactive approaches to housing delivery (these vary by borough but have included more interventionist approaches to delivery of council owned sites, and new council housing programmes).

Despite this momentum, the case for city-wide intervention to support delivery remains strong.

At the most practical level, the challenges of identifying development sites, engaging with the private sector and building strong strategic frameworks continue to limit local authority ability to deliver homes. There is clear value in providing access to common tools, resources and support (for those local authorities who need it) which make the delivery process as efficient and effective as possible.

Providing support to encourage local authorities to build their capacity for home delivery is even more important considering the significant economic and financial uncertainties which currently exist:

- **Housing market uncertainties:** The UK economy has experienced the most severe economic shock in history as a result of Covid-19. With the economic effects of Brexit still to play out, it is expected that the resultant recession will be deep and long lasting. Uncertainty in housing markets across the UK has continued, with rising inflation and increasing construction costs, which is stifling private sector ability to deliver and putting a greater onus on the public sector to act.
- **Public sector finances:** In part linked to the cost of the Covid-19 response (but also reflecting a range of other factors), public sector finances are extremely stretched. As has been the case in previous recession, there is a risk of officer resource and expertise being further eroded within local authorities.
- **Labour market shortages:** The supply of skilled labour has been a challenge for many years and has been exacerbated by the restrictions on accessing readily available labour brought about by Brexit. Whilst Brexit itself has been enacted, its repercussions for businesses and the economy will continue, perhaps for many years. Local authorities are competing against each other for the same skills and the labour market distortion caused by the pandemic exacerbated this. The lack of housing & land and planning related expertise available continues.

Many of the local authorities spoken to during this evaluation process cited the revenue funding made available through the HCF as fundamentally important for building back skill and capacity but reported that without continued support of some form, these gains could be lost as the funding simply wouldn't be available to continue supporting new posts. Whilst there has been a short-term informal skills exchange within local authority departments as a result of bringing in temporary expertise as a result of the fund, new staff placements are needed to drive outcomes on a longer-term basis.

Programme Aim 2: Promote the Mayor's good growth principles in housing delivery across London

There is an increasing focus on the need not only to deliver more homes but to deliver them in a fair, inclusive and accessible way. Good growth principles are more important than ever for leading inclusive recovery and tackling the rise in inequality the capital has seen since the pandemic began. Despite this, and as has happened in previous recessions, there is a risk that this results in elements of delivery which are perceived as being complex, costly or 'peripheral' to local concerns being de-prioritised.

There is a significant role for the public sector in showing leadership via the use of its own assets, levers, and investments. Delivery of homes on public sector land is one important area where authorities can make a difference in encouraging approaches which are more responsive to the needs of local communities and contexts.

A number of local authorities reported that they were able to revisit the fundamentals of their housing delivery approach as a result of the HCF. Almost all of the participants spoken to reported that the design-led work, site identification work and strategic level studies would not have been carried out without this access to funding. New staff appointments not only directed focus towards under-resourced areas like strategic positioning, standard settings and best practice development but the funding allowed a process of informal skills exchanges between new staff appointments and wider departments. Alongside this, the funding provided the strategic leadership needed for local authorities to build a greater focus on approaches to homebuilding.

Without continued funding, adherence to – or capacity to deliver against - good growth principles is likely to be compromised.

Programme Aim 3: Diversify the range of homebuilders, development models and sites for new homes in London

As outlined in the London plan, there is a strong and continued need to diversify the range of homebuilders, development models and sites for new homes in London. Given the ongoing disruption caused by the pandemic, by the county's departure from the EU (European Union) and the resultant economic instability, it is argued that the focus on this diversification is now more important than ever. During the lockdown period alone, construction activity was halted on sites involving 28,600 homes in London, equivalent to 79% of total supply in 2018/19³. While most sites were back up and running by summer 2020, there is a threat of long-term uncertainty in housing markets as a result of recession – with knock on consequences for the small builder sector.

Work undertaken as part of the HCF has ranged from site identification work to strategy development outlining preferred approaches to homebuilding. This work, in turn, has increased diversity in the land available for development, as local authorities identify smaller or more complex sites previously overlooked and new areas for enhanced housing density. By unlocking these sites, opportunities are made available to a greater range of homebuilders and development, including SME businesses, self-builders and community-led organisations.

There is still much to be done on this front, however. The SHLAA shows that there is capacity for 40,000 new homes a year on large sites and 12,000 homes a year on small sites, many of which are publicly owned. Activity to identify these sites and carry out due diligence work must continue to ensure that this capacity is fulfilled. Without continued funding, important local authority side work is likely to be suppressed.

Programme Aim 4: Support the delivery of housing targets set out in the London Plan and the Building Council Homes for Londoners programme

When set up, a key element of the rationale for the programme was the role it could play in enhancing the delivery of affordable homes. This is a key Mayoral policy priority, with a strategic target in the New London Plan for 50% of new homes to be affordable. The need for more affordable housing in London, across a range of models, is more pressing than ever. A recent report by the London Housing Panel⁴ cites the need to “massively increase supply of social housing”, making specific reference to the need to “prioritise social rented homes for London’s diverse communities on land which is publicly owned”. Indeed, recently published MHCLG data shows that just 47% of London councils met or exceeded their Housing Delivery Targets, the targets set in the London Plan⁵.

Alongside this, the London Plan identifies a requirement for public land – and small sites – to work harder to meet housing targets.

In the wake of Covid-19 and the economic hardships faced by the most vulnerable London households as a result, the delivery of affordable homes must continue to be prioritised. Continuing to build local authority capacity will ensure that local authorities can have a greater degree of influence over delivery standards and typologies standards, typologies, and tenures; will support site identification work; build a healthy development pipeline and will support local authorities to identify areas for housing growth and densification to ensure more efficient housing delivery over time.

Without continued resource made available to local authorities to explore and realise these opportunities, it is unlikely that they will be able to meet the targets as set out in the London Plan. Indeed, a number of several local authorities reported that without the HCF opportunities on small sites or out-of-borough sites would not have been progressed.

³ <https://www.london.gov.uk/press-releases/mayoral/deputy-mayor-plans-housing-sector-recovery>

⁴ https://trustforlondon.fra1.digitaloceanspaces.com/media/documents/London_Housing_Panel_manifesto_150dpi_v7.pdf

⁵ MHCLG, 2021

PROGRAMME DEMAND

Notwithstanding the significant upheaval brought about by the COVID-19 pandemic, which has impacted on all aspects of our lives and has presented noted delivery challenges for several of the local authorities in receipt of HCF funding; the main body of this evaluation has clearly established that for a majority of authorities, the HCF has been regarded as an important and successful funding programme, which has played an important role in unlocking new housing delivery in London.

The HCF enabled councils to look at the wider programme of works and challenge themselves to add more capacity which could be best utilised for their specific requirements. Some councils stated that they wouldn't have looked at small sites prior to the HCF becoming available, and now it's seen within the council as a viable way to help reach housing targets.

The HCF has allowed in-house teams to grow their skillsets and on-board staff into key positions that unlock efficiencies and ease any bottlenecks. In doing so, councils have gained renewed confidence that they can meet the difficult challenge of meeting and exceeding their housing targets. This has increased ambition of councils and this momentum should be encouraged and expanded upon.

The requirement for increased skill and capacity is a challenge that needs stable and ongoing funding to address if longer-term housebuilding aspirations are to be met. As such, there is a clear and compelling argument to continue the HCF programme as a key mechanism for building and unlocking local authority capacity, both in terms of re-deploying the existing underspend and in considering the GLA's commitment to future funding rounds.

SCENARIOS FOR THE FUTURE

The above analysis demonstrates that the strategic rationale for an intervention with the coverage of the HCF remains clear, and that there is strong demand for these forms of support. The analysis has shown that the programme has had a significant role in supporting a necessary 'step change' in housing delivery and approach across London, and in doing so, maximising the opportunity to create a stronger, more resilient and more innovative local authority building potential.

Without the revenue funding made available through the HCF, it is unlikely that complementary funding and support schemes would have reached their full potential, as local authorities continue to struggle to find the capacity to direct the necessary focus and attention to mobilisation for housing delivery. Furthermore, the challenges the HCF was created to address are both fundamental and deep-rooted and the objectives of the programme are long-term in nature and require long-term resource to address.

Against this backdrop, high level scenarios for the future evolution of the programme are considered.

These range from discontinuation of the programme beyond the current piloting phase, through to significant evolutions of the current format of support.

Table 4: Summary of High-Level Strategic Scenario for the HCF Programme Beyond its Pilot Phase

SCENARIO	DESCRIPTION	RESOURCE IMPLICATION	CONCLUSION
Programme not repeated	Programme discontinued when current funding ends	No funding / resource required	Inability to respond to the core market failures which underpin the programme. A failure to unlock fundamentally valuable foundational work which is essential to realising the longer-term ambitions of the fund.

Funding Extension	Continuation of programme in current scale and form.	Similar levels of funding and resources required	<p>Opportunity to build on current momentum, but failure to respond to some of the weaknesses – e.g., failure to focus on short-term impacts.</p> <p>At the current time, this is unlikely.</p>
Adaptation and Expansion: Funding continued with a more focused scope	Programme continued with a more focused, and limited, scope of projects available for funding	Some short-term adaptations could be delivered within current resource & funding levels, but additional resource will allow scaling & further enhancement.	Offers the ability to build on success to date and to better focus funding to deliver short-term benefits that will unlock key opportunities for delivery against longer-term homebuilding targets