

Planning: Call for views

Introduction

Ahead of the forthcoming General Election, the Home Builders Federation (HBF) is consulting members to establish the industry's top priorities for the next Government. We have [already issued calls for views](#) on skills, devolution, developer contributions and home ownership, and a call for views on sustainability will be issued soon.

Each of the consultations sets out a series of challenges, and we will be asking you, our members, for your views on which policy measures would be most effective in tackling the problems.

The input of members during this process will be vital in HBF's work as we produce a set of clear, defined proposals to the main political parties ahead of the election. As such, we would be most grateful if you could take the time to engage with the consultations. The more engagement we receive, the more effectively we can represent the industry's voice to policymakers.

Thank you in advance for your support. If you have any questions or would like to submit your response, please contact Director of External Affairs, [Emma Ramell](#).

Challenge: How can we overcome the challenges in the planning process to increase housing delivery?

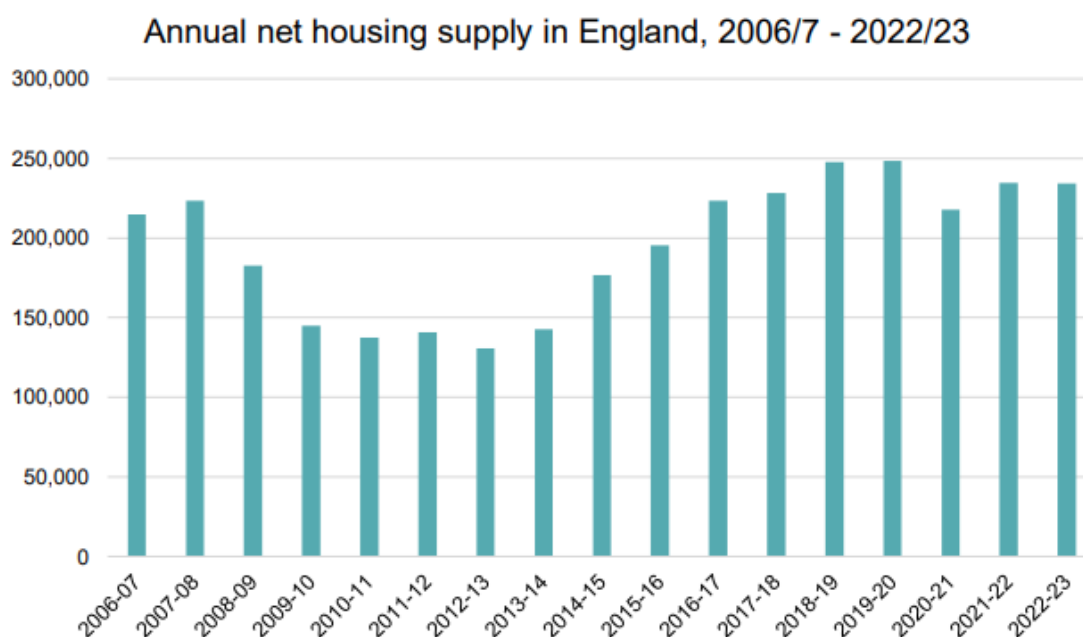
Background: Housing supply

While housing delivery increased substantially through the 2010s, with over 1.2 million new homes built in the past five years, the 1990s, 2000s and early part of the 2010s saw net supply at levels far below what was needed.

In the years following the financial crisis, net additions to the housing stock fell to 124,000 new homes per annum, the lowest peacetime figure ever recorded. Post-2010, the commitment of policymakers to address the long-term undersupply of housing and the willingness of ministers to challenge NIMBY interests brought significant results.

Against a positive policy and economic landscape (including the introduction of the National Planning Policy Framework (NPPF) in 2012, the Help to Buy Equity Loan Scheme in 2013, and the general positive attitude towards development) housing output had almost doubled by 2019 and developers continued to demonstrate an appetite to invest and deliver more. Last year (2022-23), the industry produced more than 234,000 new homes with net housing supply levels in recent years currently still exceeding the records achieved in the 1950s and 1960s.





Housing supply is falling

However, supply remains considerably lower than the number of homes needed, and all available metrics indicate that delivery is set to decrease rather than increase in the coming months and years:

- **Falling planning permissions** – As a crucial indicator of future housing supply, the fact that planning permissions have plunged to record lows is extremely concerning. The Housing Pipeline report shows that the number of planning permissions granted for new homes continues to fall sharply, down 20% year on year, with 2023 seeing the fewest number of sites approved since records began in 2006¹.
- **Reduction in EPCs issued** - One measure of recent completions, the number of new homes issued with an Energy Performance Certificate, shows a 4% fall in new build completions for 12 months to September 2023 compared with the equivalent period a year earlier².
- **Additions to the Council Taxbase** in the year to September 2023, showing the creation of new addresses, saw a fall in recent years.

Challenges to supply: Planning

From the economic climate, nutrient neutrality mitigation measures and skills shortages, there are a number of challenges that are hindering housing delivery.

¹ HBF, Housing Pipeline Report Q4 2023

² DLUHC, Live tables on Energy Performance of Buildings Certificates, April 2024



However, this paper will focus **solely on the challenges in the planning process** which are hindering supply.

A summary of some of the main issues can be found below:

LPA funding

One of the biggest challenges facing developers of all sizes across the country is how to navigate a planning process which is beset by delays. Furthermore, while home builders may feel the effects most acutely, all sectors of the economy are being hampered by delays in Local Planning Authorities (LPAs). There are, of course, many reasons for these delays but the pivotal one is the fact that LPAs are considerably under-resourced and understaffed.

These issues are resulting in discrepancies, administrative errors, and additional delays in all aspects of the planning process. As mentioned above, this has an impact on all developers but is proving particularly challenging for SME builders whose businesses are grinding to a halt. The uncertainty and delay also have consequences for builders that rely on project-based finance.

Concerns regarding resources have coincided with a decade of falling government investment in planning departments. A 2019 analysis by the Institute for Fiscal Studies³ revealed that gross spend on planning and development was reduced by 42% per person between 2009/10 and 2019/20. Net spend reduced by 60%, which was the largest reduction across all areas of local government. Broadly speaking, over the past 13 years, local authorities have reduced real terms spending on planning departments by around 50% while they now receive approximately 100% more major residential planning applications.

In addition to challenges concerning capital resources, LPAs are also finding it difficult to both recruit and retain staff. Almost 6 in 10 councils (58 per cent) are struggling to recruit planning officers and 36 per cent were having problems retaining them⁴. As such, councils are increasingly finding themselves reliant on costly agency staff; in one LPA, 90% of staff are on temporary agency contracts⁵. Inevitably, this is having an impact on how quickly applications are being determined and the speed at which conditions are being discharged.

While industry broadly welcomed the Government's action to solidify funding for planning departments through increasing fees – as well as Labour's recently-announced commitment to expand local authorities' planning capacity – those fees need to be used directly and made available very quickly.

The £24 million recently announced to scale up local planning capacity and the £65 million announced at the last spending review are a good start, but real terms funding of planning departments has fallen by more than 50% since 2010. Meanwhile, planners are now required to take more decisions and with increasing complexity of development. The Royal Town Planning

³ <https://ifs.org.uk/publications/english-local-government-funding-trends-and-challenges-2019-and-beyond-0>

⁴ LGA, Workforce Survey 2022, January 2023

⁵ Planning Resource, The impact of council planning departments' growing use of agency staff, January 2023



Institute estimates £500 million will be required over four years to address significant delays in housing policy.

Concerns regarding resources in LPAs were acknowledged recently by the Competition and Markets Authority (CMA) in its recent report. It called on the Government to “*improve LPA capacity and resource by raising planning fees to a cost reflective level and ringfencing those fees*”⁶.

Uncertainty and increasing costs

As touched upon in the previous section, one of the symptoms of under-resourced planning departments is that developers have to grapple with increasing uncertainty, length, cost, and complexity concerning the planning process.

For example, the recent CMA report found:

- The direct costs associated with making planning applications can range from £100,000 to around £900,000 depending on the size of a site.
- Only 12% of planning applications were determined within 13 weeks⁷.

HBF therefore welcomed the CMA’s conclusion that intervention was required to “*improve the planning system to counteract the time, expense, and uncertainty associated with negotiating it and the effect this has on the number of planning permissions sought and granted each year*”⁸.

Abolition of mandatory housing targets

With the publication of the new NPPF on 19 December 2023, HBF was disappointed to learn that the Government is proceeding with many of its proposed reforms announced a year prior.

We were particularly concerned by the removal of mandatory housing targets due to the considerable likelihood that Local Planning Authorities (LPAs) would significantly reduce the scale of housing allocations included in local plans. Indeed, in the year since the reforms were first announced, more than 60 LPAs decided to pause or delay local vital plan preparation.

Of the LAs that are proceeding with their Local Plans, many are cutting the number of homes they intend to build in response to the Government’s approach, some by as much as 40% according to Savills⁹.

Furthermore, research carried out by Lichfields for HBF in 2023 found that housing delivery is likely to fall considerably because of the reforms, potentially by up to 77,000 net additional homes per year¹⁰. As demonstrated in the opening sections of this paper, the impact is starting to become evident in the data with all relevant indicators pointing to a drop in housing delivery this year.

⁶ CLC, [Housebuilding market study, final report, February 2024](#)

⁷ *ibid.*

⁸ *Ibid.*

⁹ The Negotiator, Labour’s housing targets will be doomed from outset says legal firm, 7 May 2024

¹⁰ HBF, [Planning for Economic Failure, March 2023](#)



Not only will this undermine efforts to tackle the housing crisis, but it could also result in a loss of £17bn of economic activity each year and threaten 800,000 jobs in a sector that relies on extensive domestic supply chains. The absence of new housing supply would reduce labour mobility, meaning young people are less able to access their chosen careers and employers cannot access the talent pool they need to invest and grow.

As such, HBF was pleased to see that the recent CMA report also expressed concern over the abolition of housing targets. In its report, it acknowledged the *“recent steps announced by the UK government to allow LPAs to justify not meeting housing targets in England runs contrary to the direction of travel we consider most appropriate in this area”*¹¹.

S106 Affordable Housing

The industry is currently facing severe challenges with Section 106 affordable housing. A lack of bids for S106 units has left thousands of Affordable Homes uncontracted and as the problem worsens, these numbers are likely to grow over the coming years.

HBF recently conducted a survey of some of its members which found that as of March 2024, there are at least 13,000 S106 units with detailed planning permission that are currently uncontracted. Most concerning, of the units for which a completion date was provided, more than a third (37%) are due for completion in 2024/25.

Through the survey, we have been made aware of almost 40 sites that are currently delayed across the country due to uncontracted S106 units. Others are at risk of stalling as the developer is close to the threshold of how much open market housing can be constructed before S106 units are delivered. Anecdotally, we have also heard that developers are having to reconsider their speed and direction of build to manage capital on uncontracted units. We also know that for SMEs that rely on having a contracted buyer for S106 units in order to access development finance, this is an insurmountable challenge without LPA flexibility.

To overcome these issues, respondents to the survey reported that S106 units are increasingly being converted to other tenures, such as First Homes or Rentplus. While these are both valuable tenures, there is a significant need for more social rented and Affordable Rent Homes.

Furthermore, in many cases, LPAs are unwilling to consider cascade arrangements as part of Section 106 agreements leaving house builders in limbo with legal obligations to provide Affordable Housing but with no active market to provide these into.

It is vital that swift action is taken to support the delivery of these much-needed homes and HBF is having regular conversations with DLUHC, Homes England, RPs, and Local Government to find and establish a solution.

Grey belt

There is much debate about greenbelt, in part because of its emotive nature. But in the face of an acute and worsening housing crisis, HBF considers it sensible to consider the different ways in which suitable land can be brought forward for development.

¹¹ CLC, [Housebuilding market study, final report, February 2024](#)



Many areas of the green belt are neither green nor beautiful, and previously developed sites such as petrol stations or car parks (commonly referred to as the 'grey belt') offer great potential for new housing close to transport links and amenities.

As such, we consider that replacing the least aesthetic parts of the green belt that offer little to no ecological value with high quality new energy efficient homes while improving the environment for biodiversity and local communities should be a priority.

SME developers

Despite unprecedented growth in housing supply over recent years, the number of small and medium-sized enterprises in the home building industry has continued to decline. This continues a 30-year-long trend in industry concentration caused by higher costs, greater risks and a tightening of finance availability for small and emerging home building companies, all of which is made worse by the recent economic shocks we have seen or regional issues, such as nutrient neutrality requirements, which SMEs are disproportionately affected by.

The delays, costs and risks associated with the planning process, as well as the recent reforms to the NPPF the Government has announced, are a source of frustration for home builders of all sizes. However, these issues have a much greater impact on SME developers, who are less well-equipped to mitigate these issues.

This is a further point on which the recent CMA report aligned with HBF. In its final report, it included a recommendation that additional support for SME house builders should be provided through *"better guidance, standardised LPA policy and a simpler 'outline' stage of planning permission"*¹².

Planning costs was another area that the CMA identified as an issue for SMEs. It found smaller developers face higher costs, in per-plot terms, than larger competitors when they take a site through planning, because of the size of the sites they develop.

Indeed, its analysis shows that per-plot direct costs (mainly LPA planning fees and consultancy costs) for sites of fewer than 50 plots are around £3,500 on average, compared with £1,500 for sites with 100-500 plots and under £1,000 for more than 500 plots.

Another key issue SMEs face is land availability. Of the respondents to HBF's SME survey, conducted in collaboration with Close Brothers Property Finance and Travis Perkins, 44% cited land availability as a major barrier to growth¹³.

The Government has acknowledged that there needs to be greater provision of land for SMEs. Indeed, the revised NPPF, published in December 2023, included a new paragraph calling on Local Authorities to *"seek opportunities, through policies and decisions, to support small sites to come forward for community-led development for housing and self-build and custom build housing"*.

However, much more still needs to be done to ensure there is an adequate supply of available land for SME developers.

¹² Ibid.

¹³ [HBF/Close Brothers Property Finance/Travis Perkins, State of Play, 2023-24](#)



Delayed Local Plans

Local plan preparation remains slow with research suggesting that by the end of 2025, just 22 per cent of local planning authorities will have plans that are up to date and less than five years old, compared to 33 per cent in July 2023¹⁴.

While many of the measures the Government set out in its plan making consultation last year to simplify the process might lead to limited improvements, it remains the case that there is no statutory requirement for LPAs to prepare one. Given the scarce resources among LPAs, reductions in local government spending and ever-rising social care costs, the situation is troubling.

Statutory consultees

Delays in receiving responses from statutory consultees is another factor that is hindering the planning process and was an issue acknowledged by the CMA in its working paper on planning.

As such, HBF welcomed the Government's review, launched in December 2023, of the rapid review of the statutory consultee system.

Older people's housing

The number of older people living in the UK is increasing rapidly. The results of the 2021 Census found that over 11 million people – 18.6% of the total population – were aged 65 years or older, compared with 16.4% at the time of the previous census in 2011.

In ten years, this figure is expected to have increased to 13 million or 22% of the population, and by 2032 there will be five million people over eighty living in the UK. However, as the number of older people in the UK increases, the availability of homes specifically designed for later living is failing to keep pace.

Research from the Homes for Later Living Group suggests that approximately 25 per cent of the country's 65+ population (nearly 3 million people) want to downsize.¹⁵ This is close to 1 million owner-occupier households. The average under-65 person moves every 12.5 years, but the equivalent figure for over 65s is 33 years because such a large number simply never move because of the barriers to doing so.

More older people need to be given the opportunity to downsize should they wish, and with an ageing population, it is critical that we are building the right homes. Based on Government targets of 300,000 new homes a year, this should include 30,000 retirement properties, or one tenth of overall housing delivery.

Draft proposals

In respect of the above challenges, the following section outlines a number of potential HBF 'asks' of the next government, that are under consideration. It contains a mixture of new and existing

¹⁴ Lichfields/LPDF, Timed out? A projection of future local plan coverage in 2025 under prevailing policy conditions, July 2023

¹⁵ [Homes for Later Living, Chain Reaction, August 2020](#)



policy positions, as well as suggestions put forward by the Competition and Markets Authority (CMA) in its recent report.

Planning policy

National

- Continue support for the implementation of National Development Management Policies to help speed up local plan making.
- Develop and introduce a Spatial Plan for England to provide confidence to industry and facilitate the delivery of new homes.
- Review the Green Belt and identify areas of poor ecological value to support the development of high quality, energy efficient new housing.
- Allow new settlements to be brought forward under the Nationally Significant Infrastructure Projects (NSIP) regime.
- Work with industry, Local Government and RPs to find a solution to the issue of uncontracted S106 units for the long term, this could include, but is not limited to measures such as encouraging a greater acceptance of cascade arrangements by LAs and making Homes England grant funding available to use on S106 units for a time limited period.

Local plans

- Incentivise LPAs to have an up-to-date Local Plan in place by:
 - Stating that only areas with an up-to-date development plan will be in receipt of infrastructure (or equivalent) funding;
 - Setting out defined timelines with set milestones for local plan preparation, backed by intervention powers; and
 - Where a local plan has not been adopted in the past five years a Green Belt should be considered 'out of date' and its protection should attract reduced weight until reconfirmed by an up-to-date plan.

Local policy: Other potential asks

- Requiring local authorities to have up-to-date local plans that meet local housing need by recognising the existence of a local plan in the funding formula for local government grants.
- LPAs should not be able to unilaterally determine whether a local plan needs to be reviewed.
- Making it more difficult for LPAs to reject planning applications if they do not have a local plan in place or if they do not have an up-to-date plan in place.
- Allowing central government to take over the decision-making authority in a local area until a local plan is in place and as a last resort, imposing a local plan on the LPA.
- Ensuring statutory consultees are involved from the beginning of the process.
- If LPAs are to rely on a land supply of fewer than five years as an incentive for plan-making, this should apply from the point of submission not the publication of a draft.
- Make it a statutory requirement for LPAs to prepare a Local Plan.

Housing targets

- Reverse the December 2023 changes to the NPPF, with a particular focus on reinstating mandatory housing targets.



- Address concerns about the volume of development by reforming the Standard Method so that:
 - A) the existing housing stock of an area is used as a baseline, rather than household projections;
 - B) apply to this baseline a rate by which all areas would be expected to grow their housing stock in line with a national ambition; and
 - C) be a starting point from which local assessments would be derived.

Development management

- Establish a fixed national scheme of delegation (e.g. a higher threshold for reserved matters submissions to be determined by committee).
- Introduce a fast-track mediation service for minor planning disputes.
- Create a fast-tracked route for in-principle approval for applications that are in line with an adopted local plan, so house builders have greater certainty to begin development.

Statutory consultees

- Rationalise the list of statutory consultees and seek greater involvement from them in the scoping of planning application material.
- If an applicant has consulted the consultee at pre-application stage and there have been no substantial changes to the submitted application proposals, then substantive pre-application responses should be a material consideration in the determination of a planning application for 12 months.
- Holding objections should not be able to delay the determination of a planning application.
- Enable effective monitoring and enforcement of deadlines for statutory consultees by:
 - giving clear and advance notice to statutory consultees of the change in approach;
 - issuing regular reminders to statutory consultees during the 21-day period and a final notice close to the end of the 21-day period; and
 - issuing notices of deemed consent upon expiry of the deadline.

LPA funding

- Ringfence planning application fees for planning purposes and put wider planning services on a self-sustaining footing.
- Make fees available to consultees for the 'Development Team' service.
- Implement staged payments in Planning Performance Agreements, including bonuses for over-performance and penalties for under-performance.

SMEs

- Introduce a presumption in favour of development on small sites, up to 25 homes, on brownfield land within settlements.
- Government should also significantly increase the use of Permissions in Principle and Part 2 Brownfield Land Registers and publish a national brownfield map.
- NPPF should require LPAs to demonstrate specifically the small and medium-sized sites that will accommodate at least 10% of a housing requirement.



- Increase the threshold for Affordable Housing contributions to developments of 25 units and over OR Affordable contributions on sites of up to 25 dwellings should be made by way of financial contributions.
- Introduce stepped planning fees for SME developers.

Older persons' housing

- Every Local Planning Authority should be required to assess the demand for all forms and tenures of housing for older people and to include policies and a strategy, including land supply, for meeting this demand in its local plan.
- Every Local Planning Authority should indicate in its local plan areas where proposals for the development of housing for older people would be welcomed. This step would provide more confidence for developers in seeking to bring forward new schemes for older people's housing.
- Local Planning Authorities should adopt policies that actively address the viability challenges which the developers of older people's housing face. These viability challenges are well attested and need to be tackled.

Consultation questions

Please answer as many questions as relevant to your business.

National planning policy

1. **Do you agree there should be a review of the existing Green Belt?**
2. **If so, what changes should be made?**
3. **Would you be supportive of the introduction of a spatial plan for England? If so, what difference do you think this would make to housing delivery?**
4. **What solutions do you think the Government should implement to tackle the lack of RP bids for S106 Affordable Housing units in the short to medium term?**
5. **Should the next Government decide to abolish plans to introduce the Infrastructure Levy, how would S106 need to be reformed for the long-term to address the need for more Affordable Housing, while taking into account the pressures faced by Registered Providers?**

Local planning policy

6. **Do you agree that the next Government should reverse the December 2023 changes to the NPPF including reinstating mandatory housing targets?**
7. **HBF has previously suggested that the Standard Method should be reformed so that it uses the existing housing stock of an area as a baseline, rather than household projections. Do you support this approach?**
8. **Do you think there should be a statutory requirement for LPAs to prepare a Local Plan or would it be better for the Government to offer more incentives to LPAs to adopt Local Plans?**

Development management

9. **Do you agree with HBF's suggestions for improving the development management process? As a reminder, these were:**



- a. A fixed national scheme of delegation (e.g. a higher threshold for reserved matters submissions to be determined by committee).
 - b. A fast-track mediation service for minor planning disputes.
 - c. Creating a fast-tracked route for in-principle approval for applications that are in line with an adopted local plan, so housebuilders have greater certainty to begin development.
10. Are there any other measures we should be considering asking for?
11. Would you find a revised list of national statutory consultees helpful?
12. What other potential measures/outcomes would you like to see emerge from the Government's rapid review of statutory consultees to speed up the planning process?

LPA funding

13. The CMA recently concluded that there could be “material benefit” in the Government raising planning fees to a cost-reflective level and also ringfencing those fees. Do you agree?
14. Do you agree that payments in Planning Performance Agreements should be staged, including bonuses for over-performance and penalties for under-performance?
15. Do you have any other comments or suggestions to make regarding LPA funding?

SMEs

16. Please rank the following policy measures that you think would be most helpful to SME developers (1= most helpful, 5 = least helpful):
- a. Introduce a presumption in favour of development on small sites, up to 25 homes, on brownfield land within settlement boundaries.
 - b. Government should also significantly increase the use of Permissions in Principle and Part 2 Brownfield Land Registers and publish a national brownfield map.
 - c. NPPF should require LPAs to demonstrate specifically the small and medium-sized sites that will accommodate at least 10% of a housing requirement.
 - d. Increase the threshold for Affordable Housing contributions to developments of 25 units and over
- OR
- e. Affordable contributions on sites of up to 25 dwellings should be made by way of financial contributions.
 - f. Introduce stepped planning fees for SME developers.
17. Are there any other steps the next government could take to help SME house builders?

Older persons' housing

18. Do you agree that every Local Planning Authority should be required to assess the demand for all forms and tenures of housing for older people and to include policies and a strategy, including land supply, for meeting this demand in its local plan?



Thank you for taking the time to respond to the consultation. Please send your answers to [Emma Ramell](#).

