



Creating Places ■ Delivering Communities

Planning: the Key that will unlock economic growth

A 10 Point Plan for a Step Change in Delivery

Background

We are failing to deliver the housing we need. Housing affordability remains high. Homelessness, over-crowding and the number of hidden households are at record levels. The country's stock of social housing is shrinking. Intergenerational unfairness is a feature of the housing market and birth rates are declining as a result.

Our economy is further impacted by failing to meet the space needs of our businesses, employers, investors and inward investors in the 21st century.

Behind this, is a planning system that is not functioning. Local Plans are out-of-date with research, undertaken for the LPDF by Lichfields, highlighting that 78% of Local Planning Authorities ('LPAs') will not have an up-to-date Local Plan by 2025.

Housing delivery is falling. Land scarcity, a consequence of falling numbers of planning applications and consents, is constraining housebuilding activity. The failure to deliver sufficient planning consents has impacted on new ways to build, leading to the failure of many of our MMC manufacturers. As identified by the Competition and Markets Authority ('CMA'), diversity of delivery is constrained as our SME housebuilders struggle to participate in the planning system and compete for land. Without a supply of smaller sites, SME developers simply cannot grow.

The cost of housing, together with its impact on social and labour market mobility as well as health and educational outcomes, combined with inadequate flexibility to provide the space for new and growing businesses, means economic growth has stalled.

Local Authority planning departments, where budgets have been cut significantly over the last 10 years, struggle to recruit and retain staff. This all has a profound impact on the economic, social, health, and environmental fabric of this country.

Yet this can all be resolved. Targeted measures to ensure that the planning system we have works can have a huge impact. Such measures are the key that will unlock economic growth. A new Government needs to act and act fast. The positive impact of these measures could free the economy, enabling it to soar as it has not done for many years, whilst beginning to address the social injustices prevalent in the current UK market.

The LPDF therefore submit that a new Government should address the following issues highlighted in this document with all haste.



A Written Ministerial Statement ('WMS').

The WMS, reinforced in an amended National Planning Policy Framework ('NPPF'), should clearly state that the Government's objective is to create a planning system which will instil confidence amongst investors and would be investors, enabling investment to grow the economy. This should reinforce and strengthen the presumption in favour of sustainable development, emphasising the substantial weight that housing delivery, in particular affordable housing (especially, in the absence of an up-to-date Local Plan) has in the planning balance. It should ensure that sites of less than 150 homes also carry substantial weight in order to support and broaden the SME housebuilder base. In addition, the WMS should emphasise the importance of all development, including housing, employment space and infrastructure, to the prosperity and the economic development of our country and thus accord it substantial weight in the planning balance. There should be an acknowledgement that to resolve the housing crisis will require us to deliver on all sizes and types of sites (new towns, SUEs, brownfield and greenfield) and all tenures.

In the absence of an up-to-date Local Plan, applicants (in respect of residential and employment uses) should be given the opportunity to apply direct to the Secretary of State for permission.

The WMS should be clear on the Government's intent to make changes to the NPPF in two stages (see below), being clear what changes it will be consulting on immediately and the direction of travel of other planning reforms beyond that. Government should place a clear expectation on decision makers to take account of this.



The National Planning Policy Framework ('NPPF')

This should be done in two stages. Consult immediately not only on changes that reverse the NPPF revisions made in December 2023, but on measures that strengthen the presumption in favour of sustainable development. Such measures would include stating that in LPAs without an up-to-date Local Plan, all policies (save for national designations) in relation to the spatial location of development are viewed as out-of-date and that the tilted balance applies whether there is a 5-year supply of deliverable housing land (5YHLS) or not.

As an interim measure, the existing Standard Method should be recalculated to exclude the urban uplift and to ensure that the total target for England is at least 300,000. Where an LPA does not have an up-to-date Local Plan, this figure should be used in decision making. The 'buffer' that applied to the 5YHLS calculation should be re-introduced. Alongside this, a selective review of Planning Practice Guidance ('PPG') should take place to address current issues constraining development, such as sequential flood tests.

Stage two of the NPPF review should be undertaken so that a revised version could be issued within the first 12 months of a new Government. This will allow time to consult on a wide range of issues: revised wording for the definition of Affordable Housing, to include a broader requirement for social rent where viable; a revised Standard Method moving away from a household projection base (our preference is for a stock-based approach with an uplift for affordability); the basis of a new 5YHLS measure specifically for affordable housing or by adding affordable housing delivery as a measure to the Housing Delivery Test, triggering a strengthened presumption; the structure of the new form of strategic planning allowing 'distribution' of the mandatory housing target; new policies focussed on economic growth and employment; revisiting and introducing Small and Medium Site definitions and policies; reviewing Green Belt definitions to bring in a new category of Grey Belt; and, ensuring that the NPPF is consistent with NDMPs and the process for putting in place Local Plans



Focus on the Delivery of Affordable Housing

There is an affordable housing crisis. This should be addressed as a matter of urgency.

Immediately upon election, the Government needs to address the way Registered Providers funding models are preventing the take up of s106 affordable housing. Government should confirm immediately both the basis of a rolling, long-term (minimum 5 years), rent settlement and issue guidance to LPAs on the use of cascades in s106 Legal Agreements (or issue nationally prescribed wording for LPAs to include in s106 Agreements in relation to affordable housing delivery) as well as allowing a more flexible use of grant funding to assist in the delivery of affordable housing secured by way of S106.

Going forward, this document suggests a range of measures which will shift the focus of the planning system to ensure the delivery of Affordable Housing such as; a new SYHLS measure for Affordable Housing, more flexibility to use off-site financial contributions and to ensure the provision of Affordable Housing is recognised as a significant benefit in the planning balance. Subject to viability constraints, Government should move immediately to correct the falling stock levels of social rented housing via s106, ensuring that Registered Providers have funding models to enable this.

Strategic Planning

Consult quickly on the basis for cross boundary strategic planning, based around Combined Authority / Mayoral designations in the first instance, with county boundaries used in areas of high housing need. Due to timescales, the focus should not be on 100% nationwide coverage in the first instance, and, for reasons of expediency, the strategic housing targets should be set by central Government with a mechanism for their swift allocation, with LPA input.

National Development Management Policies ('NDMPs')

Continue drafting a suite of NDMPs which can, once consulted upon, be used in both decision making and as a basis for minimising the length of Local Plans and the time taken to put them in place. This should include model planning conditions to be used as the default by LPAs.



Local Plans

Local Plans are the bedrock of the current planning system and should remain the basis upon which the English planning system operates. The new Government should continue the previous Government's review of the process to put in place Local Plans, alongside establishing NDMPs, such that they are shorter and easier to prepare in a maximum 30 month timeframe.

To aid this process, LPAs should be encouraged to speed up investment in digitisation. The NPPF should also state simply, that a Local Plan will be considered to be out-of-date if it is more than 5 years old and the tilted balance will therefore apply (whether a 5YHLS exists or not) incentivising LPAs to constantly review their Local Plans.

In addition, those authorities which have an up-to-date plan in place which meets their needs (under the revised methodology referred to above) should be rewarded for doing so (through it being a requirement of applying for Government funds or through a turbo-charged New Homes Bonus or similar). However, there should always be policies that provide flexibility should a plan fail to deliver. The aim must be to have 100% countrywide coverage of up-to-date Local Plans which are reviewed every 5 years and on an independent basis as soon as possible.

The Government should ensure that utilities providers and their asset management plans (and periods) support the growth envisaged (the same could also apply to integration with Transport Plans). There should be a National Scheme of Delegation introduced as soon as possible which means that sites allocated in an up-to-date Local Plan and in accordance with NDMPs do not need to go to Planning Committee. Opportunities to broaden the use of this Scheme of Delegation should be explored.

Employment & Logistics Space

The NPPF pays limited attention to the need for the delivery of employment and logistics space. There are only five paragraphs relating to economic growth and employment space delivery (two of which relate specifically to the rural economy). This needs to change. We need to create the right planning environment such that employers have choice as to new premises whether a start-up, for growth, or an inward investor.

For too long, Local Plan making has been based around the principle of historic take up rates of space in localities rather than a more dynamic approach which does not constrain our businesses by reference to the past. We also need a new robust methodology for calculating an LPA's future employment and logistics space requirements.

As part of this review, we need to consider the role of any new strategic planning structures in planning for employment and logistics space and the infrastructure that will need to be improved to facilitate it. The relationship between jobs, the need for new homes, and economic growth, should be re-emphasised and expanded within any revised policies within the NPPF.



An SME Revolution

The recent CMA Report has highlighted the issues faced by our SMEs. In the last four decades, housing delivery has become too dependent on our volume housebuilders. Government needs to take a range of measures to change this, freeing a sub-sector which could grow significantly if the right environment for investment was created. These measures could include (but are not limited to); amending the NPPF to create a new Medium Sites definition (over and above the Small Sites that exists at present, which itself should be increased to at least 15 homes / 2,000m²), of, say, up to 150 dwellings and ensuring that a significant proportion of development proposed in Local Plans has to come through this route (this could be through permissive policies rather than site allocations); reduce the costs (including planning fees for sites below a certain threshold) from interaction with the planning system; avoiding duplication between the planning system and building regulations; encouraging broader use of Permissions in Principle; reducing the number of planning conditions; and, creating legal obligations on utilities providers to 'service' a site within a given time period.

Fundamentally, Government needs to ensure that every new initiative is viewed through the prism of an SME housebuilding business, asking itself the question 'how will this make it easier for such a business to get a planning permission and build homes'?

Improving the Environment and Biodiversity

The sector is committed to improving environmental outcomes and minimising its impact on the environment whilst playing a key role in aiding biodiversity recovery. The Government needs to navigate a way through the issue of Nutrient Neutrality (and other issues created by the Habitat Regulations) immediately upon election, penalising polluters, and ensuring that development of vital homes, employment space and infrastructure is not delayed. Government, in combination with Natural England, should review all environmental legislation and guidance and seek to change the approach to see mitigation strategically delivered rather than at a site level as currently. This would lead to a tariff-based approach for species impacts and biodiversity net gain which would ensure that mitigation would be better co-ordinated by expert bodies rather than on a piecemeal basis as at present.



Functioning Local Planning Authorities

All these improvements will only be effective if LPAs are properly resourced. Planning income derived from application fees should be ring-fenced for re-investment into LPA planning services, as should the New Homes Bonus income (up to a level that secures the resourcing of the planning service) which could be boosted for those LPAs with an up-to-date Local Plan in place.

Additional funding should be made available to support extra permanent planning resource at every local authority, including Policy teams, as well as all statutory consultees to meet fixed response timescales, which if missed should not delay planning determination (a holding objection or response is not to be deemed as acceptable). Skills gaps could be addressed with better remuneration for public sector employees and better incentives to improve staff retention.

In the medium term, the new Government needs to work with the RTPI and other professional representative bodies to identify skills gaps and to work with the further and higher education sectors to ensure they aim academic programmes at addressing these gaps. A fundamental reassessment of who does what and when needs to be undertaken to lessen the workload of development management teams, reducing the impact of householder applications on resourcing by reviewing what needs consent and ensuring much greater use of digitisation and AI.

Who We Are

The Land, Planning and Development Federation ('LPDF') is a trade body representing land promoters, housebuilders (of all sizes) and commercial developers. Our members risk their financial capital in the planning system to establish the principle of development to enable the new communities and employment space that the country so desperately needs. As a consequence, the LPDF is focussed on the operation of the planning system, seeking to ensure it produces positive outcomes not only for its members but for society, the environment and the wider economy.



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