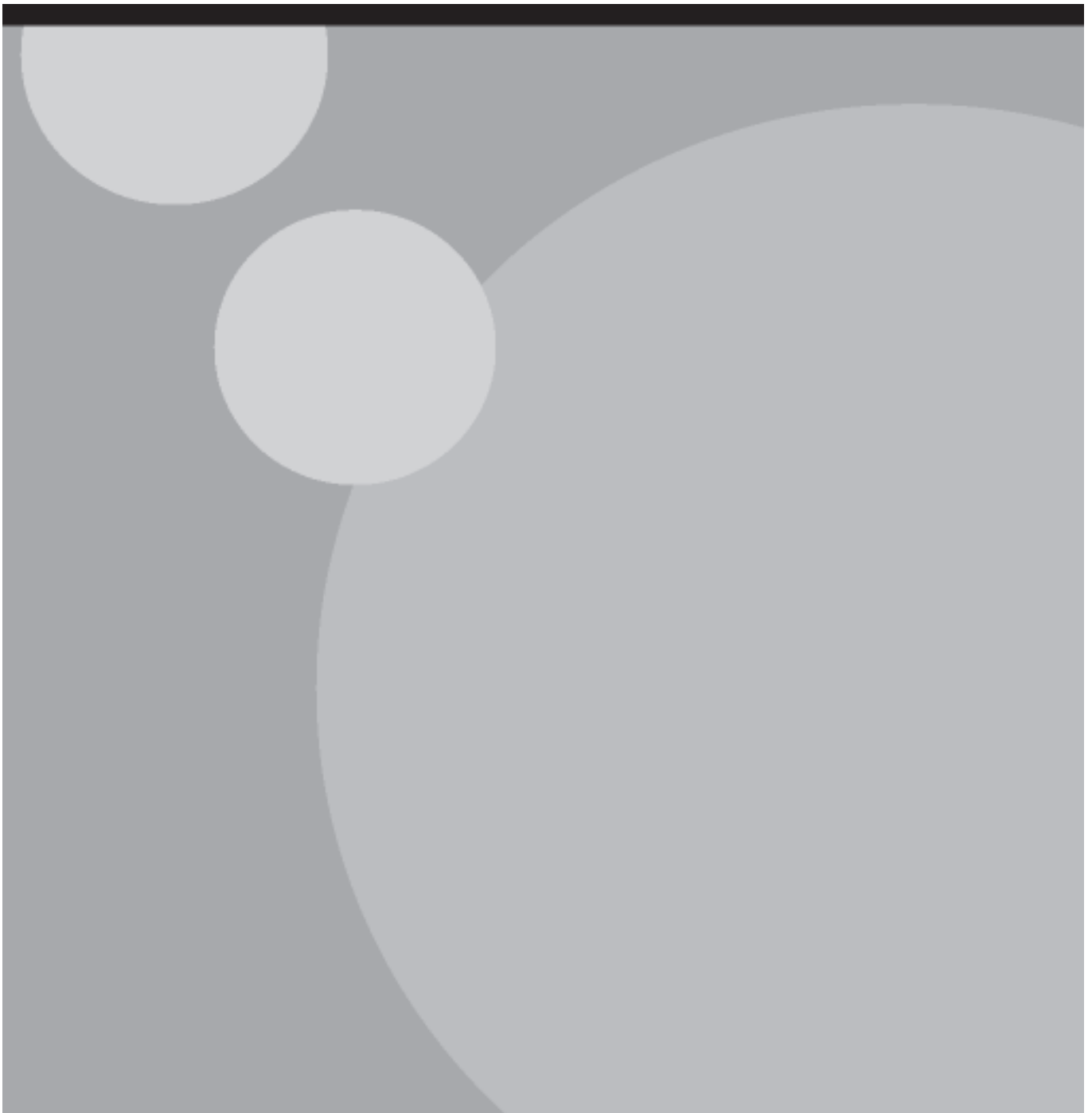




National Planning Policy Framework

Impact assessment





National Planning Policy Framework

Impact assessment

July 2012
Department for Communities and Local Government

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<p>Title: The National Planning Policy Framework (the Framework)</p> <p>Lead department or agency: Department for Communities and Local Government</p>	<p>March 2012</p> <p>Stage: Final</p> <p>Source of intervention: Domestic</p> <p>Type of measure: Other</p> <p>Contact for enquiries: Julie Shanahan 0303 4443378</p>
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Summary: Intervention and Options

Cost of Preferred (or more likely) Option

Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as One-In-One-Out
£54m	£m	£m	No	NA

What is the problem under consideration? Why is government intervention necessary?

The planning system plays a key role in helping achieve sustainable development, optimising outcomes across economic, environmental and social objectives to secure net gains for society. But the planning system had become overloaded with over 1,000 pages of national planning policy alone. This resulted in an overly complex set of national policies, which were very difficult to understand and reconcile. Rather than helping local communities to shape sustainable development in their neighbourhoods, national planning policy has too often excluded local communities and failed to promote local participation.

What are the policy objectives and the intended effects?

The aim of the Framework is to simplify the system, strengthen local participation and to help achieve sustainable development through:

- strengthening the plan-led system to deliver sustainable development locally;
- handing power back from national and regional bureaucracies to local communities to shape development in their area;
- improving clarity and certainty for communities, councils and developers, reducing bureaucracy for councils and businesses, and improving efficiency in processes.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

This impact assessment consists of two sections: Part A considers the overall consolidation of national policy; and Part B considers specific changes in national policy. For both sections there are two options considered:

Option 1: No Change: National planning policy remains as before and is not consolidated.

Option 2: The Framework: National policy consolidated and, following consultation, policy revised in the areas set out in this assessment. **This is the preferred option.**

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 04/2013

Does implementation go beyond minimum EU requirements?				N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large No	
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded:				Non-traded:	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 2

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 41.0	High: 66.9	Best Estimate: 54.0

COSTS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition)	Annual (Constant Price)	Total (Present Value)	Cost
Low	4.8					4.8
High	6.4					6.4
Best Estimate	5.6					5.6

Description and scale of key monetised costs by 'main affected groups'

A one-off transitional cost will be incurred by town planners and applicants in order to familiarise themselves with the consolidated and streamlined national policy guidance (Part A). These costs are incurred in the first year only; estimated at £1.6m to £2.2m to councils and £3.1m to £4.2m to business. Other costs are considered in Part B, but it is not possible for these to be estimated with any certainty, because of market uncertainty and because we are unable to predict the behaviour of councils. Illustrative examples are set out where possible.

Other key non-monetised costs by 'main affected groups'

The quantified benefits (for Part A) consider only potential time savings to applicants and councils. There may be other benefits from consolidation and streamlining: potentially a reduced number of appeals; greater certainty and efficiency; possible reduction in transaction costs; and possible reduction in professional (e.g. consultant) costs. The emphasis placed on plan-making, including the presumption in favour of sustainable development, will better equip local areas to meet the development needs of their local communities. Greater flexibility and discretion for councils will remove distortions on development decisions and enable them to develop approaches that best suit local circumstances and deliver sustainable local development.

BENEFITS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition)	Annual (Constant Price)	Total (Present Value)	Benefit
Low			5.4			45.8
High			8.6			73.3
Best Estimate			7.0			59.6

Description and scale of key monetised benefits by 'main affected groups'

Consolidated and streamlined national policy will result in time savings for both councils and business (applicants). These will be accrued every year (compared to no change) and will be dependent on the number of applications. For councils savings are estimated at 2.5 to 4 hours per major application; and have been monetised at an average annual £1.5m to £2.5m. For business the benefits are estimated at £3.9m to £6.2m (average annual). Other benefits are considered in Part B, but it is not possible for these to be estimated with any certainty, because of market uncertainty and because we are unable to predict the behaviour of councils. Illustrative examples are set out where possible.

Other key non-monetised benefits by 'main affected groups'

The quantified benefits (for Part A) consider potential time savings to applicants and councils. There may be other benefits from consolidation and streamlining: potentially a reduced number of appeals; greater certainty and efficiency; possible reduction in transaction costs; and possible reduction in professional (e.g. consultant) costs.

Key assumptions/sensitivities/risks	Discount rate	3.5
To estimate the time cost (of familiarisation) and saving (from consolidated and streamlined national policy), a standard wage approach has been used. The policies discussed in Part B aim to provide greater discretion and flexibility to councils; the behavioural response to this enhanced flexibility is likely to vary by council. All assumptions and risks are outlined in more detail in the evidence base.		

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as OIOO?
Costs: N/A	Benefits: N/A	Net: N/A	No	NA

Introduction

This impact assessment covers the total estimated impact of the National Planning Policy Framework. It is composed of two parts. Part A covers the consolidation and streamlining across national planning policy and Part B discusses the specific changes across the document.

Each section has a common structure. This provides the rationale behind the Government's approach. For significant policy changes there is then a more detailed discussion of the rationale for intervention, policy objectives, consideration of costs and benefits, and key risks.

The overall objectives in introducing this Framework are to consolidate and streamline national planning policy to reduce bureaucracy, strengthen local participation and help achieve sustainable development. An effective planning system will seek to balance and optimise economic, environmental and social outcomes, securing multiple gains wherever possible.

This is a final stage impact assessment. It has been updated from the published consultation stage impact assessment in light of changes made to the final Framework and responses received on the consultation stage assessment.

Part A: Consolidating national planning policy

National planning policy issued by central government sets out guidance to councils, applicants for planning permission and other users of the planning system, about the delivery of sustainable development through the planning system. The guidance covers various planning aspects of business and economic development, housing, design, transport, communications, climate change, renewable energy, flood risk, Green Belt, the natural and historic environment, minerals and waste, and procedural advice such as how to compile plans.

Key background facts

- National planning policy had grown to over 1,000 pages in length, with more than 6,000 pages of supporting documentation, contained within a total of more than 200 documents.
- Over 24,000 town planners are employed across England.¹
- In 2009-10 there were 466,000 planning applications received, with decisions made in 418,000 cases.²
- In 2009-10 there were 17,000 planning appeals, representing 3 per cent of total applications received.³
- Between 2004-05 and 2009-10, net expenditure by local authorities alone on planning and development increased by 13 per cent, from £2bn to £2.3bn in 2010 prices, whilst there was a 32 per cent drop in applications received over the same period.⁴

¹ April-Jun2010. http://www.statistics.gov.uk/downloads/theme_labour/uk-employby-soc-apr-jun10.xls

² A proportion of received applications are withdrawn and thus no decision is required:

<http://www.communities.gov.uk/documents/statistics/xls/1627454.xls>

³ http://www.planningportal.gov.uk/uploads/pins/statistics_eng/09_10/full_report.pdf

⁴ <http://www.communities.gov.uk/documents/statistics/xls/1297437.xls>;

<http://www.communities.gov.uk/documents/statistics/xls/1779354.xls>

Problem under consideration

Planning should help to contribute to the achievement of sustainable development, securing net gains against the economic, environmental and social elements of sustainable development. The system needs to be based on strong local engagement in order to be effective and have local support. The Government believes the system had come to involve too great a measure of central prescription and control, with unnecessary duplication and elaboration in national policy.

In recent years, the system became overloaded with central policy and guidance, with vast amounts of paperwork making it cumbersome and unclear for councils, developers and local people to use effectively. The new Framework consolidates over 1,000 pages of planning policy statements spread across some 40 documents into a single document of 49 pages – around 5 per cent of the current volume of policy. The Government has also made clear its intention to review all the supporting guidance (which comprise a further 6,000 pages across a further 160 documents) to identify those areas where it is still appropriate for the Government to issue good practice advice.

Unnecessary detail resulted in a system which often contradicted itself and where important national policy was obscured by duplication, hindering rather than helping local communities to shape development in their neighbourhoods. This impacted on the processing of planning applications causing confusion and delay within the system, and in some cases may have discouraged submission of planning applications (as a result of the direct costs of complexity that must be borne by developers and the indirect cost i.e. uncertainty associated with planning delay).

Contradictions in policy often occurred between policy documents and guidance. For example, Planning Policy Statement 5: *Planning for the Historic Environment* asked councils to not validate planning applications where the impact of the proposed development on any heritage asset cannot adequately be understood from the information supporting the application. However, guidance on validation advises that inadequate supporting information is not grounds for invalidating applications.⁵

The same policies were unnecessarily repeated in a number of separate documents. For example, four different national policy documents⁶ all contained similar policies which asked councils to identify land which is accessible and well-connected to a means of transport including walking, cycling, by public transport and by car.

The costs of planning are very significant and can act as a barrier to development. In a report for the Department for Communities and Local Government, Professor Ball of the University of Reading suggested that the transaction costs of development control for major residential development may be up to £3bn a year.⁷ In very recent evidence to the Communities and Local Government Select Committee, Professor Ball advised that the actual costs are likely to be higher than this. The major components of this relate to 'more than £750m annually in consultant and legal fees' and 'financing costs of holding onto land and other assets whilst their projects are being evaluated' (estimated at £1bn per year).

⁵ See Planning Policy Statement 5 paragraph HE6.3 and 'Guidance on information requirements and validation', paragraph 34

⁶ Planning Policy Statement 1: *Planning for Sustainable Development*, Planning Policy Statement 3: *Housing*, Planning Policy Statement 4: *Planning for Sustainable Economic Growth* and Planning Policy Guidance Note 13: *Transport*

⁷ Ball, M (2010) <http://www.communities.gov.uk/documents/507390/pdf/1436960.pdf>

Table A1: Housing Supply and Development Control: Transaction Costs (major residential developments) (£m)

[Based on Ball, 2010]			
Cost to local planning authorities			Sources
+	750	Admin cost	DCLG, 2007 ⁸ (2006/07 survey)
-	232	Receipt of planning fees from applicants	DCLG, 2007 (2004/05 data)
=	518		
Cost to other public agencies (Planning Inspectorate, Environment Agency etc)			
+	60	Admin cost	Ball estimate
Cost to applicants			
+	232	Planning application fees (to councils)	DCLG, 2007 (2004/05 data)
+	750	Consultants and legal fees	Killian Pretty Review, 2008 ⁹
+	750	Staff costs	Ball estimate
+	1,000	Financing costs in holding onto land and other assets while their projects are being evaluated (for sites that successfully achieved planning permission)	Ball estimate
=	2,732		
Total transaction costs			
=	3,310		

It should be noted that overall costs depend on the level of house building. Professor Ball's study was for 2006/7 when over 170,000 homes annually were being built in England. The numbers of new homes being built now are far lower, but can be expected to increase as economic conditions improve and as a result of policies introduced by the Government to support improvements in the delivery of new homes. Wage and other cost inflation are additional factors that will have influenced the evolution of costs since 2006/07.

Professor Ball also notes that there are further substantial holding costs associated with land banks required by the uncertainty of development control and for sites that were rejected. This could push financing costs from £1bn "to over £2bn" (and total transaction costs from £3bn to over £4bn).

There are also wider costs of delays and uncertainty if the benefits of development to the economy and society are either delayed by n years or do not happen. The value of delayed development is the present value of the n years of implicit annual market rents of development built plus an estimate of the lost consumer surplus. The size of this impact is expected to be very considerable and much larger than the transaction costs associated with delays and uncertainty.

The Ball analysis above regarding the financing costs to developers relates to major residential development. By way of context, in 2009/10 major housing developments accounted for 40% of all major (residential and non-residential) development.¹⁰ Taking into account the direct (transaction) and indirect impacts, then **the total cost to the economy of development control could be expected to run into several billion pounds.**

⁸ DCLG (2007): "Planning Costs and Fees"

<http://www.communities.gov.uk/publications/planningandbuilding/planningcosts>

⁹ The Killian Pretty Review, *Planning Applications: A faster and more responsive system*. Final Report, Nov.08.

<http://www.communities.gov.uk/publications/planningandbuilding/killianprettyfinal>

¹⁰ See table A1 below.

A portion of these costs is necessary for a system of development control and is justified in terms of the benefits to the wider economy of ensuring development is sustainable. However, the Framework is intended to improve the efficiency of the system. We consider below the direct recurrent savings to participants associated with improving clarity and reducing duplication in planning policy (in the context of one-off transitional costs). In Part B we consider the wider implications of this in terms of reducing uncertainty and delay, in particular by supporting community participation in the development of Local Plans. Local Plans provide certainty for investors and help to reduce delays in development control.

Rationale for intervention

The mass of guidance formed part of a system of top-down targets. Enforcement of these 'imposed' rules or targets can be costly and/or ineffective. For example, administrative estimates for 2010-11 show the system of establishing regional housing targets cost the Planning Inspectorate alone approximately £1m per year.¹¹

The complexity and prescriptive nature of national policy has also led to local people becoming disengaged from the system. According to Ipsos MORI, only 15 per cent of people consider themselves to be involved in decision-making at a local level. Of those 15 per cent, the majority (9 per cent) consider themselves unable to influence decisions.¹² Other research has shown that national targets decrease the attention decision-makers give to community groups.¹³ Studies also show that consultees were often presented with limited options, giving the impression that decisions have already been taken, or were consulted on 'abstract' strategies (such as Regional Spatial Strategies) rather than plans for their local area.¹⁴

The planning reforms brought about through the Localism Act and changes in national planning policy will reduce the level of central control, simplify the level of guidance and hand back more power to local communities. As an example, in the Localism Act, the Government has taken powers to scrap Regional Spatial Strategies and their housing targets and introduced a bottom up approach that enables local communities to decide the level of housing that is required in their area and share in the benefits of development.

This is a fundamentally different approach based on councils being best placed to make local decisions, holding the knowledge and expertise of their area. Supporting and building on these changes, the Framework removes a large amount of central prescription, being clear about what is Government policy and giving councils greater discretion in those areas which national policy no longer covers. This will enable them to find innovative solutions and respond to the needs of their different communities. At the same time, local people will be encouraged to re-engage in the planning process through improvements in collaborative democracy and new policy vehicles such as neighbourhood plans.

A reduction in the level of prescriptive national policy will also generate savings for applications and deliver better outcomes. The Killian Pretty review estimated that a 10 per cent reduction in the complexity of the national policy and secondary legislation could save applicants £75m per year and local councils £30m per annum.¹⁵

¹¹ <http://www.communities.gov.uk/documents/localgovernment/pdf/1829659.pdf>

¹² Ipsos MORI (2010). *Do the public really want to join the government of Britain?*

[http://www.ipsos-mori.com/Assets/Docs/News/Do per cent20the per cent20public per cent20want per cent20to per cent20join per cent20government per cent20of per cent20Britain.PDF](http://www.ipsos-mori.com/Assets/Docs/News/Do%20the%20public%20want%20to%20join%20government%20of%20Britain.PDF)

¹³ Murdoch, J. and Abram, S. (1998) 'Defining the Limits of Community Governance', *Journal of Rural Studies*, 14(1), 41-50

¹⁴ Baker, M., Hincks, S. and Sherriff, G. (2009) *Getting Involved in Plan Making: Participation and Stakeholder Involvement in Local and Regional Spatial Strategies in England*, Paper presented at Regional Studies Association Annual International Conference, Leuven, Belgium, 6-8 April

¹⁵ The Killian Pretty Review, *Planning Applications: A faster and more responsive system*. Final Report, Nov.08.

Studies show that policies which are more sensitive to local conditions are likely to be more effective in encouraging sustainable development than centrally determined top-down policies, which ignore these spatial differences¹⁶. For example, the top-down draft regional spatial strategy for housing in the East of England led to 21,500 representations, of which most (78 per cent) were objections, delaying the final plan publication by almost four years. Survey evidence shows that communities are not against development per se: it is specific aspects which cause objection. Whilst 21 per cent of respondents opposed new supply in their area, this number fell to 8 per cent if homes were well designed and in keeping with the local area¹⁷. This evidence highlights the importance of engagement to ensure delivery of development.

Planning reform supports the Government's 'six essential actions' on decentralisation,¹⁸ of which the first two actions are the most fundamental, because decentralisation can't get started without them. They are to (i) lift the burden of bureaucracy – by removing the cost and control of unnecessary red tape and regulation, whose effect is to restrict local action; and (ii) empower communities to do things their way – by creating rights for people to get involved with, and direct the development of, their communities.

Policy objectives

A more streamlined national planning policy will:

- strengthen the plan-led system to deliver sustainable development locally,
- improve clarity and certainty for communities, local councils and developers, reduce costs and burdens for local councils and applicants (businesses and households), and improve efficiency in processes; and
- hand power back to local communities to shape development in their area.

The presumption in favour of sustainable development sits at the heart of the new Framework, and sends a strong signal to all involved in the planning process to plan positively for sustainable development through their Local Plan.

Description of options considered

Option 1: No Change: National planning policy remains as at present.

Option 2: The Framework: represents a fundamental review of all national planning policy documentation. Whilst this process involves changes and deletions to national planning policy (the impacts of which are considered in Part B of this impact assessment), Part A focuses solely on the deregulatory impact of consolidation and simplification (in terms of the number of documents and pages that form planning policy). This will bring together different statements thereby reducing duplication and contradiction and improving ease of understanding. **This is the preferred option.**

Costs and benefits of each option (including administrative burden)

Option 1: No change means that familiarisation costs arising from any change will not be incurred, but the likely benefits from a simplified system will not arise. Failure to consolidate and streamline national planning policy would keep in place the complexity and disengagement of the system, and a clear distinction would not be drawn between those aspects of policy that need rightly to be specified nationally and those where local communities are better placed to decide.

¹⁶ Oates, W. E. (1993) *Fiscal Decentralisation and Economic Development*, National Tax Journal, Vol. 46, no. 2, pp. 237-43.

¹⁷ Ipsos MORI (2010). *Do the public really want to join the government of Britain?*
http://www.ipsos-mori.com/Assets/Docs/News/Do_per_cent20the_per_cent20public_per_cent20want_per_cent20to_per_cent20join_per_cent20government_per_cent20of_per_cent20Britain.PDF

²² Halpern, D. (2009)

¹⁸ <http://www.communities.gov.uk/documents/localgovernment/pdf/1793908.pdf>

Option 2: The Framework's consolidation of documentation will have two broad impacts: first, (small) one-off costs associated with familiarisation with the new format / policy; and second, the on-going benefits arising from consolidation and simplification.

- **Familiarisation costs**

As with any change the reorganisation and amendments to planning policy that underpins how planning decisions are made will require those using it to update and refresh their knowledge (of specific items or in its entirety). This will mostly apply to those ensuring that decisions are made in line with national policy, such as those working in councils and the Planning Inspectorate. Others who consult the policy regularly, such as specialist consultants/lawyers and major developers, may also incur a transitional cost.

It is anticipated that costs of familiarisation will be small and one-off (i.e. once an agent is familiar with the new structure/policy no further costs are foreseen). They can be thought of as a 'fixed' cost for those whose job is determined by knowledge of the planning system. These costs have been monetised.

- **Consolidation benefits**

Consolidation will reduce duplication and contradiction, creating streamlined and simplified national planning policy, leading to efficiency gains (saving time and money to applicants and councils). Having a Framework that is shorter, more precise and easier to use will generate a number of direct benefits (e.g. less time processing applications, reduced administration and legal fees, to applicants and other agents such as statutory consultees). These can be described as 'variable' benefits as they depend on the level of planning activity (applications/appeals etc) and are on-going (in contrast to the one-off familiarisation costs). To illustrate these deregulatory benefits we follow a 'typical' planning application process.

1. When applicants consider whether to submit an application they will often consult the Local Plan which has to have regard to national policy in its creation. Complexity within the planning system may discourage applicants from making an application and lead to costs of overcoming such complexity (i.e. employing experts). In cases where councils do not have an up-to-date plan in place – all too common at present – it can be even more complex for applicants and householders to navigate the planning system. In future the Framework will serve as a clear and easily accessible policy framework where this is the case. A streamlined national policy document that is easier to interpret will reduce confusion and the amount of time spent studying national policy by applicants. This is also likely to lead to a reduction in enquiries from prospective applicants to the council for clarification.
2. Following submission, the council will assess the planning application to ensure that it is in line with the objectives and policies of the Local Plan. The council will also take into account other material considerations, including priorities set out in national planning policy. This should be made easier (saving time) with an improved and streamlined document. The council will consider all this information when it decides whether to grant planning permission or not.
3. If planning permission is not granted, this may lead to appeal. Greater clarity of national policy (and a reduction in central control) could reduce the overall number of appeals (see below). This would lead to savings for councils.

Establishing the baseline and background facts

Department for Communities and Local Government statistics show that the number of planning applications rose throughout the mid-1990s onwards, peaking in 2004/05 at around 690,000 applications received and falling sharply in 2009/10 to 466,000. The approval rate in 2010/11 was 86 per cent (hence 439,900 decisions in Table A2), and has fluctuated between 82 and 87 per cent over the last 10 years. Most planning applications are made at the individual household level. By land use type, housing and residential development account for the significant majority of planning appeals (approximately 80 per cent of all appeals).

Table A2: Breakdown of planning applications decided, 2010/11, by type (selected)¹⁹

Planning Applications (2010/11)	Decisions made	% of total decisions made
All major developments	13,000	3%
<i>of which:</i> dwellings	5,300	1%
All minor developments	122,000	28%
<i>of which:</i> Dwellings	46,500	11%
All other developments	304,000	69%
<i>of which:</i> change of use	25,400	6%
Householder development	201,000	46%
<i>Nationally Significant Infrastructure Projects</i>	40	0%
TOTAL	439,900	100%

Planning Inspectorate statistics on planning appeals show that the number of appeals has fallen slightly since the economic downturn. Appeals represent only around 4 per cent of all planning applications received (2010/11).

Table A3: Planning appeals²⁰

Received, by procedure type	2007/08	2008/09	2009/10	2010/11
Written Representations	18,142	16,202	11,549	14,800
Hearings	3,294	3,179	1,536	1,311
Inquiries	1,461	1,009	589	436
Total appeals received	22,897	20,390	13,674	16,547
Received, by development type (selected)				
Change of use	1,888	1,621	1,609	1,592
Householder development	7,366	6,785	6,674	6,546
Major dwellings*	1,617	1,201	788	629
Minor dwellings	7,552	7,177	5,046	4,872
*Number of dwellings proposed was 10+ or site area 0.5ha+.				

Impact: costs and benefits

This section details the costs and benefits in greater depth, providing quantification where possible.

- **Familiarisation costs**

¹⁹ <http://www.communities.gov.uk/documents/statistics/xls/1929700.xls>

²⁰ http://www.planningportal.gov.uk/uploads/pins/statistics_eng/10_11/stats_report_final_2010_2011.pdf

Familiarisation costs will affect all those who regularly use national planning policy. This will include town planners (working in local planning authorities), developers and specialist lawyers/consultants. The costs are one-off and occur in the first year only.

The assumptions used in the analysis are as follows:

1. Town planners are required to familiarise themselves with national policy; ONS statistics show that 24,000 town planners employed, of which 60 per cent are employed in local councils;^{21 22}
2. Average wage rate for town planners is estimated at £37.92 per hour (up-rated from basic wage of £16.21 per hour to incorporate non-wage staff costs);²³
3. In addition to town planners, professional developers (i.e. non-householders) will also need to become familiar with the national policy framework. The number of major developments is used as a proxy for the number of professional developers: 13,000 in 2010/11.
4. On the one hand this may be seen as a very cautious assumption because not every application involves a different developer needing to become familiar with national policy, but on the other hand it is likely that more than one person per developer would need to familiarise themselves with the new policy framework.
5. Developer wages are assumed to be £52.21 per hour (up-rated from basic wage of £22.31 per hour to reflect non-wage staff costs). To estimate we have used a proxy of 'activities of head office; management consultancy services'.²⁴
6. Time costs are the same for both groups and are estimated at 3 to 4 hours per person.

The approach taken uses wage rates to estimate the monetary costs of familiarisation (and benefits of consolidation). This is based on standard economic theory that assumes that workers trade-off work and leisure and thus the wage received by an employee is broadly representative of the value they place on their time – this approach is discussed in further detail in a recent HM Revenue and Customs paper.²⁵

Using this approach the average annual cost of familiarisation with the new Framework is estimated at £4.8m to £6.4m (first year only). Of this, £1.6m to £2.2m is estimated to fall to local councils and £3.1m to £4.2m to applicants (mainly businesses).

The estimates above relate to time savings (and costs) only. They can be seen in the context of baseline estimates for costs of development control. The table below re-presents the relevant cost components from the Ball study mentioned earlier.

Table A4: Comparison of estimated one-off familiarisation costs with baseline annual costs of development control (£m)

Selected estimates from Ball analysis (2006/07)	Baseline for annual direct costs of development control (2010)	Impact Assessment estimates: one-off costs as % of baseline annual costs of development control

²¹ April-Jun2010. http://www.statistics.gov.uk/downloads/theme_labour/uk-employby-soc-apr-jun10.xls

²² http://www.grb.uk.com/industry_profiles.0.html?industry_id=59

²³ Public sector wage rates (including local government), ONS Survey Control Unit (2011/12); a proxy of junior manager is used. In line with HM Treasury Green Book guidance, *Appraisal and Evaluation in Central Government*, the marginal costs of employing staff are estimated by up-rating hourly wage rates to account for non-wage labour costs (e.g. National Insurance & pensions contributions) and associated capital overheads (such as the cost of office space, heating & lighting etc). Uplifts of 1.3 and 1.8 are applied, respectively, based on ONS advice.

²⁴ Private sector wages are estimated from ONS Annual Survey of Hours and Earnings. Gross hourly wages are up-rated by 30% and 80% to incorporate non-wage labour and capital costs (HM Treasury, ONS).

²⁵ HMRC (2009) <http://www.hmrc.gov.uk/research/cost-of-time.pdf>

²⁶ 2006/07 baseline estimates grossed in line with the change in net current expenditure by local authorities on planning <http://www.communities.gov.uk/documents/statistics/xls/2031278.xls> and <http://www.communities.gov.uk/documents/statistics/xls/1296938.xls>

Direct cost to local planning authorities		
750	Admin cost	
- 232	Receipt of planning fees from applicants	
= 518		577
Direct costs of development control to applicants		
+ 232	Planning application fees (to councils)	
+ 750	Staff costs	
= 982		1094
		0.28%-0.38%
		0.27%-0.37%

- **Consolidation benefits**

The following assumptions are employed for the analysis (over the 10-year appraisal period):

1. Total planning applications broadly move in line with economic growth (using Office for Budget Responsibility forecast);²⁷
2. Past 10-year average of total planning applications received is then used to break this down into 'major', 'minor' and 'other' developments;²⁸
3. Average wage rates are estimated at £37.92 per hour for town planners (as above). Wages are assumed to rise by 2 per cent p.a.
4. For town planners in local councils it is assumed that time savings only occur on major applications (for minor and 'other' applications it will not always be necessary to consult national policy in any depth). It is assumed that a minimum of 2.5 to 4 hours will be saved per average major application. This is based on a small survey of practitioners conducted by Department for Communities and Local Government. The survey also highlighted that this efficiency saving represents around 10 per cent of the total time taken on a major planning application (in-line with the illustration presented in the Killian Pretty Review - see below). Whilst overall complexity will be reduced to a greater extent (than 10 per cent), the survey indicated that the majority of time spent assessing major applications involves investigation of the details of individual cases, with only a relatively small proportion of time spent assessing the application against relevant national policies; hence the use of a conservative estimate.
5. The corresponding savings to applicants are modelled on the basis that they are 2.5 times greater than those to the local councils. This ratio is taken from the Killian Pretty Review where it was estimated that savings from a 10 per cent reduction in complexity of policy and legislation would be £75m for developers and £30m for local councils.²⁹

Based on these assumptions, average annual benefits are estimated at £2m for councils. Over the 10 year appraisal period, total benefits are estimated at £13.1m to £20.9m (present value). Average annual benefits are estimated at £5m for applicants. Over the 10 year appraisal period, total benefits to applicants are estimated at £32.7m to £52.4m (present value). **Total annual benefits are estimated at £7m (average annual) and £59.6m (present value over 10 years).**

The estimates above relate to time savings (and costs) only. They can be seen in the context of baseline estimates for costs of development control. The table below re-presents the relevant cost components from the Ball study mentioned earlier. **The very large costs of development control mean that small percentage changes produce very significant money savings for participants.**

²⁷ Latest GDP forecasts (Office for Budget Responsibility), March 2011.

<http://budgetresponsibility.independent.gov.uk/econ-fiscal-outlook-march.html>

²⁸ **Major site** - an application site which has a site area of 1 hectare or more, or where the floor space to be built is 1,000 square metres or more; **Minor site** - an application site which has a site area of less than 1 hectare or where the floor space to be built is less than 1,000 square metre. **Other site** - all other developments that require planning permission, e.g. mineral processing, householder development etc

²⁹ The Killian Pretty Review, *Planning Applications: A faster and more responsive system*. Final Report, Nov.08.

Table A5: Comparison of estimated average annual savings with baseline annual costs of development control (£m)

Selected estimates from Ball analysis (2006/07)	Baseline for direct costs of development control ³⁰ (2010)	Impact Assessment estimates: average annual savings as % of baseline annual costs of development control
Direct cost to local planning authorities 750 Admin cost – 232 Receipt of planning fees from applicants = 518	577	0.35%
Direct costs of development control to applicants + 232 Planning application fees (to councils) + 750 Staff costs = 982		
	1094	0.46%

Other benefits through reduced transaction costs may also arise. For example, the Ball study highlighted other substantial costs to applicants associated with hiring professionals (legal and consultancy fees, etc) - estimated by Ball to be of the order of £750m (2006/07). By reducing complexity, there may also be an impact on these costs. It is difficult to estimate the extent to which such costs will be reduced as it is likely to vary on an application by application basis. As a baseline we outline the total costs involved in the planning process (as estimated by consultants, Arup³¹) for a number of application types (which excludes the time of applicants themselves):

1. Householder development: range of total costs between £150 and £2,900.
2. Small housing development (10-15 units): range of total costs between £4,450 and £49,070.
3. Major housing development (c. 100 units): range of total costs between £59,990 and £152,310.

The range of estimates for each type of application illustrates the difficulty in arriving at an aggregated figure for any savings that might arise. However, it is reasonable to assume that in percentage terms the savings could be a similar order of magnitude to applicants' direct costs. Therefore, applying a 0.46% saving to annual professional costs (legal and consultancy fees, etc) of £836m (the £750m Ball estimate up-rated to 2010) yields additional average savings of £3.8m annually. This is equivalent to a present value of £32.7m over 10 years.

Finally, additional savings could be expected to accrue to other public agencies involved in development control. Applying the 0.35% saving to local authorities to the annual costs of other public agencies of £67m (the £60m Ball estimate up-rated to 2010) yields additional average savings of £0.2m annually. This is equivalent to a present value of £1.7m over 10 years. These additional benefits are innately uncertain so are not added to the total for Part A.

As described earlier the annual transaction costs of development control to the economy also include a major component related to the financial cost of holding onto land and other assets whilst projects are evaluated (Ball, *ibid*). Wider costs, which may be much more significant than the transaction costs of development control, relate to socially beneficial development that is foregone or delayed by the process of development control. A simpler policy framework in combination with increased adoption of up-to-date Local Plans is expected to reduce

³⁰ 2006/07 baseline estimates grossed in line with the change in net current expenditure by local authorities on planning <http://www.communities.gov.uk/documents/statistics/xls/2031278.xls> and <http://www.communities.gov.uk/documents/statistics/xls/1296938.xls>

³¹ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/benchmarkingcostsapplication.pdf>

uncertainty for investors and increase the speed of development (where no up-to-date plan exists) that will reduce these costs – this is considered in Part B.

- **Impact on appeals**

More streamlined and simple guidance that removes contradictions, and has been refined following a thorough consultation exercise, may also lead to a reduction in the level of appeals. Perhaps more important in this respect will be increased adoption of up-to-date Local Plans which is considered in Part B.

Table A6: Appeal cost per case, by type of appeal (10/11)

Proportion of each type						
Written representation	89%		Hearing	8%		Enquiries 3%
Cost per case						
Planning Inspectorate	£1,000		Planning Inspectorate	£3,500		Planning Inspectorate £11,500
Council	£800		Council	£1,000		Council £3,200
Appellant	£2,000		Appellant	£4,000		Appellant £10,500

This is a far-reaching set of reforms, and therefore it is not possible to predict precisely the future trajectory of appeals. The level will be influenced by the speed with which Local Plan policies are put in place, the volume and type of development proposals brought forward and the level of approval by councils, and propensity to appeal against the refusal of planning permission. Broadly we expect lower levels of appeals over the medium and longer term. In the short term, some appeals may be brought forward as 'test cases' for the new system, as is always the case, but the risk is mitigated by having the Framework rather than its voluminous predecessors and implementation arrangements that do not disadvantage local authorities with up-to-date plans or plans in preparation.

Costs and benefits to business

Consolidating national planning policy will not have any direct regulatory costs and benefits to business as it does not regulate the activity of planning applicants. However, as detailed above, there will be wider, non-regulatory benefits to business as a result of consolidation. Savings to applicants are estimated at between £32.7 and £52.4m over the 10 year appraisal period (present value). With familiarisation costs estimated at £3.1m to £4.2m, net benefits of £29.7 to £48.3m are expected to accrue to applicants.

Risks

The reorganisation of documentation to provide a more logical structure and omit duplication will make national policy easier to understand. Where the policy has been streamlined, some respondents have suggested that there is a risk that a smaller volume of policy which is less prescriptive could make it less clear what decisions have to be taken. However, giving greater control to local communities to shape the development in their area is one of the central aims. As set out in the evidence base, this Government is implementing a localism agenda that removes unnecessary rigidity and provides flexibility to local communities to best suit their needs, thereby securing planning decisions better suited to local circumstances which will differ from place to place. Furthermore, there has always been some local variation in how issues are addressed across local authorities. This is entirely legitimate in response to local circumstances and is a core part of the planning system in England, based as it is on local decision-making by democratically accountable councils.

There are some circumstances where a coordinated approach is needed across localities. This is why local planning authorities are now subject to the duty to cooperate which was introduced by the Localism Act 2011. The duty requires councils to work together constructively, actively and on an ongoing basis on planning for strategic cross boundary matters in Local Plans. Councils will have to demonstrate at the independent examination that they have complied with the duty. Failure to do so will mean that they may not pass the independent examination. This

is a powerful sanction and mitigates the risk that local variation might encumber more strategic planning decisions.

The Framework limits the amount of top-down policy but maintains a strong set of national policy principles to provide direction to councils. The Government has developed the policy in the Framework through a process of thorough consultation with people who know and understand the planning system. The Framework sets out the level of policy detail needed to ensure clarity about what Government considers important. The final Framework strikes a balance between containing sufficient detail on nationally important matters to provide certainty for users of the planning system and providing sufficient flexibility for councils to respond appropriately to their local priorities.

Some have suggested that a shorter and less detailed form of national policy could lead to small businesses, which do not regularly use the planning system, incurring additional costs. We assess this risk to be small. National policy is translated into Local Plans; it is Local Plans that set out the detailed policies that need to be considered for the types of minor development (for example, change of use) normally brought forward by small businesses. Applications from small business will usually interact with nationally significant policy only when they are in special areas or circumstances, for example listed buildings, flood risk zones or National Parks. We are confident that these policy areas are sufficiently clear to be understood by the lay person.

Table A7: Summary of impact of changes on key groups

Group	Costs	Benefits
Councils/ other public agencies	One-off familiarisation costs associated with understanding and using new national policy; estimated to range from £1.6m - £2.2m (first year only).	Efficiency savings in processing planning applications and dealing with queries. Average annual benefits: £1.5m - £2.5m; total benefits ranging from £13.1m - £20.9m (present value). Other public agencies involved in development control: Annual average: £0.2m; total: £1.7m (present value).
Applicants (mainly businesses)	One-off familiarisation costs associated with understanding and using new national policy; estimated to range from £3.1m - £4.2m (first year only).	Reduced transaction costs relating to development control; time savings in preparing and submitting planning applications. Average annual benefits: £3.9m - £6.2m; total benefits ranging from £32.7m - £52.4m (present value). Reduction on professional costs to applicants [not included in total benefits for Part A]. Average annual benefits: £3.8m; total benefits: £32.7m (present value).
Local communities		Increased efficiency in development control, leading to more responsive system.

Part B: Changes to national planning policy

B1: Sustainable development

Overview

The Framework is intended to contribute to the achievement of sustainable development. The Framework will work with other reforms to add support for the development of Local Plans as the basis for delivering sustainable development. Where these are absent or policies are out of date, the Framework will provide a robust framework for making decisions, safeguarding the things that matter like Green Belt and areas at risk of flooding.

The Government has already taken action to devolve power to local authorities. The Localism Act provides powers to abolish the old regional strategies and the 'top down' housing targets they contained; it will no longer be possible for Inspectors to re-write Local Plans; and new neighbourhood planning powers give real control to local people.

The Framework goes further to encourage and support a system that is genuinely led by Local Plans. A simpler planning framework will enable and encourage communities to participate more fully in plan-making: a streamlined policy framework, including fewer national targets, will put local people back in control, allowing them to decide the areas they wish to see developed and those to be protected through their local and neighbourhood plans; and the presumption in favour of sustainable development provides encouragement for them to do this by emphasising the importance of up-to-date plans – both as the basis for decisions, and for making clear the balance to be struck locally between environmental, social and economic requirements.

The Framework also seeks to ensure that Local Plans meet the needs of the community. The presumption in favour of sustainable development is intended to ensure councils take a positive approach when developing Local Plans. The presumption also applies to decision-taking, placing emphasis on approving planning applications that are in line with adopted plans, but also an increased emphasis on approving proposals where up-to-date plans are not in place (or where existing plans do not provide a clear guide), subject to safeguards to ensure that development is sustainable.

Problem under consideration

A plan-led system brings many benefits. As outlined in the Barker Review of Land Use Planning: *“The plan-led system brings with it many benefits. It provides business with a greater degree of certainty about likely development than would otherwise be the case and enables communities to engage in developing a vision of the future of their area. It also supports the coordination of investment and the realisation of positive spillovers. To maximise these benefits, it is important that development plan documents are up-to-date and provide clear policy, and that applications in accordance with the plan are approved unless other material considerations indicate otherwise.”*³²

However, the benefits can only be realised if Local Plans are up-to-date, make adequate provision for sustainable development, and provide a clear basis for investment and planning decisions. The planning system can be a barrier to, or slow down, sustainable development if:

- Local Plans are not in place or not up-to-date, resulting in inadequate land identified for development and uncertainty for developers and investors;
- Plans do not provide adequately for the sustainable development which their areas need;
- Individual planning decisions do not respond to economic, social and environmental needs or take sufficient account of the benefits of development, especially where plans are not up-to-date or make adequate provision to meet identified needs.

Out-of-date plans can lead to ‘planning by appeal’. This means less development (because of costs to applicants associated with delays and uncertainty); or development which occurs later and which is potentially sub-optimal from the community’s perspective.

The costs of delays and uncertainty in the development control process are potentially very large. Part A referred to a study by Professor Ball, which estimated transaction costs of up to £3bn per annum (2006/07) for major residential developments. Whilst these are the direct costs of the system, unnecessary delays and uncertainty potentially contribute a significant share of the total and small improvements can generate large savings in absolute terms. For example, a third of the total (£1bn) is attributed to holding land and other assets through the development management process.

³² Pg.7. Barker Review of Land Use Planning Final Report: <http://www.communities.gov.uk/documents/planningandbuilding/pdf/154265.pdf>

There is evidence that many parts of England do not have an up-to-date plan in place. The Government believes that the system it inherited undermined Local Plans and disempowered local communities. The table and map below show the number and proportion of local councils with Core Strategies according to the status of those strategies.

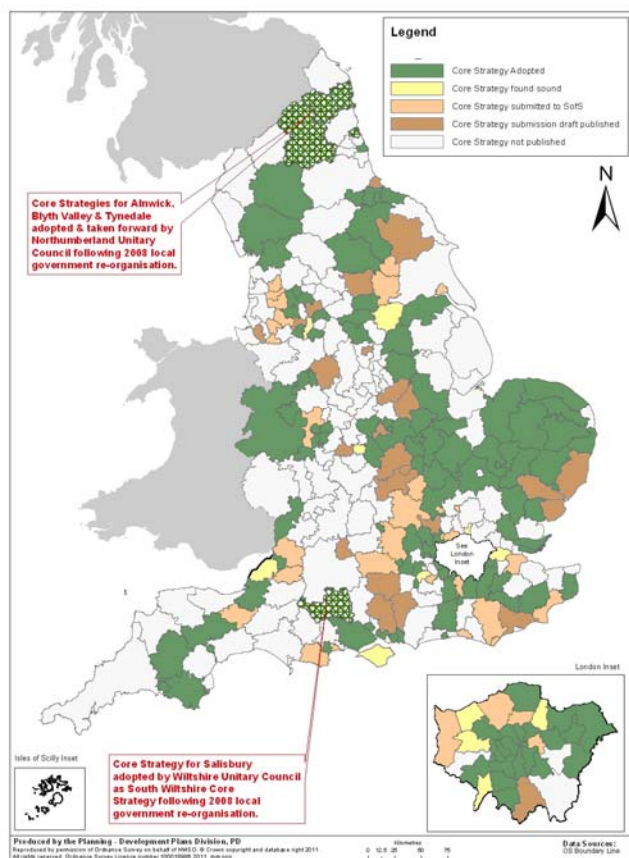


Table B1.1: Progress in preparing core strategies (as at March 2012)

Core Strategies by 'status'	Number of local councils	Percentage of local councils
Not Published	136	41%
Published	199	59%
Submitted to Secretary of State	172	51%
Found Sound	144	43%
Adopted	132	39%

Source: Department for Communities and Local Government.

Rationale for intervention

Up-to-date Local Plans are the keystone of the planning system. They provide a robust basis for communities to shape the development of their local areas and provide greater certainty for business. Without this, there could be costs associated with uncertainty and delay. This could mean less development (because of the costs to applicants associated with delays and uncertainty); or development which occurs later and which is potentially sub-optimal from the community's perspective.

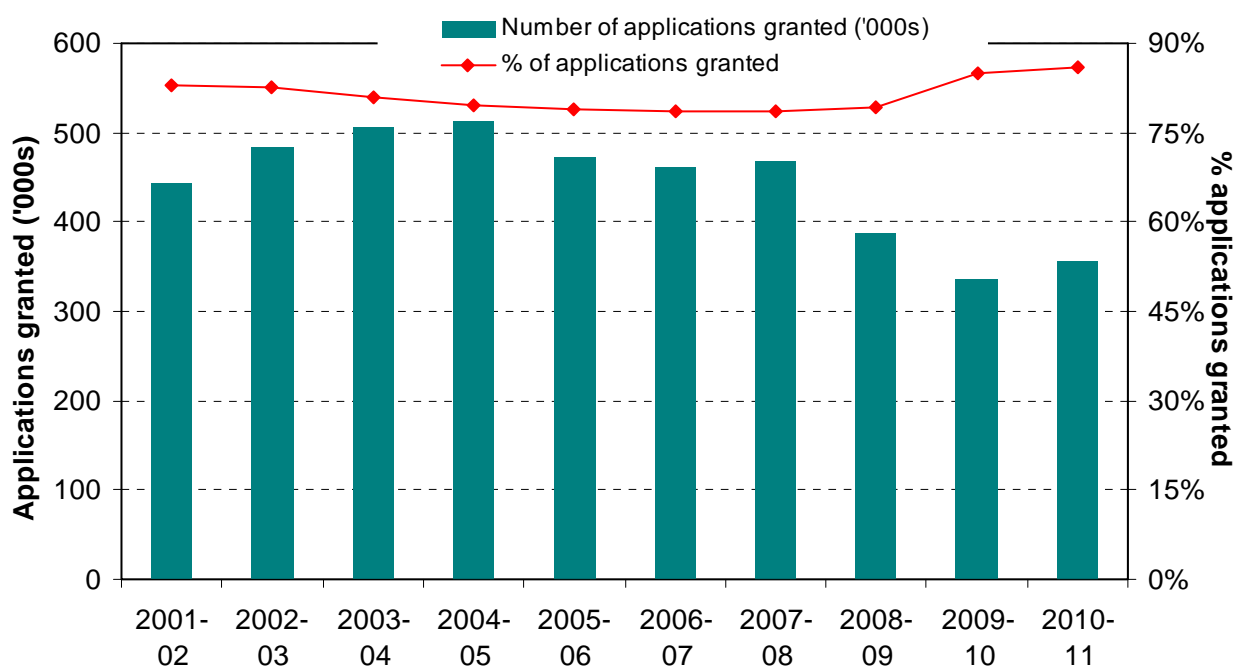
If there is less sustainable development, this carries costs and benefits. The intention of the Framework is to support sustainable development, which means balancing economic, environmental and social considerations and seeking to achieve positive improvements overall. Through its support for Local Plans, the Framework seeks to ensure more efficient delivery of

sustainable development. This means reducing the direct costs associated with delays and uncertainty and reducing the wider costs associated with delays that mean the net benefits of sustainable development, in the absence of plans, are realised later than they should be. As well as improving the coverage of up-to-date plans, there is a need to ensure that:

- Those plans make adequate provision for development requirements (and for changes in those requirements as economic and other circumstances change), in the absence of the top-down targets which have proved to be ineffective;
- Up-to-date plans are used effectively as a basis for decisions (with more decisions being made in line with them, and decisions being made more quickly where the plan provides a clear guide); and that
- There is also a clearer and more positive basis for making decisions where plans are not up-to-date or do not provide a clear guide.

Without this happening, there are likely to be fewer applications made than there would otherwise be, and more applications being rejected than is warranted, frustrating ambitions to deliver additional development in a sustainable manner. The total number of planning applications received and granted has declined since 2004-05; in that year decisions were made on 645,000 applications in total, of which 83 per cent (514,000) were granted. The number of applications received fell to 418,000 by 2009-10 but recovered slightly to 440,000 in 2010-11.³³

Chart B1.1: Number of applications granted/ approval rate over time



While economic activity is a key factor determining the level of applications received, and this largely explains the decline seen since the recession, the predictability of the system is also important. The number of applications received will, in part, reflect this. This in turn makes the presence of a clear and up-to-date Local Plan important, as the plan provides applicants and others with clear information about the type of development likely to be acceptable, and where.

Policy objective

Building on other policy changes, including provisions in the Localism Act, the Framework supports plan-making through more explicit encouragement in policy terms for authorities to produce up-to-date plans. The Framework does more to empower communities than the top-down system it replaces, emphasising the importance of up-to-date Local Plans as the basis for decisions.

³³ <http://www.communities.gov.uk/documents/statistics/xls/1929700.xls>

By adopting up-to-date plans communities will be able to have a real say over what development takes place in their area. The existence of up-to-date plans then allows that development to be delivered more efficiently because it reduces the costs associated with planning delays and uncertainty. This can mean benefits in terms of: reduced transaction costs, for example associated with holding land and other assets through the development control process; reduced holding costs associated with land banks required by the uncertainty of development control and for sites that were rejected; and wider benefits associated with the value of development previously prevented or delayed.

In the absence of up-to-date Local Plans, the Framework provides a clear policy steer for investors and planning decisions, so that some of the benefits of reducing delays and uncertainty may be realised even if an up-to-date plan were not to be adopted by a council.

The Framework provides explicit policy support for sustainable development. The policies in the Framework will encourage communities to plan positively for locally appropriate sustainable development. The emphasis on up-to-date Local Plans as the basis for decisions is expected to bring about more positive attitudes towards sustainable development as communities realise they can help determine what form sustainable development takes, giving local people greater reason to engage with the planning system.

The Framework also provides for a more positive framework for sustainable development. Whilst more development carries costs as well as benefits, the intention of the Framework is to support sustainable development, which means balancing economic, environmental and social outcomes and seeking to achieve net gains overall.

Description of options considered (including do nothing)

Option 1: Do nothing: National policy on the approach to assessing development needs and proposals (through both plans and development management) remains unchanged. Planning Policy Statement 1 asks councils to bring forward sufficient and suitable land to meet expected needs, taking into account other planning considerations, and to determine applications in line with the development plan unless other material considerations indicate otherwise.³⁴

Option 2: Set out a presumption in favour of sustainable development as a central feature of the Framework: This places a more positive requirement on councils to be proactive in identifying and addressing the need for sustainable development. Councils will need to be more explicit about the needs of their areas and how they are meeting them when producing their plans. For applicants, they will submit applications as normal, but should have a clearer idea of what is and isn't acceptable. **This is the preferred option.**

Impacts: Costs and benefits

Option 1: Maintaining current policy on the approach to assessing development needs and proposals would not impose any new direct costs on councils, development interests or the economy more generally; but it would represent a significant *opportunity cost* given the benefit forgone of introducing the presumption.

Option 2: The potential costs and benefits of the presumption need to be assessed in relation to the policy rationale and objectives identified above.

The precise impacts of the policies will in practice vary by location and are dependent on how local communities respond to the opportunities provided by the Framework. It is not possible to

³⁴ ODPM (2005): <http://www.communities.gov.uk/publications/planningandbuilding/planningpolicystatement1>

provide an accurate aggregated assessment of the individual local and sub-local behavioural responses to these changes. Further, given the inherent uncertainty in the housing market, capital markets and wider economy, it is difficult to isolate the impact of the changes proposed here from those wider macro-economic factors.

a) Benefits due to more efficient delivery of sustainable development in plans, associated with reduced delays and uncertainty, as a result of (i) increased provision of up-to-date Local Plans; and (ii) in their absence a positive framework for making decisions

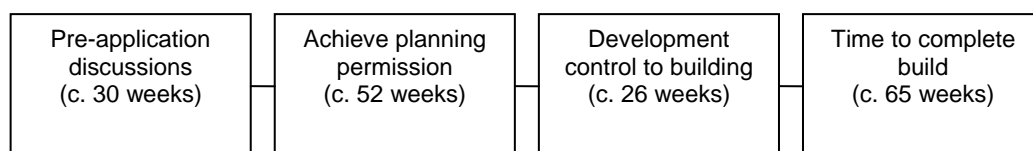
The emphasis of this section is on timely decision-making. Where applications accord with the plan, there is likely to be some impact on the speed with which decisions are made. As a result, with more up-to-date plans adopted, the speed of obtaining planning permission (and therefore completing sustainable development) should be reduced. Even where up-to-date plans have not been adopted, the Framework provides a clear policy framework for investors and development control decisions, so that the benefits of reducing delays and uncertainty may to some extent be realised even before up-to-date, compliant plans are adopted by local authorities.

Evidence box: An illustrative development time

To estimate the average length of time taken for a housing development from start (of planning process) to finish (completion of development), we use the recent study by Professor Michael Ball, supported by other relevant information. The main elements are outlined in Figure B1 below.

The study suggests “a broad rule-of-thumb average measure would be that it takes sites around a year to achieve development control approval, excluding pre-application discussions and the time required to discharge conditions attached to permissions.” Upon approval there is then a delay (estimated at an average 26 weeks) before construction (GLA and Glenigans data, cited in the Ball study). This is normally due to waiting for supporting infrastructure, such as roads links or bridges, and a variety of other factors including finance and market conditions. Finally, data from the HBF indicates that the average time to build is 15 months (or 65 weeks).

Figure B1: Estimated time for stages of development



The total of the above provides an estimated average time from conception to completion for major developments of just over 3 and a quarter years. However, as cited this estimate does not include some elements, such as time to complete the application and time required to discharge conditions attached to permissions.

The impact, in terms of quantum of development taking place more quickly than it otherwise would (so the benefits to society are enjoyed earlier), will depend on how much sustainable development would otherwise occur without the Framework (the baseline) and the impact of the Framework on the speed with which this development may now be delivered as a result of reduced delays and improved certainty for investors.

Given the inherent uncertainty in the housing market and wider economy it is difficult to produce a reliable baseline trajectory for development over the next 10 years (the baseline). However, even modest improvements in scheme delivery times as a result of the certainty provided by up-to-date plans could produce significant effects in terms of the efficiency by which those plans are delivered and substantial benefits to society as a result of development taking place sooner.

There are other benefits associated with reduced holding costs land and other assets through the development management process; and land banks required by the uncertainty of development control and for sites that were rejected (baseline estimates for these, in relation to major residential development, are referred to in Part A). For example, Ball (2010) notes that there are substantial holding costs associated with land banks required by the uncertainty of development control and for sites that were rejected. This could push financing costs from £1bn “to over £2bn”.

Councils will incur some costs in bringing forward or updating their plans; although they are already required by national policy to produce a core strategy.

b) Benefits associated with the potential for additional development as a result of the Framework, including the presumption in favour of sustainable development

While no policy overrides the law³⁵, national policy can be an important influence on the pattern of decision-making (in particular because of the risk of local councils’ decisions being overturned at appeal, should they disregard national policy in their decisions)³⁶.

The intention of the Framework, including the reforms described across this impact assessment, is to make the plan-making process easier and more democratic, and as a result enable and encourage greater amounts of sustainable development which is appropriate to the needs of each area. It achieves this in the way described earlier in this document – through there being more plans in place with a strong emphasis on meeting development needs in a sustainable way, and where plans are not up-to-date through a clear guide to taking decisions.

Some 440,000 planning applications were decided in 2010/11, with the current approval rate for all planning applications decided by district-level councils at 86 per cent.^{37, 38} In addition, 16,000 applications were decided at appeal, of which 5,000 were allowed – this represents approximately 1.1 per cent of all planning applications.³⁹

The two tables below illustrate the additional number of applications for major and minor development⁴⁰ that might be granted planning permission as a result of: (a) an increase in the number of applications submitted and decided by the council; and (b) an increase in the proportion of those applications that are granted.

Table B1.2: Additional major planning applications granted planning permission

	<i>% increase in applications submitted and decided by the council</i>										
<i>% increase in proportion that are granted</i>	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%

³⁵ Section 38(6) of the Planning and Compensation Act 2004: decisions must be made “in accordance with the plan unless material considerations indicate otherwise”.

³⁶ Land Use Consultants (1995): *The Effectiveness of Planning Policy Guidance Notes* (DoE research report)

³⁷ <http://www.communities.gov.uk/documents/statistics/xls/1876414.xls>

³⁸ Approval rates are sensitive to the health of the economy and the development industry. The volume of applications rises as the economy grows; but the approval rate tends to fall, as local councils are less concerned about turning down development when the economy is buoyant. This is coupled with the fact that developers are less risk-averse during booms and are more prepared to submit applications that challenge policy. If the approval rate does not increase in the future, this does not imply that the presumption is not working successfully. There are many other factors at work influencing approval rates.

³⁹ http://www.planningportal.gov.uk/uploads/pins/statistics_eng/09_10/full_report.pdf (table 1.2)

⁴⁰ Major development’ is defined in the interpretation section (article 2) of the Development Management Procedure Order (DMPO) <http://www.legislation.gov.uk/ukxi/2010/2184/article/2/made>. ‘Minor development’ is anything which constitutes ‘development’ but which is below the thresholds for ‘major development’ as set out in the DMPO definition.

0%	-	100	200	300	400	500	600	700	800	900	1,000
1%	100	200	300	400	500	600	700	900	1,000	1,100	1,200
2%	200	400	500	600	700	800	900	1,000	1,100	1,200	1,300
3%	400	500	600	700	800	900	1,000	1,100	1,200	1,300	1,400
4%	500	600	700	800	900	1,000	1,100	1,300	1,400	1,500	1,600
5%	600	700	800	900	1,100	1,200	1,300	1,400	1,500	1,600	1,700
6%	700	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800
7%	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,800	1,900	2,000
8%	1,000	1,100	1,200	1,300	1,400	1,600	1,700	1,800	1,900	2,000	2,100
9%	1,100	1,200	1,300	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,300
10%	1,200	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,200	2,300	2,400

Table B1.3: Additional minor planning applications granted planning permission

<i>% increase in applications submitted and decided by the council</i>											
<i>% increase in proportion that are granted</i>	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
0%	-	1,000	1,900	2,900	3,800	4,800	5,700	6,700	7,600	8,600	9,600
1%	1,200	2,100	3,100	4,100	5,100	6,000	7,000	8,000	8,900	9,900	10,900
2%	2,400	3,300	4,300	5,300	6,300	7,300	8,200	9,200	10,200	11,200	12,200
3%	3,500	4,500	5,500	6,500	7,500	8,500	9,500	10,500	11,500	12,500	13,500
4%	4,700	5,700	6,700	7,700	8,700	9,700	10,700	11,700	12,700	13,700	14,800
5%	5,900	6,900	7,900	8,900	10,000	11,000	12,000	13,000	14,000	15,000	16,000
6%	7,100	8,100	9,100	10,200	11,200	12,200	13,200	14,300	15,300	16,300	17,300
7%	8,300	9,300	10,300	11,400	12,400	13,500	14,500	15,500	16,600	17,600	18,600
8%	9,400	10,500	11,500	12,600	13,600	14,700	15,700	16,800	17,800	18,900	19,900
9%	10,600	11,700	12,700	13,800	14,900	15,900	17,000	18,100	19,100	20,200	21,200
10%	11,800	12,900	13,900	15,000	16,100	17,200	18,200	19,300	20,400	21,500	22,500

The exact magnitude and location of additional development is difficult to predict due to the various responses and constraints that are faced in different localities (including land availability and market conditions). The benefits that flow from increased development accrue to landowners, applicants, households and communities.

c) The environmental implications of additional development that may occur as a result of the Framework, including the presumption in favour of sustainable development

The presumption in favour of sustainable development will have environmental impacts by strengthening the plan-led system and supporting sustainable development. These are assessed in this section, which identifies the range of environmental assets that are present in the baseline that might be impacted by changes in the type and level of development taking place. **Impacts are considered within an ecosystem services framework and a screening exercise has been carried out to ensure that the entire range of environmental effects is taken into account⁴¹.**

⁴¹ Department for Environment, Food and Rural Affairs, *Wider environmental impacts: step by step guide*, <http://archive.defra.gov.uk/corporate/policy/guidance/env-impact/documents/step-by-step-guide.pdf>

The nature and potential scale of these impacts is subject to a qualitative assessment wherever possible. The relationship between the Framework and changes in ecosystems services is, however, a complex one and national level analysis is inevitably constrained by gaps in the scientific and behavioural evidence base⁴². Nevertheless the assessment describes the expected change in the quality and quantity of many environmental services likely to be affected by the increased emphasis on Local Plan-making that meets the needs of communities.

Quantifying the environmental outcomes is no straightforward task since these will depend on how local councils respond to the Framework by revising their plans, and in turn on the specific changes in the type, size and location of developments that take place following these.

Promoting ambitious Local Plans that reflect community interests could result in much more far-reaching beneficial environmental impacts, since by doing this the Framework could put all *baseline* development on a more sustainable footing. Minor improvements to the design and location of the dwellings that may be built over 10 years, regardless of the Framework, could have large positive environmental impacts. These are not quantified because they depend on exactly how local councils respond to the inducement to plan more positively for the needs of communities.

(i) The importance of ecosystems services and planning positively to enhance the environment

The natural environment directly or indirectly provides a wide range of goods and services – ‘ecosystem services’ – that underpin human health, wellbeing and prosperity. Benefits of ecosystem services include clean air and water, food and fuel as well as things that improve quality of life and wellbeing, such as recreation and landscapes. Ecosystems also provide habitats for wild plant and animal species, both resident and migratory, acting as a refuge and storehouse for biodiversity by maintaining the conditions that allow survival of our diverse array of species.

The Framework sits within a broader set of national policy and legislation, which continue to apply to local councils. **The Natural Environment White Paper, published in June 2011, sets out the Government’s vision for the future of the natural environment in England, including moving to a net gain in the value of nature and ensuring that the natural environment will be protected through the planning system.** The White Paper supports a more strategic and integrated approach to planning for nature within and across local areas. It also seeks to move progressively from net biodiversity loss to net gain, by supporting healthy, well-functioning ecosystems and establishing more coherent ecological networks. Local plan making can contribute to achieving this objective by having an integrated approach to planning for the natural environment, guiding development to the best locations, encouraging greener design and enabling development to enhance natural networks for the benefit of both local communities and the environment as part of sustainable development.

The Framework stresses the importance of conserving and enhancing our natural environment, using natural resources prudently and mitigating and adapting to climate change. It will be for local councils, working with their communities, to identify the amount of development needed in their local areas, and how this can be accommodated within the environmental constraints of and aspirations for an area. Local communities are best placed to understand their environment and identify suitable locations for development – minimising adverse impacts on the natural environment and proactively seeking to enhance ecosystem services. Councils will also be required to work together on cross boundary strategic issues, including the natural environment.

Climate change can affect our ecosystem services and society needs to act to mitigate any adverse impacts where possible. The Framework sets out the strategic priorities for local

⁴² It is crucial that planning authorities complement this high-level assessment with more detailed studies of the environmental impacts of their plans and of specific developments.

councils. This includes a policy to deliver “*climate change mitigation and adaptation, conservation and enhancement of the natural and historic environment, including landscape.*”. The Climate Change Act 2008 created a framework for building the UK’s ability to adapt to climate change. The Government has published a UK wide climate change risk assessment which allows Government and others to assess the extent to which our actions and plans are climate resilient, and to judge what more needs to be done. A national adaptation plan, setting out Government priorities for adaptation and policies and proposals for achieving those objectives, is due to be published in spring 2013. The Government is fully committed to meeting the targets for reducing carbon emissions in the Climate Change Act 2008, and to meeting its binding renewable energy target of 15 per cent of all energy to come from renewable sources by 2020. The Framework is clear that planning should fully support the transition to a low carbon economy in a changing climate by supporting cuts in greenhouse gas emissions, the delivery of renewable and low-carbon energy, minimising vulnerability to climate change, managing the risk of flooding and coastal change. The Framework seeks to mitigate the effects of climate change, while also using this as an opportunity to improve local ecosystems.

The Framework will promote sustainable development. For development to be sustainable, any risk of localised flooding will need to be avoided or mitigated. As well as damage to property, flooding can also result in loss of habitat, and the location of development is therefore critical in flood mitigation. Official statistics indicate that 9% of new dwellings were built in areas of high flood risk in 2010⁴³. Where locations are identified as being of high flood risk, appropriate mitigation measures must put in place e.g. layout, flood resistant and resilient design, flood defences, robust infrastructure/drainage and utility provision. Local councils also have a duty to ensure that new development does not increase flood risk elsewhere. The Flood Water Management Act 2010 sets out new legal requirements for surface water drainage to ensure that Sustainable Urban Drainage Systems are used in new developments and redevelopments wherever reasonably possible and that these operate effectively once they are built. The Flood Risk Regulations 2009 places a duty on the Environment Agency and lead local flood authorities to take steps to identify and prepare for significant flood risk.

Water Company Water Resource Management Plans set out how water companies aim to ensure that there will be sufficient water to meet potable demand without environmental consequences during the plan period. Local councils should continue to plan for and address water infrastructure implications of development through policies in their Local Plans, reflecting local circumstances. Water companies will also have an opportunity to work with local councils on water infrastructure implications as part of Local Plan preparation. Given the requirements of the Flood Water Management Act 2010, the Flood Risk Regulations 2009, Strategic Environmental Assessment and Environmental Impact Assessment it is clear that water related issues will continue to be addressed at the local level to prevent adverse impacts from sustainable development.

The Framework asks councils to identify sites with the least environment value for development, and encourages the effective use of land by reusing previously developed brownfield land. The Framework also contains a new Local Green Space designation to protect locally significant green areas, including playing fields and open space which have been shown to enhance the positive qualities of life, offer a variety of opportunities and physical settings and encourage sociability and cultural diversity⁴⁴.

(ii) Most appropriate level for environmental assessment

This ecosystems services assessment considers the impacts of the Framework at a national level. Environmental impacts are often context specific though, meaning they are best considered at a more local level, using more detailed evidence. It is also difficult to predict

⁴³ DCLG, Live Table P251, <http://www.communities.gov.uk/documents/planningandbuilding/xls/1955506.xls>

⁴⁴ Forest Research (2010), *Benefits of green infrastructure*

outcomes upon the environment at a national level because we do not know exactly how local councils will respond to or seek to deliver the Framework. Assessing the impact of the Framework on ecosystems is best carried out at the local level, using local evidence.

Local councils must take account of the environmental impacts of Local Plans and planning applications. **They are required to undertake Strategic Environmental Assessments of plans, policies and programmes to assess the social, economic and environmental effects of the plan. Local councils are also required to undertake Environmental Impact Assessments of certain types of planning applications.** The Environmental Impact Assessment helps to ensure that the importance of the predicted effects, and the scope for reducing them, are properly understood by the public and the relevant competent authority before it takes a final decision. Both Strategic Environmental Assessment and Environmental Impact Assessment provide opportunities for the environmental effects of Local Plans and planning applications to be more fully assessed at the local level. This assessment is not a substitute for Strategic Environmental Assessment and Environmental Impact Assessment.

(iii) Qualitative assessment of environmental impacts

The purpose of assessing ecosystem services as part of the Impact Assessment is to ensure that any new policy fully takes account of the costs and benefits to the natural environment. The assessment has identified the highly localised nature of ecosystems services and the difficulty in predicting environmental impacts of location specific issues at a national level, highlighting the importance of locally based assessments. This ecosystems services assessment finds that the Framework could result in neutral, unknown or minor positive impacts on ecosystem services. More importantly it emphasises that local councils are best placed to identify, assess and, where necessary, mitigate local impacts via Environmental Impact Assessments of local planning applications and Strategic Environmental Assessments of Local Plans so as to secure overall net environmental gains.

The high-level assessment has resulted in potential environmental impacts of the Framework (compared to the national policy it replaces) being classified as having positive, neutral or unknown outcomes. Overall, it is clear that Local Plan making can contribute to healthy ecosystems services by ensuring that local planning decisions will promote net environmental gain. This environmental gain can be achieved by guiding development to the best locations, encouraging greener design and enabling development to enhance natural networks for the benefit of both local communities and the environment.

Provisioning Services

- **Food:** The Framework asks local councils to assess the needs of the food production industry and any barriers to investment that planning can resolve to inform their Local Plan. The Framework notes the importance of food production and seeks to protect the best and most versatile land by ensuring that land of least environmental value is developed first, thereby avoiding the loss of highly productive agricultural land. The Natural Environment White Paper also includes a commitment to bring together government, industry and environmental partners to reconcile how the environment can be improved and food production increased. Rivers and fish stocks will also continue to be protected as statutory requirements under the Water Framework Directive will apply. **The overall impact on food is therefore likely to be positive.**
- **Fibre and fuel:** The Framework has a clear focus on ensuring that the planning system is used to conserve and enhance our natural environment and to use natural resources prudently. **The impact on fibre and fuel is therefore neutral.**
- **Genetic resources:** The Framework seeks to conserve and enhance ecological networks: these link sites of biodiversity importance and provide routes or stepping-stones for the migration, dispersal and genetic exchange of species in the wider environment. The Natural

Environment White Paper also supports a more strategic and integrated approach to planning for nature within and across local areas. It also seeks to move progressively from net biodiversity loss to net gain, by supporting healthy, well-functioning ecosystems and establishing more coherent ecological networks. The UK Biodiversity Action Plan also helps to conserve and recover the UK's most threatened species and habitats. **The impact on genetic resources is therefore likely to be positive.**

- Biochemicals, natural medicines, pharmaceuticals: Biodiversity represents a genetic and biochemical library that underpins the potential of much agricultural and pharmaceutical development (UK Biodiversity Action Plan). The Framework will continue to promote the conservation and restoration of priority habitats and land of high ecological value. **The impact on biochemicals, natural medicines and pharmaceuticals is therefore likely to be neutral.**
- Ornamental resources: The Framework seeks to conserve and enhance ecological networks; this will help to protect much of our ornamental resources. **Details of ornamental resources are location specific, and the local impact is therefore unknown.**
- Fresh water: A sustainable supply of good-quality freshwater for our economy, society and environment depends on functioning water ecosystems. Rivers, lakes, groundwater, estuaries, wetlands and river corridors provide vital ecosystem services and public benefits. They regulate flooding and local climates, as well as supporting the dispersal of chemicals, energy and organisms between aquatic and terrestrial habitats. Water Company Water Resource Management Plans set out how water companies aim to ensure there will be sufficient water to meet potable demand without environmental consequences during the plan period. Local councils will continue to plan for and address water infrastructure implications of development through policies in their Local Plans, reflecting local circumstances and priorities and to actively engage with interested parties. Water companies will have an opportunity to work with local councils on water infrastructure implications as part of Local Plan preparation. **The impact on fresh water is likely to be neutral.**

Regulating services

- Air-quality regulation: The role of vegetation in mitigating the effects of air pollution is one of the potential benefits of urban green space (*The 'Benefits of green infrastructure' - Urban Regeneration and Greenspace Partnership - Forest Research*). National planning policies, including those on air quality, sustainable development and transport will continue to inform Local Plan policies and development management decisions. **The impact on air quality regulation is therefore likely to be neutral.**
- Climate regulation: The Government is fully committed to meeting the targets for reducing carbon emissions in the Climate Change Act 2008, and to meeting its binding renewable energy target of 15 per cent of all energy to come from renewable sources by 2020. Local councils should identify strategic priorities in Local Plans to deliver climate change mitigation and adaptation, protection and enhancement of the natural and historic environment. **The impact on climate regulation is therefore neutral.**
- Water regulation: The Flood Water Management Act builds on what is current policy in PPS25, setting out new legal requirements for surface water drainage to ensure that Sustainable Urban Drainage Systems are used in new developments and re-developments wherever reasonably possible and that these operate effectively once they are built. The Flood Water Management Act establishes that flood risk will be managed within the framework of National Strategies for England and Wales and Local Strategies for each Lead Local Flood Authority area. **The impact on water regulation is likely to be neutral.**
- Natural hazard regulation: The Framework seeks to ensure that development is located away from flood risk whenever possible; development that is needed in flood risk areas should be safe and resilient; flood risk is assessed so it can be avoided and managed and that opportunities offered by new development are used to reduce causes and impacts of

flooding. **As natural hazards will continue to be managed effectively, the overall impact is likely to be neutral.**

- **Pest regulation and disease regulation:** The impacts on the control of pests and disease affecting plants or animals are very difficult to predict. The preservation of habitats and species and warmer temperatures could impact on pest and disease regulation, however, **the overall impact is unknown.**
- **Erosion regulation:** Vegetative cover plays an important role in soil retention and in the prevention of land erosion. The new Local Green Space designation will protect locally significant green areas reflecting the importance of these areas to the health and happiness of local communities. The Framework also includes an objective to conserve and enhance the natural and local environment by protecting valued landscapes and minimising impacts on biodiversity. The Framework also retains the requirements on local councils to consider the impacts on the natural and local environment when developing Local Plan policies and when taking decisions on planning applications. **The impact is likely to be neutral.**
- **Water purification and waste treatment:** Natural hydrology and green infrastructure both contribute to natural water purification and waste treatment. The Framework notes that local policies and decisions should ensure that new development is appropriate for its location, having regard to the effects of pollution on health, the natural environment or general amenity. Local policies should also take account of the potential sensitivity of the area or proposed development to adverse effects from pollution. **The impact of water purification and waste treatment is likely to be neutral.**
- **Pollination:** Enhanced habitat is likely to support stronger populations of natural pollinators. The Framework seeks to protect ecological networks, these link sites of biodiversity importance and provide routes or stepping-stones for the migration, dispersal and genetic exchange of species in the wider environment. The new Local Green Space designation will protect locally significant green areas, which will contribute to habitat creation. **The impact on pollination is likely to be neutral / positive.**

Cultural Services

- **Cultural heritage:** The Framework includes a core principle to conserve and enhance environmental and heritage assets in a manner appropriate to their significance. Local councils should also have up-to-date evidence about the historic environment in their area and use it to assess the significance of heritage assets and the contribution they make to their environment. The Framework also promotes a positive approach to cultural facilities. Councils should plan for the provision of shared space, community, local services and community facilities, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship. **The impact on cultural heritage is likely to be neutral / positive.**
- **Recreation, tourism & aesthetic values:** Changes in habitat could have a negative impact on recreational activities. The preservation of habitats and species is therefore very important in terms of maintaining our ecosystems. The new Local Green Space designation will enhance the recreational and aesthetic value of our open spaces. The 'Benefits of green infrastructure' (Urban Regeneration and Greenspace Partnership - Forest Research) notes that living closer to parks or recreation/leisure facilities is generally associated with increased physical and also that local economic regeneration is strongly related to benefits of green space such as economic growth and investment, quality of place, visual amenity, recreation, leisure and tourism. The Framework supports vibrant and healthy communities, by creating a good quality built environment, with accessible local services that reflect community needs and support well-being. Local plan making can contribute to these supporting services by ensuring that local planning decisions promote net environmental gain. This can be achieved by guiding development to the most suitable locations, encouraging greener design and enabling development to enhance natural networks for the benefit of both local communities

and the environment. **The impact on recreation, tourism & aesthetic values is therefore likely to be neutral / positive.**

Supporting Services

- **Soil formation:** Soil is essential for achieving a range of important ecosystem services and functions, including food production, carbon storage and climate regulation, water filtration, flood management and support for biodiversity and wildlife. The Framework seeks stronger controls on peat extraction, preventing the extension of existing peat extraction and the creation of new sites. More broadly, soil formation and retention are locally specific and appropriately considered at the local level. Local plan making can contribute to these supporting services by ensuring that local planning decisions promote net environmental gain. This environmental gain can be achieved by guiding development to the best locations, encouraging greener design and enabling development to enhance natural networks for the benefit of both local communities and the environment. **The impact on soil formation is likely to be neutral/positive.**
- **Primary production, nutrient cycling & photosynthesis:** Almost all life is directly or indirectly reliant on primary production. This highlights the importance of protecting our habitats and natural environment. The Framework continues to support the protection of our environmental assets including ecological corridors and Local Green Spaces. Local plan making can contribute to these supporting services by ensuring that local planning decisions promote net environmental gain. This can be achieved by guiding development to the best locations, encouraging greener design and enabling development to enhance natural networks for the benefit of both local communities and the environment. **The impact on primary production, nutrient cycling & photosynthesis is therefore likely to be neutral / positive.**
- **Water recycling:** Water recycling can help us find ways to decrease the diversion of water from sensitive ecosystems. Other benefits include decreasing wastewater discharges and reducing and preventing pollution. New legislation such as the Floods and Water Management Act 2010 has also impacted on/supplemented the operation of the planning system. The Framework seeks to deliver a healthy natural environment, through net environmental gain. Local plan making can contribute to achieving this objective by having an integrated approach to planning for the natural environment, guiding development to the best locations, encouraging greener design and enabling development to enhance natural networks for the benefit of both local communities and the environment as part of sustainable development. **The overall impact of water recycling is therefore likely to be neutral / positive.**

Costs and benefits to business

This aspect of the Framework does not directly affect business activity but the changes are likely to give rise to wider, non-regulatory benefits to applicants – both by supporting more efficient delivery of development through plans and in signalling the need for councils to plan positively for sustainable development.

Risks

There is a risk that some councils will continue to be slow in bringing forward plans (or in updating them where circumstances have changed). Some respondents suggested that the risk is heightened by the resource pressures on councils. Councils have been encouraged by the Department to pool specialist resources, as a way of limiting the impact of budget reductions. The presumption also features in-built mitigation, in the emphasis placed on the Framework itself as a clear framework for making decisions where plans are not an adequate basis. This

should ensure that the absence of up-to-date plans in some areas does not impede sustainable development going ahead.

Some have also suggested that there is a risk that some councils are encouraged by the streamlining of national policy in the Framework, and by the presumption itself, to produce more detailed Local Plans with which to guide development, frustrating some of the benefits which the Framework is intended to achieve. However the Framework offers clear policy advice to authorities that Local Plans should focus on the strategic priorities for their area and that “Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan.” It is also in authorities’ interest to avoid over-elaborate plan-making, given the risk this would pose for them of policies taking too long to prepare (and, when adopted, of becoming out of date more quickly).

B2: Business and Economic Development

Policy changes

The new Framework for the most part streamlines the detail of policies rather than seeking to change the fundamentals of current policy. National policy on economic development remains focused on ensuring councils take a positive and proactive approach to sustainable development.

In relation to town centres, the policy retains the strong focus on town centres as the preferred location for retail, leisure and office development. The new policy on town centres includes two changes described below.

The Framework has also been used to bring forward the policy emerging from the Government’s consideration of the responses to its consultation on the relaxation of planning rules for change of use from commercial to residential.

- ***Removal of small scale rural office development from ‘Town Centre First’ policy***

Problem under consideration/rationale for intervention

Current town centre policy applies to office development as it does to retail and leisure development. This means that office development is subject to the requirement to demonstrate compliance with the sequential test and assess the likely impacts of the scheme on a range of impact considerations.

Policy objective

The objective of the change is to free small scale rural offices and other small scale rural development from the need to follow the requirements of the ‘Town Centre First’ policy and for proposals to be judged on their individual merits including taking account of local and national policies on the location of new development and the need to support rural economies. The benefits of doing so are outlined in Lord Taylor’s report (discussed below).

Description of policy options

Option 1: do nothing. This option would maintain the approach whereby small scale rural offices and other small scale rural development would need to demonstrate compliance with the sequential test and to assess the impact on town centre vitality and viability.

Option 2: remove small scale rural offices and other small scale rural development from town centre policy. This option would mean applicants for planning permission for small scale rural offices and other small scale rural development would no longer need to demonstrate

compliance with all the policy tests in the town centre policy. However, this type of development would still need to meet the other requirements of local and national policy. **This is the preferred option.**

Impacts: costs and benefits

- *councils*

Councils are likely to save time in assessing planning applications for small scale rural offices and other small scale rural development as they no longer need to consider specifically the scheme against the 'Town Centre First' policy. Any additional applications that result from the change (see further discussion below) will be covered by application fees (as currently).

- *business*

The removal of small scale offices and other small scale rural development from 'Town Centre First' policy will allow a greater ability for rural business to be established and to expand.

In 2010/11 there were 3,387 planning decisions for offices in England⁴⁵ of which only 27% were in rural local planning authorities using the Defra classification of local authorities⁴⁶. These councils are likely to contain towns which would remain covered by 'Town Centre First' reducing further the number of offices outside of scope. By removing the 'Town Centre First' policy for small rural office developments, they can more easily find suitable locations taking account of local market conditions and the need to support rural economies. Communities will benefit from any expansion of business through its impact on jobs and the wider economy.

The Taylor Report 'Living Work Countryside' and the Rural Coalition's 'Rural Challenge'⁴⁷ report set out the need to sustain rural businesses and rural communities properly. In particular the report highlights the importance of live/work developments in servicing businesses beyond the immediate development - as a form of business 'hub'. The report cites the traditional role of market towns and larger villages, which often service the wider rural community, through the provision of, for example, meetings rooms and flexible workspace. As the report notes: *"businesses using hub facilities can also often benefit through networking, sharing information, contacts and overcoming the isolation of working alone, collaborating on projects with other small business, and sharing the costs of expensive equipment, including computers and internet access, photocopiers etc."* (page 140). Examples of this sort of 'hub' include the Framlingham Technology Centre in Suffolk and the Food Technology Centre in Penrith.

The OECD Rural Policy Review: England, United Kingdom 2011⁴⁸ recognises the need to better consider the role of rural areas in the strategies to increase economic competitiveness and to introduce diversity in employment choices by increasing employment and attracting new enterprises.

Risks

There is a theoretical risk that small scale rural offices or other small scale rural development would attract people from towns and cities to work in them meaning that workers would have to travel further, with an adverse impact on carbon emissions. The intention of the policy is to support rural economic growth to help sustain rural communities. It is not envisaged that the policy will lead to any significant inward commuting into rural areas. Proposed development is still subject to the policy requirement that development generating significant people movement should be located in accessible locations.

⁴⁵ DCLG (2011) <http://www.communities.gov.uk/documents/statistics/xls/1929704.xls>

⁴⁶ LA classifications assumed as rural: 80% Rural, 50% Rural and National Park Authorities from Defra (2011) <http://archive.defra.gov.uk/evidence/statistics/rural/documents/rural-defn/LAClassification-dataset-post0409.xls> <http://archive.defra.gov.uk/evidence/statistics/rural/documents/rural-defn/LAClassification-dataset-post0409.xls>

⁴⁷ Rural Coalition – founding members ACRE, CPRE, CLA, LGA Group, RTPI, TCPA

⁴⁸ http://www.oecd.org/document/22/0,3746,en_2649_34413_46917398_1_1_1_1,00.html

- ***Time horizon for assessing impacts***

Problem under consideration/rationale for intervention

The time horizon for assessing impacts of unplanned, retail and leisure schemes in the edge or out of centre locations has been set at up to five years from the time the planning application is made. In some cases this is too short a time to allow the full impacts of large schemes to be assessed (especially for large sites and those that take considerable time to build). Often new retail and leisure development will have substantial consequences for other local businesses, local residents, transport infrastructure and the environment. When a development takes a number of years to build, and then takes a number of years to establish itself in a new market, five years may not be long enough to capture the full extent of the costs and benefits of the new development. This may restrict local councils from making the best choices in determining planning applications, and restrict their ability to plan for the long term.

Policy objective

The objective is to ensure the time horizon for assessing impacts is long enough to enable the full impacts of large schemes to be assessed in order for local councils to deliver better outcomes and plan for the long term viability of their town centres.

Description of policy options

Option 1: maintain time horizon of up to 5 years. This would not address the risk that the impacts of large retail and leisure schemes are fully assessed, and that town centres may be impacted by inappropriate out of town development.

Option 2: assess impacts up to five years from the time the application is made. For major schemes where the full impact will not be realised in five years, the impact should also be assessed up to ten years from the time the application is made. This would allow a reasonable period of time from the time at which a planning application is made for planning permission to be granted, the planning permission implemented and the development to realise its full operational impacts on town centre vitality and viability for both normal schemes and also very large and long term schemes. This will allow councils to have full information when making a decision over future retail and leisure development. **This is the preferred option.**

Impacts: costs and benefits

- *councils*

Extending the time horizon for certain long term schemes over which an assessment of a development on town centre vitality and viability will lead to more relevant information being available to local councils when determining a planning application. The cost of this information (in terms of its provision and additional time required to assess through development control procedures) will fall on the developer. Councils will benefit from it by being able to make more informed decisions.

- *business*

As discussed above, the cost of provision and any addition processing time by the council will fall on applicants. This increase in costs could deter planning applications in respect of some marginal sites, however since the applicants would need to undertake an assessment under the current system anyway, this impact is likely to be minimal.

- *communities*

With additional information enabling councils to make more informed decisions, local communities will benefit from better outcomes in terms of retail and leisure choices in their local area. A longer assessment period for certain long term schemes will allow the full impacts of these schemes to be realised and assessed, and the full impact on communities to be considered.

Risks

We would expect most schemes to be fully operational and to have established themselves in the local market after 10 years. There is a small risk that the full impacts of some very large or complex developments may not be captured over the ten year time frame but this would be exceptional. The impacts of wider policy changes that could affect town centres are discussed in other sections of the Framework (such as transport and climate change).

Environmental impacts

The objective of planning policy on the economy is to facilitate sustainable economic growth. The policies for economic growth do not sit in isolation; they must be applied in the context of the other policies in the Framework, for example on choosing the sites most suitable for development in terms of the environmental, social and economic outcomes. The Framework supports the development of innovative, green and renewable energy businesses. The Framework supports the sustainable development of rural and agricultural businesses, supporting the continuation of rural communities whilst managing and enhancing the rural environment. It also supports businesses with innovative solutions for reducing their operating costs, for example live/ work hubs, which can help to reduce transport emissions.

- ***Relaxation of planning rules for change of use from commercial to residential***

Problem under consideration/rationale for intervention

It is recognised that there is an urgent need to increase the rate of house building in England and to make housing supply more responsive to changes in demand. The Government believes that there is an opportunity to contribute to meeting housing need by recognising the scope for allowing changes of use from commercial to residential to take place more easily. There is a shortage of housing land nationally, as revealed by the relative value of land for housing compared to its value in other uses – in some cases housing land is twice the price of that available for commercial uses⁴⁹. Making it easier for land to be used for its most valuable purpose where appropriate in terms of the Local Plan, whilst still protecting against damaging spill-over effects, will increase economic efficiency and overall welfare.

Policy objective

The objective of the change is encourage greater reuse of commercial premises for housing where there is housing need, that the change of use would be appropriate locally and that there are no strong economic reasons as to why the change of use would be inappropriate.

Description of policy options

Option 1: do nothing. The rules remain as before and an application for planning permission is required for material changes of use from B1, B2 and B8: Commercial to C3: Dwelling houses.

Option 2: A policy approach. Adopt a national planning policy approach encouraging change of use from B1, B2 and B8 to C3. **This is the preferred option.**

Impacts: costs and benefits

The preferred approach of encouraging change of use from commercial premises to residential dwellings in appropriate circumstances is expected to increase the proportion of such applications that are approved. The number of applications coming forward is expected to

⁴⁹ Valuation Office Agency, *Property Market Report 2011*, http://www.voa.gov.uk/dvs/downloads/pmr_2011.pdf

increase from the current level of around 1,000 per annum⁵⁰ too – both as a result of signalling that that re-use of existing buildings is to be welcomed and making it more likely that suitable applications will be approved. The magnitude of these impacts will vary from place to place according to local economic and housing market conditions and on how local authorities respond to the policy change.

- *councils*

Councils will benefit by clarification on this policy which should reduce the level of consideration required on applications that meet the policy criteria. The council may also benefit from corresponding administration savings which could be used to provide other services. They will retain the fee income from the planning application and be able to influence the detail of proposals. The policy approach will allow mitigation measures to be agreed where they are required to address land use impacts arising from the change of use. Councils may incur some marginal costs of familiarisation with this policy, though these will be time-limited and small.

- *property owners and business*

Owners of buildings that fall into the category affected by the change, and which are suitable for housing, may see an increase in demand for their property. The maximum this increase can be is the difference between the value of a site in its current (business) use and its value as housing. This would arise where previously the probability of obtaining planning permission for housing was zero and is now more likely; in practice the increase will be somewhere within this range as there are likely to be few examples of sites with zero probability of permission previously and so such a stark change in the probability of obtaining permission is unlikely.

- *housing consumers*

The central policy objective in making this change is to facilitate an increase in appropriate housing development. Where this occurs there is a benefit to the end consumer of that additional housing, be it for rent or ownership. This benefit is represented by the land value uplift that occurs as a result of the change of use, which indicates the improvement in economic efficiency and overall welfare reflecting the more efficient use of scarce land. It is difficult in advance to estimate the additional housing units that may occur as a result of this change, since this will depend on local economic and housing market conditions.

Risks

- *councils*

There is a risk that a policy approach may be perceived by some as a loss of control for councils and their ability to consider the wider external costs and benefits of development in coming to a decision. The wider policies in the Framework continue to apply to applications to ensure development is sustainable.

- *property owners and business*

If the change leads to fewer sites, which are currently in economic use, being available for business use then wider business could theoretically see a marginal increase in the price of renting commercial space. This may influence negotiation at the time of rent reviews, which are often upward only anyway, so existing firms may pay higher rents or decide to move and incur the transaction costs associated with moving to find properties which offer better value. The extent to which this risk may arise depends on local circumstances and the relative balance of demand for land and buildings for business use and the supply; where supply is relatively elastic with respect to demand then we would not expect to see any significant impact. The policy is clear that there may be strong economic reasons why change of use from commercial to residential may not be appropriate.

⁵⁰ Department for Communities and Local Government, *Relaxation of planning rules for change of use from commercial to residential: consultation Impact Assessment* <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1883189.pdf>

The evidence around vacancy rates in the commercial sector, which averaged around 9 per cent between 1998 and 2005 is indicative of supply being more responsive to demand for land for commercial use than it is for housing. And this risk will be mitigated to the extent that more land overall is provided for development, including business use, and so the changes proposed here simply affect the costs associated with changing use of land.

B2: Transport

The *Creating Growth, Cutting Carbon, making Sustainable Local Transport Happen White Paper*⁵¹ sets out the Coalition Government's vision for a transport system that helps support growth in the economy, and tackles climate change by cutting our carbon emissions. However, the White Paper also highlighted that investment on its own is not enough – people need help to make transport choices that are good for society as a whole.

Planning has an important role in delivering the Government's vision for a transport system that helps support growth in the economy, and tackles climate change by cutting carbon emissions. By shaping and influencing the location and design of development and the mix of land uses, planning can reduce the number and length of journeys and help promote more sustainable transport choices.

The White Paper outlines that the Government believes it is at the local level that most can be done to enable people to make more sustainable transport choices and to offer a wider range of genuine sustainable transport modes – environmentally sustainable as well as fiscally, economically and socially sustainable. The Government believes that effective sustainable local transport is delivered through solutions developed for the places they serve, tailored for the specific needs and behaviour patterns of individual communities.

The Government's specific aims for the policy are to:

- minimise carbon emissions and promote accessibility through planning for the location and mix of development; and
- support reductions in greenhouse gas emissions and congestion, and promote accessibility through planning for the location and mix of development

Policy changes

The transport policy streamlines but does not change the core current transport policy approach. Specific changes include the removal of maximum non-residential car parking standards for major developments and giving local authorities the discretion to decide whether to set car parking standards locally.

- ***Removing the maximum non-residential car parking standards for major developments and giving local authorities the discretion to decide whether to set local standards***

Background

The current policy (Planning Policy Guidance Note 13: *Transport*)⁵² sets out national maximum parking standards for non-residential uses (i.e. the upper level of acceptable car parking provision) and size thresholds at which these maximum standards should apply. The aim of the policy was to encourage councils and developers where possible to take measures to reduce parking. Local councils could set lower standards if there was an evidenced local need to do so.

Problem under consideration/rationale for intervention

⁵¹ <http://www.dft.gov.uk/pgr/regional/sustainabletransport/pdf/whitepaper.pdf> Department for Transport (Jan.2011)

⁵² <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1758358.pdf>

Current Government policy on non-residential parking standards for major developments, such as retail and leisure developments over 1,000m² and offices over 2,500m² is too centralised and prevents local councils from developing policies that are most appropriate to their local circumstances and communities. Centrally prescribed maximum non-residential parking standards may not reflect local circumstances.

A centrally set national maximum parking standard for major non-residential developments may be inappropriate in the circumstances of an individual council. For example, development in rural areas, where there is generally a greater reliance on the car due to levels of public transport accessibility, may require greater parking space provision than a development in an urban location which has very high public transport accessibility.

Policy objective

The Government is committed to supporting localism and local choice. In line with the Government's Local Transport White Paper (January 2011), the objective is for councils to have discretion to decide the most appropriate approach on parking to reflect their local circumstances. There is flexibility in the approach they could take i.e. not set any standards, set minimum or maximum parking standards. The Framework is clear that if they choose to set local standards, councils should take into account a range of factors including the availability of, and opportunities for public transport and an overall need to reduce the use of high emission vehicles.

Description of policy options

Option 1: do nothing. The do nothing option would not impose any additional costs on any agent but would continue to distort choices and the ability of councils to introduce non-residential parking standards that best suit their local needs.

Option 2: remove maximum standards and give councils the discretion to decide whether to set local standards. The policy will support localism, remove the distortion outlined above and allow local councils more flexibility. This will give them greater control over this aspect of their transport policy and enable better, more locally-driven and evidence-based outcomes. **This is the preferred option.**

Impacts: Costs and benefits

Removal of national maximum standards could lead to more or less parking on major developments, whether new build or existing. The aggregate outcomes will therefore depend on the behavioural response of individual councils to the flexibility and the subsequent reaction from business. For those councils that choose to set standards there will be little or no cost as local parking policies are already commonplace. For this reason, the costs and benefits cannot reasonably be monetised.

Benefits

- *councils*

Removing the prescription from national policy guidance on maximum non-residential parking standards for major developments and allowing councils the discretion to decide whether to set standards is consistent with the 'localism' agenda, as local councils would be able to set their own standards for individual areas and locations. The removal of central prescription would give councils greater flexibility on setting standards.

- *business*

The proposed policy change increases local flexibility and allows local circumstances to be properly taken into account. Applicants would benefit from greater flexibility regarding the amount of parking they wish to provide, they generally only pursue greater parking provision if it is beneficial to do so. There is a trade-off between using land to provide additional shops or office space, which would therefore potentially increase footfall and spending in the immediate

area, versus parking provision. The Government is committed to supporting high streets and the Framework reflects the recommendations from the Mary Portas review of high streets. It also makes clear that parking charges should not be set at a level that undermines the vitality of town centres. This will also provide benefits to businesses.

- *communities*

This change will benefit communities as there will be more flexibility available in the setting of parking standards to reflect the circumstances of individual areas and locations.

- *environmental impacts*

The transport policies in the Framework emphasise the need to minimise environmental impacts generated from development-related travel. The Framework is clear that the transport system needs to be balanced in favour of sustainable transport modes. It also supports solutions that reduce greenhouse gas emissions and congestion and sets out clearly that development that generates significant movement should be located where the need to travel will be minimised and the use of sustainable transport modes can be maximised. Where local councils have sought to reduce car use and increase the use of sustainable transport modes - walking, cycling and public transport - the effect on the environment will be positive. A reduction in car emissions and congestion will improve air quality, and reduce noise levels. Both of these changes have a positive impact on the health of the local population. Some have suggested that the removal of the requirement to set maximum parking standards for non-residential parking and the removal of requirement to have any parking standards could lead to an increase in the number of parking spaces, thereby encouraging people to use their cars. However, the 'Town Centre First' policy, coupled with this more flexible approach, could allow for fewer longer journeys to out-of-town shopping centres.

Costs

- *councils*

Costs may be incurred if a council chooses to introduce or remove local car parking standards. These will be incurred in developing an evidence base and putting a planning policy in place. This may involve survey work of existing parking provision and an assessment of location / accessibility factors, public consultation and adoption in the Development Plan.

- *business*

The impact on business depends on the council's response in setting their own local parking standards. Business will be required to adapt to any new policies imposed by local councils; however, applicants would only pursue the amount of parking provision that is most beneficial. Local councils will decide the appropriate standards for parking for their local area and developments, giving greater flexibility regarding car parking provision for major non-residential developments.

- *communities*

No costs have been identified for communities of this option.

- *environment*

If councils choose to increase the provision of car parking on major non-residential sites it could change commuter patterns (positively or negatively). In some cases, this may lead to longer journey times if people travelled further to visit specific sites if parking were more widely available, leading to a marginal increase in carbon emissions and the difficulty of delivering sustainable transport outcomes through planning decisions. However, in other cases the impact could work in the opposite direction where increased parking provision leads to people not having to travel so far to work and shop, leading to associated benefits rather than costs (reduced carbon emissions and greater ability to deliver sustainable transport outcomes through planning).

The variation of impact is highlighted in related literature. For example one study of the San Diego and San Francisco metropolitan area (by Chatman, 2008) found that average local journeys by

car were shorter before a reduction in the provision of parking spaces (i.e. more spaces leads to shorter journeys). By contrast, according to the Metropolitan Transportation Commission in California (2007) an oversupply of parking can result in more car use (both cited in TRL⁵³). The direction of change is therefore likely to depend on a number of local factors (e.g. availability of substitutes such as public transport), and thus on balance, it is not expected that there will be a significant adverse impacts of this policy at a national level.

Costs and benefits to business

The impact on business depends on the response of local councils to their freedoms in setting local standards for car parking. This policy does not impose a direct regulation on business; it does not directly regulate the activity of business.

Risks

Some have suggested that there is a risk that some local councils may choose to allow levels of parking that would result in more land being needed for development. However, the land uses covered by the current maximum non-residential parking standards are predominantly those categorised as 'main town centre uses'. Given that the Town Centre First policy would apply and land available is often limited in town centre locations, the risk associated with developers seeking excessive parking provision is considered to be limited. This policy provides flexibility for local councils to seek solutions best suited to their needs and, therefore, they can balance the various trade-offs associated.

Environmental impacts

The transport policies in the Framework emphasise the need to minimise environmental impacts generated from development-related travel. Where local councils have sought to reduce car use and increase the use of sustainable transport modes - walking, cycling and public transport - the effect on the environment will be positive. A reduction in car emissions and congestion will improve air quality, and reduce noise levels. Both of these changes will have a positive impact on the health of the local population. Removal of the requirement to set parking standards could lead to an increase in the number of parking spaces. However, to the extent that this attracts people to shop and take leisure in town centres rather than out-of-town centres, it can make for shorter journeys, and keep previously-developed land in use rather than requiring out-of-town greenfield development.

B3: Minerals

Minerals are essential to support sustainable economic growth and our quality of life. As a non-renewable and finite resource, the Government's objective is that planning should help deliver their prudent and efficient use to secure their long-term conservation and that they are extracted in a way which does not lead to unacceptable impacts or pollution.

Policy changes

The proposed policies set out in the Framework do not seek to change the overarching objective of minerals planning. However, policies on peat have been refined as follows:

- ***Peat – requiring local authorities to not identify new or extended sites for future peat extraction***

Problem under consideration; rationale for intervention

As set out by Department for Environment, Food and Rural Affairs in the Natural Environment White Paper and accompanying impact assessment,⁵⁴ the Government aims to reduce the

⁵³ <http://www.britishparking.co.uk/write/Documents/Library/Reports%20and%20research/parkingreport.pdf>

⁵⁴ <http://archive.defra.gov.uk/corporate/consult/peat/101217-peat-condoc-ia.pdf>

horticultural use of peat to zero in the UK by 2030. The impact assessment also highlighted that the UK currently uses 3 million cubic metres of peat per annum for horticulture. Sixty-nine per cent of this is used by amateur gardeners (predominantly as multi-purpose compost and 'grow bags') and 30 per cent is used by professional growers. As peat is effectively a non-renewable resource, the current level of extraction of peat for horticulture is unsustainable and contributes to destruction of carbon stores and sinks as well as reductions in natural capital. These external costs of peat are not reflected in the costs of extraction or the market price, and government intervention is needed to facilitate the shift to peat-free alternatives. Progress has been made in reducing peat use in response to a previous voluntary target (for 90 per cent of the total market to be peat free in 2010), but the market is still only 57.5 per cent peat free. In line with Department for Environment, Food and Rural Affairs policy, Government has amended planning policy to complement the desired reduction in demand with supply side intervention.

Policy objective

This policy will allow the planning system to support the Government's aim to phase out the use of peat in the UK. In 2010 Department for Environment, Food and Rural Affairs consulted on dates for phasing out the use of peat. The Government's Natural Environment White Paper, published in June 2011, set out target dates for progressively phasing out peat, including 2015 for government and the public sector on direct procurement of peat in new contracts for plants, 2020 for the amateur sector and 2030 for the professional sector. It also confirmed that DEFRA would establish a Task Force bringing together representatives from across the supply chain with a clear remit to advise on how best to overcome the barriers to reducing peat use. This will have environmental benefits by reducing destruction of carbon stores and sinks, and protecting natural capital. This Task Force has now been set up.

Description of policy options

Option 1: Do nothing. By doing nothing, local authorities will have a policy expectation that they maintain criteria for the selection of sites for future peat working.

Option 2: set out a policy that councils should not identify or grant planning permission for new or extended sites for peat extraction. This policy ensures that the planning system supports the Government objective (led by Department for Environment, Food and Rural Affairs) to reduce the use of peat to zero by 2030. **This is the preferred option.**

Impacts: costs and benefits

- *councils*

The change in policy removes a policy expectation on councils. It will therefore save time and resources in identifying new sites for peat extraction. However, in recent years the number of new peat extraction sites has been minimal with mineral planning councils only informing the Department of two new sites identified across England in the last five years. It is therefore unlikely that savings from no longer identifying sites will be large.

- *business*

We can consider the impact in two aspects (i) those who extract peat and (ii) those that use the final product. For those involved in the extraction of peat, the policy will restrict opportunities for new development. Given the anticipated continued reduction in demand for peat and clear Government mandate to reduce its use, it is unlikely that many new sites would be demanded in any event and so at the aggregate level the effect on domestic business would be small. In addition, it supports the Government's policy in increasing demand for peat alternatives, and thereby creating new opportunities for business. However, at the margin this proposal will negatively affect businesses that rely solely on peat extraction for their livelihoods. This would be the case for most industries, however, where the Government gives a clear steer on the proposed reduction in use of a particular product.

- *communities*

As the domestic reserves decline, the use of peat will be phased out in favour of peat-free alternatives (see risks for more detail). As extracting peat releases carbon and causes environmental damage, preventing extraction from new peat sites will have carbon benefits.

Risks

Reducing peat use relies on behavioural change as consumers must use alternative products instead. As set out in the Department for Environment, Food and Rural Affairs impact assessment, the Government will work with industry to facilitate a shift towards high quality peat-free alternatives derived from renewable by-products and waste products of other industries. If this was unsuccessful in significantly reducing the domestic use of peat, more would have to be imported which would increase the cost and (due to additional transportation) some of the environmental benefits (i.e. reduced greenhouse gases) would be off-set. It would also have an impact on domestic businesses who would be unable to take advantage of commercial opportunities.

Costs and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. However, the policy expectation is that, with a declining market in peat, there would be fewer peat producers. Wider, non-regulatory impacts on business will depend on the degree to which users are already beginning to use alternatives to peat. It could also lead to new opportunities for business in using peat alternatives.

B3: Society

Housing

The country needs more new homes and this government is committed to increasing the rate of house-building. The latest household projections for England estimate that around 232,000 new households could form each year between now and 2033 as a result of increased life expectancy, net migration and a rise in the number of single-person households.⁵⁵

While economic conditions have played a part in the decline in home building, the Government believes that the previous top-down, target-based approach to housing constrained new supply. Latest data on housing supply showed that 103,750 dwellings were started in 2010/11.⁵⁶ A top-down approach, driven by Regional Spatial Strategies, created widespread local opposition to housing growth with over half of homeowners not supporting more houses being built in their local area⁵⁷. To this extent, despite a national target to build 240,000 new homes per year, due to local hostility, and other factors, the process of translating this into local housing plans was severely delayed.

Allied to policies such as the New Homes Bonus, introduced so that communities share in the benefits of growth, Government believes that it is local councils and communities that should decide how best to plan for the growth of their areas, without top-down rigid rules, targets and thresholds. Government is giving local councils and their communities both the responsibility and flexibility for meeting their communities' future housing requirements. At the forefront of local policies will be a requirement to assess and plan to meet the full range of current and future needs and demands in the context of the presumption in favour of sustainable

⁵⁵ <http://www.communities.gov.uk/documents/housing/xls/141266.xls>

⁵⁶ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

⁵⁷ NHPAU YouGov survey, May 2009

development. Decisions on the most appropriate strategy for growth will be for local decisions, facilitated by the substantive changes to planning for housing policy below.

The key changes, enabling councils to better meet the requirements for housing, are to:

- give councils more flexibility to identify the most suitable locations for development;
- ask councils to identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.
- give councils the ability to optimise the delivery of affordable housing according to local circumstances by removing the national site size threshold for requiring affordable housing to be delivered; and
- introduce greater flexibility for rural communities to secure the viability of their villages by allowing them to approve some new housing to meet local needs, particularly affordable housing.

- ***Removing the national brownfield target for housing development***

The problem under consideration and rationale for intervention

A specific target for brownfield land was first established by the 1995 housing White Paper, which aspired to 50 per cent of all new dwellings being built on brownfield land. In 1998, this was increased to 60 per cent.⁵⁸

Evidence shows that giving priority to brownfield development over other sites has contributed to a change in the nature of development. While the proportion of new dwellings built on brownfield land has risen from 53 per cent in 1991 to 64 per cent in 2001 (of which we estimate 6 per cent was on gardens) and 80 per cent in 2009 (of which we estimate 8 per cent was on gardens)^{59 60}. There are strong grounds for seeking to re-use derelict land for the provision of new housing where that is the most sustainable option locally. However, a nationally set target to achieve this is a blunt tool.

The target to build 60% of England's new homes on brownfield land was introduced in 1999. This centrally imposed target had negative outcomes, resulting in imbalances in housing provision for example between blocks of flats and family homes with gardens. The brownfield target was also seen to drive up land prices in certain areas and would increasingly limit the supply of new housing as stocks of brownfield land are used up, which would harm first time buyers. The policy also encouraged houses with large gardens being bought up and replaced with denser housing or blocks of flats. To address this, the Coalition Government removed private gardens from the definition of "brownfield land", and removed the requirement upon local authorities to have regard to national minimum density for housing in June 2010.

It is also the case that some brownfield sites have a higher environmental value than greenfield sites, for example due to their biodiversity. Internal analysis based on Homes and Communities Agency data shows, for example, that 88 (or 27 per cent of) local councils currently have less

⁵⁸ Bramley et al. (2010) The implications of housing type/ size mix and density for the affordability and viability of new housing supply, NHPAU. <http://www.communities.gov.uk/documents/507390/pdf/1486173.pdf>

⁵⁹ Live Table P212. <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658044.xls>

⁶⁰ There are no direct estimates of numbers of dwellings on back gardens in England. However, it is possible to derive estimates from Land Use Change Statistics using proxies. We take the proportion of residential development on previously residential land, where there are fewer than 10 units per site, and excluding units built where dwellings have been demolished.

than five years of brownfield land suitable for housing based on current build and density levels.⁶¹

The national brownfield housing target of 60 per cent is arbitrary and can reduce local councils ability to make sensitive, locally-informed choices on behalf of their communities. It has led to a focus on higher density developments - average density has increased from 25 dwellings per hectare in 2000 to 43 dwellings in 2010⁶² – changing irreparably the green and leafy character of some areas.

Policy objective

Government wants to move away from a prescriptive top-down target for brownfield development to an approach where councils continue to make effective use of brownfield where it is suitable for development and is of lesser environmental value. This approach will maintain the focus on the re-use of brownfield land for new housing but reflect the fact that some brownfield land has higher environmental value than other land and enable local councils to assess land for its suitability for development based on its characteristics and their needs without top down central government intervention. It will allow them to set locally appropriate targets for brownfield development if they wish to. The Government also wants to support councils in resisting inappropriate development of residential gardens where development would cause harm to the local area.

Establishing the baseline and key facts

- Ninety per cent of England, amounting to 12m hectares, is not built on.⁶³ Overall, up to 45 per cent is protected by designations, such as Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest, National Parks and Green Belt.
- As highlighted above, nationally, the target was not binding on local authorities and the precise amount of housing delivered on brownfield land varied by area. Whilst the England average is 76 per cent (2010), London has the greatest proportion of dwellings (including conversions) built on previously-developed land (96 per cent), followed by the North West (84 per cent). Whereas, the East Midlands had the smallest proportion (60 per cent).⁶⁴ In 2006-09, 71 local councils had less than 60 per cent of new dwellings built on brownfield land. These vary in terms of location, viability of brownfield land suitable for housing and affordability.
- Nationally, the proportion of dwellings built on gardens is estimated at around 9% (13,200 completions) of completions between 2006 and 2009.
- Statistics show the amount of land overall coming forward for housing has fallen significantly from 5,820 hectares in 1995 to 2,140 ha in 2009.⁶⁵

Description of policy options

Option 1: do nothing. Maintain national target for new housing on previously-developed land. The 'do nothing' option would have no additional administrative costs on councils or other agents. The existence of a target inflates the cost of brownfield land which is then sold at a

⁶¹ Homes and Communities Agency, 2009, Previously-developed land that may be available for development, National Land Use Database. <http://test.homesandcommunities.co.uk/sites/default/files/our-work/nlud-report-2009.pdf>

⁶² <http://www.communities.gov.uk/documents/planningandbuilding/xls/1955427.xls>

⁶³ Department for Communities and Local Government Live Tables, Table P221 Land Use Change: New dwellings by previous land use1, England, 1989 to 2009 <http://www.communities.gov.uk/documents/planning>, Land Use Statistics, Generalised Land Use Database, England.

⁶⁴ <http://www.communities.gov.uk/documents/statistics/pdf/1657537.pdf>

⁶⁵ Department for Communities and Local Government Live Tables, Table P221 Land Use Change: New dwellings by previous land use1, England, 1989 to 2009 <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658106.xls>

premium, representing a cost to final consumers of housing. A national target is likely to cause councils in some cases, to be forced to make less sustainable choices, such as building on environmentally more valuable land to meet the target.

Option 2: remove the national brownfield target but retain a policy requirement for the effective use of brownfield land of lesser environmental value, and allow locally appropriate targets to be set. The preferred option would be to remove the target to allow councils to use brownfield land effectively but determine the most suitable sites for development in terms of their environmental value, giving decision-making powers to local councils reflecting the fact that the character and composition of land in an area varies from place to place. Councils could also set a locally appropriate target for development on brownfield land.

Councils will be able to allocate sites that they consider are the most suitable for development because they are of lesser environmental value, without being constrained by a national brownfield target. They can also consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area. **This is the preferred option.**

Impact: costs and benefits

The impact of removing the national brownfield target will vary by local council depending on their behavioural response to the change. In some areas there may be (i) no change as councils effectively maintain their current approach, whilst in others (ii) there may be less emphasis on development occurring on brownfield land where it is of high environmental value. There are costs and benefits both to developing brownfield and other sites. It will be for local councils to decide the development most appropriate for their area.

- There are benefits to developing brownfield sites, including often having less adverse impacts on the environment; the associated benefits of re-developing vacant or derelict sites; and making effective use of existing infrastructure. However, some areas do not have large areas of brownfield land available and suitable for housing. In addition, brownfield land often has high remediation costs to make it suitable for housing. For example, the average remediation cost of brownfield for contaminated land is estimated to be around £250,000 per hectare⁶⁶, reducing the potential of some brownfield land for housing.
- In some areas, councils may wish to develop other land than brownfield where it has lower environmental value than previously developed land. New developments on greenfield sites often have greater infrastructure requirements, such as the construction of extra roads and schools, among many other services. Infrastructure can be more expensive in urban areas, as it can be more difficult to provide. There are also the environmental impacts to weigh up, including loss of biodiversity, which can apply to both greenfield and brownfield land. In addition, consideration must be given to urban regeneration, which can be supported by brownfield development.

Benefits

- *councils*
By removing the national target for brownfield development, councils will be able to make more sensitive local decisions as to the most appropriate land to allocate. It will be clear that the effective re-use of brownfield land is the priority where this is of least environmental value, but they will have greater flexibility in allocating and bringing forward land to match their local circumstances. They will have greater discretion to make decisions that are right for them, weighing up the impacts and benefits of different land, without regard to an arbitrary central Government target, and may set locally appropriate targets if they wish. This is particularly important where some brownfield land has higher environmental value than some other land. Councils, as the decision-makers, hold local knowledge about their areas

⁶⁶ <http://archive.defra.gov.uk/corporate/consult/contaminated-land/101215-contaminated-land-condoc-ia.pdf>

and communities. The preferred policy to remove the target would not place additional cost burdens on local councils, as in future it will be at the discretion of local councils as to whether they set their own local target, whereas they are currently required to do so having regard to the national target. In areas where brownfield land is the most sustainable option there will be no additional benefits (or costs) of this policy. For example, in London, the proportion of land developed for residential use that was previously-developed was 96 per cent in 2010.⁶⁷ The Framework is also clear that councils should consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area.

- *business*
Applicants would benefit from having clarity about the priority given to the use of brownfield land but also greater flexibility in potential land to develop where brownfield land has higher environmental value than alternative sites.
- *wider benefits to the economy*
Maintaining the focus on brownfield land has wider benefits to the economy in regenerating derelict land and remediating contaminated sites, which can aid the economic competitiveness of cities and urban areas by making them more compact and productive.
- *environment*
The policy prioritises land of lesser environmental value. If another site is used for development it will generally be because it has lesser environmental value than a brownfield site. For example, previously developed land can develop a real value for ecosystems where wildlife is attracted to neglected urban spaces and habitats. Brownfield land can support an extremely rich diversity of wildflowers and animals, with many sites designated as Sites of Special Scientific Interest, Local Nature Reserves and County Wildlife Sites. National planning policy recognises this through the national Biodiversity Action Plan priority habitat for previously developed land known as open mosaic habitats that developers need to be mindful of when considering solutions for change.⁶⁸

Costs

- *councils*
There are no anticipated costs to councils.
- *local communities*
There is evidence on the importance attached by the public to green space within urban areas. Research conducted for the Barker Review found that the social benefits of open green space are estimated at £0.5m per hectare for urban fringe forested land; £0.2m per hectare for urban fringe Green Belt; and £1.3m ha for rural forested land.⁶⁹ But there are also benefits from development; evidence shows that housing coupled with green space, such as parks, is valued much more highly than open green space: £10.8m (present value) for one hectare of city park (i.e. urban core public space). Gibbons *et al.* (2011) found that a 1 per cent increase in 'green space' increased the value of housing by 1.04 per cent.⁷⁰
- *wider economic costs*
It is not anticipated that there will be wider economic costs as local councils are still asked to make effective use of previously developed land and it will be available for all appropriate uses such as housing and economic development.

⁶⁷ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658106.xls>

⁶⁸ See for example: <http://www.buglife.org.uk/Resources/Buglife/Planning%20for%20Brownfield%20Biodiversity.pdf>
<http://www.opengreenspace.com/why-open-space/>

⁶⁹ Barker, K. (July 2006) *The Barker Review of Land Use Planning*. Interim Report.

⁷⁰ Gibbons, S., Mourato, S. and Resende, G. (2011) *The amenity value of English nature: A hedonic price approach*, LSE.

Table B3.1: Illustration of the potential scenarios outlining the behaviour of different local councils and a summary of the impacts

Scenario	IMPACTS			
	Land Supply	Housing supply	Environment	Wider economy
(1) No change in brownfield/ greenfield mix of development (over and above counterfactual).	No impact.	No impact.	No impact.	No impact.
(2) A proportion of brownfield land is replaced with other land of lower environmental value but overall level of housing delivery remains the same.	Change in the mix of the type of land changing to residential use.	No remediation costs for non-brownfield sites, but could require greater infrastructure provision than brownfield sites ; Density of new dwellings built on other land tends to be, by choice, lower than brownfield.	Policy requirement is to develop land of lesser environmental value. Brownfield land of high environmental value retained. Opportunities to improve biodiversity as part of development (e.g. low value agricultural land moves to mixed uses including gardens, green links etc).	Economic benefits of homes and jobs.

Baseline data for impact analysis:

- Latest data on housing supply showed an annual increase in net additions of 129,000 (2009-10). The 10-year average is 162,000 net additional dwellings.⁷¹
- Latest statistics show the proportion of new dwellings built on brownfield land, including conversions, was 80 per cent in 2009 (with an estimated 8 per cent on gardens). The 10-year average is 73 per cent⁷² (with an estimated 10 year average of 7 per cent on gardens).
- 2009 statistics show that the average density of dwellings built per hectare on brownfield land was 49 and 31 for greenfield land. The 10-year average is 41 and 27 respectively.⁷³

In 2009, statistics show that over 56 per cent of local councils delivered over 75 per cent of housing on brownfield land.⁷⁹ To inform our estimates of the potential impact of removing a national brownfield target (i.e. that over an above the counterfactual), we use local-level data to segment councils based on particular characteristics. This approach allows us to identify areas where the policy is most likely to have an impact (and those where it is not) which can inform our estimates of the overall magnitude of the change.

Scenario (1): no change in the brownfield/other split

Given the current availability of brownfield land in many areas, the policy is likely to have no additional impact. Using our local level data we can identify some groups of councils where this will almost certainly be the case. These councils are made up of two groups.

- (i) The first group has little or no greenfield and accounts for 16% of councils. Between 2006 and 2009 they build 95% or above of new housing on brownfield land, and delivered 24% of total housing supply (2009/10). This group has little scope to change its development land mix and has a strong and consistent preference for brownfield land. This groups accounts for over half (54%) of London councils.
- (ii) Between 1998-2001 and 2006-2009 16% of authorities (delivering 14% of new supply in 2009/10) reduced the proportion built on brownfield land. This group is assumed to have already hit its maximum rate of reuse of brownfield land, thus again there is limited scope to change the mix.

⁷¹ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

⁷² <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658044.xls>

⁷³ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658117.xls>

The Framework policy requires councils to make effective use of previously developed land and allows councils to set locally appropriate targets for development on previously developed land. For all councils in the two groups above we assume no change as a result of the removal of the national brownfield target. In addition, many councils outside of these groups will also choose to adopt scenario one (i.e. no change), however, greater flexibility – for some with brownfield land of high environmental value - may impact on the mix of land brought forward for development. This potential impact is shown in Scenario 2.

Scenario (2): a proportion of brownfield development would use other sites where they are of lower environmental value, i.e. a substitution effect of the type of land on which new dwellings are built.

This group consists of 157 authorities, which in 2009/10 delivered 44% (58,000) of total new supply. The average proportion of supply delivered on brownfield for this group is 74% (including gardens, 2006-2009). Here, a current stock of brownfield land of over 5 years (based on Homes and Communities Agency data and assuming current density/ build rates) means they could continue to their current trend, yet the new emphasis in national policy to develop land of lesser environmental value could encourage some to substitute brownfield land of high environmental quality for lower environmental value land. Therefore a proportion of this group may adopt strategy two.

If we assume a 1 percentage point and 5 percentage point step change reduction in the proportion of development on brownfield sites and using the housing trajectory discussed earlier, over the 10-year appraisal period the average annual increase in the number of units is between 650 and 4,000. Based on a range of density assumptions this means that on a central scenario between 24 and 148 additional hectares of non-brownfield sites of lower environmental value a year could be developed for housing. Sensitivity analysis shows this level could range from 22 to 182 hectares (see table B3.2).

Table B3.2: Additional hectares of land implied by various density levels

Units	650			4,000		
Density (per hectare)	22	27	32	22	27	32
Additional hectares	30	24	20	182	148	125

Environmental impact

Where greenfield sites are used for development, the policy requires this to be of lesser environmental value than brownfield sites so there should be minimal adverse environmental impacts. This is re-enforced by policy on development of agricultural land which states that where development of agricultural land is demonstrated to be necessary, local councils should seek to use areas of poorer quality land in preference to that of higher quality; and policies giving strong protection to sites of biodiversity value. Therefore environmental impacts should be minimised. There are also opportunities for development to provide a mix of uses which achieve environmental gains. For example previously developed land can provide a real value for ecosystems where wildlife is attracted to neglected urban spaces and habitats. Brownfield land can support an extremely rich diversity of wildflowers and animals, with many sites designated as SSSI, Local Nature Reserves and County Wildlife Sites. National planning policy recognises this through the national Biodiversity Action Plan priority habitat for previously developed land known as open mosaic habitats that developers need to be mindful of when considering solutions for change.⁷⁴

⁷⁴ <http://www.buglife.org.uk/Resources/Buglife/Planning%20for%20Brownfield%20Biodiversity.pdf>

Risks

Some respondents said that there might be a risk that removing the national target could lead to a decrease in brownfield development without an increase in the amount of development taking place on other land – leading to less land available for housing overall. However, the likelihood of this risk being realised is small due to national policy requirements for local councils to identify sites to meet housing need and demand in their plans. Given that the 10-year average of brownfield housing development is above 73 per cent - even before the national target was introduced over 50 per cent of housing development was on previously developed land - it is likely that a significant proportion of housing development will continue to take place on previously developed land.

Costs and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. Wider, non-regulatory impacts on applicants could arise in terms of the type of land developed and the associated costs. Removing the target represents the removal of a distortion on development choices, and developers may now have increased prospects of planning permission being granted on other land of lower environmental value which local councils have identified as more suitable for development.

Wider impacts

The wider impacts on the economy, the environment and local communities relate to the benefits of local councils having greater flexibility for bringing forward land that they consider to be most suitable for development. Developments will be brought forward in the most suitable locations depending on the environmental value of sites and the local circumstances of each local council area rather than being skewed to a particular target for previously developed sites. This should lead to better and more sustainable locations being developed and better use of land according to its environmental value.

- ***Requiring local councils to allocate at least 5 per cent buffer of additional sites in their five year supply of deliverable land for housing. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.***

Problem under consideration and rationale for intervention

In order to accommodate an area's housing requirement, local councils undertake a Strategic Housing Land Availability Assessment to identify potential sites for housing development. Land identified for development immediately attracts an 'expectation' value because the probability of obtaining planning permission (and type of development i.e. residential) has significantly increased. We refer to this as 'economic rent'. This can be illustrated by looking at the value of land for sale without planning permission, with outline planning permission and full permission. Table B3.3 below highlights that the price per hectare for land with outline permission is nearly four times higher than without planning permission (using the mean price). Clearly the land for sale will have varying characteristics but this illustrates that outline permission creates significant economic rent. The land identified for development by the local council will have a similar impact in increasing the value of that land (although the exact scale of that impact will of course vary).

In the absence of any plan, land price differentials would still exist but they would be based on characteristics of the land itself. In broad terms the increase in values that arises from the

granting of permission or the inclusion of land in a plan is a reflection of the relative lack of supply for housing compared to its demand. Increasing the amount of land available for housing in plans should reduce its value.

Table B3.3: Sample of land values by planning status⁷⁵

Planning status	£k per hectare		Multiple of price with no permission	
	Mean	Median	Mean	Median
None	716.70	61.70	1.0	1.0
Outline planning permission	2,703.30	2,024.50	3.8	32.8
Detailed planning permission	2,409.40	2,178.60	3.4	35.3

The current requirement in Planning Policy Statement 3: *Housing* to identify and maintain a five-year supply of land for housing has, in some cases, has not been as successful as it could have been in bringing forward enough land that delivers housing on the ground. It has provided insufficient choice and competition in the land market. Furthermore, research indicates that some local councils' assessments of sites have not been fully robust; and some are failing to identify five year's worth of land that is actually available, suitable and achievable for development. In April 2009, 86 per cent of local councils reported to the Department for Communities and Local Government that they had identified sufficient sites to supply 100 per cent or more of the housing requirement for the next five years⁷⁶. However, a recent study by the Planning Inspectorate found that only 61 per cent of councils sampled were found to have a verified five-year housing land supply. There are a number of reasons why land allocated for housing is not coming forward for development, which include: insufficient allowance for the time taken to get multiple land owners together and work out a deal; infrastructure requirements; land allocated in less commercially attractive places; landowner expectations; local market situation; and viability, among other factors.⁷⁷

Government is placing a clear expectation on councils to ensure more choice and competition in the land market for housing. Councils should identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with a buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.

Policy objective

The Government's policy objective is that local councils should plan to meet their full requirement for housing and ensure there is choice and competition in the land market to facilitate the delivery of homes on the ground.

Description of policy options

Option 1: do nothing. The 'do nothing' option would have no additional administrative costs on local councils or other agents. However, it would continue to limit the choice and competition in the housing land market and accept a record of persistent under delivery of housing to meet communities' needs.

⁷⁵ Considers 125 cross Yorkshire, Essex and Cambridgeshire listed for sale in March 2011 (on uklanddirectory.org.uk).

⁷⁶ *Five-year housing land supply coverage in England*, The Planning Inspectorate, March 2010, Department for Communities and Local Government. Page 5. <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1515960.pdf>

⁷⁷ Monk, S., Whitehead, C. and Martindale, K., *Increasing Housing Supply*, July 2008, Cambridge Centre for Housing and Planning Research. http://www.henley.reading.ac.uk/web/FILES/REP/Increasing_housing_supply_land_assembly_final_2.pdf

Option 2: introduce a requirement to identify additional deliverable sites.

The preferred option is that local authorities identify additional 'deliverable' sites for housing in their five year supply. The proposal is for this to be an additional 5 per cent buffer to be added to their five year land supply and where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20 per cent, moved forward from later in the plan period to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land. **This is the preferred option.**

Impact: costs and benefits

There are two scenarios for implementing this policy:

1. The local council identifies deliverable land for their five year supply of housing plus an additional 5 per cent (or 20 per cent in cases where there is persistent under delivery) leading to a robust land supply which generates competition and choice and leads to delivery of homes on the ground to meet the local requirement.
2. The local council does not identify sufficient land to meet the five year supply plus additional 5 or 20 per cent) requirement. This means that their policies on housing would not be considered up to date and decisions would need to be made in the context of the presumption in favour of sustainable development.

Benefits

- *economic benefits*

An increase in the amount of land available for housing would have two main consequential effects. First, price will reduce (squeezing economic rent). Second, as a result of more land and the potential downward pressure on prices, it could lead to more sites becoming viable and so better able to meet housing needs.

Empirical studies have shown land supply to be a key factor in determining house prices: the availability of land for residential development is more important than the availability of capital in determining house price trends, especially in built up urban and metropolitan areas (ESRC).⁷⁸ Research by LSE⁷⁹ illustrates how constraints on the supply of land, for instance through zoning restrictions, can have major implications for household welfare through their effect on house prices and individual home ownership. Therefore, there are economic benefits derived from allocating additional land for housing development and wider economic benefits associated with increased housing supply.

- *councils*

Benefits to councils include a greater ability to meet their housing need, as set out in their plan. Additional land allocated for housing provides greater resilience and flexibility to respond to market conditions. If there is an increase in housing supply (as in scenario 2), councils would benefit from payments from the New Homes Bonus and planning obligations contributions or the Community Infrastructure Levy.

- *business*

The benefits to applicants are more choice of development sites and with a greater supply of land, they could be paying less for the land (a transfer from landowners – see costs).

- *local communities*

Communities will benefit from councils being more likely to deliver their housing need and where there has been a record of persistent under delivery of housing, local planning authorities should local planning authorities should increase the buffer to 20% to provide a realistic prospect of achieving the planned supply. As detailed above, as a result of additional land for

⁷⁸ <http://www.esrc.ac.uk/news-and-events/press-releases/3402/research-reveals-likely-housing-winners-and-losers.aspx>

⁷⁹ http://esrc.ac.uk/_images/Evidence%20briefing%20-%20housing%20market%20and%20economy_tcm8-13958.pdf

housing and downward pressure on prices, affordability will improve. With more sites available for developers to consider, this should mean that the demands and tastes of local communities can be met more easily.

Costs

- *councils*

Councils are already required to undertake Strategic Housing Land Availability Assessments to identify and assess sites for the plan period (at least 15 years), and are required each year to update the five-year supply of sites through annual monitoring. The requirement to move sites forward in the 15 year supply could impose a small additional cost on local councils. We anticipate this additional cost will be minor as local councils already have to complete comprehensive assessments of all their local land when assessing housing potential.

- *business*

The value of the allocated housing land may fall due to greater supply, landowners may lose some of their economic rent due to more land being allocated for housing within the Local Plan.

Risks

The additional sites are not new sites but ones that should be brought forward from years 6-15 of the council's housing supply. Some councils have struggled to find land and, therefore, lack a supply of 'deliverable' sites. These councils would not be considered to have up to date policies on housing in any event. However, by identifying a range of sites to achieve the five-year supply, the council is taking a positive and proactive approach to delivering its housing strategy. This allows them to refuse inappropriate developments, should they wish to, which are not in accordance with the strategy.

- ***Remove the national minimum site size threshold for requiring affordable housing to be delivered***

Problem under consideration and rationale for intervention

National planning policy has previously set a minimum site threshold of 15 units for requiring affordable housing to be delivered for all councils. This means that any development of 15 units or more will trigger a negotiation over a contribution (paid by the developer) for affordable housing via a section 106 agreement⁸⁰.

Councils are best placed to decide on the appropriate level for the threshold and a nationally set threshold may not be appropriate to all areas. A national threshold that is too high will constrain the amount of revenue that can be raised via planning obligations for affordable housing and thereby limit the ability of councils to deliver the affordable homes it requires (only 46 per cent of sites of 0-15 units currently make a contribution – see table B3.4). This is most likely on the most economically viable sites. By contrast, the national threshold may be too low in some areas of lower land viability. In such areas, the threshold could discourage development activity and waste resources in fruitless negotiations between councils and developers.

Those councils wishing to impose a higher threshold are currently discouraged (although not prohibited) from doing so by national policy. Furthermore, whilst a number of councils, such as Bournemouth in December 2009, have already lowered their thresholds to suit local needs, by having a threshold in national policy this may provide an anchor (or default) that is maintained but is not the optimal threshold for that area. Insights from behavioural economics highlight that defaults impact outcomes: people tend not to move away from the default option, preferring to stick with the status quo. Human decision-makers are prone to anchoring effects, in which people will focus on an initial piece of information (Tversky and Kahneman, 1974), even if there

⁸⁰ An 's106 agreement' or 'planning obligation' is a legal agreement between the local council and the applicant/developer and any others that may have an interest in the land. An obligation either requires the developer to do something or restricts what can be done with land following the granting of planning permission (in this case to contribute to the provision of affordable housing).

could be a more optimal situation to suit their particular circumstances. The Government believes this is limiting the ability of councils to seek solutions to suit their local housing needs.

Policy objective

By removing the centrally set 15-unit threshold for affordable housing, complete control will be given to councils, allowing greater flexibility to seek optimum solutions for their local areas.

Establishing the baseline and background facts⁸¹

- £2.6bn of planning obligations were secured for affordable housing in 2007-08 (an increase of 31 per cent from 2005/06); this represented 53 per cent of total planning obligations.
- The amount secured varied considerably by region, with London (£1.3bn) accounting for over half of the total value of obligations in 2007-08;
- 51 per cent of major residential developments (10 units and over) had planning obligations attached in 2007-08, up from 48 per cent in 2005-06; this compares to 9 per cent of minor residential developments (less than 10 units), up from 7 per cent in 2005-06.
- Over two-thirds of residential planning agreements are for developments of 0-15 units, yet only 46 per cent of these are estimated to have planning obligations attached. By contrast sites over 50 units have agreements attached in more than 90 per cent of cases⁸².

Table B3.4: Planning Agreements by Size Category of Residential Development (2007/08)⁸³

Planning Agreements by Size Category of Residential Development							
	0-15 units	16-24 units	25-49 units	50-99 units	100-999 units	1,000+ units	Total
Number of Planning Agreements in each size category	2303	389	289	179	212	13	3385
Percentage of Planning Agreements in each size category	68.0%	11.5%	8.5%	5.3%	6.3%	0.4%	100%
Estimated Percentage of Developments with an Agreement by size category	46%	83%	87%	90%	93%	96%	

Description of policy options

Option 1: Do nothing. A do nothing option would limit the flexibility of councils to seek optimal solutions for their areas.

Option 2: Remove the 15-unit threshold. Removal of this centrally-set arbitrary threshold will allow complete flexibility for councils to develop solutions that best suit their area. The removal of a minimum from national policy makes it easier for councils to lower or raise the threshold from 15 units – this change will give greater emphasis to councils to take control and optimise the threshold to assist their wider housing strategy. The potential impacts of this option are considered in more detail below. **This is the preferred option.**

Impacts: costs and benefits

The impact of this policy will depend on the behavioural response of councils to the removal of the threshold. As discussed in the rationale, it may be suitable for individual councils to: (i) reduce the threshold – in more viable areas where the councils are able to obtain more

⁸¹ The incidence, value and delivery of planning obligations in England in 2007/08: Final report (2010):

<http://www.communities.gov.uk/documents/planningandbuilding/pdf/1517816.pdf>

⁸² NB: obligations may not be agreed on all sites for various reasons, e.g. if the site is affordable housing.

⁸³ *Ibid.*

developer contributions for affordable housing; (ii) increase the threshold – in less viable areas if it currently constrains wider development; or (iii) maintain the threshold – where the current 15 unit threshold is best

Table B3.5: Summary of impacts by behavioural response

	Costs	Benefits
Increase threshold	An increased threshold is only likely to occur where 15 unit threshold was preventing viable sites coming forward and therefore affordable housing was not being delivered. Increasing the threshold would not impact significantly on affordable housing contributions as these were not realised in the first place (see further discussion below).;	Increased delivery of overall housing development as more sites will become viable; Reduced delays from S106 agreement negotiations for sites under new threshold, leading to earlier development; Potential reduction cost of negotiation for councils and developers; Developers below the threshold will no longer be liable for contributions and may be encouraged to develop, more housing supply helps market affordability.
Maintain threshold	No change	No change
Reduce threshold	Developers of smaller sites now liable for contributions; Potential increased cost of negotiation on councils and developers; Potential increase in delay on smaller sites if there is disagreement on the S106 contribution; Some developers where there is marginal viability may be discouraged by the cost of negotiation.	Increased contributions gained for affordable housing; More delivery of affordable housing, paid for by developers. For a given level of affordable housing less reliance on public purse.

Impact of councils increasing the threshold

- *councils*

A council is most likely to increase the threshold to remove an obstacle to development in their area. This will depend on the development economics of the local area and is most likely in areas of lower viability where the cost of affordable housing acts as an insuperable barrier or disincentive to develop. Raising the threshold may encourage some development to come forward which otherwise would have been unviable. This would lead to an increase in the overall level of development in their area, helping them meet their local housing needs.

Councils will also benefit from using fewer resources to negotiate developer contributions (as a proportion will now no longer require contributions) on marginal sites. Where negotiations are agreed these costs are covered, but in cases where developments are stalled or no agreement is reached, a cost is incurred by the council.

The impact on developer contributions for affordable housing is likely to be minimal. This is because those sites no longer within the threshold did not previously pay, either due to the development not coming forward or negotiations not resulting in any contributions.

- *applicants*

It is expected that the threshold will only be increased where the likely cost of affordable housing contributions was discouraging developers from pursuing housing applications. Raising the threshold will increase the viability of sites in this category that now fall below the threshold. A report led by English Partnerships' National Consultancy Unit found that affordable

housing s106 planning contributions agreements are a significant cost burden on residential land values.⁸⁴ This will make more sites profitable (as costs have reduced) leading to an increase in development. In some cases this may lead to a transfer from developers to land owners as they are willing to pay more for the land (because they no longer have to factor in additional payment for affordable housing). Applicants will also benefit from reduced delays as negotiations are no longer required below the threshold and therefore development will occur earlier.

- *local communities*

Local communities should see an increase in the overall level of housing development, as a barrier to development is removed, which will deliver benefits in terms of affordability in the longer term. The overall level of housing in the area would have increased and as the threshold is only expected to be raised where developments were largely failing to deliver affordable housing, or were being choked off, there will be little or no impact on local communities access to new affordable homes.

Impact of councils reducing the threshold

- *councils*

By reducing the threshold councils will have greater capacity to capture more from developer contributions. This will provide a scenario where more developments contribute and – given no change in the contributions requested - the overall level of contributions will increase allowing local councils to deliver more affordable housing (through planning obligations). As table B3.4 shows only 46 per cent of developments of 0-15 units have s106 agreements attached.

The average obligation per agreement was £54,000 in 2007-08 however this does not capture the difference in the value of obligations by site size. For example, the agreement on a site of over 1,000 units is likely to be significantly larger than a site of 15 units. To estimate the total value of obligations by site size we approximate the proportion of total housing delivery in each category – this is calculated by multiplying the mid-point site size by number of agreements. In other words, we assume the scale of the agreement is proportional to the site size. We then apportion the total value of obligations across the different site categories using this proxy.

Table B3.6: Estimated value of planning obligations by site size

Site size	0-15 units	16-24 units	25-49 units	50-99 units	100-999 units	Over 1,000 units
Mid-point site size (units)	8	20	38	75	500	1500
Total number of agreements	2,303	389	289	179	212	13
Units with agreements	18,424	7,780	10,982	13,425	106,000	19,500
Proportion of total units	10%	4%	6%	8%	60%	11%
Value gained by site size (£)	273,507,989	115,495,666	163,030,001	199,296,828	1,573,591,340	289,481,426

Using the data outlined above we can exemplify the impact of this change on revenues. The total value of obligations on sites 0-15 units is estimated at £273m. Therefore, if the number of

⁸⁴ Cascades: Improving certainty in the delivery of affordable housing for large-scale development? English Partnerships' National Consultancy Unit, the Advisory Team for Large Applications (ATLAS) and the Housing Corporation.

agreements below 15 units increased by 10 per cent this would raise an estimated additional £27.4m (1.0 per cent of total obligations). Based on internal analysis of average scheme cost, this could increase the provision of affordable homes by 5% per annum (delivered as nil grant) compared to 2010-11⁸⁵. Please note these figures need to be treated simply as illustrative of the potential scale of impact on delivery of affordable homes.

The cost to councils of this will be the increased resources used in negotiating agreements with developers. The cost of doing so may increase with smaller sites as developers are less familiar with planning obligations. Whilst in the majority of cases - where agreements are made – local councils are able to recover their costs, in cases where developments stall they will incur the cost of negotiation.

- *developers*

Developers will incur greater costs in terms of planning obligations liable on sites that previously were under the threshold. This means that this cost will fall on the developers of smaller sites. Developers will also incur an additional cost of negotiating agreements with the council. If an individual site is on the margins of viability and the threshold lowered, it could potentially affect site viability. However, a local planning authority will only be able to justify lowering the threshold, as is the case under current policy, where they have evidence that doing so would not have an unacceptable effect on the viability of development in the area.

- *local communities*

Local communities will benefit from an increase in affordable housing delivered through developer contributions. For a given level of units this will reduce the level of subsidy from the public purse.

Costs and benefits to business

Wider, non-regulatory impacts on business will depend on actions taken at a local level. Where councils raise the threshold this is likely to increase the number of profitable development sites and reduce transactions costs, benefiting developers and land owners. If councils opt to reduce the threshold then more developers may have to make affordable housing contributions and could incur costs when negotiating these, although some will be met by land owners.

Risks

The risks of this change in policy are not directly related to the increase in flexibility the policy changes will give to councils, but depend on how councils choose to use this flexibility to deliver affordable housing and how the market responds.

Some have suggested that there might be a potential risk that councils are unable to implement optimal solutions due to resource constraints. This is not anticipated as a major risk as costs are recovered from the agreements made. However, if resources are used where no agreement is made or the development falls through a cost will be incurred. Should sub-optimal solutions be implemented (for whatever reason) this may lead to (i) reduced contributions if thresholds are set too high and (ii) will serve to discourage wider development if set too low. However, each council's proposed approach will be subject to independent examination. This will give developers and the community a full opportunity to present evidence on the likely impact of a proposed threshold.

The potential for thresholds to be changed may lead to a behavioural response from developers/land owners. For example, if the threshold is expected to rise, a site may be delayed in the hope that the rules will be changed, whereas if it is lowered, the development may be brought forward to avoid higher payments. This is a theoretical risk with any policy change, and it is only likely to have short term and limited impacts.

⁸⁵ <http://www.communities.gov.uk/documents/housing/xls/2001262.xls>

- ***Widening opportunities for rural villages to grow***

The problem under consideration and rationale for intervention

Policy has previously allowed councils to set 'rural exception site' policies which allocate and permit sites solely for affordable housing in perpetuity for local people in small rural communities. This is where housing would not normally be considered appropriate due for example to policy constraints, such as Areas of Outstanding Natural Beauty. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. However, currently, the rigid requirement for sites to be only for affordable housing limits council's ability to deliver this housing if it cannot be financed without cross-subsidy.

The Government believes that councils should decide the best approach to delivering housing, including affordable housing, in rural areas. A more flexible policy will allow councils to develop locally appropriate solutions that best meet the demands of their local communities, in addition to the use of Rural Exception Sites.

For example, Cornwall's innovative draft affordable housing policy is an example of an emerging policy that takes a more flexible approach to rural housing than would normally be considered compliant with the rigid approach to Rural Exception Sites policy. It states the Council will consider proposals to include an element of market housing on exception sites if it was satisfied that that the development had community support and reflected local need in terms of scale, dwelling type and tenure mix. The applicant would need to demonstrate to the Council's satisfaction that a mixed tenure scheme was essential to the delivery of the development. The majority of the development would need to be provided as affordable housing with value generated from open market sales cross subsidising the delivery of the affordable housing, removing the need for public subsidy and ensuring affordable homes for sale were delivered at the lowest possible price.

Policy objective

The Government's objective is to give councils the flexibility to set out their own approach to delivering housing, including market and affordable housing, in rural areas to meet their requirements.

Additional background key facts and establishing the baseline

- In 2009-10, 1,632 units of affordable housing were built on rural exception sites in England, which equates to 3.1 per cent of all affordable housing built in that year.
- In 2009-10, the highest number of units built on rural exception sites was in the East (329) followed by the South West (313). The lowest numbers of units built on rural exception sites were in Yorkshire and the Humber (45) and the North West (57).⁸⁶
- In 2008, 37 per cent of affordable housing development in towns below 3,000 in population was secured through the use of the exception site policy, and this rises to 57 per cent in communities with populations below 1,000⁸⁷.
- In 2010 84 (82 per cent) 'rural' councils⁸⁸ had affordability ratios greater than the national average of 6.69

Options considered

⁸⁶ HSSA 2009/10

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localcouncilhousing/dataforms/hssa0910/hssadata200910/>

⁸⁷ Living Working Countryside, 2008, based on Housing Corporation figures for developments of affordable housing funded by the Housing Corporation

⁸⁸ Using Defra Rural-50 and Rural-80 Local Authority classifications, Defra (2011)

<http://www.defra.gov.uk/statistics/rural/what-is-rural/rural-urban-classification/>

Option 1: do nothing. This would continue to allow councils to use the ‘rural exception site’ policy to deliver affordable housing for local people in rural areas. However, it would prevent the provision of market housing even where this is needed to make possible the delivery of affordable housing.

Option 2: increase flexibility for delivery of rural housing, (including a more flexible rural exception sites policy). This option does not specify a particular approach for councils, but encourages councils to consider the need for the growth of rural villages to meet needs. This would allow flexibility to set their own strategy for delivering affordable housing. These could include their own rural exception site policy or another mechanism such as plan allocations, a review of policy restrictions, promotion of community land trusts or Community Right to Build and through cross-subsidy from market housing. Importantly, this option would not prevent councils from continuing to allow sites solely for affordable housing for local people. **This is the preferred option.**

Impacts: costs and benefits

The impact of this change will depend on the behavioural response of councils. It is difficult to estimate, in advance, what proportion of councils will take different actions. The policy will require market housing to support affordable housing so, there are two possible responses. The following table sets out these responses, and provides a narrative on where these behaviours would be likely to occur.

Table B3.7: Summary of plausible behavioural responses

Response to the policy	Where this may occur
(1) No change	Local councils continue to apply a local version of a rural exception sites policy; perhaps where there is a significant need to prioritise affordable housing but significant restraints remain on land.
(2) An overall increase in housing development in rural areas, with a mix of market and affordable homes to make the affordable homes viable.	Some local communities may opt to have a small element of new market homes as part of sites in rural areas in order to make new affordable homes viable.

1. No change, councils continue to apply a local version of rural exception sites as before.

Under this scenario, there are no additional costs or benefits.

2. An overall increase in housing development in rural areas, with a mix of market and affordable homes.

Applicants: an increase in the level of development would increase development opportunities for developers (see below for an illustration of the number of units).

Local communities: Where councils increase the number of sites used for market or affordable housing, the overall number of homes in rural areas will increase. The mix will depend on the needs of local communities. As an illustration, a 10 per cent increase in the number of sites delivered through previous rural exception sites would lead to an additional 163 units, a 50 per cent increase would equate to 816 units, and if the number of sites increased by 100 per cent this could lead to an additional 1,632 units. The benefits of this will be a reduction in pressure of local housing demand. As a result councils are better able to meet the housing needs of rural communities in their area. However, increased development may lead to a cost in terms of a loss of amenity to existing residents.

Risks

The risks of this change in policy are not directly related to the increase in flexibility the policy changes will give to councils, but depend on how councils choose to use this flexibility to deliver affordable housing in rural areas. There is a risk that local communities may choose not to support market housing in rural areas. The current guidance on rural exception sites specifies that any new affordable homes built on rural exception sites should be allocated to 'local people'. Evidence⁸⁹ suggests that how residents define 'local' varies between villages. Focus group evidence from the same research found that residents are more likely to be accepting of new development if the additional housing was to be reserved for local people. There is a possibility that in some villages residents will be less willing to support new market housing even if it enabled affordable housing to be provided as it would be open to everyone (unlike affordable housing).

Wider impacts

If a council takes a more proactive or flexible approach to the delivery of rural housing, there may be increases in the number of rural homes, including affordable homes. This would help support the viability of rural services, support the rural economy and could lead to improved affordability and more housing choice in rural areas.

Environmental impacts

Where a council increases the amount of housing development there can be an adverse impact on the environment in terms of the additional natural resources utilised for development and carbon impacts during the construction and lifespan of the housing. See discussion earlier of illustrative impacts. There are however opportunities through the planning system to ensure that the new housing incorporates sustainable design and renewable energy.

Allowing councils to make decisions on the most appropriate locations for development will allow them to consider wider sustainability issues. Developments can be located taking account of their accessibility to shops and services by means other than the private car. Developments of a sufficient scale can be designed to encourage use of public transport, walking and cycling and can integrate sustainable waste management systems. Smaller sites for example in rural areas can be beneficial supporting the viability of local shops and services which might be vulnerable to closure leading residents to make longer journeys.

Land allocated for housing development on the edge of towns and villages is often lower grade agricultural land and may be of lower biodiversity value than other sites such as garden land or previously developed land that has been restored to nature. Environmental and biodiversity considerations should be taken into account at site selection stage and in planning decisions on individual applications. Designated areas of special environmental importance will continue to be given very strong protection.

• *Protecting community facilities*

Problem under consideration/rationale for intervention

Government policy in Planning Policy Statement 4: *Planning for Sustainable Economic Growth* asked councils, when assessing planning applications affecting community facilities in local centres and villages, to consider the importance of the facility or service to the local community or the economic base of the area. Local councils were asked to refuse planning applications which fail to protect existing facilities which provide for people's day-to-day needs. However, not all important community facilities are located within defined local centres and villages. Public houses for example are often scattered geographically.

Policy objective

⁸⁹ Department for Environment, Food and Rural Affairs, 2010, Research into Rural Housing Affordability, <http://www.colinbuchanan.com/rural-housing-affordability>

The Coalition Agreement included a commitment to help support important community facilities and services. In line with this, the proposed policy strengthens the current policy by asking councils to consider the availability and viability of community facilities as part of the plan making process and to develop policies to safeguard against their unnecessary loss. This policy is applied to all community facilities and not just those within defined local centres and villages.

This policy will help communities prevent the loss existing buildings and developments, which are locally important, valued and viable community facilities and services, to alternative higher value developments such as private housing and business. Planning policies may identify specific buildings or developments and/or set out criteria for assessing planning applications. Criteria may require applicants demonstrating the current building or development is no longer required or viable for use by a community facility of service. The redevelopment and reuse of buildings and developments which are no longer viable, for community uses, will also be supported by the proposed policy.

Options considered

Option 1: do nothing. The do nothing option would not impose any additional cost on any agent but would continue to affect the ability of councils to protect against the loss of important community facilities which are outside local centres and villages.

Option 2: strengthen current policy. Strengthening the current policy to apply to all community facilities would provide councils and communities with greater control over how they can most appropriately protect important community facilities. The policy cannot prevent unviable businesses closing but it can send a strong signal of the importance the local community attach to the continuation of a community asset and encourage innovation and diversification to maintain viability. However, the proposed policy might impose modest additional costs on councils as they would need to develop an understanding of the availability and viability of community facilities within their areas. Costs may also be incurred by developers in instances where they need to produce evidence to demonstrate a building or development previously used by a community facility is no longer required or viable for community use. **This is the preferred option.**

Impacts: Costs and benefits

Benefits

- *councils*

Providing councils with greater policy control over the loss of important viable community facilities, in all locations, would be consistent with the 'localism' agenda, as councils and their communities will be able protect the community facilities that are important to them.

- *business*

The policy could help to ensure there is a continued supply of available and affordable community facility premises for local community based businesses to operate from. However, where community facility premises are no longer required or viable the policy would enable developers to redevelop or change the use of a building for a more viable development; this again would be a benefit to business. The policy may give encouragement to business and communities to find innovative solutions to problems or to diversify their offer to increase viability.

- *communities*

Strengthening of the existing policy would provide councils with greater powers to help protect their communities against the loss of important community facilities. Protecting the facilities which are important to individual communities will contribute to achieving healthy, sustainable, prosperous and vibrant local communities

Costs

- *councils*

Modest costs may be incurred as councils will need to develop an evidence base and put a planning policy in place. This may involve survey work of existing community facilities, availability and viability. This is likely to include an assessment of location and accessibility factors, public consultation and adoption in the Local Plan.

- *business*

The policy expressly seeks to retain existing uses that are valued by local communities. Businesses seeking to convert community facilities for other land uses may face additional costs in demonstrating that the existing use is no longer viable or that an alternative use should be allowed.

- *communities*

No costs have been identified for communities.

- *environment*

No costs have been identified for the environment.

- **Green Belt**

Green Belt land is designated to restrict development in areas where it has been deemed necessary: to prevent unrestricted sprawl, the merging of towns and to protect the openness of countryside. The government strongly supports the Green Belt and does not intend to change the central policy that inappropriate development in the Green Belt⁹⁰ should not be allowed.

Policy changes

Core Green Belt protection will remain in place. Four minor changes to the detail of current policy are proposed in order to resolve technical issues relating to current policy. These changes do not harm the key purpose of the Green Belt, as in all cases the test to preserve the openness and purposes of including land in the Green Belt will be maintained. These changes are:

- i. Development on previously-developed Green Belt land is already permissible if the site is identified in the Local Plan as a major developed site – it is proposed to extend this policy to similar previously-developed sites not already identified in a Local Plan;
- ii. Park and Ride schemes are already permissible – it is proposed to extend this to a wider range of local transport infrastructure;
- iii. Community Right to Build schemes will be permissible if backed by the local community.
- iv. The alteration or replacement of dwellings is already permissible – it is proposed to extend this to include all buildings.

Problem under consideration/rationale for intervention

In a few technical instances current policy is restrictive, which has made it difficult for councils to consider development opportunities that could bring social, economic and environmental benefits to their communities, even if they cause no harm to the purpose of the Green Belt.

- i. Current policy restricts the infill/redevelopment of major developed sites to those only **identified in the Local Plan**. This makes it difficult for the redevelopment of previously-developed sites in the Green Belt, which are not identified in the Local Plan, to come forward. This can lead to the loss of potential economic, environmental and social benefits.

The decision-making process in this type of case clearly has to be weighed up, taking account of the need to protect the openness and purposes of Green Belt land. The change proposed

⁹⁰ *The Coalition: our programme for government*, HMT, May 2010.
http://www.cabinetoffice.gov.uk/sites/default/files/resources/coalition_programme_for_government.pdf

would allow the infilling/redevelopment of previously-developed sites to be considered without the need for the site to be identified in the Local Plan.

The rationale for allowing the consideration of development on previously-developed sites is that the sites, by definition, have already been developed and the impact on the openness and purposes of the Green Belt has already been established. By allowing development which does not create a greater impact than the existing development, there could be additional economic, social and environmental benefits, including housing, transport, commercial, employment and decontaminating land without damaging the principles or protection of the Green Belt.

ii. In current policy, ***park and ride schemes*** in the Green Belt are ‘not inappropriate development’ provided that certain criteria have been met. There are other local transport infrastructure schemes that could be beneficial to communities in the Green Belt. This includes, for example, infrastructure to support more public transport, such as opening new routes, providing bus shelters and small public transport interchanges. The policy change would enable local infrastructure schemes to be considered in the Green Belt without damaging the principles or protections of the Green Belt.

iii. The Localism Act gives powers to communities to plan for their areas and contribute to the achievement of sustainable development, through neighbourhood planning and ***Community Right to Build***; a separate Impact Assessment has been published.⁹¹ Community Right to Build will allow communities to come together to bring forward development or invest in the refurbishment of local facilities without the need for a traditional planning application from the local planning authority. This aims to increase community engagement in local development and help deliver the homes required to meet local housing needs. Community Right to Build will apply in all areas, but is expected to be most relevant in rural areas; and expected to help tackle rural housing issues. They are envisaged to be small-scale, approximately 5 to 10 units per scheme. Without a specific policy in Green Belt, these schemes are likely to be considered inappropriate development.

iv. The current policy allows for the ***extension or alteration*** of a “dwelling” provided it does not result in disproportionate additions over and above the size of the original building, and also the replacement of an existing dwelling provided the new dwelling is not materially larger than the one it replaces. This was intended to allow home owners a degree of flexibility to extend or replace their dwelling. However, this excludes properties which are not dwellings, where owners would also benefit from a degree of flexibility to extend or replace buildings. The revised policy proposes to change the word “dwelling” to “building” but maintains the current limitation on size set out in current policy.

Policy objective

The objective of this policy is to remove the current constraint on development in certain specific cases, so that appropriate proposals can be considered which could provide social, economic and environmental benefits, without harming the openness or purposes of including land in Green Belt.

The policy changes are intended to: allow proposals on previously developed sites to be considered more flexibly; give greater discretion to local communities to bring forward specific, small-scale developments via Community Right to Build schemes; allow for more local transport infrastructure to benefit communities; and allow a degree of flexibility over the alteration or replacement of buildings in Green Belt. At the same time the need for development to preserve the openness and purposes of including land in Green Belt is retained.

Description of policy options

⁹¹ Localism Bill – Neighbourhood Plans and Community Right to Build Impact Assessment (2011)
<http://www.communities.gov.uk/documents/localgovernment/pdf/1829678.pdf>

Option 1: Do nothing. If the policy remains the same, it will prevent the flexible consideration of sites for specific uses that could bring community benefits without harming key Green Belt protection.

Option 2: By changing to a policy of allowing certain specific sites to be considered, the proposed policy enables councils and developers to consider appropriate development opportunities which could deliver increased social, economic and environmental benefits without harming the Green Belt. **This is the preferred option.**

Impacts: costs and benefits

The main impact of this policy is to extend the potential to consider development on certain sites for various uses. It is difficult to predict the type and balance of development brought forward. The impact will vary by council depending on their behavioural response to the policy change.

Benefits

- *councils*

This policy would allow councils to have more freedom to accept beneficial proposals on appropriate sites. This removes the prescriptive approach, set by Central Government, and enables councils to more easily consider development that suits their area in order to meet local need. This could lead to improvements to the local environment, better sustainable transport links and increased employment opportunities.

- *business*

Business will benefit from having greater flexibility and choice in the potential land available to develop in the ways described above. Business may also benefit from local residents having greater access to employment and leisure facilities due to improved local transport schemes, and an increase in construction jobs, further supporting economic growth.

- *local communities*

This policy change is aiming to bring forward beneficial development for local communities, which could include: improving sites currently left vacant or derelict; improving the local area with the re-development of previously-developed sites; better transport connections that could promote accessibility to employment and influence labour market flexibility, and provide better access to shopping and leisure facilities; and a wider range of facilities or services provided, depending on the type of development.

- *environmental impacts*

Green Belt is not an environmental designation it is a policy to manage the patterns of urban development.

Allowing the consideration of local transport infrastructure in the Green Belt gives councils more flexibility in allocating the most sustainable sites for this use. This will provide more optimal outcomes in terms of reducing the overall environmental impact of transport movements.

Including Community Right to Build schemes could lead, if the host communities choose, to a very small amount of development within a Green Belt. However, the adverse impacts are mitigated because it will be for community organisations to determine the type of development that they wish to bring forward, the type of land on which to develop and the location. Therefore, Green Belt sites would not be developed against the wishes of a community. Furthermore, Community Right to Build proposals would still be subject to more than 50 per cent support in a referendum.

Certain development will also be excluded from Community Right to Build, including where a site would require an Environmental Impact Assessment or where it would have significant effects under the Habitats Regulations, or where it consists of a nationally significant infrastructure project. As a further safeguard preventing inappropriate development, the council will need to confirm that it is a valid application and pass any valid applications to an independent examiner to assess whether the proposals meet prescribed conditions. (See Neighbourhood Plans and Community Right to Build Impact Assessment for further details.) In addition, any development proposal in the Green Belt would need to preserve the openness and purposes of including land in Green Belt.

Costs

There are no anticipated costs of this policy on councils or business. The main objective of Green Belt policy is to prevent urban sprawl: it is a planning policy designation rather than an environmental one. There is no requirement for Green Belt land to be of a high environmental, aesthetic value: such areas are protected by designations, such as Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest and National Parks. If there is any small-scale loss of Green Belt, there could be an impact on local communities associated with the amenity value of such areas.

Analysis

The following assessments highlight that the policy change promoting the re-use of previously developed sites could have the potential to direct development away from greenfield sites, both in the Green Belt and in undesignated countryside.

Illustrations of the potential impacts relating to the ability to develop on previously-developed Green Belt land are discussed here. The following data presents recent trends in Green Belt development. 23 per cent of land changing to developed use⁹² within the Green Belt was previously-developed in 2008, falling from 43 per cent in 2007. Latest statistics regarding the amount of land show that, in 2006, 290 hectares of previously-developed land changed to developed use (within the Green Belt); and 930 hectares in 2005.

This policy could lead to an increase in the number of previously developed sites that can be *considered* for re-development. It could also lead to less undeveloped land being put under pressure. However, these figures are small as a proportion of the total number of hectares of Green Belt (1.6 million hectares).⁹³ Statistics show that only 2 per cent of new dwellings were built in the Green Belt in 2009, falling from 4 per cent in 2000 (10-year average of 2.5 per cent).⁹⁴ In 2008, 70 per cent of all new dwellings built in the Green Belt were on previously-developed land.⁹⁵

This policy could lead to an increase in the proportion of housing development on previously-developed sites in the Green Belt rather than on undeveloped sites.

The following statistics are employed for the illustrative analysis below:

- Seventy-one per cent of new dwellings in the Green Belt were built on previously-developed land (10-year average).⁹⁶
- 2.6 per cent of all new dwellings were built in the Green Belt (10-year average).⁹⁷
- Average density for previously-developed housing development is 41 dwellings per hectare (10-year average); and 27 dwellings per hectare for greenfield land.⁹⁸

⁹² Includes sites changing from one developed use to another, as well as those changing from undeveloped to developed uses.

⁹³ At 31 March 2011. <http://www.communities.gov.uk/documents/statistics/xls/1888163.xls>

⁹⁴ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

⁹⁵ Live Table P243, Department for Communities and Local Government

<http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

⁹⁶ Live Table P246. <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

⁹⁷ Live Table P246. <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

- The 10-year average of net additional housing supply is 162,000.⁹⁹

Illustration: Assumes no increase in housing supply as a result of the policy (10-year average used to illustrate) but a substitution of development from other land types to previously-developed land in the Green Belt. It is estimated that approximately 29 per cent of dwellings are built on greenfield land, equating to around 47,000 units (using 10-year averages). If 1 per cent of this supply (approx. 470 units) were now built on previously-developed land in the Green Belt, this could avoid the release of an estimated 17 hectares of greenfield land (whether outside or inside the Green Belt).

Summary of impacts by group

Group	Costs	Benefits
Councils		Allow more freedom to consider development on appropriate sites, such as previously-developed sites and areas for Community Right to Build schemes. Improved sustainable development outcomes.
Business		A wider choice of sites that could be suitable for development. Benefit from residents having greater accessibility to local businesses.
Local communities	Minimal amount of building permitted on previously developed land in Green Belt.	Improvement to local area of a previously-developed site, potentially providing increased facilities and services. Improved local transport infrastructure. Better access to employment, leisure facilities and services.

Risks

There is a risk that some of the building permitted might be opposed by some local residents, but the proposed policy changes safeguard the openness and purposes of including land in the Green Belt.

Costs and benefits to business

⁹⁸ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658117.xls>

⁹⁹ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These four policy changes have no impact on the regulatory burden on business and the third sector.

B4: Environment

This section addresses the impact of policy changes contained within the Framework on the environment. It includes three sections:

- Natural and local environment
- Climate change, flooding and coastal change
- Heritage

Planning plays a key role in protecting each of these areas, which includes making sure the location of development is suitable, that impacts on environment and heritage are taken in to account in any development decision, and land which is important, both nationally and locally, is protected. This chapter of the impact assessment briefly outlines how planning impacts of the environment and heritage, and sets of the specific changes in policy which may have an impact.

Natural and local environment

Government aims

The Government aims to deliver sustainable growth in a way that protects and enhances the natural environment, conserves the countryside, safeguards local amenity and provides an appropriate quantity and range of types of open and green spaces to meet the needs of both urban and rural communities.

Planning can help ensure that construction, development and regeneration has minimal impacts on the natural environment and enhances it whenever possible. Planning also makes a significant contribution to adapting to climate change through the provision of well planned green spaces within and between developments. In encouraging the full and effective use of land in an environmentally acceptable manner, planning decisions also need to take into account physical constraints; for example, land which is unstable or potentially unstable (either by natural or mining and other industrial activities). The planning system also provides a key role in ensuring the suitability of a proposed development for its location in terms of risks from existing pollution or any polluting affect the new development might have on its surroundings, and in mitigating those effects. Pollution can be present in and affect land, air or water with impacts on the natural local environment, human health and well-being.

Policy changes

The policy retains the requirements on councils to consider the impacts on the natural and local environment when developing plan policies and taking decisions on planning applications, with new policy approaches to (i) the provision of green infrastructure and (ii) the designation of one new policy approach to the designation of green spaces; and (iii) clarification on which wildlife sites should, as a matter of policy, be given the same protection as European sites.

- ***Green infrastructure***

The problem under consideration and rationale for intervention

Strategic networks of green spaces, commonly referred to as green infrastructure, can provide a wide range of environmental benefits (ecosystem services) in both rural and urban areas including flood water storage, sustainable drainage, urban cooling and local access to shady outdoor space. Green infrastructure also provides habitats for wildlife. While existing planning policy already provides the basic mechanisms for providing green infrastructure, there is now a

better understanding of the additional benefits which can be gained from taking a more strategic approach to the provision of green spaces (see for example *Green Infrastructure Guidance* (Natural England, 2009)). The proposal is therefore a change of emphasis rather than a significant change of policy. It is however necessary to pull the existing strands of policy together so that planning councils are enabled to take the more strategic approach. This will enable them to consider existing green space as part of a multifunctional network which provides a wide range of ecosystem services including urban cooling, sustainable urban drainage, and because of the improved connectivity, wildlife corridors. The wider benefits to society of green infrastructure in terms of its environmental and recreational functions are not usually valued in the price of land in the land market and therefore green infrastructure is likely to be undersupplied by private agents; this is an example of market failure where government intervention is necessary.

Policy objective

The objective is to secure more and greater coherence of strategic networks of green infrastructure¹⁰⁰ by planning positively for their creation, protection, enhancement and management. This will help support the natural environment, as well as providing green space for the use of local communities, supporting sustainable development and preserving green space for the use of future generations.

Description of policy options

Option 1: Do nothing: planning policy continues to provide the basic mechanisms for providing green infrastructure. The 'do nothing' option would have no additional administrative costs on councils or other agents. The planning system would continue to consider the basic mechanisms for providing green infrastructure but without the benefits of taking a strategic approach.

Option 2: introduce a new policy on a strategic approach to green infrastructure. The preferred option would encourage local planning authorities to take a more strategic approach to green infrastructure and give them a better understanding of the existing green infrastructure network and its functions in their area. This should contribute to better decisions being made about the protection and management of green infrastructure. **This is the preferred option.**

Additional background key facts and establishing the baseline

Ecosystems and the ways people benefit from them have changed markedly in the past sixty years, driven by societal changes, such as population growth, increased living standards, technological developments and globalised consumption patterns. The National Ecosystem Assessment¹⁰¹ concludes that some are delivering some services well, but others are in decline. Through its analysis of their changing status, the National Ecosystem Assessment has identified broad habitats and ecosystem services where continuing pressures are causing deterioration in the benefits provided. Of the range of services provided by the eight broad aquatic and terrestrial habitat types in the UK, over 30 per cent have been assessed as declining, often as a consequence of long-term declines in habitat extent or condition.

In 2010, the independent review of England's wildlife sites and ecological network¹⁰², chaired by Professor Sir John Lawton, concluded unequivocally that England's collection of wildlife areas is fragmented and does not represent a coherent and resilient ecological network, capable of responding to the challenges of climate change and other pressures. The review called for "a

¹⁰⁰ 'Green infrastructure' is a strategic network of multi-functional green space, both new and existing, both rural and urban, which supports natural and ecological processes and is integral to the health and quality of life in sustainable communities. The Natural England definition of green infrastructure includes high quality green spaces and other environmental features, encompassing varied space such as urban parks, domestic gardens, waterways and churchyards.

¹⁰¹ UK National Ecosystem Assessment (2011) <http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx>

¹⁰² Department for Environment, Food and Rural Affairs (2010) Making Space for Nature, <http://archive.defra.gov.uk/environment/biodiversity/index.htm>

step-change in nature conservation . . . a new, restorative approach which rebuilds nature and creates a more resilient natural environment for the benefit of wildlife and ourselves.” The review made 24 recommendations, but summarised what needed to be done in just four words: more, bigger, better and joined.

Impacts: costs and benefits

Benefits

As the Natural England *Green Infrastructure Guidance* states, the difference between planning for open space and planning for green infrastructure is subtle, as green spaces do form part of a wider green infrastructure network. However, it also identifies the ways in which planning for green infrastructure can go beyond the requirements of planning for open spaces in considering the bigger picture which takes into account “landscape context, hinterland and setting, as well as strategic links of sub regional scale”, and private as well as public assets¹⁰³.

- *councils*

Encouraging councils to take a more strategic and ‘big picture’ approach to green infrastructure should give them a better understanding of the existing green infrastructure network and its functions in their area and should contribute to better decisions being made about the protection and management of green infrastructure.

- *environment*

The policy should contribute to the positive environmental benefits associated with green infrastructure. Green infrastructure is able to reduce impacts of climate change by providing flood water storage areas, sustainable drainage systems, urban cooling and local access to shady outdoor space. The policy should also lead to opportunities to enhance green infrastructure, for example through the creation of green corridors linking natural habitats or urban green spaces, and, where a need is identified, the designation of additional land in plans to contribute to green infrastructure networks.

- *local communities*

The policy will benefit communities in terms of the recreational functions that green infrastructure and open spaces can perform.

Costs

- *councils*

There are unlikely to be additional administrative costs associated with the proposed policy. Councils will have discretion about how to deliver green infrastructure. Our preferred option will not require local planning authorities to gather new evidence. It is not anticipated that it will create any new burdens. However, the policy will stress the need for them to look more strategically at the functions green space can perform.

- *business/developers*

The proposed policy on green infrastructure may lead in some council areas to the designation of land for green infrastructure which would have otherwise been developed in alternative ways. There will be an opportunity cost associated with not using that land for alternative uses which may have other benefits, for example through increased housing supply. The policy may also lead to development proposals being turned down if they would cause significant harm to the functioning of green infrastructure networks with the associated loss of the benefits that development would bring.

- *local communities*

¹⁰³ <http://naturalengland.etraderstores.com/NaturalEnglandShop>

As noted above, there is a potential opportunity cost of additional green infrastructure in how the land may otherwise have been used. If it displaced housing development for example, it would lead to worsening affordability.

Cost and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the third sector.

Risks

No other risks are anticipated.

• ***Green space designation***

The problem under consideration and rationale for intervention

Existing designations provide for protection of land for a variety of specific reasons determined at a national level – for example, because of its biodiversity, scientific interest, or landscape value. Current policy¹⁰⁴ discourages the use of local designations to protect locally important landscapes, local people therefore cannot adequately protect those green spaces that are cherished by their communities for landscape but also other reasons. The only available route is to try to register land as a town or village green. However, such registrations rely upon a narrowly drawn set of criteria relating to access and the process sits outside the planning system. This militates against communities being able to shape their neighbourhoods, protecting those green spaces that are important to them as they plan for sustainable growth. Government intervention is necessary so as to provide local communities with a full opportunity to plan properly for their community and realise the benefits that green areas bring to physical and mental well-being, without having to have recourse to the inappropriate application of alternative mechanisms for protecting land with the risks this can have for growth.

Policy objective

Local communities should be able to earmark green areas for special protection that are special to them as they plan for the sustainable growth needed in their communities. The criteria for land that could be included under this designation would be flexible to suit local need. The designation would be included in local and neighbourhood plans alongside other national designations. The council or parish council/neighbourhood forum will have to demonstrate how this designation of land reflects the policy's intentions and fits with national designations. The designation should only be used where the green area is demonstrably special to a local community and holds a particular local significance, for example a playing field.

Description of policy options

Option 1: Do nothing: Maintain current national designations for protecting land. The 'do nothing' option would have no additional administrative costs on councils or other agents but would incur costs to councils and developers associated with the inappropriate application of applications to register land as a town or village green. Land will continue to be protected through designations such as Sites of Special Scientific Interest, which are identified and designated nationally by Natural England and subject to statutory procedures, or the rigid statutory rules applying to the registration of greens.

Option 2: introduce a new Local Green Space Designation. The preferred option would be to introduce a new protection for locally important green space that is not currently protected by any national designation, giving greater discretion and decision-making powers to councils and local communities reflecting the fact that some land is particularly valued by communities and requires additional protection. The new protection through a new designation would fill the gap

¹⁰⁴ Planning Policy Statement 7: *Sustainable Development in Rural Areas*

where land was important locally – for example for local amenity – but where a national designation would not apply. Local communities would have the discretion identify areas of particular importance to them e.g. land with recreational value including playing fields. **This is the preferred option.**

Additional background key facts and establishing the baseline

- Currently national designations account for the following proportions of land (in some cases overlapping): Area of Outstanding Natural Beauty (16 per cent); Green Belt (13 per cent); Sites of Special Scientific Interest (8 per cent); National Parks (8 per cent)
- There are around 4,547 town and village greens in England¹⁰⁵
- Just under a half of applications made for Village or Town Green status since 1994 were directly related to planning applications or allocations of sites for development in the Local Plan¹⁰⁶

Impacts: costs and benefits

The impact of the introduction of the Local Green Space designation will vary by council depending on their behavioural response to the change. In some areas there may be (i) no change as councils and local neighbourhoods do not change the designation of local land, whilst in others (ii) making it easier for councils and neighbourhoods to protect land which is important to local communities may increase the amount of land that is protected and therefore unavailable for development. The costs and benefits will depend on the behaviour of the different councils and local communities in response to local circumstances.

Benefits

councils and local communities

Councils and local neighbourhoods will be able to use this new designation to protect locally important areas of green space, and thus be more responsive to the views of local people in terms of which land is important to them. In some areas, where the pressures of development are high, this may allow them to protect green space that may have otherwise been at risk of development and therefore lost to the community. In other areas, where there are fewer pressures there may be less take up of the new designation. Therefore, take up of the new designation will depend on the behavioural response of the individual council.

Communities will benefit from access to green space in their local area that will be protected from development. This green space will have an amenity value, as well as provide access for recreation and other uses. There may also be benefits to house prices from living near green space; evidence suggests that domestic gardens, green space and areas of water all attract a positive price premium. In monetary terms this indicates capitalised values of around £2,000 for an average priced house¹⁰⁷ for these land uses in England¹⁰⁸.

environment

Preserving green space within both rural and urban areas could have benefits for the environment. There is significant evidence on the importance attached by the public to green space within urban areas. Research conducted for the Barker Review found that the social benefits of open green space are estimated at £0.5m per hectare for urban fringe forested land; £0.2m per hectare for urban fringe Green belt; and £1.3m ha for rural forested land.¹⁰⁹

Costs

councils

¹⁰⁵ Department for Environment, Food and Rural Affairs, 2011, *Consultation on the registration of new town or village greens* <http://www.defra.gov.uk/consult/files/110725-village-green-condoc1.pdf>

¹⁰⁶ Ibid.

¹⁰⁷ For an average priced house of £194,040 in 2008.

¹⁰⁸ Gibbons, Steve, Susana Mourato and Guilherme Resende (2011). *The amenity value of English nature: A hedonic price approach*, Department of Geography and Environment, LSE

¹⁰⁹ Barker, K. (July 2006) *The Barker Review of Land Use Planning*. Interim Report.

There are unlikely to be additional administrative costs associated with designating land as Local Green Space, as it will be incorporated in the plan making process.

- *business/developers*

If a council or local community through its neighbourhood plan chooses to use the Local Green Space Designation it may decrease the land available for development. Designation of land as Local Green Space will rule out new development other than in very special circumstances. It is not possible to estimate the amount of land likely to be designated as Local Green Space, but designations will be limited to land seen as special. The requirement that Local Green Space should be consistent with the local planning of sustainable development will ensure that investment in sufficient homes, jobs and other essential services is maintained. Other policies, such as the requirement for councils to maintain five years of land supply, and the presumption in favour of sustainable development, will ensure that the new designation does not restrict development overall.

Cost and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the third sector.

Risks

One of the risks of the new designation is that it may encourage local communities attempting to block essential development in their immediate area, which is widely believed to already occur under the current Town and Village Green system. However, the requirements that the designation is carried forward through the local or neighbourhood plan which has to be consistent with national planning policy and is examined should mitigate this risk.

- *Removing contextual detail*

Reflecting the aim to streamline and consolidate national planning policy¹¹⁰, several existing policies for pollution control, local environmental quality (including air), noise and land stability have been streamlined by removing contextual material which set parameters for applying the policy. This is not expected to affect the delivery of outcomes in this policy area.

Impact: costs and benefits

The benefit of streamlining guidance by removing contextual detail is that councils have greater flexibility in setting policy appropriate to the individual circumstances in their local area. Part A of the impact assessment has explored the costs and benefits associated with streamlining and consolidating planning policy in more detail.

- ***Clarification on which wildlife sites should be given the same protection as European sites***

The problem under consideration and rationale for intervention

The UK is bound by the terms of the EC Birds and Habitats Directives¹¹¹ and the Ramsar Convention¹¹². The Conservation of Habitats and Species Regulations 2010¹¹³ (the 'Habitats Regulations') provide for the protection of 'European sites', which are Sites of Community Importance, candidate Special Areas of Conservation and Special Areas of Conservation designated pursuant to the Habitats Directive, and Special Protection Areas classified under the Birds Directive. **Special Areas of Conservation** are areas which have been given special

¹¹⁰ See Section A of this impact assessment for a discussion of the impacts of streamlining and consolidating policy

¹¹¹ Council Directive 2009/147/EC on the conservation of wild birds "the Birds Directive" (codified version of Directive 79/409/EEC as amended) and Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora "the Habitats Directive".

¹¹² Convention on wetlands of international importance especially as waterfowl habitat. Ramsar (Iran) 2/2/71. UN Treaty Series No. 14583. As amended by the Paris Protocol 3/12/92 and the Regina Amendments, 28/5/87.

¹¹³ Statutory Instrument 2010 No. 490

protection under the Habitats Directive to provide increased protection to a variety of wild animals, plants and habitats. **Sites of Community Importance** are sites that have been adopted by the European Commission but not yet formally designated as Special Areas of Conservation by the government of each country. **Special Protection Areas** are strictly protected sites for rare and vulnerable birds classified in accordance with the Birds Directive.

The Habitats Regulations apply specific provisions of the Habitats Directive to candidate Special Areas of Conservation, Special Areas of Conservation and Special Protection Areas which require special considerations to be taken in respect of such sites. Local councils are required to have regard to the Directive in the exercise of their planning functions in order to fulfil the requirements of the Directive in respect of the land use planning system.

As a matter of policy, the Government has in the past chosen to apply the provisions which apply to European sites to Ramsar sites and potential Special Protection Areas, even though these are not European sites as a matter of law. This is to assist the UK Government in fully meeting its obligations under the Birds Directive and Ramsar Convention.

To ensure that its obligations in respect of the Habitats Directive, the Birds Directive and the Ramsar Convention are fully met in future, and to reduce the risk that any consents granted when a site is being considered for classification would subsequently have to be reviewed (and either revoked or modified at potentially very significant cost) after classification, the Government is proposing to clarify that the provisions which apply to European sites should as a matter of policy also apply to:

- possible Special Areas of Conservation
- proposed Ramsar sites and
- sites identified, or required, as compensatory measures for adverse effects on European sites, potential Special Protection Areas, possible Special Areas of Conservation, and listed or proposed Ramsar sites

The changes proposed are minimal and reflect the existing informal working policy adopted by the Department for the Environment, Food and Rural Affairs. This is that where the Government decides, on the basis of scientific advice from Natural England, to initiate public consultation on a site proposal, councils should take note of this potential designation in their consideration of any planning applications that may affect the site as any existing consent may, if the site subsequently becomes a European site, be subject to a review of effects on the site. As noted above, this in turn could require modification or revocation of that consent to avoid adverse effects, with the possibility of compensation. Although there are a number of options for the date at which European site status could be applied, we have concluded that European site status should apply from the date at which Government gives the relevant conservation agency direction to consult the public. At that stage, Government has accepted the scientific case for classification (which is the main criteria) and there is more than a reasonable certainty that the site will be classified in due course.

Potential Special Protection Areas are already protected, but the point at which sites acquire this status are currently undefined. The proposal to define this point in the process will not impose additional costs or restrictions on anyone, but will provide certainty and clarity for councils and potential applicants for consent.

For possible Special Areas of Conservation, restrictions would be imposed at an earlier point than before, but only again at the point at which the government has approved Natural England's proposal that they go out to public consultation. In the vast majority of cases, the transitional protection afforded to a possible Special Area of Conservation will be followed by permanent protection as a candidate Special Area of Conservation or Special Area of Conservation. Under these circumstances, the impact of the earlier restriction is to prevent the granting of planning permission for a damaging activity which would then need to be modified or revoked at a later stage.

There may be a very small minority of cases where the scientific view of Natural England in favour of submission as a Special Area of Conservation is subsequently overturned on scientific grounds during or after the public consultation. Under these circumstances the temporary restrictions on possible Special Areas of Conservation will apply on a temporary basis, which could be up to 2 years, after which they would be lifted. There is therefore a period during which an additional burden/restriction is imposed. However, this is likely to be rare in practice, not only because most proposals for Special Areas of Conservation submission will be upheld, but also because the land will normally have Site of Special Scientific Interest status¹¹⁴, and be of high biodiversity value, and even without European status, applications for damaging development are unlikely to be made, nor permission granted. We are unable to quantify the likelihood or cost of any such temporary controls having a real cost or restrictive effect.

Ramsar sites are normally also Special Areas of Conservation or Special Protection Areas, or being proposed as such simultaneously. They will also be Sites of Special Scientific Interest. Any real negative impact is therefore highly unlikely.

It is proposed also to impose similar restrictions on land which is earmarked as compensatory habitat. The large majority of compensatory habitat cases involve the Environment Agency in identifying alternative inter-tidal habitat to compensate for “holding the line” by maintaining flood defences against rising sea levels. Land is acquired, or financial agreements reached, which protect the land for habitat purposes. Potentially damaging planning permissions will therefore be rare, partly because the Environment Agency will already have acquired the control it needs, and partly because the land it identifies will tend not to be land with development potential because that would be expensive. So this would be a precautionary provision rather than one with any quantifiable substantive input.

Policy objective

The objective is to ensure that the UK Government’s obligations in respect of the Habitats Directive, the Birds Directive and the Ramsar Convention are fully met, and to reduce the risk that any consents granted when a site is being considered for classification would have to be reviewed and either revoked or modified at potentially very significant cost after classification takes place. This will also help prevent damage to potential European sites given the likelihood of subsequent classification.

Description of policy options

Option 1: Do nothing: possible European sites continue to receive informal protection.

Under the ‘do nothing’ option, possible European sites would continue to receive the informal policy protection they currently receive (as outlined above). This would give rise to no additional administrative costs on councils who are already apply the policy, or on other agents. However, there will be a continuing potential cost to councils in paying compensation for any planning permissions that are revoked as a result of a site become classified as a European site.

Option 2: introduce a new policy clarifying which wildlife sites should, as a matter of policy, be given the same protection as European sites. The preferred option will provide certainty for councils, developers and others about how to treat possible European sites, and should therefore ensure that a consistent approach is taken. This should contribute to better decisions being made about the protection of biodiversity, and reduce the risk of councils paying compensation for any planning permissions that are revoked as a result of a site become classified as a European site. **This is the preferred option.**

¹¹⁴ A **Site of Special Scientific Interest** is a conservation designation denoting a protected area in the UK. Sites of Special Scientific Interest are the basic building block of site-based nature conservation legislation and most other legal nature/geological conservation designations in Great Britain are based upon them, including Ramsar Sites, Special Protection Areas, and Special Areas of Conservation.

Additional background key facts and establishing the baseline

The National Ecosystem Assessment¹¹⁵ found that the UK's Biodiversity Indicators, covering groups for which sufficient information is available to discern trends, generally show improving or stable condition over the past decade for those of high conservation priority, although usually at lower population levels than recorded historically. There are still generally declining trends among biodiversity groups in the wider environment.

There are currently some 240 English terrestrial Special Areas of Conservation covering 4 per cent of the land. 83 Special Protection Areas cover 3.6 per cent of the land. 71 Ramsar sites cover 0.9 per cent. The Special Areas of Conservation network is largely complete, although there are 3 sites on which Natural England is conducting preliminary survey work (i.e. not yet caught by the current proposals). So the only potential substantive impact of the proposals could arise only in a small minority of this small group. The terrestrial Special Protection Areas network is currently under review, and the Government will need to follow scientific advice once it is available. There are currently four possible Special Protection Areas sites, but a large expansion of the network is not envisaged. There are unlikely to be any new Ramsar sites which are not already Special Protection Areas or Special Areas of Conservation, or being proposed simultaneously. All of these sites are subsets of Site of Special Scientific Interest designation, which has its own protections.

Impacts: costs and benefits

Benefits

The Habitats Regulations protect European sites from damaging development by setting out a process that must be followed and a series of tests that must be applied, when applications for plans or projects that may affect the site are being considered. The preferred option will provide certainty for councils, developers and others about how to treat possible European sites as a matter of policy, and should therefore ensure that a consistent approach is taken. However, as noted above, most of these sites are likely to be classified as Site of Special Scientific Interest so will already be subject to considerable planning controls, and only a very small number of new sites are likely to come forward for possible designation each year.

The preferred option would also ensure that the UK Government's implementation of the Birds and Habitats Directive is improved, in that the Government would be taking precautions against the risk that successful applications for damaging activities during the interim period will undermine the objectives of the Directives – thus potentially a defence against costly infraction procedures brought by the European Commission.

- *councils*

Clarifying how councils should treat possible European sites will provide certainty to them, and should reduce the risk of councils paying compensation for any planning permissions that are revoked as a result of a site become classified as a European site.

- *business*

The proposed policy would provide certainty to applicants and business about the application of the policy to possible European sites.

- *environment*

The policy should lead to better decisions being made about the protection of biodiversity, and help prevent damage to potential European sites given the likelihood of subsequent classification. It will also help ensure that the period between consultation on a site and its

¹¹⁵ UK National Ecosystem Assessment (2011) <http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx>

formal designation, submission or listing does not allow potential applicants to get permission to damage the site's features of biodiversity interest.

- *local communities*

It is not anticipated that there will be any significant benefits to communities but there may be some limited amenity benefits where sites receive earlier protection.

Costs

- *councils*

Because Department for Environment, Food and Rural Affairs/Natural England are already advising councils to follow this policy approach informally, we do not anticipate that there will be additional administrative costs for councils that are already following this approach. However, there may be additional costs for councils who are not already taking this approach. As noted above, we anticipate that there will be cost savings for all councils where classification as a European site would subsequently have to be reviewed and either revoked or modified at potentially very significant cost after classification.

- *business*

Any impacts on business will be minimal due to the low number of sites which fall under this designation and the current levels of protection.

- *local communities*

It is not anticipated that there will be any cost to local communities.

Cost and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the third sector.

Risks

No other risks are anticipated other than the potential costs outlined above.

Climate change, flooding and coastal change

Government aims

Planning can contribute to both cutting greenhouse emissions and helping places to adapt to a changing climate by consenting renewable energy projects and steering development away from inappropriate locations, such as areas at risk of flooding or coastal erosion or other locations vulnerable to climate change impacts. It can also shape the location, layout and design of development to reduce carbon emissions and provide resilience to the impacts of climate change.

The Government is committed to using a wide range of levers to cut carbon emissions and decarbonise the economy in line with the targets in the Climate Change Act 2008. The Carbon Plan, published in December 2011, sets out a Government-wide plan of action on climate change for the next five years. The Annual Energy Statement, published in November 2011, sets out strategic energy policy, including for renewable energy, as the UK looks to move to a secure, low-carbon energy system. Both point to planning's role in addressing climate change and supporting renewable energy.

Policy changes

No fundamental change of direction from existing policy is required or made. However, policy changes are introduced on decentralised energy targets and identifying commercial scale opportunities for renewable and low carbon energy.

- **Decentralised energy targets**

The problem under consideration and the rationale for intervention

The Annual Energy Statement indicated that increasing use will be made of more efficient, low carbon decentralised energy such as micro-generation, combined heat and power systems, and district heating networks. Planning can play an important role in supporting decentralised energy through, for instance, identifying opportunities for decentralised energy or influencing the spatial location of development to encourage the co-location of heat suppliers and customers. Previous policy expected councils to have an evidence based understanding of the potential for decentralised energy in their areas and to adopt a council wide policy on using decentralised energy in new development where viable. In addition, councils could also set site specific targets where particular development sites provide the opportunity to go further. These standards were intended to encourage the use of decentralised energy in new development.

Policy objective

The Government expects councils to continue to support decentralised energy but does not expect councils through national guidance to set council wide decentralised energy targets. The Government is committed to the zero carbon initiative, which is looking to reduce carbon emissions from new development. The increasing standards under the zero carbon initiative will help to drive decentralised energy, reducing the need for council wide targets. If councils wish to set their own targets they can, and the policies in the Framework would not prevent such targets provided in their implementation they do not make development unviable.

This approach allows for greater flexibility and local control over energy targets, and there is evidence that community-led innovation can be a powerful means for responding to national social challenges. A recent NESTA report¹¹⁶ found responses that are developed as well as delivered locally provide for real local ownership. This ownership matters because it means that projects can make better use of local knowledge, assets and infrastructure.

Description of policy options

Option 1: do nothing. The do nothing case would not impose additional costs on any agents but would maintain the imposition of an arbitrary target from central Government.

Option 2: removal of central guidance on councils to set decentralised energy targets. Option 2 would give councils the flexibility and discretion to plan for decentralised energy in ways that best suit their local area. **This is the preferred option.**

Impacts: costs and benefits

The impact of this policy will depend on the behavioural response of councils to the removal of need to set an council-wide decentralised target. In some cases, it may be suitable for individual councils to (i) continue to set an council-wide target for decentralised energy; or (ii) remove a target for decentralised energy.

Table B4.1: Summary plausible behavioural responses

Response to the policy	Where this may occur
Continue to set a target	Where viable and deliverable, some local planning authorities may choose to continue to set a target for the use of decentralised energy, either in all new

¹¹⁶ http://www.nesta.org.uk/library/documents/MassLocalism_Feb2010.pdf

	development across the council area or on a site specific basis.
Maintain target	No change
Reduce or remove target	In some council areas, there may be more efficient ways to meet the zero carbon standards in these localities.

Benefits

- *councils*

The change in policy gives councils more discretion as to whether they wish to set an council wide decentralised energy target. This discretion allows councils to target their plan-making resources to their priority areas, which may include setting standards if they wished.

- *businesses*

The reduction of duplication between planning policy and other regulatory regimes, such as building regulations, should help reduce requirements as part of the application process.

Costs

- *councils*

The alignment with the zero carbon initiative may have some familiarisation costs for council staff but should help to reduce duplication between planning policy and other regulatory regimes, such as building regulations.

Cost and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the voluntary sector.

Risks

The risks of this change in policy are not directly related to the increase in flexibility the policy change will give councils, but depend on how councils choose to use this flexibility. Some respondents suggested there may be a risk that many councils will choose to give a lower priority to decentralised energy if there is no requirement to set a decentralised energy target. However the growth of decentralised energy will be driven by fiscal incentives and the zero carbon initiative which should mitigate this risk. Conversely, if energy targets are set too high it could make new development unviable. It is for councils to assess such issues when considering whether or not to impose a local target and what level is appropriate.

- ***Proactive approach to identifying opportunities for renewable and low carbon energy***

The problem under consideration and rationale for intervention

The Coalition Government has made clear its commitment to increasing the deployment of renewable and low carbon energy across the UK. This will make the UK more energy secure, will help protect consumers from fossil fuel price fluctuations, and can help drive investment in new jobs and businesses as well as keep us on track to meet our carbon reduction objectives for the coming decades. The rationale for action is economic as well as environmental. Demand for fossil fuels is set to increase with the huge rise in population and wealth of emerging economies. The costs and risks of extracting fossil fuels from more remote locations are rising. The reliable provision of energy is critical to the country's prosperity and the most must be made of the UK's own resources and potential for generation. An effective planning system is a critically important part of the delivery chain for low carbon energy.

Policy objective

The objective is to ensure that the planning system contributes effectively to the delivery of the Government's energy and climate change policy.

Description of policy options

Option 1: Do nothing: the planning system does not identify and map commercial scale opportunities. This option would not incur additional administrative costs for councils but there would be continuing potential costs to councils in responding to planning applications in areas they may see as being unsuitable.

Option 2: introduce a new policy which allows councils to consider mapping opportunity areas for renewable and low carbon energy developments. Where applicants bring forward commercial scale proposals outside opportunity areas mapped in a local or neighbourhood plan they are asked to demonstrate that the proposed location meets the criteria used in plan-making. A plan-led approach provides transparency, brings greater predictability to the application process and gives greater confidence to communities that there are good reasons for a proposed development's location. **This is the preferred option.**

Additional background key facts and establishing the baseline

The UK needs clean, safe and affordable energy to heat our homes and power our businesses. Rising future demand means that we need to replace our ageing electricity infrastructure with low carbon alternatives. This represents a vast challenge, with an estimated £110bn or more of investment likely to be needed by 2020 in electricity generation infrastructure and in the transmission and distribution network needed to transport that electricity to end users. Around 30 per cent of our electricity is likely to need to come from renewables alone by 2020 in order to meet our legally binding European Union target to source 15 per cent of the UK's energy from renewable sources by that date¹¹⁷.

Impacts: costs and benefits

Benefits

The Framework asks councils to consider mapping opportunity areas for commercial scale renewable and low carbon energy. When councils choose to identify opportunity areas, this will support a plan-led approach by expecting applicants to explain how an alternative location meets the criteria in the Local Plan; and applicants should have much greater certainty about which areas are appropriate, and conversely, inappropriate for which type of energy development. As a result applicants should be more likely to submit applications which are consistent with local policy, reducing the number of unsuccessful applications.

- *councils*

Where councils identify opportunity areas, they can have confidence that applications will come forward in those areas except where applicants can demonstrate an alternative location is consistent with the criteria in the plan. This evidence based approach should mean communities will have greater confidence in their Local Plans and decisions. Councils will be able to draw on the mapping work carried out regionally and funded by the Department of Energy and Climate Change and therefore additional costs should be minimal. Where councils have mapped opportunities, less time and resource will be spent in responding to poorly sited proposals.

- *business*

Where opportunities are mapped, the proposed policy would provide greater certainty to developers and energy investors about a council's likely response to a planning proposal and thereby save abortive costs. The approach would help speed up consenting and generally improve investor confidence as likely outcomes would be much more predictable. Applicants will still have the ability to develop outside these areas where they can demonstrate an alternative location is consistent with the plan-led approach.

¹¹⁷ The Carbon Plan, published in March 2011 by Department of Energy and Climate Change

- *environment*

The policy should lead to better decisions about the protection of the environment as well as speeding up the delivery of low carbon energy which in itself helps tackle climate change.

- *local communities*

There will be significant benefits to communities. Speculative applications for inappropriately located proposals will be less likely where opportunities are mapped. Community confidence in the planning system will increase because of their increased influence to shape outcomes through the Local Plan, and an evidence based approach bringing transparency to decisions on developments outside of mapped areas.

Costs

- *councils*

Where councils choose to map opportunities, they will be able to draw on the mapping work carried out regionally and funded by Department of Energy and Climate Change and therefore additional costs should be minimal.

- *business*

Mapping should not lead to extra costs for businesses as they will already be engaging with plan-making. Where applicants choose to submit an application for a project outside of a mapped area, it is not expected that the requirement to demonstrate compliance with the approach in a plan will lead to additional costs. Applicants will already set out the nature of the project and its impacts in the Environmental Impact Assessment supporting their application.

- *Local communities*

It is not anticipated that there will be any cost to local communities.

Costs and benefits to business

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business.

Risks

No other risks are anticipated other than the potential costs outlined above.

Historic Environment

Government aims

The Government wants to see the historic environment effectively conserved. Planning plays a crucial role through councils' plan-making processes and decisions on planning applications. The conservation of heritage, through intelligently-managed change, helps to deliver sustainable development by bringing social, cultural, economic and environmental benefits.

Policy changes

The heritage section of the Framework incorporates and streamlines the policies contained in Planning Policy Statement 5. It does not significantly alter those policies or create new ones. Certain policies in Planning Policy Statement 5 have been omitted from the heritage section and are incorporated, more appropriately, in other sections of the Framework. These are:

- Part of policy HE1 (Heritage Assets and Climate Change)
- Policy HE2 (Evidence Base for Plan-making)
- Policy HE4 (Permitted Development and Article 4 Directions)

One policy - HE5 (Monitoring Indicators) - from Planning Policy Statement 5 has not been incorporated as a specific policy within the Framework. Other Planning Policy Statement 5 policies have been condensed and included within the heritage section. Some of the detail of

these policies in Planning Policy Statement 5 is considered to constitute guidance rather than policy and could more suitably be issued as such.

Because the policies themselves have not changed, the impacts of moving from Planning Policy Statement 5 to the Framework for those involved with the historic environment should be de minimis. The impact of the removal of the Planning Policy Statement 5 policy on Monitoring Indicators should be small, as shown below.

- **Monitoring indicators**

The problem under consideration and the rationale for intervention

Guidance previously stated that councils “*should consider how they can best monitor the impact of their planning policies and decisions on the historic environment*”. The Framework asks councils to ‘set out a strategy for conservation of the historic environment’ which may include monitoring of impacts on the historic environment as required by local circumstances, thus there is no need for the two complementary policies.

Impacts: costs and benefits

Benefits

- *councils*

Planning Policy Statement 5 policy is neither strong nor prescriptive on this point, and in complying with the Framework policy to ‘set out a strategy for conservation of the historic environment’, councils may well feel that a strategy could only be effective if it includes an element of assessing the impacts of their policies and decisions.

Costs

- *councils*

Lack of any monitoring of the impacts of their planning policies and decisions on the historic environment could result in less effective policies and decisions by councils, but councils routinely assess the impact of their policies as part of their strategy for conservation.

- *businesses*

Impact on business will be minimal, and will occur only if policies and decisions relating to business become less effective.

Risks

There is a theoretical risk that councils may choose not to monitor the impacts of their policies, which could lead to less effective policy making, but the Framework requirement to ‘set out a strategy for conservation of the historic environment’, mitigates this risk.

Environmental impacts

The Framework maintains policy designed to conserve and, where possible, enhance heritage assets. The Framework’s policies on climate change also seek to improve the energy consumption of historic buildings whilst being sensitive to their special interest. Tourism associated with the historic environment is subject to the same overarching principles of sustainable development. Councils have many tools at their disposal, including the use of travel plans, to ensure that heritage assets are visited in sustainable ways which minimise the impact of tourism on the local environment.