

**Barratt Developments Plc**  
**Response to CMA Housebuilding Market Study**  
**Working Paper on Planning**  
**7 December 2023**

**1. Introduction**

1.1 Barratt welcomes the CMA's working paper on planning (the "**Paper**"), which highlights the key issues currently undermining the planning system. Barratt further appreciates the opportunity to comment on the various issues identified by the CMA, including its proposals on potential reform, both at the various roundtable discussions and by way of this written submission.

1.2 Barratt's response to the Paper is structured as follows:

- (i) **Sections 2 - 4** set out Barratt's views on the issues in the planning system which largely align with the CMA's analysis.
- (ii) **Section 5** sets out Barratt's comments on the CMA's proposed options for reforming the planning system. Whilst Barratt agrees with most of the CMA's proposals, it also identifies alternative and further options for reform that it submits, the CMA should take into consideration.
- (iii) **Section 6** briefly explains Barratt's view that the CMA should recommend to government that these measures be prioritised and fast-tracked for implementation.
- (iv) **Section 7** provides Barratt's response to the consultation questions posed by the CMA in the Paper.

1.3 Barratt agrees with the CMA that the key issues plaguing the planning system are broadly:

- (i) lack of predictability;
- (ii) the cost, length and complexity of the planning process; and
- (iii) insufficient clarity, consistency and strength of local planning authority ("**LPA**") targets, objectives and incentives to meet housing need.

1.4 At a high level, Barratt considers that the planning system could be significantly improved under the existing legislative and policy framework, addressing the key issues identified by the CMA without the need to introduce an entirely new planning system. This can be done by:

- (i) A return to the principles set down in the original 2012 issue of the National Planning Policy Framework ("**NPPF**"), which set out a clear and strong Presumption in Favour of Sustainable Development ("**PFSD**") if there is not an up-to-date local plan in place. The proposed revisions to the NPPF as consulted upon in December 2022, which seek to ensure that LPAs do not have to meet their housing requirement should not be taken forward.
- (ii) A clear and unambiguous requirement for all LPAs to meet their identified housing need, set through a stock-based increase approach (explained further below), in their own boundary, unless agreement is reached to export that need to a neighbouring LPA. Government should introduce positive weighting for local plans that takes account of overspill need or over plan for their own housing need, when allocating Housing Infrastructure Funding.

- (iii) Clear incentives and sanctions for LPAs to ensure the publication of new local plans every 5 years. Removing the 5-year housing land supply requirement as proposed by revisions to the NPPF will remove a key incentive for LPAs to prepare local plans. To this end, Barratt supports the measures introduced by the Levelling up and Regeneration Act (“LURA”) to encourage more efficient plan adoption and community engagement by requiring LPAs to make a new development plan within 30 months and which should be updated every 5 years. Barratt considers that the nationwide rollout of new 30-month local plans should be completed more quickly than currently envisaged by government, given that these changes do not require revisions to primary legislation.

- 1.5 The measures proposed by the CMA which are most likely to bring about real change to the planning system such as objective target setting as well as local plan and 5-year housing land supply enforcement have been categorised as long-term measures i.e., taking 4-5 years to implement. Given the importance of these measures to a well-functioning planning system, Barratt suggests that the CMA should recommend to government that these measures be prioritised and fast-tracked for implementation, given that they largely rely on amendments to the existing planning framework, and do not depend on the creation of an entirely new planning system.

## 2. Lack of predictability in the planning system

- 2.1 The CMA has correctly identified that lack of predictability in the planning system impacts the willingness of housebuilders to bring land through the planning system. Barratt agrees that this lack of predictability can be traced to (i) policies that impact the planning process; (ii) continuous revisions of the planning process; (iii) lack of up-to-date local plans; and (iv) political and public attitudes to development expressed through the planning process.
- 2.2 The unpredictability of decision making and the average time and cost commitment when making a planning application creates an environment of significant risk for housebuilders, particularly for SMEs. This planning risk can be categorised across the two pillars of planning set out in the NPPF: plan-making and decision taking.

### *Plan Making*

- 2.3 The Paper provides that an up-to-date development plan often equates to higher levels of housing delivery relative to housing need, yet the current planning system is categorised by (i) a scarcity of plan making due to constant policy churn; and (ii) a track record of plans being produced but then withdrawn at advanced stages.<sup>1</sup> Lack of up-to-date local plans results in an uncertain context for housebuilders in relation to securing external investment and stifles the flow of investment into the housebuilding sector.

### *Decision Taking*

- 2.4 Decisions in respect of submitted planning applications are taking longer to issue and are becoming more unpredictable. Barratt generally consider this to be a result of (i) the lack of up-to-date local plans; (ii) a general lack of resource across LPAs and statutory consultees, as well as (iii) local attitudes to development actively influencing decision taking for individual planning applications, often without evidential merit behind political decisions taken.<sup>2</sup> Further, Barratt

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<sup>1</sup> For example, see Basildon, Castle Point and Wrexham plans.

<sup>2</sup> See Barratt’s response to Q11 of the section 174 Notice issued on 17 November 2023.

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considers that more evidence is required on any potential negative impact of working from home on the efficiency of the UK planning system.

- 2.5 Overall, these two factors create a high-risk environment for housebuilders, resulting in increased barriers to entry and expansion for housebuilders who are actively discouraged from participating in the market due to the time, cost, and unpredictability of the planning system. Barratt has shown in its response to the Working Paper on Local Concentration and Landbanks that planning is key to competition as the planning process determines how much land can be developed for housing and where. Unfortunately, the housebuilding industry in the UK is subject to a plan-led system that is not delivering plans, in turn resulting in an under delivery of allocations and ultimately housing demands in the UK.
- 2.6 Further, the housebuilding sector is still awaiting the finalised version of the draft NPPF, which will reduce the flow of planning permissions by weakening the Presumption in Favour of Sustainable Development and the role of housing targets. This is bound to exacerbate the issues with the planning system identified above.
- 2.7 Barratt considers that increased weight needs to be given to the resourcing constraints being faced by LPAs and statutory consultees. The Paper appears to give credence to resourcing constraints when delaying the planning process, but with the introduction of constant policy change, a lack of resource severely impacts the LPA's ability and capacity to deal with and implement that change effectively. In turn this can delay plan-making and decision-taking, but it also introduces significant uncertainty into the process as local plans may fall away at advanced stages if LPAs have not interpreted new policy requirements correctly. This can further result in a situation where planning applications are delayed because LPAs do not have the resource to adequately assess submitted information to comply with new policies. For instance, 95% of LPAs surveyed stated have "no or very limited" ability to ensure planning applications will be assessed by a qualified ecologist in respect of the imminent Biodiversity Net Gain ("**BNG**") requirement.<sup>3</sup>
- 2.8 Any reform to create more certainty in the planning system should prioritise improving and reforming legislation and policies that are currently in place instead of introducing new ones. Wholesale reform introducing a zonal planning system (as the CMA suggests) would create significant upheaval and delay across the short and long term whilst it is introduced and then implemented. Such an upheaval would only undermine the planning system for many years and any resulting benefits are more easily obtained by revision to the current legal framework in terms of the output and timing of planning consents than by the wholesale reform of the planning system.
- 2.9 Barratt considers that a simple 3 step process could significantly improve the planning system using the existing legislative framework to address the key issues identified above:
- (i) A return to the principles set down in the original 2012 issue of the NPPF, which set out a clear and strong PFSD if there is not an up-to-date local plan in place.
  - (ii) A clear and unambiguous requirement for all LPAs to meet their identified housing need, set through a stock-based increase approach (explained further below), in their own boundary, unless agreement is reached to export that need to a neighbouring LPA.
  - (iii) Clear incentives and sanctions for LPAs to ensure the publication of new local plans every 5 years.

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<sup>3</sup> <https://www.theplanner.co.uk/2023/05/19/towards-10-gain-do-local-planning-authorities-have-resources-deliver-bng>

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2.10 In addition, LPAs could be better funded by the more systematic use of planning fees to fund the relevant planning departments.

2.11 These steps are discussed in more detail below.

### **3. Cost, length and complexity of the planning process**

3.1 Barratt agrees with the CMA that the planning process has become increasingly costly and complex to negotiate which (i) contributes to the continual under delivery of housing; (ii) can prejudice SMEs to a disproportionate extent, and (iii) has the potential to threaten land values and profitability, particularly in lower value areas of the UK, leading to development schemes becoming unviable.

3.2 As the CMA and Lichfields have recognised, there are 3 crucial factors that impact all housebuilders:<sup>4</sup>

(i) The time taken to achieve permission has increased significantly, from around 13-14 weeks in the early 1990s to c. 12 months in 2023.

(ii) Application costs have significantly risen, with broad costs estimated at £12,000 in 1990, rising to c. £125,000 in 2023.

(iii) Risk levels and unpredictability have significantly increased, impacted by too few areas having up-to-date local plans and low levels of LPA resourcing.

3.3 Further, increasing regulation and policy, delays in receiving responses from statutory consultees and increasing public and political engagement with the planning process all contribute to the increasing length, complexity and cost of the planning process.

3.4 Barratt also agrees that, increasingly, fewer planning application decisions are made within the statutory time limit, and, as the CMA notes, planning delays can have a material impact on how housebuilders operate their business.

3.5 Each of these points impacts the risk appetite for both larger housebuilders and SMEs and makes them less likely to invest in areas that have a demonstrably poor track record of housing delivery. In simple terms, all housebuilders now face a much-increased risk of delayed and/or refused decisions. Further, Barratt strongly agree that the resourcing of LPAs and responsiveness of statutory consultees is a significant issue that is hampering the delivery of housing across the UK.

3.6 Furthermore, the current and projected level of policy and regulatory costs is a major cause of delay and increased cost in the planning process, which in turn threatens the viability of development sites, in particular for SMEs and in lower value areas of the UK.

3.7 The Paper sets out the direct cost of a planning application ranges from between £100k to £900k, planning contributions equate to c. £21k per plot in England, forthcoming policy changes could potentially equate to £19-£23k per plot., Barratt submits that in nutrient stressed areas this could equate to an additional c. £1.5k - £50k per plot. All these additional costs generally have to be offset against the land value a landowner is willing to take.

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<sup>4</sup> <https://lichfields.uk/content/insights/small-builders-big-burdens>

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- 3.8 New planning regulations and requirements have had a significant impact on the planning system. This is emphasised in unforeseen changes in regulation, most notably (i) Nutrient Neutrality (introduced by Natural England to 74 LPAs; (ii) Water Neutrality (Sussex); and (iii) Recreational Avoidance Mitigation zones (Hertfordshire). These changes in regulation have all put rapid stops to development schemes in the planning process which are located within affected zones. As mentioned to the CMA in the roundtable discussions, SMEs disproportionately face the impact of these changes.
- 4. Insufficient clarity, consistency and strength of LPA targets, objectives and incentives to meet housing need**
- 4.1 Local land supply and housing targets are crucial in driving how much land LPAs need to allocate in plans, and therefore have a significant influence on how many planning applications are approved. LPAs are faced with competing objectives and varying incentives placed on them by the national planning frameworks. Further, significant constraints are placed on some LPAs by the nature of their undeveloped land, including the presence of greenbelt land or geographic constraints.
- 4.2 The CMA have recognised that the current Standard Method has inherent flaws and no longer represents actual need, including affordable need and that of specific groups, as well need arising from economic growth. The reliance on 2014 household projections is understandable given the Government's desire to target delivery of 300,000 homes per year. However, the 2014 projections are considerably out of date and the wider methodology then applies an arbitrary urban uplift of 35%, which only serves to build in under delivery against targets as the areas to which the uplift is applied are rarely able to meet housing need within their boundaries. An example being London where housing delivery is generally c. 30,000 -40,000 new homes per annum, yet the Standard Method still assumes c. 93,000 homes should be built per annum, which accounts for almost a third of England's new homes requirement.
- 4.3 This means urban areas are required, under the current Duty to Cooperate, to ask their neighbouring LPAs to take on some of their unmet need. However, these overspill areas are generally without up-to-date local plans, meaning this overspill need is not sufficiently planned for, resulting in housing delivery continuing to suffer. As above, the most prevalent example of this is London, where its massive unmet need is spilled out into neighbouring home county LPAs who, in turn, are heavily constrained by restrictive policies such as National Landscapes or Green Belt, leading to their ability to meet this need being impossible without a review of Green Belt policy.
- 4.4 A further issue is the fact that a reliance on household projections in effect, fosters under delivery of housing. As explained above, the significant unmet need not being planned for leads to fewer new households forming in many areas, as young people are increasingly unable to afford a home to rent or buy due to under supply. As lower household formation perpetuates, it inevitably means the next set of projections will indicate that fewer new homes are required. Without a change to the baseline by which local housing need is determined, there is a clear risk that past housing under delivery will simply be built into future projections.
- 4.5 As discussed with the CMA at the various roundtable discussions, Barratt consider an amended baseline is required when establishing local housing need. Using existing housing stock levels and applying a set percentage increase adjusted for affordability is more likely to give an accurate indication of housing need. In this regard, Barratt are supportive of the formal position of the HBF. Barratt outlines this proposal in further detail when discussing the CMA's proposal for objective target setting below.

*Disproportionate impact on SMEs*

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- 4.6 Barratt agrees with the CMA that, generally, the following issues are most prevalent in respect of SMEs.
- (i) SMEs are disproportionately impacted by the complexity and cost associated with making a planning application, which has increased significantly since the 1990's and tends to be similar regardless of site size.
  - (ii) Due to a lack of a development pipeline comparable to larger housebuilders, SMEs are less able to mitigate uncertainty, risk, and delay in the planning system.
  - (iii) SME project financing is adversely affected by the unpredictability and protracted timescales of securing planning decisions. This, in turn stymies the SMEs expansion plans and indeed their ability to operate in their local area.
  - (iv) LPAs have a propensity to propose housing allocations on a smaller number of larger development sites to minimise any political and public backlash to new development and make effective use of scarce resources to meet their targets.
- 4.7 The planning system has a disproportionate impact on SMEs, as they are less able to absorb rising fixed costs of managing the planning process or mitigating the planning risk through diversified landholdings. SMEs typically have a much-reduced operating area in comparison to larger housebuilders, less technical and innovation expertise on which to draw on, and less capital to absorb additional planning costs and delays. This means:
- (i) For SMEs with regionally tight operating areas, the introduction of restrictive policies by (for example) Natural England, could result in a significant increase in delivery costs as mitigation has to be sourced. Taking the example of Nutrient Neutrality, in areas where Phosphorus has to be mitigated for (such as Somerset), each phosphorus credit has an average cost of c. £50,000 (State of UK Nature Markets, 2023) meaning for both large and small schemes alike, there are significant added costs to be absorbed. If an SME only operates in Somerset, Nutrient Neutrality creates an existential threat to the business given that there is currently a blanket moratorium on development unless mitigation is secured. This means that SMEs (or their landowners) must absorb the mitigation costs, or risk being unable to develop sites. If they are not able to absorb mitigation costs within their business model, or sales values are not high enough to offset the additional costs, the introduction of neutrality restrictions could cripple the SME's ability to deliver new housing in that area. For an SME that may only operate in Somerset, this added cost could make all pipeline sites unviable, either for the landowner or the SME itself.
  - (ii) For SMEs that do not have in-house technical and innovation expertise, there remains a risk that the introduction of new carbon reduction policies for example through the Future Homes Standard, could create significant additional costs given the lack of ability to innovate their own products as many larger housebuilders can, as well as secure economies of scale with the purchase of new products and innovations. This additional standard potentially threatens the viability of schemes.
- 4.8 As is clear from Barratt's response to the CMA's Working Paper on Local Concentration and Land Banks, a prominent issue facing SMEs is that LPAs tend to show bias towards allocating larger sites, as these have similar planning requirements as that of smaller sites but help LPAs meet their targets more efficiently. As the CMA notes, SMEs will typically develop smaller sites, and one possible reason for declining SME activity could be a result of LPAs favouring larger sites given the economies of scale for them associated with processing larger-site applications. There is a failure of LPAs generally to allocate small sites in local plans. Such small sites tend to be "off plan" with higher planning risks, thereby increasing barriers for SMEs.

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- 4.9 It is therefore harder for SMEs to secure the required number of sites to deliver on their business plans. Whilst the current draft of the NPPF requires LPAs to allocate land to accommodate at least 10% of their housing requirement on sites no larger than one hectare, this was only introduced in 2018 and from 2019 onwards only 78 local plans have been submitted for examination. This means that only c.20% of LPAs have submitted plans that are compliant with this requirement to boost SME housing delivery.
- 4.10 The implication of this is that the falling market share of SMEs is likely to continue whilst the current planning system fails to deliver the required quantum of local plans each year. Government reforms targeting full local plan coverage following the introduction of new regulations, is not forecast to achieve this aim for c. 8 years from when the first cohort of new style local plans are started. Accordingly, SME delivery is likely to continue to decline for the foreseeable future.
- 4.11 Furthermore, Barratt consider the significant resourcing crisis in LPAs can affect SMEs with a restricted geographic coverage to a greater degree. LPA and statutory consultee resourcing significantly detracts the time and predictability of planning applications. This impact can be felt more in areas where LPAs or other bodies are chronically and persistently under resourced. Where an LPA, or group of LPAs, are significant and persistently under resourced this can create substantial bottlenecks for SMEs who have limited scope to realign business plans and acquire/develop sites outside of their geographic area. A failure in the planning system that is disproportionately concentrated in one region, has a significantly greater impact on SMEs, as opposed to larger housebuilders who could potentially draw down sites from other regions to fill delivery gaps caused by the failure to secure a planning decision. The huge holding costs associated with planning delays can create an existential threat to SMEs with only a handful of sites.

### 5. The CMA's proposed options for reforming the planning system

#### *System Option 1 - Objective target setting*

- 5.1 Barratt agrees with the CMA that the national housebuilding target should be set in a way that more accurately reflects housing need. As above, the current reliance in the Standard Method on household projections which are updated every 2 years makes target setting unreliable and inconsistent as projections quickly become out of date, are subject to an arbitrary policy driven uplift to urban areas and are generally not fit for purpose as they build in previous trends which suppress household formation. Retaining the current Standard Method, which relies on the Office for National Statistics' projections for setting housing requirements is the antithesis of positive planning for housing as they capture the disastrous social impacts of housing under supply and project them forward into the future.<sup>5</sup>
- 5.2 Barratt therefore strongly consider a change to how housing targets are set is required, with a move towards a stock-based increase approach across all nations ensuring certainty, stability, and consistency. This has recently been endorsed by the HBF in their 'Firmer Foundations' publication<sup>6</sup> with the key pillars being:
- (i) The existing housing stock of an area is used as a baseline, rather than household projections.

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<sup>5</sup> As above, this method places reliance on 2014 household projections that are out of date and further applies an arbitrary urban uplift of 35% which only serves to bake-in under delivery against targets as the areas to which the uplift is applied are rarely able to meet housing need within their boundaries.

<sup>6</sup> [https://www.hbf.co.uk/documents/13050/Firmer\\_Foundations.pdf](https://www.hbf.co.uk/documents/13050/Firmer_Foundations.pdf)

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- (ii) A baseline increase rate is applied by which all areas would be expected to grow their housing stock in line with national ambition. Barratt consider a sensible increase may be c.1% - 1.25% per annum and could be adjusted for affordability, to ensure areas of high population growth and housing demand deliver proportionately more homes than areas of low growth and demand. The upward adjustment for affordability could include a simple ratchet mechanism related to the local statistical relationship between median household income and median house prices.
  
- 5.3 Indeed, Lichfields considered a stock-based approach in its 2020 research<sup>7</sup> and calculated that 300,000 new homes per annum equated to 1.24% of the national dwelling stock. Using just a 1% stock growth approach as a starting point and applying an upward or downward adjustment for affordability, Lichfields estimated this could deliver c. 325,000 new homes per annum. In addition to better identifying genuine housing need, the stock-based approach would result in development 10% above the Government's target and will provide sufficient flexibility to reflect that some areas do not have developable land able to meet local housing needs. Given that housing stock is a sensible proxy for population, this approach provides a simple way to set and achieve housing targets, thereby demonstrably addressing housing need.
  
- 5.4 Wales is an area where the planning system functions particularly poorly. For instance, land supply targets present a more acute problem in Wales, where threat of ministerial intervention is high and national plans are more geared towards affordable housing. Under the current approach, the new homes target in Wales is only 0.4% of current housing stock in Wales and well below the optimum target estimated for the UK as a whole to reach the Government target of 300,000 new homes every year. Moreover, as explained in the roundtable discussions, increasing the target for affordable housing does not, by itself, increase the delivery of affordable housing. The quantity of affordable housing is invariably a proportion of new home sites that are consented. Any targeted increase in affordable housing can only be achieved if there is a proportionate increase of 'non affordable' housing.
  
- 5.5 Alongside the introduction of a stock-based approach, Barratt consider there are three key issues that need addressing if the planning system is to deliver on its objective to boost housing delivery.
  - (i) **The proposed revisions to the NPPF as consulted upon in December 2022 should not be taken forward.** The December 2022 consultation sought to ensure that LPAs do not have to meet their housing requirement, if the only way to do this was to release land from the Green Belt. This will, as explained above, only serve to increase the level of housing need not being planned for. A clear, positive revision to national Green Belt policy is required to ensure homes are delivered where they are most needed. Such a revisions would set out a stronger requirement on LPAs to meet their housing need regardless of Green Belt, albeit ensuring that all other non-Green Belt land availability options have been explored first. The release of c. 1-3% of Green Belt adjacent to urban areas would not in any way prejudice the role and purpose of the Green Belt but would make a significant impact on addressing housing need. Especially, if linked to Green Belt additions elsewhere.
  
  - (ii) **Government should introduce positive weighting for local plans that takes account of overspill need or over plan for their own housing need, when allocating Housing Infrastructure Funding.** There is, at present, no incentive offered to LPAs prepare a local plan that meets overspill need or indeed plans for more housing than is required, aside from the additional New Homes Bonus it will receive when dwellings are completed. Barratt consider it would be beneficial for the Government to

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<sup>7</sup> <https://lichfields.uk/blog/2020/may/21/setting-the-standard-towards-a-new-method-for-housing-need/>



introduce positive weighting for local plans that take account of overspill need or over plan for their own housing need, when allocating Housing Infrastructure Funding. This would reward additional housing growth, through giving additional funding to deliver better infrastructure and generate further economic growth.

- (iii) **Removing the 5-year housing land supply requirement will remove a key incentive for LPAs to prepare local plans.** The December 2022 consultation also sought to remove the 5-year housing land supply requirement for plans that are deemed as up to date, which does not build in resilience to the planning system and effectively blocks the route for housebuilders to rectify under delivery within plan periods. Barratt strongly recommends that the proposed revisions to the NPPF in this regard, as consulted upon in December 2022, should not be taken forward to ensure housing projects can continue to be the subject matter of planning applications in areas which have under-delivered in the past. Removing the 5-year supply requirement will therefore also remove a key incentive for LPAs to prepare local plans i.e., to mitigate the risk of speculative off-plan planning applications which are not supported by the LPA.

- 5.6 In its Paper, the CMA rightly points out that a new method for setting housebuilding targets should contain the following features: (i) ease of understanding; (ii) use of reliable evidence; (iii) regular assessment; (iv) unadjusted outputs and (v) local alignment with the national target. A stock-based approach to determine the housebuilding target will encompass all of these features. This approach would provide certainty to the industry by removing the under delivery that household projections currently result in and directing a proportionate level of housing to where it is needed most.

### *System Option 2 - Monitoring and enforcement of local plans*

- 5.7 Given that an LPA's local plan is a key mechanism in determining which land is allocated for development and therefore likely to get planning permission, Barratt agrees that LPAs should be monitored and incentivised to ensure they have up-to-date local plans in place. In this respect, the CMA suggests that the central government can take steps such as increasing planning fees to resource planning departments and ringfencing funds that LPAs can use only if they have an up-to-date plan, or otherwise utilise funding levers such as the imposition of penalties or withdrawal of funding (see Barratt's comments under Supporting Option 1 for further details).
- 5.8 Barratt agree that the options proposed by the CMA would be beneficial in the monitoring and enforcement of local plans. Further, Barratt agrees that the withdrawal of funding could be detrimental to LPAs that are already under-resourced.
- 5.9 Barratt also supports the measures introduced by the LURA to encourage more efficient plan adoption and community engagement by requiring LPAs to make a new development plan within 30 months and which should be updated every 5 years. As above, Barratt considers that the nationwide rollout of new 30 month local plans should be completed more quickly than currently envisaged by the government.
- 5.10 To overcome the financial and resourcing constraints impacting local plan production, Barratt consider the following incentives could be utilised:
- (i) Government could open a Local Plan Delivery Fund (akin to the Planning Skills Delivery Fund currently being deployed) which LPAs could bid for. This would support the delivery of local plans by allowing LPAs to hire a fully funded, full time planning policy officer(s).

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- (ii) Up-to-date local plans could be linked to regional and/or infrastructure funding packages available from central Government, with increased weight given to those LPAs that have an up-to-date local plan and are meeting housing delivery trajectories.
  - (iii) The Government's recent proposed reforms on reducing the length and complexity of plans, making them digitised, and ensuring they do not duplicate what will soon be in National Development Management Policies, should be taken forward, subject to ensuring the soundness and robustness of plans is not jeopardised.
  - (iv) All planning applications below 250 plots, on sites already allocated in an adopted local plan, should be determined by LPA Planning Officers rather than LPA Planning Committees. This will free up LPA planning resources which could then be deployed on local plan production for example.
- 5.11 In addition to the incentives above, Barratt is of the view that some penalties are necessary to ensure that LPAs are sufficiently incentivised to maintain up-to-date local plans. However, such a penalty should relate to planning terms and should not be financial in nature, given that this is likely to exacerbate the current funding and resource crisis faced by LPAs. An example of such a penalty could be that where an LPA fails to keep an up-to-date local plan, then a strengthened PFSD should apply, overriding all out-of-date local planning policies and allowing them to be afforded only very limited weight in the planning balance until such time as a new local plan is adopted.
- 5.12 Further, if an LPA has not got an up-to-date plan in place, a clearer avenue for pursuing off-plan development should be put in place, along with the faster production of local plans. This will in turn drive housing delivery where it is clear that the plan led system is not operating effectively.
- 5.13 Moreover, Barratt believes that the PFSD introduced by the NPPF also provided a clear incentive for LPAs to get local plans in place, and therefore proposes a return to the principles contained in the 2012 NPPF (reversing the damaging changes brought forward in 2018 and proposed in December 2022).
- 5.14 The CMA notes that land supply constraints, such as urbanisation or greenbelt land, affect the availability of sites for local plans and that these constraints would not be directly changed by financial incentivisation. Barratt does not agree that planning constraints cannot be changed by financial incentivisation. Whilst that may be true for environmental designations such as National Landscapes or Sites of Special Scientific Interest (“**SSSI**”), it does not extend to Green Belt where the LPA could amend Green Belt boundaries in response to financial incentives. Barratt consider there needs to be a revised balance struck between constraining development through legitimate policy and environmental constraints, and ensuring the UK's housing need can be met. This could be achieved through identifying a clearer basis for overcoming these constraints, if the correct circumstances exist, by tweaking existing policy rather than requiring complete reform of the planning system.
- 5.15 For example, in areas with an out-of-date local plan, a stronger PFSD should apply which will provide policy designations such as Green Belt limited weight, against the significant weight that should be afforded to the delivery of new market and affordable homes.
- 5.16 This combined with a clear requirement for local plans to meet their identified housing requirement within their administrative boundary, unless exceptional circumstances exist which mean they are not able to do so. Such exceptional circumstances would only extend to the presence of environmental constraints such as SSSIs or National Landscapes, which largely prohibit development within or in close proximity to their boundaries. Green Belt, as a policy designation and not an environmental designation, would not be used to frustrate the operation

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of the PFSD in terms of meeting housing need where there is no up-to-date Local Plan. Should this not be achievable within the LPAs boundary, then assistance must be sought from neighbouring LPAs. As above, of a very small portion of Green Belt adjacent to urban areas would not in any way prejudice the role and purpose of the Green Belt but would make a significant impact on addressing housing need. Especially, if linked to Green Belt additions elsewhere.

- 5.17 Together these two levers would have the effect of driving local plan production and consequently housing delivery, as identified need would have a policy requirement to be planned for. In addition, in areas where plans are not being produced there would then be sufficient policy mechanisms for housebuilders to rectify the inevitable under delivery of housing, through affording significant weight to the delivery of housing over the limited weight afforded to policy constraints.

### *System Option 3 - Streamlining the planning system*

- 5.18 The CMA have found that the lack of predictability in the planning system may impact the willingness of housebuilders to bring land through the planning system and have therefore proposed that the planning system could be streamlined by moving towards a rules-based system and limiting the extent to which the planning system is subject to discretionary decision-making. The CMA then suggest various ways in which this streamlined system could be implemented. Barratt generally consider these suggestions for implementation to be positive. However, Barratt do not support the introduction of a zonal based system. This was suggested as part of the 2020 Planning White Paper and Barratt consider this would cause massive and unnecessary upheaval, as well as potentially requiring new primary legislation such as a Planning Act to implement. This would be extremely costly and time consuming to progress and would be impractical given the enactment of the LURA.

- 5.19 Barratt considers that the existing legislative and policy framework already exists in which to meaningfully streamline the planning system and could be implemented through simple amendments to the NPPF, returning it to a similar state to the document that was first issued in 2012. The original NPPF focused on 2 core principles to boost housing delivery:

- (i) Housing need must be met within the LPA's boundary, unless there is agreement with a neighbouring LPA to absorb any unmet need.
- (ii) All LPAs must continually demonstrate a 5 year housing land supply which, if it cannot be demonstrated, would trigger a PFSD which itself triggers an assessment of planning balance to be taken, with the delivery of new housing to be afforded significantly greater weight.

- 5.20 A return to these 2 simple core principles, alongside stronger incentives and penalties to foster expedited local plan production, would significantly boost housing delivery and provide simplicity and certainty to the development industry. Especially if linked to a simple stock-based approach to setting new housing requirements.

- 5.21 To further streamline the process for the determination of applications, the CMA should also consider proposing the following measures:

- (i) increasing delegated powers to allow planning officer to determine applications on allocated sites;
- (ii) introducing a clear separation between (i) administrative resources required to determine housebuilder/minor applications; and (ii) planning resources to determine large housing applications;

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- (iii) making it unlawful for LPAs to provide pre-application advice with conflicting guidance;
- (iv) planning performance agreements, allowing the applicant to make bonus payments to LPAs for quicker performance against agreed timescales;
- (v) the monitoring of LPA performance on actual determination periods rather than agreed extension periods; and
- (vi) fast-track mediation service for minor and single issue appeals.

5.22 Increased delegated powers for planning officers could be particularly beneficial in encouraging a more practical attitude to be taken towards well-planned development, as allocated sites routinely get refused by council members, regardless of how quickly officers have agreed an acceptable scheme with applicants.

### *Process Option 1 – defined mandatory consultees*

5.23 Planning law requires LPAs to consult statutory consultees before a decision is made on a planning application. However, LPAs have reported issues in getting statutory consultees to respond causing significant delay in planning applications. The CMA has therefore proposed that LPAs could only be required to consult with a clearly defined set of consultees, although this would not prevent LPAs from consulting with other stakeholders, if they choose to, or other stakeholders from providing their views to the LPA.

5.24 Generally, Barratt is supportive of this measure as it will only submit planning applications where it is confident that it will receive planning approval, including receiving agreement from statutory consultees. While Barratt agrees in principle with the CMA, this proposed measure could result in a greater number of statutory consultees that would then need to be consulted, adding to the existing resourcing and responsiveness concerns. Therefore, if defined statutory consultees were proposed, this should be done clearly and carefully so as not to create the potential to hold up development.

5.25 As discussed with the CMA during the roundtable discussions, Barratt believes that the creation of a body of LPA approved and accredited consultants could significantly streamline this process.

### *Process Option 2 – Effective monitoring and enforcement of deadlines for statutory consultees*

5.26 Given that statutory consultation periods are rarely complied with, Barratt welcomes the CMA's proposal to introduce effective monitoring and enforcement of deadlines for statutory consultees. However, whilst LPAs giving clear advance notice and regular reminders throughout the consultation period would be helpful, Barratt believes that further incentives for compliance with statutory timelines, and penalties for non-compliance, would further assist in addressing the high risk of delays. This is because statutory consultees are not bound by LPA planning targets and have little incentive to see a planning application being approved. Barratt always ensures its scheme designs are technically robust and has no commercial incentive to do otherwise. As such, the perceived risks associated with Barratt securing a planning permission absent a statutory consultee response, are considered minimal.

### *Supporting Option 1 – Alignment of planning fees with LPA funding requirements*

5.27 Barratt agrees that LPAs are underfunded and under-resourced. As previously submitted to the CMA, whilst the requirements under the planning system have significantly increased over the last few decades, resourcing at the LPA level has not increased to deal effectively with the additional documentation and complexity that is now required to obtain approval. Net spending

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on planning has decreased by 59% between 2010 – 2020, which is the largest decrease of any local authority function.

- 5.28 LPAs have stated that resourcing constraints play a key role in preventing faster processing of planning applications. In response to this, the CMA consider planning fees should be set at a level that covers the LPA's costs. These fees should be hypothecated for LPAs such that their funding is ringfenced from the wider funding available to the local authority.
- 5.29 Overall, Barratt consider a raise in planning fees if used to support the expedition of planning applications would be beneficial to the industry. However, increasing planning fees may not trigger a material impact in the viability of sites, with the greater burden principally being linked to increasing environmental and regulatory costs.
- 5.30 Barratt strongly consider that planning fees are required to be ringfenced should they continue to rise, to provide certainty of funding to planning departments and ensure they are adequately resourced and able to deal with plan making and decision taking. Barratt understand this may require potential changes to the Local Government Finance Act (1981) which gave local governments more freedom to decide how to spend funding. It is therefore integral that if ringfencing is to be recommended by the CMA, that the methodology for how ringfencing could work in practice is explored.
- 5.31 Further, it is prudent to outline that an increase in fees and/or resource must go hand in hand with a lowering of the evidence burden that must accompany both local plans and planning applications. Otherwise there remains a risk that such additional funding/resource is simply absorbed by the ever-increasing burden of evidence and does not generate sufficiently quicker local plan making or decision taking. Measures to improve LPA efficiency are also recommended, perhaps starting with getting a better understanding of the impact of widespread working from home within LPAs.
- 5.32 Barratt also takes the view that LPAs should bring in external resources if committed timescales cannot be met, funded through the wider utilisation of planning performance agreements where appropriate.

### *Supporting Option 2 - Additional support for SME housebuilders*

- 5.33 Barratt agrees that publication of guidance on the planning process, the offering of drop-in advice sessions and the provision of regular support/updates would benefit SMEs would be beneficial. Barratt also agrees that further funding to LPAs who provide the necessary support to SME housebuilders is a useful incentive, as this would also address concerns around the under-resourcing of LPAs.
- 5.34 However, in its proposals for reforming the planning system, the CMA has not addressed the fact that some LPAs tend to show bias towards larger sites, as they help LPAs reach their targets quicker. In this respect, Barratt believes that the most appropriate solution would be to require LPAs to allocate additional developable land for smaller sites under 50 units, which SMEs are better suited at developing.
- 5.35 Barratt also consider the following measures would be most effective in supporting SMEs:
- (i) The NPPF should be amended to require a proportion of every allocated strategic site of more than 500 units to be sold to an SME developer (subject to viability).
  - (ii) The evidence required at the outline permission stage should be simplified and scaled back, commensurate with the 'principle of development' on the site rather than the detail, which would help reduce the costs and potential barriers to entry that current

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evidentiary burdens provide. Given that a planning permission is often the key to securing development finance for a project, this would lower the potentially abortive costs for SMEs.

- (iii) LPAs need to work with consultees and committee members to ensure that expectations for outline permissions are understood. This could be a practical guide, backed by professional planning organisations, in which consultees and committee members are given guidance so they can assess outline permissions more effectively.
- (iv) Small brownfield sites of less than 1 hectare, and that provide more than 50% affordable housing, should benefit from the following:
  - (a) A tilted balance in favour of development.
  - (b) A fast-track route with no requirement for a viability assessment.
  - (c) Approval by LPA Officers with no requirement to be reported to Planning Committee.

### 6. Timescales for implementation

- 6.1 The CMA has proposed phasing the implementation of the proposed measures over the short term (one to two years), medium term (two to three years) and long term (four to five years over the course of a parliamentary term). While Barratt appreciates that the measures identified do indeed range from short to long term, the proposals which are most likely to bring about real change to the planning system are the measures that the CMA has categorised as long term i.e., objective target setting and local plan enforcement. Barratt would accordingly suggest that the CMA should recommend to government that these measures be prioritised and fast-tracked for implementation.

### 7. Responses to the CMA's consultation questions

- 7.1 Below, Barratt sets out its responses to the consultation questions posed by the CMA in the Paper.

#### **Question 4.1**

**a) Do you agree that planning risk is a key issue for the planning system?**

Yes. See paragraph 2 for further details.

**b) Do you agree with our analysis of the causes of the uncertainty in the planning system and how they contribute to underdelivery of housing?**

Yes. the continual introduction of new policies, revisions to the planning process, lack of up-to-date local plans, and political and public attitudes are the primary causes of uncertainty in the planning system. However, Barratt strongly consider that increased weight needs to be given to the resourcing constraints being faced by LPAs and statutory consultees. See paragraph 2 for further details.

**c) Are there any other factors that we should consider?**

Save for the points raised in Barratt's response at paragraph 2.9 above, Barratt does not consider any other factors affect the level of certainty in the planning system.

**d) Do you consider there to be any significant difference in the level of planning uncertainty between England, Scotland and Wales?**

Barratt generally consider there are two key factors that distinguish the Scottish and Welsh planning systems when compared with the current English planning system. These are set out below:

### Wales

Barratt consider the key difference between the Welsh and English planning systems are (i) the focus on affordable housing, and (ii) the removal of the requirement to demonstrate a 5-year housing land supply and associated PFSD.

- 7.2 The key factor that Barratt mentioned in the roundtable with the CMA is that the national target for Wales is far too low relative to the UK wide target. There are a number of causes for this, but Barratt consider that the key factors driving poor functioning of planning in Wales is the threat of ministerial intervention with the aim of reducing housing targets or slowing Local Plan production and the fact that national plans are more geared towards affordable housing. As pointed out above, the new homes target in Wales is only 0.4% of current housing stock in Wales and well below the optimum target estimated for the UK as a whole to reach the Government target of 300,000 new homes every year.

Regarding the focus on affordable housing: the CMA states that the Welsh planning system does not require a set percentage of affordable homes to be delivered. In the Wales National Plan 2040, it sets out in Policy 7 that 110,000 additional homes are required to 2039, with the initial 5 years requiring 48% of new housing provision to be affordable. Whilst the plan does not go as far as to say this is a requirement going forward in all local development plans, it does suggest that this figure should be considered as part of the evidence and context on which housing requirements for local development plans can be based. In essence, this intimates a requirement that all future development plans should seek to deliver c. 50% affordable housing on all sites. This was indicated by Wales' Climate Change Minister before the National Plan was adopted.<sup>8</sup> A 50% affordable requirement is significantly higher than most LPAs in England and has the potential to introduce significant viability issues. Evidence from England (London) makes it clear that in many if not most sites a 50% affordable housing requirement will dramatically reduce viability. Barratt consider a typical affordable housing percentage required by LPAs is between 15-35%, depending on local plan viability.

Regarding the removal of the requirement to demonstrate a 5 year housing land supply and associated PFSD: the removal of the 5 year housing land supply requirement creates significant uncertainty for the future delivery of housing in Wales as it removes the ability for housebuilders to effectively 'step in' if housing delivery on allocated sites is not matching the envisaged trajectory. Even if sites are not delivering as projected, the removal of this mechanism will mean housebuilders having to wait for the next review of the local plan to promote sites, which as explained above, is often significantly delayed and subject to intense competition. This therefore creates significant uncertainty in the future delivery of development sites and acts as a potential barrier to entry for market actors. It will significantly reduce the incentive for LPAs to prepare local plans with new housing allocations. The impact of this policy decision can be seen in the decline in the number of consents since Technical Advice Note 1 ("TAN1") was temporarily dis-applied in 2018 and completely revoked in 2020. Figure 1 below shows how consents have steadily declined since this time (marked by the red line) to a low of only 109 consents in the first quarter of 2023, the joint lowest figure on record. 5-year housing land

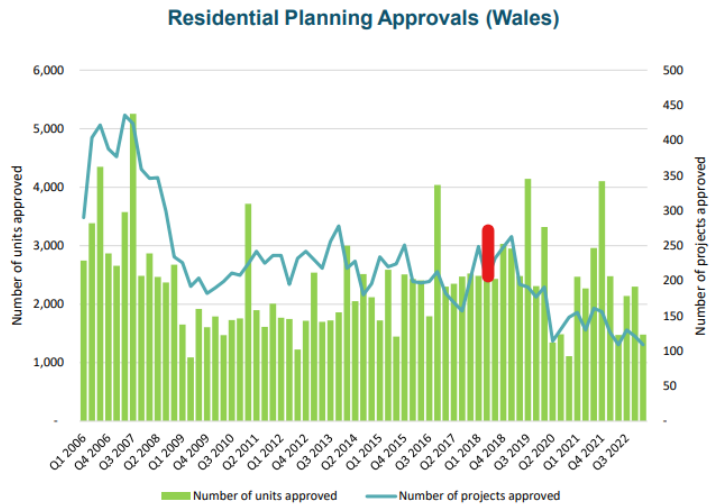
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<sup>8</sup> <https://www.insidehousing.co.uk/news/welsh-government-demands-50-affordable-housing-on-new-developments-62240>

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supply should be restored as a material consideration in planning decisions to increase the number of permissions.

**Figure 1: Residential Planning Approvals (Wales)**



### Scotland

With the adoption of the National Planning Framework 4 (“**NPF4**”) in early 2023, Scotland has also removed the ability for developers to submit applications where the 5-year housing land supply test is not being met. Again, this removes the ability for housebuilders to effectively ‘step in’ if housing delivery on allocated sites is not matching targeted housing outputs and reduces the incentive for LPAs to prepare local plans.

The differences identified above create significantly more uncertainty within the Scottish and Welsh systems, and the English system appears set to follow a similar approach with the pending changes to national planning policy via the draft NPPF. As has been previously set out, and is already being seen in Scotland and Wales, these changes are likely to cause a fall in housing delivery.

### Question 4.2

- a) **Do you agree that the current level planning, policy and regulatory costs could threaten the viability of development at some sites? To what extent do you think that this is currently happening? Are some sites and areas more at risk than others?**

Yes. Please refer to paragraph 3 above.

Barratt agree with the HBF’s view that the scale of new policy and tax requirements would threaten the financial viability of developing some sites as these costs could push the price of land below the level that landowners were willing to accept. This means in many lower value areas of the UK, housing delivery could be threatened as selling land for residential development, might not yield a land value which is sufficiently high to incentivise the landowner to sell their land, when compared to the value created by either (i) selling the land for a non-housing use, or (ii) retaining the income generated by the existing use. A useful example is in Durham where due to low land values and high regulatory requirements, there has been a marked slowdown of granted housing consents.



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- b) Do you agree with our analysis that shows the length and complexity of the planning system may contribute to underdelivery of housing?**

Yes. Barratt agree that the length and complexity of the planning system (i) contributes to the continual under delivery of housing; (ii) can be disproportionately exclusionary to SMEs; (iii) and has the potential to threaten land values and profitability, particularly in lower value areas of the UK, making development schemes unviable. See paragraph 3 above.

- c) Do you agree that we have identified the key causes of delays in the planning system? Are there any other factors that we should consider?**

See paragraph 3.2 above for Barratt's view on the issues causing delays in the planning system, which largely align with the CMA's views. In addition, Barratt emphasises that LPA resource and statutory consultee responsiveness contribute materially to under development of new homes across the UK.

- d) Do you consider there to be any significant difference between England, Scotland and Wales in: i) the extent to which planning policies and costs threaten the viability at some sites; and ii) the causes and extent of planning delays and their impact on delivery of housing?**

See response to Question 4.1.4 above. Barratt consider the Welsh requirement for 50% affordable housing on all sites moving forward will be detrimental to the delivery of housing by making sites unviable, particularly in areas of lower value (such as The Valleys), where there is already limited large scale house builder activity.

Large areas of Scotland and Wales are rural and are likely to have lower selling values, giving credence to Barratt's submissions that the inability to offset regulatory costs. This is likely to result in (i) housebuilders simply not being able to enter the market in those areas due to the low profit margins available, and (ii) land not being offered for sale due to the low residual land values that could be offered once all costs are accounted for.<sup>9</sup>

### Question 4.3

- a) Do you agree with our analysis the in some cases local targets may not accurately reflect underlying housing need and the reasons for this? What impact do you consider this has on housing delivery?**

As explained at paragraph 4 above, the Standard Method has inherent flaws and as a result does not capture actual need, including affordable need and need arising from economic growth.

- b) Do you agree that in some the planning system lacks internal consistency within its objectives, meaning that LPAs may be insufficiently focused on meeting housing need?**

The planning system is inherently inconsistent in both simultaneously seeking to boost housing delivery, but at the same time introducing changes that inhibit the ability to do so. The presence of significant policy constraints, the ineffectiveness of existing policies to rectify under delivery, and the introduction of new policies which will give further weight to policy constraints such as Green Belt, all contribute to this inconsistency.

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<sup>9</sup> [REDACTED].

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Barratt therefore agree there is systemic internal inconsistency in the planning system's objective to deliver new homes. This is best evidenced through three examples below:

- The Housing Delivery Test (“HDT”) was introduced to assess whether LPAs were building sufficient homes to meet their housing need and, if not, LPAs would be required to undertake further action depending on the extent to which they have under-delivered. In practice, Lichfields’ 2021 research on the HDT<sup>10</sup> found that the areas significantly failing the HDT were not subject to any real-world penalties for their under delivery. One of the principal reasons for this was that many of the LPAs that failed, were also significantly impacted by policy constraints which meant the PFSD (triggered by the HDT failure) was not actively engaged, rendering the HDT useless at encouraging further housing delivery in underperforming areas.
- The presence of significant tracts of Green Belt around urban centres results in many of the homes required simply not being planned for. The urban uplift, applied as a way of boosting housing delivery in key areas, has led to significant overspill need which surrounding authorities, who are heavily constrained by Green Belt, do not effectively have to plan for. Therefore, Green Belt and the methodology behind calculating housing need effectively work together to suppress housing delivery, despite Government rhetoric about seeking an increase in housing supply.
- The proposed reforms to the NPPF in December 2022 are seeking to remove the buffers required when planning for housing need, effectively removing the requirement to plan for sites that may ‘fall away’ for whatever reason. Lichfields’ ‘Tracking Progress’ research identified a 3-5% lapse rate in permissions across the research area.<sup>11</sup> The removal of buffers, which was described by the Government as “removing complexity” and thus encouraging plan production and housing delivery, inevitably means that future housing requirements will almost certainly be undershot, on the basis that the 3-5% lapse rate will not be accounted for.

**c) Are there any other issues relating to targets, incentives of planning constraints that we should consider?**

As explained at paragraph 5.2 above, Barratt supports the formal position of the HBF in proposing an amended baseline for establishing local housing need with reference to existing housing stock levels and applying a set percentage increase adjusted for affordability.

**d) Do you consider there to be any significant differences between England, Scotland and Wales in either how targets are set, the balance of incentives faced by LPAs and the extent of local planning constraints? If so, how do you think they impact housing delivery?**

Barratt’s comments in relation to England are also relevant to Scotland and Wales unless specified otherwise. However, as discussed with the CMA at the roundtable, housing under delivery is more acute in Wales. See paragraph 5.4 for further details.

### **Question 4.4**

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<sup>10</sup> <https://lichfields.uk/content/insights/effective-or-defective/>

<sup>11</sup> <https://lichfields.uk/content/insights/tracking-progress>

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- a) **Do you agree with our analysis of how the planning system may be having a disproportionate impact on SME housebuilders?**

Yes, Barratt agree that the planning system is having a disproportionate impact on SMEs. In this regard, see paragraph 4.6 above.

- b) **Do you agree that we have identified the key issues faced by SMEs due to the planning system?**

Yes. Barratt agrees with the CMA that, generally, the following issues are most prevalent in respect of SMEs.

- SMEs are disproportionately impacted by the complexity and cost associated with making a planning application, which has increased significantly since the 1990's and tends to be similar regardless of site size.
- Due to a lack of a development pipeline comparable to larger housebuilders, SMEs are less able to mitigate uncertainty, risk, and delay in the planning system.
- SME project financing is adversely affected by the unpredictability and protracted timescales of securing planning decisions. This, in turn stymies the SMEs expansion plans and indeed their ability to operate in their local area.
- LPAs have a propensity to propose housing allocations on a smaller number of larger development sites that SMEs cannot develop due to resource constraints.

See paragraph 4.6 for further details.

- Do you consider than the current planning system is incentivised to deliver housing on larger sites? If so, what are the implications of this for the housing delivery?**

Barratt has seen a trend towards fewer, but larger, sites coming through the planning system. For further details, please see paragraph 4.8 above.

- c) **Are there any other aspects of the planning system that have an impact on SME housebuilders that we should consider?**

Yes. Both the introduction of new environmental regulations, as well the significant resourcing crisis in LPAs, can affect SMEs with a restricted geographic coverage to a greater degree. In this regard, please refer to paragraph 4.7 above.

- d) **Do you consider there to be any difference between how the planning system impacts SMEs between England, Scotland and Wales?**

See Barratt 's response to question 4.1(d) above. The removal of the 5-year housing land supply required and associated PFSD hinders the ability for SMEs to rectify under delivery in both Scotland and Wales. This role was often fulfilled by SMEs with smaller schemes who could secure planning, start delivery, and contribute to the land supply calculation relatively quickly compared to larger sites. In respect of the requirement to deliver c. 50% affordable housing on all schemes across Wales -. This is likely to significantly impact SMEs to a greater degree than larger housebuilders.

### **Question 5.1**

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- a) **Should the UK, Scottish and Welsh governments be considering changes to their various existing methods of assessing housing requirements? If so, should providing certainty, stability and consistency to the housebuilding market feature?**

Yes. Please refer to paragraph 5.2 above for further details.

- b) **Are the features we set out in paragraph 5.19 appropriate for determining an improved methodology for target setting?**

Yes. A stock-based approach to determine the housebuilding target will encompass all of these features.

- c) **What is the most appropriate method of forecasting housing need – nationally and locally?**

Barratt sets out the most appropriate method for forecasting housing need in line with a stock-based approach at paragraph 5.2 above.

### **Question 5.2**

- a) **How could the financial and resourcing constraints facing LPAs in the production of local plans be mitigated whilst incentivising LPAs to produce local plans on time?**

Barratt sets out its recommendations for incentives that could be utilised to overcome the financial and resourcing constraints impacting local plan production at paragraph 5.10 above. In Barratt's submission above, any penalties towards LPAs should not be financial in nature as this will likely exacerbate the existing funding and resourcing crisis.

- b) **We note in Section 4 above that land supply constraints, such as urbanisation or greenbelt land, affect the availability of sites for local plans. These constraints would not be directly changed by financial incentivisation. How could land supply constraints be managed in an effective way?**

Barratt does not agree that planning constraints cannot be changed by financial incentivisation. Further, LPAs could amend Green Belt boundaries in response to financial incentives. See paragraph 5.14 for further details.

### **Question 5.3**

**What is the most appropriate method for implementing a reformed, rule based system that is designed rigorously and resilient to future changes in planning policy -and which minimises disputes about the lawfulness of developments?**

Barratt considers that the existing legislative and policy framework already exists with which to streamline the planning system. This can be achieved by returning to the core principles in the 2012 NPPF, alongside stronger incentives and penalties to foster expedited local plan production. This would significantly boost housing delivery and provide simplicity and certainty to the development industry. Especially if linked to a simple stock-based approach to setting new housing requirements and a rule-based system for smaller developments as suggest above. See paragraph 5.5 for further details.

### **Question 5.4**

- a) **To what extent would increased planning fees materially affect the viability of certain developments? Are there particular circumstances where this is likely to occur?**

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Overall, Barratt consider a raise in planning fees would not trigger a material impact in the viability of sites, with the greater burden principally being linked to increasing environmental and regulatory costs. However, an increase in fees and/or resource must go hand in hand with a lowering of the evidentiary burden that must accompany both local plans and planning applications. Please refer to paragraph 5.29 and the subsequent paragraphs above.

### **b) How could the availability of qualified planners be improved?**

The availability of qualified planners could be improved in the following ways:

- Chartered town planners should be reinstated to the shortage occupations list to encourage new and experienced overseas planners to come to the UK and bolster LPA planning departments.
- Subject to funding, the Government should enact a nationwide LPA Graduate Planner initiative, similar to what has been deployed in Milton Keynes LPA via their Planning Academy. Schemes such as this offer an attractive, fast track route to often senior roles similar to the private sector. Implementing schemes like this is vital in ensuring LPAs are seen as an exciting place to work and leads to senior opportunities thus increasing both attraction and retainment of qualified planners.
- A percentage of planning fees could be allocated towards apprenticeship programmes. Further, housebuilders could contribute to an apprenticeship levy.

### **Question 5.5**

#### **What measure would be most effective in supporting SMEs to navigate the planning process effectively?**

Barratt believes that the most appropriate solution would be to require LPAs to allocate additional developable land for smaller sites under 50 units, which SMEs are better suited at developing. Barratt also sets out additional proposals for SME support at paragraph 5.33 to paragraph 5.35 above.