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CMA Housebuilding Market Study

Response to CMA's Working Paper on Planning

1. INTRODUCTION

- 1.1 Bellway welcomes the opportunity to comment on the CMA's Working Paper on Planning (the "**Working Paper**"). Bellway is also aware that the HBF has provided a detailed response to the Working Paper on behalf of its members; Bellway generally shares the views set out in this response. However, Bellway's view is that all firms operating in the sector are disadvantaged by the issues with the planning system identified by the CMA in its Working Paper.
- 1.2 Bellway agrees wholeheartedly with the issues set out in paragraph 1.32 of the Working Paper which the CMA has identified with the operation of the planning system, which relate to the lack of predictability; cost, length and complexity of the planning process; and the insufficient clarity, consistency and strength of LPA targets, objectives and incentives to meet housing need.
- 1.3 Whilst Bellway agrees with the overarching principles outlined in the Working Paper, as noted above, it does not agree that the failures in the planning system materially disadvantage SMEs any more than larger housebuilders. In particular, the issues highlighted in relation to the higher per-plot costs of smaller development sites are experienced by all firms in the market who might chose to develop smaller development sites. As regards Bellway specifically, Bellway would generally build sites within the middle bracket set out in paragraph 1.47 (i.e. 100-500 plots) but is less likely to operate on larger sites of 500 plots or more due to the concentration of investment that this would require in one geographic location.
- 1.4 Bellway would support any sensible measures to reduce risk and increase predictability of the planning system (including any or all of the options for reform set out in the table in paragraph 1.49 of the Summary), which would, in Bellway's view, improve the current planning process. However, it will be important that any future reform of the system is designed in a way that minimises disruption. In Bellway's view, there is much that can be done within the current framework and by pulling existing policy levers rather than embarking on significant legislative reform that will typically take years and is likely to generate political contention and uncertainty for the sector.
- 1.5 In relation to other areas which have not been considered in the Working Paper, in the event that the proposal of introducing "permitted zones" is not supported, then Bellway would suggest, in the alternative, that the CMA should consider how it could promote a more efficient manner for the approval of reserved matters following the grant of an outline planning permission. Bellway would suggest that the CMA should consider recommending the introduction of procedural changes which would be applicable following the grant of an outline planning permission, such that subsequent application(s) for approval of reserved matters (which relate to detailed design proposals etc.) are dealt with by planning officers

rather than having to be referred back to planning committees. This would alleviate time pressures on planning committees and save significant time and cost for developers.

- 1.6 In order to assist the CMA in its assessment for the next phase of its Market Study, Bellway has provided some general commentary below and remains available to discuss any aspect should this assist the CMA with its assessment.¹

2. A MARKET INVESTIGATION WOULD NOT BE APPROPRIATE

- 2.1 As set out in Bellway's response to the CMA's Update Report, Bellway agrees with the CMA's provisional conclusion that recommendations to Government for legislative / policy changes would be the most effective, proportionate and timely way to comprehensively address the CMA's potential concerns in this area.
- 2.2 Whilst the Working Paper does not refer to the merits or otherwise of a market investigation reference in relation to the planning system, Bellway is of the firm view that a market investigation (which would be both lengthy and onerous) would not be a necessary or appropriate route to deliver benefits for consumers quickly and comprehensively.

3. THE CMA'S ANALYSIS OF THE PLANNING SYSTEM IN GREAT BRITAIN

- 3.1 Bellway wishes to make the following points as regards the CMA's analysis and findings set out in the Working Paper:

- 3.1.1 **Factors and issues contributing to under-delivery:** Bellway considers that the key factors and issues which directly contribute to the under-delivery of housing have been identified and considered in the Working Paper. In particular, Bellway agrees with the causes of uncertainty that the CMA has identified in the Working Paper in relation to the planning system, and its analysis as to how these contribute to the under-delivery of housing. These include:

- the lack of predictability;
- cost, length and complexity of the planning process; and
- insufficient clarity, consistency and strength of LPA targets, objectives and incentives to meet housing need.

- 3.1.2 These factors directly contribute to the under-delivery of housing as they severely impact upon investment decisions and the ability to bring land forward for housing. The planning system is the fundamental starting point for the delivery of new homes and must operate more efficiently to support development by all firms in the sector.

- 3.1.3 **Causes of delay in the planning system:** Bellway agrees with the five key causes of delays in the planning system identified at paragraph 4.113 of the Working Paper: i.e. (a) the increasing amount of regulation and policy impacting the planning system leading to increased time to navigate the system; (b) LPA resourcing constraints; (c) delays in receiving responses from statutory consultees; (d) increasing public and political engagement with the planning process; and (e) the time taken to negotiate agreements between LPAs and housebuilders to secure developer contributions towards local infrastructure.

- 3.1.4 However, a further cause which has not been identified in the Working Paper is the lack of a functioning and viable alternative to the local decision-making process in the form of the appeals system. Government figures demonstrate that the average time to appeal ranges between 28 – 52 weeks (as the median timeline over the past 12 months)² across written appeals, hearings and inquiries. This means that when applicants are faced with delays in the local decision-

¹ While Bellway has not provided responses in this submission to the specific questions set out in the Working Paper, it has provided detailed responses to a number of requests for information from the CMA relating to the subject matter of the Working Paper, and would refer the CMA to these as it progresses its assessment.

² See [Planning Inspectorate statistical release 22 June 2023](#) - GOV.UK.

making process, they often have little option but to continue to proceed and accommodate the extended timescales for determination (bearing in mind that, as confirmed in the Working Paper, decisions on outline applications in England take on average one year to be determined)³, in the hope that a local decision may still be made quicker than would be the case through a lengthy (and costly) appeal process. As regards "call-ins" by the Secretary of State, there is currently no framework that requires a decision to be made within a specific period of time which can lead to further uncertainty, delay and cost. Bellway would urge the CMA to take this into account as it progresses its analysis.

- 3.1.5 **Bellway's views as set out in its Annual Reports:** The CMA has noted the position as set out in Bellway's 2022 Annual Report⁴, that the National Planning Policy Framework (NPPF), working in parallel with the Localism Act 2011, has had a positive effect on the planning environment, as evidenced by an increase in the number of planning permissions over recent years. This must however be taken into account and balanced alongside the following position as set out in Bellway's 2023 Annual Report:

"The Group's ability to deliver new homes is dependent on the efficiency of the planning system. To help deliver against Bellway's strategic priority of long-term volume growth, a properly functioning planning system is required to grant planning consents in a timely and effective manner. The system remains slow, still constrained by staffing and resource shortages at local authorities and exacerbated by the uncertainty caused by the proposed reforms to the Government's National Planning Policy Framework. Overall, this continues to have a dampening effect on outlet openings across the wider sector. The Government announcement in December 2022 that local housing targets were to be 'advisory' rather than 'mandatory', coupled with the end of the obligation on local authorities to maintain a rolling five-year land supply where they have a local plan in place, has further contributed to a fall in planning consents granted."⁵

- 3.1.6 Further, the same 2023 Annual Report notes that among Bellway's principal risks are "delays and complexity in the planning process."⁶
- 3.1.7 **The effect of policy changes:** As highlighted by the CMA in the Working Paper,⁷ each nation of the UK where Bellway operates has been subject to (and is due to be subject to further) significant policy changes over recent years. These policy changes make the planning system very difficult to navigate and can cause the economic viability of a site to be materially affected as policy changes often require significant costs to be incurred which were not (and indeed could not be) taken into account in the site viability appraisal at the time the land was contracted and/or acquired.
- 3.1.8 **The detrimental impact of forthcoming policy changes:** Bellway notes that the CMA has highlighted the extent of forthcoming policy changes around the Levelling Up and Regeneration Act (LURA) and NPPF reforms.⁸ Bellway shares the concerns expressed in the Working Paper⁹ that these changes will lead to LPA's setting lower housing targets when they update local plans which will have a

³ See paragraph 1.41, Working Paper.

⁴ See paragraph 4.11, Working Paper.

⁵ See page 24, Bellway's Annual Report 2023.

⁶ See page 82, Bellway's Annual Report 2023.

⁷ See paragraphs 4.51, 4.52 and 4.54, Working Paper.

⁸ See paragraphs 4.163 – 4.174, Working Paper.

⁹ See paragraph 4.171, Working Paper.

detrimental impact on the delivery of planning permissions and new-build housing across England.

- 3.1.9 **Improving the methodology for setting housing targets:** Bellway considers the list of features suggested by the CMA in the Working Paper¹⁰ as appropriate for determining an improved methodology for setting housing targets – namely, around ease of understanding; the use of reliable evidence; regular assessment / calculation of targets; keeping adjustments to a minimum; and local alignment with the national target. Bellway considers that the stock-based standard method would address each of these criteria and thereby provide the certainty, stability and consistency needed.

4. CONCLUDING REMARKS

- 4.1 Bellway remains at the CMA's disposal to discuss any of the above points in more detail, should this be of assistance, and would be very keen to engage with the CMA and/or any Government body or department in formulating detailed proposals going forward.

¹⁰ See paragraph 5.19, Working Paper.