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## COMPETITION AND MARKETS AUTHORITY

### MARKET STUDY INTO HOUSEBUILDING: PLANNING WORKING PAPER

#### RESPONSE BY HALLAM LAND MANAGEMENT LIMITED

Hallam Land Management (Hallam) is the strategic land and planning promotion arm of the Henry Boot Group and has been acquiring, promoting, developing and trading in strategic land since 1990, around England and Scotland. Notable schemes include Cranbrook New Community (East Devon District); New Lubbesthorpe (Blaby District); Eastern Green (Coventry City). Hallam has successfully delivered over 14000 plots into the housing market over the last 5 years and is looking, with vigour to progress a further 12,000 plots through the planning system to further expand upon its major contribution in the housebuilding industry.

Hallam works with a wide range of landowners, including private individuals, landed estates, charities, Local Authorities, corporations, and University Colleges

Supported by the long-established [Henry Boot PLC](#), where it is appropriate and beneficial to do so, Hallam Land can construct and deliver the infrastructure that enables a scheme to get "off the ground".

Hallam is therefore very well placed to respond to the call for stakeholders to engage in preliminary findings of the CMA *Planning Working Paper* and would welcome the suggestion of a dialogue to expand on any matters raised through our response.

Firstly, the findings of the Planning working paper do not come as a surprise. Our extensive geographic operation and engagement with landowners, housebuilders, local authorities, and communities to seek bring forward development opportunities, provides Hallam with direct exposure to the operation of the housing market and the strong influence of the planning system at both the plan-making and decision taking on market outcomes.

- We note and understand the focus of the working paper on market outcomes, and agree with the findings of the working paper that the current planning system is contributing to a significant and sustained degree in delivering poor market outcomes. However, our role, primarily in promoting and delivering high quality and sustainable residential development requires us to consider whether poor market outcomes are at the expense of other outcomes (namely environmental and societal) that are flourishing in comparison. Our conclusion is that they are not.
- If an ineffective planning system plays a part in this failure, then it must be central in playing a role in the recovery of house building to a rate of supply that meets demand.
- CMA rightly has a focus on market outcomes, but our strong view is that options for reform will unlock benefits that will secure wider good growth outcomes – to society and the environment as a direct consequence. Delivery of housing underpins growth, social equality and economic stability.
- On the other hand Hallam has observed more and more blurring in the role and expectations of the planning system and in particular of the developments that emerge from it in support of meeting the countries housing needs. It is one, perfectly proper, thing to expect new development to deliver high quality sustainable schemes that mitigate, insofar as is directly related and reasonable, the wider impacts of that development. It is quite a different thing to expect the planning system and new developments to be the tools or mechanisms to achieve wider societal change or objectives. Rivers should be clean but it is not the role of the planning system or its development to address past mistakes or present problems. Nor

is it the role of new development or the planning system to provide the opportunity to secure funding for generic health services that should be funded elsewhere. More and more the planning system has been come to be seen, opportunistically, as a means to secure ends that it was never designed for. All this comes at great costs in terms of financial resources and complexity – key factors leading to delay and prevention of appropriate and sustainable development.

- Hallam has consistently approached the subject of reform with a clear view that whilst some areas of the system do not operate as well as they should, there is an opportunity to work within the existing system with some more modest changes to simplify, speed up and make the system more predictable that do not necessarily require significant overhaul.
- Too much reform has created uncertainty and stagnation across the industry, where the inconsistency and absence of clarity of decision making is a risk factor to investment. Since the publication of White Paper in 2020 there has been no consistent national position on planning reform. This has resulted in uncertainty in how to determine applications and promoters and housebuilder builders questioning whether they should invest in a environment of increased cost and uncertainty. The last 12 months have seen over 60 local authorities delay local plans.
- Evidence shows that LPAs with no up to date plan in place are associated with lower levels of planning applications and delivery. Delay to plan making, failure to allocate sufficient land, lack of supply driving up competition, price of land and therefore landowner expectations on value.
- Where there is no Plan other policy tools and levers take over and are applied inconsistently which creates uncertainty and leads to inertia in the market.
- The creation of **confidence** and **certainty** in the market is critical. These are fundamental Principles that should be at the heart of options for reform. A plan-led system can provide this framework, coupled with expedited planning consents to assist timely and sustained delivery on the ground. Growth through a plan-led system is the mechanism through which policy intentions and investment in infrastructure can be delivered.
- Difficult to articulate clearly but success otherwise of the system, in particular in delivering new homes, has proved to be the presence of a high level top down policy and resource commitment to its effectiveness. The Presumption in Favour of Development when first introduced through national planning guidance in the 1980s was carried through in terms of plan making and decision making and resulted in significantly different outcomes from what is essentially the same system.
- The requirements placed on the planning system through regulatory and policy control is increasing, Nutrient Neutrality, Biodiversity Net Gain, Building Safe Standard and Future Homes Standard are costs that are borne by development, and of course benefits that will flow because of development. The planning system has become more costly and complex to navigate. The longer time spent in planning system is a delayed return on investment and therefore risk to return.
- Any effective system needs checks and balances for it to function. Incentives and penalties must be part of the toolkit. Hallam therefore supports a solution that combines a range of components – mandatory drives, permissive routes, and incentives to deliver more homes.
- Getting plans in place is a fundamental – supporting LPAs in doing so and ensuring these are kept up to date must be an overriding objective. But in the meantime accountability needs to be taken to delivering more homes.

But 'Meanwhile measures' are needed, and generally we support the breadth of options set out in the paper. We do not necessarily consider that these need to be restricted to short-medium-long term. Many are capable of swift implementation without significant legislative change.

We have focused our response to indicate support of many of the options identified, and reflected on other measures that could complement the wider objective.

## **1. Framework that underpins Decision Making**

### **Objective Target Setting**

- National Target of 300,000 homes – with no disaggregation - has not achieved sufficient supply. Mandatory Housing Targets for each local authority should be provided ensuring minimum provision. Based upon a nationally agreed methodology that restricts as far as possible locally applied policy adjustments such that it accurately reflects need. This local need should be calculated such that the sum of the local housing targets delivers on the national overarching target.
- Targets should be reviewed to ensure they continue to meet need, but that should be done comprehensively at a national level and handed down to local authorities. A degree of stability is required to avoid locally applied targets being altered without substantive evidenced need.
- In parallel there should be an obligation to focus on setting targets (in numerical terms) for meeting Affordable Housing Need. LPAs have a statutory responsibility to provide education, a statutory duty to provide sufficient homes to meet local need is also required.
- There must be an obligation placed on LPA's to reduce local housing waiting lists. In those LAs that have 'paused' plan making in the last 12 months there are 168,000 households on waiting lists.
- 5 year housing supply requirement and Housing Delivery Test are effective and necessary tools to support rolling supply of land and monitor its effectiveness for delivery. Annual Housing Land Supply Position Statements could be made compulsory.
- It is also worth exploring the language employed around targets particularly the negative narrative around "top down" targets as if they are just statistics instead of much needed homes. Within the health sector there is no question of not meeting need as and when it arises. Within the education sector there is no question of not providing places to educate all those of school age. It is embarrassing and unacceptable if such needs are not met. In similar fashion the provision of needed homes is a basic human right and planning for them should be prioritised accordingly – rather than an opportunity to shy away from provision (especially when for perceived political advantage).

### **Monitoring and enforcement of Local Plans**

- Amend the Planning Appeals guidance to uphold the "in principle approval" of sites allocated in submitted or adopted Development Plans – highlighting the risks of a costs claim where Planning Authorities resist such proposals.
- LPA's could be incentivised to prepare plans by a route to refund the cost of plan preparation to the Council where 30 months is achieved.
- All adopted Local Plans to be reviewed on a continual 5 year programme, if a plan is over 5 years old it is to be considered "out of date" for Development Management purposes
- Planning weight could be afforded to plans as they progress.
- Much time is spent and wasted in the plan making process to determine if there is a deliverable supply of sites and allocations to meet whatever level of need is identified. Failure to demonstrate a deliverable supply leads to many months delay in the plan making process. Yet it is a pyrrhic exercise to squeeze narrowly over the line of meeting need.
- The Incentivise Authorities not to just plan to meet need, but demonstrate optimum potential not least to support infrastructure delivery.
- There should be an expectation of providing for a significant oversupply to ensure delivery – whether through additional allocations, or the use of reserve sites in Local Plans. Months of tightrope walking between need and supply would disappear forthwith.

## **Streamlining the Planning System**

- Permission should be granted for well planned sustainable proposals where there is not a five year land supply.
- Persistent refusal of sustainable planning applications by authorities without a five year supply, should result in a potential costs claim.
- Failure to prepare an up to date development plan will result in a presumption in favour of sustainable development, irrespective of supply. Clear messaging and policy guidance and commitment has, historically, delivered significant increases in new permissions.
- Options that move into automatic granting of consent where sites meet specific criteria – (rules based) will need to be considered with caution. The proliferation of automatic outline/permission in principle consents into the market could detrimentally affect the operation of the housing market and therefore the delivery of homes. Landowners need an incentive to sell land. The creation of additional land does not simply equate to the delivery of more homes. The system is far more complex.
- There is the potential to review and refine the scope of Proposals Maps currently used to support Local Plans – as a means through which to spatially communicate growth options and committed sites. Proposals Maps do not need to apply prescription across whole Local Authority areas but should illustrate areas of land for which specific policies apply.

## **2. Procedural Processes**

### **Defined Mandatory Consultees**

- There are multiple agents and stakeholders that operate within the development, planning and governance sector but do not necessarily have any formal relationship to the planning system. Alignment of mandatory consultees would be helpful in order to provide certainty at the application stage, focusing resources on those technical matters that are most critical to the consideration of the acceptability of development proposals. This would help provide clarity to all parties around operation and accountability. The consultation system is a very uneven playing field with for instance great effort placed by some on engagement and little priority by others.

### **Effective Monitoring and Enforcement of deadlines for statutory consultees**

- There is no doubt that this would speed up the lag in the determination of planning applications. Measures to boost LPA fee income (increases in application fees/ use of planning performance agreements) do not bite on external consultees. Nor do they feel the benefits nor penalties associated with National Indicators for determining within prescribed time limits. A presumption could be enacted where responses are not provided within statutory deadline. This will need to be coupled with some investment from central government to boost capacity or help direct resources where they are most needed.

## **3. Supporting Measures**

### **Alignment of Planning Fees with LPA funding requirements**

- Generally the industry is likely to accept increase fees if it would lead to a better, faster service, but only if the ring fencing of planning application fees will secure more planning resource.
- However resource challenges are evident within planning authorities, and additional funding is not the only solution. We suggest that a more 'light touch' resource/ response is needed for proposals that comply with the development plan or where "presumption in favour" applied in the content of the NPPF – and instead resourcing can directed to consideration of proposals that fall outside of a local plan framework.

### **Additional Support for SME housebuilders**

- Hallam agree that SME's should be encouraged into the market. There is opportunity at this time, where planning consents have reduced and mortgage rates have increased and PLC housebuilders are scaling back their activities.
- Efforts should also be placed on encouraging Housing Associations to play a greater role, their ability to unlock funding is vital to boosting delivery, and ensuring strong thriving communities for which they are very often a catalyst in new developments.