

CMA Housebuilding Market Study
Taylor Wimpey PLC's Response to Planning working paper dated 17 November 2023

6 December 2023

1. Overview

1.1 Taylor Wimpey PLC ("**Taylor Wimpey**") welcomes the opportunity to provide comments on the Competition and Market Authority's (the "**CMA**") working paper on planning (the "**Working Paper**").

The CMA's findings

1.2 The views set out in the Working Paper are broadly aligned with TW's views on planning. In particular:

(i) The design and implementation of the planning system is a **key influence on land supply and the number of new homes that are built**.¹ TW agrees that the planning system has a direct impact on a number of features of the market and on the ability of housebuilders to bring new homes to market and therefore the output of homes on the market.²

(ii) In respect of the **lack of predictability and consistency in the planning system and decision-making**, the Working Paper finds that this is largely due to four key factors: the fact that the planning system is used by the government as a means of implementing new policy (e.g. implementing environmental regulation); the continuous revisions that are made to the planning process (e.g. the National Planning Policy Framework ("**NPPF**") changing three times since 2012); the lack of up-to-date local planning authority ("**LPA**") local plans (with the Working Paper agreeing that they are closely tied to LPA housing delivery); and the impact of public and political attitudes to development on the planning process. TW agrees with these findings.

(iii) In respect of **the cost, length and complexity of the planning process**, the Working Paper finds that the amount of evidence required to support a planning application, as well as the associated costs and time involved, have now become substantial and continue to increase. The key reasons behind this include: the increasing amount of regulation and policy that impact the planning system; LPA resource constraints; increasing delays in statutory consultees' responses; and the negotiation of site-specific agreements to secure housebuilder contributions to fund local infrastructure (i.e., Section 106 or Section 75 obligations³). TW agrees with these findings.

(iv) In respect of the **insufficient clarity, consistency and strength of LPA targets, objectives and incentives to meet housing needs**, the Working Paper recognises

¹ Paragraph 4.3 of the Working Paper.

² Section 2 of TW's response to CMA Update Report and Consultation on Possible Market Investigation Reference dated 19 September 2023 ("**TW's Response to the Update Report**").

³ I.e., Section 106 of the Town and Country Planning Act 1990 (in England and Wales) ("**Section 106**") and Section 75 of the Town and Country Planning (Scotland) Act 1997 (in Scotland) ("**Section 75**").

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the essential role that local land supply and housing targets, as well as incentives such as the presumption of sustainable development, play in LPAs' housing delivery. The Working Paper also notes that the centralised Standard Method used by LPAs to calculate local housing need has been subject to significant criticism. More generally, the Working Paper acknowledges that these targets and incentives may be distorted, inconsistent across LPAs or not strong enough. TW also agrees that local plans and LPA objectives play an essential role in housing delivery, and that the current ones are not suitably calibrated to meeting housing needs across Great Britain.⁴

- (v) Furthermore, TW agrees that the concerns with the planning system set out above will have a negative effect on the ability of all housebuilders to take forward projects, and that there is a risk that these **impacts will be felt disproportionately by SME housebuilders**.⁵
- (vi) Finally, TW also agrees that that there is no single reform that would, on its own, address all the concerns in relation to the planning system; **a package of measures is required to improve plan-making and planning decision-taking** rather than individual reforms.⁶

The remainder of this response

- 1.3 TW agrees with the CMA's view that many aspects of the design and operation of the planning system are the result of trade-offs being made with other important objectives, and that the CMA should not make specific recommendations on how these trade-offs ought to be determined (as these decisions are rightly for elected representatives to determine via the

⁴ Paragraph 6.8 of TW's response to the CMA's Statement of Scope Consultation dated 27 March 2023 ("TW's response to the SoS") and paragraph 2.34(ii) of TW's Response to the Update Report.

⁵ Paragraph 2.33 of TW's Response to the Update Report.

⁶ Paragraph 5.7 of the Working Paper.

political process). Instead, the CMA should set out the landscape of possible policy options and trade-offs involved.⁷

- 1.4 TW has therefore set out in Section 2 of this response its views on the feasibility and impact of the policy options set out in the Working Paper.⁸
- 1.5 Finally, in Section 3, TW has set out its suggested reforms that the Working Paper has not considered.

2. Options for reforming the planning system

Planning system reforms

- 2.1 The Working Paper considers three 'System Options' which could reform the overarching rules and framework that underpin decision-making in planning.

System Option 1: Objective target setting

- 2.2 The Working Paper considers that the national housebuilding target could be set in a way that more accurately reflects housing need, i.e., using a methodology that is easy to understand and uses reliable and up-to-date information (unlike the Standard Method currently used in England).⁹
- 2.3 The Working Paper considers that the national governments in England, Scotland and Wales would be best placed to determine an appropriate methodology to set a national housing target for each nation, and in doing so should consider:
 - (i) How LPAs could effectively align their local plan with the national target; and
 - (ii) Whether and, if so, how the target should reflect the need to address existing levels of supply as well as future housing need.¹⁰
- 2.4 TW agrees with this proposal, and considers that the current approach to national targets is based on past recessionary trends and economic downturns, rather than on facilitating future growth, recovery and addressing historic under-supply (and in Scotland and Wales, there is no nationally set housing target at all).¹¹ TW considers that further issues with the Standard

⁷ Paragraphs 1.8 to 1.9 and 2.11 of the Working Paper. TW notes that it is also committed to delivering environmental and social objectives, and considers these objectives to be complementary to rather than competing trade-offs with its housebuilding.

⁸ Paragraph 1.49 of the Working Paper.

⁹ The CMA notes that the Standard Method has been subject to criticism in particular due to its continued reliance on 2014 household projections, rather than more recent 2018-based projections, and the urban uplift. Moreover, the NPPF allows an LPA to deviate from the Standard Method in 'exceptional circumstances' which include limited land availability due to the presence of significant amounts of footnote 7 land (to which, in addition, the presumption in favour of sustainable development does not apply). When calculating local housing requirement, LPAs may also reduce the housing requirement number to reflect physical and/or geographical constraints, infrastructure constraints, and potential impacts on the scale and character or settlements. As a result, housing requirements in LPAs' local plans are often significantly below the level required by the Standard Method; the CMA estimates at least 75,000 below the national target. See paragraphs 3.12 and 5.14 to 5.16 of the Working Paper.

¹⁰ Paragraph 5.20 of the Working Paper.

¹¹ Paragraph 4.127 of the Working Paper.

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Method include affordability adjustments being capped artificially and that the urban uplift adjustment representing an arbitrary figure. TW also notes that LPAs' local plans are not sufficiently focused on housing delivery, as their policy is often conflicted at a local level and takes into account considerations such as climate issues, affordability, and sustainability.

- 2.5 Indeed, in TW's Response to the Update Report, TW suggested that the CMA go further, by recommending that the government introduce a National Plan and Policy which sets out a minimum housing need and provides cohesion to deliver key outcomes (including on housing numbers; national infrastructure; environmental, social and economic objectives).¹²
- 2.6 As part of this reform, the government should make clear the opportunity to rebalance the economy and support regional growth. The current NPPF only provides policy guidance for plan-making and decision-taking rather than providing national policy and clear targets. A coherent national policy with clear targets would facilitate the increased delivery of housing through both plan-making and decision taking. TW considers this approach should apply to each of England, Wales and Scotland.
- 2.7 For example, in order to achieve these targets, LPAs will need to improve the efficiency of the planning process, and they will require additional resources to do this. A quicker and more predictable planning system would be expected to reduce the amount of land that developers need to hold (reducing the size of the land bank).¹³
- 2.8 TW believes that comprehensive reform of this kind would help the government create an environment in which there is greater certainty and appropriate land availability throughout the life of a plan, by ensuring that LPAs are able to maintain a five-year supply of deliverable housing sites for all housebuilders.
- 2.9 TW also agrees that the criteria set out in paragraph 5.19 of the Working Paper are appropriate for determining an improved methodology for setting a national housing target. TW considers that the most appropriate methodology that conforms with these criteria is an adjusted stock-based approach that allows for adjustments to account for historic under-delivery that may have suppressed stock levels, affordability, and economic growth adjustments.¹⁴
- 2.10 However, TW also considers that the CMA should be mindful, in making its recommendations for a new national target, of the risks of delays on plan-making, transitional arrangements and councils gaming the system (that is, of delaying plan-making with a view to benefitting from a change in housing need or a more politically attractive policy regime, or vice versa, of artificially pushing through light touch plan reviews without actually meeting housing need).

¹² Paragraph 2.34(i) of TW's Response to the Update Report.

¹³ Paragraph 2.34(i) of TW's Response to the Update Report.

¹⁴ As suggested by HBF, Turley and Savills. See "Calculating Housing Need: Standard Method 2", August 2020, available at: <https://pdf.euro.savills.co.uk/uk/residential--other/calculating-housing-need--standard-method-2.pdf>; HBF, "Changes to the current planning system: Consultation on changes to planning policy and regulations Representations by the Home Builders Federation (HBF)", 1 October 2020, available at: [R Radford Esq \(hbf.co.uk\)](https://www.hbf.co.uk) and "Firmer Foundations", page 5, 20 November 2023, available at: https://www.hbf.co.uk/documents/13050/Firmer_Foundations.pdf; and Turley, "If it's broken you'd fix it: wouldn't you? The revised standard method for assessing housing needs", 17 December 2020, available at: [If it's broken you'd fix it: wouldn't you? | Turley](https://www.turley.com/insights/if-its-broken-you-d-fix-it-wouldnt-you-the-revised-standard-method-for-assessing-housing-needs).

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System Option 2: Monitoring and enforcement of local plans

- 2.11 TW agrees with the proposals and findings set out in paragraphs 5.21 – 5.26 of the Working Paper. As previously submitted, TW agrees that local plans and LPA objectives play an essential role in housing delivery – to identify and maintain a five-year supply of deliverable housing sites and therefore create the stability and certainty that housebuilders need to consistently plan for housing growth and delivery.¹⁵
- 2.12 TW therefore agrees that clear incentives should be provided to incentivise LPAs to prepare and adopt local plans, and sanctions applied where they fail to do so. TW believes there should be a policy mechanism to ensure that potential homes are not lost in the system because of certain LPAs' failure to adopt and maintain up-to-date local plans – effectively, a new duty to cooperate between LPAs.
- 2.13 TW considers that additional measures for the monitoring and enforcement of local plans could include:
- (i) A statutory requirement on LPAs (which is enforced) to review their local plans and effective housing land supply, even before the plan is five years old, with key triggers being introduced relating to LPAs' performance to the housing delivery test, the requirement to maintain a rolling five-year housing land supply and the delivery of other key policy objectives.
 - (ii) Increased centralised funding to support LPA plan preparation. This increased funding could be recovered if LPAs fail to adopt and maintain an up-to-date local plan.
 - (iii) Enabling LPAs with up-to-date plans to benefit from increased planning fees¹⁶ or other financial incentives, such as those relating to preferential or discounted business rates, or new homes bonuses.
 - (iv) Recovering applicants' costs from LPAs in circumstances where they fail to perform.
 - (v) Setting planning fees at a level that covers planning departments' costs and ringfencing these fees from LPAs' other funds and budgets. See paragraphs 2.27 to 2.28 below for further detail.
 - (vi) Intervention in local government by the Secretary of State where LPAs fail to adopt or maintain an up-to-date local plan in time or fail to accommodate an identified housing need – either individually or together with neighbouring LPAs. In other words, placing a duty on LPAs to accommodate housing need in statutory plans unless exceptional circumstances exist.
 - (vii) Introducing a strong presumption in favour of sustainable development where an LPA has failed to update its plan and/or cannot demonstrate it has a five-year housing land

¹⁵ Paragraph 2.34(iii) of TW's Response to the Update Report and paragraph 6.8 of TW's Response to the SoS.

¹⁶ For example, LPAs without an up-to-date plan (i.e., one that is less than 5 years old) could only charge an increase in fees and would not be eligible for planning grant monies, whilst those with an up-to-date plan would benefit from charging the full fee uplifts and be eligible for planning grant monies.

supply or meet the housing delivery test.¹⁷ This presumption could involve fast-tracking appeals for a period of time where LPAs do not have an up-to-date plan in place or fail to maintain a five-year housing land supply.

- (viii) Introducing an early mediation service for LPAs and applicants, to be offered by the planning inspectorate, and making the appeal system in general more efficient. This would help avoid unnecessary appeals and address the delays to housing delivery caused by the failure of LPAs to have a local plan in place. In this regard, TW notes that planning appeal inquiries have improved following the Rosewell Review,¹⁸ but further improvements have been hampered by the lack of resources in this area. TW considers that improvements should also be made to render the two other procedures for handling appeals more efficient and less time-consuming: written representations and hearing procedures.¹⁹ This would need to be supported by increased resources and funding to LPAs.²⁰

System Option 3: Streamlining the planning system

- 2.14 The Working Paper considers 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.²¹ This would address the system's unpredictability, which impacts housebuilders' willingness to bring land through the planning system.²²
- 2.15 The Working Paper also envisages that a move to a rules-based system would provide greater predictability to housebuilders.²³ This would enable housebuilders to prepare applications more efficiently and provide greater certainty in developments being permitted. It would create a more efficient system where most permissions are granted more quickly, releasing more land for development in a timely manner.²⁴
- 2.16 Whilst TW agrees with these proposals in principle, TW considers that the planning system is already replete with rules and that uprooting the current system for the sake of a new one may lead to additional complexity and challenges for players in the housebuilding market, especially for SMEs and particularly in the short term. Indeed, as previously submitted by TW, the increase in the uncertainty of the planning system over the last few years has also been due to the number of abortive attempts made by the government at planning reform.²⁵ It will therefore be crucial, if any reforms are to be contemplated, that these experiences are taken into account

¹⁷ Paragraph 2.34(iv) of TW's Response to the Update Report.

¹⁸ See the independent review of planning appeal inquiries and the report by Bridget Rosewell OBE (the Rosewell Review) published in December 2018, available at: [Independent review of planning appeal inquiries: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/744444/independent-review-of-planning-appeal-inquiries-report-2018.pdf).

¹⁹ See "Procedural Guide: Planning appeals – England", available at: [Procedural Guide: Planning appeals – England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/744444/procedural-guide-planning-appeals-england-2018.pdf), for further detail.

²⁰ Paragraph 2.34(iv) of TW's Response to the Update Report.

²¹ Similar to proposals brought forward by the UK government in the August 2020 White Paper (Planning for the Future).

²² Paragraph 5.27 of the Working Paper.

²³ I.e., where planning permission for sites that meet specified criteria is granted in the majority of cases with no or limited review and only a limited number of cases require greater discretion.

²⁴ Paragraphs 5.28 to 5.30 of the Working Paper.

²⁵ Paragraph 6.13 of TW's Response to the SoS.

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and, at a minimum, robust and clear transitional expectations and requirements are put in place to guard against delay and indecision.

- 2.17 TW considers that changes should be made to planning decision-making with the aim of delegating a greater proportion of responsibility to planning officers (i.e., without the need to report matters to Planning Committee) and creating a streamlined process for the approval of certain categories of sites. Such changes could include:
- (i) Introducing delegated decision-making for allocated sites under certain thresholds. A level of scrutiny will still be required for larger schemes; however, this must be fast-tracked for allocated sites, including through the use of mediation and a faster and improved appeal process with a strong presumption in favour of sustainable development. As noted at paragraph 2.13(viii) above, TW considers that improvements should be made with the aim of increasing the speed and efficiency of planning appeal inquiries, written representations, and hearing procedures.
 - (ii) Introducing delegated decision-making for discharge of planning conditions and reserved matters. The wider use of deemed discharge of planning conditions could also apply where decisions are delayed beyond statutory deadlines.
 - (iii) Introducing measures to streamline and speed-up the approval of sustainable windfall sites (i.e., sites that have not been allocated in the plan. A presumption in favour of sustainable development could apply in decision-taking for sites that have not been included in the development plan where there is an absence of significant harm. This is important as housing numbers in a local plan reflect the minimum housing need (rather than a cap on numbers) and would significantly boost the supply of homes.
 - (iv) Streamlining the adoption of LPAs' local plans that have been examined and found to be sound, such that these are allowed to proceed to adoption without delay.²⁶
 - (v) Re-introducing checks and balances in the system to prevent housing delivery falling significantly below the relevant targets. For example, a requirement for LPAs to give the need to increase housing supply considerable weight in decision-making where they do not have an up-to-date local plan or a demonstrated five-year housing land supply.²⁷
 - (vi) There should be new fast track appeal services for sites that are allocated in the development plan, or already benefit from planning permission, (e.g., to address the discharge of conditions or reserved matters). A fast track appeal service could also apply to sites under a certain threshold to support SMEs. This would require additional funding and resources for the planning inspectorate.
 - (vii) Planning Performance Agreements (“PPAs”) should be adopted as standard by LPAs, with the introduction of money-back guarantees for PPAs based on LPA performance.

²⁶ See “Examining local plans”, available at: <https://www.gov.uk/guidance/local-plans>.

²⁷ This requirement was removed in Wales and Scotland (with the removal of TAN 1 in Wales and NPF3 in Scotland) to allow LPAs to focus on plan-making rather than appeals and speculative applications, but TW considers this has had a negative effect on housing delivery in these nations.

Consideration could also be given to the staged payment of planning application fees based on achieving key milestones (i.e., where hitting a certain milestone releases a payment rather than providing payment upfront, which may reduce the incentive to perform). Money-back guarantees based on LPA performance could therefore create incentives to perform and avoid LPAs' requests to extend the deadlines of PPAs, which is a common occurrence and creates further delays to the system.

Planning process reforms

- 2.18 The Working Paper considers two options to reform the process through which the rules of the planning system are carried out at a procedural level.

Process Option 1: Defined mandatory consultees

- 2.19 The Working Paper notes that LPAs have reported problems in getting statutory consultees to respond within the required 21-day consultation period, which delays planning decisions being made. By way of solution, the Working Paper suggests that LPAs could only be required to consult with a clearly defined set of consultees instead. This would not, however, prevent LPAs from consulting with other stakeholders if they choose to (or vice versa, other key stakeholders providing their views to LPAs).²⁸

- 2.20 The Working Paper considers that central government (of England, Scotland and Wales) could implement this option by:

- (i) Determining who the mandatory consultees are (to achieve consistency nationally), or
- (ii) Determining the criteria that LPAs must consider when determining the appropriate mandatory consultees in their local area – mindful that LPAs may be better placed to determine the key stakeholders (including residents affected by developments, where relevant).

- 2.21 TW agrees with these proposals. TW considers that the scope of consultees' input should be limited and/or excluded in situations where it would be more appropriate and beneficial to provide LPAs and planning officers with greater discretion to approve certain planning applications directly, i.e., where they accord with the development plan, are below a certain threshold, or where statutory consultees have already had the opportunity to comment on the proposal (e.g., at the plan-making stage, or at the outline planning application stage).

Process Option 2: Effective monitoring and enforcement of deadlines for statutory consultees

- 2.22 The Working Paper also considers that, to address delays in statutory consultees' responses, LPAs could only be required to take their views into account if they actually respond within the mandatory 21-day period. If they do not respond within 21 days, LPAs can deem them to have consented to the planning application.²⁹

²⁸ Paragraphs 5.33 to 5.35 of the Working Paper.

²⁹ Paragraphs 5.37 to 5.38 of the Working Paper.

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2.23 TW considers that these proposals are positive. However, TW considers that any such suggestions for reform should be mindful of potential risks, including that:

- (i) A stricter approach to deadlines is obviated by consultees sending ‘holding responses’ within the deadline (i.e., notionally responding within 21 days but providing a response that still generates substantial delay);
- (ii) Consultees respond within the deadline but request further information (which requests are often disproportionate and/or unreasonable) simply to buy more time to actually be consulted and respond; and
- (iii) There are certain unintended consequences as a result of additional conditions being attached to the planning permission by statutory consultees, which result in more uncertainty and extended delays later on in the planning process. Indeed, TW considers that the challenge for statutory consultees is that of adhering to the same decision-making timeframes as LPAs. This could be addressed by including statutory consultees within PPAs, or introducing performance targets for them that are aligned with LPA performance, given their significance in the decision-making process. TW also considers that these targets would then also have to extend to processes after planning permission has been granted, e.g., agreements under Sections 38 and 278 of the Highways Act 1980, adoption agreements, and more.

2.24 TW also considers that:

- (i) LPAs may need additional reassurance that implementing a cut-off for statutory consultees’ responses will not increase the risk and uncertainty of their decisions being judicially reviewed; and
- (ii) Statutory consultees would benefit from significant investment in their resources, skills and training in planning matters, as they are currently not equipped to deal with the complexity of the planning system and regulations they are being consulted on.

Supporting measures

2.25 The Working Paper considers two options designed to support and enhance the effectiveness of the options regarding the planning system and process considered above.

Supporting Option 1: Alignment of planning fees with LPA funding requirements

2.26 The Working Paper notes that the UK government has currently proposed changes to planning fees to address the resourcing constraints faced by LPAs.³⁰ However, these changes alone will not be sufficient to address these constraints. One option proposed in the Working Paper to address the constraints faced by LPAs is to set planning fees at a level that covers the LPA’s costs, and then ringfence this funding from the wider funding available to the LPA.³¹

³⁰ Paragraphs 5.42 and 4.168 of the Working Paper. See NPPF proposals, available at: [Increasing planning fees and performance: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/increasing-planning-fees-and-performance-technical-consultation).

³¹ Paragraphs 5.41 to 5.48 of the Working Paper.

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- 2.27 TW agrees that planning fees should be set at a level that covers planning departments' costs and that planning fees should be ringfenced from LPAs' other funds and budgets.³²
- 2.28 However, fees should be proportionate and result in an improved planning service. TW considers that the alignment of planning fees with costs and their ringfencing needs to be coupled with improved skills and resources of LPAs to ensure their plan-making and decision-taking actually improve housing land supply. TW's suggestions on how to improve the resources, skills and recruitment of staff by LPAs include:
- (i) Reforms that would increase apprenticeships and training, encouraging more individuals to train as qualified planners and undertake planning-related jobs; and
 - (ii) Ringfencing a percentage of the apprenticeship levy and/or of PPAs. This would be used specifically for investments in planning (e.g., resource and training, or recruitment of staff and qualified planners for LPAs).
- 2.29 In general, TW considers that short-term solutions will not be effective to resolve LPAs' difficulties in recruiting skilled staff such as qualified planners: an extensive, longer-term overhaul of the planning profession is required. This includes re-assessing early education and skills through to apprenticeships and bursaries and improving employment terms and contracts with LPAs. Employees in the public planning sector need to feel valued to improve their morale and retention. TW considers this will be partly addressed by the CMA's suggested reforms around increased delegation, the suggested simplification of the system and the ringfencing of funds.
- 2.30 Furthermore, TW also notes that in the Autumn Statement, the UK government announced new premium planning services across England with guaranteed accelerated decision dates for major applications and fee refunds wherever these are not met. The UK government noted that these services will improve the existing patchwork approach of PPAs.³³ TW considers that this is an area that the CMA could look at and build on (although TW considers that the use of bespoke fee-paying services must not result in a two-tier planning service where resources are prioritised to deal with such services at the expense of the 'normal' service's quality and performance). TW considers that this approach could be structured accordingly to benefit SMEs, with larger housebuilders paying a higher premium or higher fees, consistently with an improved level and quality of service.

Supporting Option 2: Additional support for SME housebuilders

- 2.31 The Working Paper considers that the planning process has a significant impact on SMEs: the costs of making an application are disproportionately large, SMEs are less able to use large

³² In fact, TW is concerned that the Department for Levelling Up, Housing and Communities' ("DLUHC") response to the consultation for fees in England stated that it did not consider it appropriate to mandate the ringfencing of fees for LPAs, or that these should be aligned with performance targets. See paragraph 31 of "Technical consultation: Stronger performance of local planning authorities supported through an increase in planning fees: government response", available at: <https://www.gov.uk/government/consultations/increasing-planning-fees-and-performance-technical-consultation/outcome/technical-consultation-stronger-performance-of-local-planning-authorities-supported-through-an-increase-in-planning-fees-government-response>.

³³ See paragraph 4.23 of the Government's Autumn Statement 2023, available at: <https://www.gov.uk/government/publications/autumn-statement-2023>.

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site portfolios to mitigate risk, and the time taken to make planning decisions can adversely affect the finance terms available to SMEs.

- 2.32 The Working Paper considers that governments and local authorities could provide greater support to SME housebuilders to help them effectively navigate the planning process (thereby reducing the barriers to entry and expansion they face when compared to larger housebuilders).³⁴
- 2.33 TW recognises the importance of introducing measures to support SMEs throughout the planning process. TW considers that the following additional measures (some of which TW also suggests in the above sections) would benefit SMEs:
- (i) Ensuring that an updated national housing target is aligned with and reflected in LPAs' local plan policy and plan-making. In particular, within this target, there must be a sufficient range of deliverable sites included in the plan, both national and local, including small and medium sites that are more suitable for delivery by SMEs. TW also considers that this target should be enforced.
 - (ii) Measures to increase delegation and streamline decision-making by LPAs: e.g., greater powers of delegation for certain sites, such as allocated sites under a certain threshold.³⁵ This would speed up and simplify the approval process for smaller sites, which are more suitable for delivery by SMEs, and reduce the upfront time and costs that SMEs often struggle to frontload (and therefore obtain relevant financing).
 - (iii) Measures to streamline and speed-up the approval of sustainable windfall sites,³⁶ either through delegated decision-making or presumptions in favour of sustainable development, e.g., for small sites of 25 units or under.³⁷ As explained at paragraph 2.17(vi), a fast track appeal service could also be introduced for sites under a certain threshold to support SMEs.
 - (iv) As explained at paragraph 2.30, where measures contemplating the use of fee-paying arrangements are contemplated, these fees could be tailored to reflect the size of the developments (which would benefit SMEs as they typically favour small and medium sites).
 - (v) Measures to address the uncertainty in planning viability, which reflect significant policy and regulatory costs. SMEs are forced to frontload these costs, which impacts their ability to access financing. This must be addressed at the development plan and decision-making levels, to avoid impacting lower value market locations to a greater extent (thereby reducing housing supply and creating a further imbalance in housing delivery).

³⁴ Paragraph 5.49 of the Working Paper.

³⁵ See paragraph 2.17(i) above for further detail.








³⁶ I.e. sites that have not been allocated in the plan, where they do not result in significant harm.

³⁷ See paragraph 2.17(ii) above for further detail.

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2.34 Overall planning reforms

2.35 The Working Paper considers that there is no single reform that would address all the concerns identified and that the options set out therein should be considered as potential components of a wider package by policymakers (rather than as individual reforms), as set out below:

		Principles			
		Predictability	Efficiency	Incentives	Level playing field for SMEs
Short-term	 Support for SMEs Greater government & LPA support to SMEs to navigate the planning process		✓		✓
	 Planning fees Planning fees set to cover costs and hypothecated for planning departments	✓	✓	✓	
Medium-term	 Defined consultees LPAs only <u>have to</u> consult with defined consultees		✓		
	 Consultee deadline LPAs only required to consider statutory consultees' views if on time	✓	✓		
Long-term	 Objective target setting National housebuilding target set in an effective way that better reflects need		✓	✓	
	 Local plan enforcement LPAs monitored so local plans are up to date and accurately reflect the national target	✓		✓	✓
	 Rules-based system Streamlined planning with a more rules-based system and reduced discretionary decision-making	✓	✓		✓

2.36 TW agrees that the policy options described in the Working Paper will not have the desired impact unless they are aligned with and implemented alongside improvements to planning procedures, processes and resources and skills.

3. Additional measures not considered by the Working Paper

- 3.1 As noted in TW's Response to the Update Report,³⁸ an additional recommendation for improving the planning system would be for devolved authorities to be given powers to prepare Strategic Plans at a regional level. This could address both the failure of the Duty to Cooperate³⁹ and criticisms of Regional Spatial Strategies ("RSSs")⁴⁰ prepared by regional planning bodies.⁴¹
- 3.2 Recent Strategic Plans, such as the Greater Manchester Spatial Framework (now Places for Everyone), Black Country Plan and West of England Joint Spatial Plan have all been delayed or abandoned due to local politics and an unwillingness from the government to introduce sanctions.
- 3.3 However, any introduction of Strategic Plans must not result in delays to local plan preparation and decision-making, and the duty of planning authorities to deliver their housing targets as a minimum. Having devolved authorities prepare Strategic Plans to meet housing requirements at a local level could provide a solution in most parts of the country, whilst also taking account of land supply constraints such as urbanisation or greenbelt land.
- 3.4 This, in turn, would provide the stability and certainty to consistently plan for housing growth and delivery through allocations in local plans. Additionally, this would help to address the delays to housing delivery caused by the failure of LPAs to have a local plan in place, and therefore would likely reduce the amount of land that developers need to hold.
- 3.5 Further, the ability for devolved authorities to prepare Strategic Plans (replacing the Duty to Cooperate) would enable the introduction of a strategic/regional planning tier to allocate housing numbers between LPAs. The joint approach between regional and strategic plans would help address the current failure of the system to capture unmet needs that cannot be met by individual authorities. As things currently stand, potential housing numbers are effectively being lost in the gaps between local plans due to a lack of effective strategic planning and the failure of the Duty to Cooperate.

³⁸ Paragraph 2.34(ii) of TW's Response to the Update Report.

³⁹ See "[Withdrawn] Duty to cooperate", available at: <https://www.gov.uk/guidance/duty-to-cooperate>.

⁴⁰ RSSs were abolished by the UK Government in 2010. It was recognised that RSSs were expensive, time-consuming, and added unnecessary bureaucracy to the planning system which discouraged people to build in their local area.

⁴¹ Paragraph 74 of the NPPF.