

# ANNEX 14: Strategic planning

## Regulatory scorecard

### Part A: Overall and stakeholder impacts

#### 1. Overall impacts on total welfare

Category	Description of impact	Directional rating
<b>Description of overall expected impact</b>	This measure will require the delivery of a universal system of strategic development planning across England, which will help deliver sustainable growth and addressing key spatial issues such as meeting housing needs, delivering strategic infrastructure, growing the economy and improving climate resilience.	<b>Positive</b>
<b>Monetised impacts</b>	Monetised costs include the direct costs to the public sector. This means the overall monetised impact is negative. However, the overall impact is expected to be positive as the non-monetised benefits to society are expected to outweigh these costs.  NPSV (2025 prices, 2026 PV): -£101.0m (-£147.2 million to-£62.7 million) EANDCB: £0 million EANDCH: £0 million	<b>Negative</b>
<b>Non-monetised impacts</b>	Indirect impacts on business including greater opportunity for development and increased certainty in plans. Benefits for society including helping to address issues of key public concern including housing shortages, poor infrastructure and weak economic growth.	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	We do not expect there to be significant distributional impacts.	<b>Neutral</b>

#### 2. Expected impacts on businesses

Category	Description of impact	Directional rating
<b>Description of overall business impact</b>	We expect businesses to benefit from having greater opportunity for development and increased certainty in plans. There will be small indirect costs to developers as a result of having to consider strategic plans when seeking planning permission. We do not expect any direct impacts to fall on businesses.	<b>Positive</b>
<b>Monetised impacts</b>	At this stage, we do not have sufficient evidence about details of policy design to monetise indirect benefits to business.	<b>Neutral</b>
<b>Non-monetised impacts</b>	The measure will benefit business by: <ul style="list-style-type: none"> <li>i. facilitating the identification of new locations for housing and other development</li> <li>ii. helping to coordinate the delivery of strategic infrastructure such as roads and utilities upgrades which can help unlock stalled sites and provide new development opportunities;</li> <li>iii. ensuring that new development is located in the most appropriate locations to support economic growth</li> <li>iv. ensuring that new development is in sustainable locations to help mitigate environmental impacts such as flood risk which can harm local businesses.</li> </ul> For businesses seeking planning permission for large scale development, the measure will mean that there will be an extra layer of planning policy which they will need to consider. The legislation will provide that the scope of such	<b>Positive</b>

	policy will be kept "strategic" and high level, and as indicated above is expected to support increased development opportunities.	
<b>Any significant or adverse distributional impacts?</b>	We do not assess there to be any significant adverse or distributional impacts as this measure will apply across England. We also do not expect there to be any direct impact on businesses from the changes. A large proportion of the impacts of these measures will only directly be felt by certain Local Authorities and the Planning Inspectorate which are public sector organisations.	<b>Neutral</b>

### 3. Expected impacts on households

Category	Description of impact	Directional rating
<b>Description of overall household impact</b>	We do not expect any direct impacts to fall on households. As outlined above, all direct impacts are on the public sector.  Widespread strategic planning should have positive indirect impacts on households as a whole by enabling the provision of more homes and beneficial infrastructure.	<b>Positive</b>
<b>Monetised impacts</b>	No direct impacts on households. Indirect impacts are not monetised.	<b>Neutral</b>
<b>Non-monetised impacts</b>	Strategic plans should result in improved delivery of housing and infrastructure and better co-ordination between these.	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	We do not assess there to be any significant adverse or distributional impacts on households.	<b>Neutral</b>

## Part B: Impacts on wider Government priorities

Category	Description of impact	Directional rating
<b>Business environment:</b> Does the measure impact on the ease of doing business in the UK?	The measure will increase the attractiveness of investment in the UK by setting out a clear plan of the type, scale and location of development need across the country. This will significantly increase the certainty that any business will have in its ability to secure planning permission – as long as proposals fit with the strategic plan.	<b>May work for</b>
<b>International considerations:</b> Does the measure support international trade and investment?	This measure is not expected to impact trade and investment beyond improving the business environment (as set out above).	<b>Neutral</b>
<b>Natural capital and decarbonisation:</b> Does the measure support commitments to improve the environment and decarbonise?	Development plans, including SDSs, set a framework for development decisions. Environmental impacts of development can be managed with effective plan-making particularly on a strategic scale (e.g. locating future development away from sensitive locations). However, requiring the development of strategic plans is not expected to have significant environmental impacts.	<b>Neutral</b>

## Summary: Analysis and evidence

Price base year: 2025

Present Value base year: 2026

Category	Options	
	1. Business as usual (baseline)	2. Preferred way forward (if not do minimum)
<b>Net present social value</b> (with brief description, including ranges, of individual costs and benefits)	N/A	NPSV: -£101million (-£147.2million to £62.7million) EANDCB: £0.0million  The NPSV is driven by the public sector costs of producing strategic plans. We expect the benefits delivered by a more strategic approach to planning across local planning authority (LPA) boundaries to more than offset the costs of producing plans. However, we have not been able to monetise these impacts at this primary legislation stage.
<b>Public sector financial costs</b> (with brief description, including ranges)	N/A	Monetised impacts: Public sector costs of producing plans: £101.0million (£47.7million to £167.2million)
<b>Significant un-quantified benefits and costs</b> (description, with scale where possible)	N/A	We expect the benefits delivered by a more strategic approach to planning across LPA boundaries to more than offset the costs of producing plans. However, we have not been able to monetise these impacts at this primary legislation stage.
<b>Key risks</b> (and risk costs, and optimism bias, where relevant)	N/A	We assume there is sufficient funding to produce all SDS in a timely manner.
<b>Results of sensitivity analysis</b>	N/A	There is uncertainty about how many Spatial Development Strategies (SDSs) will be produced and the costs associated with the production of each SDS. We reflect this in the low and high scenarios (NPSV of -£147.2million to -£62.7million). A more precise estimate of impact will be developed alongside additional detail in secondary legislation.

## Evidence base

### Policy background

1. The planning system needs decisive and urgent reform. Its failure has left us without the homes we need and without the infrastructure we should be able to rely on. The Government wants to improve strategic planning across local authority boundaries to support its ambition to deliver 1.5 million homes in this parliament, help deliver better infrastructure and boost economic growth.
2. The current system does not allow for effective mechanisms for cross-boundary strategic planning. The Localism Act 2011 abolished regional spatial strategies (RSS) which acted as strategic plans for the regions of England. The exception was London, where the Mayor has retained the power to produce a spatial development strategy (SDS), which has broadly been seen as a useful plan at this spatial scale. Each newly elected mayor choosing to commence work on a new London Plan shortly after entering office. Since 2011 the power to produce an SDS has been extended through devolution deals to four Mayoral Combined Authorities (Greater Manchester, Liverpool City Region, West of England, North East Combined Authority), with the intention to give the equivalent power to West Yorkshire.
3. In other parts of the country, there have been attempts to produce joint local plans which mimic the role of an SDS. The West of England Combined Authority tried this and failed at examination, and this has caused other authorities attempting a similar approach to slow down or re-consider their approach. This includes groups of authorities such as South Essex, South-West Hertfordshire, and Oxfordshire. Other areas, such as Leicestershire, have produced non-statutory strategic plans, but such plans carry limited weight in decision making.

### Problem under consideration

4. With the exception of London, most of England is not currently covered by a strategic plan. The current development plans system therefore depends on individual authorities cooperating with one another on their local plans to address cross-boundary issues such as addressing housing need. The Government's view is that housing need in England cannot be met without planning for growth on a larger than local scale, and that reform is needed to introduce effective new mechanisms for cross-boundary strategic planning.
5. To help fulfil the role of strategic planning, the Localism Act 2011 introduced the duty to cooperate on local planning authorities when producing their local plans. It places a legal duty on them to engage constructively, actively and on an ongoing basis with neighbouring authorities and other prescribed bodies on cross-boundary issues including, but not limited to, housing need and infrastructure.
6. This legal duty operates as a pass/fail test on local plans and is one of the first things that a planning inspector will consider during examination. Nothing can be done during the examination to correct shortcomings with meeting the duty and the inspector has no discretion to recommend measures that might address any shortcomings and 'fix' a local plan in respect of the duty. Finding that a local plan has failed to meet the duty to cooperate is in effect a showstopper for the examination and the further progress of a local plan. In effect, the plan has

failed and work on plan production must start again, which slows down the rate at which new plans can be adopted.

7. The duty has led to some notable local plan failures. These have typically centred on local planning authorities' (LPAs) failings to adequately address unmet housing needs or meet the needs of neighbouring authorities and have tended to be in areas of high housing demand. Furthermore, because the duty concerns cross-boundary co-operation between neighbouring LPAs, failure to meet the duty by one authority can potentially have a regional "domino effect" with several LPAs failing to meet the duty and subsequently failing local plan examination. Since the duty's introduction in 2011, approximately 20 local plans have failed it.
8. Therefore the problem that exists is that planning in England is undertaken on too local a scale and therefore effective sustainable development locations, along with the identification of appropriate supporting infrastructure is not happening, with the result that as a country over at least the past 15 years, we have failed to deliver the amount of development, notably housing, and supporting infrastructure that has been required.

## **Rationale for intervention**

9. Government's rationale for intervention is threefold, and seeks to address two key issues:

### **Attempting to produce strategic plans using the local plans system**

10. To overcome some of the limitations of the duty to cooperate, some authorities have attempted more detailed cross-boundary planning in the form of joint strategic plans. Joint strategic plans operate under the same legislation (Planning and Compulsory Purchase Act 2004) as individual local plans. As such, authorities are attempting to produce high-level strategic plans using a system designed for more detailed local plans. This is responsible for many of the failures of joint strategic plans to date.
11. Authorities have produced joint strategic plans that have attempted to mimic the role of SDSs in setting out broad locations for growth without formally allocating sites. For instance, the West of England Joint Spatial Plan identified several "strategic development locations" for large scale development, to be formally brought forward as allocations through local authorities' local plans. However, as the strategic plan was, in legal terms, a local plan it was subject to the same legal and policy requirements. The plan failed at examination, with inspectors questioning the detailed evidence base for the broad locations which was expected to be produced by the relevant local plans. Under the measure there will be specific policy tests, to be developed through an update to the National Planning Policy Framework (NPPF), for strategic plans which will be clearer about the level of evidence needed when identifying development locations.

### **Poor cooperation and absence of effective strategic planning in areas where its most needed**

12. The duty to cooperate has failed to provide an effective mechanism for cooperation between local authorities in many cases. However, the difficulties of producing strategic plans through the local plans system, as detailed above, have seen very few strategic plans come forward. The expansion of SDS powers to mayoral combined authorities (MCAs) could in theory increase strategic planning coverage throughout England. However, where this has been done, there is a requirement for unanimous consent to the strategic plan, and this has made it impossible for at least one area to progress (West of England) and very slow for one other area (Liverpool City Region, which has taken more than 6 years without reaching a formal consultation). It remains

that other parts of the country, where cooperation over cross-boundary issues and effective strategic planning is most needed, still lack effective mechanisms for doing so. This includes several of England's largest urban areas and areas of high housing demand with heavy policy constraints on the use of land.

13. The rationale for intervention is to resolve the issues where previous ad hoc measures to address the lack of strategic planning have either failed or only been applicable to small parts of England. A nationally consistent system is required to address the problem and set a planning framework which can provide for the amount of development, notably housing, required and support the delivery of infrastructure required in the country. The primary sectors affected by this intervention will be the public sector, in local government tiers that have the duty to produce a strategic plan as well as other parts of the public sector that will engage with it as well as the development sector which will build out the development that is identified in strategic plans.

## Policy objectives

14. The overarching objective for this measure is to have every part of England covered by a strategic plan by 2029. To reach this objective, Government has considered how SMART analysis can strengthen it.

- **Specific:** A 'strategic plan' - an effective new mechanism for cross boundary planning - is a clear deliverable. It will be simple to identify progress using publicly available data.
- **Measurable:** We will be able to monitor strategic plan delivery in local areas by collecting data from strategic authorities/groupings leading up to the 2029 deadline.
- **Achievable:** We think this is achievable though challenging. Many authorities/groupings will be able to commence work on a strategic plan ahead of the legislation being in place and will be working to clear timescales for delivery (expected to be 2-3 years).
- **Realistic:** It is informed by the real world experience of preparing the London Plan and the real world experience of the general failure to successfully produce strategic plans elsewhere.
- **Time-bound:** A clear deadline of 2029 for every part of England to be covered by a strategic plan has been set.

15. The intended outcome is to deliver a system of strategic planning across England within 5 years. The Government's ambition is that every part of England will be covered by a strategic plan by within this Parliament.

16. We will have an indication of success through the development of the strategic plans which are expected to take 2-3 years and have defined stages in their preparation.

## Description of options considered

### **Option zero: Do nothing (business as usual)**

17. Doing nothing would not deliver the Government's commitment to implement a universal system of strategic development planning across England. Without this, housing need in England will not be met. It should be noted that strategic planning is part of a series of changes to increase the delivery of new development and in particular housing, and strategic planning alone will not result in the delivery of all necessary development.

### **Option one: Implement a voluntary system of strategic planning across England**

18. Relying on planning authorities voluntarily producing strategic plans is unrealistic. The evidence of the past 15 years is that the issues that are being addressed are challenging politically and technically. There are few areas that have successfully achieved this kind of strategic approach voluntarily, and those that have, such as Greater Lincolnshire, Leicester and Leicestershire and South Worcestershire are areas with generally lower development and housing pressures and fewer major planning policy constraints. Areas that have attempted strategic plan making where development pressures and constraints are higher have either progressed extremely slowly, for example Liverpool City Region or South West Hertfordshire, or have failed altogether, for example, West of England, Oxfordshire and South Essex. Two areas have had partial success.
- North Essex, where aligned core strategies have been adopted, however, two out of three garden communities had to be taken out of these plans,
  - Greater Nottingham where aligned local plans were adopted, however, the latest attempt at updating this is now failing with one of the authorities pulling out.
19. Experience strongly suggests that attempting to provide for national coverage of strategic plans on a voluntary basis would be doomed to failure. The above examples show considerable failure rates in areas where there was political and officer support for producing a strategic plan. In other parts of the country it is highly likely that there would be no political appetite for voluntarily addressing such difficult planning issues. Therefore there would be little to no prospect that we could achieve a national system of strategic development planning across England on a voluntary basis.

### **Option two: implement a mandatory system of strategic planning across England (preferred option)**

20. This measure will deliver a system of strategic development planning across England. This will help deliver sustainable growth and addressing key spatial issues such as meeting housing needs, delivering strategic infrastructure, growing the economy and improving climate resilience.

## Summary of preferred option and implementation plan

21. The Government will implement a system of strategic planning within the next five years. The model that is proposed is the SDS, which is well established in London, the London Plan having been produced and continually reviewed over 20 years. Where strategic authorities exist, they will be responsible for producing and agreeing the SDS for their areas.



22. While it is the Government's ambition for every area of England to be covered by a combined authority (which under the proposed English Devolution Bill will be termed a "Strategic Authority"), this will be a gradual process. The Government want to move quickly on strategic planning. This means that where no strategic authority is in place or is planned to be in place, the Government will take a power through the Planning and Infrastructure Bill ('the Bill') to direct defined groupings of upper-tier county councils, unitary councils, and in some cases strategic authorities to deliver an SDS. Given the intention to have all SDSs produced by Strategic Authorities in due course, the Government believes it makes sense in the first instance for these groupings of local authorities to be guided by the sensible geography criteria that have been set out for agreeing new devolution deals. The arrangements for agreeing an SDS in areas without a strategic authority will follow the same principles as non-mayoral strategic authorities.
23. In all areas, strategic plans will guide development for the local planning authorities in the area, and their local plans will need to be in general conformity with the SDS. However, local planning authorities should not delay development of local plans while they await the adoption of an SDS. Relevant local plans should continue to be updated or developed alongside the SDS process.
24. Areas will be able to set a spatial strategy to enable their area to grow, identify the infrastructure that is needed and strategic locations for development. This will include an obligation to apportion an assessment of the housing need of the strategic authority across its constituent members. The Government intends for that assessment to be the cumulative total of the local housing need of each constituent member, as determined by the Standard Method set out in national planning policy. The apportioned figure set for each constituent member in the SDS will then be the minimum housing requirement for the purposes of each member authority's next local plan. Agreement on the precise distribution of housing need will be agreed through the SDS development process. We also expect that the authorities producing SDSs will be able to encourage the pooling of resources and prioritising of efforts across their constituent authorities to meet housing need.
25. The content of strategic plans will be kept deliberately high level with the dual purpose of preserving detailed policy and site allocations for local planning authorities through their local plans, and for enabling strategic plans to be produced quickly, with the intention of achieving national coverage by the end of this Parliament. The Government expects high levels of collaboration to be demonstrated between the Strategic or upper-tier local authorities who are responsible for the SDS and LPAs in the area. There will be a formal duty for responsible authorities to consult local planning authorities (LPAs) on the development of the SDS and a route for those LPAs to raise concerns with the Planning Inspectorate.
26. Across all areas, these arrangements will encourage partnership working and we envisage that there will be genuine opportunities for efficiencies by sharing research, evidence and expertise that can support both the SDS and local plans. However, the Government is determined to ensure that, whatever the circumstances, SDSs can be concluded and adopted in a reasonable time period. In order to ensure universal coverage of strategic plans, we will legislate for intervention powers, which will enable the Government to intervene where plans are not forthcoming to the timeframe. These will include directing on timetables or particular policy content such as the distribution of housing need, through to taking over the preparation of an SDS and adopting it on behalf of strategic planning authorities.



27. We intend to engage with prospective areas that will have the duty to produce SDSs whilst the legislation is being prepared/progressing through Parliament, to ensure that they understand the proposed requirements and process and that we understand the resource issues that will be faced. We will also look to support existing established Mayoral Combined Authorities to commence preparatory work on SDSs whilst the legislation is progressing. There will not be a pilot as such, however it is likely that different areas will progress their plans at different paces and we will look to create a national practitioner's group, possibly facilitated by Planning Advisory Services (PAS) to share experiences and good practice. We also intend to produce national guidance during 2025 which will give greater clarity on what is expected of strategic plans in terms of scope, content, evidence and examination. We should also note that strategic planning is not new, we are basing the legislation on the provisions that apply in London, which has had a statutory requirement to produce a strategic plan since 2000 and other parts of the country have undertaken some non-statutory or voluntary strategic planning since the previous strategic planning system was abolished in 2011. We will also review the digital tools and data that is, or could be, made available to plan making authorities.

28. A system of strategic planning will lead to the following outcomes:

- Spatial strategies that guide local plans and enable growth
- Identification of key infrastructure requirements and engagement of infrastructure providers
- Identification of strategic locations for development and an indication of the scale of development required
- Apportionment and distribution of housing need
- Collaboration and pooling of resource across constituent authorities to meet housing need (including collaboration with Homes England through Strategic Place Partnerships)

29. In addition to the above measure included in the Bill, which will legislate for the strategic planning system, secondary legislation will be forthcoming on more detailed aspects of the system, this will be subject to subsequent impact assessments where required. Government will also make changes to the way that combined authorities operates, including how they will deliver their SDSs, when parliamentary time allows.

## NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

30. This measure places a duty on the public sector to produce SDSs. These SDSs amend requirements affecting developers (businesses). Where developers need to apply for planning permission, the application is decided in accordance with the development plan for the area in which the proposed development is taking place. The development plan includes any adopted SDS (currently only London has one in place), the local plan and any neighbourhood plan. The introduction of SDSs across the country, as provided for in the Bill, will add additional policies into the development plan that developers may need to consider when preparing planning applications. As this measure may amend the requirements against which planning applications will be assessed, we have treated this as a regulatory provision. As a result, we treat this measure as a regulatory provision and have included in this IA. This is consistent with treatment in past IAs.<sup>1</sup>

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<sup>1</sup> [LevellingUpandRegenerationBillImpactAssessmentAnnexes.pdf](#)

## Direct impacts

### To business

31. We do not expect there to be any direct impacts to business from requiring strategic authorities to produce plans. As the measures impose requirements on the public sector (but not businesses), we do not expect any significant impacts on business. We consider the indirect impacts qualitatively below and have not monetised them.

### To public sector

#### *Number of plans*

32. The duty to prepare a strategic plan and meet associated requirements will impact local authorities and the Planning Inspectorate. We have limited data on the costs associated with producing a strategic plan. We provide an illustrative estimate of the potential costs to the public sector. Given the uncertainty in these costs, we do not include these in the overall net present value calculations. More detailed analysis will be conducted to support secondary legislation when the model is more defined.
33. We expect there will be 30 to 40 SDSs (central: 35). This is a combination of existing and proposed devolution deals, with an estimate of the remaining parts of the country that either might come forward for a devolution deal or where Government may direct joint working on an SDS. All SDSs will be produced in this parliament, as set out in the English Devolution White Paper.<sup>2</sup> We assume these plans take 3 years to produce (below we consider how staff costs may vary if the time taken to produce plans varied). All SDSs are expected to be completed in 2028-2029, subject to the timings and passage of the Bill. As a simplifying assumption we assume the costs associated with producing the SDSs are all incurred in 2026.

#### *Cost of Plans*

34. We estimate the external costs associated with plan-production using evidence from the London Plan. However, we expect SDSs to be significantly shorter and more focused. While they may cover a larger area, they are expected to focus on key strategic issues and in many cases will have fewer LPAs and less complicated land use issues to address. We estimate the external cost of producing a strategic plan to be £1.0 million to £3.0 million (central £2 million) per strategic plan.<sup>3</sup>
35. In addition, there are also internal staff costs associated with strategic plan production. For the purpose of this impact assessment, we assume five full time staff in LPAs/MCAs will be involved in the production of the strategic plan. We expect the production of a typical strategic plan to involve two assistant planners, one senior planner, one principal planner and a planning manager.

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<sup>2</sup> [English Devolution White Paper - GOV.UK](#) (January 2025)

<sup>3</sup> The main external cost is the procurement of evidence. However, there will also be costs associated with examination, consultation and production of the SDS.

36. To estimate the typical salary cost of these staff, we used adverts published by a representative sample of local authorities. In 2025 prices, these annual salaries are £34k for assistant planners, £43k for senior planners, £49k for principal planners and £67k for planning managers. These salaries were then uprated by 30% to account for non-wage labour costs. We estimate the typical annual internal staff cost to be £295k per SDS.

37. As set out above, in our central scenario we estimate the time taken to produce a SDS is 3 years. This yields a total staff cost of £885k per SDS. We also consider how staff costs may vary in different scenarios. In a low scenario, where SDSs only take 2 years to produce, we estimate the total staff cost is £590k per SDS. In a high scenario, where SDSs take 4 years to produce, the total staff cost is £1.2 million.

38. We estimate the total cost of producing an SDS to the public sector by combining the internal and external cost. This yields a range of £1.6million to £4.2million (central £2.9million).

### **Total public sector costs of production for SDSs**

39. For each scenario, we multiply our estimate of the number of SDSs by our estimate of the cost of producing an SDS. This yields a total public sector cost of £62.7million to £147.2 million (central: £101.0 million)

### **Other public sector costs**

40. There will be a cost to the Planning Inspectorate in examining additional plans. This is likely to be significant as the Inspectorate do not have the Inspector resource at present to support the examination of 30-40 SDSs coming forward in a fairly concentrated time span. The Inspectorate are actively examining this alongside wider pressures on their local plan inspector team.

### **Indirect Impacts**

#### *To business*

41. We do not have sufficient evidence to monetise the benefits of these changes to businesses. This is because only one SDS has been produced and this is for London, which is a unique case and not readily comparable with other regions. However, we strongly suspect the benefits delivered by strategic planning to outweigh the small costs to developers of considering them (set out below). In particular, we expect strategic plans to increase the opportunities for new development and to increase certainty and confidence in development plans.

42. There may be indirect costs to developers as they will need to consider strategic plans in their development applications. For businesses seeking planning permission for large scale development, the measure will mean that there will be an extra layer of planning policy which they will need to consider. However, we expect any additional burden on developers to be very limited. Developers are already required to consider local plans and are expected to consider strategic plans alongside this. The legislation will provide that the scope of such policy will be kept "strategic" and high level.

## *To society*

43. We do not have sufficient evidence to monetise the benefits of these changes to wider society. This is because only one SDS has been produced and this is for London, which is a unique case and not readily comparable with other regions. However, we expect the benefits delivered by strategic planning to outweigh the costs of producing them. In particular, we expect strategic plans to increase the opportunities for new development and to increase certainty and confidence in development plans, as set out in more detail below.
44. The measure may have a number of wider benefits to society:
- Facilitating the identification of new locations for housing and other development which will then in turn lead to site allocations in individual local plans and therefore new business opportunities for housing developers and other businesses. For example, in London where this measure has been in place for over 20 years, the rate of new house building has roughly doubled from under 20,000 homes/year to recent averages of around 37,000 homes per year and areas that have had higher levels of dereliction for decades, such as Kings Cross, Vauxhall or Battersea have been comprehensively redeveloped. However, it is impossible to separate this out from wider economic trends.
  - Helping to coordinate the delivery of strategic infrastructure such as roads and utilities upgrades which can help unlock stalled sites and provide new development opportunities. In London the alignment of infrastructure and new development has been well demonstrated by projects like the Elizabeth Line which has triggered significant new development along its route
  - Ensuring that new development is located in the most appropriate locations to support economic growth (e.g. locating new housing development in areas where there is a shortage of accommodation for workers and their families). The London example is relevant here, where the alignment of development with new infrastructure has been demonstrated
  - Ensuring that new development is in sustainable locations to help mitigate environmental impacts such as flood risk which can harm local businesses. In the London Plan example there are strong policies which have led to major increases in energy efficiency, avoidance of flood risk and improvement in natural habitats, these have often led national policy
  - Identification of key infrastructure requirements and engagement of infrastructure providers
  - Identification of strategic locations for development and an indication of the scale of development required
  - Apportionment and distribution of housing need
  - Collaboration and pooling of resource across constituent authorities to meet housing need (including collaboration with Homes England through Strategic Place Partnerships)
45. By setting out an overarching strategy over a longer time period than local plans and identifying and planning for infrastructure over the medium-long term, SDSs will help LPAs and mayoralities demonstrate that they have a clear, long-standing strategy for their area's growth and development with strong political support. This will assist in bids to central Government and His Majesty's Treasury (HMT) Green Book appraisals and should assist Government departments, arm's length bodies and other infrastructure providers in assessing where to invest in their infrastructure.
46. Strategic plans will continue to be subject to examination in public at which an independent panel of inspectors appointed by the Secretary of State for Housing, Communities and Local

Government will assess the SDS. The impact of strategic plans will be considered holistically through this process. A wide range of factors will be considered at these examinations, including impacts on the environment. These examinations are commonplace in the development plans system.

## Costs and benefits to business calculations

47. We do not expect any direct impacts to fall on businesses. As outlined above, the direct impacts are on the public sector. Benefits to businesses are likely to be indirect, however, we do not have sufficient evidence to monetise the indirect benefits of these changes to businesses.

## Impact on small and micro businesses

48. We do not expect there to be any direct impact businesses (SMBs) from the changes to strategic plans. The impacts of these measures will only directly be felt by Local Authorities, mayoral combined authorities and the Planning Inspectorate which are all public sector organisations and a limited impact on businesses proposing large scale developments.
49. We expect these indirect impacts to be positive. There may be some small costs associated with time required to consider strategic plans. However, we expect this to be more than offset by the benefits to developers in the form increased development opportunities and increased certainty in development following from the widespread adoption of strategic plans.
50. Where the duty to produce local plans does have an indirect impact on business, these impacts primarily relate to larger scale housing developments. These larger developments tend to be built out by larger developers. As a result, small and micro developers, who tend to focus on smaller projects, are less likely to be impacted than larger developers. Medium-sized developers are more likely to be involved in larger scale development than small and micro businesses.

## Costs and benefits to households calculations

51. We do not expect any direct impacts to fall on households. As outlined above, the direct impacts are on the public sector. Widespread strategic planning should have positive indirect impacts on households. For example, planning across Local Authority boundaries should result in increased delivery of housing and infrastructure and better co-ordination between these, although clearly there will be some households who may oppose any specific development proposal.

## Minimising administrative and compliance costs for preferred option

52. We do not expect any administrative burdens on businesses or households as they fall exclusively on the public sector.

## Business environment

53. The measure will increase the attractiveness of investment in the UK by setting out a clear plan of the type, scale and location of development need across the country. This will significantly increase the certainty that any business will have in its ability to secure planning permission – as long as proposals fit with the strategic plan.
54. The measure is not likely to have a direct impact on innovation, other than providing greater certainty in the ability to achieve planning permission as above. It will not have a direct impact on competition, other than the indirect effect of increasing certainty in the planning system. The measure will not have a direct impact on barriers to entry or market concentration, other than the indirect effect of increasing certainty in the planning system, which would be expected to contribute to reducing barriers to entry.
55. The measure should have a positive impact on investment by increasing certainty in the planning system.
56. The measure will have no direct impact on businesses and traders moving goods and providing services between Northern Ireland and Great Britain (or part of it) and vice versa, although again indirectly it should have a positive marginal impact by increasing certainty in the planning system, thereby enabling such businesses to identify prospective sites suitable for new premises to trade from.

## Trade implications

57. No trade implications have been identified. National planning policy addresses economic impact issues and sustainable patterns of economic growth and employment.

## Environment: Natural capital impact and decarbonisation

58. This policy will help facilitate strategic plan-making by making it mandatory across England. Development plans, including SDSs, set a framework for development decisions. Most development has some carbon impact through its construction and/or use. However, environmental impacts of development can be managed with effective plan-making particularly on a strategic scale (e.g. locating future development away from sensitive locations).
59. Where strategic plans result in additional development, there may be some embodied carbon impacts. There is some evidence on embodied carbon in UK construction. Drewniok et al. (2023) estimate the embodied carbon emissions for a range of development types.<sup>5</sup> However, we do not have an established approach for estimating the scale of embodied carbon emissions so we do not attempt to quantify this impact, which we expect to be highly uncertain and indirect (relating to new development).

## Risks and assumptions

60. We are assuming that SDSs are produced in a timely manner and are compliant with pro-growth policies set in the NPPF.

61. There is a risk that suitable funding is not secured to enable the 30 to 40 SDSs to be progressed in a timely manner. This is being addressed through engagement with the authorities that will have the duty to produce SDSs and through the usual management of overall public money, including engagement with HM Treasury.
62. There is a low risk that SDS are not pro-growth because it is the Government's intention that they should be tested for soundness against the NPPF when examined by a planning inspector. The NPPF has recently been updated to better support the Government's economic growth and house building objectives.
63. The Secretary of State for Housing, Communities and Local Government will have powers of intervention into any SDS which is either not being produced in a timely way or is inconsistent with national policy.

## Monitoring and evaluation

64. We will monitor the implementation of SDSs to keep track of how authorities/groups are meeting delivering timescales, especially as this will be a new requirement for much of the country. Authorities/groupings will be required to publish timetables and it is against these that will be able to monitor progress. We will also be keen to learn and share good practice in the production of SDSs and how this has enabled savings and efficiencies in local plan production.
65. We will look to set up a practitioner's group to facilitate this.