



Draft National Planning Policy Framework
Impact assessment



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Title: The National Planning Policy Framework (The Framework) Lead department or agency: Department for Communities and Local Government Other departments or agencies:	Impact Assessment (IA) IA No: DCLG 0072 Date: July 2011 Stage: Consultation Source of intervention: Type of measure: Other Contact for enquiries: Ruth Shelton (0303 444 1678)
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

An effective planning system helps shape the places where people live and work. It should ensure the country gets the infrastructure it needs, while optimising outcomes across economic, environmental and social objectives. It should play a vital role in building our economy and supporting strong and vibrant communities. However, the planning system has become overloaded with over 1,000 pages of policy statements and more than 6,000 pages of supporting documentation, contained within a total of more than 200 documents. This has resulted in inefficient working practices and a system with contradictions. Rather than helping local communities to shape development in their neighbourhoods, the planning system often has the opposite impact by imposing rules and targets that aggravate and reduce community support. Together this means the existing system is not set up to support economic growth.

What are the policy objectives and the intended effects?

Consolidated and streamlined national planning policy which reduces burden and bureaucracy for councils and applicants will:

- (i) improve clarity to give developers better outcomes through greater certainty, reduce costs and burdens for businesses, improve efficiency in processes and promote sustainable economic growth;
- (ii) hand power back to local communities instead of imposing an excessive number of rigid rules from the centre; and
- (iii) be more user-friendly and accessible, improving community engagement and reducing objections late in the process.

At the heart of national policy will be the new presumption in favour of sustainable development, which sends a strong signal to all involved in the planning process to plan positively for appropriate new development, so that plan-making and development management are proactive in support of economic growth rather than acting as barriers.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

This impact assessment consists of two sections: Part A concerns the overall consolidation of national policy; and Part B considers specific changes in national policy, including the introduction of the presumption in favour of sustainable development. For both sections there are two options considered:

Option 1: No Change: National Planning Policy remains as at present and is not consolidated.

Option 2: The National Planning Policy Framework: national policy consolidated and that policy is revised as set out in the consultation document. [Preferred Option.]

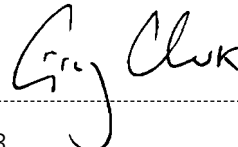
Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 2015

What is the basis for this review? PIR **If applicable, set sunset clause date:** N/A

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes
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Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:  Date: July 2011

Summary: Analysis and Evidence

Description: Total impact of the National Planning Policy Framework (combined Part A and B)

The impact of Part A has been monetised. For Part B impacts by key groups are outlined with illustrations where applicable, but there is no monetisation. This is in line with Better Regulation Executive guidance for consultation stage assessments. We will seek evidence through the consultation to assist with quantification for the final stage.

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £41.1m	High: £67.1m	Best Estimate: £54.1m

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
		1		
Low	£4.7m			£4.7m
High	£6.2m			£6.2m
Best Estimate	£5.5m			£5.5m

Description and scale of key monetised costs by 'main affected groups'

A one-off transitional cost will be incurred by town planners and developers in order to familiarise themselves with the consolidated and streamlined national policy guidance (Part A). These costs are incurred in the first year only; estimated at £1.6m to £2.2m to local councils and £3m to £4m to business.

Other key non-monetised costs by 'main affected groups'

In giving greater flexibility to local councils across a number of policies there are likely to be some costs involved in developing an evidence base to support local decision making where appropriate. The one additional requirement for local councils is to identify an additional (minimum) 20 per cent of land in their local development plan, which is likely to lead to a modest increase in costs. With the potential for variations in policy areas across local councils, business may incur some costs adapting to localised policies (but equally stand to benefit from liberalised policies in many areas).

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
		1		
Low			£5.4m	£45.8m
High			£8.6m	£73.3m
Best Estimate			£7.0m	£59.6m

Description and scale of key monetised benefits by 'main affected groups'

Consolidated and streamlined national policy will result in time savings for both local councils and business (applicants). These will be accrued every year (compared to no change) and will be dependent on the number of applications. For local councils savings are estimated at 2.5 to 4 hours per major application; and have been monetised at an average annual £1.5m to £2.5m. For business the benefits are estimated at £3.9m to £6.2m (average annual).

Other key non-monetised benefits by 'main affected groups'

The quantified benefits (for Part A) only consider potential time savings to applicants and councils. There may be other benefits from consolidation and streamlining: potentially a reduced number of appeals; greater certainty and efficiency; possible reduction in transaction costs; and possible reduction in professional (e.g. consultant) costs.

The presumption in favour of sustainable development and requirement for local councils to identify an additional 20 per cent of land in their local plans will promote growth and better equip local areas to meet the development needs of their local communities. Greater flexibility and discretion for local councils, such as that delivered through abolition of the national brownfield development target and national maximum parking standards for major non-residential development, will remove distortions on development decisions and enable them to develop approaches that best suit local circumstances and delivery of better outcomes.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
<p>To estimate the time cost (of familiarisation) and saving (from consolidated and streamlined national policy), a standard wage approach has been used. The policies discussed in Part B aim to provide greater discretion and flexibility to local councils; the behavioural response to this enhanced flexibility is likely to vary by local council. All assumptions and risks are outlined in more detail in the evidence base.</p>		

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	No	N/A

As stated by the Better Regulation Executive's guidance on One In One Out Methodology, the following sources of regulation are in scope: statutory instruments; codes of practice and self-regulation, which are backed by statutory force; guidance issued under statutory powers; and by-laws made by central government. The National Planning Policy Framework is not a regulation and does not have statutory force. Therefore, it is not in scope of One In One Out. It is not a new, direct regulation/ deregulation imposed on business. There are wider impacts on business resulting from the changes to national planning policy. These are discussed in turn for each policy.

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	End of 2011 if possible				
Which organisation(s) will enforce the policy?	DCLG/ local councils				
What is the annual change in enforcement cost (£m)?	N/A				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro N/A	< 20 N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	N/A	N/A	N/A	N/A	N/A

Specific Impact Tests: Checklist

Does your policy option/proposal have an adverse impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	93
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	94
Small firms Small Firms Impact Test guidance	No	94
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	94
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	95
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	96
Human rights Human Rights Impact Test guidance	No	96
Justice system Justice Impact Test guidance	No	96
Rural proofing Rural Proofing Impact Test guidance	No	96
Sustainable development Sustainable Development Impact Test guidance	No	93

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public councils with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

References

No.	Legislation or publication
1	Planning Policy Statements and Guidance Notes, Department for Communities and Local Government (PPS1; PPS3; PPS4; PPS5; PPG13)
2	Department for Communities and Local Government Live Tables: planning applications
3	Ball, M (2010), <i>Housing Supply and Planning Controls: The impact of planning control processing times on housing supply in England</i> , NHPAU.
4	Barker, K (2006), <i>The Barker Review of Land Use Planning</i> , Interim Report.
5	Ipsos MORI (2010) <i>Do the public really want to join the government of Britain?</i>
6	Murdoch, J. and Abram, S. (1998) <i>Defining the Limits of Community Governance</i> , <i>Journal of Rural Studies</i>
7	Baker, Hincks and Sherriff (2009) <i>Getting Involved in Plan Making: Participation and Stakeholder Involvement in Local and Regional Spatial Strategies in England</i>
8	The Killian Pretty Review (2008) <i>Planning Applications: A faster and more responsive system</i>
9	Oates (1993) <i>Fiscal Decentralisation and Economic Development</i> , National Tax Journal, Vol. 46, no.2
10	GDP forecasts (March 2011), Office for Budget Responsibility.
11	The Localism Bill http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* – (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	5.5	0	0	0	0	0	0	0	0	0
Annual recurring cost	0	0	0	0	0	0	0	0	0	0
Total annual costs	5.5	0	0	0	0	0	0	0	0	0
Transition benefits	0	0	0	0	0	0	0	0	0	0
Annual recurring benefits	5.6	5.9	6.2	6.5	6.8	7.2	7.5	7.8	8.1	8.4
Total annual benefits	5.6	5.9	6.2	6.5	6.8	7.2	7.5	7.8	8.1	8.4

* For non-monetised benefits please see summary pages and main evidence base section

Introduction: National Planning Policy Framework

This impact assessment covers the total estimated impact of the National Planning Policy Framework. It is composed of two parts. Part A covers the consolidation and streamlining across national planning policy and Part B discusses the specific changes across the Sustainable development (B1), Economic development: planning for prosperity (B2), Society: planning for people (B3) and Environment: planning for places (B4) chapters.

Each section has a common structure. This provides the rationale behind the Government's approach. For significant policy changes there is then a more detailed discussion of the rationale for intervention, policy objectives, consideration of costs and benefits, and key risks.

The overall objectives in introducing this Framework are to consolidate and streamline national planning policy so that bureaucracy is reduced, and promote sustainable economic growth while retaining important environmental and social protections. An effective planning system will seek to balance and optimise economic, environmental and social outcomes, securing multiple gains wherever possible.

This is a consultation stage impact assessment. This means that as well as general comments on the approach and analysis, it contains a number of specific questions that we seek evidence on in the consultation.

QA1: We welcome views on this impact assessment and the assumptions/estimates contained within it about the impact of the National Planning Policy Framework on economic, environmental and social outcomes. More detailed questions follow throughout the document.

A summary of the analysis and evidence is provided on pages 1 to 4. This provides an estimate of the cumulative impact of the National Planning Policy Framework (Parts A and B).

Part A: Consolidating national planning policy

National Planning Policy consists of guidance from central Government on the delivery of sustainable development through the planning system. The guidance notes and statements cover various planning aspects of business and economic development, housing, design, transport, communications, climate change, renewable energy, flood risk, Green Belt, the natural and historic environment, minerals and waste, and procedural advice such as how to compile development plans.

Key background facts

- National planning policy is currently set out in over 1,000 pages of policy guidance and statements, with more than 6,000 pages of supporting documentation, contained within a total of more than 200 documents.
- Over 24,000 town planners are employed across England.¹
- In 2009-10 there were 466,000 planning applications received, with decisions made in 418,000 cases.²

¹ April-Jun2010. http://www.statistics.gov.uk/downloads/theme_labour/uk-employby-soc-apr-jun10.xls

² A proportion of received applications are withdrawn and thus no decision is required: <http://www.communities.gov.uk/documents/statistics/xls/1627454.xls>

- In 2009-10 there were 17,000 planning appeals, representing 3 per cent of total applications received.³
- Between 2004-05 and 2009-10, real expenditure on planning and development increased by 13 per cent, from £2bn to £2.3bn in 2010 prices, whilst there was a 32 per cent drop in applications received over the same period.⁴

Problem under consideration

Planning helps shape the places where people live and work and the country we live in. The planning system needs to ensure the country gets the infrastructure it needs to support economic growth. At the same time, it needs to optimise outcomes across economic, environmental and social objectives, and take account of the views of local communities. An effective planning system should play a vital role in building our economy and supporting strong and vibrant communities. However, the Government believes the current system involves too great a measure of central prescription and control, with unnecessary duplication and elaboration in national policy.

In recent years, the system has become overloaded with central policy and guidance, with vast amounts of paperwork making it too cumbersome and unclear for councils, developers and local people to use effectively. The proposed new National Planning Policy Framework will consolidate over 1,000 pages of planning policy statements spread across some 40 documents into a single document of 50-60 pages – around 5 per cent of the current volume of policy. To support the new Framework, there will also be a fundamental review of all the supporting documentation (which comprise a further 6,000 pages across a further 160 documents) to identify those areas where it is still appropriate for the Government to issue good practice guidance: in the majority of cases, we expect that any future good practice guidance would be developed and owned by relevant external bodies, rather than being specified centrally.

Unnecessary detail has resulted in a system which often contradicts itself and where important national policy is obscured by duplication. This has acted as a brake on growth, hindering rather than helping local communities to shape development in their neighbourhoods. This impacts on the processing of planning applications causing confusion and delay within the system, and in some cases may discourage submission of planning applications (as a result of the direct costs of complexity that must be borne by developers and the indirect cost i.e. uncertainty associated with planning delay).

Contradictions in policy often occur between policy documents and guidance. For example, Planning Policy Statement 5 (Planning Policy Statement 5: *Planning for the Historic Environment*) asks local councils to not validate planning applications where the impact of the proposed development on any heritage asset cannot adequately be understood from the information supporting the application. However, DCLG guidance on validation advises that inadequate supporting information is not grounds for invalidating applications.⁵

Duplication results in the same policy being unnecessarily repeated in a number of separate documents. One example of this comes from four different national policy documents⁶ which all contain similar policies which ask local councils to identify land which is accessible and well-connected to a means of transport including walking, cycling, public transport and by car.

³ http://www.planningportal.gov.uk/uploads/pins/statistics_eng/09_10/full_report.pdf

⁴ <http://www.communities.gov.uk/documents/statistics/xls/1297437.xls>; <http://www.communities.gov.uk/documents/statistics/xls/1779354.xls>

⁵ See Planning Policy Statement 5 paragraph HE6.3 and 'Guidance on information requirements and validation', paragraph 34

⁶ Planning Policy Statement 1: *Planning for Sustainable Development*, Planning Policy Statement 3: *Housing*, Planning Policy Statement 4: *Planning for Sustainable Economic Growth* and Planning Policy Guidance Note 13: *Transport*

Kate Barker's Review of Land Use Planning estimates the cost of the associated planning delay to the economy at between £700m to £2.7bn. However, these figures do not differentiate between reasonable and unavoidable delay. More recently, a report for Department for Communities and Local Government by Michael Ball suggested that the transaction cost of development control for major housing projects development "may be up to £3bn a year".⁷ The major components of this relate to 'more than £750m annually in consultant and legal fees' and 'financing costs of holding onto land and other assets whilst their projects are being evaluated' (estimated at £1bn per year).

This mass of guidance forms part of a system of top-down targets, which has grown up in recent years. Enforcement of these 'imposed' rules or targets can be costly and/or ineffective. For example, the system of housing targets had to be policed by the Planning Inspectorate at a cost of approximately £1m per year. The Planning Inspectorate had the power to impose housing numbers on local councils, who can face lengthy and costly appeals if their plans were judged to be inconsistent with national policy.

The complexity and prescriptive nature of national policy has also led to local people becoming disengaged from the system. According to Ipsos MORI, only 15 per cent of people consider themselves to be involved in decision-making at a local level. Of those 15 per cent, the majority (9 per cent) consider themselves unable to influence decisions.⁸ Other research has shown that national targets decrease the attention decision-makers give to community groups.⁹ Studies also show that they were often presented with limited options, giving the impression that decisions have already been taken, or were consulted on 'abstract' strategies (such as Regional Spatial Strategies) rather than plans for their local area.¹⁰

Rationale for intervention

The planning reforms being implemented through the Localism Bill and changes in national planning policy will reduce the level of central control in the planning system, simplify the level of guidance and hand back more power to local communities. As an example, in the Localism Bill, the Government is scrapping Regional Spatial Strategies and their housing targets and introducing a 'bottom up' approach of incentives for local communities to decide the level of housing that is required in their area.

This is a fundamentally different approach based on local councils being best placed to make local decisions, holding the knowledge and expertise of their area. The National Planning Policy Framework (the Framework) will support and build on this by removing a large amount of central prescription and giving local councils greater discretion in those areas which national policy no longer covers, so that they are able to find innovative solutions and respond to the needs of their different communities. At the same time, local people will be encouraged to re-engage in the planning process through improvements in collaborative democracy and new policy vehicles such as neighbourhood plans.

A reduction in the level of prescriptive national policy will also generate savings for applications and deliver better outcomes. The Killian Pretty review estimated that a 10 per cent reduction in the complexity of the national policy and secondary legislation could save applicants £75m per year

⁷ Ball, M (2010) <http://www.communities.gov.uk/documents/507390/pdf/1436960.pdf>

⁸ Ipsos MORI (2010). *Do the public really want to join the government of Britain?* [http://www.ipsos-mori.com/Assets/Docs/News/Do per cent20the per cent20public per cent20want per cent20to per cent20join per cent20government per cent20of per cent20Britain.PDF](http://www.ipsos-mori.com/Assets/Docs/News/Do%20per%20the%20public%20want%20to%20join%20government%20of%20Britain.PDF)

⁹ Murdoch, J. and Abram, S. (1998) 'Defining the Limits of Community Governance', *Journal of Rural Studies*, 14(1), 41-50

¹⁰ Baker, M., Hincks, S. and Sherriff, G. (2009) *Getting Involved in Plan Making: Participation and Stakeholder Involvement in Local and Regional Spatial Strategies in England*, Paper presented at Regional Studies Association Annual International Conference, Leuven, Belgium, 6-8 April

and local councils £30m per annum.¹¹ Studies show that policies which are more sensitive to local conditions are likely to be more effective in encouraging economic development than centrally determined top-down policies, which ignore these spatial differences¹². For example, the top-down draft regional spatial strategy for housing in the East of England led to 21,500 representations, of which most (78 per cent) were objections, delaying the final plan publication by almost four years. Survey evidence shows that communities are not against development per se, it is specific aspects which cause concern: whilst 21 per cent of respondents opposed new supply in their area, this number fell to 8 per cent if homes were well designed and in keeping with the local area¹³. This evidence highlights the importance of engagement to ensure delivery of development.

In approaching the task of consolidation, the Government has prioritised the involvement of expert practitioners who work with the planning system, including developers, local government and environmental interests. The purpose of this has been to ensure that the new Framework actually works on the ground for those who have to implement it, that key national policies are retained where they are genuinely justified and that the new approach provides sufficient certainty to avoid the risk of more legal challenges.

The Department asked individuals and organisations to tell us what the Framework should look like¹⁴. We received over 3,400 responses to this request – a summary of these is included in the consultation document accompanying the draft Framework. The Minister for Planning also invited a group of practitioners from the business, house building, environmental and local government sectors to work together to come up with proposals for the Framework. This group published their suggested version of the Framework during May¹⁵. Ministers and officials have also held a number of meetings about the proposed new Framework with a wide variety of partners, which have helped establish an effective approach to consolidation. In particular, the new Framework focuses very specifically on matters of national planning policy, and does not stray into good practice guidance or position statements on related areas of Government policy which have added significantly to the volume of current planning policy statements.

Policy objectives

In broad terms a more streamlined set of planning policy documentation, which aims to reduce the burden and bureaucracy of the existing system, will allow it to work both more effectively and efficiently, by:

1. Improving the clarity of national policy so as to give developers greater certainty, reduce costs and burdens for businesses, and promote sustainable development
2. Handing power back to local communities to decide what is right for them – instead of imposing an excessive number of rigid rules from the centre; and
3. Being more user-friendly and accessible, so that it is easier for members of the public to have a meaningful say in planning decisions.

¹¹ The Killian Pretty Review, *Planning Applications: A faster and more responsive system*. Final Report, Nov.08.

¹² Oates, W. E. (1993) *Fiscal Decentralisation and Economic Development*, National Tax Journal, Vol. 46, no. 2, pp. 237-43.

¹³ Ipsos MORI (2010). *Do the public really want to join the government of Britain?*
http://www.ipsos-mori.com/Assets/Docs/News/Do_per_cent20the_per_cent20public_per_cent20want_per_cent20to_per_cent20join_per_cent20government_per_cent20of_per_cent20Britain.PDF
22 Halpern, D. (2009)

¹⁴ <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm101220/wmstext/101220m0001.htm#1012204000019>

¹⁵ <http://www.nppfpractitionersadvisorygroup.org/>

This supports the Government 'six essential actions' on decentralisation,¹⁶ of which the first two actions are the most fundamental, because decentralisation can't get started without them. They are to (i) lift the burden of bureaucracy – by removing the cost and control of unnecessary red tape and regulation, the effect of which is to restrict local action; and (ii) empower communities to do things their way – by creating rights for people to get involved with, and direct the development of, their communities.

Description of options considered

Option 1: No Change: National Planning Policy remains as at present and/or is revised in line with existing schedules. This means that the quantity of policy would remain a drag on economic growth, and contradiction and duplication within existing policy would remain.

Option 2: The National Planning Policy Framework: represents a fundamental restructure and review of all planning policy documentation. Whilst this process will involve changes and deletions to planning policy (the impacts of which are considered in Part B of this impact assessment), Part A focuses solely on the deregulatory impact of consolidation and simplification (in terms of the number of documents and pages that form planning policy). This will bring together different statements thereby reducing duplication and contradiction and improving ease of understanding. [Preferred option]

Costs and benefits of each option (including administrative burden)

Option 1: No change means that familiarisation costs arising from any change will not be incurred. However, it also means that the likely benefits will not arise. Failure to consolidate and streamline national planning policy will keep in place the complexity and disengagement of the current system, and a clear distinction will not be drawn between those aspects of policy that need rightly to be specified nationally and those where local communities are better placed to decide. This will serve to undermine changes in the Localism Bill (such as neighbourhood plans) and continue to hamper growth.

Option 2: The National Planning Policy Framework's consolidation of documentation will have two broad impacts: first, (small) one-off costs associated with familiarisation with the new format / policy; and second, the on-going benefits arising from consolidation and simplification.

- *Familiarisation costs*

As with any change the proposed reorganisation and amendments to planning policy that underpins how planning decisions are made will require those using it to update and refresh their knowledge (of specific items or in its entirety). This will mostly apply to those ensuring that decisions are made in-line with the national policy, such as those working in local councils and the Planning Inspectorate. Others who consult the policy regularly, such as specialist consultants/ lawyers and major developers may also incur a transitional cost.

It is anticipated that costs of familiarisation will be small and one-off (i.e. once an agent is familiar with the new structure/policy no further costs are foreseen). They can be thought of as a 'fixed' cost for those whose job is determined by knowledge of the planning system (see further explanation later). These costs have been monetised.

- *Consolidation benefits*

Consolidation will reduce duplication and contradiction, creating streamlined and simplified national planning policy, leading to efficiency gains (saving time and money to applicants and the

¹⁶ <http://www.communities.gov.uk/documents/localgovernment/pdf/1793908.pdf>

local planning council). Having a National Planning Policy Framework that is shorter, more precise and easier to use will generate a number of direct benefits (e.g. less time processing applications) and indirect benefits (e.g. reduction in appeals) to a wide range of agents. These can be described as 'variable' benefits as they depend on the level of planning activity (applications/appeals etc) and are on-going (in contrast to the one-off familiarisation costs). To illustrate these deregulatory benefits we follow a 'typical' planning application process.

1. When developers or householders consider whether to submit an application they will often consult the local plan which has to have regard to national policy. Complexity within the planning system may discourage applicants from making an application and lead to costs of overcoming such complexity (i.e. employing experts). A streamlined national policy document that is easier to interpret will reduce confusion and the amount of time spent studying national policy by applicants. In addition, this is also likely to lead to a reduction in enquiries from prospective applicants to the local planning council [and Department for Communities and Local Government] for clarification.
2. Following submission, the local planning council will assess the planning application to ensure that it is in line with the objectives and policies of the local plan. The local council will also take into account other material considerations, including priorities set out in national planning policy. This should be made easier (saving time) with an improved and streamlined document. The local council will consider all this information when it decides whether to grant planning permission or not.
3. Should planning permission not be granted, in some cases it may lead to appeal. Greater clarity of national policy (and a reduction in central control) could reduce the overall number of appeals. If so this would lead to savings for the local planning council and the Planning Inspectorate.

Unnecessary complexity within the system can also favour those who have resources to overcome obstacles (i.e. by employing experts). In some cases this can favour developers and prevents communities from engaging. By removing complexity a more equitable system will be created and allow greater engagement.

The direct benefits have been monetised but the indirect benefits (such as paying consultant and legal fees) have not (see discussion of wider benefits of reform later).

QA2: Are there any broad categories of costs or benefits that have not been included here and which may arise from the consolidation brought about by the National Planning Policy Framework?

Establishing the baseline and background facts

Department for Communities and Local Government statistics show that planning applications rose throughout the mid-1990s onwards, peaking in 2004-05 at around 690,000 applications received and falling sharply in 2009-10 to 466,000. The approval rate in 2009-10 was 85 per cent (hence 417,606 decisions in Table A1), and has fluctuated between 82 and 87 per cent over the last 10 years. As Table A1 highlights most planning applications are made at the individual household level. By land use type, housing and residential development account for the significant majority of planning appeals (approximately 80 per cent of all appeals).

Table A1: Breakdown of planning applications decided, 2009/10, by type (selected)¹⁷

Planning Applications (2009/10)	Decisions made	% of total decisions made
All major developments	12,400	3%
<i>of which:</i> dwellings	5,000	1%
All minor developments	118,000	28%
<i>of which:</i> dwellings	4,400	11%
All other developments	287,000	69%
<i>of which:</i> change of use	24,400	6%
householder development	190,500	46%
<i>Nationally Significant Infrastructure Projects</i>	40	0.00%
TOTAL	417,606	100%

Planning Inspectorate statistics on planning appeals show that the number of appeals has fallen slightly since the economic downturn. Appeals represent only around 4 per cent of all planning applications received (09/10).

Table A2: Planning appeals¹⁸

Received, by procedure type	2007/08	2008/09	2009/10
Written Representations	18,142	16,202	14,796
Hearings	3,294	3,179	1,536
Inquiries	1,461	1,009	589
Total appeals received	22,897	20,390	16,921
Received, by development type (selected)			
Change of use	1,888	1,621	1,609
Householder development	7,366	6,785	6,674
Major dwellings*	1,617	1,201	788
Minor dwellings	7,552	7,177	5,046
*Number of dwellings proposed was 10+ or site area 0.5ha+.			

Impact: costs and benefits

This section details the costs and benefits in greater depth and provides quantification, of those costs/benefits, where possible.

¹⁷ <http://www.communities.gov.uk/documents/statistics/xls/1627454.xls>

¹⁸ http://www.planningportal.gov.uk/uploads/pins/statistics_eng/09_10/full_report.pdf

- *Familiarisation costs*

Familiarisation costs will affect all those who regularly use national planning policy. This will include town planners (working in local councils), developers and specialist lawyers/consultants. The costs are one-off and occur in the first year only.

The assumptions used in the analysis are as follows:

1. Town planners are required to familiarise themselves with national policy; ONS statistics show that 24,000 town planners are employed, of whom 60 per cent are employed in local councils;^{19 20}
2. Average wage rate for town planners is estimated at £37.92 per hour (up-rated from basic wage of £16.21 per hour);²¹
3. In addition to town planners, professional developers (i.e. non-householders) will also need to become familiar with the national policy framework. The number of major developments is used as a proxy for the number of professional developers: 12,400 in 2009-10.
4. This is a cautious assumption as not every application involves a different developer needing to become familiar with national policy, so is likely to provide an over-estimate of familiarisation costs to major developers.
5. Developer wages are assumed to be £52.21 per hour (up-rated from basic wage of £22.31 per hour). To estimate we have used a proxy of 'activities of head office; management consultancy services' with gross hourly wages up-rated for National Insurance/pensions (1.3) and overheads (1.8) based on advice from the Office of National Statistics.²²
6. Time costs are the same for both groups and are estimated at 3 to 4 hours per person. The average person is assumed to read 200 – 250 words per minute.²³ For a draft text length of 13,100 words, this would provide an estimate of 53 to 66 minutes (rounded to 1 hour). To account for the fact that readers are not only required to read but understand the text, it is estimated that this could take three to four times longer and therefore this cautious range is extended from 3 to 4 hours. It should be noted that this represents the average time taken. For some this may take longer (where a deep understanding of the whole system is required), whereas for others it may take less (where understanding the broad principles and a limited number of specific policy areas is sufficient).

The approach taken uses wage rates to estimate the monetary costs of familiarisation (and benefits of consolidation). This is based on standard economic theory that assumes that workers trade-off work and leisure. As a result we assume that the wage received by the employee is broadly representative of the value they place on their time – this approach is discussed in further detail in a recent HM Revenue and Customs paper²⁴. It should be noted that the wage rate is a proxy for the value of time spent. Resources are allocated by the employer (e.g. the developer or local authority) and thus the value of employees' time-savings is the opportunity cost of the time to the employer. This means that time could be spent on more or less productive activities than the proxy estimate used.

¹⁹ April-Jun2010. http://www.statistics.gov.uk/downloads/theme_labour/uk-employby-soc-apr-jun10.xls

²⁰ http://www.grb.uk.com/industry_profiles.0.html?industry_id=59

²¹ Public sector wage rates (including local government), ONS Survey Control Unit (2011/12). These hourly wage rates are up-rated to incorporate overheads (1.8) and NI/pensions (1.3). A proxy of junior manager is used (based on ONS advice).

²² Private sector wages are estimated from ONS Annual Survey of Hours and Earnings.

²³ Ziefle, M. (1998), Effects of display resolution on visual performance, *Human Factors*, 40(4), 555-568.

²⁴ HMRC (2009) <http://www.hmrc.gov.uk/research/cost-of-time.pdf>

Using this approach average annual cost is estimated at £4.7m to £6.2m (first year only). Of this, £1.6m to £2.2m is estimated to fall on local councils and £3.0m to £4.0m on business.

QA3: Are the assumptions and estimates regarding wage rates and time spent familiarising with the National Planning Policy Framework reasonable? Can you provide evidence of the number of agents affected?

- *Consolidation benefits*

To quantify the benefits of consolidated and simplified policy, we consider the impact on the baseline, behavioural response; and wider associated costs of planning. These benefits are considered variable as they are determined by the level of applications. The approach of using wages to measure the value of time (discussed above) is also applied here.

Impact on the baseline

The following assumptions are employed for the analysis (over the standard 10-year appraisal period):

1. Total planning applications broadly move in line with economic growth (using Office for Budget Responsibility forecast);²⁵
2. Past 10-year average of total planning applications received is then used to break this down into 'major', 'minor' and 'other' developments;²⁶
3. Average wages rates are estimated at £37.92 per hour for town planners (as above). Wages are assumed to rise by 2 per cent p.a.
4. For town planners in local councils it is assumed that time savings only occur on major applications (for minor and 'other' applications it will not always be necessary to consult national policy in any depth). It is assumed that a minimum of 2.5 to 4 hours will be saved per average major application. This is based on a small survey of practitioners conducted by Department for Communities and Local Government. The survey also highlighted that this efficiency saving represents around 10 per cent of the total time taken on a major planning application (in-line with the illustration presented in the Killian Pretty Review – see below). Whilst overall complexity will be reduced to a greater extent (than 10 per cent), the survey indicated that the majority of time spent assessing major applications involves investigation of the details of individual cases, with only a relatively small proportion of time spent assessing the application against relevant national policies; hence the use of a conservative estimate.
5. The corresponding savings to applicants are modelled on the basis that they are 2.5 times greater than those to the local councils. This ratio is taken from the Killian Pretty Review where it was estimated that savings from a 10 per cent reduction in complexity of policy and legislation would be £75m for developers and £30m for local councils.²⁷

²⁵ Latest GDP forecasts (Office for Budget Responsibility), March 2011.
<http://budgetresponsibility.independent.gov.uk/econ-fiscal-outlook-march.html>

²⁶ **Major site** – an application site which has a site area of 1 hectare or more, or where the floor space to be built is 1,000 square metres or more;
Minor site – an application site which has a site area of less than 1 hectare or where the floor space to be built is less than 1,000 square metre.
Other site – all other developments that require planning permission, e.g. mineral processing, householder development etc

²⁷ The Killian Pretty Review, *Planning Applications: A faster and more responsive system*. Final Report, Nov.08.

QA4: Can you provide further evidence to inform our assumptions regarding wage rates and likely time savings from consolidated national policy?

Based on the above assumptions, average annual benefits are estimated at £2m for the local planning council. Over the 10 year appraisal period, total benefits are estimated at £13.1m to £20.9m (present value).

Average annual benefits are estimated at £5.0m for applicants. Over the 10 year appraisal period, total benefits are estimated at £32.7m to £52.4m (present value).

Total annual benefits are estimated at £7m (average annual) and £59.6m (PV over 10 years).

The estimates above relate to time savings (and costs) only. Other benefits, through reduced transaction costs may also arise (see wider costs below). More streamlined and simple guidance that removes contradictions may also lead to a reduction in the level of appeals. Department for Communities and Local Government has commissioned the Planning Inspectorate to assess the potential impact on appeals, which has not been quantified at this stage.

Table A3: Appeal cost per case, by type (date)

Proportion of each type							
Written representation	5%		Hearing	3%		Enquiries	4%
Cost per case							
PINS	£1,000		PINS	£3,500		PINS	£11,500
LPA	£800		LPA	£1,000		LPA	£3,200
Appellant	£2,000		Appellant	£4,000		Appellant	£10,500

Behavioural impact of policy changes

A slimmed-down version of national policy that leads to increased efficiency and certainty within the planning system is also likely to have a behavioural impact on the number of planning applications and appeals. This will be considered in greater detail in Part B when discussing the presumption in favour of sustainable development. From this analysis we can illustrate that, for example compared to 2009/10 statistics, if as a result of the presumption in favour there was a 2 per cent increase in planning applications (of all types) decided and, simultaneously, a 2 percentage point increase in the approval rate for all applications, then there would be an extra 15,600 applications accepted. This could create substantial value and create additional jobs. For example, additional housing units will create jobs across the housing supply chain: estimated at 21 gross direct jobs per £1m of construction output.²⁸

As described earlier the annual cost of development control to the economy is estimated at up to £3bn, of which a major component was the financial cost of holding onto land and other assets whilst projects are evaluated (Ball, *ibid*). An increase in the probability of being granted planning permission (i.e. an increased approval rate) may reduce these costs as the uncertainty is reduced.

²⁸ Based on: Construction skills (<http://www.cskills.org/>)

QA5: What behavioural impact do you expect on the number of applications and appeals?

Wider benefits of reform

In addition to the time costs incurred directly by applicants in completing applications (as discussed above), there are other substantial costs associated with hiring professionals (architects, consultants etc) in order to make the planning application. By reducing complexity, there may be an impact on these costs. At this stage such potential savings have not been estimated and included in the monetised summary benefits, but as a baseline we outline the total costs involved in the planning process (as estimated by consultants, Arup²⁹) for a number of application types (which excludes the time of applicants themselves).

1. Householder development: range of total costs between £150 and £2,900.
2. Small housing development (10-15 units): range of total costs between £4,450 and £49,070.
3. Major housing development (c. 100 units): range of total costs between £59,990 and £152,310.

QA6: What do you think the impact will be on the above costs to applicants?

Risks

The reorganisation of documentation to provide a more logical structure and omit duplication will make national policy easier to understand and implement – no significant risks are foreseen to be associated with this element, although successful implementation will require a major cultural shift within the planning system. Where the policy has been streamlined to include less detail, there is a risk that this could lead to uncertainty over the direction of national planning policy, and lead to more detailed development plans or pressure to make planning policy through Ministerial Statements. However, the Government has developed the policy through consultation with people who know and understand the planning system (and seeks to further this through formal consultation). Respondents highlighted areas where they felt it was vital to have national policy content, and we have carefully considered these points as we streamlined the policy suite. It is therefore believed that where streamlining has taken place there has been due consideration from a variety of agents. The present consultation provides further opportunity to input.

A less detailed and prescriptive form of national policy is also likely to lead to greater local variations in those elements of planning policy where the Government is persuaded that there is no need for national direction. It may be argued that this will serve to create uncertainty and increase costs for local councils and applicants. However, giving greater control to local communities to shape the development in their area is one of the central aims of this process. As set out in the evidence base, this Government is implementing a localism agenda that removes unnecessary rigidity and provides flexibility to local communities to best suit their needs, thereby securing better planning decisions. Only through empowering communities will we succeed in gaining their buy-in for development. The National Planning Policy Framework limits the amount of top-down policy but maintains a strong set of national policy principles to provide direction to local councils to ensure that sustainable development decisions are made.

A shorter and less detailed form of national policy could lead to small businesses, which do not regularly use the planning system, incurring additional costs. We assess this risk to be small. National policy is translated into local plans; but it is the local plans that set out the detailed

²⁹ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/benchmarkingcostsapplication.pdf>

policies that need to be considered for the types of minor development (for example, change of use) normally brought forward by small businesses. Small businesses will usually be impacted by national policy only when they are in special areas or circumstances, for example listed buildings, flood risk zones or National Parks. We are confident that these policy areas are sufficiently clear to be understood by the lay person, but will take into account any representations we receive on this matter. We will work with the sector to ensure that guidance is available to support small businesses and other organisations where more detail is needed.

QA7: Do you have views on any other risks or wider benefits of the proposal to consolidate national policy?

Table A5: Summary of impact of changes on key groups

Group	Costs	Benefits
Local councils	One-off familiarisation costs associated with understanding and using new national policy; estimated to range from £1.6m – £2.2m (first year only).	Efficiency savings in processing planning applications and dealing with queries. Average annual benefits: £1.5m – £2.5m; total benefits ranging from £13.1m – £20.9m (present value). Potential reduction in appeals likely, leading to savings; not quantified.
Business	One-off familiarisation costs associated with understanding and using new national policy; estimated to range from £3.0m – £4.0m (first year only).	Reduced transaction costs relating to development control; time savings in preparing and submitting planning applications. Average annual benefits: £3.9m – £6.2m; total benefits ranging from £32.7m – £52.4m (present value). Potential reduction in appeals leaving to savings.
Local communities		Increased efficiency in development control, leading to more responsive system.

Part B: Changes to national planning policy

B1: Sustainable development

Presumption in favour of sustainable development

The presumption in favour of sustainable development (the 'presumption') is central to the policy approach in the Framework, as it sets the tone of the Government's overall stance and operates with and through the other policies in the document. Its purpose is to send a strong signal to all those involved in the planning process about the need to plan positively for appropriate new development; so that both plan-making and development management are proactive and driven by a search for opportunities to deliver sustainable development, rather than barriers.

It does this by placing increased emphasis on the importance of meeting development needs through plans; on the need to approve proposals quickly where they are in line with those plans; and on the role of the Framework as a basis for decisions where plans are not an adequate basis for deciding applications.

Problem under consideration

The presumption is a key tool in addressing the Government's ambitions for economic recovery. The planning system can be a barrier to growth if:

- Development plans are not in place or not up-to-date, resulting in inadequate land identified for development and uncertainty for developers and investors;
- Plans do not plan adequately for the development which their areas need, with inadequate land made available for housing, business and other uses;
- Individual planning decisions do not respond to development needs and take into account the benefits of growth, especially where plans are not up-to-date or make adequate provision for development.

There is evidence that the planning system is not performing effectively against these tests at present. The table and map below show the number and proportion of local councils with Core Strategies according to the status of those strategies. Around half of local councils do not have a published Core Strategy, and fewer than a third have one adopted.

LPA core strategy progress (on 08 May 2011)

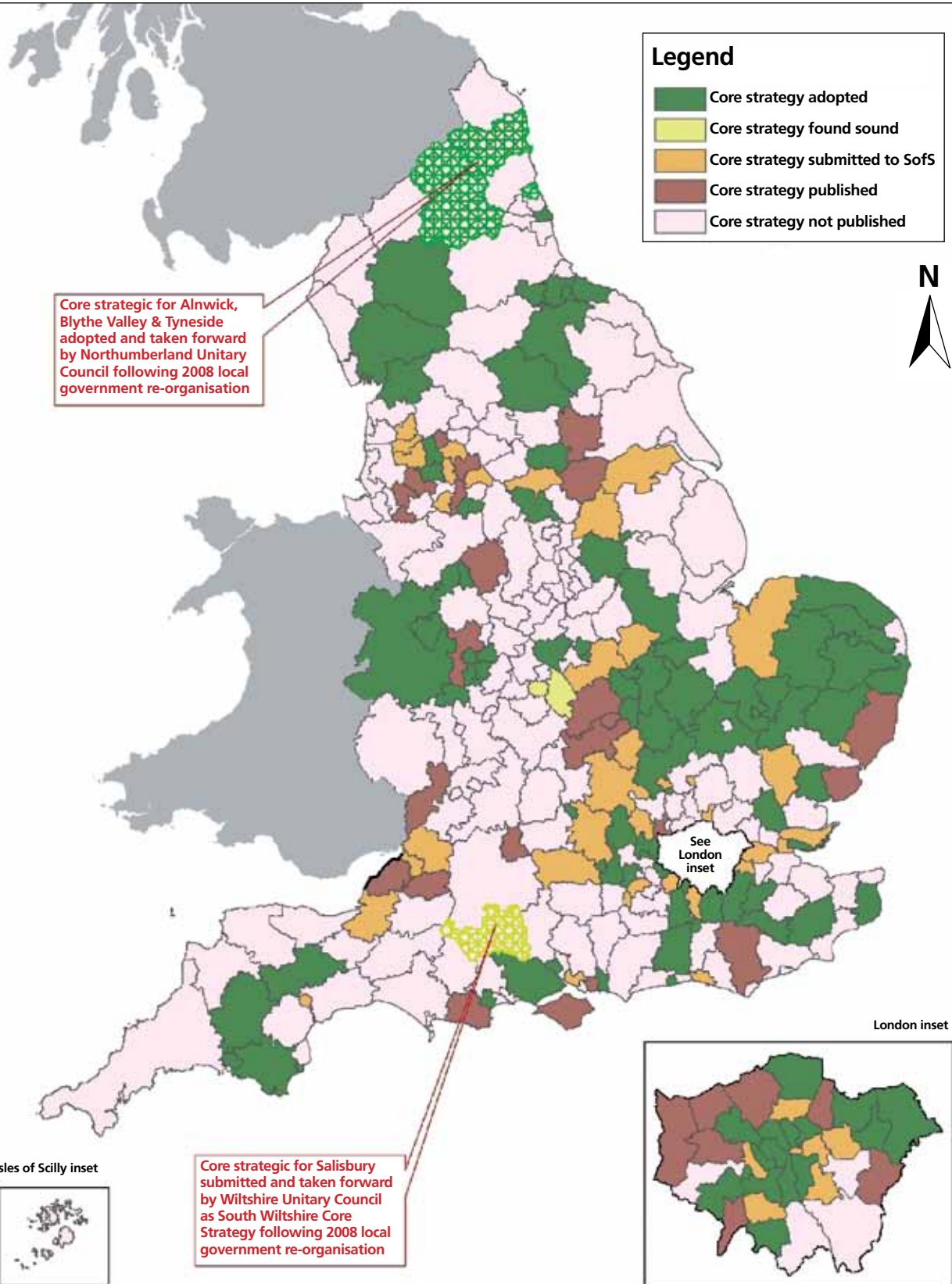


Table B1.1: Progress in preparing core strategies (as at May 2011)

Core Strategies by 'status'	Number of local councils	Percentage of local councils
Not Published	159	47%
Published	176	53%
Submitted to Secretary of State	145	43%
Found Sound	104	31%
Adopted	100	30%

Source: Department for Communities and Local Government. Note: figures may not sum due to rounding.

As well as improving the coverage of up-to-date plans, there is a need to ensure that:

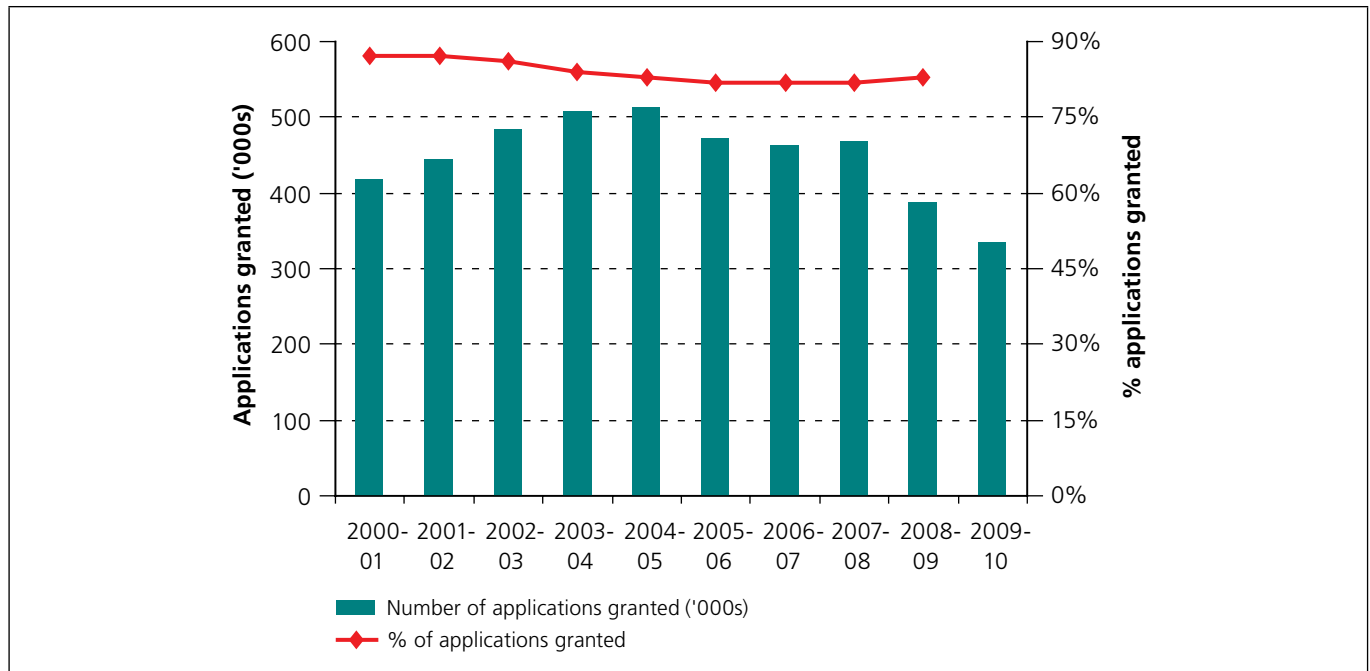
- Those plans make adequate provision for growth (and for changes in development needs as economic and other circumstances change), in the absence of the top-down targets which have proved to be ineffective;
- Up-to-date plans are used effectively as a basis for decisions (with more decisions being made in line with them, and decisions being made more quickly where the plan provides a clear guide); and that
- There is also a clearer basis for making decisions where plans are not up-to-date or do not provide a clear guide.

Without this happening, there are likely to be fewer applications made than there would otherwise be, and more applications being rejected than is warranted, frustrating ambitions to deliver additional development.

The total number of planning applications received and granted has declined since 2004-05; in that year decisions were made on 645,000 applications in total, of which 83 per cent (514,000) were granted. By 2009-10 the number decided had fallen to 418,000, of which 85 per cent (335,000) were granted.³⁰

³⁰ <http://www.communities.gov.uk/documents/statistics/xls/1627454.xls>

Chart B1.1: Number of applications granted/ approval rate over time



While economic activity is a key factor determining the level of applications received, and this largely explains the decline seen since the recession, the probability of approval is also important. The number of applications received will, in part, reflect this probability. This in turn makes the presence of a clear and up-to-date local plan important, as the plan provides developers and others with clear information about the type of development likely to be acceptable, and where.

Rationale for intervention

National planning policy, in the shape of the presumption, can be used to tackle these problems by:

- Providing an incentive for local councils to get up-to-date plans in place;
- Requiring those plans to identify and address the development needed in each area, with sufficient flexibility to allow for changing circumstances;
- Providing clear policy advice on the approach to decision-making that the Government expects to see, especially where plans are not up-to-date or a clear guide to decision-making.

National policy which strengthens the role of plans in providing for and assessing development, and which also strengthens the role of national policy generally in the planning process, should be a powerful tool in influencing behaviour. This is because the presumption can exert influence in three ways:

- As local plans are required to have regard to national policy, the presumption can help to ensure that those plans reflect the policy approaches being taken elsewhere in the Framework – such as meeting development needs (e.g. the housing requirements that flow from Strategic Housing Market Assessments), as well as environmental principles;
- It will provide a clear statement of the behaviours expected where plans are up-to-date and provide a sound basis for making decisions; and
- More directly, it will establish more clearly the role of national policy as a framework for decisions where those plans are not up-to-date.

Underpinning this influence is the risk (to local councils) of successful appeals if they fail to get up-to-date plans in place, fail to make decisions in a timely manner, or make decisions that conflict with policy in the Framework.

Increasing the proportion of councils with up-to-date plans, which the presumption and other reforms are intended to help achieve, should have a positive impact on the number of applications received and approved. This is especially true as the presumption will place a requirement on those plans to make provision for the development needs of their areas, so far as possible.

Policy objective

The aim of the current planning system is sustainable development; however, the presumption puts the emphasis more firmly on identifying and delivering the sustainable development that the country needs. The draft Framework proposes the following wording to achieve this:

At the heart of the planning system is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking. Local councils should plan positively for new development, and approve all individual proposals wherever possible.

Local councils should:

- Prepare local plans on the basis that objectively assessed development needs should be met, and with sufficient flexibility to respond to rapid shifts in demand or other economic changes;
- Approve development proposals that accord with statutory plans without delay; and
- Grant permission where the plan is absent, silent, indeterminate or where relevant policies are out of date.

All of these policies should apply unless the adverse impacts of allowing development would significantly and demonstrably outweigh the benefits, when assessed against the policy objectives in the National Planning Policy Framework taken as a whole.

As a result of this approach to the presumption the Government expects to see:

- Greater efforts by local councils to prepare up-to-date plans, so that they can exert control over development in their areas (as a 'carrot' the presumption strengthens the role of plans as a basis for decisions where they are up-to-date; but the 'stick' is that if they are not, national policy will be the principal basis for making decisions);
- Plans making greater provision for growth, to meet the needs of their areas (and, where appropriate, of neighbouring areas). This output will also be supported by the Duty to Co-operate in the Localism Bill,³¹ and by the incentives offered by the New Homes Bonus;³²
- An increase in the speed with which planning applications are determined, given the more certain policy context that the presumption will provide;
- An increase in the number and approval rate of planning applications, given the increased importance that the presumption attaches to up-to-date plans that address development needs, to approving proposals that are in line with those plans, and to the more prominent role accorded to national policy in making decisions where plans are not up-to-date or an adequate guide.

³¹ <http://www.communities.gov.uk/documents/localgovernment/pdf/1829659.pdf>

³² *The New Homes Bonus: Final Scheme Design*, Department for Communities and Local Government, 2011. <http://www.communities.gov.uk/documents/housing/pdf/1846530.pdf>

Plans provide a degree of certainty to communities and business interests alike, and are a basis for coordinating investment in infrastructure. A presumption that works with plans, rather than against them, is in line with the Government's localism objectives by putting power and responsibility in the hands of local councils and communities.

Description of options considered (including do nothing)

Option 1: Do nothing: National policy on the approach to assessing development needs and proposals (through both plans and development management) remains unchanged. Planning Policy Statement 1³³ asks local councils to bring forward sufficient and suitable land to meet expected needs, taking into account other planning considerations, and to determine applications in line with the development plan unless other material considerations indicate otherwise. But that existing policy does not, as the presumption does, establish the clear expectation that the approach should be to meet development needs and approve development proposals wherever possible.

Option 2: Introduce the presumption in favour of sustainable development: This places a more positive obligation on local councils to be proactive in identifying and addressing development needs, and enabling development proposals to go ahead unless this would clearly conflict with the key sustainable development principles set out in national policy. Local councils will need to be more explicit about the needs of their areas and how they are meeting them when producing their plans. For applicants, they will submit applications as normal, but should have a clearer idea of what is and isn't acceptable.

This is the preferred option.

Impacts: Costs and benefits

Option 1: Maintaining current policy on the approach to assessing development needs and proposals would not impose any direct costs on local councils, development interests or the economy more generally; but it would represent a significant *opportunity cost* given the benefit forgone of introducing the presumption. In other words, the status quo is not requiring planning decisions to be as positive as they could be, which will in turn limit the quantity of development allowed as well as the timeliness of the system.

Option 2: The potential costs and benefits of the presumption need to be assessed in relation to the policy rationale and objectives identified above:

Increased provision for growth in up-to-date plans

The presumption will place a much stronger expectation on local councils to meet the identified development needs of their areas (unless to do so would conflict with the key policy objectives of the Framework taken as a whole). This is a strong policy requirement, as if local council fail to do this they will risk individual development proposals being allowed on appeal. Greater provision for development needs will enable more planning applications, for more development, to come forward in the expectation that they will be approved.

National policy did not contain such an explicit requirement previously, as hitherto the Regional Spatial Strategies provided top-down targets for individual councils that were only partly reflective of their level of need. Those targets began with national and regional housing projections, which were converted into local council targets with reference to infrastructure and environmental opportunities and constraints, as well as their individual level of need. As a result, the provision for

³³ ODPM (2005): <http://www.communities.gov.uk/publications/planningandbuilding/planningpolicystatement1>

some councils fell well below their needs, whereas some councils may have accommodated more growth than their indigenous needs required.

By making the goal of meeting need an explicit policy requirement on all local councils, the presumption is expected to help deliver a net increase in the level of growth provided for through plans. Whilst an increase is expected at an aggregate level, at a local council level other factors, such as environmental and infrastructure factors deemed of national policy significance, will continue to moderate what is provided.

In order to ensure that councils do not place undue restrictions on the development of land, the Framework requires councils to assess the viability of the policy requirements in their plans and sets out how this should be done. This has the benefit of clarifying the existing tests of deliverability and flexibility, so that the growth provided for can actually be delivered. At the same time changes in the Localism Bill now mean the Duty to Cooperate will be a formal consideration of the examiner as to whether the plan has been prepared with regard to cross boundary planning matters.

More applications being approved

A key failing in the previous system of top-down targets in Regional Spatial Strategies was the mismatch between the level of development provided for and actual delivery. This was especially apparent in relation to housing: although the strategies aimed to deliver 213,000 additional homes per annum in May 2010, and most adopted Core Strategies reflected these Regional Spatial Strategies targets for the councils concerned³⁴, the actual level of net additions to the housing stock in 2009-10 was just 128,680.³⁵

While no policy overrides the law³⁶, national policy can be a powerful influence on the pattern of decision-making (in particular because of the risk of local councils' decisions being overturned at appeal, should they disregard national policy in their decisions)³⁷.

The intention of the presumption in favour, and of the reforms described across Part B, is to make the plan making process easier and more democratic, and as a result enable and encourage more development. It achieves this in the way described above – through there being more plans in place with a strong emphasis on meeting development requirements, and where plans are not up-to-date through a strong presumption to approve applications.

The benefits that flow from increased development arise to both developers and communities. Developers benefit through increased returns; and communities benefit through additional employment supported and from the wider benefits derived from the development – for example, improved standards and affordability of accommodation from greater housing supply. Costs and benefits by agent are discussed in further detail below.

³⁴ See evidence in <http://www.communities.gov.uk/publications/localgovernment/localismregionalplanning>

³⁵ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

³⁶ Section 38(6) of the Planning and Compensation Act 2004: decisions must be made “in accordance with the plan unless material considerations indicate otherwise”.

³⁷ Land Use Consultants (1995): *The Effectiveness of Planning Policy Guidance Notes* (DoE research report)

Some 418,000 planning applications were decided in 2009-10, with the current approval rate for all planning applications decided by district-level councils at 85 per cent.^{38, 39} In addition, 17,000 applications were decided at appeal, of which 6,000 were allowed – this represents approximately 1.5 per cent of all planning applications.⁴⁰ For illustrative purposes if overall rate of approval (by councils and through appeals) increased to 91.5 per cent (by 5 percentage points] as a result of the presumption, it would mean approximately an additional 20,900 planning applications granted per year.

The two tables below illustrate the additional number of accepted applications (major/ minor) that will result from: (a) an increase in the number of applications decided; and (b) an increase in the proportion of those applications that are granted.

For example, compared to 2009-10 statistics, if as a result of the presumption in favour there was an increase in 5 per cent of the number of major applications decided and, simultaneously, there was a 5 percentage point increase in the overall approval rate for major applications, then there would be an extra 1,200 major developments agreed.

Table B1.2: Additional applications accepted (major)

<i>% increase in acceptance rate</i>	<i>% increase in applications decided</i>										
	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
0%	–	100	200	300	400	500	600	700	800	900	1,000
1%	100	200	300	400	500	600	700	900	1,000	1,100	1,200
2%	200	400	500	600	700	800	900	1,000	1,100	1,200	1,300
3%	400	500	600	700	800	900	1,000	1,100	1,200	1,300	1,400
4%	500	600	700	800	900	1,000	1,100	1,300	1,400	1,500	1,600
5%	600	700	800	900	1,100	1,200	1,300	1,400	1,500	1,600	1,700
6%	700	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800
7%	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,800	1,900	2,000
8%	1,000	1,100	1,200	1,300	1,400	1,600	1,700	1,800	1,900	2,000	2,100
9%	1,100	1,200	1,300	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,300
10%	1,200	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,200	2,300	2,400

³⁸ <http://www.communities.gov.uk/documents/statistics/xls/1876414.xls>

³⁹ Approval rates are sensitive to the health of the economy and the development industry. The volume of applications rises as the economy grows; but the approval rate tends to fall, as local councils are less concerned about turning down development when the economy is buoyant. This is coupled with the fact that developers are less risk-averse during booms and are more prepared to submit applications that challenge policy. If the approval rate does not increase in the future, this does not imply that the presumption is not working successfully. There are many other factors at work influencing approval rates.

⁴⁰ http://www.planningportal.gov.uk/uploads/pins/statistics_eng/09_10/full_report.pdf (table 1.2)

Table B1.3: Additional applications accepted (minor)

	<i>% increase in applications decided</i>										
<i>% increase in acceptance rate</i>	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
0%	–	1,000	1,900	2,900	3,800	4,800	5,700	6,700	7,600	8,600	9,600
1%	1,200	2,100	3,100	4,100	5,100	6,000	7,000	8,000	8,900	9,900	10,900
2%	2,400	3,300	4,300	5,300	6,300	7,300	8,200	9,200	10,200	11,200	12,200
3%	3,500	4,500	5,500	6,500	7,500	8,500	9,500	10,500	11,500	12,500	13,500
4%	4,700	5,700	6,700	7,700	8,700	9,700	10,700	11,700	12,700	13,700	14,800
5%	5,900	6,900	7,900	8,900	10,000	11,000	12,000	13,000	14,000	15,000	16,000
6%	7,100	8,100	9,100	10,200	11,200	12,200	13,200	14,300	15,300	16,300	17,300
7%	8,300	9,300	10,300	11,400	12,400	13,500	14,500	15,500	16,600	17,600	18,600
8%	9,400	10,500	11,500	12,600	13,600	14,700	15,700	16,800	17,800	18,900	19,900
9%	10,600	11,700	12,700	13,800	14,900	15,900	17,000	18,100	19,100	20,200	21,200
10%	11,800	12,900	13,900	15,000	16,100	17,200	18,200	19,300	20,400	21,500	22,500

Improved speed of decision-making

The presumption's emphasis on timely decision-making, where proposals accord with the development plan, is likely to have some impact on the speed with which decisions are made. This is partly because of this policy exhortation in its own right, and partly because greater adoption of up-to-date plans will provide an improved basis for decision-making.

During 2009-10, 71 per cent (14 per cent) of major decisions and 89 per cent (79 per cent) of minor decisions on planning applications by district-level councils were made within the respective timescales (13 and 8 weeks – figure in brackets is 8 weeks).⁴¹ Although this was better than the targets in the Best Value Performance indicators set out under the last Government, a 5 per cent improvement on each rate would mean an additional 620 major and 5,900 minor applications being determined within the statutory periods. Delays resulting from the planning process can impose a significant cost on business. As highlighted in Part A, research suggests that the costs to the economy of the delay associated with development control (cost of financing land during the decision process etc) “*may be up to £3bn a year*”.⁴²

QB1.1: What impact do you think the presumption will have on: i) the number of planning applications; ii) the approval rate; and iii) the speed of decision-making?

Costs

Local councils: Could incur additional costs in bringing forward or updating their plans; although they are already required by national policy to produce a core strategy. Local councils could also incur some additional costs if the presumption encourages the production of more neighbourhood plans than would otherwise be the case (see below), although it is difficult to predict the extent of this influence.

Businesses: The presumption should not impose additional costs on development interests and businesses more generally, except to the extent that they may wish to engage more fully in plan production to promote particular development opportunities (and the costs of that engagement

⁴¹ *Ibid.*

⁴² <http://www.communities.gov.uk/documents/507390/pdf/1436960.pdf>

should be offset by reduced costs in progressing individual planning applications, given the more certain and swifter policy framework that the presumption will provide).

Communities: By placing increased emphasis on the importance of up-to-date plans, the presumption could encourage the production of more neighbourhood plans, which have been assessed to cost in the region of £17,000 to £63,000 per plan⁴³. The preparation of neighbourhood plans is, however, discretionary, and it is difficult to gauge the extent to which the presumption will encourage more neighbourhood plans to come forward.

QB1.2: What impact, if any, do you think the presumption will have on:

- i) the overall costs of plan production incurred by local planning councils?**
- ii) engagement by business?**
- iii) the number and type of neighbourhood plans produced?**

Benefits

Local councils: Should benefit from reductions in the costs incurred to process planning applications (as their development plans will provide a more up-to-date and certain framework for determining applications). Developers should also respond to the presumption by submitting more 'conforming' schemes, where an up-to-date plan is in place.

Businesses: Should benefit from the anticipated increase in the provision made for growth, and the greater approval rate for planning applications, enabling more development to proceed; and should also benefit from greater certainty about the outcome of the process (therefore, potentially lowering transaction costs). The reduction in costs and increase in certainty should encourage businesses to start and grow, creating jobs across all business sectors. Additional housing units will create jobs across the housing supply chain. This is estimated at 21 gross direct jobs per £1m of construction output.⁴⁴

Communities: The benefits for communities will be important but less tangible. The presumption will provide greater certainty about the role of democratically-produced and up-to-date plans in steering planning outcomes. The presumption should enable more development, therefore meeting more of the housing and other needs of communities.

Direct costs and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. As detailed above, there will be benefits to business as a result of this policy. The presumption in favour is central to the policy approach in the National Planning Policy Framework, sending a strong signal to plan positively for new development. Councils must have a local plan which meets their housing and other development needs, so where some individual policies may have a positive or negative impact on business, the total extent of development should not reduce; in fact the converse should be the case. There should also be an increase in the approval rate for planning applications, enabling more development to proceed, and greater certainty about the outcome of the process (therefore, potentially lowering transaction costs).

Environmental and social impacts

The presumption in favour of sustainable development brings a new emphasis to delivering sustainable economic development, giving this priority where it is appropriate to do so. Planning

⁴³ Department for Communities and Local Government (2011): <http://www.communities.gov.uk/documents/localgovernment/pdf/1829678.pdf>

⁴⁴ Based on: Construction skills (<http://www.cskills.org/>)

Policy Statement 4 already encourages local authorities to plan positively for economic growth. The presumption should mean that local councils seek to optimise economic, environmental and social outcomes in their planning policies and decisions, seeking multiple gains whenever possible – for example through green infrastructure, low carbon economy opportunities, jobs, housing and social facilities. In situations where trade-offs are inevitable, the presumption provides a clear framework within which to balance competing priorities, whilst ensuring that essential safeguards (including relevant EU obligations) are respected.

QB1.3 What impact do you think the presumption in favour of sustainable development will have on the balance between economic, environmental and social outcomes?

Risks

There is a risk that some local councils are slow in bringing forward plans (or in updating them where circumstances have changed), notwithstanding the incentive that the presumption provides to get up-to-date plans in place. The risk is heightened by the resource pressures on councils, which may limit their capacity to move quickly. Local councils have been encouraged by the Department to pool specialist resources, as a way of limiting the impact of budget reductions. The presumption also features in-built mitigation, in the emphasis placed on the National Planning Policy Framework itself as a clear framework for making decisions where plans are not an adequate basis. This should ensure that the absence of up-to-date plans in some areas does not impede sustainable development going ahead.

There is a risk of more refusals and appeals being made in situations where plans are not up-to-date and greater reliance is placed on the Framework. In these circumstances some local councils may resist development proposals that are not in line with their aspirations for the area (even though the promoters feel that they reflect national policy, and so be prepared to appeal if their application is refused). This effect could to some extent dampen the anticipated benefit of more planning approvals identified previously, although it is difficult to quantify the scale of this risk.

QB1.4: What impact, if any, do you think the presumption will have on the number of planning appeals?

Neighbourhood plans

The Localism Bill will give powers to communities to plan for their areas and deliver the development they want through neighbourhood planning. **The National Planning Policy Framework simply reflects these changes, and therefore does not constitute a substantive policy change itself.** For clarity, the rationale, policy objective and main impacts are outlined below (as summarised from the Localism Bill Impact Assessment)⁴⁵.

The problem under consideration

Resistance from local communities to proposals for housing and economic development within their neighbourhoods is partly related to the lack of ability faced by communities to influence the nature of that development. A top-down and target-driven approach has alienated communities and stimulated opposition to development. Communities are often unable to ensure that development meets local needs and takes satisfactory account of the tensions between development and conservation, environmental quality and pressure on services.

⁴⁵ Localism Bill – Neighbourhood Plans and Community Right to Build Impact Assessment (2011): <http://www.communities.gov.uk/publications/localgovernment/localismneighbourhoodplans>

Government intervention is necessary to empower local communities to take responsibility for the development of detailed planning policy for their neighbourhood and, where communities wish to bring forward small scale development themselves, to give them a Community Right to Build.

Rationale for intervention

Together with local financial incentives, the empowerment of neighbourhood communities can encourage community ownership of plans. It will help communities to play a greater role in finding creative and imaginative ways to overcome the pressures that development can create for conservation and local services and amenities. It will help communities to become proponents of appropriate and necessary housing and economic growth. Alongside a system of financial incentives to promote growth, greater involvement of the community could lead to:

- i) more certainty for developers;
- ii) development that is more in line with local needs and provides greater public amenity; and
- iii) increased civic engagement and a move towards the 'Big Society'.

Summary of main impacts on the key groups (from existing impact assessment)

Group	Costs	Benefits
Community groups	Cost of preparing and updating plans (average annual costs estimated between £7m and £26m, but with some initial financial support from Central Government).	
Local councils		Savings from no longer processing planning applications (nets out the loss of revenue from fee income). Savings from reduced number of appeals (£3m p.a.).
Business	Neighbourhood Development Fee (however, lower than the current planning application fee).	Savings from no longer completing the planning application process (£52m p.a.). Savings from reduced number of appeals (£8m p.a.). Potentially greater certainty for development (a reduction in late objections). Total savings estimated at £60m per year.
Economy		Additional housing development; and associated benefits, such as jobs. Benefits estimated £56m – £113m p.a.
Local communities		Development more in line with the wishes of the local community.

Environmental Impacts

Neighbourhood plans, together with other tools such as the Green Area Designation, can help local communities to identify areas of cultural and environmental value, and develop policy to enhance and protect these areas. The impacts will largely depend on how communities use these tools, but empowering local communities to have greater say on how local areas are used should lead to better outcomes in terms of local amenity, which will very often encompass environmental benefits such as increased biodiversity from green areas. These amenity benefits could extend to reductions in levels of air pollution and noise, for example where neighbourhood plans prioritise pedestrians and cyclists over cars.

Local plans

The Localism Bill frees up procedures related to local plans, while maintaining certainty and rigour in the process, and introduces the Duty to Cooperate to the local plan examination. **The National Planning Policy Framework simply reflects these changes, and therefore does not constitute a substantive policy change itself.** For clarity, the rationale, policy objective and main impacts are outlined below (as summarised from the Localism Bill Impact Assessment)⁴⁶.

Problem under consideration/rationale

The existing system has not delivered the coverage of local plans intended. Plans have been tied up in unnecessary prescription and complex bureaucratic terminology which has turned off communities and delayed the production of plans. A survey of planners by the Town and Country Planning Association highlighted a number of factors that may have delayed the production of Core Strategies under the Local Development Framework. The survey highlighted lack of resources and appropriate skills and changes to government policy and guidance as being the main barriers to strategies not being in place. Respondents also considered the Local Development Framework system to be inflexible (when producing and updating planning policies) and the process to be slow for plan-making.

Policy objective

The changes coming forward in the Bill make the system easier for local communities to understand and engage in, and more flexible for councils to promote growth and meet the aspirations of local communities. For example, we are removing the terms 'local development framework', 'core strategy' and 'area action plan' and referring to Development Plan Documents as a whole as 'local plans'. We are removing policy on Annual Monitoring Reports and Local Development Schemes as a result of the Bill. The tests of soundness by which Development Plan Documents are independently assessed remain in place and have been simplified with the removal of unnecessary requirements for monitoring and clarified in terms of the viability of plans and consideration of cross boundary working.

⁴⁶ Localism Bill: abolition of the regional planning tier and duty to cooperate:
<http://www.communities.gov.uk/documents/localgovernment/pdf/1829659.pdf>

Summary of impacts by group (from existing impact assessment)

Group	Costs	Benefits
Local councils	The duty to cooperate may increase costs on local councils and partner bodies as the level of this activity increases. One aspect of this is the possible increase in the provision of information in response to requests; this is estimated at of £0.8m over ten years This must also be set against savings arising from the removal of the previous regional planning tier.	Councils may see some administrative savings from the revised approach to plan making, in particular from reduced time spent in examination of plans; estimated between 1 and 10 days per examination may be saved (compared to an average of 218 days taken currently). Based on past examinations it is estimated that a typical examination day costs around £800. This provides an estimated range of savings to local councils from the reforms of between £1.8m and £6.8m over 10 years.
Business	As above, will be subject to increased costs if involved in greater cooperation with local councils	No impact
Local communities	No impact	No impact

Environmental impacts

Local plans are subject, in law, to Sustainability Appraisal which incorporates the strategic environmental assessment Directive to ensure that appropriate sites for potential development are assessed with regard to their suitability in terms of environmental outcomes, as well as social and economic impacts. Through selecting appropriate sites, in combination with strategic policies over the siting of employment, housing and transport links, local councils can manage the development of their areas to maximise sustainability and minimise the adverse impacts on the local environment. As with neighbourhood plans, local plans should identify areas of cultural and environmental value, and develop policy to enhance and protect these areas. Plans must contribute to the achievement of sustainable development, adhere to EU environmental legislation, meet other statutory environmental duties, for example Section 40 of The Natural Environment and Rural Communities Act, commonly referred to as “the Biodiversity Duty”. Again, the impacts of local plans on the environment will depend of the actions pursued by local councils.

B2: Economy

Business and economic development

The Government's overarching objective of planning for business and economic development is to promote sustainable economic growth. Planning has an important role in the drivers of productivity – investment, competition, enterprise, innovation and skills – and aims to help build prosperous communities, reduce disparities in regional economic growth, promote town centre vitality and contribute to the Government's wider environmental priorities – including meeting the twin challenges of global competition and of a low carbon future.

The recent Budget⁴⁷ and Growth Review⁴⁸ update set out ambitious proposals to ensure that the planning system does everything possible to support sustainable economic growth alongside housing supply. Alongside the Budget, the Secretary of State for Communities and Local Government made a Written Ministerial Statement which set clear expectations that local councils should prioritise growth and jobs, and should allow development and growth wherever possible, except where this would compromise the key sustainable development principles set out in national planning policy. The Government gave a commitment to adopt the same pro-growth approach as it reforms national planning policy.

The Government's specific objectives are to:

- plan proactively to meet the development needs of business and support an economy fit for the 21st century;
- promote the vitality and viability of town centres, and meet the needs of consumers for high quality and accessible retail services; and
- raise the quality of life and the environment in rural areas by promoting thriving, inclusive and locally distinctive rural economies.

Policy changes

The new framework streamlines the detail of policies but does not seek to change the fundamentals of current policy. National policy on economic development remains focused on ensuring local councils take a positive and proactive approach to economic development. Therefore, no new detailed analysis is included in this Impact Assessment on the majority of economic policy where this remains unchanged.

In relation to town centres, the policy retains the strong focus on town centres as the preferred location for retail and leisure development. The draft policy on town centres includes two changes described below.

- ***Removing office development from 'Town Centre First' policy***

Problem under consideration/rationale for intervention

Current town centre policy applies to office development as it does to retail and leisure development. This means that office development is subject to the requirement to demonstrate compliance with the sequential test and assess the likely impacts of the scheme on a range of impact considerations.

As chart B2.1 shows, in the case of retail space it appears that 'Town Centre First' policy (introduced in 1996) arrested the decline in retail floor space located in (or near) town centres. The

⁴⁷ <http://www.hm-treasury.gov.uk/2011budget.htm>

⁴⁸ http://www.hm-treasury.gov.uk/ukecon_growth_index.htm

proportion of retail space located in town centres and the buffer fell from 66 per cent in 1975 to 24 per cent in 1994; since 2000 the average has been 43 per cent. By contrast, chart B2.2 indicates a less pronounced impact on the trend of location of office floor-space. The proportion of office space located in town centres fell from 40 per cent in 1977 to 12 per cent in 1995; since 2000 the average has been 11 per cent.

Chart B2.1: Trends in retail floor-space location (1971- 2006)

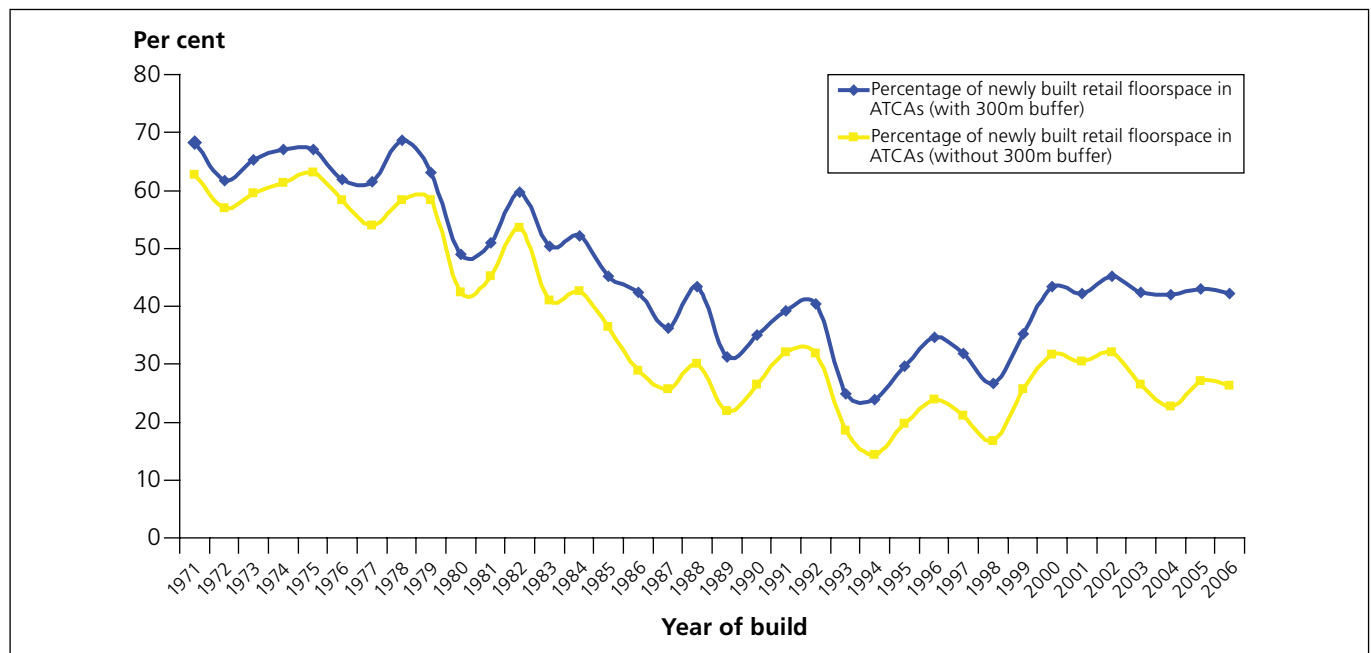
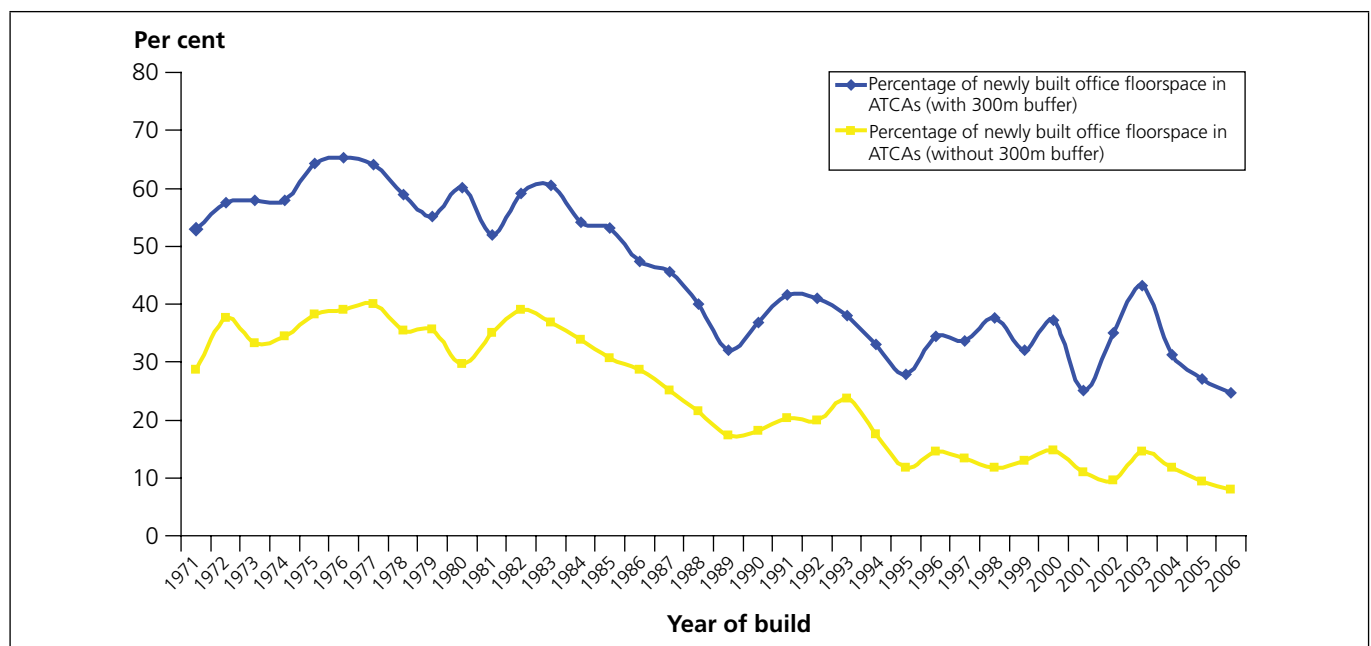


Chart B2.2: Trends in office floor-space location (1971- 2006)



Government considers that this requirement places undue burdens on office development and that the policy objective of ensuring development takes place in sustainable and accessible locations can be achieved through other policy mechanisms. This burden has contributed to high rent costs for office space compared to other countries: a square foot of prime office space costs £80 per year in London’s West End, whilst it was £62.61 in Paris Ile-de-France, £43.41 in Milan and £38.07 in Frankfurt am Main⁴⁹.

⁴⁹ 2009 Q3, CBRE

Policy objective

The objective of the change is to free office development from the need to follow the requirements of the 'Town Centre First' policy and for proposals to be judged on their individual merits including taking account of local and national policies on the location of new development that generates significant movement of people and the relative supply and demand of/ for office space in different locations.

Description of policy options

Option 1: do nothing. This option would maintain the current approach whereby office development is subject to the requirement for offices in edge or out of centre locations to demonstrate compliance with the sequential test and to assess the impact on town centre vitality and viability.

Option 2: remove offices from town centre policy. This option would mean applicants for planning permission for offices would no longer need to demonstrate compliance with all the policy tests in town centre policy. However, office development would still need to meet the requirements of local and national policy on the location of major generators of people movement and to locate where the need to travel will be minimised and the use of sustainable transport modes can be maximised.

Impacts: costs and benefits

- local councils

Local councils are likely to save time in assessing planning applications for office space as they no longer need to consider specifically the scheme against the 'Town Centre First' policy. Any additional applications that result from the change (see further discussion below) will be covered by application fees (as currently).

- business

The removal of office space from 'Town Centre First' policy will allow greater flexibility and choice in the assessment of relevant applications. In effect this means that developers will have a wider choice over where they can seek planning permission for new office space. The removal of this distortion is likely to increase the acceptance rate and number of applications to develop new office space.

The location of new office space may also be affected. By removing the 'Town Centre First' policy for office space, offices can more easily locate with respect to the prevailing local market conditions. This means that areas of high demand where town centre office space has a premium (such as the City of London) new office space will continue to be provided/demanded. However, in areas where this is not the case there may be a desire for less central office space. Office development will still be subject to the policy requirement to locate development that generates significant people movement in accessible locations where sustainable transport modes can be maximised. However, some flexibility on locations combined with a positive approach to planning for the economic development, should put downward pressure on office rents and in turn help business growth. Currently, rent levels on office space are very high relative to comparable nations: for example prime office rents in Birmingham (£/ square foot/ year) are higher than that in Hamburg, Brussels and Berlin⁵⁰.

- communities

Communities will benefit from any expansion of business through its impact on jobs and the wider economy.

⁵⁰ CBRE, 2009 Q3

Risks

There is a risk that more office space provided out of town will mean that workers have to travel further, with an adverse impact on carbon emissions. However, this risk will be mitigated because office development will still be subject to the policy requirement that development generating significant people movement should be located in accessible locations where sustainable transport modes can be maximised. Such locations tend to be in urban areas.

QB2.1: Do you think the impact assessment presents a fair representation of the costs and benefits of the policy change?

- ***Time horizon for assessing impacts***

Problem under consideration/rationale for intervention

The time horizon for assessing impacts of unplanned, retail and leisure schemes in the edge or out of centre locations is currently set at up to five years from the time the planning application is made. In some cases this is too short a time to allow the full impacts of large schemes to be assessed (especially for large sites and those that take considerable time to build). Often new retail and leisure development will have substantial consequences for other local businesses, local residents, transport infrastructure and the environment. When a development takes a number of years to build, and then takes a number of years to establish itself in a new market, five years may not be long enough to capture the full extent of the costs and benefits of the new development. This may restrict local councils from making the best choices in determining planning applications, and restrict their ability to plan for the long term.

Policy objective

The objective is to ensure the time horizon for assessing impacts is long enough to enable the full impacts of large schemes to be assessed in order for local councils to deliver better outcomes and plan for the long term viability of their town centres.

Description of policy options

Option 1: maintain current time horizon of up to five years. This would not address the risk that the impacts of large retail and leisure schemes are fully assessed, and that town centres may be impacted by inappropriate out of town development.

Option 2: change the time horizon to 10 years. This would allow a reasonable period of time from the time at which a planning application is made for planning permission to be granted, the planning permission implemented and the development to realise its full operational impacts on town centre vitality and viability. This will allow local authorities to have full information when making a decision over future retail and leisure development.

Impacts: costs and benefits

- local councils

Extending the time horizon over which an assessment of a development on town centre vitality and viability will lead to more relevant information being available to local councils when determining a planning application. The cost of this information (in terms of its provision and additional time required to assess through development control procedures) will fall on the developer. Local councils will benefit from it by being able to make more informed decisions.

- business

As discussed above, the cost of provision and any additional processing time by the local council will fall on developers. This increase in costs could deter planning applications in respect of some marginal sites, however since the developers would need to undertake an assessment under the current system anyway, this impact is likely to be minimal.

- communities

With additional information enabling local councils to make more informed decisions, local communities will benefit from better outcomes in terms of retail and leisure choices in their local area. A longer assessment period will allow the full impacts of larger schemes to be realised and assessed, and the full impact on communities to be considered.

Risks

We would expect most schemes to be fully operational and to have established themselves in the local market after 10 years. There is a small risk that the full impacts of some very large or complex developments may not be captured over the ten year time frame, however this would be exceptional.

QB2.2: Is 10 years the right time horizon for assessing impacts?

Do you think the impact assessment presents a fair representation of the costs and benefits of the policy change?

The impacts of wider policy changes that could affect town centres are discussed in other sections of the Framework (such as transport and climate change). The new policy does not lead to substantive new requirements in terms of considering impact and is not expected to increase the overall costs of assessments or impose additional burdens on business or local councils.

Environmental Impacts

The objective of planning policy on the economy is to facilitate sustainable economic growth. The policies for economic growth do not sit in isolation; they must be applied in the context of the other policies in the Framework, for example on choosing the sites most suitable for development in terms of the environmental, social and economic outcomes. The National Planning Policy Framework supports the development of innovative, green and renewable energy, businesses. The Framework supports the sustainable development of rural and agricultural businesses, supporting the continuation of rural communities whilst managing and enhancing the rural environment. It also supports businesses with innovative solutions for reducing their operating costs, for example live/work hubs, which can help to reduce transport emissions. The economy section of the Framework is closely linked to the objective of reducing the need to travel, not only through sustainable site allocation, but also in the focus on centres as the preferred location of new retail and leisure development under the 'Town Centre First' policy.

Transport

The *Creating Growth, Cutting Carbon, making Sustainable Local Transport Happen* white paper⁵¹ sets out the Coalition Government's vision for a transport system that helps create growth in the economy, and tackles climate change by cutting our carbon emissions. However, the white paper also highlighted that investment on its own is not enough – people need help to make transport choices that are good for society as a whole.

⁵¹ <http://www.dft.gov.uk/pgr/regional/sustainabletransport/pdf/whitepaper.pdf> Department for Transport (Jan.2011)

Planning has an important role in delivering the Government's vision for a transport system that helps create growth in the economy, and tackles climate change by cutting carbon emissions. By shaping and influencing the location and design of development and the mix of land uses, planning can reduce the number and length of journeys and help promote more sustainable transport choices.

The white paper outlines that the Government believes it is at the local level that most can be done to enable people to make more sustainable transport choices and to offer a wider range of genuine sustainable transport modes – environmentally sustainable as well as fiscally, economically and socially sustainable. The Government believes that effective sustainable local transport is delivered through solutions developed for the places they serve, tailored for the specific needs and behaviour patterns of individual communities.

The Government's specific aims for the policy are to:

- minimise carbon emissions and promote accessibility through planning for the location and mix of development; and
- support reductions in greenhouse gas emissions and congestion, and promote accessibility through planning for the location and mix of development.

Policy changes

The draft transport policy streamlines but does not change the core current policy approach, with one policy change to remove the maximum non-residential car parking standards for major developments.

- ***Removing the maximum non-residential car parking standards for major developments***

Background

The current policy (Planning Policy Guidance Note 13: *Transport*)⁵² sets out national maximum parking standards for non-residential uses (i.e. the upper level of acceptable car parking provision) and size thresholds at which these maximum standards should apply. The aim of the policy was to encourage councils and developers to use land efficiently and where possible to take measures to minimise the need for parking. Local councils could set lower standards if there was an evidenced local need to do so.

Problem under consideration/rationale for intervention

Current Government policy on non-residential parking standards for major developments, such as retail and leisure developments over 1,000m² and offices over 2,500m² is too centralised and prevents local councils from developing policies that are most appropriate to their local circumstances and communities. Centrally prescribed maximum non-residential parking standards do not reflect local circumstances.

A centrally set national maximum parking standard for major non-residential developments may be too high or too low for reasons specific to an individual local council. In some cases, they may wish to lower the maximum (i.e. restrict parking numbers); for example, Reading Borough Council have prepared a Parking Standards and Design Supplementary Planning Document (2009).⁵³ Research undertaken by the Transport Research Laboratory on behalf of the Department for Transport⁵⁴ identified that an oversupply of parking can result in more car use, lower site density, higher land

⁵² <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1758358.pdf>

⁵³ http://www2.reading.gov.uk/documents/servingyou/planning/supplementary-guidance/Parking_SPD_Adopted_0909.pdf

⁵⁴ TRL Limited research 'Parking Measures and Policy Research Review (2010)

use consumption, lower land values and less use of alternative travel modes. By contrast, in other areas (or for specific developments) the maximum may be increased (to allow more parking). For example, development in rural areas, where there is generally a greater reliance on the car due to levels of public transport accessibility, may require greater parking space provision than a development in an urban location which has very high public transport accessibility.

Policy objective

In line with the Government's Local Transport white paper (January 2011), the objective is to enable local councils to develop non-residential car parking standards which are appropriate to their local circumstances and communities. Within the proposed new policy, local councils are still required to develop their own standards. There is flexibility in the approach they could take i.e. setting minimum or maximum parking standards. Parking should be a matter for local discretion depending on the nature of the neighbourhood and development proposed. The Local Transport white paper outlined that local councils will wish to consider how their parking strategy should best fit with their overall strategy for promoting sustainable transport choices and the efficient use of land, enabling schemes to fit into central urban sites, promoting linked-trips and tackling congestion. The proposed policy sets out that parking standards are part of a package of planning and transport measures which promote sustainable transport choices. When setting standards, local councils should take into account a range of factors including an overall need to reduce car usage where practical. Negotiation on a case-by-case basis will still be required to agree the most appropriate level of parking provision (between zero and the maximum; or from the minimum upwards).

Description of policy options

Option 1: do nothing. The do nothing option would not impose any additional costs on any agent but would continue to distort choices and the ability of local councils to introduce non-residential parking standards that best suit their local needs.

Option 2: remove maximum standards. The policy will remove the distortion outlined above and allow local councils more flexibility. This will give them greater control over this aspect of their transport policy and enable better, more locally-driven outcomes.

Impacts: Costs and benefits

Removal of national maximum standards could lead to more or less parking on major developments, whether new build or existing. As outlined in the rationale for intervention, there may be cases where it is appropriate or desirable to increase or reduce the parking restriction on major developments (compared to the current national standard). The aggregate outcomes will therefore depend on the behavioural response of individual local councils to the flexibility and the subsequent reaction from business. For this reason, the costs and benefits have not been monetised.

Benefits

- local councils

Removing the prescription from national policy guidance on maximum non-residential parking standards for major developments would be consistent with the 'localism' agenda, as local councils would be encouraged to set their own standards for individual areas and locations which would allow them to consider parking proposals in light of individual local circumstances. The removal of central prescription would give local councils greater flexibility on where they set their standard.

- business

The proposed policy change increases local flexibility and allows local circumstances to be properly taken into account. This includes both developers and business owners/offices on-site. If maximum standards are raised, developers may benefit from greater flexibility regarding the amount of parking they wish to provide. They could potentially benefit from greater profits. This will occur as a result of potentially being permitted to have higher levels of non-residential parking on major sites where appropriate. Developers will only pursue greater parking provision if it is profitable to do so. There is a trade-off between using land to provide additional shops or office space, which would therefore potentially increase footfall and spending in the immediate area, versus parking provision.

- communities

Changes to non-residential parking will have little impact on the number of cars owned – people do not buy a car because there are parking spaces available. A study of 10 countries by the OECD found that demographic (e.g. age, gender, household composition) and structural factors (e.g. location of residence) are most likely to affect car ownership.⁵⁵ Furthermore, in the United Kingdom, it is likely that fuel cost will also play a greater role in car ownership than non-residential parking availability. A car parking study undertaken by Yorkshire Forward⁵⁶ also concluded parking supply and vitality of major shopping centres showed no systematic relationship between the provision and convenience of parking spaces and economic performance. Aspects such as parking location and scale of the retail offer were more influential.

- environmental impacts

The transport policies in the National Planning Policy Framework emphasise the need to minimise environmental impacts generated from development related travel. Where local councils have sought to reduce car use and increase the use of sustainable transport modes – walking, cycling and public transport – the effect on the environment will be positive. A reduction in car emissions and congestion will improve air quality, and reduce noise levels. Both of these changes have a positive impact on the health of the local population. The removal of the requirement to set maximum parking standards for non-residential parking could lead to an increase in the number of parking spaces, thereby encouraging people to use their cars. However, the 'Town Centre First' policy, coupled with space restrictions in most town centres, should mean there is no overall increase in car traffic.

Costs

- local councils

Costs may be incurred where local councils wish to lower or increase their maximum parking standards for major non-residential developments. These will be incurred in developing an evidence base and putting a planning policy in place. This may involve survey work of existing non-residential parking provision and an assessment of location/ accessibility factors, public consultation and adoption in the Development Plan.

QB2.3: How much resource would it cost to develop an evidence base and adopt a local parking standards policy?

⁵⁵ <http://www.oecd.org/dataoecd/12/47/47234513.pdf>

⁵⁶ Renaissance market towns programme: car parking research, Yorkshire Forward (2007)

- business

The impact on developers and business/offices on-site depends on the local councils' response in setting their own local parking standards. Business will be required to adapt to any new policies imposed by local councils; however, developers would only pursue the amount of parking provision that is most profitable. If a local council imposes a maximum that is lower than current national maximum standards, this may reduce the flexibility and constrain the amount of parking developers provide. However, local councils will decide the appropriate standards for parking for their local area and developments, giving greater flexibility regarding car parking provision for major non-residential developments.

- communities

No costs have been identified for communities.

- environment

It is possible that increasing car parking provision on major non-residential sites could change commuter patterns. In some cases, this may lead to longer journey times as people travel further to visit specific sites if parking were more widely available. This could lead to a marginal increase in carbon emissions and could potentially make it more difficult to deliver sustainable transport outcomes through planning decisions. However, the impact could also work in the opposite direction where increased parking provision leads to people not having to travel so far to work/enjoy services. On balance, it is expected that the adverse impacts of this policy will not be significant at a national level.

Direct costs and benefits to business calculations

The impact on business depends on the response of local councils to their freedoms in setting the maximum standards for car parking. This policy does not impose a direct regulation on business; it does not directly regulate the activity of business.

Risks

Where local councils do not currently have a local maximum non-residential car parking standards policy within their local development plan, a policy gap would be created before local policies are developed. This could potentially result in uncertainty and delays for developers as parking standards would need to be negotiated and determined on a case by case basis. However, we will mitigate this risk by encouraging local councils to begin work on local parking policies, where they do not currently have a policy in place.

There is a risk that some local councils may allow levels of parking that would result in ever larger amounts of land being needed for development. However, the land uses covered by the current maximum non-residential parking standards are predominantly those categorised as 'main town centre uses'. Given that the 'Town Centre First' policy would apply and land available is often limited in town centre locations, the risk associated with developers seeking excessive parking provision is considered to be limited. This policy provides flexibility for local councils to seek solutions best suited to their needs and, therefore, they can balance the various trade-offs associated.

QB2.4: As a local council, at what level will you set your local parking standards, compared with the current national standards?

Do you think the impact assessment presents a fair representation of the costs and benefits of this policy change?

Environmental impacts

The transport policies in the National Planning Policy Framework emphasise the need to minimise environmental impacts generated from development related travel. Where local councils have sought to reduce car use and increase the use of sustainable transport modes – walking, cycling and public transport – the effect on the environment will be positive. A reduction in car emissions and congestion will improve air quality, and reduce noise levels. Both of these changes will have a positive impact on the health of the local population. Removal of the requirement to set maximum parking standards for non-residential parking could lead to an increase in the number of parking spaces, thereby encouraging people to use their cars. However, the 'Town Centre First' policy, coupled with space restrictions in most town centres, should mean there are no significant adverse impacts at national level.

Minerals

Minerals are essential for economic development, for our quality of life and the creation of sustainable communities. The Government's objective is that planning should help deliver the prudent and efficient use of resources in ways that reduce the use of non-renewable resources; do not lead to unacceptable impacts or pollution; and respect the needs of future generations.

Policy changes

The proposed policies set out in the Framework do not seek to change the overarching objective of minerals planning. However, policies on (i) peat and (ii) landbanks have been refined as follows.

- **Peat** – removing the requirement for local councils to set criteria for the selection of sites for future peat extraction (i.e. to identify new sites).

Problem under consideration; rationale for intervention

As set out by Department for Environment, Food and Rural Affairs in an impact assessment,⁵⁷ the Government aims to phase out the use of peat in the UK. The impact assessment also highlighted that the UK currently uses 3 million cubic metres of peat per annum for horticulture. Sixty-nine per cent of this is used by amateur gardeners (predominantly as multi-purpose compost and 'grow bags') and 30 per cent is used by professional growers. As peat is a non-renewable resource, the extraction of peat for horticulture is unsustainable and contributes to greenhouse gas emissions and the destruction of rare habitats and archaeology. These external costs of peat are not reflected in the costs of extraction or the market price, and government intervention is needed to facilitate the shift to peat-free alternatives. Progress has been made in reducing peat use in response to a previous voluntary target (for 90 per cent of the total market to be peat free in 2010), but the market is still only 57.5 per cent peat free. In line with Department for Environment, Food and Rural Affairs policy, this proposal updates planning policy to reflect this change. Given the intention to eliminate peat use, there should be no further need to identify new peat extraction sites.

Policy objective

This policy will allow the planning system to support the Government's aim to phase out the use of peat in the UK. In 2010 Department for Environment, Food and Rural Affairs consulted on dates for phasing out the use of peat, which were 2020 for the amateur sector and 2030 for the professional sector. This will have environmental benefits by reducing greenhouse gas emissions and the destruction of rare habitats and archaeology.

⁵⁷ <http://archive.defra.gov.uk/corporate/consult/peat/101217-peat-condoc-ia.pdf>

Description of policy options

Option 1: Do nothing. By doing nothing, local councils will be required to maintain criteria for the selection of sites for future peat working.

Option 2: No longer requiring local councils to identify sites for peat extraction. This policy will remove a requirement on local councils and will ensure that the planning system supports the Government objective (led by Department for Environment, Food and Rural Affairs) to phase out the use of peat.

Impacts: costs and benefits

- local councils

The change in policy removes a requirement on local councils. It will therefore save time and resources in identifying new sites for peat extraction. However, in recent years the number of new peat extraction sites has been minimal with mineral planning councils only informing the Department of two new sites identified across England in the last five years. It is therefore unlikely that savings from no longer identifying sites will be large.

- business

We can consider the impact in two aspects (i) those who extract peat and (ii) those that use the final product. For those involved in the extraction of peat, the elimination of new sites could impact on business by restricting opportunities. This would be the case in most industries however, given the reduction in demand and clear Government mandate to phase out its use it is unlikely that new sites will be demanded and so little domestic business will be lost.

It is estimated that existing sites have sufficient capacity to service current levels of use for six years. Given the intention to phase out the horticultural use of peat, these domestic reserves may last longer than six years, providing time for users to seek peat-free alternatives.

- communities

As the domestic reserves decline, the use of peat will be phased out in favour of peat-free alternatives (see risks for more detail). As extracting peat releases carbon and causes environmental damage, preventing extraction from new peat sites will have carbon benefits.

Risks

Phasing out peat use relies on behavioural change as consumers must use alternative products and soil improvers instead. As set out in the Department for Environment, Food and Rural Affairs impact assessment, the Government will work with industry to facilitate a shift towards high quality peat-free alternatives derived from renewable by-products and waste products of other industries. If this was unsuccessful in phasing out the domestic use of peat, more would have to be imported which would increase the cost and (due to additional transportation) some of the environmental benefits (i.e. reduced greenhouse gases) would be off-set.

Direct costs and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business.

- **Landbanks**

Minerals Policy Statement 1⁵⁸ sets out national policy on landbanks. A landbank is a stock of planning permissions for the winning and working of minerals. Policies providing for the maintenance of landbanks are an important feature of minerals planning. Landbanks are necessary to enable the minerals supply industries to respond speedily to fluctuations in demand.

The period of the landbank (in number of years) reflects the times that may be involved in obtaining planning permission and bringing a site into full production. Landbanks ensure the viability of proposed new developments and secure a supply of material to justify capital investment in major manufacturing.

Landbanks indicate when new permissions are needed. Local council plans identify future supply which is calculated using the expected provision (supply in response to demand) from an area over the plan period, which is expressed on an annual basis. Locations of reserves and productivity capacity can mean longer landbank periods may be appropriate.

Landbanks enable the mineral planning councils and the minerals industry to take a long term view of the needs of the consumer industries and of the planning and environmental implications of meeting those needs.

Planning policy for landbanks states that new planning permissions should only be given where it can be shown that demand could not be met from the existing permitted reserves.

The policy change amends the length of landbanks in national policy, making it less prescriptive for scarcer/non-aggregate minerals. The wording is proposed to change from:

“at least 10 years for silica sand; at least 15 years for primary materials and secondary materials where these materials aim to supply an existing cement plant only; 25 years for brick clay and 25 years where it is needed to support a proposed cement plant”

to: “allocating sufficient land to maintain landbanks by ensuring landbanks of...at least 10 years for crushed rock. Landbanks for scarcer minerals, (silica sand and brick clay) should be for at least 10 years and longer landbanks may be justified in specific circumstances, such as the need to ensure the viability of proposed new investment”.

Problem under consideration/rationale for intervention

Landbanks for aggregates indicate when new permissions (for extraction sites) should be considered in each Mineral Planning Authority area. They are a vital policy tool to secure the steady and adequate supply of aggregate being delivered to market. A landbank is the sum in tonnes of all permitted reserves with valid planning permission, and the length of one is calculated using the expected provision (supply in response to demand) included in local council plans expressed on an annual basis. The need for seven and 10-year landbanks reflects the time taken to obtain planning permission and start working individual sites. There is no change proposed to landbanks policy for aggregates (only for other/scarcer minerals).

However, landbanks are of particular importance for other/scarcer minerals due to the scale and long term nature of minerals extraction, because they represent a secure supply of feedstock to justify the capital investment in major manufacturing (e.g. glass manufacturing) and construction (e.g. brick making) facilities. Separate landbanks are needed for these other minerals as they serve

⁵⁸ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/152993.pdf>

different markets and have different site requirements. The proposed landbank requirements for scarcer minerals better reflects modern working methods (to extract) and the more efficient use of raw materials which minimises the need for primary extraction.

Policy objective

Reducing the minimum landbank requirements for scarcer minerals supports the policy objective of minimising primary extraction whilst allowing flexibility in meeting demand over the plan period. Local councils are best placed to decide the length of a landbank for their area.

Description of policy options

Option 1: Do nothing. Mineral planning councils will have to allocate arbitrary landbanks for the plan period which may not be necessary or practical.

Option 2: This policy is the preferred option. For non-aggregate minerals, a landbank of 10 years or more is required rather than specific 10, 15 or 25 year requirements for particular minerals.

Impact: costs and benefits

The impact of this policy will depend on the behavioural response of local councils to the removal of the requirement. As discussed in the rationale, it may be suitable for individual local councils to (i) increase their levels of landbanks; (ii) maintain the current levels of landbanks; or (iii) reduce their landbanks.

- local councils

Given the high costs and carbon impacts of transporting bulky materials, processing plants tend to be located near landbanks. The removal of the prescriptive requirement for landbanks is likely to differ by area. Some councils (with capacity) may have an incentive to create, maintain or increase their landbanks in order to encourage economic development and employment, whereas other councils may decide to allocate the minimum amount of land. What is unknown is how this will impact on overall supply, and changes in the spatial distribution of landbanks.

- business (producers and users)

Producers have a limited choice of sites because they can only locate where the required minerals are and where permission has been granted to extract material from the landbank. As such, reduced landbank levels may affect certainty and the confidence of the minerals industry to invest. A change in the spatial distribution of landbanks could mean that the industry faces higher transport costs, which would be reflected in higher prices for end users (i.e. homebuyers, commerce and local councils).

- local communities

Local communities may be affected in several ways. In areas where landbanks and extraction were increased, this could increase the numbers of residents whose quality of life may be affected by extraction. However, there may be additional employment benefits. The converse would apply in areas which chose to reduce their landbanks and extraction levels.

Risks

The risks of this change in policy are not directly related to the increased flexibility of the policy, but will depend on how local councils choose to use this flexibility. Some industrial uses rely solely on a single source of mineral supply. If local councils do not calculate adequate landbanks then supply could be disrupted, which could have an impact on economic growth. The risk will be mitigated through regular collection of statistics on minerals supply, and through regular liaison with industry.

Direct costs and benefits to business calculations

This policy could impose additional costs on business, as business may potentially have a reduced length of time for activity; and potentially face higher industry costs. However, this depends on the response of individual local councils, who can be expected to seek to avoid imposing any such additional costs. Furthermore, the situation could be mitigated by the retention of business rates which incentivise local councils to promote growth and facilitate development. This policy does not impose a direct regulation on business; it does not directly regulate the activity of business.

QB2.5: Do you think the impact assessment presents a fair representation of the costs and benefits of the policy changes on minerals?

B3: Society

Housing

The country needs more new homes and this government is committed to increasing the rate of house-building. The latest household projections for England estimate that around 232,000 new households could form each year between now and 2033 as a result of increased life expectancy, net migration and a rise in the number of single-person households.⁵⁹

While economic conditions have played a part in the decline in home building, the Government believes that the previous top-down, target-based approach to housing constrained new supply. Latest data on housing supply showed an annual increase in net additions of 129,000 (2009-10).⁶⁰ It created widespread local opposition to housing growth with over half of homeowners not supporting more houses being built in their local area⁶¹. To this extent, despite a national target to build 240,000 new homes per year, due to local hostility, and other factors, the process of translating this into local housing plans was severely delayed. By May 2010, only a fifth of local councils had brought forward local plans with up to date housing targets based on regional strategies. Even where targets were set, local opposition to imposed targets and a lack of incentives meant that they were unlikely to be delivered. Therefore, irrespective of the recession and credit crunch, it is questionable whether the previous Government would have met its national housing targets.

Allied to the powerful incentives such as the New Homes Bonus, introduced so that communities see the benefits of growth, Government believes that it is local councils and communities that should decide how best to plan for the growth of their areas, without top-down rigid rules, targets and thresholds. Government is giving local councils and their communities both the responsibility and flexibility for meeting their communities' future housing requirements. At the forefront of local policies will be a requirement to assess and plan to meet the full range of current and future needs and demands in the context of the presumption in favour of sustainable development. Decisions on the most appropriate strategy for growth will be for local decisions, facilitated by the substantive changes to planning for housing policy below.

The key changes, enabling local councils to better meet the requirements for housing, are to:

- give local councils the freedom to choose the most suitable locations for development by removing the national target for development of housing on previously developed land;
- increase choice and competition in the market for housing land by requiring identification of at least an extra 20 per cent of sites against their housing target in the first five years;
- give local councils the impetus to optimise the delivery of affordable housing according to local circumstances by removing the national site size threshold for requiring affordable housing to be delivered; and
- introduce greater flexibility for rural local councils to respond to the need for affordable housing by allowing an element of market housing where it would facilitate significant additional affordable housing.

⁵⁹ <http://www.communities.gov.uk/documents/housing/xls/141266.xls>

⁶⁰ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

⁶¹ NHPAU YouGov survey, May 2009

Removing the brownfield target for housing development

A specific target for brownfield land was first established by the 1995 housing white paper, which aspired to 50 percent of all new dwellings being built on brownfield land. In 1998, this was increased to 60 per cent.⁶²

Problem under consideration and rationale for intervention

Evidence shows that giving priority to brownfield development over other sites has changed the nature of development. The proportion of new dwellings built on brownfield land has risen from 53 per cent in 1991 to 64 per cent in 2001 and 80 per cent in 2009 (including conversions).⁶³ There are strong environmental grounds for seeking to re-use previously developed land for the provision of new housing where possible locally; however, a nationally set target to achieve this is a blunt tool. Kate Barker's Interim Report in to Land Use Planning⁶⁴ said of the brownfield target: *"regulation can have unintended side effects. Constraining the supply of greenfield land increases its price and windfall gains arising from planning permission may accrue to land owners"* (p. 149).

The stock of (viable) brownfield land varies by local council, and in some areas is becoming a constraint on development. Internal analysis based on Homes and Communities Agency data shows, for example, that 88 (or 27 per cent of) local councils currently have less than five years of brownfield land suitable for housing based on current build and density levels.⁶⁵ Nationally too, the amount of brownfield land available is dwindling. Internal analysis gives an illustration that, under plausible assumptions⁶⁶, the brownfield land target would cease to be sustainable in the (high-demand) southern regions by 2015-16. Therefore, keeping the target beyond that point would result in a reduction in the overall level of development in these areas. Set against rising demand, this would imply higher prices.

The brownfield housing target of 60 per cent is arbitrary and has led to distortions in the housing land market. This makes it more difficult for the right type of homes to be built in the right places. A rigid focus on brownfield development over other sites has contributed to a rise in land prices by focussing development on previously developed sites even where more sustainable options may be available. This is demonstrated by the land value differentials between brownfield and greenfield land (highlighted below). This has led to a focus on higher density developments and has potentially constrained growth in some areas. Average density has increased from 40 dwellings per hectare (2002-05) to 48 dwellings (2006-09).⁶⁷

Policy objective

Government wants to move away from a prescriptive designation of land towards a concept of "developable" land where local areas decide the most suitable locations for housing growth based on their local circumstances. This approach will enable local councils to assess land for its suitability for development based on its characteristics and their needs without top down central Government intervention.

⁶² Bramley et al. (2010) The implications of housing type/ size mix and density for the affordability and viability of new housing supply, NHPAU. <http://www.communities.gov.uk/documents/507390/pdf/1486173.pdf>

⁶³ Live Table P212. <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658044.xls>

⁶⁴ Barker, K. (July 2003) *The Barker Review of Land Use Planning*. Interim Report. P149.

⁶⁵ Homes and Communities Agency, 2009, Previously-developed land that may be available for development, National Land Use Database. <http://test.homesandcommunities.co.uk/sites/default/files/our-work/nlud-report-2009.pdf>

⁶⁶ Data: July 2009, LUCS24 publications; NLUD 2007 (published Aug 08); net additions and scenarios, Department for Communities and Local Government live tables.

Key assumptions estimating an illustration of brownfield land capacity: net additions trajectory; previously-developed land and non- previously-developed land residential density; additional previously-developed land coming forward; estimates of the proportion of viable capacity that is developable for housing; residential conversions.

⁶⁷ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658106.xls>

Establishing the baseline and key facts

- Ninety per cent of England, amounting to 12m hectares, is not built on.⁶⁸ Overall, up to 45 per cent is protected by designations, such as Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest, National Parks and Green Belt.
- As highlighted above, nationally, the target was not a binding constraint. Much more than 60 per cent of housing is delivered on brownfield land. However, this restriction is felt more in certain areas. Whilst the England average is 80 per cent (2009), London has the greatest proportion of dwellings (including conversions) built on previously-developed land (98 per cent), followed by the North West (84 per cent). Whereas, the East Midlands had the smallest proportion (61 per cent).⁶⁹ In 2006-09, 71 local councils had less than 60 per cent of new dwellings built on brownfield land. These vary in terms of location, viability of brownfield land suitable for housing and affordability.
- Statistics show the amount of land overall coming forward for housing has fallen significantly from 5,820 hectares in 1995 to 2,740 ha in 2009.⁷⁰

Description of policy options

Option 1: do nothing. Maintain current national target for new housing on previously-developed land.

The 'do nothing' option would have no additional administrative costs on local councils or other agents. The existence of a target inflates the cost of brownfield land which is then sold at a premium, representing a cost to final consumers of housing. The national target is likely to continue to stifle housing growth even in areas where there is a substantial amount of undeveloped land if remedial costs are high.

Option 2: remove the brownfield target. The preferred option would be to remove the target to allow local councils to determine the most suitable sites for housing, giving greater discretion and decision-making powers to local councils reflecting the fact that land supply constraints vary across local councils.

The removal of the brownfield target may impact on sites brought forward for housing development in the local plan. Local councils will be able to allocate sites that they consider are the most suitable for development without being constrained by a national brownfield target.

Impact: costs and benefits

The impact of removing the brownfield target will vary by local council depending on their behavioural response to the change. In some areas there may be (i) no change as councils effectively maintain their local target, whilst in others (ii) there may be less emphasis on development occurring on brownfield land. There are costs and benefits both to developing brownfield and greenfield sites. It will be for local councils to decide the brownfield/ greenfield mix of development, appropriate for their area.

- There are benefits to developing brownfield sites, including often having less adverse impacts on the environment; the associated benefits of re-developing vacant or derelict sites; and making effective use of existing infrastructure. However, some areas do not have large areas of brownfield land available and suitable for housing. In addition, brownfield land

⁶⁸ Department for Communities and Local Government Live Tables, Table P221 Land Use Change: New dwellings by previous land use1, England, 1989 to 2009 <http://www.communities.gov.uk/documents/planning>, Land Use Statistics, Generalised Land Use Database, England.

⁶⁹ <http://www.communities.gov.uk/documents/statistics/pdf/1657537.pdf>

⁷⁰ Department for Communities and Local Government Live Tables, Table P221 Land Use Change: New dwellings by previous land use1, England, 1989 to 2009 <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658106.xls>

often has high remediation costs to make it suitable for housing. The average remediation cost of brownfield land is estimated to be around £250,000 per hectare⁷¹, reducing the average potential value of brownfield land for housing. Barker also found that *“...brownfield developments often involve greater risk and uncertainty and are generally more complex than greenfield development. This can reduce the number of sites which builders have the capacity to take through the planning process at any one time”*.⁷²

- In some areas, local councils may wish to develop greenfield land, where brownfield sites are not available or inappropriate, in order to meet their housing need. With greenfield sites, there can typically be lower remediation costs; however, new developments on greenfield sites often have greater infrastructure requirements, such as the construction of extra roads and schools, among many other services. Infrastructure can be more expensive in urban areas, as it can be more difficult to provide and land is more costly. There are also the environmental impacts to weigh up, including loss of biodiversity, which can vary by greenfield and brownfield land. In addition, consideration must be given to urban regeneration, which can be supported by brownfield development.

Benefits

- local councils

By removing the national priority for brownfield development, local councils will not be constrained by the 60 per cent target. They will have greater flexibility in allocating and bringing forward land. They will have greater discretion to make decisions on a site-by-site basis, weighing up the impacts and benefits of each site, without regard to a central Government target. This is particularly important in areas where the supply of brownfield land is limited. Local councils, as the decision-makers, hold local knowledge about their areas and communities. The preferred policy to remove the target would not place additional cost burdens on local councils, as in future it will be at the discretion of local councils about whether they set their own local target, whereas they are currently required to do so having regard to the national target. In areas where the target is maintained at a local level, there will be no benefits (or costs) of this policy. For example, in London, the proportion of land developed for residential use that was previously-developed was 97 per cent in 2009.⁷³

- business/developers

In areas where the local target is lowered or removed, developers would benefit from having greater flexibility in potential land to develop, considering the costs and benefits on a site-by-site basis.

- wider benefits to the economy

The brownfield target related to housing development also has wider impacts. This regulation can constrain city growth, such as in the form of greenfield development. Where planning has this impact, the benefits of labour market pooling and supplier specialisation for larger towns and cities may be constrained (Barker, 2006). Greater flexibility and the potential for more land to become available could foster greater competition between viable sites and also provide greater choice for alternative uses such as economic and community uses.

⁷¹ <http://archive.defra.gov.uk/corporate/consult/contaminated-land/101215-contaminated-land-condoc-ia.pdf>

⁷² Barker, K. (July 2006) *The Barker Review of Land Use Planning*. Interim Report.

⁷³ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658106.xls>

Costs

- local councils

There are no anticipated costs to local councils of this policy.

- local communities

If a local council increases the level of development on greenfield land, there could be a potential cost to local people in terms of loss of amenity. There is evidence on the importance attached by the public to green space within urban areas. *Research conducted for the Barker Review* found that the social benefits of open green space are estimated at £0.5m per hectare for urban fringe forested land; £0.2m per hectare for urban fringe Green Belt; and £1.3m ha for rural forested land.⁷⁴ But there are also benefits from development; evidence shows that housing coupled with green space, such as parks, is valued much more highly than open green space: £10.8m (present value) for one hectare of city park (i.e. urban core public space). Gibbons *et al.* (2011) found that a 1 per cent increase in 'green space' increased the value of housing by 1.04 per cent.⁷⁵ This highlights that the addition of nearby housing to green space can increase the value placed on green space.

- environment

Where a local council increases the amount of development on greenfield land, there could be a negative impact on the environment. However, considerations, such as biodiversity and amenity, would be taken into account in planning decisions. Furthermore, areas of particular environmental importance are protected under various land designations.

- wider economic costs

It is not anticipated that there will be wider economic costs as previously developed land will be available for appropriate uses such as economic development.

⁷⁴ Barker, K. (July 2006) *The Barker Review of Land Use Planning*. Interim Report.

⁷⁵ Gibbons, S., Mourato, S. and Resende, G. (2011) *The amenity value of English nature: A hedonic price approach*, LSE.

Table B3.1: Illustration of the potential scenarios outlining the behaviour of different local councils and a summary of the impacts

Scenario	IMPACTS			
	Land Supply	Housing supply	Environment	Wider economy
(1) No change in brownfield/ greenfield mix of development	No impact	No impact	No impact	No impact
(2) A proportion of brownfield land supply becomes greenfield land supply	Change in the mix of the type of land changing to residential use; Greater proportion of greenfield development.	No remediation costs for greenfield sites; Density of new dwellings built on greenfield is lower than brownfield. Greenfield sites could require greater infrastructure provision, than brownfield sites.	Potential adverse impact on the environment.	Economic benefits of urban expansion.
(3) Additional greenfield land supply	Increase in the proportion of housing on greenfield land; Increase in total land supply for supply.	Greater flexibility to increase the supply of developable land; Increase housing supply and meet housing need; Associated benefits, such as job creation.	Potential adverse impact on the environment.	Increasing the supply of developable land could encourage greater competition; and potentially reduce the rate of growth of housing and commercial rents, particularly in cities. An increase in housing supply could result in improved housing affordability. If there is an increase in housing supply, local councils will benefit from New Homes Bonus payments and CIL.

Baseline data for impact analysis:

- Latest data on housing supply showed an annual increase in net additions of 129,000 (2009-10). The 10-year average is 162,000 net additional dwellings.⁷⁶
- Latest statistics show the proportion of new dwellings built on brownfield land, including conversions, was 80 per cent in 2009. The 10-year average is 73 per cent.⁷⁷
- 2009 statistics show that the average density of dwellings built per hectare on brownfield land was 49 and 31 for greenfield land. The 10-year average is 41 and 27 respectively.⁷⁸

It is expected that a significant proportion of development will continue to take place on previously-developed land. In the five years prior to the introduction of a national target in 1995 the proportion of new dwellings built on previously developed land averaged nearly 52 per cent in England. In 2009, statistics show that over 56 per cent of local councils delivered over 75 per cent of housing on brownfield land.⁷⁹ However, greater flexibility is likely to create change in some areas and this impact on the mix of land brought forward for development as a result of this policy can be analysed via three plausible scenarios (on an aggregate level).

1. No change in the brownfield/greenfield development mix.

Scenario (1): Using the baseline of 2009 for net additions, delivery of new dwellings on brownfield land and densities, it is estimated that 2,110 hectares of brownfield land and 830 hectares of greenfield land changed to residential use.⁸⁰

2. A proportion of brownfield development would become greenfield development, i.e. a substitution effect of the type of land on which new dwellings are built.

Scenario (2): This illustrates an adjustment in the mix of the type of land on which new dwellings are built, having removed the target: a reduction in the proportion of new dwellings built on brownfield land. This is assumed to fall from the current level of 80 per cent to the 10-year average of 73 per cent (over the medium term). For a given level of housing (129,000 net additions p.a.), with average densities relatively lower on greenfield land, the supply of greenfield land would have to increase. This is estimated to increase by approximately 290 hectares (35 per cent).

3. With the removal of the target, there is greater flexibility for local councils to identify and bring forward sites for development. This would increase land availability and there could be additional development (requiring more greenfield land).

Scenario (3): Removing the brownfield target will enable greater flexibility in the type of land developed for residential use. It is difficult to estimate the resulting changes. However, illustrations are provided in the table below. This scenario illustrates a 1 per cent increase in housing supply on greenfield land and the proportion of housing on greenfield land increasing from 20 per cent (2009) to 27 per cent (10-year average), over the medium term.

Using average density of 27 dwellings per hectare, a 1 per cent increase in housing supply (10-year average, 162,000) would require an additional 16 hectares of greenfield land supply. This could range up to an additional 81 hectares, with a 5 per cent increase in housing supply.

⁷⁶ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

⁷⁷ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658044.xls>

⁷⁸ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658117.xls>

⁷⁹ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658044.xls>

⁸⁰ This provides an estimate for illustration purposes only. This differs to published statistics on land changing to residential use.

Table B3.2: Illustrations of the impact of changing the type of land supply for residential use

Percentage increase in housing supply	Additional supply of greenfield land, hectares 22 dwellings per hectare	Additional supply of greenfield land, hectares 27 dwellings per hectare	Additional supply of greenfield land, hectares 32 dwellings per hectare
1%	20	16	14
2%	40	32	27
3%	60	49	41
4%	80	65	55
5%	99	81	68

Sensitivity analysis is carried out to demonstrate the potential range of impacts on greenfield land supply. This is by employing different estimates for average density: +/- 5 on the 10-year average, ranging from 22 to 32 dwellings per hectare.

QB3.1: What impact do you think removing the national target for brownfield development will have on the housing land supply in your area? Are you minded to change your approach?

Risks

There is a risk that removing the national target could lead to a decrease in brownfield development without an increase in the amount of development taking place on other land – leading to less land available for housing overall. However, the likelihood of this risk being realised is small due to national policy requirements for local councils to identify sites to meet housing need and demand in their plans. Given that the 10-year average of brownfield housing development is above 73 per cent – even before the national target was introduced to over 50 per cent – it is likely that a significant proportion of housing development will continue to take place on previously developed land.

Secondly, there is a risk that derelict urban sites could be left undeveloped in favour of greenfield land, where there are lower remedial costs. However, these sites can be used for other uses such as economic uses including industry and retail, as well as leisure and community uses.

Thirdly, there is a risk that by removing the target and the priority for brownfield development, Government may be seen to be encouraging development on greenfield land. This risk will be mitigated by continuation of existing landscape and environmental protections, such as Green Belt, Sites of Specific Scientific Interest, Areas of Outstanding Natural Beauty and by implementing the new designation to protect green spaces of particular local importance to communities as set out in the Coalition Agreement.⁸¹ Furthermore, evidence shows that people support new housing and growth when it is coupled with open space,⁸² such as parks.

⁸¹ *The Coalition: our programme for government*, HM Government. May 2010.

⁸² The Joseph Rowntree Foundation. *Public views of development options in the South East*. June 2004.

Direct costs and benefits to business calculations

This policy is out of scope of One in One Out. It does not impose a direct regulation on business; it does not directly regulate the activity of business. There could be impacts on business/developers in terms of the type of land now developed and the associated costs. Removing the target represents the removal of a distortion on development choices and developers may now have increased prospects of planning permission being granted on greenfield land where local councils identify greenfield sites as developable. This will provide greater choice and profitability for developers.

Wider impacts

The wider impacts on the economy, the environment and local communities relate to the benefits of local councils having greater flexibility for bringing forward land for development. Developments will be brought forward in the most appropriate locations depending on the circumstances of each local council area rather than being skewed to previously developed sites. This should lead to better and more sustainable locations being developed and better mixes of land uses.

- ***Requiring local councils to allocate at least 20 per cent additional sites against their five-year housing requirement***

Problem under consideration and rationale for intervention

In order to accommodate an area's housing requirement, local councils undertake a Strategic Housing Land Availability Assessment to identify potential sites for housing development. These sites feed into the local council's local plan which includes a specific, deliverable five-year housing land supply (of land that is considered available, suitable and viable for development)⁸³ which is updated annually.

Land identified for development immediately attracts an 'expectation' value because the probability of obtaining planning permission (and type of development i.e. residential) has significantly increased. We refer to this as 'economic rent'. This can be illustrated by looking at the value of land for sale without planning permission, with outline planning permission and full permission. Table B3.3 below highlights that the price per hectare for land with outline permission is nearly four times higher than without planning permission (using the mean price). Clearly the land for sale will have varying characteristics but this illustrates that outline permission creates significant economic rent. The land identified for development by the local council will have a similar impact in increasing the value of that land (although the exact scale of that impact will of course vary). In the absence of any plan, land price differentials would still exist but they would be based on characteristics of the land itself. In broad terms the increase in values that arises from the granting of permission or the inclusion of land in a plan is a reflection of the relative lack of supply for housing compared to its demand. Increasing the amount of land available for housing in plans should reduce its value.

⁸³ However, a PINS study (2010) has identified that only 39.2 per cent of local councils have a five-year land supply.

Table B3.3: Sample of land values by planning status⁸⁴

Planning status	£k per hectare		Multiple of price with no permission	
	Mean	Median	Mean	Median
None	716.70	61.70	1.0	1.0
Outline planning permission	2,703.30	2,024.50	3.8	32.8
Detailed planning permission	2,409.40	2,178.60	3.4	35.3

The current provision of a five-year land supply in some cases has not been as ambitious as it could have been in bringing forward enough land that delivers housing on the ground. It has provided insufficient choice and competition in the land market. Furthermore, research indicates that some local councils' assessments of sites have not been fully robust; and some are failing to identify five year's worth of land that is actually available, suitable and viable for development. In April 2009, 86 per cent of local councils reported to the Department for Communities and Local Government that they had identified sufficient sites to supply 100 per cent or more of the housing requirement for the next five years.⁸⁵ However, a recent study by the Planning Inspectorate found that only 61 per cent of councils sampled were found to have a verified five-year housing land supply. There are a number of reasons why land allocated for housing is not coming forward for development, which include: insufficient allowance for the time taken to get multiple land owners together and work out a deal; infrastructure requirements; land allocated in inappropriate places; landowner expectations; local market situation; and viability, among other factors.⁸⁶

Government is placing a clear expectation on local councils to be ambitious in delivering housing land through ensuring more choice and competition in the land market, by requiring an additional 20 per cent of deliverable sites to be identified to meet their five year housing requirement. This policy requiring councils to identify additional 'deliverable' sites should help to provide an overall land supply that is actually viable and ready to be delivered and developed. Where plans are not adopted or the five year supply and additional minimum 20 per cent requirement are not kept up to date, the presumption in favour of sustainable development will apply.

Policy objective

The Government's policy objective is that local councils should plan to meet their full requirement for housing and ensure there is choice and competition in the land market to facilitate the delivery of homes on the ground.

Description of policy options

Option 1: do nothing. The 'do nothing' option would have no additional administrative costs on local councils or other agents. However, it would continue to limit the choice and competition in the housing land market.

⁸⁴ Considers 125 cross Yorkshire, Essex and Cambridgeshire listed for sale in March 2011 (on uklanddirectory.org.uk).

⁸⁵ *Five-year housing land supply coverage in England*, The Planning Inspectorate, March 2010, Department for Communities and Local Government. Page 5. <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1515960.pdf>

⁸⁶ Monk, S., Whitehead, C. and Martindale, K., *Increasing Housing Supply*, July 2008, Cambridge Centre for Housing and Planning Research. http://www.henley.reading.ac.uk/web/FILES/REP/Increasing_housing_supply_land_assembly_final_2.pdf

Option 2: introduce a requirement to identify additional deliverable sites. The preferred option is that local councils identify additional 'deliverable' sites for housing. The proposal is for this to be an additional minimum 20 per cent on top of current five year land supply. For example, in the first five years, local councils should identify sites to meet at least 120 per cent of the annual housing requirement.

Impact: costs and benefits

There are two scenarios for implementing this policy:

1. The local council identifies deliverable land for their five year supply of housing plus an additional minimum 20 per cent leading to a robust land supply which generates competition and choice and leads to delivery of homes on the ground to meet the local requirement.
2. The local council does not identify sufficient land to meet the five year supply plus additional minimum 20 per cent requirement. This means that the presumption in favour of sustainable development applies to ensure housing is delivered to meet the local requirement.

Benefits

- economic benefits

An increase in the amount of land available for housing would have two main sequential effects. First, price will reduce (squeezing economic rent). Second, as a result of more land and the potential downward pressure on prices, it could lead to more sites becoming viable and so better able to meet housing needs.

Empirical studies have shown land supply to be a key factor in determining house prices: the availability of land for residential development is more important than the availability of capital in determining house price trends, especially in built up urban and metropolitan areas (ESRC).⁸⁷ Research by LSE⁸⁸ illustrates how constraints on the supply of land, for instance through zoning restrictions, can have major implications for household welfare through their effect on house prices and individual home ownership. Therefore, there are economic benefits derived from allocating additional land for housing development and wider economic benefits associated with increased housing supply.

- local councils

Benefits to local councils include a greater ability to meet their housing need, as set out in their plan. Additional land allocated for housing provides greater resilience and flexibility to respond to market conditions. If there is an increase in housing supply (as in scenario 2), local councils would benefit from payments from the New Homes Bonus and planning obligations contributions or the Community Infrastructure Levy.

- business

The benefits to developers are more choice of development sites and with a greater supply of land, they could be paying less for the land (a transfer from landowners – see costs).

- local communities

Communities will benefit from local councils being more likely to deliver their housing need. As detailed above, as a result of additional land for housing and downward pressure on prices, affordability will improve. With more sites available for developers to consider, this should mean that the demands and tastes of local communities can be met more easily.

⁸⁷ <http://www.esrc.ac.uk/news-and-events/press-releases/3402/research-reveals-likely-housing-winners-and-losers.aspx>

⁸⁸ http://esrc.ac.uk/_images/Evidence%20briefing%20-%20housing%20market%20and%20economy_tcm8-13958.pdf

Costs

- local councils

Local councils are already required to undertake Strategic Housing Land Availability Assessments to identify and assess sites for the plan period (at least 15 years), and are required each year to update the five-year supply of sites through annual monitoring reports. The requirement to identify further, additional deliverable sites in the first five years is likely to impose a small additional cost on local councils. We anticipate this additional cost will be minor as local councils already have to complete comprehensive assessments of all their local land when assessing housing potential. We are seeking views on the magnitude of this and will also gather evidence of the current costs of undertaking a Strategic Housing Land Availability Assessment to inform quantification for the final stage impact assessment.

- business

As discussed in detail, the value of the allocated housing land may fall due to greater supply so landowners may lose some of their economic rent due to more land being allocated for housing within the local plan.

Risks

There is a risk is that local councils cannot identify an additional minimum 20 per cent of sites. Some local councils have struggled to find land that is viable in the current market and, therefore, lack a supply of 'deliverable' sites. These local councils would be required to apply the presumption in favour of sustainable development. However, removing the national brownfield target will give local councils more flexibility to find suitable land to meet the five year supply of sites plus an additional 20 per cent. The risk is mitigated that local councils do not act to identify the additional minimum 20 per cent of sites in the five-year supply (or identify unviable sites), as the presumption in favour of sustainable development would then apply (see separate analysis of this policy). By identifying the sites as part of the five-year supply, the local council is taking a positive and proactive approach to delivering its housing strategy. This allows them to refuse inappropriate developments, should they wish to, which are not in accordance with the strategy.

Direct costs and benefits to business calculations

This policy is out of scope of One in One Out – it does not impose a direct regulation on business; it does not directly regulate the activity of business.

QB3.2: Will the requirement to identify a minimum 20 per cent additional land for housing be achievable? And what additional resources will be incurred to identify it?

- ***Remove the national minimum site size threshold for requiring affordable housing to be delivered***

Problem under consideration and rationale for intervention

Current national planning policy sets a minimum site threshold of 15 units for requiring affordable housing to be delivered for all local councils. This means that any development of 15 units or more will trigger a negotiation over a contribution (paid by the developer) for affordable housing via a section 106 agreement⁸⁹.

⁸⁹ An 's106 agreement' or 'planning obligation' is a legal agreement between the local council and the applicant/developer and any others that may have an interest in the land. An obligation either requires the developer to do something or restricts what can be done with land following the granting of planning permission (in this case to contribute to the provision of affordable housing).

Local councils are best placed to decide on the appropriate level for the threshold and a nationally set threshold may not be appropriate to all areas. A national threshold that is too high will constrain the amount of revenue that can be raised via planning obligations for affordable housing and thereby limit the ability of local councils to deliver the homes it requires (only 46 per cent of sites of 0-15 units currently make a contribution – see table B3.4). This is most likely in areas of high viability. By contrast, the national threshold may be too low in some areas of lower land viability. In such areas, the threshold could discourage development activity and waste resources in fruitless negotiations between councils and developers.

Those councils wishing to impose a higher threshold are currently discouraged from doing so by national policy. Furthermore, whilst a number of local councils, such as Bournemouth in December 2009, have already lowered their thresholds to suit local needs, by having a threshold in national policy this may provide an anchor (or default) that is maintained but is not the optimal threshold for that area. Insights from behavioural economics highlight that defaults impact outcomes: people tend not to move away from the default option, preferring to stick with the status quo. Human decision-makers are prone to anchoring effects, in which people will focus on an initial piece of information (Tversky and Kahneman, 1974), even if there could be a more optimal situation to suit their particular circumstances.

The Government believes this is limiting the ability of local councils to seek solutions to suit their local housing needs.

Policy objective

By removing the centrally set 15-unit threshold for affordable housing, complete control will be given to local councils. This will allow greater flexibility for local councils to seek optimum solutions for their local areas.

Establishing the baseline and background facts⁹⁰

- £2.6bn of planning obligations were secured for affordable housing in 2007-08 (an increase of 31 per cent from 2005/06); this represented 53 per cent of total planning obligations.
- The amount secured varied considerably by region, with London (£1.3bn) accounting for over half of the total value of obligations in 2007-08.
- 51 per cent of major residential developments (10 units and over) had planning obligations attached in 2007-08, up from 48 per cent in 2005-06; this compares to 9 per cent of minor residential developments (less than 10 units), up from 7 per cent in 2005-06.
- Over two-thirds of residential planning agreements are for developments of 0-15 units, yet only 46 per cent of these are estimated to have planning obligations attached. By contrast sites over 50 units have agreements attached in more than 90 per cent of cases⁹¹.

⁹⁰ The incidence, value and delivery of planning obligations in England in 2007/08: Final report (2010): <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1517816.pdf>

⁹¹ NB: obligations may not be agreed on all sites for various reasons, e.g. if the site is affordable housing.

Table B3.4: Planning Agreements by Size Category of Residential Development (2007/08)⁹²

Planning Agreements by Size Category of Residential Development							
	0-15 units	16-24 units	25-49 units	50-99 units	100-999 units	Over 1,000 units	Total
Number of Planning Agreements in each size category	2303	389	289	179	212	13	3385
Percentage of Planning Agreements in each size category	68.0%	11.5%	8.5%	5.3%	6.3%	0.4%	100%
Estimated Percentage of Developments with an Agreement by size category	46%	83%	87%	90%	93%	96%	

Description of policy options

Option 1: Do nothing. A do nothing option would limit the flexibility of local councils to seek optimal solutions for their areas.

Option 2: Remove the 15-unit threshold. Removal of this centrally-set arbitrary threshold will allow complete flexibility for local councils to develop solutions that best suit their area. The removal of a maximum threshold from national policy makes it easier for local councils to raise the threshold above 15 units, should this be appropriate for their area, which would be difficult to do now. Although councils are able to lower their own threshold currently – where they can demonstrate viability – it will give greater emphasis for them to take control and optimise the threshold to assist their wider housing strategy. The potential impacts of this option are considered in more detail below.

Impacts: costs and benefits

The impact of this policy will depend on the behavioural response of local councils to the removal of the threshold. As discussed in the rationale, it may be suitable for individual local councils to (i) increase the threshold – in less viable areas if it currently constrains wider development; (ii) maintain the threshold – where the current 15 unit threshold is best; or (iii) reduce the threshold – in more viable areas where the local councils are able to obtain more developer contributions for affordable housing.

⁹² *Ibid.*

Table B3.5: Summary of impacts by behavioural response

	Costs	Benefits
Increase threshold	An increased threshold is only likely to occur where the 15 unit threshold was preventing viable sites coming forward and therefore affordable housing was not being delivered. Increasing the threshold would not impact significantly on affordable housing contributions as these were not realised in the first place (see further discussion below);	Increased delivery of overall housing development as more sites will become viable; Reduced delays from S106 agreement negotiations for sites under new threshold, leading to earlier development; Potential reduction cost of negotiation for local councils and developers; Developers below the threshold will no longer be liable for contributions and may be encouraged to develop.
Maintain threshold	No change	No change
Reduce threshold	Developers of smaller sites now liable for contributions; Potential increased cost of negotiation on local councils and developers; Potential increase in delay on smaller sites if there is disagreement on the S106 contribution; Some developers where there is marginal viability may be discouraged by the cost of negotiation.	Increased contributions gained for affordable housing; More delivery of affordable housing, paid for by developers. For a given level of affordable housing less reliance on public purse.

Impact of increasing the threshold

- local councils

A local council is most likely to increase the threshold to remove an obstacle to development in their area. This will depend on the development economics of the local area and is most likely in areas of lower viability where the cost of affordable housing acts as a barrier or disincentive to develop. Raising the threshold may encourage some development to come forward which otherwise would have been unviable. This would lead to an increase in the overall level of development in their area, helping them meet their local housing needs.

Local councils will also benefit from using fewer resources to negotiate developer contributions (as a proportion will now no longer require contributions) on marginal sites. Where negotiations are agreed these costs are covered, but in cases where developments are stalled or no agreement is reached, a cost is incurred by the local council.

The impact on developer contributions for affordable housing is likely to be minimal. This is because those sites no longer within the threshold did not previously pay, either due to the development not coming forward or negotiations not resulting in any contributions.

- developers

It is expected that the threshold will only be increased where the likely cost of affordable housing contributions was discouraging developers from pursuing housing applications. Raising the threshold will increase the viability of sites in this category that now fall below the threshold. A report led by English Partnerships' National Consultancy Unit found that affordable housing s106 planning contributions agreements are a significant cost burden on residential land values.⁹³ This will make more sites profitable (as costs have reduced) leading to an increase in development and profits for developers. In some cases this may lead to a transfer from developers to land owners as they are willing to pay more for the land (because they no longer have to factor in additional payment for affordable housing). Developers will also benefit from reduced delays as negotiations are no longer required below the threshold and therefore development will occur earlier.

- local communities

Local communities should see an increase in the overall level of housing development, as a barrier to development is removed, which will deliver benefits in terms of affordability in the longer term. The overall level of housing in the area would have increased and as the threshold is only expected to be raised where developments were largely failing to deliver affordable housing, or were being choked off, there will be little or no impact on local communities' access to new affordable homes.

Impact of reducing the threshold

- local councils

By reducing the threshold local councils will have greater capacity to capture more from developer contributions. This will provide a scenario where more developments contribute and – given no change in the contributions requested – the overall level of contributions will increase allowing local councils to deliver more affordable housing (through planning obligations). As table B3.4 shows only 46 per cent of developments of 0-15 units have s106 agreements attached.

The average obligation per agreement was £54,000 in 2007-08 however this does not capture the difference in the value of obligations by site size. For example, the agreement on a site of over 1,000 units is likely to be significantly larger than a site of 15 units. To estimate the total value of obligations by site size we approximate the proportion of total housing delivery in each category – this is calculated by multiplying the mid-point site size by number of agreements. In other words, we assume the scale of the agreement is proportional to the site size. We then apportion the total value of obligations across the different site categories using this proxy.

⁹³ Cascades: Improving certainty in the delivery of affordable housing for large-scale development? English Partnerships' National Consultancy Unit, the Advisory Team for Large Applications (ATLAS) and the Housing Corporation.

Table B3.6: Estimated value of planning obligations by site size

Site size	0-15 units	16-24 units	25-49 units	50-99 units	100-999 units	Over 1,000 units
Mid-point site size (units)	8	20	38	75	500	1500
Total number of agreements	2,303	389	289	179	212	13
Units with agreements	18,424	7,780	10,982	13,425	106,000	19,500
Proportion of total units	10%	4%	6%	8%	60%	11%
Value gained by site size	273,507,989	115,495,666	163,030,001	199,296,828	1,573,591,340	289,481,426

Using the data outlined above we can illustrate the impact of this change on revenues. The total value of obligations on sites 0-15 units is estimated at £273m. Therefore, if the number of agreements below 15 units increased by 10 per cent this would raise an estimated additional £27.4m (1.0 per cent of total obligations). Based on internal analysis of average scheme cost, this could increase the provision of affordable homes by 175 units per annum (delivered as nil grant). Please note these figures need to be treated as a broad indication of the potential scale of impact on delivery of affordable homes; they should not be given undue weight.

The cost to local councils of this will be the increased resources used in negotiating agreements with developers. The cost of doing so may increase with smaller sites as developers are less familiar with planning obligations. Whilst in the majority of cases – where agreements are made – local councils are able to recover their costs, in cases where developments stall they will incur the cost of negotiation.

- developers

Developers will incur greater costs in terms of planning obligations liable on sites that previously were under the threshold. This means that this cost will fall on the developers of smaller sites. Developers will also incur an additional cost of negotiating agreements with the local council. If an individual site is on the margins of viability and the threshold lowered, it could potentially affect site viability. However, a local planning council will only be able to justify lowering the threshold, as is the case under current policy, where they have evidence that doing so would not have an unacceptable effect on the viability of development in the area.

- local communities

Local communities will benefit from an increase in affordable housing delivered through developer contributions. For a given level of units this will reduce the level of subsidy from the public purse.

Risks

The risks of this change in policy are not directly related to the increase in flexibility the policy changes will give to local councils, but depend on how local councils choose to use this flexibility to deliver affordable housing and how the market responds.

There is a risk that local councils are unable to implement optimal solutions due to resource constraints. This is not anticipated as a major risk as costs are recovered from the agreements made. However, if resources are used where no agreement is made or the development falls through a cost will be incurred. Should sub-optimal solutions be implemented (for whatever

reason) this may lead to (i) reduced contributions if thresholds are set too high and (ii) will serve to discourage wider development if set too low. However, each local council's proposed approach will be subject to independent examination. This will give developers and the community a full opportunity to present evidence on the likely impact of a proposed threshold.

The potential for thresholds to be changed may lead to a behavioural response from developers/land owners. For example, if the threshold is expected to rise, a site may be delayed in the hope that the rules will be changed, whereas if it is lowered, the development may be brought forward to avoid higher payments. This is a risk in any policy change, it is only likely to have short term and limited impacts.

Wider impacts

Allowing local councils greater discretion to optimise the threshold for securing affordable housing should allow an overall improvement in the delivery of housing sites. If more affordable units are delivered there are wider benefits including less homelessness and overcrowding which has benefits for health and well-being, and better and more affordable accommodation for key workers and low income households who are essential for the delivery of public services and for supporting the economy overall.

QB3.3: Will you change your local threshold in the light of the changes proposed? How?

- ***Removing rural exception sites policy***

Problem under consideration and rationale for intervention

Current policy allows local councils to set 'rural exception site' policies which allocate and permit sites solely for affordable housing in perpetuity for local people in small rural communities.

This is where housing would not normally be considered appropriate due for example to policy constraints, such as Areas of Outstanding Natural Beauty. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. However, currently, the rigid requirement for sites to be only for affordable housing limits local councils' options for meeting the full range of housing needs. This can lead to local councils being discouraged from taking a wider view on the need for housing in those rural areas and considering the balance to be struck between the benefits of meeting housing needs and maintaining current constraints.

The Government believes that local councils should have greater flexibility to decide the best approach to delivering housing, particularly affordable housing, in rural areas. A more flexible policy will allow local councils to develop locally appropriate and innovative solutions that best meet the demands of their local communities.

For example, Cornwall's innovative draft affordable housing policy is an example of an emerging policy that takes a more flexible approach to rural housing than would normally be considered compliant with the rigid Rural Exception Sites policy. It states the Council will consider proposals to include an element of market housing on exception sites if it was satisfied that that the development had community support and reflected local need in terms of scale, dwelling type and tenure mix. The applicant would need to demonstrate to the Council's satisfaction that a mixed tenure scheme was essential to the delivery of the development. The majority of the development would need to be provided as affordable housing with value generated from open market sales cross subsidising the delivery of the affordable housing, removing the need for public subsidy and ensuring affordable homes for sale were delivered at the lowest possible price.

Policy objective

The Government's objective is to give local councils greater flexibility to set out their own approach to delivering housing, including allowing some market housing, where it would facilitate the provision of significant affordable housing in rural areas to meet their requirements.

Additional background key facts and establishing the baseline

- In 2009-10, 1,632 units of affordable housing were built on rural exception sites in England, which equates to 3.1 per cent of all affordable housing built in that year.
- In 2009-10, the highest number of units built on rural exception sites was in the East (329) followed by the South West (313). The lowest numbers of units built on rural exception sites were in Yorkshire and the Humber (45) and the North West (57).⁹⁴
- In 2008, 37 per cent of affordable housing development in towns below 3,000 in population is now secured through the use of the exception site policy, and this rises to 57 per cent in communities with populations below 1,000⁹⁵.
- In 2007 141 (79 per cent) 'rural' local councils had affordability ratios greater than the national average of 7.25.

Options considered

Option 1: do nothing. This would continue to allow local councils to use the 'rural exception site' policy to deliver affordable housing for local people in rural areas. However, it would discourage delivery of a more diverse range of housing (i.e. market housing too) in order to meet the housing needs of rural communities.

Option 2: remove rural exception sites policy and enable both market and affordable housing in rural areas. This option does not specify a particular approach for local councils, but encourages local councils to respond to the need for housing growth in rural areas to meet needs. This would allow flexibility to set their own strategy for delivering affordable housing.

Option 3: remove rural exception sites policy but maintain focus on delivery of affordable housing. This option would maintain a focus on the delivery of affordable housing in rural areas to meet local needs. Local councils would have flexibility to respond to local circumstances but be enabled to allow an element of market housing where this would facilitate the delivery of significant affordable housing. To ensure development is sustainable, the policy would make clear that housing in rural areas should be located near local services. This is the Government's preferred approach.

Impacts: costs and benefits

The impact of this change will depend on the behavioural response of local councils. It is extremely difficult to estimate what proportion of local councils will take different actions, but to analyse we consider three main potential outcomes. The following table sets out these responses, and provides a narrative on where these behaviours would be likely to occur.

⁹⁴ HSSA 2009/10 <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localcouncilhousing/dataforms/hssa0910/hssadata200910/>

⁹⁵ Living Working Countryside, 2008, based on Housing Corporation figures for developments of affordable housing funded by the Housing Corporation

Table B3.7: Summary of plausible behavioural responses

Response to the policy	Where this may occur
No change	Local councils continue to apply a local version of a rural exception sites policy; perhaps where there is a significant need to prioritise affordable housing but significant restraints remain on land.
No change in overall supply, but a substitution of affordable housing for market housing.	Some local communities may prefer to have a small element of new market homes as part of sites in rural areas in addition to new affordable homes (e.g. Cornwall's draft policy) where there is a significant need for affordable units but limited viability.
An overall increase in housing development in rural areas, with a mix of market and affordable homes.	The need for additional market and affordable housing remains high in many rural areas. This policy will make it easier for local councils to meet the housing needs of local people by providing affordable housing and new market homes. The balance will depend on the needs of local communities but the focus on delivery of affordable homes will be maintained.

1. No change, local councils continue to apply a local version of rural exception sites as before.

Under this scenario, there are no additional costs or benefits.

2. No change in overall supply, but a small substitution of affordable housing with market housing.

Developers: a switch in construction towards market housing is likely to be of benefit to developers. This is because profits are generally much higher on market units than affordable units. As a result developers will see an increase in their activity and profits from the more permissive approach to market housing, although some profit would subsidise affordable units. As an illustration if 10 per cent of units delivered under rural exception sites in 2009-10 were instead delivered as market units, this would represent 163 units; 25 per cent would equal 408 units; and 50 per cent would be 816 market units. However, this risk is mitigated by the policy making clear that market housing should be considered where it would facilitate the provision of significant additional affordable homes to meet local need.

Local communities: affordable units are of benefit to local communities but market housing may not be provided entirely for local people as they are sold on the open market.

3. An overall increase in housing development in rural areas, with a mix of market and affordable homes.

Developers: an increase in the level of development would increase development opportunities for developers and thereby their profits (see below for an illustration of the number of units).

Local communities: Where local councils increase the use of market homes to facilitate significant additional affordable housing, the overall number of homes in rural areas will increase. The mix will depend on the needs of local communities. As an illustration, a 10 per cent increase in the number of sites delivered through previous rural exception sites would lead to an additional 163 units, a 50 per cent increase would equate to 816 units, and if the number of sites increased by 100 per cent this could lead to an additional 1,632 units. The benefits of this will be a reduction in pressure on local housing demand. As a result local councils are better able to meet the housing needs of rural communities in their area. However, increased development may lead to a cost in terms of a loss of amenity from building on agricultural land or countryside surrounding villages.

Risks

The risks of this change in policy are not directly related to the increase in flexibility the policy changes will give to local councils, but depend on how local councils choose to use this flexibility to deliver affordable housing in rural areas.

There is a risk that local communities may not support market housing in rural areas. The current guidance on rural exception sites specifies that any new affordable homes built on rural exception sites should be allocated to 'local people'. Evidence⁹⁶ suggests that how residents define 'local' varies between villages. Focus group evidence from the same research found that residents are more likely to be accepting of new development if the additional housing was to be reserved for local people.

Wider impacts

If a local council takes a more proactive or flexible approach to the delivery of rural housing, there may be increases in the number of rural homes, including affordable homes. This would help support the viability of rural services, support the rural economy and could lead to improved affordability and more housing choice in rural areas.

QB3.4: Will you change your approach to the delivery of affordable housing in rural areas in light of the proposed changes?

Environmental impacts

Where a local council increases the amount of housing development there would be an adverse impact on the environment in terms of the additional natural resources utilised for development and carbon impacts during the construction and lifespan of the housing. There are however opportunities through the planning system to ensure that the new housing incorporates sustainable design and renewable energy, for example through rain water harvesting, maximising solar gain and use of photovoltaics, and ground source heating. While brownfield developments may have less impact on the environment in terms of land resources, by re-using previously developed land, greenfield developments may provide better opportunities to mitigate environmental impacts of development as they tend to have fewer site specific constraints and better viability to meet higher environmental performance standards.

Allowing local councils to make decisions on the most appropriate locations for development without having a national brownfield target will allow them to consider wider sustainability issues. The preferred option makes clear that rural housing should not be located in places distant from local services and this can provide support to local shops and services and encourage travel by means other than the private car. Developments of a sufficient scale can be designed to encourage use of public transport, walking and cycling and can integrate sustainable waste management systems. Smaller sites for example in rural areas can be beneficial supporting the viability of local shops and services which might be vulnerable to closure leading residents to make longer journeys.

Land allocated for housing development on the edge of towns and villages is often lower grade agricultural land which, while being an environmental resource, may be of less biodiversity value than other sites such as garden land or overgrown brownfield land. Environmental and biodiversity considerations should be taken into account at site selection stage and in planning decisions on individual applications. Designated areas of special environmental importance will continue to be given very strong protection.

⁹⁶ Department for Environment, Food and Rural Affairs, 2010, Research into Rural Housing Affordability, <http://www.colinbuchanan.com/rural-housing-affordability>

Protecting community facilities

Problem under consideration/rationale for intervention

Current Government policy in Planning Policy Statement 4: *Planning for Sustainable Economic Growth* asks local councils, when assessing planning applications affecting community facilities in local centres and villages, to consider the importance of the facility or service to the local community or the economic base of the area. Local councils should refuse planning applications which fail to protect existing facilities which provide for people's day-to-day needs. However, not all important community facilities are located within defined local centres and villages. Public houses for example are often scattered throughout our communities. Anecdotal evidence, and media coverage, suggests this is resulting in the continued loss of important facilities to high value land uses.

Policy objective

Government's Coalition Agreement included a commitment to help support important community facilities and services. In line with this, the proposed policy strengthens the current policy by asking local councils to consider the availability and viability of community facilities as part of the plan making process and to develop policies to safeguard against their unnecessary loss. This policy is applied to all community facilities and not just those within defined local centres and villages.

This policy will help communities prevent the loss existing buildings and developments, which are used by locally important, valued and viable community facilities and services, to alternative higher value developments such as private housing and business. Planning policies could identify specific buildings or developments and/or set out criteria for assessing planning applications. Criteria could require applicants demonstrating the current building or development is no longer required or viable for use by a community facility of service.

The redevelopment and reuse of buildings and developments which are no longer viable for community uses, such as long standing vacant and decaying public houses, will be supported by the proposed policy as the policy focuses on demonstrating community use viability.

Options considered

Option 1: do nothing. The do nothing option would not impose any additional cost on any agent but would continue to affect the ability of local councils to protect against the loss of important community facilities which are outside local centres and villages.

Option 2: strengthen current policy. Strengthening the current policy to apply to all community facilities would provide local councils and communities with greater control over how they can most appropriately protect important community facilities. The policy cannot prevent unviable businesses closing but it can send a strong signal of the importance the local community attach to the continuation of a community asset and encourage innovation and diversification to maintain viability. However, the proposed policy might impose modest additional costs on local councils as they would need to develop an understanding of the availability and viability of community facilities within their areas. Costs may also be incurred by developers in instances where they need to produce evidence to demonstrate a building or development previously used by a community facility is no longer required or viable for community use.

Impacts: Costs and benefits

Benefits

- local councils

Providing local councils with greater policy control over the loss of important viable community facilities, in all locations, would be consistent with the 'localism' agenda, as local councils and their communities will be able to protect the community facilities that are important to them.

- business

The policy could help to ensure there is a continued supply of available and affordable community facility premises for local community based businesses to operate from. However, where community facility premises are no longer required or viable the policy would enable developers to redevelop or change the use of a building for a more viable development; this again would be a benefit to business. The policy may give encouragement to business and communities to find innovative solutions to problems or to diversify their offer to increase viability.

- communities

Strengthening of the existing policy would provide local councils with greater powers to help their communities protect against the loss of important community facilities. Protecting the facilities which are important to individual communities will contribute to achieving healthy, sustainable, prosperous and vibrant local communities

Costs

- local councils

Modest costs may be incurred as local councils will need to develop an evidence base and put a planning policy in place. This may involve survey work of existing community facilities, availability and viability. This is likely to include an assessment of location and accessibility factors, public consultation and adoption in the Development Plan Document.

QB3.5: How much resource would it cost local councils to develop an evidence base and adopt a community facilities policy?

- business

The policy expressly seeks to retain existing uses that are valued by local communities. Businesses seeking to convert community facilities for other land uses may face additional costs in demonstrating that the existing use is no longer viable or that an alternative use should be allowed.

QB3.6: How much resource would it cost developers to develop an evidence base to justify loss of the building or development previously used by community facilities?

- communities

No costs have been identified for communities.

- environment

No costs have been identified for the environment.

Green Belt

Green Belt land is designated to restrict development in areas where it has been deemed necessary: to prevent unrestricted sprawl, the merging of towns and to protect of the countryside. The Government strongly supports the Green Belt and does not intend to change the central policy that inappropriate development in the Green Belt⁹⁷ should not be allowed.

Policy changes

Core Green Belt protection will remain in place. Four changes to the detail of current policy are proposed:

- i. Development on previously-developed Green Belt land is already permissible if the site is identified in the local plan as a major developed site – it is proposed to extend this policy to similar sites not already identified in a local plan;
- ii. Park and Ride schemes are already permissible – it is proposed to extend this to a wider range of local transport infrastructure;
- iii. Community Right to Build schemes will be permissible if backed by the local community;
- iv. The alteration or replacement of dwellings is already permissible – it is proposed to extend this to include all buildings.

In all cases, the test to preserve the openness and purposes of including land in the Green Belt will be maintained.

1. Development on previously developed Green Belt land

Problem under consideration/rationale for intervention

Current policy is very restrictive, which has made it difficult for local councils to consider development opportunities that could bring social, economic and environmental benefits to their communities, even if the harm to the Green Belt was minimal.

- i. Current policy restricts the infill/redevelopment of major developed sites to those only identified in the local plan. This makes it difficult for the redevelopment of previously-developed sites in the Green Belt, which are not identified in the local plan, to come forward. This can lead to the loss of potential economic and social benefits.

The decision-making process in this type of case clearly has to be weighed up, taking account of the need to protect the openness and purposes of Green Belt land. The change proposed would allow the infilling/redevelopment of previously-developed sites to be considered without the need for the site to be identified in the local plan.

The rationale for allowing the consideration of development on previously-developed sites is that the sites, by definition, have already been developed and the impact on the openness and purposes of the Green Belt has already been established. By allowing development which does not create a greater impact than the existing development, there could be additional economic benefits, including housing, transport, commercial, employment, without damaging the principles or protection of the Green Belt.

⁹⁷ *The Coalition: our programme for government*, HMT, May 2010.
http://www.cabinetoffice.gov.uk/sites/default/files/resources/coalition_programme_for_government.pdf

ii. In current policy, park and ride schemes in the Green Belt are 'not inappropriate development' provided that certain criteria have been met. There are other local transport infrastructure schemes that could be beneficial to communities in the Green Belt. This includes, for example, infrastructure to support more public transport, such as opening new routes, providing bus shelters and small public transport depots. The policy change would enable local infrastructure schemes to be considered in the Green Belt without damaging the principles or protections of the Green Belt.

iii. The Localism Bill will give powers to communities to plan for their areas and deliver development, through neighbourhood planning and Community Right to Build; a separate Impact Assessment has been published.⁹⁸ Community Right to Build will allow communities to come together to bring forward development or invest in the refurbishment of local facilities without the need for a traditional planning application from the local planning council (saving time). This aims to increase community engagement in local development and help deliver the homes required to meet local housing needs. Community Right to Build will apply in all areas, but is expected to be most relevant in rural areas; and expected to help tackle rural housing issues. They are envisaged to be small-scale, approximately 5 to 10 units per scheme. Without a specific policy in Green Belt, these schemes are likely to be considered inappropriate development.

iv. The current policy allows for the extension or alteration of a "dwelling" provided it does not result in disproportionate additions over and above the size of the original building, and also the replacement of an existing dwelling provided the new dwelling is not materially larger than the one it replaces. This was intended to allow home owners a degree of flexibility to extend or replace their dwelling. However, this excludes properties which are not dwellings, where owners would also benefit from a degree of flexibility to extend or replace buildings. The revised policy proposes to change the word "dwelling" to "building" but maintains the current limitation on size set out in current policy.

Policy objective

The objective of this policy is to remove the current constraint on development in certain specific cases, so that appropriate proposals can be considered which could provide social, economic and environmental benefits, without harming the openness or purposes of including land in Green Belt.

The policy changes are intended to: allow proposals on previously developed sites to be considered more flexibly; give greater discretion to local communities to develop land to bring forward specific, small-scale developments via Community Right to Build schemes; allow for more local transport infrastructure to benefit communities; and allow a degree of flexibility over the alteration or replacement of buildings in Green Belt. At the same time the need for development to preserve the openness and purposes of including land in Green Belt is retained.

Description of policy options

Option 1: Do nothing. If the policy remains the same, it will prevent the flexible consideration of sites for specific uses that could bring community benefits without harming key Green Belt protection.

Option 2: This policy is the preferred option. By changing to a policy of allowing certain specific sites to be considered, the proposed policy enables local planning councils and developers to consider appropriate development opportunities which could deliver increased social, economic and environmental benefits without harming the Green Belt.

⁹⁸ Localism Bill – Neighbourhood Plans and Community Right to Build Impact Assessment (2011)
<http://www.communities.gov.uk/documents/localgovernment/pdf/1829678.pdf>

Impacts: costs and benefits

The main impact of this policy is to extend the potential to consider development on certain sites for various uses. It is difficult to predict the type and balance of development brought forward. The impact will vary by local council depending on their behavioural response to the policy change.

Benefits

- local councils

This policy would allow local councils to have more freedom to accept beneficial proposals on appropriate sites. This removes the prescriptive approach, set by Central Government, and enables local councils to more easily consider development that suits their area in order to meet local need. This could lead to improvements to the local environment, better sustainable transport links and increased employment opportunities.

- business

Business will benefit from having greater flexibility and choice in the potential land available to develop. Business may also benefit from local residents having greater access to employment and leisure facilities due to improved local transport schemes, and an increase in construction jobs, further supporting economic growth.

- local communities

This policy change is aiming to bring forward beneficial development for local communities, which could include: improving sites currently left vacant or derelict; improving the local area with the re-development or infill of previously-developed sites; better transport connections that could promote accessibility to employment and influence labour market flexibility, and provide better access to shopping and leisure facilities; and a wider range of facilities or services provided, depending on the type of development. In addition, there is the possibility that there is a substitution of development away from greenfield sites (both in and out of the Green Belt) towards previously-developed sites (in the Green Belt).

- environmental impacts

Green Belt is not an environmental designation, it is a policy to manage the patterns of urban development.

Allowing the consideration of local transport infrastructure in the Green Belt gives local councils more flexibility in allocating the most sustainable sites for this use. This will provide more optimal outcomes in terms of reducing the overall environmental impact of transport movements.

Including Community Right to Build schemes could lead to greater development on Green Belt. However, the adverse impacts are mitigated because it will be for community organisations to determine the type of development that they wish to bring forward, the type of land on which to develop and the location. Therefore, Green Belt sites would not be developed against the wishes of a community. Furthermore, Community Right to Build proposals would still be subject to more than 50 per cent support in a referendum. Certain development will also be excluded from Community Right to Build, including where a site would require an Environmental Impact Assessment or where it would have significant effects under the Habitats Regulations, or where it consists of a nationally significant infrastructure project. As a further safeguard preventing inappropriate development, the local planning council will need to confirm that it is a valid application and pass any valid applications to an independent examiner to assess whether the proposals meet prescribed conditions. (See Neighbourhood Plans and Community Right to Build Impact Assessment for further details.) In addition, any development proposal in the Green Belt would need to preserve the openness and purposes of including land in Green Belt.

Costs

There are no anticipated costs of this policy on local councils or business.

The main objective of Green Belt policy is to prevent urban sprawl: it is a planning policy designation rather than an environmental one. There is no requirement for Green Belt land to be of a high environmental, aesthetic value: such areas are protected by designations, such as Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest and National Parks. If there is any small-scale loss of Green Belt, there could be an impact on local communities associated with the amenity value of such areas.

Analytical approach

Illustrations of the potential impacts relating to the ability to develop on previously-developed Green Belt land are discussed here. The following data presents recent trends in Green Belt development. 23 per cent of land changing to developed use⁹⁹ within the Green Belt was previously-developed in 2008, falling from 43 per cent in 2007. Latest statistics regarding the amount of land show that, in 2006, 290 hectares of previously-developed land changed to developed use (within the Green Belt); and 930 hectares in 2005. This policy would lead to an increase in the number of previously developed sites that can be considered for re-development. It could also lead to less Green Belt that is open space being built on. However, these figures are small as a proportion of the total number of hectares of Green Belt (1.6 million hectares).¹⁰⁰ Statistics show that only 2 per cent of new dwellings were built on the Green Belt in 2009, falling from 4 per cent in 2000 (10-year average of 2.5 per cent).¹⁰¹ In 2008, 70 per cent of all new dwellings built in the Green Belt were on previously-developed land.¹⁰²

This policy could lead to an increase in the proportion of housing development on previously-developed sites in the Green Belt rather than on undeveloped sites.

Assumptions

The following statistics are employed for the illustrative analysis below:

- Seventy-one per cent of new dwellings in the Green Belt were built on previously-developed land (10-year average).¹⁰³
- 2.5 per cent of all new dwellings were built in the Green Belt (10-year average).¹⁰⁴
- Average density for previously-developed housing development is 41 dwellings per hectare (10-year average); and 27 dwellings per hectare for greenfield land.¹⁰⁵
- The 10-year average of net additional housing supply is 162,000.¹⁰⁶

Illustration (1): Assumes no increase in housing supply as a result of the policy (10-year average used to illustrate) but a substitution of development from other land types to previously-developed land in the Green Belt. It is estimated that approximately 29 per cent of dwellings are built on greenfield land, equating to around 47,000 units (using 10-year averages). If 1 per cent of this

⁹⁹ Includes sites changing from one developed use to another, as well as those changing from undeveloped to developed uses.

¹⁰⁰ At 31 March 2011. <http://www.communities.gov.uk/documents/statistics/xls/1888163.xls>

¹⁰¹ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

¹⁰² Live Table P243, Department for Communities and Local Government
<http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

¹⁰³ Live Table P246. <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

¹⁰⁴ Live Table P246. <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658123.xls>

¹⁰⁵ <http://www.communities.gov.uk/documents/planningandbuilding/xls/1658117.xls>

¹⁰⁶ <http://www.communities.gov.uk/documents/housing/xls/118.xls>

supply (approx. 470 units) were now built on previously-developed land in the Green Belt, this could “free-up” an estimated 17 hectares of greenfield land (outside/ inside the Green Belt).

Illustration (2): Assumes an increase in housing supply on previously-developed Green Belt land, with no impact on other land types (10-year average housing supply used to illustrate): a 1 per cent increase would lead to an additional 28 units across England. With a 5 per cent increase, this ranges up to an additional 140 units.

Summary of impacts by group

Group	Costs	Benefits
Local councils		Allow more freedom to consider development on appropriate sites, such as previously-developed sites and areas for Community Right to Build schemes. Improved sustainable development outcomes.
Business		A wider choice of sites that could be suitable for development. Benefit from residents having greater accessibility to local businesses.
Local communities	Possible small-scale loss of Green Belt	Improvement to local area of a previously-developed site, potentially providing increased facilities and services. Improved local transport infrastructure. Better access to employment, leisure facilities and services.

Risks

There is a risk that there could be a small-scale loss of Green Belt, but the proposed policy changes safeguard the openness and purposes of including land in the Green Belt.

Direct costs and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These four policy changes have no impact on the regulatory burden on business and the third sector. There could be benefits on business/developers in terms of greater opportunities and flexibility for development, particularly on previously-developed Green Belt sites.

QB3.7: Do you think the impact assessment presents a fair representation of the costs and benefits of the Green Belt policies set out in the Framework?

B4: Environment

This section addresses the impact of policy changes contained within the Framework on the environment. It includes three sections:

- Natural and local environment
- Climate change, flooding and coastal change
- Heritage

Planning plays a key role in protecting each of these areas, which includes making sure the location of development is suitable, that impacts on environment and heritage are taken in to account in any development decision, and land which is important, both nationally and locally, is protected. This chapter of the impact assessment briefly outlines how planning impacts on the environment and heritage, and sets out the specific changes in policy which may have an impact.

Natural and local environment

Government aims

The Government aims to deliver sustainable growth in a way that protects and enhances the natural environment, conserves the countryside, safeguards local amenity and provides an appropriate quantity and range of types of open and green spaces to meet the needs of both urban and rural communities.

Planning can help ensure that construction, development and regeneration has minimal impacts on the natural environment and enhances it whenever possible. Planning also makes a significant contribution to adapting to climate change through the provision of well planned green spaces within and between developments. In encouraging the full and effective use of land in an environmentally acceptable manner, planning decisions also need to take into account physical constraints; for example, land which is unstable or potentially unstable (either by natural or mining and other industrial activities). The planning system also provides a key role in ensuring the suitability of a proposed development for its location in terms of risks from existing pollution or any polluting affect the new development might have on its surroundings, and in mitigating those effects. Pollution can be present in and affect land, air or water with impacts on the natural local environment, human health and well-being.

Policy changes

The draft policy retains the requirements on local councils to consider the impacts on the natural and local environment when developing plan policies and taking decisions on planning applications, with new policy approaches to (i) the provision of green infrastructure and (ii) the designation of green spaces; and (iii) clarification on which wildlife sites should, as a matter of policy, be given the same protection as European sites.

- ***Green infrastructure***

The problem under consideration and rationale for intervention

Strategic networks of green spaces, commonly referred to as green infrastructure, can provide a wide range of environmental benefits (ecosystem services) in both rural and urban areas including flood water storage, sustainable drainage, urban cooling and local access to shady outdoor space. Green infrastructure also provides habitats for wildlife. While existing planning policy already provides the basic mechanisms for providing green infrastructure, there is now a better understanding of the additional benefits which can be gained from taking a more strategic

approach to the provision of green spaces (see for example *Green Infrastructure Guidance* (Natural England, 2009)). The proposal is therefore a change of emphasis rather than a significant change of policy. It is however necessary to pull the existing strands of policy together so that planning councils are enabled to take the more strategic approach. This will enable them to consider existing green space as part of a multifunctional network which provides a wide range of ecosystem services including urban cooling, sustainable urban drainage, and because of the improved connectivity, wildlife corridors. The wider benefits to society of green infrastructure in terms of its environmental and recreational functions are not usually valued in the price of land in the land market and therefore green infrastructure is likely to be undersupplied by private agents; this is an example of market failure where government intervention is necessary.

Policy objective

The objective is to secure more and greater coherence of strategic networks of green infrastructure¹⁰⁷ by planning positively for their creation, protection, enhancement and management. This will help support the natural environment, as well as providing green space for the use of local communities, supporting sustainable development and preserving green space for the use of future generations.

Description of policy options

Option 1: Do nothing: planning policy continues to provide the basic mechanisms for providing green infrastructure. The 'do nothing' option would have no additional administrative costs on local councils or other agents. The planning system would continue to consider the basic mechanisms for providing green infrastructure but without the benefits of taking a strategic approach (as outlined above).

Option 2: introduce a new policy on a strategic approach to green infrastructure. The preferred option would encourage local planning councils to take a more strategic approach to green infrastructure and give them a better understanding of the existing green infrastructure network and its functions in their area. This should contribute to better decisions being made about the protection and management of green infrastructure.

Additional background key facts and establishing the baseline

Ecosystems and the ways people benefit from them have changed markedly in the past sixty years, driven by societal changes, such as population growth, increased living standards, technological developments and globalised consumption patterns. The National Ecosystem Assessment¹⁰⁸ concludes that some are delivering some services well, but others are in decline. Through its analysis of their changing status, the National Ecosystem Assessment has identified broad habitats and ecosystem services where continuing pressures are causing deterioration in the benefits provided. Of the range of services provided by the eight broad aquatic and terrestrial habitat types in the UK, over 30 per cent have been assessed as declining, often as a consequence of long-term declines in habitat extent or condition.

In 2010, the independent review of England's wildlife sites and ecological network¹⁰⁹, chaired by Professor Sir John Lawton, concluded unequivocally that England's collection of wildlife areas is fragmented and does not represent a coherent and resilient ecological network, capable of

¹⁰⁷ 'Green infrastructure' is a strategic network of multi-functional green space, both new and existing, both rural and urban, which supports natural and ecological processes and is integral to the health and quality of life in sustainable communities. The Natural England definition of green infrastructure includes high quality green spaces and other environmental features, encompassing varied space such as urban parks, domestic gardens, waterways and churchyards.

¹⁰⁸ UK National Ecosystem Assessment (2011) <http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx>

¹⁰⁹ Department for Environment, Food and Rural Affairs (2010) Making Space for Nature, <http://archive.defra.gov.uk/environment/biodiversity/index.htm>

responding to the challenges of climate change and other pressures. The review called for “a *step-change in nature conservation . . . a new, restorative approach which rebuilds nature and creates a more resilient natural environment for the benefit of wildlife and ourselves.*” The review made 24 recommendations, but summarised what needed to be done in just four words: more, bigger, better and joined.

Impacts: costs and benefits

Benefits

As the Natural England *Green Infrastructure Guidance* states, the difference between planning for open space and planning for green infrastructure is subtle, as green spaces do form part of a wider green infrastructure network. However, it also identifies the ways in which planning for green infrastructure can go beyond the requirements of planning for open spaces in considering the bigger picture which takes into account “landscape context, hinterland and setting, as well as strategic links of sub regional scale”, and private as well as public assets¹¹⁰.

- local councils

Encouraging local planning councils to take a more strategic and ‘big picture’ approach to green infrastructure should give them a better understanding of the existing green infrastructure network and its functions in their area and should contribute to better decisions being made about the protection and management of green infrastructure.

- environment

The policy should contribute to the positive environmental benefits associated with green infrastructure. Green infrastructure is able to reduce impacts of climate change by providing flood water storage areas, sustainable drainage systems, urban cooling and local access to shady outdoor space.

The policy should also lead to opportunities to enhance green infrastructure, for example through the creation of green corridors linking natural habitats or urban green spaces, and, where a need is identified, the designation of additional land in plans to contribute to green infrastructure networks.

- local communities

The policy will benefit communities in terms of the recreational functions that green infrastructure and open spaces can perform.

Costs

- local councils

There are unlikely to be additional administrative costs associated with the proposed policy, although we are seeking information on potential costs in this document (see question QB4.1). Local planning councils will have discretion about how to deliver green infrastructure. Our preferred option will not require local planning councils to gather new evidence. It is not anticipated that it will create any new burdens. However, the policy will stress the need for them to look more strategically at the functions green space can perform.

¹¹⁰ <http://naturalengland.etraderstores.com/NaturalEnglandShop>

- business/developers

The proposed policy on green infrastructure may lead in some local council areas to the designation of land for green infrastructure which would have otherwise been developed in alternative ways. There will be an opportunity cost associated with not using that land for alternative uses which may have other benefits, for example through increased housing supply. The policy may also lead to development proposals being turned down if they would cause significant harm to the functioning of green infrastructure networks with the associated loss of the benefits that development would bring.

- local communities

As noted above, there is a potential opportunity cost of additional green infrastructure in how the land may otherwise have been used. If it displaces housing development for example, it will lead to worsening affordability.

Direct cost and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the third sector.

Risks

No other risks are anticipated other than the potential costs outlined above.

QB4.1: What are the resource implications of the new approach to green infrastructure?

- ***Green space designation***

The problem under consideration and rationale for intervention

Existing designations provide for the protection of land for a variety of specific reasons determined at a national level – for example, because of its biodiversity, scientific interest, or landscape value. Current policy¹¹¹ discourages the use of local designations to protect locally important landscapes, and this has fuelled a growing concern that local people cannot adequately protect those green spaces that are cherished by their communities for landscape but also other reasons. The only available route is to try to register land as a town or village green. However, such registrations rely upon a narrowly drawn set of criteria relating to access and the process sits outside the planning system. This militates against communities being able to shape their neighbourhoods, protecting those green spaces that are important to them as they plan for sustainable growth. Government intervention is necessary so as to provide local communities with a full opportunity to plan properly for their community and realise the benefits that green areas bring to physical and mental well-being, without having to have recourse to the inappropriate application of alternative mechanisms for protecting land with the risks this can have for growth.

Policy objective

Local communities should be able to earmark green areas for special protection that are special to them as they plan for the sustainable growth needed in their communities. The criteria for land that could be included under this designation would be flexible to suit local need. The designation would be included in local and neighbourhood plans alongside other national designations. The local council or neighbourhood planning body will have to demonstrate how this designation of land reflects the policy's intentions and fits with national designations.

¹¹¹ Planning Policy Statement 7: *Sustainable Development in Rural Areas*

Description of policy options

Option 1: Do nothing: Maintain current national designations for protecting land. The 'do nothing' option would have no additional administrative costs on local councils or other agents but would incur costs to local councils and developers associated with the inappropriate application of applications to register land as a town or village green. Land will continue to be protected through designations such as Sites of Special Scientific Interest, which are identified and designated nationally by Natural England and subject to statutory procedures, or the rigid statutory rules applying to the registration of greens.

Option 2: introduce a new Local Green Space designation. The preferred option would be to introduce a new protection for locally important green space that is not currently protected by any national designation, giving greater discretion and decision-making powers to local councils and local communities reflecting the fact that some land is particularly valued by communities and requires additional protection. The new protection through a new designation would fill the gap where land was important locally – for example for local amenity – but where a national designation would not apply.

Additional background key facts and establishing the baseline

- Currently national designations account for the following proportions of land (in some cases overlapping): Area of Outstanding Natural Beauty (16 per cent); Green Belt (13 per cent); Sites of Special Scientific Interest (8 per cent); National Parks (8 per cent)
- There are around 4,400 town and village greens in England¹¹²
- A significant proportion (between half and three-quarters)¹¹³ of the applications made for Village or Town Green status since 1993 were on the back of a desire to prevent development¹¹⁴

Impacts: costs and benefits

The impact of the introduction of the Local Green Space designation will vary by local council depending on their behavioural response to the change. In some areas there may be (i) no change as councils and local neighbourhoods do not change the designation of local land, whilst in others (ii) making it easier for local councils and neighbourhoods to protect land which is important to local communities may increase the amount of land that is protected and therefore unavailable for development. The costs and benefits will depend on the behaviour of the different local councils and local communities in response to local circumstances.

Benefits

- local councils and local communities

Local councils and local neighbourhoods will be able to use this new designation to protect locally important areas of green space, and thus be more responsive to the views of local people in terms of which land is important to them. In some areas, where the pressures of development are high, this may allow them to protect green space that may have otherwise been at risk of development and therefore lost to the community. In other areas, where there are fewer pressures there may be less take up of the new designation. Therefore, take up of the new designation will depend on the behavioural response of the individual local council. We expect take up to be highest in local

¹¹² Department for Environment, Food and Rural Affairs, 2006, Town and Village Greens Project, <http://archive.defra.gov.uk/rural/documents/protected/common-land/tvg-final.pdf>

¹¹³ The exact proportion of applications influenced by development is unclear as no formal record is kept by the Registration Authority, as this can not be taken into account when determining the application.

¹¹⁴ Ibid.

councils experiencing pressure from development, and will probably be adopted in urban, as well as rural, councils.

Communities will benefit from access to green space in their local area that will be protected from development. This green space will have an amenity value, as well as provide access for recreation and other uses. There may also be benefits to house prices from living near green space; evidence suggests that domestic gardens, green space and areas of water all attract a positive price premium. In monetary terms this indicates capitalised values of around £2,000 for an average priced house¹¹⁵ for these land uses in England¹¹⁶.

- environment

Preserving green space within both rural and urban areas could have benefits for the environment. There is significant evidence on the importance attached by the public to green space within urban areas. Research conducted for the Barker Review found that the social benefits of open green space are estimated at £0.5m per hectare for urban fringe forested land; £0.2m per hectare for urban fringe Green belt; and £1.3m ha for rural forested land.¹¹⁷

Costs

- local councils

There are unlikely to be additional administrative costs associated with designating land as Local Green Space, as it will be incorporated in to the local and neighbourhood plan making process.

- business/developers

If a local council or local community through its neighbourhood plan chooses to use the Local Green Space designation it may decrease the land available for development. Designation of land as Local Green Space will rule out new development other than in very special circumstances. It is not possible to estimate the amount of land likely to be designated as Local Green Space, but designations will be limited to land seen as special. The requirement that Local Green Space should be consistent with the local planning of sustainable development will ensure that investment in sufficient homes, jobs and other essential services is maintained. Other policies, such as the requirement for local councils to maintain five years of land supply, and the presumption in favour of sustainable development, will ensure that the new designation does not restrict development.

Direct cost and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the third sector.

Risks

One of the risks of the new designation is that it may encourage 'NIMBYism' – local communities attempting to block essential development in their immediate area, which already occurs under the current Town and Village Green system. However, the requirements that the designation is carried forward through the local or neighbourhood plan which has to be in conformity with national planning policy and which is examined by an inspector, should mitigate this risk.

¹¹⁵ For an average priced house of £194,040 in 2008.

¹¹⁶ Gibbons, Steve, Susana Mourato and Guilherme Resende (2011). *The amenity value of English nature: A hedonic price approach*, Department of Geography and Environment, LSE

¹¹⁷ Barker, K. (July 2006) *The Barker Review of Land Use Planning*. Interim Report.

QB4.2: What impact will the Local Green Space designation policy have and is the policy's intention sufficiently clearly defined?

- ***Removing contextual detail***

Reflecting the aim of the Framework to streamline and consolidate national planning policy¹¹⁸, several existing policies for pollution control, local environmental quality (including air), noise and land stability have been streamlined by removing contextual material which set parameters for applying the policy. This is not expected to affect the delivery of outcomes in this policy area.

Impact: costs and benefits

The benefit of streamlining guidance by removing contextual detail is that local councils have greater flexibility in setting policy appropriate to the individual circumstances in their local area. Part A of the impact assessment has explored the costs and benefits associated with streamlining and consolidating planning policy in more detail.

- ***Clarification on which wildlife sites should be given the same protection as European sites***

The problem under consideration and rationale for intervention

The UK is bound by the terms of the EC Birds and Habitats Directives¹¹⁹ and the Ramsar Convention¹²⁰. The Conservation of Habitats and Species Regulations 2010¹²¹ (the 'Habitats Regulations') provide for the protection of 'European sites', which are Sites of Community Importance, candidate Special Areas of Conservation and Special Areas of Conservation designated pursuant to the Habitats Directive, and Special Protection Areas classified under the Birds Directive. **Special Areas of Conservation** are areas which have been given special protection under the Habitats Directive to provide increased protection to a variety of wild animals, plants and habitats. **Sites of Community Importance** are sites that have been adopted by the European Commission but not yet formally designated as Special Areas of Conservation by the government of each country. **Special Protection Areas** are strictly protected sites for rare and vulnerable birds classified in accordance with the Birds Directive.

The Habitats Regulations apply specific provisions of the Habitats Directive to candidate Special Areas of Conservation, Special Areas of Conservation and Special Protection Areas which require special considerations to be taken in respect of such sites. Local councils are required to have regard to the Directive in the exercise of their planning functions in order to fulfil the requirements of the Directive in respect of the land use planning system.

As a matter of policy, the Government has in the past chosen to apply the provisions which apply to European sites to Ramsar sites and potential Special Protection Areas, even though these are not European sites as a matter of law. This is to assist the UK Government in fully meeting its obligations under the Birds Directive and Ramsar Convention.

To ensure that its obligations in respect of the Habitats Directive, the Birds Directive and the Ramsar Convention are fully met in future, and to reduce the risk that any consents granted when a site is being considered for classification would subsequently have to be reviewed (and either revoked

¹¹⁸ See Section A of this impact assessment for a discussion of the impacts of streamlining and consolidating policy

¹¹⁹ Council Directive 2009/147/EC on the conservation of wild birds "the Birds Directive" (codified version of Directive 79/409/EEC as amended) and Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora "the Habitats Directive".

¹²⁰ Convention on wetlands of international importance especially as waterfowl habitat. Ramsar (Iran) 2/2/71. UN Treaty Series No. 14583. As amended by the Paris Protocol 3/12/92 and the Regina Amendments, 28/5/87.

¹²¹ Statutory Instrument 2010 No. 490

or modified at potentially very significant cost) after classification, the Government is proposing to clarify that the provisions which apply to European sites should as a matter of policy also apply to:

- possible *Special Areas of Conservation*
- proposed *Ramsar sites* and
- sites identified, or required, as compensatory measures for adverse effects on European sites, potential Special Protection Areas, possible Special Areas of Conservation, and listed or proposed Ramsar sites

The changes proposed are minimal and reflect the existing informal working policy adopted by the Department for the Environment, Food and Rural Affairs. This is that where the Government decides, on the basis of scientific advice from Natural England, to initiate public consultation on a site proposal, local councils should take note of this potential designation in their consideration of any planning applications that may affect the site as any existing consent may, if the site subsequently becomes a European site, be subject to a review of effects on the site. As noted above, this in turn could require modification or revocation of that consent to avoid adverse affects, with the possibility of compensation. Although there are a number of options for the date at which European site status could be applied, we have concluded that European site status should apply from the date at which Government gives the relevant conservation agency direction to consult the public. At that stage, Government has accepted the scientific case for classification (which is the main criteria) and there is more than a reasonable certainty that the site will be classified in due course.

Potential Special Protection Areas are already protected, but the point at which sites acquire this status are currently undefined. The proposal to define this point in the process will not impose additional costs or restrictions on anyone, but will provide certainty and clarity for local councils and potential applicants for consent.

For possible Special Areas of Conservation, restrictions would be imposed at an earlier point than before, but only again at the point at which the Government has approved Natural England's proposal that they go out to public consultation. In the vast majority of cases, the transitional protection afforded to a possible Special Area of Conservation will be followed by statutory protection as a candidate Special Area of Conservation or Special Area of Conservation. Under these circumstances, the impact of the earlier restriction is to prevent the granting of planning permission for a damaging activity which would then need to be modified or revoked at a later stage.

There may be a very small minority of cases where the scientific view of Natural England in favour of submission as a Special Area of Conservation is subsequently overturned on scientific grounds during or after the public consultation. Under these circumstances the temporary restrictions on possible Special Areas of Conservation will apply on a temporary basis, which could be up to two years, after which they would be lifted. There is therefore a period during which an additional burden/restriction is imposed. However, this is likely to be rare in practice, not only because most proposals for Special Areas of Conservation submission will be upheld, but also because the land will normally have Site of Special Scientific Interest status¹²², and be of high biodiversity value, and even without European status, applications for damaging development are unlikely to be made, nor permission granted. We are unable to quantify the likelihood or cost of any such temporary controls having a real cost or restrictive effect.

¹²² A **Site of Special Scientific Interest** is a conservation designation denoting a protected area in the UK. Sites of Special Scientific Interest are the basic building block of site-based nature conservation legislation and most other legal nature/geological conservation designations in Great Britain are based upon them, including Ramsar Sites, Special Protection Areas, and Special Areas of Conservation.

Ramsar sites are normally also Special Areas of Conservation or Special Protection Areas, or being proposed as such simultaneously. They will also be Sites of Special Scientific Interest. Any real negative impact is therefore highly unlikely.

It is proposed also to impose similar restrictions on land which is earmarked as compensatory habitat. The large majority of compensatory habitat cases involve the Environment Agency in identifying alternative inter-tidal habitat to compensate for “holding the line” by maintaining flood defences against rising sea levels. Land is acquired, or financial agreements reached, which protect the land for habitat purposes. Potentially damaging planning permissions will therefore be rare, partly because the Environment Agency will already have acquired the control it needs, and partly because the land it identifies will tend not to be land with development potential because that would be expensive. So this would be a precautionary provision rather than one with any quantifiable substantive input.

Policy objective

The objective is to ensure that the UK Government’s obligations in respect of the Habitats Directive, the Birds Directive and the Ramsar Convention are fully met, and to reduce the risk that any consents granted when a site is being considered for classification would have to be reviewed and either revoked or modified at potentially very significant cost after classification takes place. This will also help prevent damage to potential European sites given the likelihood of subsequent classification.

Description of policy options

Option 1: Do nothing: possible European sites continue to receive informal protection.

Under the ‘do nothing’ option, possible European sites would continue to receive the informal policy protection they currently receive (as outlined above). This would give rise to no additional administrative costs on local councils who already apply the policy, or on other agents. However, there will be a continuing potential cost to local councils in paying compensation for any planning permissions that are revoked as a result of a site becoming classified as a European site.

Option 2: introduce a new policy clarifying which wildlife sites should, as a matter of policy, be given the same protection as European sites. The preferred option will provide certainty for local councils, developers and others about how to treat possible European sites, and should therefore ensure that a consistent approach is taken. This should contribute to better decisions being made about the protection of biodiversity, and reduce the risk of local councils paying compensation for any planning permissions that are revoked as a result of a site becoming classified as a European site.

Additional background key facts and establishing the baseline

The National Ecosystem Assessment¹²³ found that the UK’s Biodiversity Indicators, covering groups for which sufficient information is available to discern trends, generally show improving or stable condition over the past decade for those of high conservation priority, although usually at lower population levels than recorded historically. There are still generally declining trends among biodiversity groups in the wider environment.

There are currently some 240 English terrestrial Special Areas of Conservation covering 4 per cent of the land. 83 Special Protection Areas cover 3.6 per cent of the land. 71 Ramsar sites cover 0.9 per cent. The Special Areas of Conservation network is largely complete, although there are three sites on which Natural England is conducting preliminary survey work (i.e. not yet caught by the

¹²³ UK National Ecosystem Assessment (2011) <http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx>

current proposals). So the only potential substantive impact of the proposals could arise only in a small minority of this small group. The terrestrial Special Protection Areas network is currently under review, and the Government will need to follow scientific advice once it is available. There are currently four possible Special Protection Areas sites, but a large expansion of the network is not envisaged. There are unlikely to be any new Ramsar sites which are not already Special Protection Areas or Special Areas of Conservation, or being proposed simultaneously. All of these sites are subsets of Site of Special Scientific Interest designation, which has its own protections.

Impacts: costs and benefits

Benefits

The Habitats Regulations protect European sites from damaging development by setting out a process that must be followed and a series of tests that must be applied, when applications for plans or projects that may affect the site are being considered. The preferred option will provide certainty for local councils, developers and others about how to treat possible European sites as a matter of policy, and should therefore ensure that a consistent approach is taken. However, as noted above, most of these sites are likely to be classified as Site of Special Scientific Interest so will already be subject to considerable planning controls, and only a very small number of new sites are likely to come forward for possible designation each year.

The preferred option would also ensure that the UK Government's implementation of the Birds and Habitats Directive is improved, in that the Government would be taking precautions against the risk that successful applications for damaging activities during the interim period will undermine the objectives of the Directives – thus potentially a defence against costly infraction procedures brought by the European Commission.

- local councils

Clarifying how local planning councils should treat possible European sites will provide certainty to them, and should reduce the risk of local councils paying compensation for any planning permissions that are revoked as a result of a site becoming classified as a European site.

- business/developers

The proposed policy would provide certainty to developers and business about the application of the policy to possible European sites.

- environment

The policy should lead to better decisions being made about the protection of biodiversity, and help prevent damage to potential European sites given the likelihood of subsequent classification. It will also help ensure that the period between consultation on a site and its formal designation, submission or listing does not allow potential applicants to get permission to damage the site's features of biodiversity interest.

- local communities

It is not anticipated that there will be any significant benefits to communities but there may be some limited amenity benefits where sites receive earlier protection.

Costs

- local councils

Because Department for Environment, Food and Rural Affairs/Natural England are already advising local councils to follow this policy approach informally, we do not anticipate that there will be additional administrative costs for local councils that are already following this approach. However,

there may be additional costs for local councils who are not already taking this approach. We are seeking information on potential costs in this document. As noted above, we anticipate that there will be cost savings for all councils where classification as a European site would subsequently have to be reviewed and either revoked or modified at potentially very significant cost after classification.

- business/developers

Any impacts on developers will be minimal due to the low number of sites which fall under this designation and the current levels of protection.

- local communities

It is not anticipated that there will be any cost to local communities.

Direct cost and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. These three policy changes have no impact on the regulatory burden on business and the third sector.

Risks

No other risks are anticipated other than the potential costs outlined above.

QB4.3: Are there resource implications from the clarification on which wildlife sites should be given the same protection as European sites?

Climate change, flooding and coastal change

Government aims

The Coalition's programme for government underlines that climate change is one of the gravest threats we face. Planning can contribute to both cutting greenhouse emissions and helping places to adapt to a changing climate by consenting renewable energy projects and steering development away from inappropriate locations, such as areas at risk of flooding or coastal erosion or other locations vulnerable to climate change impacts. It can also shape the location, layout and design of development to reduce carbon emissions and provide resilience to the impacts of climate change.

The Government is committed to using a wide range of levers to cut carbon emissions and decarbonise the economy in line with the targets in the Climate Change Act 2008. The draft Carbon Plan, published in March 2011, sets out a Government-wide plan of action on climate change for the next five years. The Annual Energy Statement, published in July 2010, sets out strategic energy policy, including for renewable energy, as the UK looks to move to a secure, low-carbon energy system. Both point to planning's role in addressing climate change and supporting renewable energy. This has been underlined by the Committee on Climate Change in their second progress report to Parliament. Similarly the Environmental Audit Committee's report into adaptation identified planning as being "central" for addressing adaptation issues.

Policy changes

No fundamental change of direction from existing policy is required or made. However, policy changes are introduced on decentralised energy targets and deciding planning applications for commercial scale and renewable energy outside identified opportunity areas.

- ***Decentralised energy targets***

The problem under consideration and the rationale for intervention

The Annual Energy Statement indicated that increasing use will be made of more efficient, low carbon decentralised energy such as micro-generation, combined heat and power systems, and district heating networks. Planning can play an important role in supporting decentralised energy through, for instance, identifying opportunities for decentralised energy or influencing the spatial location of development to encourage the co-location of heat suppliers and customers.

Existing policy expects local councils to have an evidence based understanding of the potential for decentralised energy in their areas and to adopt a council wide policy on using decentralised energy in new development where viable. In addition, councils can also set site specific targets where particular development sites provide the opportunity to go further. These standards were intended to encourage the use of decentralised energy in new development.

Policy objective

The Government expects local councils to continue to support decentralised energy but does not need to require local councils through national planning policy to set council wide decentralised energy targets. The Government is committed to the zero carbon initiative, which is looking to reduce carbon emissions from new development. The increasing standards under the zero carbon initiative will help to drive decentralised energy, reducing the need for council wide targets. If local councils wish to set their own targets they can, and the policies in the Framework would not prevent such targets provided in their implementation they do not make development unviable.

Description of policy options

Option 1: do nothing. The do nothing case would not impose additional costs on any agents but would maintain the imposition of an arbitrary target from central Government.

Option 2: removal of requirement on local councils to set decentralised energy targets.

Option 2 would give local councils the flexibility and discretion to plan for decentralised energy in ways that best suit their local area.

Impacts: costs and benefits

The impact of this policy will depend on the behavioural response of local councils to the removal of the need to set an council-wide decentralised target. In some cases, it may be suitable for individual local councils to (i) continue to set an council-wide target for decentralised energy; or (ii) remove a target for decentralised energy.

Table B4.1: Summary of plausible behavioural responses

Response to the policy	Where this may occur
Continue to set a target	Where viable and deliverable, some local planning authorities may choose to continue to set a target for the use of decentralised energy, either in all new development across the council area or on a site specific basis.
Maintain target	No change
Reduce or remove target	Some local planning authorities may conclude a target is not needed to support the use of decentralised energy in new development.

Benefits

- local councils

The change in policy gives local councils more discretion as to whether they wish to set a council wide decentralised energy target. This discretion allows local councils to target their plan-making resources to their priority areas, which may include setting standards if they wish.

- businesses/developers

The reduction of duplication between planning policy and other regulatory regimes, such as building regulations should help to reduce the requirements on developers as part of the planning application process.

Costs

- local councils

The alignment with the zero carbon initiative may have some familiarisation costs for local councils but should help to reduce duplication between planning policy and other regulatory regimes, such as building regulations.

Direct cost and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business. The policy change has no impact on the regulatory burden on business and the third sector.

Risks

The risks of this change in policy are not directly related to the increase in flexibility the policy change will give local councils, but depend on how local councils choose to use this flexibility.

There is a risk that many local councils will choose to give a lower priority to decentralised energy if there is no requirement to set a decentralised energy target. However the growth of decentralised energy will be driven by fiscal incentives and the zero carbon initiative which should mitigate this risk. Conversely, if energy targets are set too high it could make new development unviable. It is for local councils to trade-off such issues when considering whether or not to impose a local target and what level is appropriate.

QB4.4: How will your approach to decentralised energy change as a result of this policy change?

- ***Proactive approach to identifying opportunities for renewable and low carbon energy***

The problem under consideration and rationale for intervention

The Coalition Government has made clear its commitment to increasing the deployment of renewable and low carbon energy across the UK. This will make the UK more energy secure, will help protect consumers from fossil fuel price fluctuations, and can help drive investment in new jobs and businesses as well as keep us on track to meet our carbon reduction objectives for the coming decades. The rationale for action is economic as well as environmental. Demand for fossil fuels is set to increase with the huge rise in population and wealth of emerging economies. The costs and risks of extracting fossil fuels from more remote locations are rising. The reliable provision of energy is critical to the country's prosperity and the most must be made of the UK's own resources and potential for generation. An effective planning system is a critically important part of the delivery chain for low carbon energy and without a positive contribution from planning the legal binding targets to cut carbon emissions and securing more use of renewable energy could be put at risk.

Policy objective

The objective is to ensure that the planning system contributes effectively to the delivery of the Government's energy and climate change policy.

Description of policy options

Option 1: Do nothing: the planning system does not require developers bringing forward proposals outside opportunity areas for renewable and low-carbon energy mapped in plans to demonstrate that the proposed location meets the criteria used in plan-making.

This option would not incur additional administrative costs for local councils but could undermine confidence in the plan-led approach if there is no expectation to demonstrate consistency with the criteria used in plan-making.

Option 2: introduce a new policy which expects local authorities to consider identifying suitable areas for renewable and low-carbon energy sources, and supporting infrastructure, where this would help secure the development of such sources. Where developers bring forward proposals outside opportunity areas mapped in a local or neighbourhood plan they are asked to demonstrate that the proposed location meets the criteria used in plan making. The option's approach provides transparency, and brings greater predictability to the planning application process.

Additional background key facts and establishing the baseline

The UK needs clean, safe and affordable energy to heat our homes and power our businesses. Rising future demand means that we need to replace our ageing electricity infrastructure with low carbon alternatives. This represents a vast challenge, with an estimated £110bn or more of investment likely to be needed by 2020 in electricity generation infrastructure and in the transmission and distribution network needed to transport that electricity to end users. Around 30 per cent of our electricity is likely to need to come from renewables alone by 2020 in order to meet our legally binding European Union target to source 15 per cent of the UK's energy from renewable sources by that date¹²⁴.

¹²⁴ The Carbon Plan, published in March 2011 by Department of Energy and Climate Change

Impacts: costs and benefits

Benefits

The Framework asks local councils to consider identifying suitable areas for renewable and low-carbon energy sources, and supporting infrastructure, where this would help secure the development of such sources. Where local councils choose to identify suitable areas the preferred option will give developers greater certainty about which areas are appropriate for which type of energy development and support a plan-led approach by expecting developers to explain how their proposed location meets the criteria used in plan-making. As a result developers should be more likely to submit applications which are consistent with local policy, reducing the number of unsuccessful applications.

- local councils

Where local councils identify suitable areas they can have confidence that applications will come forward in those areas except where developers can demonstrate an alternative location meets with the criteria used in plan-making. This evidence based approach should mean that communities will have greater confidence in their local plans and decisions. Local councils will be able to draw on the mapping work carried out regionally and funded by Department of Energy and Climate Change and therefore additional costs should be minimal. Where authorities have identified areas, using clear criteria in determining their selection and setting out what size of development the areas are considered suitable for, less time and resource will be spent in responding to poorly sited proposals.

- business/developers

Where suitable areas are identified, the proposed policy would provide greater certainty to developers and energy investors about a local council's likely response to a planning proposal and thereby save abortive costs. The approach would help speed up consenting and generally improve investor confidence as likely outcomes would be much more predictable. Developers will still have the ability to develop outside these areas where the impacts from their proposed development are (or can be made) acceptable and having demonstrated their alternative location is consistent with the criteria used to identify areas in plan-making.

- environment

The policy should lead to better decisions being made about the protection of the environment as well as speeding up the delivery of low carbon energy which in itself helps tackle climate change.

- local communities

There will be significant benefits to communities. Speculative applications for inappropriately located proposals will be less likely where opportunities are mapped. Community confidence in the planning system will increase because of their increased influence to shape outcomes through the local plan, and greater transparency in understanding how sites outside of identified locations comply with the criteria used in plan-making.

Costs

- local councils

Where councils choose to map opportunities, they will be able to draw on the mapping work carried out regionally and funded by Department of Energy and Climate Change and therefore additional costs should be minimal.

- business/developers

Mapping should not lead to extra costs for businesses as they will already be engaging with plan-making. Where developers choose to submit an application for a project outside of a mapped area, it is not expected that the requirement to demonstrate compliance with the criteria used in plan-making will lead to additional costs. Developers will already set out the nature of the project and its impacts in the Environmental Impact Assessment supporting their application.

- local communities

It is not anticipated that there will be any cost to local communities.

Direct cost and benefits to business calculations

This policy does not impose a direct regulation on business; it does not directly regulate the activity of business.

Risks

No other risks are anticipated other than the potential costs outlined above.

QB4.5: Will your approach to renewable energy change as a result of this policy?

Historic Environment

Government aims

The Government wants to see the historic environment effectively conserved. Planning plays a crucial role through local councils' plan-making processes and decisions on planning applications. The conservation of heritage, through intelligently managed change, helps to deliver sustainable development by bringing social, cultural, economic and environmental benefits.

Policy changes

The heritage section of the Framework incorporates – and streamlines¹²⁵ – the existing policies contained in Planning Policy Statement 5. It does not alter those policies or create new ones. Certain policies in Planning Policy Statement 5 have been omitted from the heritage section and are incorporated, more appropriately, in other sections of the Framework. These are:

- Part of policy HE1 (Heritage Assets and Climate Change)
- Policy HE2 (Evidence Base for Plan-making)
- Policy HE4 (Permitted Development and Article 4 Directions)

One policy – HE5 (Monitoring Indicators) – from Planning Policy Statement 5 has not been incorporated as a specific policy within the Framework. All other Planning Policy Statement 5 policies have been condensed and included within the heritage section. Some of the detail of these policies in Planning Policy Statement 5 is considered to constitute guidance rather than policy and could more suitably be issued as such.

Because the policies themselves have not changed, the impacts of moving from Planning Policy Statement 5 to the Framework for those involved with the historic environment should be de minimis. The impact of the removal of the Planning Policy Statement 5 policy on Monitoring Indicators should be small, as shown below.

¹²⁵ See Section A of this impact assessment for a discussion of the impacts of streamlining and consolidating policy

- **Monitoring indicators**

The problem under consideration and the rationale for intervention

Current guidance states that local councils “*should consider how they can best monitor the impact of their planning policies and decisions on the historic environment*”. The Framework asks local councils to ‘set out a strategy for conservation of the historic environment’ which may include monitoring of impacts on the historic environment as required by local circumstances, thus there is no need for the two complementary policies.

Impacts: costs and benefits

Benefits

- local councils

The removal of this policy could be seen as removing a burden and thus reducing costs. But the Planning Policy Statement 5 policy is neither strong nor prescriptive, and in complying with the Framework policy to ‘set out a strategy for conservation of the historic environment’, local councils may well feel that a strategy could only be effective if it includes an element of monitoring the impacts of their policies and decisions.

Costs

- local councils

Lack of any monitoring of the impacts of their planning policies and decisions on the historic environment could result in less effective policies and decisions by local councils, but councils are likely to conduct some monitoring even without a national planning policy.

- businesses/developers

Impact on business will be minimal, and will occur only if policies and decisions relating to business become less effective.

Risks

There is a risk that local councils may choose not to monitor the impacts of their policies, which could lead to less effective policy making in the future, however the Framework requirement to ‘set out a strategy for conservation of the historic environment’, should help mitigate this risk.

Environmental Impacts

The National Planning Policy Framework maintains policy designed to conserve and, where possible, enhance heritage assets. The Framework’s policies on climate change also seek to improve the energy consumption of historic buildings whilst being sensitive to their special interest. Tourism associated with the historic environment is subject to the same overarching principles of sustainable development. Local councils have many tools at their disposal, including the use of travel plans, to ensure that heritage assets are visited in sustainable ways which minimise the impact of tourism on the local environment.

QB4.6: Will your approach to monitoring the impact of planning and development on the historic environment change as a result of the removal of this policy?

Specific impact tests

Introduction

The Specific Impact tests covered in this section of the impact assessment focus on the principle of establishing the Framework through a reduced and simplified set of national planning policy – and any major new policies being introduced as part of the Framework. They do not focus on key planning reforms introduced through the Localism Bill (abolition of Regional Spatial Strategies/ neighbourhood plans/duty to co-operate), because these areas are already subject to separate Impact Assessments.

Sustainable development

Sustainability is at the heart of the Framework – from the overall objectives of national planning policy to the new presumption in favour of sustainable development, and specific policies designed to ensure that key aspects of sustainable development are addressed throughout the planning system. The Framework aims to deliver development and growth, but through a clear plan-led approach that can focus necessary development in the most appropriate locations and protect the most valuable land.

The purpose of the presumption in favour is to plan positively for appropriate new development, so that both plan-making and development management are proactive and provide opportunities for sustainable development. Local plans, reflecting the policies in the Framework, will identify and set out the opportunities for development in their area, together with any necessary constraints, and will guide the determination of planning applications.

Where those plans are not up-to-date or a clear guide for particular proposals, the presumption will ensure that the key sustainable development principles in the Framework prevent unsustainable development from going ahead. Hence the policies in the Framework will secure sustainable development in two ways: by influencing the content of local plans so that they plan for sustainable development and provide a suitable framework for considering applications; and by providing a 'fallback' framework for determining proposals where the local plan is not an adequate guide.

Statutory Equality Duty

The Framework is subject to a separate, comprehensive Equality Impact Assessment screening, which has considered the impact of the whole suite of the Framework, including existing and new policy. Overall, our view is that the aim of reducing and simplifying national planning policy will benefit everyone positively – communities, local councils and business – because national policy priorities will be able to be more clearly understood across a wider range of people. The Framework also focuses heavily throughout on the importance of planning in delivering sustainable, well located development that takes into account the needs of particular groups – in particular housing, business and transport related policies.

We consider that the overall aim of handing power back to local communities will enable better outcomes for everyone who wants to get involved in planning and help shape the development of their areas. The Framework and the Localism Bill provide the opportunities to get involved. This is relevant to people of different racial groups, disabled people and older people as much as it is to anyone.

Competition Assessment

The Framework does not:

- directly or indirectly limit the number or range of suppliers;
- limit the ability of suppliers to compete; or
- reduce suppliers incentives to compete vigorously.

The focus of the Framework is pro-growth, and is heavily linked to the publication of the Government's Growth Review. We consider that where key policy changes have been made, these favour business and could promote the ability of a wider range of providers to compete:

- the Framework provides a clearer understanding of key national planning policies and this can only benefit a wider range of businesses, who will be better informed about where the opportunities lie.
- the presumption in favour of sustainable development encourages the development of local plans, which will not be able to block the delivery of required development and are essential for business. Where plans are not in place, business has the opportunity to bring forward development which meets national policy priorities.
- the abolition of the brownfield target provides more flexibility for developers and could increase the number of suppliers.
- the new requirement for local councils to identify 20 per cent more land than their five-year land supply will provide a wider choice of development opportunities and increase the likelihood of gaining planning permission on the sites that are most viable and deliverable. By reducing the scarcity and price of land for housing development, it could encourage greater competition.

Small Firms

There are both positive and negative effects on small firms. On the one hand, there will be greater certainty for firms, as a result of local plans being in place and of the presumption in favour. The Framework enhances the ability of smaller firms to run a successful business, by reducing barriers to securing permission to develop premises. In particular the pro-growth focus, the presumption in favour of sustainable development, the removal of the rigid brownfield target and the requirement for local councils to find 20 per cent more housing land in the first five years of their housing supply will help smaller developers to bring forward sites for development – providing greater flexibility and greater certainty that applications will be approved, therefore, potentially lowering transaction costs.

On the other hand, there is the disadvantage of potentially different standards and rules across local councils, which increase familiarisation costs for small firms that operate across local council boundaries.

Greenhouse Gas

The planning system contributes to the mitigation of, and adaption to, climate change. Whilst there are trade-offs to be made reconciling policy goals of increasing housing supply and encouraging economic growth while reducing energy demand, the Framework seeks to balance these by achieving growth in the most sustainable locations and ensuring that carbon emissions are a key element of the decision making process.

The Framework's aim is to maximise the growth the country needs to meet a rising and ageing population, whilst also seeking to limit carbon emissions. It has a dedicated chapter on how planning can do this. The Framework is consistent with the Government's Growth Review, its links to a low carbon future and the Government's targets to reduce carbon emissions.

The Framework contains very clear planning policies on climate change that do not represent a fundamental shift from current policy. Local plans and planning applications are required to seek to limit carbon emissions. In particular, planning plays a fundamental role in delivering a transport strategy, and provides a wide choice of transport options in well located development that is close to key infrastructure and services. Encouragement is given to solutions which minimise carbon emissions by reducing the number and length of journeys and to solutions which promote sustainable modes of transport. In addition, planning can ensure that new development is designed and located in a way which reduces its vulnerability to the impacts of climate change.

The impact of removal of the energy target set by central Government will depend on the behavioural response of local councils. It could have a positive or negative impact on greenhouse gas emissions. There is a risk that many local councils will choose to give a lower priority to decentralised energy if no national target is set. However, the growth of decentralised energy will be driven by the zero carbon initiative which should mitigate this risk. It is for local councils to trade-off the issues when considering whether or not to impose a local target and what level is appropriate.

Wider Environmental Issues

The Government does not believe that growth has to be achieved at the expense of environmental protection. The Framework is carefully balanced to ensure that growth is achieved sustainably.

Policy changes, such as removing the brownfield target and allowing Community Right to Build schemes, could lead to greater development on greenfield land. This would impact on the environment. However, these impacts are mitigated by the retention in the Framework of the protection of land that is of national importance – such as National Parks, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest, and the legal protection given to sites supporting European habitats and species. The Green Belt will continue to be protected from inappropriate development and Community Right to Build schemes will be subject to greater than 50 per cent support in a referendum, which will also enable the environmental impacts of the proposals to be taken into account. The Framework also introduces a new ability for local people to designate green spaces of particular importance, and it retains a focus on the importance of heritage.

Some brownfield sites are of high biodiversity value, including some which have been designated as nationally or internationally important. By removing top-down targets, benefits such as biodiversity can be fully considered in the decision making process. With these policy changes, local councils will have the discretion and responsibility to balance the benefits of development with the potential environmental and other impacts.

The application of strategic environmental assessment and habitats regulation assessment to plan making, and environmental impact assessment to larger projects will also enable local councils to identify and take into account environmental effects in their strategic planning and decision making. Where major new development is to go ahead, the Framework is clear that mitigation measures are required, including the incorporation of green and other public space as part of the development.

The Framework policy retains current policy on water quality, planning's role in managing flood risk and its role in managing noise and pollution. The legal requirement for local councils to undertake a Sustainability Appraisal as part of their evidence base for their local plan will continue.

Of relevance to improving air quality is the proposal to allow more small scale development of local transport infrastructure in the Green Belt – where the aim is to allow local councils to ensure that transport solutions can benefit from a wider choice of locations to minimise the effects of air pollution in, for example, city centres.

Health and Well-being

The sustainable growth envisaged by the Framework should, we consider, have a positive impact on health – in particular through planning policies on environment, transport, housing, education, employment, agriculture and social cohesion. We consider that transport policies in particular could have a positive impact on physical activity, with a promotion of walking and cycling. We consider that the approach to locating development in the most appropriate locations, with links to infrastructure and services, will ensure that health service considerations form part of the planning system and decisions. As a result we do not consider that a full health impact assessment is required.

The Framework is aimed at providing development to secure jobs, homes and services for all, and to do so whilst reducing carbon emissions – all of which are essential for the health and well-being of the population. In addition, the well-being of the population is reinforced by the continued protection of key environmental designations.

Evidence collected on health and well-being issues should be linked to planning and sustainable development issues which are reflected in the local plan. Local communities will have a more direct say in how their areas are shaped, and therefore a more direct impact on securing health and well-being outcomes that are important to them.

Human Rights

We do not consider that the Framework contravenes any of the 16 human rights articles. Article 8 requires the state to take positive action so that a person can enjoy their home – for example to reduce aircraft noise or prevent environmental pollution. The Framework focus is on sustainable development in the right locations and on appropriate mitigations – so it can be seen as taking positive action.

Justice Impact

Overall we consider that the process of reducing and simplifying planning policy will lead to a reduction in the number of planning decisions that are referred to the Courts. This is because there will be less complexity, less contradiction and a clearer statement of Government policy, as a result of streamlining planning policy (Part A) and of the greater likelihood of having local plans. Of the cases that do reach Court, we expect these to be related to new areas of policy – most notably the presumption in favour of sustainable development, where the Courts will be asked to test the decisions of Planning Inspectors who invoke the presumption against the wishes of local councils. So: overall a reduction, but a change in the type of issues the Court is asked to reach a view on.

Rural Proofing

The Framework is pro-growth for both urban and rural areas, and recognises the particular challenges of developing in some rural areas. It seeks to raise the quality of life and the environment in rural areas by promoting thriving, inclusive and locally distinctive rural economies. In particular it has sought to level the playing field by removing the brownfield target for development, which will benefit rural areas who want growth but have a limited stock of brownfield land available – rural areas will have a wider choice about the location of development.

The Framework requires policies to maintain a prosperous rural economy and to support sustainable rural tourism and leisure developments that benefit rural businesses, communities and visitors and which respect the character of the countryside. This should include supporting the provision and expansion of tourist and visitor facilities in appropriate locations where identified needs are not met by existing facilities in rural service centres.

The policy change on rural exceptions policy is anticipated to have a positive impact on rural areas, as local councils will be better able to meet the housing needs of rural communities and develop the type of housing needed and in the appropriate locations in their area. However, this is a risk that if there is increased development, this may lead to costs in terms of building on agricultural land or loss of amenity from countryside surrounding rural areas. This depends on the behavioural response of local councils to their freedoms.

Summary of the direct costs and benefits to business (One in One Out)

As stated by the Better Regulation Executive's guidance on One in One Out Methodology, the following sources of regulation are in scope: statutory instruments; codes of practice and self-regulation which are backed by statutory force; guidance issued under statutory powers; and by-laws made by central Government. The National Planning Policy Framework is not a set of regulations, is not required by statute and is not issued under statutory powers. Therefore, it is not in scope of One In One Out. It is not a new, direct regulation/ deregulation imposed on business. There are wider impacts on business resulting from the changes to national planning policy. These are discussed in turn for each policy.

Annex 1: Post Implementation Review Plan

A post implementation review should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A post implementation review should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the post implementation review Plan as detailed below. If there is no plan to do a post implementation review please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review , or there could be a political commitment to review];

This review will consider the impact of the policy changes contained in the Framework on planning outcomes.

Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]

The review will assess whether, following the consolidation of guidance and policy changes, developers and communities experience better outcomes, and local councils have more power and flexibility in planning for the needs of their local communities.

Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]

The approach taken to this review will focus on monitoring outcomes using existing statistics, such as planning approval rates. The best approach to monitoring the wider impacts of the Framework will be considered once the consultation is completed.

Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]

We will seek to establish the baseline position through the consultation on this proposal by asking for information on current practices and timescales. This will support data which is already available through nationally collected planning statistics.

Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]

The objectives of the policy changes outlined in this consultation are to provide greater clarity of guidance to developers, and give local councils greater power over local planning. We will consider how these outcomes can be best monitored through existing data sources to minimise additional burdens on developers and local councils.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]

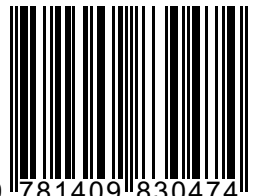
This light touch approach would focus on analysing the changes to planning approval levels, time scales for planning applications, affordable housing data etc. Further plans for monitoring the impact of the changes included in the Framework will be considered after the consultation.

Reasons for not planning a review: [If there is no plan to do a post implementation review please provide reasons here]

Not applicable.

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