Annual Planning Survey 2015

Key findings – a system on the brink?

October 2015

GL Hearn
Part of Capita plc

BPF

INTRODUCTION
A SYSTEM ON THE BRINK?

Back in 2012 the planning system in England was changing. As the economy continued to battle to escape the recession, the Conservative–Liberal Democrat coalition introduced a raft of new planning initiatives. These new 'growth-friendly planning rules'[1] promised to fuel development by streamlining the planning process and increasing local empowerment.

The National Planning Policy Framework (NPPF) would simplify planning and remove costly delays from the system; Neighbourhood Plans would ensure local people had more influence on how and where development activity would take place; and the Community Infrastructure Levy (CIL) would guarantee that local infrastructure could keep up with growth in development activity. Alongside continued promotion of Planning Performance Agreements (PPAs), these initiatives were heralded as the bedrock of a new age in efficient and effective planning.

It was within this context that GL Hearn, together with the British Property Federation (BPF), embarked on the first Annual Planning Survey. The aim: to gauge reaction to the changes amongst Local Planning Authorities (LPAs) and applicants throughout England, and monitor the resulting impact on planning application activity. What we've found in the intervening three years has been fascinating.

Initially we discovered high hope; but 2012-13 saw a sharp drop in the volume of major planning applications* determined in Greater London and applicants were lamenting poor working relationships with LPAs. Despite a partial recovery in 2013-14, the volume of major planning applications determined in Greater London again failed to reach 2011-12 levels whilst Greater Manchester saw a year-on-year decline. At the same time, overall submission to determination times lengthened. It appeared as though the potential for growth was being hindered by difficulties in the planning process.

This year, the panorama has shifted once again with a new Conservative majority government. The economy has continued its recovery but efforts to unlock more more investment and growth alongside austerity remain as key areas of Government focus and drive. In July 2015, Chancellor George Osborne asked Whitehall departments to draw-up plans for further reductions of up to 40% in their budgets by 2020[2], and with planning falling outside of the key protected services LPAs up and down the country will be fearing the worst.

To help inform this debate, we have once again surveyed the planning ecosystem in England – both LPAs and applicants and their advisors – and conducted a review of major applications

in Greater London, Greater Manchester and Bristol and surrounding area. For further details of the approach, please see the methodology section.

What we discover is a planning system on the brink. Whilst a recovering economy and high demand from buyers and occupiers is shouting out for more development activity, actual numbers of major planning applications determined has fallen. Meanwhile submission to determination times have continued to lengthen and applicants have grown increasingly dissatisfied with the planning process; dissatisfied to the extent that a large majority would now be happy to pay an increased fee in return for a guarantee of better service. It appears as though chronically over-stretched LPAs are struggling to keep up with demand.

However, with further Government cuts looming, the risk is that down-sizing (rather than investment) could top the agenda. This is worrying news for all involved in, and dependent upon, planning activity in England. Development activity is critical for our economy, not least in order to tackle the urgent housing crisis; but the planning system appears to be hovering dangerously close to the edge. Our findings suggest that more resourcing is needed... and quickly. This is a challenge for all those involved in the planning system.

* Only new/primary applications; s73 amendment applications have been excluded
[1] 2012 Budget Statement by Chancellor George Osborne
[2] http://www.bbc.co.uk/news/uk-politics-33610801

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The largest ever independent assessment of the planning system in the UK:

The findings of this report are based on the Annual Planning Survey 2015 and a review of major planning applications in Greater London, Greater Manchester and Bristol and surrounding area during 2014-15, conducted by independent B2B specialists, Circle Research.

An annual feature of the planning calendar since 2012, over the last 4 years we have reviewed more than 5,400 individual major planning applications and surveyed over 800 respondents, making this the largest ever independent assessment of the planning system in the UK.*

*Correct to the best of our knowledge at the time of writing.

1. TAKING STOCK

i. Volume of major planning application determinations fall

The headline story is one of decline. The overall volume of major planning applications* determined in Greater London, Greater Manchester and Bristol and surrounding area is significantly below 2013-14 levels.

However, this overall statistic masks what in reality is a tale of three cities. Whilst the UK's capital saw a substantial decline in the volume of major applications determined, the volume in Bristol and surrounding area remained constant whilst Greater Manchester saw the post-recession bounce-back we predicted last year by increasing major planning application determinations (up by one fifth).

* Only new/primary applications; s73 amendment applications have been excluded

Decline in major planning application determinations in Greater London

-26%

Greater London:
In Greater London, the volume of major planning applications determined fell 26% year-on-year, with 23 out of 33 LPAs witnessing a decline.

In contrast, three LPAs saw growth of more than 50%: Hillingdon, Lewisham and Richmond-upon-Thames. In the case of Hillingdon, this is the second consecutive annual increase of more than 50%, as it moves from being the 21st busiest Greater London LPA in 2012-13 to the 2nd busiest this year (trailing only Westminster).

Note; To allow direct year-on-year comparisons the study did not include the relatively recently formed London Legacy Commission, which this year determined 11 major planning applications.

Greater Manchester:
Following a 24% decline in major planning applications in Greater Manchester in 2013-14, the last twelve months have seen a recovery as the volume of applications determined rose 19% to 351. However, even this sizeable pick-up is still not sufficient to raise major planning application determination levels in Greater Manchester to 2012-13 levels.

Following a small number of major application determinations last year, there has been a strong increase in determination volumes in Oldham, Rochdale and Stockport (all reporting over 100% growth from 2013-14). These have been joined by more modest increases in Wigan and Bolton.

Meanwhile, a decline in major planning application determinations in Manchester City sees this LPA move down to third place for volume of determinations in Greater Manchester behind Wigan and Bolton; the first time it has not been in the number one spot since Greater Manchester was first included in this study in 2012-13.

Bristol and surrounding area:
No change overall for Bristol and surrounding area (0% change in major application determinations) masks some substantial variations taking place beneath the surface. Whilst Bristol City has remained stable (-2%), declines in North Somerset and Bath (-12% and -19% respectively) have been counter-balanced by very strong growth in South Gloucestershire with determinations up from 27 to 44 (+63%).

South Gloucestershire may be deemed one of the stars of this year's report, not only growing strongly in terms of the volume of major planning applications determined but also delivering the second joint quickest submission to determination turn-around of all LPAs in the study (see section 1.iii).

ii. Approval rates remain steady

Whilst the volume of major planning applications determined has fallen over the past twelve months, approval rates have remained steady. This year 86% of applications gained approval, down just 1% from 2013-14.

In fact, the four years of our study have shown that approval rates are the one largely constant factor within the major planning applications trilogy of volumes, approval rates and speed. In Greater London for example, approval rates over the past four years have remained within a range of 82-86%.

Greater London:
Greater London was the most difficult of the three cities in the study to gain planning approval this year with 84% of major planning applications granted during 2014-15, down 2% from last year.

For the second year in a row, Bexley, City of London and Wandsworth all had 100% approval rates, and this year they were also joined by Hounslow.

At the other end of the spectrum, three boroughs had approval rates of 60% or less.

Greater Manchester:
Greater Manchester, which has had a very high approval rate since our study began, remained at 96% this year.

Nine out of ten Greater Manchester LPAs approved over 90% of major planning applications, with four out of ten approving all applications (Trafford, Stockport, Rochdale and Tameside).

Bristol and surrounding area:
Major planning application approval rates in Bristol and surrounding area rose 4% year-on-year to an average of 86%.

North Somerset approved every major planning application, whilst South Gloucestershire and Bristol City also approved in excess of 90%.

iii. Speed of determination lengthens

With the volume of major application determinations falling, one might hope that the speed of determination would have simultaneously reduced. However, this is not the case. Instead, the overall average submission to determination time across Greater London, Greater Manchester and Bristol and surrounding area has risen by over 10% compared to last year, from 28 weeks to 32 weeks.

The picture is not homogeneous across all three regions though and whilst both Greater London and Greater Manchester have seen an increase in average determination times, Bristol and surrounding area has bucked the trend with a faster determination period than last year.

Greater London:
In Greater London, the average time taken from submission to determination of a major planning application has significantly increased this year up to 34 weeks (the first time since 2011-12 that submission to determination has taken over 30 weeks).

In total, determination times have increased at 21 out of 33 LPAs in Greater London. Meanwhile, the prize for the fastest LPA in Greater London goes to Sutton, which determined 24 major planning applications in an average of just 13 weeks.

Greater Manchester:
Whilst the volume of major applications in Greater Manchester increased this year (+19%), there has also been a similar increase in average determination times, up by 15% to 27 weeks.

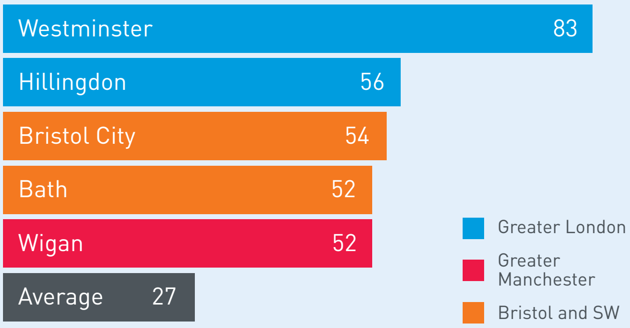
The link between volume of applications and determination time in Greater Manchester extends to an individual LPA level. Whilst boroughs that reported strong growth also saw increases in determination times, a substantial pre-application process combined with a 39% decline in the volume of major planning applications determined allowed Manchester City to reduce determination times from 23 weeks to 18 weeks.

Bristol and surrounding area:
Whilst total volume of major planning applications remained flat in Bristol and surrounding area this year, the average determination time fell to 27 weeks, down 13% year on year.

The star performer is South Gloucestershire where a 63% increase in the volume of major planning applications was coupled with a 60% reduction in typical determination times down to just 14 weeks.

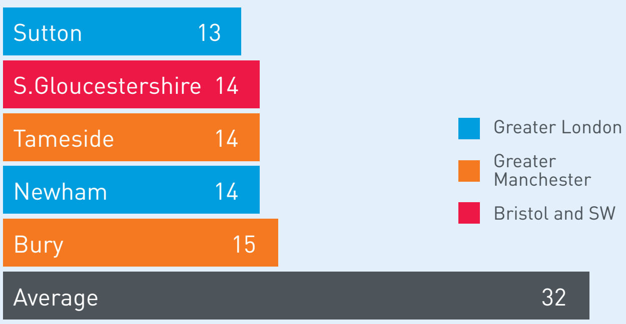
At a glance: key stats

5 planning application hotspots
(number of major applications *determined in 2014-15)



* Only new/primary applications; s73 amendment applications have been excluded.

5 quickest LPAs
(average submission to determination in weeks)



Nine LPAs in the study have approved all major planning applications in 2014-15:

Greater London:
Bexley
City of London
Hounslow
Wandsworth

Greater Manchester:
Rochdale
Stockport
Tameside
Trafford

Bristol and surrounding area:
North Somerset

Case study: South Gloucestershire

This year's results have seen a significant increase in the number of major planning applications determined by South Gloucestershire. Simultaneously, the average determination time in the district fell substantially, making it one of the quickest in the entire study.

We caught up with Helen O'Connor, Development Manager at South Gloucestershire Council, to uncover the recipe behind this impressive performance and discovered a **buoyant planning department that is investing in its employees.**

"It's been a really difficult time in recent years for authorities across the country with many having to make cuts to their planning departments. In contrast, we have been in the fortunate position in South Gloucestershire to have been on a recruitment drive.

"In South Gloucestershire we are in a high growth area and Members have recognised that they need to make sure we have enough resources within the planning department to deliver that growth. So we've been recruiting really talented people including lots of high quality graduates.

"In addition to this, we also train our team in-house and offer good progression and promotion opportunities. This means that the people dealing with major applications have been with the council for quite a while: they're quality staff, they're experienced and they have good relationships with applicants. This is invaluable."

Helen also notes the importance of **close relationships with applicants**.

"We think that working closely with applicants to accomplish shared aims is vitally important. The introduction of 'agreed extensions' to target determination dates introduced in 2014/15 has certainly helped with this. In practice it means that early-on in the process Officers have to actively obtain written agreement with the applicant of when the decision will be made, which in turn means that there needs to be a discussion. Holding open, transparent discussions with applicants always helps things to run smoothly and it also means that applications can no longer drag on forever – you have to specify an exact date for the decision.

"Whether or not the application is ultimately determined quicker than it otherwise would have been is a side-point; either way, it guarantees the application is being actively worked on in conjunction with the applicant and, hopefully, to a positive outcome all round."

2. A STRUGGLING SYSTEM

i. Examining attitudes to existing policies

When the previous coalition Government came to power in 2010, a raft of planning reforms followed. This was a Government whose new 'growth-friendly planning rules'[3] would fuel development and prosperity.

The National Planning Policy Framework (NPPF) would simplify applications and remove costly delays from the system; Neighbourhood Plans would ensure local people had more influence on how and where development activity would take place; and the Community Infrastructure Levy (CIL) would guarantee that local infrastructure could keep up with growth in development activity. Alongside continued promotion of Planning Performance Agreements (PPAs), these initiatives were heralded as the bedrock of a new age in efficient and effective planning.

What is the view five years on?

Despite these strong promises, LPAs are adamant that the planning system simply has not delivered over the past five years. Half of the LPAs in our survey (50%) believe the planning environment is now worse than it was in 2010 – one in ten (11%) goes so far as to call it 'much worse'.

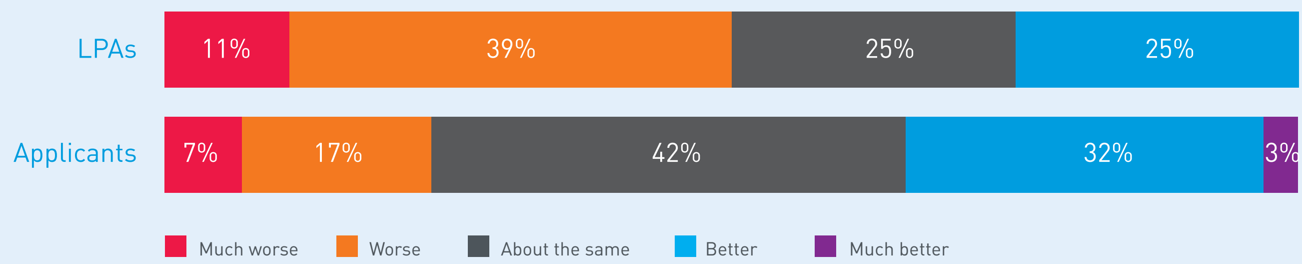
On the other side of the equation, applicants and their advisors are ambivalent, with nearly half (42%) believing that the picture is much the same as it was in 2010, and the remainder tending towards only slight improvements or deteriorations.

Not quite the rosy picture the Government's 'growth-friendly planning rules' promised. So what's happened? Much of the problem may lie in under-resourcing of planning departments – a topic that we explore in detail in section 2 iii. However, to delve deeper into some of the other underlying causes, we need to examine individual policies in more detail.

With one in three applicants and one in four LPAs reporting an improvement in the planning environment since 2010, it's not all bad news. In fact, one of the policies introduced in the intervening time – the NPPF – has been received with overwhelming positivity.

[3] 2012 Budget Statement by Chancellor George Osborne

Is the planning environment now better of worse than it was in 2010?



Support for the Neighbourhood Plans and CIL is muted: one in three would abandon these policies altogether

The large majority of applicants and LPAs believe that the introduction of the NPPF has led to an increase in development activity (+70% net), and virtually all (98%) are in favour of keeping this policy.

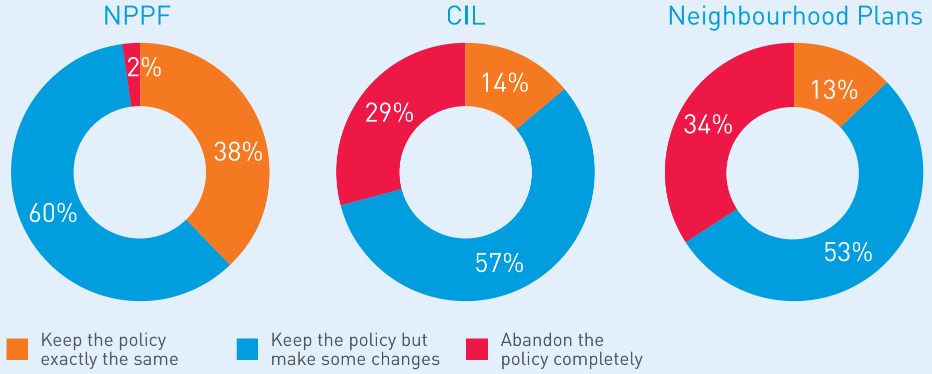
North West focus:
Applicants in the North West are especially positive about NPPF with +86% (net) saying this policy has increased development activity.

However, when it comes to CIL and Neighbourhood Plans, the effect on the planning system is viewed in a very different light. Both of these polices are seen to have significantly reduced development activity (CIL: -42% net; Neighbourhood Plans: -24% net).

North West focus:
The majority of applicants in the North West see Neighbourhood Plans as reducing development activity (-52% net).

Together, these policies were designed to empower local decision-making and ensure communities were provided with the infrastructure they needed to thrive. Instead, LPAs appear to believe these initiatives have created a more complicated planning process with increased delays and lower development activity. Around one in three would now like to abandon these policies completely, believing them to be having an adverse impact on planning delivery.

Desire to keep or abandon existing planning policies (LPAs and applicants)

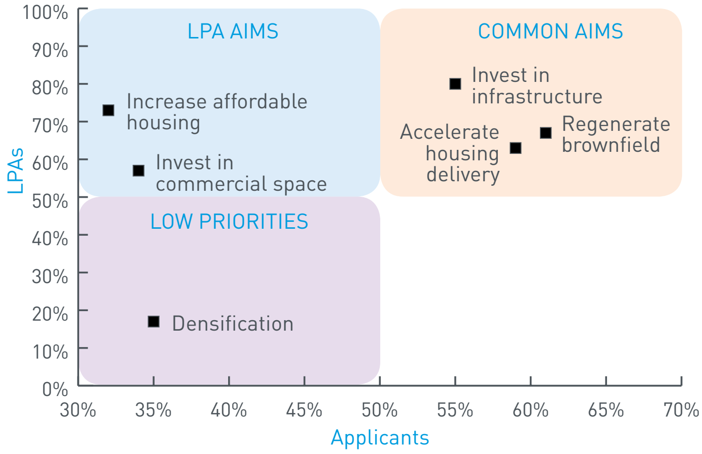


Despite the positive impact of the NPPF, the extra complexity introduced by Neighbourhood Plans and CIL is having a marked effect on the planning environment according to LPAs and applicants. In addition, this sentiment appears to be supported by major application data that shows a 14% year-on-year decline in the overall volume of determinations across Greater London, Greater Manchester and Bristol and surrounding area.

ii. Exploring priorities

Regeneration of brownfield sites, accelerated housing delivery and investment in infrastructure are common aims for the next few years shared by both LPAs and applicants. LPAs also want to increase affordable housing and commercial space.

Priorities for LPAs and applicants



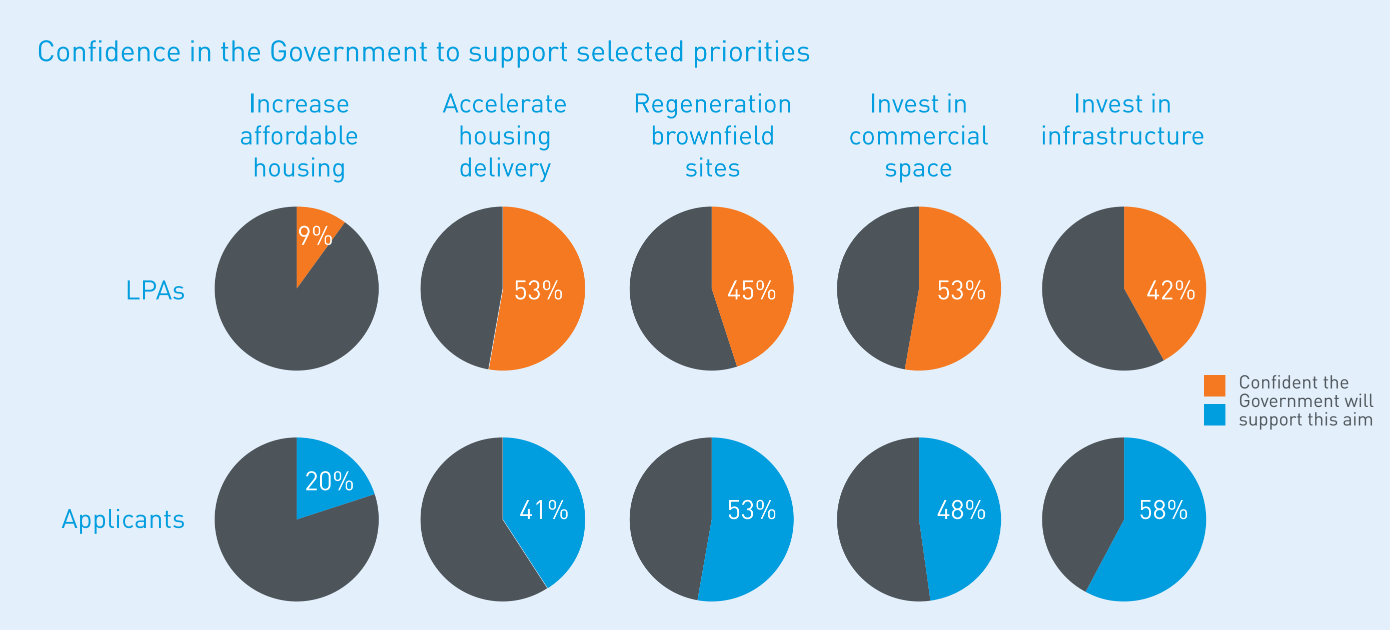
To achieve these aims efficiently requires a multifaceted approach – the aims must be shared by applicants and LPAs, and supported by Government policies. However, when it comes to the priorities that really matter, LPAs and applicants have diminishing faith in the Government to support them.

This is especially true when it comes to housing. Despite the need to accelerate housing delivery and increase affordable housing both being headline topics (for applicants, LPAs and the wider public), fewer than half of applicants believe the Government will help accelerate housing delivery and fewer than one in ten LPAs think the Government will support an increase in affordable housing.

Greater London focus:
Densification is a more prevalent priority for applicants in Greater London (47%) but still surprisingly low on the agenda – is policy adequately clarifying the need for enabling densification?

North West focus:
Investing in commercial space is a more prevalent aim for applicants in the North West (42%) but densification is lower-down the agenda (14%). Applicants in the North West also have higher confidence in the Government to help deliver investment in commercial space (64%).

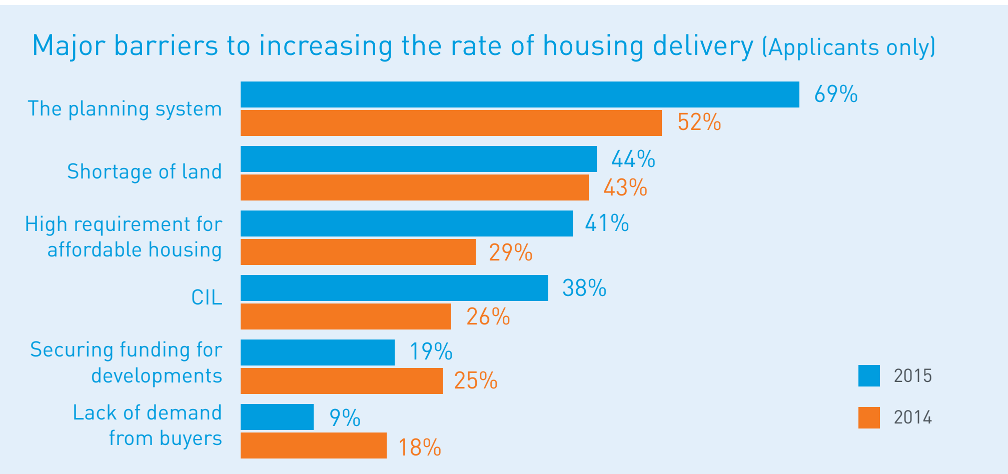
Lack of confidence in the Government to support housing delivery



This is particularly frustrating when considered in the context of a recovering economy: securing funds for development is now only a major barrier for one in five applicants (19% down from 25% in 2014) and a lack of demand from home buyers with adequate funds now significantly affects less than one in ten (9% down from 18% in 2014). The economy is strengthening. Buyers are demanding. Funders are loosening their purse strings. The hold-up is coming from the system.

Alongside a lack of faith in Government support, our survey found that the single biggest barrier holding back the acceleration of housing delivery – a barrier that has grown by one-third over the past year – is the planning system itself. Despite the success of NPPF, with determination times increasing and LPAs feeling under-resourced, there is a growing concern that the system may not be fit-for-purpose.

North West focus:
Applicants in the North West are less troubled by land shortages (27%), but more likely to struggle with obtaining funding (36%).

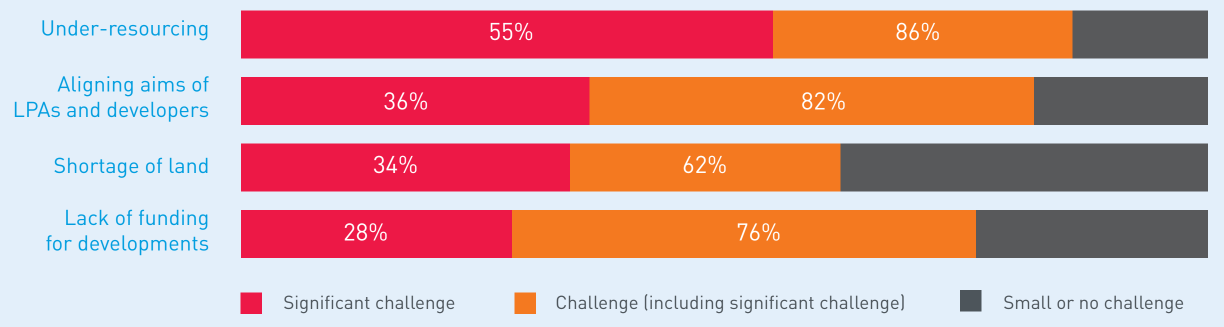


iii. Overcoming chronic under-resourcing

Under-resourcing in the planning system appears to be a significant issue. LPAs believe they are chronically under-resourced. Over half of LPAs (55%) think that under-resourcing of their departments will present a significant challenge to achieving their aims over the next year.

And with Chancellor George Osborne announcing the need for Whitehall departments to draw up plans for up to 40% further cuts by 2020, more reductions in staff may be on the cards. This is a worry that is certainly keeping LPAs awake at night: under-resourcing is considered to be the single most significant challenge they will face over the next five years.

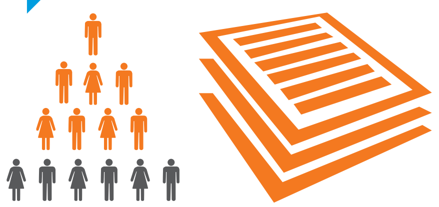
Challenges to achieving LPA aims (LPAs only)



In addition, with average submission to determination times increasing by four weeks year-on-year to 32 weeks, this suggests that under-resourcing of LPAs is seemingly having a direct impact on determination times.

Consequently, applicants are not happy. Three quarters of applicants (75%) are dissatisfied with the length of time a planning application takes; fewer than one in fourteen (7%) are satisfied. This is a trend that has been gradually deteriorating over the past three years.

Over half of LPAs say they are under-resourced

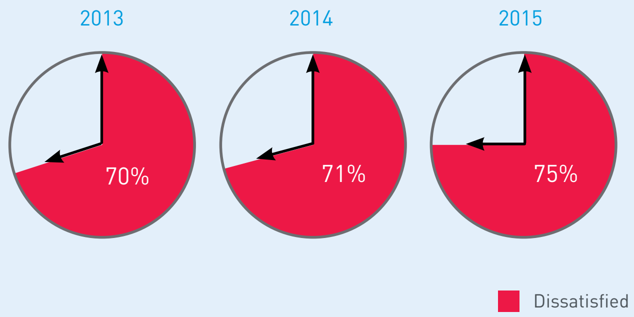


Two-thirds of applicants would happily pay more in return for quicker service

4 weeks

The time taken to process an application increased by 4 weeks in the last year

Dissatisfaction with planning application times



The evidence suggests that LPAs need additional resourcing. They seem to have been pushed to breaking point and this may now be causing delays in applications. However, with seemingly further cuts – not investment – on the cards for planning departments, the situation could become even worse.

Could a solution be at hand though by increasing fees paid for planning applications? By feeding extra fees directly back into planning departments, resourcing could be increased and determination times could be reduced.

On the face of it, one may assume that applicants would be dead-set against any increase in fees. However, under-resourcing at LPAs is now so great an issue that applicants would accept a higher fee for better service. Almost two-thirds of applicants (65%) would be happy to pay more if this meant guaranteed shorter determination times; whereas only one in ten caution that their activity may drop as a result.

We envisage that increasing the fee could take two forms – a compulsory fee increase across the board, or the ability for applicants to select a 'higher fee express service'. Offering the latter – an express service – would divide opinion. Around 4 in 10 would support this (43% LPAs; 44% Applicants), but overall a small majority would be against it.

Whilst applicants are eager to see determination times reduce significantly and would be happy to pay more in return, the current consensus is that a universal, higher-fee, better-service proposition to all applicants is favourable to a tiered system.

Greater London focus:
Applicants in Greater London, where average determination times are highest, are more in favour of a higher fee 'express' service (54%).

3. FUTURE POLICIES

i. Investigating appetite for what may lie ahead

With a new Government invariably comes a new wave of planning initiatives. Immediately following the Conservative Party's electoral victory, we examined six new policies that may potentially be on the cards:

1. Increase devolution
2. Support for Garden Cities
3. Increase the Starter Home Programme
4. Introduce a London Land Commission
5. Create a target for 90% of Brownfield sites to have planning permission by 2020
6. Extend Right to Buy to Housing Association tenants

At the top of the pile for LPAs and applicants would be support for Garden Cities. Out of all six policies investigated, Garden Cities had the highest level of support (+75% net).

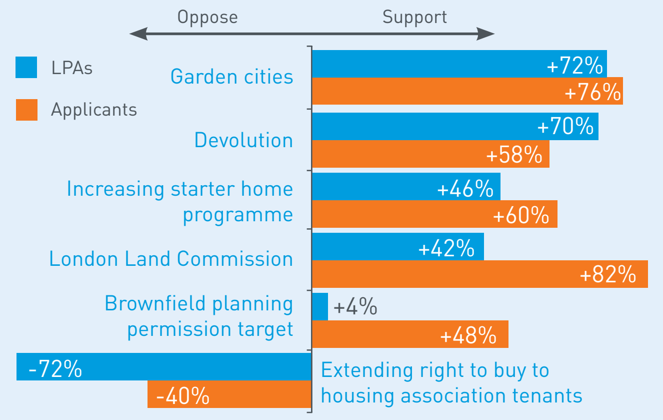
Behind Garden Cities, and still supported by the majority of LPAs and applicants (+60% net) is increased devolution. Whilst attempts to move towards local empowerment in the guise of Neighbourhood Plans appear to have had an adverse effect on planning activity, support for the idea of decentralisation is still strong.

In addition, increasing the Starter Home Programme and introducing a London Land Commission would both be popular. However, extending Right to Buy to Housing Association tenants is viewed with scepticism. Both LPAs and applicants oppose this policy.

Regional focus:
Applicants in Greater London are most positive about increased devolution with +68% (net) support compared to +48% (net) in the North West and +46% (net) across the rest of England.

North West focus:
Whilst extending Right to Buy to Housing Association tenants is generally opposed, applicants in the North West are marginally in favour (+6% net).

Support or opposition to new potential policies (net values)



4. CONCLUSIONS

Planning in England is at a crux point. The economy is recovering and demand from buyers is growing. In addition, there are increased opportunities to acquire funding for developments to sate the demand.

However, as demand increases, the operation of the planning system is struggling to keep pace. This year saw a significant decline in the number of major planning applications* determined in Greater London coupled with an increase in average submission to determination times. Meanwhile, whilst Greater Manchester determined more applications than last year, this was also combined with a sizeable increase in submission to determination times. The planning system is struggling.

Our survey suggests that the primary cause of the problem may lie in chronic under-resourcing at LPAs. Over half of LPAs we surveyed said they were under-resourced and not a single one claimed to have excess capacity. Plus, with a further round of cuts looming, under-resourcing is anticipated to be by far the most significant challenge facing LPAs going forwards.

One area that seems set to suffer as a result is housing delivery. Two thirds of applicants think the current planning environment is bad for accelerating housing delivery and fewer than one in ten LPAs have confidence in the Government to support an increase in affordable housing. This is something that spells particularly bad news for Greater London where there is already a severe shortage in new supply.

Back in 2008, The Killian Pretty Review 'strongly encourage[d] local authorities to think carefully before making any dramatic reduction in the number of planning staff', noting that 'the results of drastic contractions in local authority planning departments during past economic downturns are still having an impact... many years later'.

In our view, the time has now come not only for protection from cuts, but for extra investment in the planning system.

* Only new/primary applications; s73 amendment applications have been excluded.

Applicants would even be happy for this investment to come out of their own pockets – two thirds would consider paying more in planning fees for the guarantee of a faster service.

At the same time, work may also be required to refine CIL and Neighbourhood Plans. Both of these initiatives are considered to have reduced development activity, with the result that one in three LPAs and applicants would now like to abandon these policies completely.

One policy that certainly should not be abandoned however is the NPPF. This framework has widely been seen to increase development activity and virtually every LPA and applicant would be happy to see it remain in effect.

LPAs and applicants would also like to see Government support for Garden Cities and increased Devolution, with the latter appearing as a significant Government priority.

In summary, the prosperity of our nation relies upon a productive and efficient planning environment. With funding for developments increasingly available, demand from buyers growing and appetite for increased housing delivery and new Garden Cities, the desire certainly exists. However, the planning system is wobbling. LPAs say they are under-resourced, submission to determination times are increasing and the threat of further cuts lurks menacingly around the corner.

Further streamlining of the planning system looks set to play a role. However, this needs to be accompanied by investment in our planning system in order to achieve the level of efficiency and impact that most, if not all, are seeking. If we are going to get Britain Building we need to get Britain Planning.

Our conclusion is clear: **the planning system needs investment and it needs it now.**

5. METHODOLOGY

Commissioned by *GL Hearn* and supported by the *British Property Federation*, the findings of this report are based on the Annual Planning Surveys from 2012-2015 and a review of major planning applications in Greater London, Greater Manchester and Bristol and surrounding area.

An annual feature of the planning calendar since 2012, over the last four years we have reviewed more than 5,400 individual major planning applications and surveyed over 800 respondents, making this the largest ever independent assessment of the planning system in the UK[4].

The Annual Planning Survey 2015

The Annual Planning survey, conducted online by B2B research specialists *Circle Research*, is an annual study of LPAs and applicants in England. This year saw the biggest response so far with 301 surveys completed during June and July 2015.

LPAs and applicants were invited to take part via two sources:

- Adverts on planning-related websites and social media pages
- Promotion to BPF members and GL Hearn contacts.

Major Planning Applications Review

Planning application data was sourced from relevant Local Authorities' websites and via Freedom of Information requests for all major planning applications determined between April 2014 and March 2015.

For the second year in a row, the major applications review covers three metropolitan areas: Greater London, Greater Manchester and Bristol and surrounding area.

For the purpose of this review, a 'major planning application' has been defined as being full applications for:

- Residential developments with ten or more dwellings or covering at least 500 sq m (0.5 ha)
- Commercial developments covering at least 1,000 sq m (1.0 ha)

We have also excluded s73 amendment applications to focus on new/primary applications.

This comprehensive review provides insights into market trends both in our capital city and other key regions. Combined with the results of the Annual Planning Survey 2015, the findings provide a valuable snapshot of where we are now, and where both planners and developers hope to get to over the course of the next five years.

[4] Correct to the best of our knowledge at time of writing

All quoted statistics are published in good faith and to the best of our knowledge. Should you believe that any published statistics are incorrect, please relate this information with supporting evidence to GL Hearn for amendment.

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