

TheCityUK response to consultation on proposed reforms to the National Planning Policy Framework and other changes to the planning system

About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK and internationally that drive competitiveness, support job creation and enable long-term economic growth. The industry contributes 12% of the UK's total economic output and employs over 2.4 million people – with two thirds of these jobs outside London across the country's regions and nations. It pays more corporation tax than any other sector and is the largest net exporting industry.

Our industry is involved with the UK's planning system at all stages. On the wholesale side our members provide capital, investment, professional advice, and insurance which are essential to getting major projects built. On the retail side our members make a real difference to families and small businesses by helping them save for the future, buy and invest in improvements to their homes, and invest in a business and manage risk.

Consultation Response

The UK's antiquated planning system is a key barrier to investment in the UK by international finance and domestic companies and, therefore, undermines the government's central mission to kickstart economic growth.

New investment requires development projects that are ready to make use of capital and can be delivered quickly, sustainably and consistently. The complexity and lack of predictability in the current planning system, and significant delays in decision making, are acting as disincentives to investment. To deliver investment and drive growth, the government must address current barriers and restore trust and confidence in the UK's planning system.

Furthermore, the current problem of planning delays has been compounded by the recent period of high interest rates and raw material cost inflation. These external factors have meant that delays to planning applications have become much more costly than previously, with schemes becoming unviable more quickly as they are held up in the planning process.

TheCityUK agrees with the government's assessment that there is an urgent need to reform the planning process. We are pleased to see proposed reforms from the Ministry of Housing, Communities and Local Government (MHCLG) to Britain's national planning policy to support economic growth and bring stability and certainty to the sector.

The success of any future planning system will depend on delivering reforms in the following areas:

- **Resource:** Local planning authorities are under resourced and unable to handle the number and increasing complexities of planning applications.
- **Predictability:** A lack of consistency between (and within) local planning authorities has been identified by parts of the financial and related professional services industry as a key issue with the current planning system.
- **Efficiency:** To make the UK more attractive to investors and facilitate investment decisions, the planning process needs to prioritise efficiency and timely decisions.

We welcome many of the revisions that the government has proposed making to the National Planning Policy Framework (NPPF). It is positive to see that the government has taken immediate action on this issue and proposed changes that reflect industry calls to simplify and streamline the planning process and ensure greater consistency in decision making. We look forward to seeing further detail on how the proposed reforms will be delivered and taken forward by local planning authorities.

Building infrastructure to grow the economy

The ability to communicate and travel between locations remains key to maximising productivity and delivering inclusive growth across the regions and nations of the UK.

Effective digital and transport infrastructure will enhance the connectivity of thriving regional hubs, helping to support greater growth across all industries, not just financial and related professional services. Implementation of low carbon and sustainability improvements to infrastructure will also support the UK's move towards net zero and create new investable opportunities to boost growth across the country.

The government should consider how key infrastructure projects can be expedited where appropriate, within the planning system. It should also consider what additional powers metro mayors could be awarded to help them drive crucial projects in their area. Where it is determined that additional powers will allow mayors and others to move projects forward, these powers should be as consistent as possible between authorities to provide clarity to business and investors.

Strategic planning

We welcome the government's proposals for localised plans in a range of policy areas. The introduction of Local Growth Plans and Skills Plans are long-standing positions in our annual *Enabling growth across the UK report*. We also welcome the introduction of Local Spatial Plans to compliment up to date local planning policies and identify potential development areas. It is important, however, that all these documents and strategies, at both a national and regional level, are aligned to produce a coherent planning ecosystem and vision for the UK in which business can operate efficiently and effectively. A coherent approach which identifies

key sectors for growth - and the land, skills and infrastructure that they require - will provide investors with certainty and create a productive environment for investment.

Supporting green energy and environment

There is a huge opportunity to harness the potential of the UK's financial and related professional services industry to invest capital at scale to finance the net zero transition. However, the UK's planning system is a significant barrier to mobilising investment to support the transition to net zero. Introducing reforms to the planning process will be crucial to supporting the delivery of the government's mission to make Britain a clean energy superpower by 2030. We welcome the proposed revisions to the NPPF set out in the consultation to boost the delivery of renewable energy schemes and increase the thresholds for solar and onshore wind projects. These changes will help provide greater certainty to investors and ensure the thresholds for renewable projects reflect technological advances, since the original thresholds were set under The Planning Act 2008.

Resourcing in local planning authorities

Local planning authorities are currently under-resourced and unable to handle the volume of planning applications they receive. They have been particularly impacted by the depleted supply of experienced planning officers, which will take time to rebuild. Resourcing has been identified by our industry as a significant bottleneck in the planning process that creates delays and frustration for all parties.

We welcome recognition from the government of the importance of appropriately resourcing local planning authorities. We support the proposal to increase planning applications fees to boost local planning authority resourcing, subject to the fees being ringfenced. It will be important to ringfence these additional fees to ensure that the additional funds contribute directly to the uplift of local planning authorities and quicker processing of applications, and that they are not diverted to other non-planning services.

However, increasing planning fees will not provide an immediate fix to current resourcing challenges in local planning authorities, and it will not resolve the challenge of leakage of skills from the public sector. We encourage the government to consider what further steps can be taken to deliver a stronger pipeline of trained planning officers to ensure that local planning authorities are adequately resourced to meet more demanding housing targets and support a sustained increase in development.

The case study below highlights one of our members – Aviva – providing support to a programme designed by the British Chamber of Commerce (BCC) to address the current resourcing issue in local planning authorities. Aviva has committed seed funding to a programme that will train and upskill council planners to boost the long-term capacity of the planning system in councils across the UK.

Case study: Aviva & British Chamber of Commerce (BCC) Planning Programme

The BCC has launched an industry-led programme to train and upskill more town planners and boost planning skills and capacity in councils across the UK. The targeted training programme will:

- *Fund at least 100 individuals to gain a degree or post-graduate qualification in town planning.*
- *Support the upskilling of mid-career and senior professionals to gain additional technical planning skills.*
- *Pay for the learner's training, in return for which they must be willing to work in a council planning department for at least two years post qualification.*

The BCC aims to raise over £3 million from the private sector. Aviva, as a founding partner, has committed £500,000 of seed funding. The former government recognised the ambition of this programme and committed £3 million to match the programme fund in the Spring Budget 2024.

Summary

We welcome the government taking swift action to introduce reforms to Britain's planning system. This is a positive step in the right direction. The proposed reforms demonstrate that the government has listened to industry concerns and sought to introduce changes to the planning system to create greater consistency and reverse measures that have added further complexity.

It will be important for the government to maintain momentum and move forward quickly with implementation of the reforms set out.

The government must work closely with the financial and related professional services industry to effectively deliver and build on the reforms proposed to further streamline the planning process, provide greater consistency in decision-making and restore confidence to investors. We and our members stand ready to support the government in the development and implementation of these proposals to drive and unlock inclusive growth in every community.