

# Planning and growth: the facts



## It's easy to blame planning for not delivering the numbers of houses this country needs – but in reality these complaints duck the big issue.

The private sector has only built 200,000 homes a year twice since the Second World War, most recently in 1968. Over the last 40 years, the private sector has built an average of 130,000 homes a year. And the evidence shows that private housebuilding numbers are driven by the state of the economy, house prices and the access homebuyers and house builders have to finance. The planning system has been reformed five times since the Second World War: the chart below shows how little effect that has had on housebuilding.

### The current system of planning, based on local plans, is bedding in well.

Councils are on track to have plans in place across the country, with a five-year supply of future housing sites. If they do not, developers can take advantage

of national rules to get schemes accepted. There is no need, or demand, to uproot this approach.

### Very high levels of housebuilding have only ever been possible when councils have been building on a large scale.

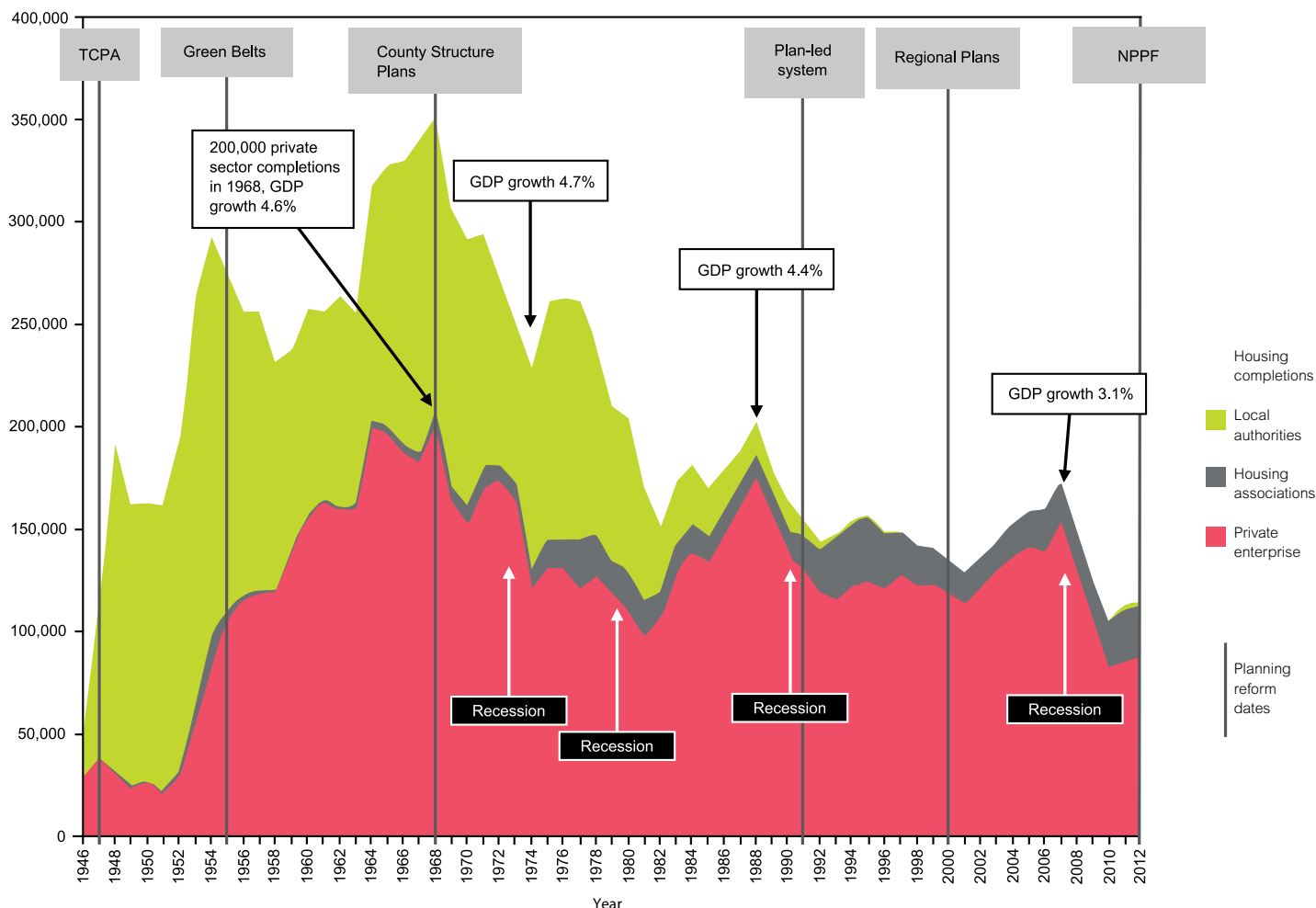
But it has been the policy of successive governments to restrict councils' ability to build. In the 1990s, council building fell to zero, and last year councils only built 1,360 houses.

### If we want to see a significant increase in house building, councils need to be allowed to do more.

Housebuilding levels above 200,000 look unachievable without going beyond what the market can deliver and reintroducing the conditions that allow councils to build. That means removing the council Housing Revenue Account (HRA) borrowing cap and letting councils run housing as a business.

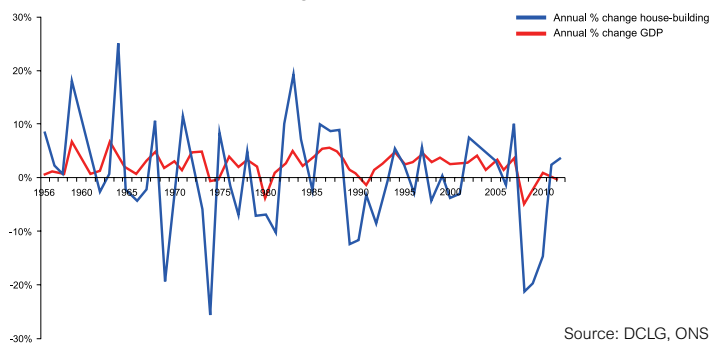
The Chancellor's Autumn Statement took a step in the right direction by allowing councils to invest a little more. But the Treasury still has a lot further to go.

Private sector housebuilding (pink) goes up and down with the state of the economy

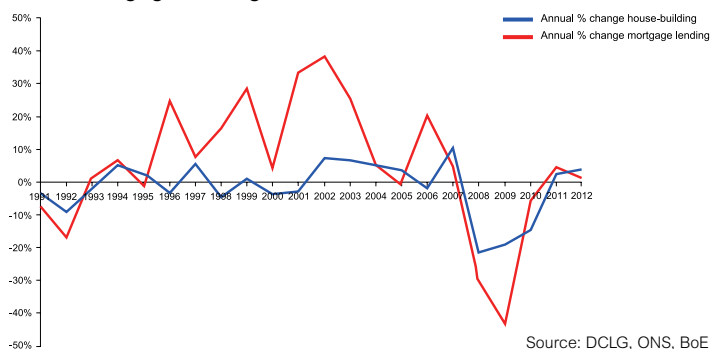


Source: DCLG

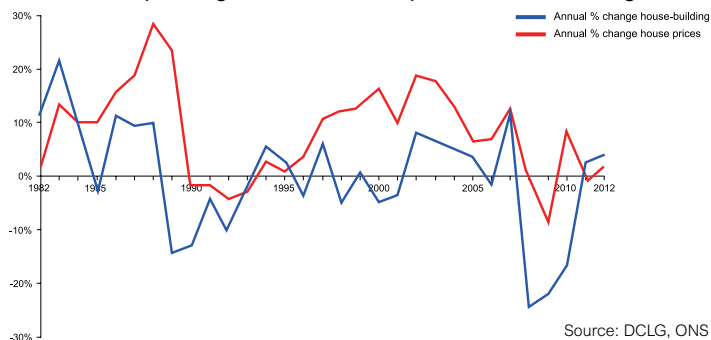
### Private sector housebuilding tracks GDP...



### ...and mortgage lending...



### ...and when prices go down, so does private housebuilding.



## The debates we really need about planning and housing supply

### Early engagement and partnership in planning

The secret of swift, trouble-free development lies in early engagement and partnership working between developers, councils and communities. Early collaboration, prior to submission of an application, helps shape better quality schemes and ensure improved outcomes for the community. The LGA has worked with the Planning Advisory Service (PAS), councils, developers and statutory consultees to develop tools to encourage greater use of pre-application services.

### Dialogue with business about conditions

Planning conditions can be a tool for speeding planning processes up. The LGA is working with the industry to reach agreement on ways of making conditions as development-friendly as possible.

### Resourcing an effective planning service

In order to deliver fast and effective planning services, councils need to be able to resource them properly. With councils seeing budget cuts of more than 40 per cent, planning services that continue to be subsidised by the taxpayer are not sustainable and are damaging for growth.

### Improvements to statutory consultee process

Statutory consultees have an important role to play in the planning system. However, it is important that their approach is risk based, proportionate and timely. The LGA has developed proposals for this.

### Providing good support to councils with local plan-making

PAS are delivering a successful package of sector-led support on local plan development. Sector-led support, where councils can learn from the experience of others is a much more effective way of driving local plan development than further national reforms.

### Planning strategically for housing across boundaries

Some areas face high demand for housing, with tightly drawn boundaries and a lack of land. However, many councils work together to plan together to plan strategically for their areas. There needs to be further discussion on how benefits can be delivered for communities who accept development whilst meeting the needs of those where land is restricted. Public acceptance for new housing cannot be secured without accountable local decision making.

### Enabling further council investment in housing

If we want to see a significant increase in house building, councils need to be allowed to do more. Lifting the HRA borrowing cap and moving council housing borrowing to the measure used by most comparable countries would enable councils to scale up their investment in new homes.



## Some myths about planning

### “Planning conditions hold development up”

Planning conditions allow planning permissions to go ahead which would otherwise have to be refused or be delayed while the details are worked out.

Conditions can save developers time and money by as they do not need to invest in detailed submissions until the principle of the development is granted.

They also provide extra flexibility on details, for example, if a developer is not yet sure how it wants to deal with a particular issue, a condition allows the council and the developer to discuss the solution without blocking the whole development. It also means that a developer can revise detailed proposals without re-opening the whole permission.

### “Poorly performing councils should be named and shamed and lose their planning powers”

Only one local authority has been designated under the government’s new name-and-shame rules. This is evidence that the best way to improve performance is through local democratic mechanisms, and a sector led approach, such as the wide-ranging support provided by the Planning Advisory Service (PAS). Local people won’t accept decisions about their communities made by far-away government bureaucrats.

Councils are working collectively, through PAS, to delivering sector-led support with making local plans.

### “Developer contributions (Section 106/“planning gain”) are making development unviable”

Councils are flexible about Section 106 contributions for affordable housing and infrastructure, and often negotiate agreements as part of the planning process to enable development to go ahead as well as renegotiating agreements to unlock stalled sites.

### “Councils without a plan in place are standing in the way of development”

On the contrary, the way the government has designed the plan-led system means that it is much more difficult for a council with no plan in place to refuse development. If a council does not have a plan in place, including a five-year land supply, it no longer has a reason to refuse applications and developers can insist that the National Planning Policy Framework applies directly. Together with financial incentives that the Government has put in place, this puts strong extra pressure on councils to say yes to development. This is an effective system that is working well.

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