

# PLANNING FOR GROWTH

Driving investment through planning reform and infrastructure delivery



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# Foreword

Business is ready to bring its ingenuity, innovation, and investment to work in partnership with the new government to deliver its mission to enable sustainable growth to the economy. Achieving that mission will be dependent on action to overcome the stubborn barriers to growth. For many businesses, the biggest hurdle to investment has consistently been the planning system.

The current system is deemed to be too slow and cumbersome, adversely impacting the delivery of much-needed housing, infrastructure, and decarbonisation. Businesses from energy, construction, and manufacturing to housing developers and retail, all cite inconsistencies and variations in planning practices based on local politics. This undermines investor and contractor confidence. The burdensome nature of the current system also means firms spend too much time on bureaucracy and less on delivery. If the UK wants to be a world leader in the built environment and unlock growth, this must change.

The new government has shown both welcome ambition and early momentum in their efforts to tackle the planning system head-on. The consultation into the National Policy Planning Framework alongside the early approval of key datacentres and the rapid reclassification of onshore wind represents a strong signal of intent. It has without a doubt been an impressive start. But fundamentally shifting the focus of the planning system so it becomes a genuine enabler of growth, will require the government to consider this as the start of their ambitions, rather than the end.

To support the government in their endeavours, the CBI has utilised the full cross-section of our membership to deliver Planning for Growth. At its centre is a recommendation for the government to adopt a UK-wide Planning for Growth Strategy. Introducing an ‘overarching strategy’ for planning, working closely with the devolved nations, would provide cohesion and consistency across the planning system. The ‘overarching strategy’ would be informed by recommendations from agencies such as the National Infrastructure Commission and devolved nations. Ensuring the Spending Review allocates sufficient resourcing to Local Planning Authorities (LPAs) to deliver key decisions within national timescales, such as net-zero infrastructure.

Delivering an ‘overarching strategy’ will require the right building blocks to be put in place. To achieve this, CBI Members have identified three areas of focus for where the government should look to build on their early momentum.

- **Resourcing the planning system.** Key to delivering this will be ensuring that the Spending Review allocates sufficient resources to Local Planning Authorities (LPAs) to deliver key decisions within national timescales.
- **Streamlining and accelerating planning to achieve greater consistency across Local Planning Authorities (LPAs).** By reducing complexity and uncertainty, we can make the UK a more appealing destination for investors.

- **Prioritise strategic planning to deliver growth** by empowering Combined Authority Advisory Boards to identify opportunities and support pan-regional infrastructure delivery – both physical and digital. This will ensure that local plans for employment land uses are equally as important as those for new housing.

Businesses are excited by the government's appetite for planning reform. By focusing on consistency, simplicity and resourcing, the CBI's Planning for Growth report sets out how the government can create a system that is smoother, swifter and better calibrated to attract the private capital needed to spread prosperity across every corner of the country



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# Summary of recommendations

## About the CBI

The CBI represents 170,000 businesses of all sizes and sectors across every region and nation of the UK, including over 1,100 corporate members and nearly 150 trade associations. The views expressed in this document have been gathered from ongoing engagement with CBI members, including our Planning Policy Working Group, Trade Associations, and individual conversations. The sectors represented include housing associations, construction, energy, infrastructure, housing developers, and professional services.

The points raised represent a consensus where industry has broadly agreed and are not an exhaustive report of all comments made.

## Recommendations

- Introduce an ‘overarching strategy’ for planning, making Local Planning Authorities (LPAs) agents of growth and working closely with the devolved nations, to provide cohesion and consistency across the planning system.
- Bring in locally determined and ringfenced planning fees, allowing LPAs to set their fees enables flexibility. They can tailor fees to local needs, considering factors such as project complexity, scale, and local economic conditions. Ringfencing fees ensure revenue generated from planning applications directly supports the planning process.
- Allow applicants to pay for independent consultants employed by the LPA for major applications. Utilising independent consultants empowers councils to access specialised expertise, expedite decision-making, and sustain a strong project pipeline while ensuring transparency and recovering costs.
- Pilot the use of Local Planning Hubs that can advise LPAs on major infrastructure applications as well as major housing development. This would allow LPAs to import the knowledge and expertise required to process major applications for housing and infrastructure crucial to delivering the government’s housing and net-zero targets.
- Collaborate with statutory consultees to provide additional guidance on LPA’s standard validation checklist in the NPPF to simplify and provide consistency between LPAs, giving certainty to applicants that their planning application will be validated without additional costly reports and surveys.
- Consult on proposals for a new methodology for calculating the required number of new homes to meet future needs at local, regional, and national levels to be updated within NPPF and implemented within Local Plans.
- Land for Employment use should be given equal importance as land for new housing within Local Plans and the NPPF should be updated to reflect this change.

- Use the introduction of National Development Management Policies (NDMP) to simplify planning requirements, making it more rules-based to enable LPAs to agree shorter, more locally-focused Local and Neighbourhood Plans.
- The National Described Space Standard should be incorporated into Building Regulations. Incorporation of the national described space standard into building regulations should ensure that brownfield development meets minimum space standards whilst giving LPAs the flexibility in applying planning policies.
- Introduce a mandatory training package for Councillors who sit on Planning Committees to be developed in partnership with the Local Government Association and Royal Town Planning Institute, utilising their existing expertise in developing training around planning for Councillors.
- Establish Combined Authority Advisory Boards in partnership with the Ministry of Housing, Communities and Local Government to support pan-regional infrastructure delivery, both physical and digital.
- Government should promote greater public-private partnership for brownfield site development. Public investment provides initial incentives, while private-sector efficiency accelerates site cleanup and regeneration. This collaboration reduces the financial burden on the public sector realising faster redevelopment that benefits communities and stimulates economic growth.
- Use an appropriate legislative vehicle to put the National Infrastructure Commission on a statutory footing, providing greater permanence and impact to its assessment and recommendations.
- For nationally significant infrastructure, introduce a legal requirement for at least five yearly reviews of National Policy Statements, enabling modular updates to those statements and setting up a central coordination mechanism to monitor progress.
- Empower regulators to facilitate strategic investment by setting out refreshed Strategic Policy Statements for regulators in each regulated sector once a Parliament and requiring regulators to enhance the role of competition.
- Government should implement a Future Homes Standard that goes beyond the fabric standards outlined in the March 2023 consultation. This standard aims to achieve greater energy efficiency and lower energy bills for new homes and non-domestic buildings.
- Building Regulations should be applied consistently to all new homes. All new homes must meet the new Future Homes Standard. Changes to building regulations should address gaps in minimum building regulations when buildings transition to residential use through a “material change of use.” This definition should explicitly encompass dwellings and flats created via permitted development.





# Resourcing the Planning System

Local authorities are under-resourced and lack the skilled planning workforce to meet the demands placed on them. Net expenditure on planning by local authorities has experienced a notable decline since 2009/10. During that period, it fell by 43%, decreasing from £844 million to £480 million. This reduction represents 0.45% of the total local government budgets allocated to planning services<sup>1</sup>. Real salaries for town planners have experienced a continuous decline over nearly two decades<sup>2</sup> and between 2013 and 2020, about one in four town planners in the United Kingdom decided to leave their jobs in the public sector.

During the same period, the private sector witnessed a notable increase in employed planners, almost doubling their numbers. Newly qualified planners are increasingly drawn to the private sector due to perceived better salaries and career prospects. Private consultancies offer opportunities to work on diverse projects, including master plans and development approvals<sup>3</sup>. The shift toward the private sector reflects a changing landscape in the planning profession, driven by factors such as career opportunities, resource allocation, and diversity considerations.

The planning profession, traditionally associated with the public sector, now comprises three cohorts: public sector planners working in local authority planning departments, private sector planners employed by consultancies, and self-employed planners likely working as consultants<sup>4</sup>. In a survey of 108 local planning authorities, 80% reported a shortage of officers to tackle their workload<sup>5</sup>. A recent Country Land and Business Association (CLA) planning survey<sup>6</sup> found that 94% of rural businesses across England and Wales felt there was a lack of knowledge on rural issues and agricultural matters within the planning system, resulting in delays and ultimately refusals, leading to the submission of appeals. The shift in planner distribution between public and private sectors reflects a changing landscape in the profession.

The announcement by the government of the recruitment of an additional 300 planners, whilst welcome, will take time to deliver positive outcomes in ensuring that LPAs have the resources and capabilities that will facilitate economic growth. In the short to medium term there is a need to build capacity. CBI members welcomed the announcement of the formation of a new “super-squad” of leading planners and other experts to unblock major housing developments<sup>7</sup> but there is also a need to support LPAs with specialist skills to support the planning process for major infrastructure projects such as offshore wind developments to meet Net Zero targets.

## Recommendations

- **Bring in locally determined and ringfenced planning fees** allowing LPAs to set their own fees enables flexibility. They can tailor fees to local needs, considering factors such as project complexity, scale, and local economic conditions. Ringfencing fees ensure revenue generated from planning applications directly supports the planning process. This funding can be used for hiring skilled staff, improving productivity through adoption of technology, and enhancing services.



- **Allow applicants to pay for independent consultants employed by the LPA for major applications.** Utilising independent consultants empowers councils to access specialised expertise, expedite decision-making, and sustain a strong project pipeline — all while ensuring transparency and recovering costs.
- **Pilot the use of Local Planning Hubs that can advise LPAs on major infrastructure applications as well as major housing development.** This would allow LPAs to import the knowledge and expertise required to process major applications for housing and infrastructure crucial to delivering the government's housing and net-zero targets.

### Business Insights

A **housing association** submitted a detailed planning application to an LPA in June 2022. The LPA openly acknowledged that it had limited resources available to process and determine planning applications within the statutory timeframes. The Housing Association offered to cover the cost of appointing an external planning consultant to determine the application, which was declined by the LPA. The application was not considered adversarial and the decision to approve will be under delegated powers. The S106 was completed in December 2023 the decision notice is still awaited, meaning the process to this point has taken over 18 months.

A **construction company** has 50 projects delayed on-site due to delays in the planning system. Projects are taking on average 4 years to complete rather than the normal 2 years, this delay is causing additional costs due to increases in materials cost and other factors.

An **insurance company** has reported that they have £4.5-£5 billion of projects stuck in the planning system and a construction company based in the Southeast said that they had £4 billion of work delayed because of planning.

A **UK regional airport** applied for a £150 million investment to build a new, zero-emission terminal. After approval by the local planning authority, the airport faced a 9-month wait for the Secretary of State's decision which was based on no new information. Surprisingly, there was no communication during this period, and eventually, the application was called in, at a cost of £3 million in planning expenses.

# Speeding up and simplifying the planning process

## Speeding Up the Planning Process

In January 2024 ninety-three percent of small to medium-sized developers cited delays in securing planning permission as a significant problem<sup>8</sup>. In November 2023, the median decision time for cases was 32 weeks, with a 12-month median for planning cases standing at 29 weeks<sup>9</sup>.

Delays in the planning system have also led to many projects being scrapped entirely. In April 2023, the Royal Institute of British Architects (RIBA) reported that 22% of architectural practices had to abandon projects in the last three months due to delays in the processing of planning applications. This represents a significant increase compared to the situation in April 2021 when only 7% of practices faced similar challenges. Additionally, 47% of projects experienced delays of 6 months or more, compared to 30% in 2021<sup>10</sup>.

Improving the speed of the planning system could lead to gains in investment and building completion. Planning and development consultancy Lichfields analysed the impact of delays in housing supply and corresponding economic effects across 11 Local Planning Authorities. Their findings revealed that the delays in providing 70,000 homes across these LPAs, with an estimated combined construction value of £10.14 billion, would have several significant outcomes:

- **Job Creation:** The delayed housing projects would support thousands of direct jobs in the construction industry, as well as indirect supply chain jobs.
- **Economic Output:** The annual economic output (measured by GVA) resulting from these housing developments would amount to £1.9 billion.
- **Council Tax Impact:** Local authorities would miss out on a substantial amount of council tax revenue, equating to nearly £146 million per year<sup>11</sup>.

The delays not only affect housing availability but also have broader economic implications for both job creation and local government revenue.

Whilst CBI members welcomed the commitment from the previous government to speed up the planning system. Industry is concerned that a 10-week accelerated timeline is unrealistic. The introduction of a 'premium planning service' for major schemes was cautiously welcomed, but CBI Members are concerned that without adequate resourcing this could lead to a two-tier planning system, as local authorities transfer scarce resources to avoid repaying fees. Rather than introducing an accelerated timeline, focus should be on processing applications within the existing 13 week timescale.

## Simplifying the Planning Process

Businesses have told us that inconsistency between LPAs is a major problem. Achieving greater consistency requires addressing resource gaps, enhancing expertise, clarifying guidelines, and ensuring transparent decision-making. We acknowledge that each LPA operates within a unique local context and that factors such as historical significance, environmental concerns, and community priorities influence their planning requirements. But, simplifying the planning system to enhance consistency between local planning authorities can boost economic growth by streamlining development processes, reducing delays, and encouraging investment. For instance, a study by the British Property Federation found that simplification could lead to a £9.3 billion annual increase in economic output and create 86,000 new jobs<sup>12</sup>.

Whilst improvements to the planning system are needed, industry concerns centre around the potential impact of wholesale reform. Challenges include limited capacity within Local Planning Authorities (LPAs) and the negative effects on economic growth due to delays. To address this, emphasis should be placed on optimizing the existing system, utilising tools like Local Development Orders (LDOs) for regeneration sites and Rural Exception Sites for affordable housing. Additionally, consultation with industry experts and stakeholders is crucial before implementing reforms.

### Business Insights

A **water company** constructing a new water main network had to deal with 14 LPAs and incurred application costs of circa £343,616. They found a wide variation between LPAs with differences in resourcing, experience, policy requirements and validation requirements. For applications accompanied by an Environmental Impact Assessment (i.e. statutory determination period of 16 weeks) the longest determination period was just shy of 80 weeks and the shortest was 24 weeks, the average has been 46 weeks.

An LPA refused an application by a **housing association** for a 100% affordable housing scheme. Despite extensive pre-application negotiations with the Council, the planning committee considered that its planning policy meant they only needed to sanction 38 affordable homes. The decision was appealed, and the planning inspectorate awarded full costs, allowing 108 affordable homes to be built on the site.

### **Case Study: Economic Growth via Local Development Orders at Gravity Smart Campus**

The Gravity site, a 616-acre ex-Royal Ordnance Facility, was revitalized by Sedgemoor District Council and BAE Systems. Traditional planning strategies were ineffective due to the site's complexity. The council adopted an economic development-driven vision, which drove planning policy, aiming to create future jobs. The site was included in the local plan and economic development strategy as a key project. A supplementary planning document was written to stimulate market interest, and the site was designated as an enterprise zone.

Market interest was not stimulated until Salamanca Group presented a clean growth vision, aligning with the council's vision. This marked a significant step towards realizing the economic development strategy. The focus on deliverability and a pro-business culture were key to the project's success. Stantec provided lead consultant support for Gravity. The team had extensive experience with Local Development Orders (LDOs). The LDO was more flexible than an outline application as it set parameters for development but did not restrict the investor to a specific use. The LDO played a crucial role in attracting foreign investment. The current investors have stated that the LDO was the single most important factor in their investment decision.

The use of an LDO at the Gravity site has proven to be a successful strategy in attracting foreign investment and facilitating economic development. It has allowed for a more complex and longer-term strategy to be implemented, focusing on clean and transformational growth. The LDO has been a key tool in making the Gravity site ready for investment. This case study highlights the potential of Local Development Orders as a tool to drive economic growth.

### **LPA Validation Checklists**

The NPPF attempts to address the issue of inconsistency between LPA validation checklists stating that "Local planning authorities should publish a list of their information requirements for applications for planning permission. These requirements should be kept to the minimum needed to make decisions and should be reviewed at least every two years."<sup>13</sup> However further guidance is needed to provide consistency between LPAs.

LPAs often include specific ecological survey requirements in their checklists and these expectations can vary considerably. While national guidance exists (e.g., Collins, JNCC, CIEEM, and Natural England), LPAs add their layer of policy, creating additional complexity to the planning process. The Association of Local Government Ecologists (ALGE) produced draft guidance in 2007, This guidance aimed to ensure clarity for applicants and consistency

in information submission<sup>14</sup>. Some LPAs adopted this guidance with local amendments but there is still a big variation between LPAs.

## Local Plans

A local plan is a crucial document in the planning system. It serves as a framework for the future development of a specific area and addresses various aspects, including housing, the economy, community facilities, infrastructure, and environmental conservation. According to Savills in 2023 one in five local planning authorities lacked an NPPF-compliant local plan and of those with an NPPF-compliant plan, half were currently undertaking a review<sup>15</sup>. Keeping local plans up to date is essential for effective and responsive planning. An out-of-date plan jeopardizes local authorities' ability to make informed decisions on development proposals. This can lead to a loss of local discretion in shaping the built environment.

A recruitment and skills survey found that almost two-thirds of local authority placemaking professionals reported various capacity challenges and 61% felt their team lacked sufficient capacity in Architecture, Urban Design & Masterplanning<sup>16</sup>. In the absence of relevant policies or when critical policies are out-of-date, planning permission is typically granted, increasing the risk of developments, that do not meet local needs, being approved. Industry has identified out of date local plans as a significant risk to development.

Simplifying local plans provides clarity and accessibility, making policies easier to understand for residents, businesses, and developers. It enhances efficiency, reduces costs, ensures consistency, and promotes community engagement. Additionally, industry has suggested that guidance on minimum build requirements should be incorporated within Building Regulations rather than being included within the National Planning Policy Framework (NPPF), which can sometimes be subject to varying interpretations.

## Identifying Land for Employment Uses and Housing

The People in Housing Need report by the National Housing Federation (NHF) provides a clear snapshot of the scale and shape of housing need with an estimated 8 million people in England having some form of housing need<sup>17</sup>. Within rural areas the scale of the problem is amplified with 307,000 rural households on social housing waiting lists and 36% fewer affordable homes build per 100,000 people in rural areas<sup>18</sup>. Industry welcomes the government's commitment to release previously developed land within the green belt (grey belt) for housing. In England, successive governments have failed to meet their targets for housing and recent data analysis predicts that at least 5.4 million homes will need to be built across England by 2040 to meet demand<sup>19</sup>. However, the Levelling-up and Regeneration Act 2023 diluted housing targets for local councils with local authorities being given more leeway to depart from government-set targets. Councils with up-to-date local housebuilding plans won't need to set aside a rolling five-year stock of land for future development. The industry consensus is that housing targets are a vital tool, offering a strategic vision, addressing shortages, informing infrastructure planning, boosting developer confidence, and promoting accountability.



Businesses emphasize that the lack of employment land in local plans significantly affects growth. The strategic placement of employment land near economic clusters, universities, and cities is crucial for fostering innovation, collaboration, and efficient workforce access. When plans don't allocate enough land for employment uses, it hampers new business development. A report by Knight Frank highlights that the growth of the life sciences sector in London is hindered by a shortfall of available lab space. Despite increased funding and start-ups, there could be a 100,000 sq. ft. gap in lab space. Research also highlights a shortage of land to meet the demand for small to mid-box warehousing space in England. Despite thriving commerce, this demand is suppressed by 38% nationally, resulting in a £480 million loss in Gross Value Added (GVA)<sup>20</sup>. Clear policies safeguarding suitable employment land are crucial for economic growth and thriving businesses.

## Community Representation

Local councillors play a crucial role in making decisions on planning applications. Councillors have local knowledge and understand the unique context of their area. This understanding helps them assess the impact of proposed developments and make decisions that align with the community's best interests. Councillors are accountable to the public and as such their involvement in planning decisions ensures transparency and openness. Councillors operate within a legal and policy framework and must consider national and local planning policies, zoning regulations, and environmental guidelines. Their decisions must adhere to these rules, ensuring consistency and fairness

A critical issue arises when it comes to the training of Councillors serving on planning committees in England. While many LPAs have in place minimum requirements to qualify for membership on planning committees, training for these committee members is not compulsory. Consequently, there's a lack of standardized knowledge and expertise among those responsible for evaluating planning applications. The consequences of this gap in training are evident. Last year, the share of rejected applications that were ultimately overturned by the Planning Inspectorate exceeded 30%. This represents the highest proportion in at least a decade<sup>21</sup>. As a result, businesses and local authorities face additional costs and delays due to these overturned decisions.

To address this challenge, it's essential to prioritise training and education for Councillors involved in planning committees. By equipping them with the necessary skills and understanding, we can improve decision-making, reduce the number of overturned applications, and promote more efficient processes for all stakeholders involved.

## Recommendations

- **Collaborate with statutory consultees to provide additional guidance on LPA's standard validation checklist in the NPPF** to simplify and provide consistency between LPAs, giving certainty to applicants that their planning application will be validated without additional costly reports and surveys.
- **Consult on proposals for a new methodology for calculating the required number of new homes to meet future needs at local, regional, and national levels.** to be updated within NPPF and implemented within Local Plans.
- **Land for Employment use to be given equal importance as land for new housing within Local Plans** and the NPPF should be updated to reflect this change.
- **Use the introduction of National Development Management Policies (NDMP) to simplify planning requirements,** making it more rules-based to enable LPAs to agree shorter, more locally-focused Local and Neighbourhood Plans.
- **The National Described Space Standard should be incorporated into Building Regulations.** Incorporation of the national described space standard into building regulations should ensure that brownfield development meets minimum space standards whilst giving LPAs the flexibility in applying planning policies or guidance relating to daylight and sunlight and internal layouts of development.
- **Introduce a mandatory training package for Councillors who sit on Planning Committees** to be developed in partnership with the Local Government Association<sup>22</sup> and Royal Town Planning Institute<sup>23</sup>, utilising their existing expertise in developing training around planning for Councillors

# Prioritise strategic planning to deliver growth

The United Kingdom's ability to meet diverse social and economic needs relies on futureproofed national infrastructure. Whether it's clean power through a reliable grid, digital connectivity via broadband rollout, or sufficient housing construction, this public policy debate should be considered a national mission.

Local Planning Authorities (LPAs) are crucial in supporting infrastructure delivery through spatial planning, development control, stakeholder engagement, and strategic coordination. They bridge national policies with local context, ensuring successful implementation.

## Partnership Working

Industry agrees with the decision to retain the Duty to Cooperate across LPA boundaries. Although there have been instances where the Duty has proven beneficial, these are overshadowed by numerous cases of failure, notably in Bristol, Birmingham, and Sussex<sup>24</sup>. Despite this, the necessity for strategic, long-term planning that transcends administrative boundaries remains, particularly for the execution of crucial infrastructure projects.

The government has signalled its intent to widen and deepen English devolution. The trailblazer devolution deals agreed for Greater Manchester and West Midlands Mayoral Combined Authorities (MCAs) gave additional powers over local railway services, enabling integration with other public transport modes like trams and buses as well as more housing and regeneration powers, including flexible funding for affordable housing and brownfield land development<sup>25</sup>. As more devolution deals are agreed upon to maximize the benefit of these powers the MCAs and County Combined Authorities should use their convening power, working with LPAs and other stakeholders like national grid and utility companies to identify land for housing and employment uses and allocate resources according to local needs.

## Major Towns and Cities as Engines of Jobs and Growth

CBI Members have welcomed the governments' announcement of an overhaul of the planning system to fix the foundations and grow the economy<sup>26</sup>. The emphasis on place-based regeneration by Homes England, where efforts are tailored to address specific challenges faced in different parts of England, represents a crucial step forward. By recognising the unique needs and characteristics of each locality, Homes England can create targeted solutions that lead to sustainable urban development and vibrant communities<sup>27</sup>.

Denser cities promote productivity, shorter commutes, and cost-effective public services. In the UK, cities' density positions them to play a crucial role in achieving the net-zero target by

enabling significant reductions in transport and domestic emissions whilst preserving green spaces<sup>28</sup>. Industry is highly supportive of further incentives that could support brownfield development. Prioritizing brownfield sites offers environmental benefits by reusing previously developed land, contributing to urban regeneration, utilising existing infrastructure, reducing urban sprawl, and stimulating local economies.

## Stimulating Brownfield Development

While brownfield sites offer an opportunity for sustainable development, challenges related to costs, demand, and policy hinder their full utilisation. Unlocking brownfield sites for regeneration is vital to balance housing needs and protect green spaces.

In England, there exists an imbalance between areas with extensive brownfield land and areas with high housing demand. Building on brownfield land can be expensive, especially when dealing with former industrial sites. The costs of decontamination and remediation can be significant, and these sites often require preparatory regenerative work before new development can take place, thereby requiring more upfront investment<sup>29</sup>. Developing brownfield sites requires a long-term vision recognising the value of brownfield revitalization, which looks beyond the site in isolation and instead adopts a 'placemaking' approach to revitalise new communities.

Public-private partnerships can prove vital in bringing forward brownfield development sites, which would not normally produce a return on investment for the private sector to develop alone. Collaboration with local authorities and public bodies such as Homes England and the UK Infrastructure Bank can share the risks and responsibilities but also the rewards in the form of new business rates, council tax and the intangible benefits from high-quality, place-based regeneration. The usage of Local Development Orders<sup>30</sup> is a good example of how local authorities can mitigate risks associated with planning and enhancing the attractiveness of development sites for investors.

## Infrastructure

Investment in critical infrastructure is a key enabler for regional and national economic activity. A recent report from Arcadis showed how HS2 Phase 1 into Birmingham Curzon Street kickstarted an array of economic activity in the surrounding area, with a 200% increase in planned floorspace and a 484% increase in the number of planned new homes<sup>31</sup>. Similarly, High Speed One (HS1) invigorated the area surrounding Kings Cross in London, with the number of firms in the area doubling and job creation increasing from 8,000 to 30,000<sup>32</sup>.

However, current perceptions indicate that major infrastructure is not attracting private investment at the rate it should, often due to inconsistency in policy at national and regional levels, and a lack of long-term strategy. CBI members have told us that sudden changes in policy, most notably the cancellation of the northern legs of HS2, has significantly damaged confidence that the government will stay the course on major infrastructure projects. CBI members support the government's ambition to develop a 10 year infrastructure plan, as it will provide much-needed confidence to invest in skills and supply chains and ultimately

develop greater competition that will impact on costs of delivery. The Nationally Significant Infrastructure Project (NSIP) process was introduced in 2008 in England and Wales. Its purpose is to streamline the consenting process for large-scale infrastructure developments related to energy, transport, water, or waste. Whilst the NSIP process initially worked well. However, its effectiveness has declined in recent years, with consenting times increasing by 65 per cent between 2012 and 2023<sup>33</sup>. In the UK, delivering infrastructure often involves navigating through a complex web of local, regional, and national bodies. Even at the policy level, we rely on evidence, funding monitoring, and reporting from various entities, including the Infrastructure Projects Authority (IPA), National Infrastructure Commission, UK Infrastructure Bank (UKIB), and HM Treasury. However, the absence of a single ministerial champion or portfolio for infrastructure delivery can lead to interference and a lack of central coordination. It should be clear within Local Plans that Critical National Priority infrastructure projects (specified by the NPSs) should be prioritised.

## Net Zero

Delivering the energy transition requires a significant scale-up in the UK's low-carbon infrastructure. From new energy infrastructure like high-voltage grid lines, hydrogen electrolyzers and small modular reactors to decarbonising the existing built environment and transport network, the UK's green economy provides huge opportunity for greater investment into UK infrastructure projects.

Introducing a new Net Zero Investment Plan that ensures private and public investment flows at the speed and scale required to meet the Climate Change Committee's balanced pathway to net zero by 2050, would help to build investors' confidence about what sectoral decarbonisation pathways look like and what policy mechanisms are committed to that support a pipeline of investable projects to meet these pathways.

UK regulators and statutory consultees periodically review their National Policy Statements (NPSs) for energy infrastructure. These NPSs guide planning for nationally significant energy projects, including natural gas, electricity generation, renewable energy, and nuclear power. However, there is no statutory requirement for regular reviews of Strategic Policy Statements within sectors, potentially missing opportunities to enhance competition.

The decision to place onshore wind on the same footing as other energy development in the National Planning Policy Framework (NPPF) is an important step forward. The consensus from industry is that this will address challenges related to approval processes, consistency across technologies, public perception, and environmental considerations. Moreover, recognising onshore wind as a cost-effective energy source could enhance access to affordable renewable energy.

The Future Homes and Building Standards consultation<sup>34</sup> is welcomed by businesses as an opportunity to decarbonise new homes and non-domestic buildings. The optimal moment to achieve energy efficiency standards is during building construction. By prioritizing higher fabric standards during construction, businesses recognise the potential long-term savings in retrofit costs. Furthermore, the energy efficiency capability of buildings will naturally



deteriorate over time and although a full retrofit may not be merited, regular maintenance will be required to maintain these energy efficiency standards. Consequently, setting fabric standards at a higher level would accommodate the expected deterioration in energy efficiency over time.

Minimising the need to have to retrofit buildings at a later stage is a key priority for businesses. We support the government's commitment to see that houses built under permitted development rights must conform to minimum space standards, provide for natural light, and comply with building regulations. We suggest this approach should be adopted consistently across LPAs within their local plans. The building of sub-standard housing reflects badly on the construction sector as a whole, and it is right that poor practice should not be tolerated.

The previous government sought to amend permitted development rights to enable further flexibility for individuals and organisations wishing to install EV charging outlets<sup>35</sup>. Industry supports this move, with investment for the deployment of charging infrastructure estimated to add up to £9.3bn to the UK economy by 2030<sup>36</sup>. EV charging infrastructure built under PDR should be monitored, and fall under the remit of proposed Strategic Spatial Energy Planning<sup>37</sup> initiatives as laid out in the 2023 Winser review.

The UK's grid network underpins almost all low-carbon infrastructure – and improving national grid capacity and connectivity is foundational to achieving the UK's net zero targets. If we're to succeed, the UK needs to build five times more onshore transmission lines by 2030 than we've built in the last three decades<sup>38</sup>. This will require partnership across public and private delivery partners and streamlined consenting processes to accelerate the build-out of a high-voltage transmission network able to meet projected electricity needs.

## Recommendations

- **Establish Combined Authority Advisory Boards** in partnership with the Department of Levelling Up, Housing and Communities to support pan-regional infrastructure delivery, both physical and digital – ensuring local plans for employment land uses are equally as important as those for new housing.
- **Promote greater public-private partnership for brownfield site development.** Public investment provides initial incentives, while private-sector efficiency accelerates property cleanup and redevelopment. This collaboration reduces the financial burden on the public sector realising faster redevelopment that benefits communities and stimulates economic growth.
- **Use an appropriate legislative vehicle to put the National Infrastructure Commission on a statutory footing,** providing greater permanence and impact to its assessment and recommendations.
- **For nationally significant infrastructure, introduce a legal requirement for at least five yearly reviews of National Policy Statements,** enabling modular updates to those statements and setting up a central coordination mechanism to monitor progress.

- **Empower regulators to facilitate strategic investment** by setting out refreshed Strategic Policy Statements for regulators in each regulated sector once a Parliament and requiring regulators to enhance the role of competition.
- **Implement a Future Homes Standard that goes beyond the fabric standards outlined in the March 2023 consultation.** This standard aims to achieve greater energy efficiency and lower energy bills for new homes and non-domestic buildings.
- **Building Regulations should be applied consistently to all new homes, including existing buildings converted to residential use.** All new homes must meet the new Future Homes Standard. Changes to building regulations should address gaps in minimum building regulations when buildings transition to residential use through a “material change of use.” This definition should explicitly encompass dwellings and flats created via permitted development.

## Conclusion

The current planning system in the UK is often perceived as a significant barrier to economic growth, with its slow and cumbersome processes. This has led to a stifling of growth, impacting the delivery of essential housing, infrastructure, and decarbonisation initiatives. The system's inconsistencies and variations, often influenced by local politics, have undermined investor and contractor confidence, leading to delays in numerous projects that promise to deliver much-needed housing and job opportunities.

The burdensome nature of the system means that firms are spending more time on bureaucracy than on delivery. If the UK is to become a world leader in the built environment and unlock growth, this must change. Planning reform presents an opportunity to revitalise delivery and ensure that planning is seen as an economic enabler, rather than a political issue.

There is a significant amount of private sector investment ready to stimulate economic growth throughout the UK, with further investment likely if the planning system can become more agile and responsive to the needs of both the industry and the public. The Confederation of British Industry (CBI) stands ready to assist the government in making decisions that will catalyse growth and prosperity for all.

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