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DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT

Planning for Homes: Speeding up planning applications for major housing developments in England

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Planning for Homes: Speeding up planning applications for major housing developments in England

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

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Comptroller and Auditor General
National Audit Office

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SUMMARY

1 The planning system in England has a major role to play in delivering the Government's objectives on, among other things, housing provision. Housing developments require the approval of planning applications by the 368 local planning authorities (Authorities) in England before they can proceed. The Department for Communities and Local Government (the Department) has implemented a number of measures to improve the performance of the development management stage of the planning process, in which applications are submitted, consulted on, considered, and either approved or rejected. These measures, aimed at improving the quality of service and speed of decision-making, include:

■ National targets for the speed of decision-making by Authorities;

■ The payment to Authorities of Planning Delivery Grant between 2003-04 and 2007-08, of which approximately £68 million a year was dependent on their performance in meeting the targets for determining planning applications;

■ Initiatives to build public sector planning capacity, such as the establishment of the Planning Advisory Service and Advisory Team for Large Applications (ATLAS) to assist Authorities, and the introduction of bursaries to boost the number of qualified planners; and

■ Initiatives to improve the development management process, such as: the encouragement of pre-application discussions between Authorities and applicants, and of agreements between these parties of timetables for the handling of applications; the introduction of a standard application form with a requirement on Authorities to set out clearly the information they require in support of an application; a new duty to respond quickly placed on those bodies with which Authorities are required by law to consult on planning applications; and an electronic application service.

2   This report examines how long it takes Authorities to decide major residential applications and the reasons for delays, and the effectiveness of the Department's efforts to improve the speed of planning for housing development. As part of our examination, we reviewed the case history of 100 major residential applications (i.e. developments of more than ten homes) approved in 2006-07 by 11 Authorities, providing for the first time data on how long the whole process takes. Since 2006-07, economic circumstances have changed, but the need to ensure that the planning system is providing a responsive and efficient service, and that the Department is focusing its initiatives in the right areas, remains important.

3   The Department has recognised that the speed of the planning system is of continuing concern. In parallel with our Report the Department and the Department of Business, Enterprise and Regulatory Reform jointly commissioned Joanna Killian, Chief Executive of Essex County Council, and David Pretty, former Group Chief Executive of Barratt Developments PLC, to conduct an independent review of the planning application process. Their report "Killian Pretty Review of Planning Applications – a faster and more responsive system" was published in November 2008 with a series of recommendations, most of which have been accepted by the Government. These recommendations aimed to make the process more proportionate and effective, improve engagement with third parties, achieve changes in culture, and tackle unnecessary complexity.

The impact of the Department's targets

4   The introduction of targets, and their associated rewards and sanctions, has provided Authorities with an incentive to determine applications more quickly. The percentage of major residential planning applications decided within 13 weeks has improved from 37 per cent of decisions in 2002-03 to 67 per cent in 2007-08. This performance measure, however, only records the number of applications that met the target, and not the number of

weeks it took to reach these decisions. The Department therefore does not know how long it takes, on average, for a major residential application to be determined, or how much this figure has reduced over time. For the 11 Authorities we visited, decisions to reject major residential applications in 2006-07 were taken more quickly than those to approve; 98 per cent of rejections were decided within 13 weeks, compared to only 49 per cent of approvals. For 100 of the approvals that we examined more closely, the time taken to approve was, on average, over 25 weeks. From April 2008 the Department requires Authorities to provide more information on the length of time taken to decide on an application once the 13 week target has been missed.

5   The Department's measure only covers the determination stage of the development management process and excludes the periods before an application is submitted and after a decision is made. The total time taken can be substantial if these stages are included, but the Department does not know how long this period is or whether the time taken has reduced as a result of its initiatives. For our case studies, the average time taken for the whole process, from pre-application discussion to the start of construction, was almost 98 weeks. Securing a reduction in the total time taken requires action from both authorities and applicants.

6   There are limitations to the information contained in the Department's statistics.

■ There is no breakdown between outline planning permissions (which will require further work and a further application before building work can start) and full planning permissions (which could allow work to start immediately).

■ The statistics do not separately identify repeat applications where a developer with an approved proposal submits a new one for a different scheme on the same site. In 55 of the 100 cases we examined, earlier applications had been made, and in some cases approved, for different schemes on the same site.

7   The target regime has resulted in some cases in perverse consequences as Authorities focus their efforts on reaching a decision within the 13 week period.

■ According to developers, there was an incentive for Authorities to delay validating submitted applications to prevent the 13 week target period from starting.

■ Authorities could either reject applications, or get the applicant to withdraw their application and re-submit at a later date, to meet the target.

■ There was a lack of incentive for Authorities to tackle applications once they had missed the target. For those of our 100 cases not approved within 13 weeks, approval took on average a further 27.6 weeks.

■ There was an incentive to attach unresolved issues as conditions to permissions so that approval could be given within 13 weeks.

■ Less emphasis was placed on the monitoring of the discharge of the conditions, including the date of the start of construction. For many of the Authorities we visited, this monitoring was poor.

8   In line with Government objectives for greater local discretion and reducing the number of targets that local authorities are required to meet, in 2008 the Department changed its performance regime for Authorities. Under this revised regime, the Department has set itself an objective that nationally 80 per cent of major applications should be processed within 13 weeks by 2011. Authorities continue to have to report their performance against the target of deciding 60 per cent of major applications within 13 weeks, but can agree an amended target if they select it to be one of the 35 priority targets under their Local Area Agreements. Authorities and applicants can also agree different deadlines for individual major applications which successfully use Planning Performance Agreements.

9   In 2008 the Government replaced Planning Delivery Grant with Housing and Planning Delivery Grant. This new grant was introduced in response to the Barker report on housing supply and is much more focused on incentivising the delivery of housing and the need for Authorities to progress their spatial planning. In recognition of the progress made by Authorities against the 13 week target, there is much less weight given to performance on planning applications in the allocation of the new grant, but payments of this grant are abated to those who fail to meet the target.

The impact of the Department's other initiatives

Building up capacity

10   The Department allocated approximately £110 million of the £121 million a year Planning Delivery Grant to Authorities, of which £68 million a year was based on their development management performance. According to Departmental surveys of Authorities, they spent about 95 per cent of this grant on their planning functions, but the extent to which it resulted in extra expenditure on planning is unclear, as Authority finance officers tend over time to make allowances for such funding when setting planning departments' budgets.

11   The Department's bursary scheme for increasing the number of planners has contributed to a doubling of the number of students taking post-graduate planning courses to just over 1,000 in 2006-07. Although in 2007 it was predicted that the shortage of planners would increase by 2012, the current economic situation is likely to make this shortage less acute over the next few years.

12   Feedback from the customers of the Planning Advisory Service expressed high levels of satisfaction with the support given by the Service, although user assessment of ATLAS's impact fell in 2007-08.

Improving the process

13   The Department has been successful in encouraging Authorities to hold pre-application discussions with developers. Some 87 per cent of Authorities that responded to our survey said that they held such discussions. In some cases, a lack of clarity over the purpose of these discussions has, however, resulted in Authorities taking an inconsistent approach, reducing their effectiveness. According to developers, in some cases Authority staff conducting pre-application discussions lack the necessary seniority and experience, and there is sometimes a lack of continuity in staffing between the discussions and the application itself. The lack of clarity extends to the approach Authorities take to charging. Some Authorities have chosen not to charge for such discussions, and so can have little financial incentive to undertake or resource them adequately.

14   In April 2008 the Department introduced Planning Performance Agreements in recognition of the fact that some major applications will take longer than 13 weeks because of their size and complexity, and that such proposals will therefore need to have a robust project management framework. These are agreements between an Authority and applicant which provide a timetable and list of agreed actions for an application's handling in both pre-application and application stages. The Department considers that they should help provide the clarity needed for pre-application discussions and a more collaborative, less confrontational approach for taking a complex application through to a satisfactory conclusion. We found that, as these are a fairly new development, Authority use of these Agreements had been limited to date, but the Department expects it to increase.

15   There have been complaints from developers that, in response to the introduction of a standard application form and the requirement on Authorities to publish lists of the information required in support of applications, Authorities are asking for an excessive amount of material, and that the "one-size fits all" form is too large for simpler applications. Authorities themselves considered the new form to be the least effective of the various Department initiatives to improve development management.

16   According to their own figures, the Environment and Highways Agencies, English Heritage, and Natural England achieved very high levels of performance against the Department's statutory 21 day deadline for their responses when consulted on planning applications. In contrast, Authorities and homebuilders expressed some dissatisfaction with statutory consultee performance in providing timely responses. The consultees' own performance data reflect the fact that the deadline only begins when they have received sufficient information to enable them to make a proper assessment of an application's contents and to provide a substantive reply. Authorities responding to our survey were more positive about the quality of the responses received from the four main national consultees, but these consultees currently gather little feedback on Authority and developer satisfaction with their performance and on the impact of the comments they make. The Department, in turn, has made little use of the information it receives from consultees to, for example, discuss performance with them or to identify and spread good practice.

17   The Department refined its original plans for the introduction of electronic planning after working more closely with Authorities, consultees and applicants. By October 2008, 31 per cent of applications were submitted electronically, while progress on electronically enabling the consultation process is taking longer than originally planned. The Department has identified as its priorities for the next three years the introduction of electronic consultation and increasing electronic submission of applications to 60 per cent by March 2011. After trialling of electronic consultation in summer 2008, its rollout nationally has begun with the Department expecting that the bulk of participants will be on board during 2009. Significant risks to the Department's plans remain. The use of on-line application processing and electronic consultation is not mandatory and Authorities and consultees may not wish to incur the extra costs. Successful implementation will require a change in working practices and culture within Authorities and consultees where applications submitted electronically are, at the moment, often still dealt with by staff on paper.

18   The Killian Pretty Review also identified that there was scope for improvement in the aspects of the development management process we highlighted above. The Review has made a series of recommendations to strengthen pre-application discussions, further encourage the use of Planning Performance Agreements, reduce information requirements, and improve the performance and processes used by statutory consultees. The Government has welcomed these recommendations and aims to issue a formal response early in 2009.

Value for money conclusion

19   The Department has spent approximately £68 million a year on Planning Delivery Grant to increase the speed with which applications are handled. The combination of this grant and the setting of targets by the Department has succeeded in ensuring that Authorities give a higher priority to taking speedier decisions, and the proportion of major residential applications decided within the 13 week target has consequently almost doubled from 2002-03 to 2007-08. The Department, however, has no data on the average time taken to make these decisions and therefore on how it has changed over time. The Department's measure also does not identify whether there has been an improvement in the total time taken for schemes to progress through the development management process (from pre-application to the start of construction). The value for money of the Department's other initiatives, where they relate to improving the speed of decisions for housing development, has also been mixed. For example, while the Department has been successful in encouraging Authorities to hold pre-application discussions, the introduction of the new standard application form has raised some concerns. These conclusions are consistent with those of the Killian Pretty Review.

Recommendations

1   The Department's chosen performance indicator only measures the time from submission of application to decision, rather than how long it takes for a major residential scheme to progress through the whole process, including what happens both before an application's submission and after its determination. The Department should collect data on the time taken for the whole development management process via regular surveys of a sample of major residential applications, and use the data we collected as a benchmark to measure subsequent movements in performance. In this way, the Department will gain more information on how effective its efforts are in improving development management, while minimising additional burdens on Authorities (paragraphs 2.8 and 2.9).

2   A lack of clarity over the purpose and resourcing of pre-application discussions has resulted in Authorities taking an inconsistent approach to these discussions, reducing their effectiveness in improving the speed with which subsequent applications are resolved. Some authorities have chosen not to charge for these discussions, and so can have little incentive to undertake or resource them adequately, while charging for an indifferent service can be a disincentive to applicants. The Department should set out more explicitly its expectations for the pre-application process. It should encourage Authorities to be clear about their pre-application offer, and to charge for, and adequately resource, pre-application discussions on the basis of business plans for a high quality advisory service to developers (paragraphs 3.14 and 3.15).

3   The Department introduced Planning Performance Agreements in 2008 to enable a more robust, project management approach to handling large and complex applications, but their use to date has been limited. The Department needs to give a greater lead in increasing the use of these Agreements and in improving the quality of pre-application discussions. The Planning Advisory Service, working with the Advisory Team for Large Applications, should lead the sharing of good practice by Authorities in this area and offer the necessary support to Authorities (paragraph 3.16).

4   The Department's statistics for the performance of statutory consultees in providing comments on individual planning applications do not fully measure the impact that such consultations have on the application process. The Department should develop with the major national consultees, such as the Environment and Highways Agencies, English Heritage, and Natural England, more robust performance indicators which cover not only the speed of response but also the value added to the applications by the responses (paragraphs 3.21 to 3.23).

5   Electronic consultation should speed up the processing of applications, but its successful implementation depends on convincing Authorities and consultees that it is worthwhile. There is a risk that take-up will be low as the use of electronic consultation is not mandatory. The Department should give a more substantial lead by making it a priority that all major national consultees sign up to implementing the changes to their systems needed to allow greater use of electronic consultation, while Authorities and the major national consultees need to do more to facilitate electronic planning (paragraph 3.32).

PART ONE

Introduction

The role of development management

1.1   Before construction of new housing can proceed, a developer is required by law to submit a planning application and obtain permission from a local planning authority (Authority). There are 368 such Authorities in England, consisting mainly of district councils, London borough authorities and metropolitan district councils. The process by which a developer must submit a planning application and obtain permission from an Authority is known as development management (or development control). A simplified view of this process in England is shown in **Figure 1 overleaf**. Appendix 1 contains an overview of the planning system.

1.2   There are two options open to an applicant when submitting an application:

■   The applicant can submit a full planning application for the development of a site. If approved, the applicant has to meet any conditions attached to the permission and, where applicable, any requirements contained in a Section 106 Agreement.[1]

■   The applicant can submit a less detailed application for outline planning permission. If approved, the permission will have a number of "Reserved Matters" attached. Before the applicant can start construction, they have to submit a Reserved Matters application and obtain approval.

Applications are categorised into three different types – major, minor and other.

1.3   There has been persistent criticism that the planning system has failed to deliver timely decision-making despite various reforms. One recent estimate of the cost of planning delays to the economy was as high as £2.7 billion per year.[2] The Department for Communities and Local Government (the Department) has therefore sought to improve the quality of the planning process, including the speed with which good decisions on planning applications are made, through:

■   the payment of Planning Delivery Grant to local planning authorities (Authorities) between 2003-04 and 2007-08 as an incentive to improve performance;

■   the introduction of national targets for the speed of decision-making by Authorities;

■   the establishment in 2004 of the Planning Advisory Service and Advisory Team for Large Applications to assist Authorities;

■   the introduction in 2004-05 of bursaries to boost the number of qualified planners;

■   increases in 2005 and 2008 in the planning application fees payable by applicants to Authorities;

■   the introduction of Planning Performance Agreements and a standard application form; and

■   the introduction of an electronic planning application service.

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1   An agreement between the developer and Authority under section 106 of the Town and Country Planning Act 1990 whereby the developer is required to carry out specified obligations when implementing a planning permission.
2   *Barker Review of Land Use Planning, Interim Report – Analysis*, Kate Barker, July 2006, especially paragraphs 3.4 – 3.17 and Box 3.1.

1.4 The Department has recognised that the speed of the planning system is of continuing concern. It expects that more recent measures, which were aimed at the wider planning system, should also help improve the development management process. Such measures include its issue in June 2008 of revised policy guidance to Authorities on the streamlining of the plan-making process, the aim of which was for Authorities to have in place more quickly the strategic plans for their area's future development against which planning applications could then be assessed. In October 2008 the Department also expanded the range of work which individual householders could undertake on their homes without needing to seek planning permission. It estimates that this change will remove approximately 80,000 applications from the system, thereby freeing up resources to focus on the more strategic and important applications. Finally, the Government has introduced a number of further reforms to the planning system in a Planning Act (Appendix 2). These changes seek to: speed up the process for major infrastructure projects, such as power stations and airports; introduce a community infrastructure levy to aid the provision of infrastructure; ease the process for making alterations to an existing proposal; introduce greater flexibility in Authorities' preparation of their spatial plans; and improve the appeals process.

1 Simplified view of development management, the system for making a planning application for new housing in England
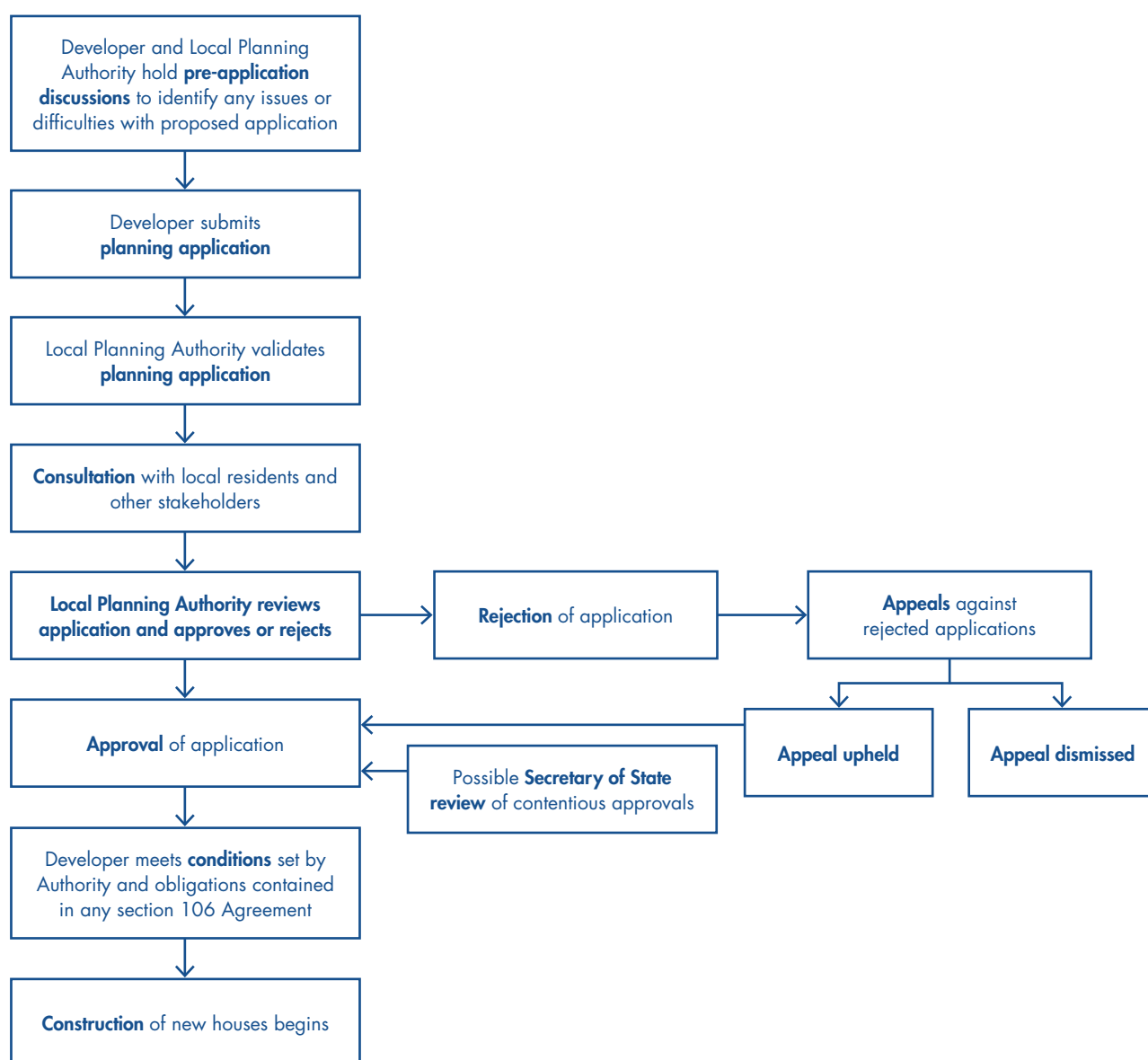
Source: National Audit Office

1.5 In parallel with our Report, the Department and the Department of Business, Enterprise and Regulatory Reform jointly commissioned Joanna Killian, Chief Executive of Essex County Council, and David Pretty, former Group Chief Executive of Barratt Developments PLC, to conduct an independent review of the planning application process (Appendix 2). Their report "Killian Pretty Review of Planning Applications – a faster and more responsive system" was published in November 2008, and included a series of recommendations to improve the process, reduce the number of applications, reduce information requirements, and improve engagement with the community and councillors.

Scope of the NAO report

1.6 This report examines:

■ how long it takes Authorities to consider major residential planning applications and the reasons for delays; and

■ the effectiveness of the Department's efforts to improve the speed of planning decisions for housing development.

Its scope is confined to development management in England, although comparable processes operate in Scotland, Wales and Northern Ireland.

1.7 We have focused on major residential applications as they represent the main source of new housing in any particular area. We have not examined other types of application (for example, commercial or infrastructure developments, minor housing developments, alterations or changes of use), although some of our recommendations are more widely applicable.

1.8 As part of our examination, we reviewed the case history of 100 major residential applications approved in 2006-07 by 11 Authorities in 10 areas across England where future housing growth is forecast to be high, in order to identify how long these schemes took to progress through development management and the reasons for any delays. We also surveyed Authorities for their views on development management. Our methodology is explained in more detail in Appendix 3.

PART TWO

The impact of the Department's targets

2.1 This Part of our report examines the target regime the Department introduced to speed up decision-making for planning applications and its impact on major residential schemes.

Targets and incentives

2.2 To improve Authority performance in handling applications, in 2003 the Department introduced targets for Authorities to achieve by March 2007 for the three different types of application – major, minor and other. The target for major applications was that Authorities should determine 60 per cent of these within 13 weeks by this date. The Department also set increasing milestones in the run-up to March 2007 in terms of the percentages Authorities were to achieve each year.

2.3 As an incentive to improve performance, those Authorities which met the milestones received Planning Delivery Grant. Those Authorities that failed to meet these milestones and could not provide evidence of sufficient improvement in their performance received free consultancy support from the Planning Advisory Service. Until 2008-09 they were also named as Planning Standards Authorities, which made it harder for these Authorities to achieve "excellent" status in their Comprehensive Performance Assessment.

2.4 Performance against the Department's chosen measure has improved greatly for all major applications. For major residential applications, 67 per cent of decisions in 2007-08 were made within 13 weeks, up from 37 per cent in 2002-03 **(Figure 2)**. This improvement occurred at a time when there has been an increase of over 20 per cent in the number of decisions made in the period. According to Authorities and developers, the targets have succeeded in ensuring that Authorities give a higher priority to taking speedier decisions on planning applications.

2.5 Between 2003-04 and 2007-08, the Department allocated approximately £68 million a year of Planning Delivery Grant to Authorities on the basis of their performance in determining applications **(Figure 3)**.[3] This allocation provided a substantial incentive for improvement as it represents roughly 20 per cent of the

2	Major residential planning applications between 2002-03 and 2007-08 in England					
	Major applications			**Major residential applications**		
	Decisions made in 13 weeks			Decisions made in 13 weeks		Total number of decisions made	Number of approvals
Year	Target (%)	Outturn (%)		Outturn (%)	Outturn (number)		
2002-03	N/A	44		37	2,900	7,800	5,800 (74 per cent)
2003-04	50	52		47	4,400	9,300	6,600 (70 per cent)
2004-05	52	57		53	5,800	10,900	7,300 (67 per cent)
2005-06	57	66		61	6,600	10,900	7,200 (66 per cent)
2006-07	60	71		68	7,000	10,200	6,700 (66 per cent)
2007-08	60	71		67	6,800	9,500	6,300 (66 per cent)

Source: National Audit Office analysis of Department for Communities and Local Government data

3   Authorities received a further £42 million a year for their performance in other aspects of planning, such as spatial planning.

costs incurred by Authorities in handling applications, estimated at £295 million – £365 million a year. Over the same period, the number of Authorities declared as Planning Standards Authorities for their performance on major applications remained broadly constant until 2007-08 when it dropped. This level of performance was achieved despite the fact that the threshold at which an Authority was named as a Standards Authority was raised each year.

Limitations of the 13 week measure

2.6 There are a number of drawbacks to the Department's chosen performance measure, the percentage of major applications determined within 13 weeks. It does not record whether the decision taken was to approve or reject, so the Department has no reliable data on how quickly decisions to approve are made, compared to those to reject. According to the Department's statistics, the 11 Authorities we visited decided on 62 per cent of the major residential applications they received within 13 weeks in 2006-07. Our examination of the Authorities' records revealed that only 49 per cent of approvals were made within this deadline, compared to 98 per cent of rejections. Proposals that are clearly unacceptable can be dealt with more quickly, while those which are less clear-cut often need a lot of further work to make them acceptable. Nationally, an increasing proportion of decisions have been rejections, with 34 per cent of decisions being rejections in 2007-08 compared to 26 per cent in 2002-03. The increase in the number of rejections is greater for major residential

applications than for other categories of major application, as residential development tends to take place in or next to areas of existing housing and so attracts greater public interest.

2.7 The performance measure does not give any indication of the actual time it takes to determine an application once submitted and validated. Our examination of 100 applications approved in 2006-07 revealed that the average time taken was over 25 weeks, compared to the 13 week target, although, as these 100 cases were approvals, they took longer than decisions to reject **(Figure 4 overleaf)**. The Department has recently taken steps to take gather more information on the time taken to determine applications. From April 2008 it required Authorities to report on the number of applications they have determined within 13 weeks, between 13 and 16 weeks, between 16 and 26 weeks, between 26 and 52 weeks, and over 52 weeks.

2.8 The performance measure only covers the determination stage, during which an Authority decides whether to approve or reject a submitted application. The period measured only starts once the Authority has confirmed that the submitted application is valid.[4] The pre-application stage can be substantial. According to our sample of approvals, the average time taken for pre-application discussions, when held, was just over 30 weeks, while validation took a further 2.5 weeks (Figure 4).

3	Planning Delivery Grant and Planning Standards Authorities						
	2003-04 £m	**2004-05 £m**	**2005-06 £m**	**2006-07 £m**	**2007-08 £m**	**Total £m**	**Annual average £m**
Development management	40.8	72.8	99.0	71.2	58.0	**341.8**	68.4
Other aspects of planning	6.1	47.2	56.7	49.0	49.0	**208.0**	41.6
Total allocated to local planning authorities and county councils	**46.9**	**120.0**	**155.7**	**120.2**	**107.0**	**549.8**	**110.0**
Spending on regional bodies and national initiatives	3.1	10.0	14.3	14.8	13.0	55.2	11.0
Total Planning Delivery Grant	**50.0**	**130.0**	**170.0**	**135.0**	**120.0**	**605.0**	**121.0**
Number of Planning Standards Authorities declared for poor performance on major applications	66.0	50.0	66.0	67.0	48.0		

Source: Department for Communities and Local Government

4   If the Authority confirms that the application is valid, the 13 week target period begins from the date of the application's original submission. If, however, the Authority considers that the application is not valid because it is not accompanied by the right supporting documents or planning fee, the 13 week period only begins when the appropriate documents or fee are received by the Authority.

4	Time taken for 100 sampled applications	
		Average duration (Weeks)
Pre-application First pre-application meeting (where this occurred) to submission of application		30.2
Validation Application's submission to its registration		2.5
Determination From registration to decision		25.4
Post-determination From decision to start of construction		34.8
Total process[1] First pre-application meeting or application submission (as appropriate) to start of construction		**97.8**

Source: National Audit Office

NOTE

1   The figure for the total process is not the sum of the previous figures, but represents the average time taken for the 29 applications where we were able to identify the end date for the process.

2.9   The period measured by the Department's chosen indicator ends when a decision notice is issued. The subsequent period, between the issue of a decision and the start of construction, can be substantial. For those approvals we examined where construction had started or was due to begin and we had the relevant data, the average time from the decision to the start of construction was almost 35 weeks (Figure 4). These lengthy pre-application and post-decision periods meant that the total time taken for these approvals, from first pre-application discussion to start of construction, was, on average, almost 98 weeks.

2.10 There are a number of reasons why the post-decision period can take so long, most of them outside an Authority's control. During this period, the Authority has to check that the applicant addresses the conditions attached to the permission granted, and delays can arise if an Authority is slow to do so. For their part, the applicant has to complete the design, raise the necessary finance, wait for the completion of supporting infrastructure, such as new road links, and, perhaps, await the right market conditions. Delays can arise in any of one of these areas.

2.11 The start of construction can also take a long time as there is no guarantee that a developer will actually proceed with a scheme once approved. Applicants have up to three years to start construction before planning permission lapses. Of our 100 approvals in 2006-07, construction had

started for only 40 by July 2008. There are a number of reasons why construction may not proceed. For example, applicants are required to submit a new application for an approved scheme if they have made material changes to the scheme, as was the case in ten of the cases we examined.

2.12 In other cases, the applicant may choose not to proceed with the approved scheme but to submit an application for a completely different scheme on the same site. Alternatively, the applicant may have sought planning permission simply to increase the site's value to sell on to a new owner who, in turn, then may choose to submit another application for a new scheme. Earlier applications for different schemes on the same site had been applied for, and in some cases approved, for 55 of the 100 cases we examined. In eight cases there were further applications for different schemes on the site made subsequently to the approvals we examined.

2.13 Authorities and homebuilders have identified a number of factors which can delay a scheme's progress through the development management process. These factors included the capacity of planning staff, the involvement of councillors and statutory consultees, and the lack of an approved plan under the new spatial planning regime **(Figure 5)**. The Killian Pretty Review also identified many of these same factors in its report.

Aspects of performance not reflected in the measure

2.14 In our survey of Authorities, 53 per cent of respondents considered the Department's chosen performance indicator to be an inappropriate measure of Authorities' performance in handling major residential applications, while 65 per cent of respondents to an Office of Fair Trading survey of housebuilders in Autumn 2007 stated that the target was not effective in improving development management performance. Respondents mentioned that there were a number of aspects of performance not reflected in the Department's chosen measure.

■   The measure does not record the number of homes which are being approved. The Department therefore does not know how many new homes are approved each year, and therefore what progress is being made in the planning application process towards the achievement of its homebuilding targets. Information on the number of new homes contained in an application was readily available in the Authorities we visited, but its collection, aggregation and interpretation would be complex as it would need to take account of the existence of multiple applications for different schemes on the same site (paragraph 2.12).

| **5** | Factors affecting development management | | | | |

Identified by Local Planning Authorities	%		Identified by Homebuilders	%
Attitude of applicants	83		Administrative efficiency of the authority	84
More authority planning staff	83		Excessive information requirements	84
Better quality of applications	82		Capacity of authority planning departments	82
Better engagement by statutory consultees	81		Authorities seeking unrealistic obligations in section 106 agreements	80
Attitude of councillors	73		Involvement of statutory consultees	74
Adoption of agreed Local Development Framework	70		Involvement of councillors	72
Increased fee income	63		Unclear planning policies	69
			Intentional delay by authority	64

Source: National Audit Office survey of local planning authorities and Office of Fair Trading survey of housebuilders

The Department does, however, collect separate data on the number of new homes earmarked in regional and local strategic plans, and on the number of new homes where construction has started and been completed. It has also identified the establishment of a National Planning Register as a possible project under its electronic planning programme. This new database would use data available in Authorities to generate real-time information on the performance of the planning application process, including, possibly, the number of new homes. This project is at the early stages of its development and the Department has yet to work up a full business case for its introduction or its exact scope.

■ The measure does not differentiate between the different types of application – outline permission, full permission and reserved matters (paragraph 1.2). Thus, where an applicant is successful in obtaining outline planning permission, the subsequent Reserved Matters application also appears in the performance statistics. The Department's statistics therefore give no indication of how close an "approved" scheme is to implementation since those with full permission require less work to implement than those with outline. For the 11 Authorities we visited, 13 per cent of approvals were for applications for outline permission, and 16 per cent were Reserved Matters applications, while 71 per cent were for full permission.

■ The measure focuses on the speed of decision and takes no account of quality, either of the decision taken or of the outcome in terms of the completed development, or of user satisfaction.

2.15 The Department requires that only 60 per cent of major applications be decided within 13 weeks, as it recognised that some major applications were so large and complex that it would take longer to reach a decision. For example, the 100 applications we examined ranged from 10 to just over 2,500 housing units. For those for 50 new homes and above, it took longer on average to obtain approval (30 weeks), than for those applications for below 50 new homes (almost 22 weeks).

2.16 Until March 2008 the Department's performance data did not take account of this difference in size and complexity, as Authorities were simply required to report performance against the 13 week deadline for all major residential applications. From April 2008 it required Authorities to report separately for large scale (200 new homes and above) and small scale (10 to 199 new homes) major residential applications. It also introduced the use of Planning Performance Agreements for major applications. These Agreements, negotiated between an Authority and a developer, provide a timetable for an application's handling in both the pre-application and application stages. Applications where such Agreements are used and the agreed timetable is adhered to are exempt from the 13 week target from April 2008.

Unintended consequences

2.17 We found that the target regime had led in some cases to unintended or perverse consequences as Authorities attempted to meet the 13 week target.

■ According to developers, there was an incentive for authorities to delay validating submitted applications in order to prevent the 13 week target period from starting.

■ Authorities could either reject applications or get the applicant to withdraw their application and re-submit at a later date, in order to meet 13 week target. A number of Authorities cited these practices in their survey responses as a reason why the Department's chosen target was inappropriate.

■ There was a lack of incentive for Authorities to tackle applications once they had missed the 13 week target. According to our survey of Authorities, only 24 per cent set targets for the handling of applications which miss the target. For the 48 of the 100 cases we examined which were not approved within 13 weeks, a decision took on average a further 193 days (27.6 weeks). From April 2008 Authorities are required to provide more information on the length of time taken to decide on an application once the 13 week target has been missed (paragraph 2.7).

■ Unresolved issues could be attached to applications as conditions which still remained to be resolved after approval has been given within the 13 week target. While not ideal, for some developers an approval with conditions attached is better than further delays to approval as gaining permission can, for example, make it easier for them to raise the finance they need to undertake their development.

The Killian Pretty Review found similar consequences arising from the current time-based performance target.

2.18 Many of the Authorities we visited collected little performance information on development management other than that required to report on their performance in meeting the Department's targets for the time taken to determine applications. We found that there was little systematic recording and monitoring of discharge of the conditions attached, including the date of the start of construction, as the Authorities focused their efforts on determining applications. The average number of conditions attached to the 100 cases we examined was 17. In recognition of the difficulties in this area, in April 2008 the Department introduced fees for the discharge of conditions by Authorities, in the expectation that Authorities would then be able to release extra resources for this stage of the development management process.

Revisions to the target regime

2.19 The Department recognises that significant improvements in performance have been made, but that improvements in processes and approach could drive performance up further. In October 2007 it set itself an objective that 80 per cent of major applications nationally should be processed within 13 weeks by 2011. Under the new performance framework established for local government in October 2007, Authorities must continue to report their performance against the target of deciding 60 per cent of major applications within 13 weeks, but can agree an amended target if they include this in their Local Area Agreements. These Agreements set out the

35 priority outcomes agreed for an area and, as at June 2008, only two Authorities had selected the 13 week indicator as one of their 35 priorities. From April 2008, applications where Planning Performance Agreements are successfully used are exempt from the 13 week measure (paragraph 2.16), and the Department has ceased naming as Planning Standards Authorities those Authorities which perform poorly.

2.20 The Department intends to achieve the 2011 target by building on its initiatives to increase public sector planning capacity and to improve the development management process. It has also introduced a new grant, Housing and Planning Delivery Grant, totalling £511 million over three years **(Figure 6)**, to replace Planning Delivery Grant. The purpose of the original grant was to provide Authorities with an incentive to improve their planning performance, whereas the new grant aims to encourage them to allow the construction of more new homes. The new grant will be allocated in line with an Authority's record in delivering increased numbers of new homes and in putting in place the spatial plans identifying land for construction. The amount of Housing and Planning Delivery Grant an Authority receives in respect of spatial planning will be reduced by up to 20 per cent if it fails to determine planning applications in line with the 13 week target.

2.21 In its November 2008 report, the Killian Pretty Review recommended that a new performance indicator be introduced to replace the current approach to targets. The new indicator would measure applicants' satisfaction with the quality of service provided by Authorities in handling applications. Quality of service would include a number of aspects of performance, including the timeliness of the application decision. The Review considered that this new indicator would overcome the perverse consequences of the current time-based targets without losing the benefits that the incentives to improve timeliness had delivered.

6	Housing and Planning Delivery Grant – Planned allocations			
	2008-09 £m	2009-10 £m	2010-11 £m	Total £m
Spatial planning	60	72	62	194
Housing delivery	40	88	188	316
Total	**100**	**160**	**250**	**510**

Source: Department for Communities and Local Government

PART THREE

The impact of the Department's initiatives

3.1 This Part of our report examines the Department's initiatives to improve the capacity of planning in the public sector and the development management process.

Measures to build public sector capacity

Releasing additional funding

3.2 The Department has increased the amount of funding available to Authorities for planning. Between 2003-04 and 2007-08 the Department allocated approximately £110 million a year in Planning Delivery Grant to Authorities and county councils (Figure 3), and it plans to allocate a further £170 million a year in Housing and Planning Delivery Grant between 2008-09 to 2010-11 (Figure 6).

3.3 Use of the Grant was not ring-fenced and Authorities were free to use it for purposes other than planning. Nevertheless, according to Departmental surveys of Authorities about 95 per cent of the Grant was spent on planning. The extent to which this funding resulted in extra expenditure on planning is unclear, as Authority finance officers tend over time to factor in such funding when setting annual budgets and, accordingly, reduce the amounts the authority itself would otherwise contribute to the costs of their planning departments. Authorities spent almost half the funding on extra staff (permanent and temporary) with almost 20 per cent invested in IT. Some 90 per cent of Authorities considered this financial assistance to be an effective way of improving development management.

3.4 The Department has sanctioned significant increases in the fees Authorities can charge for planning applications, by 25 per cent in 2005 and a further 23 per cent in April 2008. It also increased the maximum fee levels from £50,000 in 2005 to £125,000 for outline and £250,000 for full applications in April 2008. Prior to the April 2008 increase, the Department estimated that there was a gap of £58-135 million between Authorities' income from planning fees (£232 million) and their costs of handling applications (£290-365 million – paragraph 2.5). According to the Department, this gap should be addressed by the extra fee income of £65 million a year arising from its April 2008 increases and the new Housing and Planning Delivery Grant. The Department intends to consult on further increases in planning fees in 2009.

Increasing the number of qualified planners

3.5 In 2004 there were 14,000 qualified planners, with qualifications from properly accredited planning courses, working in the public and private sectors, out of a total planning workforce of over 30,000. In an effort to boost these numbers, in 2004 the Department introduced a bursary scheme under which students on post-graduate planning courses receive assistance with tuition fees and living expenses. From 2004-05 to 2007-08 the Department spent £4.8 million on 513 bursaries and plans to spend approximately £4 million from 2008-09 to 2010-11 on a further 405.

3.6 The scheme has succeeded in attracting a high calibre of student, with 92 per cent of bursary holders holding a First or 2.1 degree. Retention rates have been high, with 92 per cent of students completing their studies. Employment rates on graduation have also been high, with 82 per cent in employment six months after the end of their courses. The scheme has also contributed to an increase in the number of students taking post-graduate planning courses, which has doubled since 2002-03 **(Figure 7 overleaf)**, as well as encouraging more universities to offer planning courses. In 2006-07 there were 1,004 students on postgraduate courses, of whom approximately ten per cent were in receipt of a bursary.

3.7 In contrast, Authorities scored the bursary scheme among the least effective of the Government's initiatives to improve development management, with only 29 per cent of respondents to our survey finding it to be effective and 15 per cent considering it ineffective. The Department believes that, unless the respondents employed a graduate who had benefited from the bursary scheme, they were unlikely to have been aware of the initiative.

3.8 Until recently, there was no requirement on bursary holders to work for a least a time after their qualification in the public sector. As a result, only 45 per cent of bursary holders worked for an Authority once they qualified, with 39 per cent working in the private sector. From 2008-09 recipients of bursaries will be expected to work in the public sector for a minimum of two years in their first five years of employment after qualifying.

3.9 The number of students receiving bursaries is small compared to the extent of the recruitment problems which the planning sector has recently faced. According to a 2006 survey[5] 55 per cent of Authorities faced difficulties recruiting the development management staff they needed, while according to estimates from the Academy for Sustainable Communities[6] the shortfall in the number of planners required in both the public and private sectors will, in a worst case scenario, rise from 18 per cent in 2007 to 46 per cent in 2012 unless further action is taken. This trend is despite the number of qualified planners rising to 21,000 in 2007. The situation is likely to change, however, over the next few years in the light of the current economic downturn and its impact on the development industry. Although quantitative data is not yet available, the number of jobs for planners in the public and private sector is expected to decrease. As a result, the pool of planners available to fill posts is likely to increase.

3.10 In its July 2008 report, the Communities and Local Government Select Committee outlined a number of recommendations for the Department and other parties to take to address this staffing shortfall **(Figure 8)**. The Killian Pretty Review in its report urged the Government to take forward the programmes and actions set out in the Committee's report, and made a number of other recommendations for freeing up planning resources within Authorities. The Department has welcomed the findings of both reports.

7	Number of students on planning courses		
	Undergraduate[1]	**Postgraduate[1]**	**Total**
2000-01	553	289	**942**
2001-02	529	431	**960**
2002-03	446	410	**856**
2003-04		Figures not available[2]	
2004-05	579	980	**1,559**
2005-06	689	879	**1,568**
2006-07	518	1,004	**1,522**

Source: Department for Communities and Local Government

NOTES

1   Figures include full and part time students.

2   The Department obtains its data from annual surveys of planning schools carried out by the Royal Town Planning Institute. A survey was not carried out in 2003-04.

8	Tackling the skills shortage

- The production by the Department of long-term annual assessments of the numbers of people employed in planning and the labour shortages likely to arise in the near future.

- Greater encouragement by the Department of joint working and the sharing of resources across local government boundaries.

- The use within authorities of non-planners to do more of the basic work, such as simple householder applications, freeing planners to deliver the larger projects.

- Funding by the Department of a public sector recruitment drive to attract more of the highest-achieving graduates and postgraduates into local government planning.

- Ring-fencing of some of Housing and Planning Delivery Grant to fund increased training of planning staff by authorities.

Source: Communities and Local Government Select Committee "Planning Matters – labour shortages and skills gaps" (HC 517 2007-08)

5   *Local Government Pay and Workforce Strategy Survey*.
6   Academy for Sustainable Communities *Mind the Skills Gap*.

Increasing expertise

3.11 In December 2004 the Department set up two new bodies, the Planning Advisory Service and Advisory Team for Large Applications (ATLAS), to help build the capacity of Authorities to improve their performance and the quality of service provided. To date, the two bodies have cost the Department over £21 million **(Figure 9)**. Their roles differ.

- The Planning Advisory Service aims to facilitate self-sustaining change and improvement in Authorities' planning performance by helping them to provide faster, fairer, more efficient and better quality services. It shares best practice, produces guidance and provides training, as well as giving direct support to individual Authorities whose performance has been identified by the Department as causing concern. In 2007 over 80 out of 368 Authorities received such support. Over the past two years its focus of support has moved away from development management to plan-making.

- ATLAS' main role is to provide assistance to Authorities on large-scale major planning applications (on major residential applications, over 500 units), as well as producing general guidance. Its involvement on individual projects is not mandatory but is dependent on an Authority and developer accepting support. Since 2004, it has helped almost 50 Authorities with applications totalling over 90,000 residential units. It is leading on the introduction of Planning Performance Agreements.

3.12 Feedback from the customers of the two bodies has been good, although there is scope for improvement.

- Ninety-four per cent of Authorities are aware of the Planning Advisory Service, with 65 per cent using its services. Eighty-seven per cent are content with its services, with 73 per cent stating that its help had saved them time (on average 4.5 days per user) and 69 per cent that it had reduced their costs (on average by £5,600 per authority). According to our survey, 55 per cent of authorities considered the Service to be either effective or highly effective in improving development management.

- Across the whole of 2007-08, 61 per cent of users expressed satisfaction with ATLAS' service, and feedback from a small sample of users at the end of ATLAS' involvement on a project was that they would use ATLAS again on a subsequent project. There was, however, a fall in users' assessment of ATLAS' performance during the year. For example, only 33 per cent of ATLAS' users said that it had had a significant impact on speeding the planning process, and 40 per cent a significant impact on reducing costs. These ratings were much less than those achieved 12 months previously. According to feedback from developers and Authorities, ATLAS would have had a greater impact if they had invited it in at an earlier stage of the development.

Results of efforts to improve the process

Encouraging pre-application discussions

3.13 The Department has encouraged pre-application discussions between Authorities and developers. Such discussions can often improve the speed and quality of planning decisions as they enable the early identification of relevant issues. We found that 87 per cent of Authorities hold such discussions at least frequently on major residential applications. All 11 of the Authorities we visited held them too.

9	Expenditure on the Planning Advisory Service and ATLAS					
	2004-05 £000	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	Total £000
Planning Advisory Service	800	1,500	3,500	3,500	3,500	**12,800**
ATLAS	350	500	2,000	2,500	3,000	**8,350**
	1,150	**2,000**	**5,500**	**6,000**	**6,500**	**21,150**

Source: Department for Communities and Local Government

3.14 According to developers and others, the usefulness of pre-application discussions in speeding up the process can be inhibited by a number of factors.

- Discussions are not happening consistently across the country. Where discussions are held, Authority staff sometimes lack the necessary seniority and experience, and are mainly drawn from the Authority's planning department, with little representation from other relevant departments, such as environmental services.

- There is sometimes a lack of continuity in staffing between the pre-application discussions and the application itself.

- Some Authorities only communicated by phone and e-mail and did not encourage face-to-face meetings, and some were slow to provide minutes of these meetings.

- 69 per cent of Authorities stated that they engaged with statutory consultees frequently or more during the pre-application stage, with only 30 per cent engaging with councillors and the public frequently or more.

- There is sometimes a lack of clarity as to what purpose pre-application discussions serve and what topics should be covered, although some Authorities have published protocols to provide guidance on these points.

3.15 As at April 2007, only a small number of Authorities charged for pre-application advice.[7] Currently, there is no firm line from the Department on the approach Authorities should take to charging for pre-application discussions. Such discussions are not covered by the statutory planning fees that Authorities charge (paragraph 3.4), although Authorities can charge additional fees for these discussions if they so choose. Guidance from the Department on Planning Performance Agreements makes it clear that, if such fees are charged, they should be on a cost-recovery basis. Those Authorities that do charge have a financial incentive to undertake and resource these discussions adequately. Other authorities have chosen not to do so for a number of reasons. The levying of such charges could, for example, discourage applicants from engaging in pre-application discussions. Applicants might also expect a higher standard of service than could actually be provided.

3.16 In April 2008 the Department formally introduced the use of Planning Performance Agreements into the handling of major applications (paragraph 2.16). These Agreements set out the details for the handling of an application in both the pre-application and application stages, and so should help provide greater clarity over the purpose of, and approach to be taken to, pre-application discussions. Use of these Agreements was low by July 2008, with only three per cent of Authorities stating that they made at least frequent use of these on their major residential applications. According to the Department, their use has initially been focused on very large and complex projects, and some Authorities may not have received such applications since the introduction of the Agreements in April 2008. The Department expects the use of Agreements to increase, but their wider use will be dependent on both the developer and Authority being willing to devote the resources needed to reach and stick to such agreements. To encourage their use by Authorities, the Department has amended its performance regime for applications successfully using these Agreements, excluding them from the 13 week target (paragraph 2.19). The Killian Pretty Review also supported the use of such Agreements and recommended that the Department should make it clear that, for smaller and less complex schemes, a simpler approach to these Agreements was acceptable, centering on the agreement of a timetable for the project.

Standardising the information required

3.17 Research by the Department found that up to 25 per cent of applications were not supported by the necessary information when first submitted.[8] In April 2008 the Department introduced a mandatory application form for all Authorities in England. As part of this process, Authorities were encouraged to publish a list of the information they required in order to validate and register applications. These information requirements were to consist of a national core list that applied in all cases, and a local list of additional items specified by the individual Authority, but drawn from the Department's model lists of suggested information for different types of application. The model lists were indicative of the type of information that might be requested in any particular case, but not all of the information would be required in every case. The lists were virtually identical for outline, full and reserved matters applications.

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7   Planning Advisory Service *A material world – charging for pre-application advice* (April 2007).
8   DTLR *Resourcing of Local Planning Authorities* (2002).

3.18 The new arrangements have had a mixed reception as there have been some early problems since their introduction in April 2008.

■ Some risk-averse Authorities have been asking applicants to complete all sections of the paper version of the new application form, including stating why they did not need to complete certain sections. Authorities scored the new form as the least effective of the various Government initiatives to improve development control, with 25 per cent in our survey judging it to be at best ineffective. Complaints were that it required too much information, and could be complex and confusing.

■ Some Authorities have simply adopted as their local list all the potential information requirements in the Department's model lists, even for smaller applications. This indiscriminate use of lists is contrary to guidance from the Department that Authorities should adopt a proportionate approach to their local lists, including thresholds and criteria for the submission of particular types of information in different circumstances.

■ Lack of familiarity with the new information requirements has, in some cases, caused delay to the handling of applications.

3.19 The Department and the Killian Pretty Review subsequently commissioned an evaluation of the impact of the single application form. This evaluation found that the new arrangements had had a mixed impact, resulting in speedier validation in some places but more delay and confusion in others. The Killian Pretty Review has made a number of recommendations to simplify information requirements. These include the abandoning of the Department's model lists of local information, and the issuing of revised guidance to Authorities that they should still publish lists of the information they require locally but that these local requirements should be clear, justified and proportionate. According to the Department, in response to customer feedback some improvements to the standard application form have already been implemented.

Improving statutory consultation

3.20 When Authorities receive certain types of planning application, they are obliged by law to refer these to certain bodies (known as "statutory consultees") to allow them to comment, often on technical matters where the Authority itself does not have expertise. Such consultees can be part of central or local government, an organisation at arms-length from government, or a wholly non-government body. In order to ensure that these bodies did not delay the processing of applications, in August 2005 the Department introduced a new statutory duty, requiring these bodies to respond to a request for comments within 21 days of receipt of the request, or longer where agreed with the Authority.

3.21 According to annual returns to the Department, the four main national statutory consultees – the Environment and Highways Agencies, English Heritage, and Natural England – have achieved very high levels of performance against the statutory deadline **(Figure 10 overleaf)**. In our non-random sample of 100 case studies, consultation with these four bodies took on average just over 31 days. The current indicator does not give a full indication of the total time taken, particularly on the larger, more complex applications, because:

■ The 21 day deadline can be extended if agreed with the Authority. Information on the extent of such extensions is not regularly monitored by all consultees.

■ The deadline does not start until the consultee has received sufficient information to enable them to make an accurate assessment of an application's contents and to provide a substantive reply. According to three of the above consultees, despite their attempts to engage with Authorities and applicants in the pre-application stage, many applications were not accompanied by sufficient information when first forwarded to them, although the consultees lacked hard data on the extent of this problem. There was then a delay while the consultee asked for the missing information.

■ The performance statistics cover all types of application, with no separate analyses of performance by different types of application, such as for major residential applications; or by the type of comment made, such as whether or not the consultee had made substantive comments or had been content with the application.

10	Statutory consultee performance in meeting the statutory deadline			
	Average number of consultations a year	**Percentage of responses within the deadline**		
		2005-06 %	**2006-07** %	**2007-08** %
Environment Agency	38,000	83	89	88
English Heritage	15,000	95	95	94
Natural England[1]	5,000	100	97	84
Highways Agency[2]	3,700	98	98	99

Source: Department for Communities and Local Government

NOTES

1   Natural England was established in October 2006 with the amalgamation of English Nature, the Rural Development Service and parts of the Countryside Agency. The results for 2005-06 are those for English Nature, while those for 2006-07 are estimates for the year, based on Natural England's performance from October 2006.

2   The deadline of 21 days only applies to consultations made on applications for development likely to result in a material increase in the volume, or a material change in the character, of traffic entering or leaving a trunk road or using a level crossing over a railway. For other applications, the statutory deadline is 28 days, although the Agency has chosen an operational target of 21 days for these also.

3.22 Feedback from Authorities and developers shows a mixed response. 32 to 55 per cent of Authorities considered the quality of responses received from the four main national consultees to be good or excellent. There was, however, some dissatisfaction with the timeliness of consultees' responses. 17 to 21 per cent of respondents to our survey of Authorities considered the timeliness of responses from the four main national consultees to be poor or very poor, while 74 per cent of respondents to an autumn 2007 Office of Fair Trading survey of housebuilders stated that the involvement of statutory consultees generally was a significant factor in causing delay.

3.23 Currently, the four main national consultees do not all regularly gather feedback from Authorities and developers on their satisfaction with their performance and on the impact of the comments they make. Natural England has launched pilot projects in London and the South East to elicit such feedback. The Environment Agency has regularly sought feedback from Authorities on its consultation responses on flood risk but fewer than 60 per cent of Authorities usually reply. The Department has made little use of the information it receives from consultees to discuss their performance with them or to identify and spread good practice.

3.24 According to the four consultees, Authorities often consulted on cases where such consultation was unnecessary, diverting resources away from cases where they could add real value. The consultees do not regularly monitor the extent of this problem, but both English Heritage and the Environment Agency have estimated that unnecessary consultations constitute over 10 per cent of the total applications they receive for comment.

3.25 Such consultations arise, in part, because the circumstances in which these bodies should be consulted, and their information requirements, are complicated as they depend on the particular details of what is being proposed in a scheme and its location. This complexity leads to a lack of clarity for Authorities and developers. The Department produced the last statutory list of requirements for consultation in 1995 and the last summary of consultation arrangements in January 2001, but there have been several subsequent changes in various pieces of guidance and legislation. The Department is currently carrying out a review of statutory consultation with the aim of issuing a new circular in 2009 which sets out the consultation requirements for each consultee.

3.26 The Killian Pretty Review also examined statutory consultation and recommended that the Government should clarify and improve this process so that it is clearer which organisations need to be consulted, when they must be consulted and why, what response is required, and how the response should be taken into account in the decision by the Authority. Consultees should be required to report to the Department not only on the timeliness of their responses but also on the nature of their advice.

Enabling electronic planning

3.27 In August 2004 the Department published its vision for the establishment of an electronic planning service, covering all aspects of planning, including plan-making, development management and the handling of appeals.[9] The programme to achieve this vision was expected to run until 2011 and cost £50 million in total. The vision, however, has proved too ambitious for the resources made available, and the Department subsequently refined its plans after engaging more closely with Authorities, consultees and applicants to identify their readiness to work with electronic planning and the steps needed to increase its take-up.

3.28 The Department focused its efforts on the electronic enablement of the application process. It originally envisaged that applicants would be able to submit an application on-line to any Authority in England by the end of 2005, with 60 per cent of applications submitted electronically by the end of 2008, and 90 per cent by the end of 2011. By October 2008, 31 per cent of applications were submitted electronically. The Department now aims to achieve the electronic submission of 60 per cent of applications by March 2011.

3.29 The focus on the application process meant that progress on electronically enabling the consultation process is taking longer than originally planned. The Department's original vision was that 90 per cent of all consultation comments and representations would be submitted electronically by the end of 2008 and 95 per cent by the end of 2011. Currently, consultation is the only part of the process of handling a planning application which is not e-enabled. The Department plans to spend £5.1 million between 2007-08 and 2010-11 in introducing e-consultation and has already started work on piloting it.

3.30 Under electronic consultation, an Authority will be able to forward electronically for comment an application and all supporting information to statutory consultees, with everything automatically downloaded on to the consultees' systems, thus eliminating the need for consultees to input it manually. In turn, consultees' responses will be returned and downloaded in the same way, resulting in back-office efficiencies. An applicant will be able to access a Geographical Information System to identify the information likely to be needed in support of an application on a particular site, including that required by statutory consultees. This resource should help reduce the problems of unnecessary consultations and incomplete information in support of an application (paragraphs 3.21 and 3.24).

3.31 Trialling of the technology for electronic consultation was carried out in summer 2008 and demonstrated that the systems worked in practice and that therefore its roll-out could begin. The Department expects that 62 Authorities and nine consultees will be participating by the end of 2008, with the bulk of participants coming on board during 2009.

3.32 The Killian Pretty Review strongly supported the implementation of this service, but significant risks remain to the Department's plans. Currently, Authorities and statutory consultees are expected to meet much of the extra cost arising from introducing electronic planning. The use of on-line application processing and electronic consultation is not mandatory, and some Authorities and consultees may not choose to participate, particularly if they have already invested in local consultation systems. As of November 2008, all but one Authority had chosen to offer on-line application processing. The risk of low participation, however, still remains for electronic consultation.

3.33 Successful implementation will also require a change in working practices and culture within Authorities and consultees. According to a 2006 survey[10], over 90 per cent of applications submitted electronically at that time were still dealt with by staff on paper once they had been received. To help bring about this change, the Department has established a National Process Improvement Project to identify the efficiencies to be gained from business process improvement, including electronic planning, and to spread best practice amongst Authorities. As a result of the improvements identified under this project, those Authorities which had taken part expected to make cashable savings of up to 14 per cent.

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9   Office of the Deputy Prime Minister *e-Transformation Programme e-Planning Blueprint* (August 2004).
10   Peter Pendleton and Associates *Use of Technology Survey* (December 2006).

APPENDIX ONE

An overview of the planning system

1   The planning process serves a vital function in attempting to reconcile competing demands for land and to deliver sustainable development. The Government aims that development "should be pursued in an integrated way through a sustainable, innovative and productive economy that delivers high levels of employment and a just society that promotes social inclusion, sustainable communities and personal well-being, in ways that protect and enhance the physical environment and optimise resource and energy use".[11]

2   The planning system for England operates at the national level through the Department's national planning policies, at the regional or local level through development plans (a process known as spatial planning), and at the individual site level through the approval of planning applications by 368 local planning authorities (a process known as development management) **(Figure 11)**. The system stems from the Town and Country Planning Act 1947. Currently, the principal planning act is the Town and Country Planning Act 1990, as modified by the Planning and Compulsory Purchase Act 2004. A further Planning Act received royal assent in November 2008, which introduced a number of further reforms to the planning system (Appendix 2).

Spatial planning

3   The planning system in England follows a plan-led system. This involves preparing plans that set out the long-term vision for a region or local area which then informs and guides what development should take place and where. There are two main levels of plan:

■   Each Regional Planning Body (currently the Regional Assembly in most regions) is required to prepare a draft Regional Spatial Strategy which sets out things such as how many homes are needed to meet the future needs of people in the region, and what major retail developments and transport infrastructure should be planned for. After this draft Strategy is examined in public, it is formally adopted by the Secretary of State.

11   Simplified view of the national planning system for new housing in England

National Planning Policy Statements
(as set by the Department for Communities and Local Government)

↓

Regional Spatial Strategy
(as informed by National Planning Policy Statements, compiled by the Regional Planning Body, and signed off by the Secretary of State)[1]

↓

Local Development Framework
(as informed by the Regional Spatial Strategy and set by the local authority)

↓

Individual planning application to build houses
(as submitted by a developer, in accordance with the Local Development Framework)

↓

Building of new homes
(in accordance with the approved planning application)

Source: National Audit Office

NOTE

1   London is covered by the Spatial Development Strategy, which is set by the Mayor.

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11   *Barker Review of Land Use Planning, Interim Report – Analysis*, Kate Barker, July 2006, Chapter 1 and Planning Policy Statement 1: Delivering Sustainable Development, Department for Communities and Local Government, February 2005.

- Each local planning authority has to prepare a Local Development Framework – a folder of Local Development Plan documents that sets out how the authority's area should change over the next 15 to 20 years and identifies sites earmarked for development or conservation. These documents must be in general conformity with the relevant Regional Spatial Strategy.

4 Both Regional Planning Bodies and local planning authorities are required to consult widely when preparing their plans. An authority's Local Development Framework has to include a document setting out how the authority will involve the community in setting the planning agenda.

5 For its part, the Department sets out national planning policy and also reviews Regional Spatial Strategies and Local Development Frameworks for consistency with national policy. The Secretary of State has the power to direct that revised copies of these draft plans be prepared.

Development management

6 Each local planning authority is responsible for deciding whether a development – from an extension on a house to a new shopping centre – should go ahead in its area. A developer is required to submit a planning application to seek the authority's permission for their development to proceed. Applications are decided in line with the statutory development plans (Regional Spatial Strategy and Local Development Framework) unless there are very good reasons not to do so. Points considered include the following:

- The number, size, layout, siting and external appearance of buildings;

- The proposed means of access, landscaping and impact on the neighbourhood;

- The availability of infrastructure, such as roads and water supply; and

- The proposed use of the development.

7 Before an authority can decide on an application, there are a number of steps it must first go through:

- The authority first has to validate the application by checking that all the required information in support of the application has been supplied and that the appropriate fee has been enclosed, and by chasing up any missing information;

- The authority then has to consult with various stakeholders, including local residents, its own internal departments for compliance with authority policy and strategies, and a potentially large number of external bodies to whom in certain circumstances an authority is obliged by law to refer these applications, to allow them to comment; and

- Authority officials then consider the application and the results of the consultation before deciding to approve or reject, where they have delegated authority to do so, or to make a recommendation to the relevant planning committee of elected members to decide.

8 Often there are a number of conditions attached to an approved application which the applicant is required to comply with (or "discharge") before either construction can commence or the completed development can be occupied or come into operation. In order to discharge a condition, the developer must seek the approval of the authority that the condition has been complied with to its satisfaction.

9 There were 649,000 planning applications of all types in England in 2007-08 **(Figure 12 overleaf)**. The applications covered a wide range of developments, from major residential, commercial and infrastructure projects to minor housing alterations and changes of building use. Decisions on major residential applications represent only around 1.6 per cent of all decisions made, although their number has increased by almost 22 per cent in the last five years.

Appeals

10 Where an application has been rejected or where an applicant considers that the conditions attached to an approved application are inappropriate, the applicant has the right to appeal to the Secretary of State. An applicant can also appeal if the authority fails to decide an application within the statutory period of its being submitted. Appeals are heard on the Secretary of State's behalf by the Planning Inspectorate. The applicant must submit their appeal within six months of any decision to reject. The Inspectorate is able to overturn the local planning authority's rejection of the application and grant approval.

11   There were almost 23,000 planning appeals of all types in England in 2007-08, seven per cent of which (approximately 1,600) concerned applications for major residential schemes **(Figure 13)**.

12   The Secretary of State has the power to direct an authority to refer an individual planning application to him/her for decision where the application involves issues of more than local importance. Examples of such issues include:

■   Development that may conflict with national planning policy on important matters;

■   Development that could have wide effects beyond its immediate locality;

■   Development that raises significant architectural and urban design issues;

■   Development where the interests of national security are involved, or the interest of foreign Governments; and

■   Development where there is significant regional or national controversy.

On average, about 150 out of the 650,000 applications made each year are "called-in" in this way.

13   Both application and appeal decisions can be challenged in the courts through judicial review. To be successful the person appealing has to show that the Authority, Planning Inspector, or Secretary of State, had gone beyond their powers or they had not followed the proper procedures and so damaged the appellant's interests.

12   Total numbers of planning applications in England

	All types of applications		Major residential applications	
Year	Number of applications made	Number of decisions made	Number of decisions reached	As a percentage of all decisions
2002-03	635,000	585,000	7,800	1.3
2007-08	649,000	596,000	9,500	1.6

Source: National Audit Office analysis of Department for Communities and Local Government data

13   Total number of planning appeals in England

	All types of applications			Major residential applications		
Year	Appeals made	Decisions reached	Appeals allowed	Appeals made	Decisions reached	Appeals allowed
2003-04	22,371	18,194	5,992 (33%)	1,535	833	301 (36%)
2007-08	22,897	20,016	7,083 (35%)	1,617	1,245	474 (38%)

Source: National Audit Office analysis of Planning Inspectorate data

APPENDIX TWO

Recent history of the planning system

2004

March

Barker Review of Land Housing Supply – Final Report

This Treasury-commissioned Review examined the lack of supply and responsiveness of the housing market in the United Kingdom, and in particular the impact of the planning system, in light of the fact that demand for housing was increasing while the construction of new homes in 2001 had fallen to its lowest level since the second world war. The Review made a number of recommendations to improve the working of the planning system. Planners at regional and local levels needed to make better use of market information about prices and people's preferences when drawing up plans and considering applications, with these plans allocating more land for development. The process also needed to provide greater certainty and speed, although not at the expense of making bad decisions.

May

Planning and Compulsory Purchase Act

This Act made significant changes to the planning system. It introduced the current spatial planning regime of Regional Spatial Strategies and Local Development Frameworks and imposed a new requirement that plan-makers had a duty to exercise their functions with a view to contributing to the achievement of sustainable development. The Act sought to improve the development management process by introducing powers for the introduction of standard application forms and new provisions which changed the duration of planning permissions and consents. It also allowed local planning authorities to bring in local permitted development rights via so-called local development order. Finally, it amended the compulsory purchase regime.

2006

December

Barker Review of Land-Use Planning – Final Report

This Treasury and Department-commissioned Review examined how planning policy and procedures could better deliver economic growth as well as sustainable development, with a view to improving the efficiency and speed of the system and increasing flexibility, transparency and predictability. It made a number of recommendations, including:

- streamlining the process for preparing Development Plan Documents;

- the introduction of a new system for dealing with major infrastructure projects;

- the adoption by local planning authorities of a more risk-based and proportionate approach to development management, to reduce, for example, the amount of information required in support of applications;

- increasing planning fees and allowing applicants to pay for additional resources, if required;

- greater partnership working between local planning authorities in processing applications and an expansion in ATLAS' role; and

- improvements in planning skills.

Barker's Interim Report to this Review, published in July 2006, referred to two estimates of the cost of planning delays to the economy (£700 million at 2005-06 prices and £2.7 billion at 2004-05 prices), but noted that these were out of date and overestimates as they did not differentiate between reasonable time taken to make decisions and delays.

The Eddington Transport Study

The Eddington Study examined the long-term links between transport and the United Kingdom's productivity, growth and stability, and recommended the introduction of a new Independent Planning Commission to take decisions on transport projects of strategic importance.

2007

May

Planning White Paper *Planning for a Sustainable Future*

This White Paper set out the action the Government proposed to take in response to the Barker and Eddington Reviews and outlined many of the changes enacted in November 2008's Planning Act. It also announced Government intentions to:

- introduce a new planning process for dealing with major infrastructure projects;

- increase planning fees;

- replace Planning Delivery Grant with Housing and Planning Delivery Grant;

- extend the scope of ATLAS to the East and West Midlands;

- require student bursary recipients to work in the public sector for a minimum of two years in their first five years of employment after qualifying;

- introduce a new electronic consultation hub to facilitate communication between local planning authorities and consultees;

- streamline the information requirements for applications and introduce a standard application form; and

- encourage the voluntary use of Planning Performance Agreements.

July

Housing Green Paper *Homes for the future: more affordable, more sustainable*

In this paper the Government identified that, while the housing stock was growing by 185,000 a year, the number of households was projected to grow at 223,000 a year, many of them people living alone. It therefore set a new housing target for 2016 of 240,000 additional homes a year (both private and social housing) to meet the growing demand and address affordability issues. The level of housing needed to increase over time towards this target, and the Government believed that a total of three million new homes were needed by 2020, two million of them by 2016.

Sub-National Review of Economic Development and Regeneration

This Treasury-commissioned review examined how to improve the effectiveness and efficiency of existing sub-national structures in England in strengthening economic growth and delivering regeneration. It proposed that responsibility for the preparation of Regional Spatial Strategies be transferred from Regional Assemblies to Regional Development Agencies in 2010. In the longer term, these Agencies were to produce a single integrated regional strategy, embracing the current Regional Spatial and Economic Strategies.

November

The Callcutt Review of Housebuilding Delivery

This Review, commissioned by the Department, examined how the supply of new homes was influenced by the nature and structure of the housebuilding industry. It found that meeting the Government target for new homes would require the housebuilding industry to grow by 4.75 per cent, compounded, over the next nine years. While steady growth at that rate was not beyond the industry's potential, it would require sustained growth at a rate unmatched since the 1950s, and unlike then, the growth would need to come overwhelmingly from the private sector. The Review identified that land was the key to housing delivery and recommended greater partnership working between developers and local authorities to deliver new housing.

2008

July

Communities and Local Government Select Committee report *Planning Matters – labour shortages and skills gaps*

The Committee found that, despite the problems being recognised for more than a decade, there was still a drastic shortage of planning officers and a significant and growing skills gap among those planners who remained within planning. The Committee outlined a number of steps for the Department and other parties to take to address these problems.

September

Office of Fair Trading market study on homebuilding

This Study examined how competition and the planning system affected the delivery of new homes, given that the steady rise in the price of homes was not matched by a similar increase in the numbers of new homes being built. The Study concluded that, on balance, the planning regime acted as a constraint on land supply, especially during an upturn in the housing market. It cited the results of research by the Home Builders Federation in November 2006 that showed that the average time taken from the first pre-application meeting to the start of construction was 22 months. The Study found no evidence that homebuilders had the ability to anti-competitively own a large amount of land with planning permission on which they had not started to build in order to drive up prices.

November

Killian Pretty Review *Planning Applications: a faster and more responsive system*

The review sought to examine the development management process for all types and sizes of development, including housing, business and the energy sectors, to identify reasons for delay in deciding planning applications, make recommendations for dealing with these, and reduce unnecessary burdens for all parties involved in the process. It made a number of recommendations, including:

- making the process more proportionate by allowing more permitted development where no planning approval is required, streamlining processes for small-scale development, and simplifying information requirements where full permission is required;

- increasing the effectiveness of the process by making the best use of pre-application discussions, and improving the processing of applications and the approach taken to planning conditions;

- improving engagement with statutory and non-statutory consultees, council members and the wider community;

- changing the culture in the planning sector by replacing time-based performance targets with a measure of customer satisfaction, and by seeking ways to reward better quality applications; and

- reducing the complexity of the process by making the national policy and legislative framework clearer, simpler and more proportionate.

Planning Act

The Planning Act 2008 introduced a number of reforms to the planning system, including:

- the streamlining of consent procedures for nationally significant infrastructure projects by creating a new, single consent regime, improving examination procedures, and imposing statutory timetables on the process;

- the publication of National Policy Statements setting out the need for infrastructure development;

- the establishment of an independent Infrastructure Planning Commission to decide on applications for infrastructure projects of national importance;

- the establishment of a new Community Infrastructure Levy to help fund the provision of new infrastructure through the use of predictable and transparent charges as an alternative to the current system of planning obligations which often involves long negotiations;

- the introduction of greater flexibility in the preparation of Local Development Plans; and

- changes to improve the appeals process, including for the first time, the power to set fees for appeals to offset some of the cost of providing the appeal service.

On development management, planning authorities will be able to allow a minor change to a planning permission where they are satisfied that the change is not material.

APPENDIX THREE

Methodology

1 We used a variety of methods in our examination of whether the Department's efforts to improve the efficiency of the planning system had proved effective in speeding up the time taken for major residential schemes to get through the development management process. In the course of our examination, we sought to answer the following key questions:

■ Has the Department set the right targets and created the right incentives for effective development management?

■ Are the Department's interventions effective in improving the development management process?

■ Are other central government bodies engaging efficiently and effectively in the development management process for planning homes?

Examination of a sample of major residential approvals

2 We engaged our strategic partner, KPMG, to examine a sample of 100 major residential applications approved in 2006-07. The purpose of this examination was to:

■ identify the different stages the sampled applications went through and the total time taken for the end-to-end development management process, covering the periods prior to their submission, during their consideration by the local planning authority, and after their approval. Previously there was little reliable data available on the time taken to progress a major residential application through development management;

■ identify any problems arising and reasons for delay;

■ identify the impact on these applications of Government efforts to improve development management; and

■ identify any instances of good practice and areas where practitioners believed improvements could be made.

As part of its examination, KPMG reviewed the relevant local planning authority's website and visited the authority to examine the case files for each application. They then corroborated their findings through qualitative interviews with senior planning staff within each authority, the authority staff who handled the applications, and the developers who submitted these and/or their planning agents.

3 We drew the sample of 100 approvals from ten locations, grouped in six clusters spread across England **(Figure 14)**. Eleven local planning authorities operated in these locations, with two authorities operating in Milton Keynes, the local authority and an urban development corporation, Milton Keynes Partnership. We chose these locations as they each had a very high level of forecast housing growth. We therefore included three of the four national growth areas, excluding locations in the Thames Gateway area due to our previous report on this initiative.[12] The chosen locations reflected different levels

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14 Location of sampled approvals

■ M11 Corridor Growth Area – Cambridge and South Cambridgeshire

■ Greater London – Southwark and Wandsworth

■ M62 Corridor – Leeds and Kirklees

■ Ashford Growth Area – Ashford

■ Milton Keynes Growth Area – Milton Keynes

■ West Country – Bristol and North Somerset

Source: National Audit Office

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12 National Audit Office *Thames Gateway: Laying the Foundations* HC 526, 2006-07 (May 2007).

of authority performance in terms of the time taken to deal with applications and the different types of authority (inner city, outer city, major town) to reflect the possible impact that the characteristics of these different types might have on the time taken to handle planning applications. For example, obtaining planning permission in an inner city authority might take longer as the development of brownfield sites is often more complicated.

4　At each location we selected 10 cases from a list supplied by the authority of all the major residential applications they approved in 2006-07. We focused on approvals in order to identify what happened to applications once they had been approved as research we had undertaken while scoping our study revealed that there often could be a long delay between an application's approval and the start of construction. Our initial work also highlighted that, for a number of our approvals, there were likely to have been previous applications, which were either rejected or withdrawn.

5　We selected our sample from lists supplied by the authorities of all major residential applications they had approved in 2006-07. In doing this, we attempted to select a purposive sample which reflected each authority's performance in approving these applications against the Department's target of 13 weeks, and which contained a good spread of application size in terms of the number of housing units being proposed. We took this approach in order to ensure that our sample covered all aspects of the development management process, and its various stages, for major residential approvals in these 11 authorities in 2006-07. The sample's non-random nature meant, however, that the results are not statistically representative of all applications nationally.

6　In designing the approach outlined above, we liaised closely with Professor Michael Ball at the University of Reading who was undertaking a similar data collection exercise for a number of local authorities in the Thames Valley region.

7　The results of KPMG's examination are detailed in Appendix 4.

Survey of local authority opinion

8　We conducted a web-based survey of Heads of Planning in all 368 local planning authorities (excluding County Councils) from June to August 2008. We asked respondents to comment on:

■　the appropriateness of the Department's target of 13 weeks for the handling of major residential applications;

■　the effectiveness of the various Government initiatives in improving development management for such applications;

■　the performance of statutory consultees in providing responses on such applications;

■　their authorities' use of various examples of good practice in handling such applications; and

■　the extent to which various factors supported their authorities' development management performance.

9　We received replies from 139 Authorities, a response rate of almost 38 per cent. The results of the survey are detailed in Appendix 5.

Consultation with stakeholders

10　We met directly with a large number of stakeholders involved in planning during the scoping and implementation of our study **(Figure 15 overleaf)**. Issues we discussed with these included:

■　their perceptions of the reasons for delay in the development management process;

■　the impact of the Department's performance regime on the development management process for homebuilding, including any perverse or unintended effects;

■　how effective the Department's initiatives to improve the process had been; and

■　whether major government consultees were engaging effectively and efficiently.

11　We liaised closely with the Killian Pretty Review of development management (Appendix 2). The Review held a national consultation event in May 2008 to secure consensus among stakeholders on the problems with processing planning applications, and a series of regional events in July and August to identify the solutions to these problems. The National Audit Office attended both the national and six out of the nine regional events to gather stakeholder views. A list of the bodies represented at these events is included in **Figure 16**.

12　We also liaised with the Office of Fair Trading during its review of housebuilding. In Autumn 2007 we included questions in the survey of homebuilders carried out by the Office. The Office sent this survey to 6,952 homebuilding firms, out of a total population of 14,545. It received 214 responses, a response rate of 3.1 per cent from those who received the survey and only 1.5 per cent of the total population. Seventeen responses were received from among the top 25 homebuilders in the country.

Interviews with statutory consultees

13 We interviewed the four main national bodies which local planning authorities are required to consult with on planning applications – the Environment Agency, English Heritage, the Highways Agency and Natural England – to identify their systems for handling such applications and any problems they faced. We also sought their opinion on the effectiveness of the Department's initiatives to improve the consultation process.

15 Stakeholders interviewed

- Planning Inspectorate
- Planning Officers Society (representing local planning authorities' chief planning officers)
- Home Builders Federation (the trade body for large developers)
- House Builders Association (the trade body for small and medium size homebuilders)
- National Housing and Planning Advice Unit (providing advice to the Department on the impact of planned housing provision on affordability)
- Royal Town Planning Institute (the professional body for planners)
- Town and Country Planning Association (a think tank)
- Campaign for the Protection of Rural England (an interest group)
- Local Government Association
- Planning Advisory Service
- Advisory Body for Large Applications (ATLAS)
- Audit Commission
- Callcutt Review (undertaking a review of the homebuilding process – Appendix 2)
- Killian Pretty Review (undertaking a review of the development management process – Appendix 2)
- Office of Fair Trading

Source: National Audit Office

16 Organisations represented at Killian Pretty Review events

- Advisory bodies, such as the Advisory Body for Large Applications (ATLAS), the Planning Advisory Service and Planning Aid
- Architects
- Commercial property developers
- Development Corporations
- Government Offices
- Industry bodies, such as the British Retail Consortium, the Confederation of British Industry, the Institute of Directors, and local chambers of commerce
- Interest groups and think-tanks, such as the Campaign for the Protection of Rural England and the Town and Country Planning Association
- Local authorities
- Local civic societies
- Local Government Association
- Planning consultancies
- Planning Inspectorate
- Professional associations, such as the Royal Institute of British Architects, the Royal Town Planning Institute and Planning Officers Society
- Regional assemblies
- Regional Development Agencies
- Registered Social Landlords
- Residential property developers, such as Barratt Homes and Bellway
- Statutory consultees, such as the Environment and Highways Agencies
- Trade associations, such as the Federation of Master Builders, Home Builders Federation and House Builders Association
- Utilities companies

Source: National Audit Office

Analysis of Departmental data

14 We reviewed the Department's publications, website material and other records to identify what data it held on development management performance, its expenditure on this area, and on the trends in the national supply of skilled planners, as well as the assessments it had commissioned on the impact of its various initiatives. Such assessments included:

- Addison and Arup evaluations of *the Planning Delivery Grant*;

- Arup evaluation of PS1 and PS2 – Planning Data Returns forms;

- *Lifting the Burdens Task Force report on housing and planning* (February 2007), which examines the Department's performance indicators for planning;

- Addison Associates *Diagnostics on Planning Standards Authorities*, which provide a narrative description of the reasons why targets are being missed in particular local planning authorities;

- Databuild impact assessments of the Planning Advisory Service and Advisory Team for Large Applications; and

- *Councillor Involvement in Planning Decisions* report (2007), which examined the impact of planning committees and elected members on planning.

15 We also discussed with Department staff the Department's processes for collecting, disseminating and using data, and for communicating and following up on best practice in development management.

Literature Review

16 We undertook a review of the wide range of existing studies in this field. These studies included:

- *Barker Review of housing supply* (2004);

- *Barker Review of Land-Use Planning* – Final Report (2006);

- Audit Commission report *The planning system – matching expectations and capacity* (2006);

- *Callcutt Review of house building delivery* (2007);

- Communities and Local Government Select Committee report *Planning Matters – labour shortages and skills gaps* (2008) and the numerous submissions to the Committee;

- *Review of Housing Supply and Planning Delay in the Thames Valley* by the University of Reading (2008);

- Office of Fair Trading *market study on homebuilding* (2008); and

- Killian Pretty Review *Planning Applications: a faster and more responsive system* (2008).

Results from the examination of a sample of applications

1 This Appendix details the results of our examination of a sample of 100 major residential applications approved in 10 locations in 2006-07 (Appendix 3).

2 For the 10 locations we selected (Figure 14), the 11 local planning authorities approved 446 major residential planning applications in 2006-07, for a total of at least 31,208 new homes **(Figure 17).**[13]

3 Where we were able to identify the authority's performance, we found that 49 per cent of these applications were approved within the target of 13 weeks. This contrasts with the overall performance for the 10 locations where these authorities reached a decision on whether to approve or reject within 13 weeks for 62 per cent of major residential applications. The authorities achieved this 62 per cent rate by deciding to reject within 13 weeks on 98 per cent of rejections.

4 **Figure 18** gives details of the average times taken for each stage of the process. In total, for those cases where construction had started or was due to begin and where we had the relevant data, the average time taken from the

start of pre-application (or the application's submission where no pre-application discussions were held) to the start of construction (or date of decision notice where construction started before approval was formally given) was almost 98 weeks.

5 There is no guarantee that an approved scheme will be built. Applicants have up to three years to start construction before planning permission lapses. Of the 100 approvals we examined, construction had definitely started for only 40 by July 2008, although the date of the start of construction was only available for 27 of these. In addition, expected start dates were available for a further two cases. For 44 cases, authorities did not know whether construction had started or not. The average elapsed time between the decision to approve and the start on site for the 29 cases where actual and expected construction dates were available was almost 35 weeks (Figure 18).

17	Sampled authorities and approvals							
	Sampled planning authorities				**Sampled applications**			
Type of application	Approvals		New homes		Approvals		New homes	
	Number	%	Number	%	Number	%	Number	%
Outline	57	13	7,736	25	15	15	3,242	29
Reserved Matters	70	16	6,135	20	21	21	1,716	15
Full	319	71	17,337	56	64	64	6,319	56
Total	**446**		**31,208**		**100**		**11,277**	

Source: National Audit Office

13 The number of new housing units is understated as some outline applications did not give details of the numbers of new homes to be built.

18 Time taken for 100 sampled applications approved in 2006-07	Number of applications where data was available	Average duration taken (weeks)			
	All	All	Outline	Reserved	Full Matters
Pre-application First pre-application meeting to submission of application	35	30.2	26.3	8.2	36.1
Validation Application's submission to its registration	100	2.5	1.6	2.9	2.6
Determination From registration to decision	100	25.4	38.0	16.1	25.4
Post-determination From decision to start of construction (or date of approval where appropriate[1])	29	34.8	79.7	10.5	31.8
Total process First pre-application meeting (or the application's submission where appropriate) to start of construction (or date of approval where appropriate[1])	29	97.8	137.8	113.9	85.8

Source: National Audit Office

NOTE

1   For four of the 29 cases, construction started before a decision notice was issued. In these cases, the date of the decision notice was taken as the end-point of the period.

6   There are a number of reasons related to the planning process why construction may not have proceeded. For example, the authority can require the applicant to submit a new application for an approved scheme if it considers there have been material changes to building design or the materials to be used. This occurred for ten cases we examined.

7   An applicant may also choose not to proceed with the approved scheme but to submit an application for a different scheme on the same site if they consider the new scheme to be potentially more profitable. Alternatively, the applicant may sell on the site with the attached planning permission to a new owner who may choose to submit an application for a new scheme. Earlier applications for different schemes on the same site had been applied for, and in some cases approved, for 55 of the 100 cases we examined. In eight cases, there were further applications for different schemes on the site made subsequently to the approvals we examined.

8   For the 100 applications we examined, where the information was available:

■   The size of application ranged from 10 to just over 2,500 housing units, with an average of 138 for the 100. It took far longer to obtain approval for applications for 50 new homes and above, than for those for below 50 – 30.1 weeks, compared to 21.9.

■   All 11 local planning authorities undertook pre-application discussions, and such discussions were held for 57 of the applications we examined. The average time taken for these discussions (in the 35 cases where we had the relevant dates) was 30.2 weeks (Figure 18). Data on the time taken were not available for 22 applications.

■   52 cases were approved within 13 weeks while 48 took longer than the target. For the 48 applications not processed within the 13 week target, a decision took on average a further 193 days (27.6 weeks).

■   The average number of conditions attached to the approved application was 17.

■ 52 cases involved the negotiation of a section 106 Agreement. However, data on how long negotiations took were only available for 13 of these, with negotiations taking on average 16.9 weeks.

■ 80 of the applications involved the Authority undertaking statutory consultation with a number of bodies. In 61 of these cases, consultation involved at least one of the four main national consultees. Data on how long this consultation took was not available in all cases, but the average times taken for each of the four main Government bodies are listed in **Figure 19**.

■ The date of discharge of conditions was not generally available within the authorities we visited.

9 **Figure 20** gives details of some of the problems arising on the 100 approvals we examined, which were mentioned to the National Audit Office by developers and authorities.

19 Time taken for statutory consultation

	Number of applications		Average time taken
	Where body consulted	Where dates available	(Days)
Highways Agency	35	25	44.2
English Nature	21	16	40.1
English Heritage	18	11	31.8
Environment Agency	51	38	26.7
Total average time taken			**34.7**

Source: National Audit Office

20 Problems arising on the case studies

Problem	Number of cases where problem occurred
■ Delays in statutory consultation	27
■ Poor monitoring by authority of discharge of conditions	25
■ Negotiation of section 106 agreement	22
■ Quality of authority staff	13
■ Involvement of Council members	13
■ Difficulties agreeing the design with the authority	13
■ Poor design from the applicant	12
■ Construction delayed due to problems with conditions	8
■ Extent of pre-application work	7
■ Consultation with residents	7
■ Application too complex and large for 13 week target	7
■ Commercial decision by developer to delay construction	5

Source: National Audit Office

APPENDIX FIVE

Results of survey of local planning authorities

1   This Appendix details the results of our survey of Heads of Planning in local planning authorities (Appendix 3). **Figure 21 overleaf** identifies the 139 Authorities from which we received replies.

The appropriateness of the Department's target

2   Fifty three per cent of respondents considered that the target of determining major applications within 13 weeks was an inappropriate measure of their performance. Reasons given as to why it was considered to be inappropriate included:

■   Complexity: 27 respondents stated that more time was usually needed for the more complex developments, and therefore a single time target for such a range in size and complexity of applications was not appropriate. Fifteen respondents noted that this was particularly the case where section 106 agreements were involved as the negotiation of these was often lengthy. The choice of 13 weeks as the target appeared arbitrary to some.

■   Quality: Over 30 respondents noted that the target takes no account of quality, with the resultant risk that meeting the time target can reduce the quality of any evaluation. Sometimes applicants prefer a longer period so that a more favourable outcome can be negotiated.

■   Third party involvement: According to some respondents, often the target could not be met as a result of delays caused by third parties, which were not subject to the time limit and the actions of which were outside the authority's control. For example, developers sometimes purposely delayed the process until they were more ready to proceed with the construction.

■   Perverse outcomes: The pressure to meet the target meant that decisions could sometimes be rushed or applications rejected simply in order to meet this.

■   Only part of the process: According to 10 respondents, the determination stage was only part of the development management process but the only part subject to a time limit.

■   Pre-application: The holding of pre-application discussions increased the chances of meeting the target. However, there were risks to holding such discussions as the pre-application stage may appear less transparent to the public as it may seem that the application is a 'done deal' before they may object.
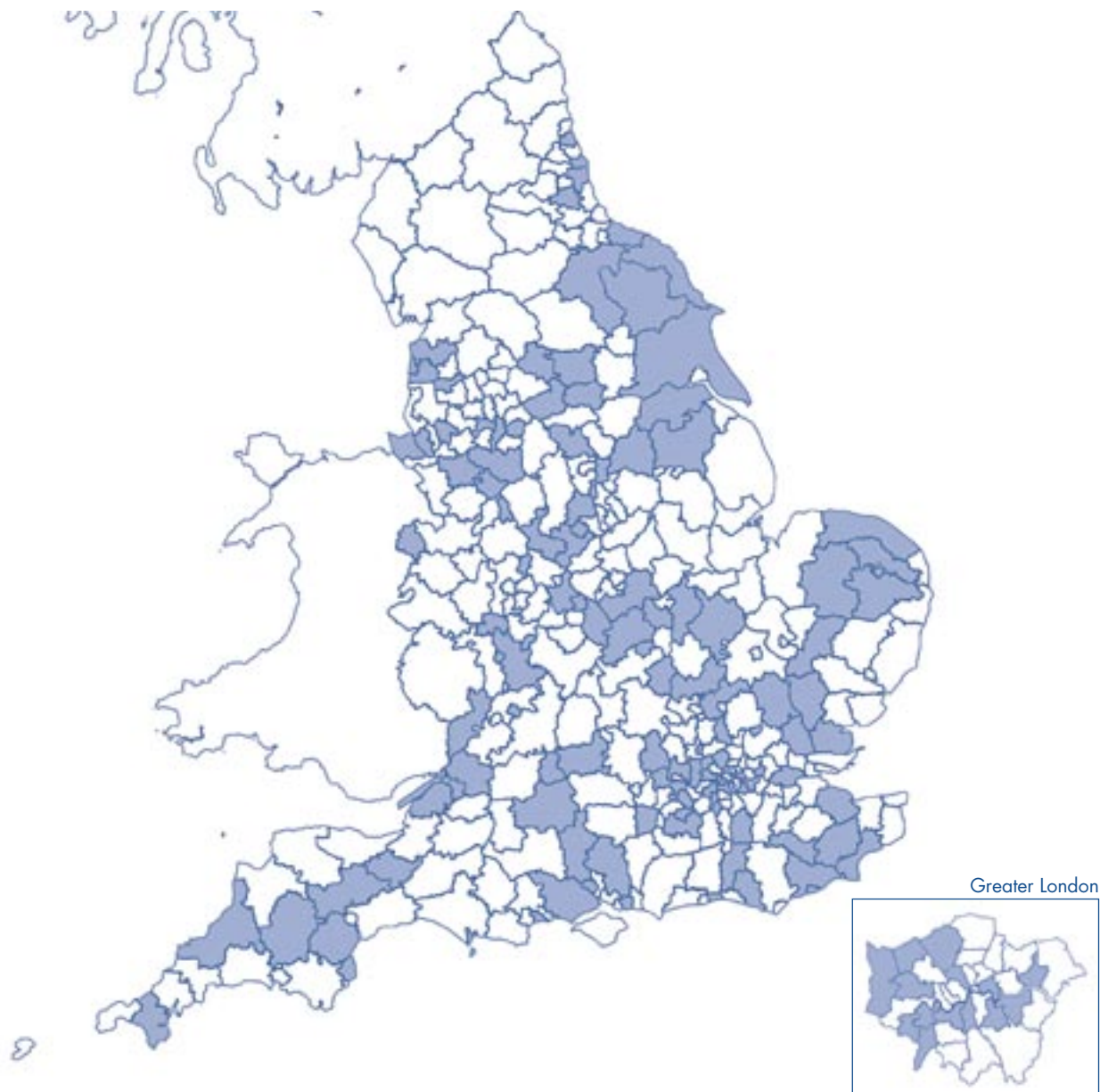
3   Thirty nine per cent of respondents considered the target to be appropriate as it provided planning teams with an incentive to process applications quickly.

The effectiveness of Government initiatives

4   Respondents rated Planning Delivery Grant extremely highly in terms of its effectiveness in helping to improve development management, with 83 per cent rating it as effective or very effective **(Figure 22 on page 39)**. Problems noted were that the grant could not be relied upon as there was some uncertainty in receiving it and it was only short term. It therefore did not address the underlying recruitment issues. As the grant's use was not ring-fenced, it tended to be used to process more applications more quickly rather than in improving the quality of customer service.

21 Authorities replying to our survey

Those Authorities responding to our survey are shaded.

Greater London

Source: National Audit Office

5   Fifty five per cent of respondents considered the Planning Advisory Service to be effective or very effective, while 50 per cent thought the same for the April 2008 increases in planning fees and the practice of naming of poorly performing authorities as Planning Standards Authorities (Figure 22). Some respondents commented that the Department's criteria for allocating Planning Delivery Grant meant that those authorities, which were performing well, received extra resources, whilst those that really needed the resources to make improvements were being named and shamed.

6   Fifty six per cent of respondents considered electronic planning to be either effective or very effective in improving development management (Figure 22). However, individual comments were more mixed. While half of these comments noted the positive impact of electronic planning, half stated that there had been no real impact. Staff still tended to print out applications and supporting information, while IT systems sometimes did not have the capacity to handle electronic planning. Also, in rural areas applicants often did not have access to the internet.

7   Respondent views on the use of Planning Performance Agreements and bursaries were more mixed with only 32 per cent and 29 per cent, respectively, finding these at least effective (Figure 22). A number of authorities did not find Planning Performance Agreements useful as their schemes were too small to use these, although some respondents stated that the principles and processes underlying these Agreements could also be used on smaller applications.

8   Views were also mixed on ATLAS, although over 25 per cent expressed no opinion, presumably because they had had no experience of these. For example, some local authorities did not receive large enough applications to warrant the use of ATLAS. Also, ATLAS' remit currently does not cover the whole of England. When originally established in 2004, its remit only included helping with major applications in those areas, the South East and East England (up to Cambridge), with the highest forecast housing growth. In 2006 its remit was extended to the whole of east England and to the South West, and then to the East Midlands in October 2007 and to the West

22 Effectiveness of Government initiatives

Effectiveness of Government Initiatives
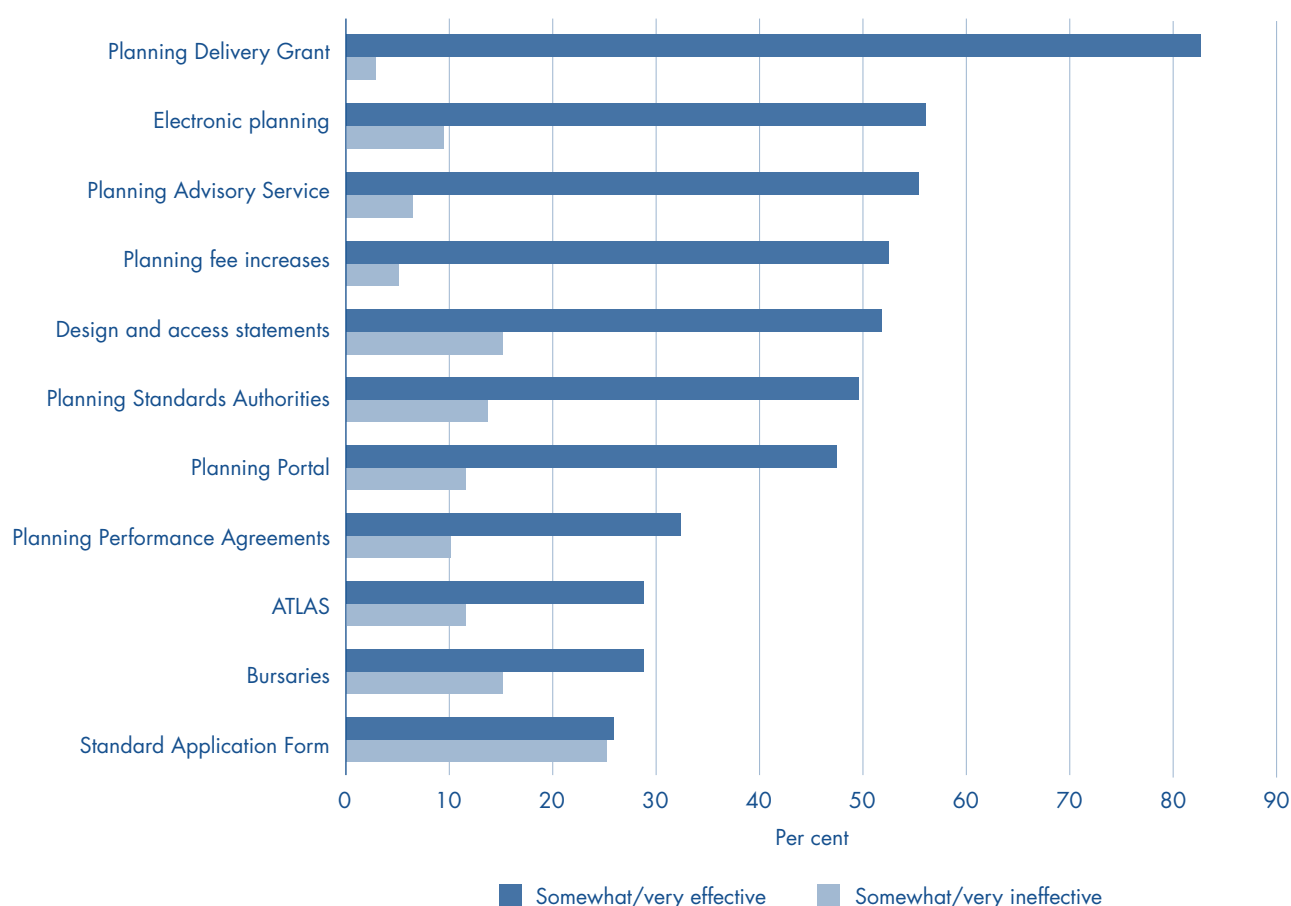
Source: National Audit Office

Midlands in March 2008, in response to the Government's announcement in October 2006 of New Growth Points for the delivery of more housing in these regions. The Government announced a second wave of such Growth Points in July 2008, which includes regions in the North of England, and plans to extend ATLAS's remit to the whole of England in 2009.

9 The worst considered Government initiative was the new Standard Application Form, with 25 per cent of respondents considering this to be somewhat or very ineffective (Figure 22). Authorities considered that the form required too much information and could be complex and confusing.

Statutory consultees

10 While between 22 to 28 per cent of respondents were positive about the timeliness of the responses received from the four main national statutory consultees (Highways Agency, Environment Agency, English Heritage and Natural England), between 17 to 21 per cent of respondents considered the timeliness to be poor or very poor **(Figure 23)**. In contrast, respondents were more positive about the quality of the responses received, with between 32 to 55 per cent considering the quality to be good or excellent, and only between 3 to 13 per cent considering it to be poor or very poor. When respondents did complain, they mentioned that responses from consultees could be vague and negative, providing little advice on how problems with the application could be resolved. Sometimes the consultee did not fully understand the situation, which could lead to standardised or unrealistic responses.

Examples of good practice

11 Respondents made widespread use of pre-application discussions on major residential applications with 87 per cent holding these at least frequently **(Figure 24 on page 42)**. In contrast there was little use of Planning Performance Agreements, with only three per cent of respondents using these at least frequently, and 65 per cent at best occasionally agreeing timetables for an applications' handling with the applicant. The survey confirms that authorities tend to pay less attention to applications once they have failed to meet the 13 week deadline, with only 24 per cent of respondents making at least frequent use of targets for the handling of such applications.

12 The use of standard clauses for section 106 Agreements and the identification of heads of terms for these Agreements in the pre-application is widespread with approximately two-thirds of respondents using

these always or frequently. However, there is scope for authorities to improve their engagement with councillors and the public during pre-applications. Only approximately 30 per cent of respondents engaged with these stakeholders at least frequently during the pre-application stage.

13 There is scope for greater use of private sector resources with only 15 per cent of respondents making at least frequent use of these to help with the handling of major residential applications.

**14** Examples of good practice in their authority cited by respondents included:

■ The establishment of a multi-disciplinary development team with representatives from across an authority's various departments to handle large applications.

■ The appointment of a project manager and use of project management techniques for large applications, including regular monitoring of progress.

■ Cooperation with the various stakeholders from an early stage, including cross local authority cooperation, regular contact with the applicant, partnership working, the use of a client manager, forums and panels for applicants and developers, and member involvement including the training of councillors.

■ The appointment of a coordinator specifically to deal with the negotiation of section 106 agreements.

■ Proper enforcement of conditions after an application is accepted so that planning committees are happier to accept applications with conditions, without needing to wait for those conditions to be fulfilled first.

■ Charging developers for the pre-application process involved for major applications.

■ The separation of major applications into large scale and small scale majors with separate teams to handle these two types.

## Factors affecting development management performance

15 Respondents identified a number of factors as being important to development management (Figure 5). Many of these factors, such as the issues of planning staff, the involvement of councillors and statutory consultees, and the problems surrounding the current spatial planning regime, were also identified by housebuilders in the Autumn 2007 Office of Fair Trading survey as factors causing unnecessary delay to the planning process.

23 Statutory consultees – Timeliness and quality of response

Stautory consultees – Timeliness of response

Excellent/Good   Poor/Very Poor
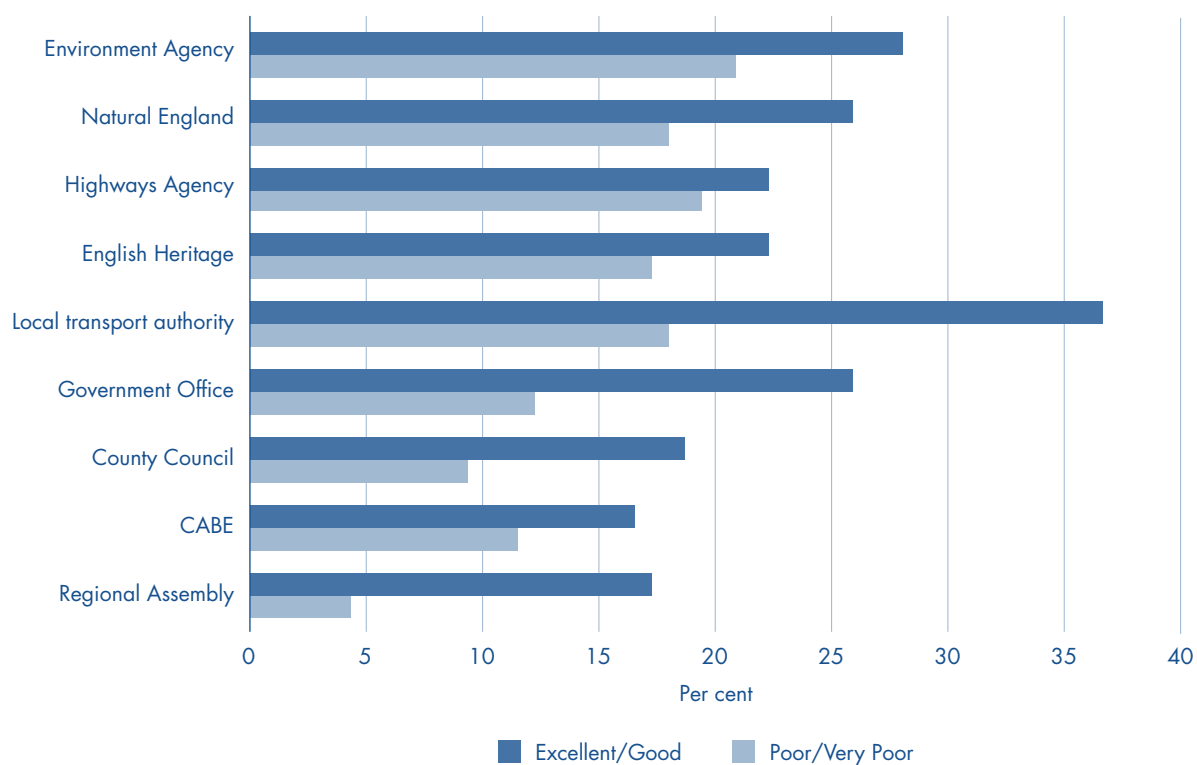
Statutory consultees – Quality of response

Excellent/Good   Poor/Very Poor
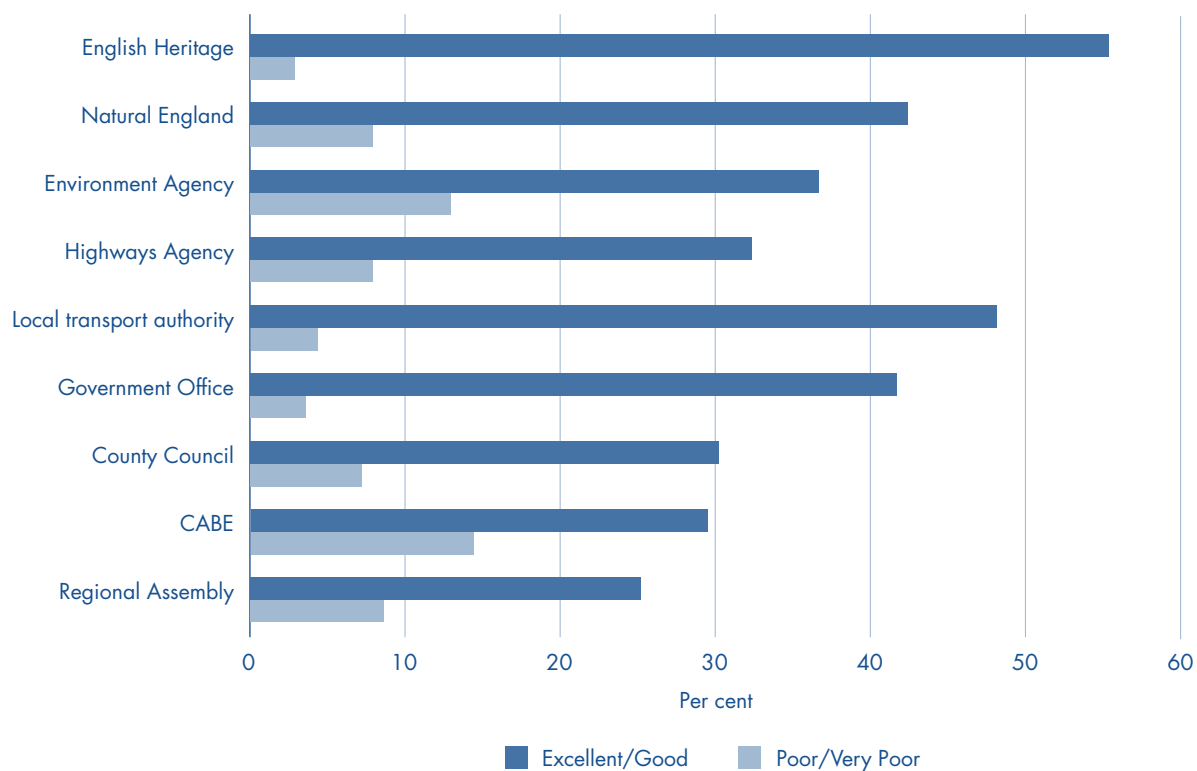
Source: National Audit Office

24 Authority use of good practices

	Always (%)	Frequently (%)	Occasionally (%)	Rarely (%)	Never (%)	Not applicable/ No answer (%)
Pre-application discussions	50	37	1	0	0	12
Early identification of section 106 Heads of Terms	23	44	17	3	1	12
Use of standard milestones	32	30	14	7	4	13
Use of standard section 106 clauses	20	42	15	7	1	14
Engagement with statutory consultees during pre-application	12	50	23	4	0	12
Establishment of a development team	16	37	25	5	3	14
Prioritisation of applications received	12	37	23	6	9	13
Establishment of project management strategy	9	29	31	11	8	12
Engagement with members of public during pre-application	3	28	37	14	6	12
Targets for application handling once 13 week target missed	6	18	33	17	9	17
Engagement with councillors during pre-application	2	21	42	17	5	14
Agreement with applicant of a timetable	2	18	35	17	13	14
Use of private sector resources	1	14	33	19	20	12
Planning Performance Agreements	0	3	9	14	51	23

Source: National Audit Office

GLOSSARY

Determination	The administrative process by which a local planning authority decides on whether or not to accept or reject a planning application that has been properly submitted and validated.
Development management	The process by which the development of land is regulated and under which planning permission from the relevant local planning authority is required for most forms of development, such as the construction of new buildings, alterations of existing buildings or changes of land use.
Full planning application	A more detailed application than an outline application which requires the submission of all details of the proposed development.
Local planning authority	Local planning authorities include district councils, London borough councils, metropolitan district councils, the Broads Authority, National Park authorities and development corporations.
Major application	**Residential development** Major residential applications are defined as applications to build 10 or more homes or where the site area is 0.5 hectares or more. **Other types of development** Major applications are defined as applications where the floorspace to be built is 1,000 square metres or more, or the site area is one hectare or more.
Minor application	**Residential** Minor residential applications are defined as applications to build less than 10 homes or where the site area is less than 0.5 hectares. Also included are applications relating to work on two or more flats within the same building and flat conversions. **Other types of development** Minor applications are defined as applications where the floorspace to be built is less than 1,000 square metres, or the site area is less than one hectare.
New Growth Points	Areas where local authorities have agreed to enter into a long-term working relationship with the Government and its agencies to deliver increased levels of new housing to meet high forecast demand.

Other application	Other applications are defined as applications for:

- a change in a building's use, where the application does not concern a major development or where no building or engineering work is involved or such work would otherwise have been permitted development without the proposed change in use; or

- householder development, defined as developments within the cartilage of a house or a single flat. Examples include extensions, conservatories and loft extensions.

Outline planning application	A less detailed application than a full application, usually made by a developer in order to find out whether the proposed development is acceptable in principle. This usually means that detailed design drawings are not needed, although the local planning authority may require additional information, or insist that a particular application be made as a full application.
Planning Performance Agreements	Plans for the management of applications which are negotiated between an Authority and a developer before an application is submitted, and which provide a timetable and list of agreed actions for an application's handling in both pre-application and application stages, although they do not commit the Authority to the application's approval.
Planning Standards Authorities	Local planning authorities which were publicly identified by the Department as failing to achieve the Department's targets for determining planning applications in any one year.
Reserved Matters	If outline planning permission is granted, the developer needs to get further approval of the details of the proposed development (known as 'reserved matters') before work can start. These details comprise siting, design, external appearance, means of access and landscaping. The detailed proposals must be consistent with the outline permission or the local planning authority can ask for a new application.
Section 106 Agreement	An agreement between the developer and Authority under section 106 of the Town and Country Planning Act 1990 whereby the developer is required to carry out specified obligations when implementing a planning permission. Obligations may cover the prescription of the nature of the development, the securing of a contribution from the developer to compensate for any loss or damage caused by the development, or the agreement of measures to mitigate the development's wider impacts.
Spatial planning	The process by which local planning authorities prepare the strategic plans which set out their vision of how their areas may change over the next few years.
Statutory consultees	Bodies to which local planning authorities are obliged by law to send certain types of planning applications in order to provide them with an opportunity to comment on the application concerned.
Validation	The administrative process by which a local planning authority checks that the right documents have been submitted in support of an application and that the appropriate fee (where applicable) has been paid, and chases up an applicant if documents are omitted and the appropriate fee not paid.

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