

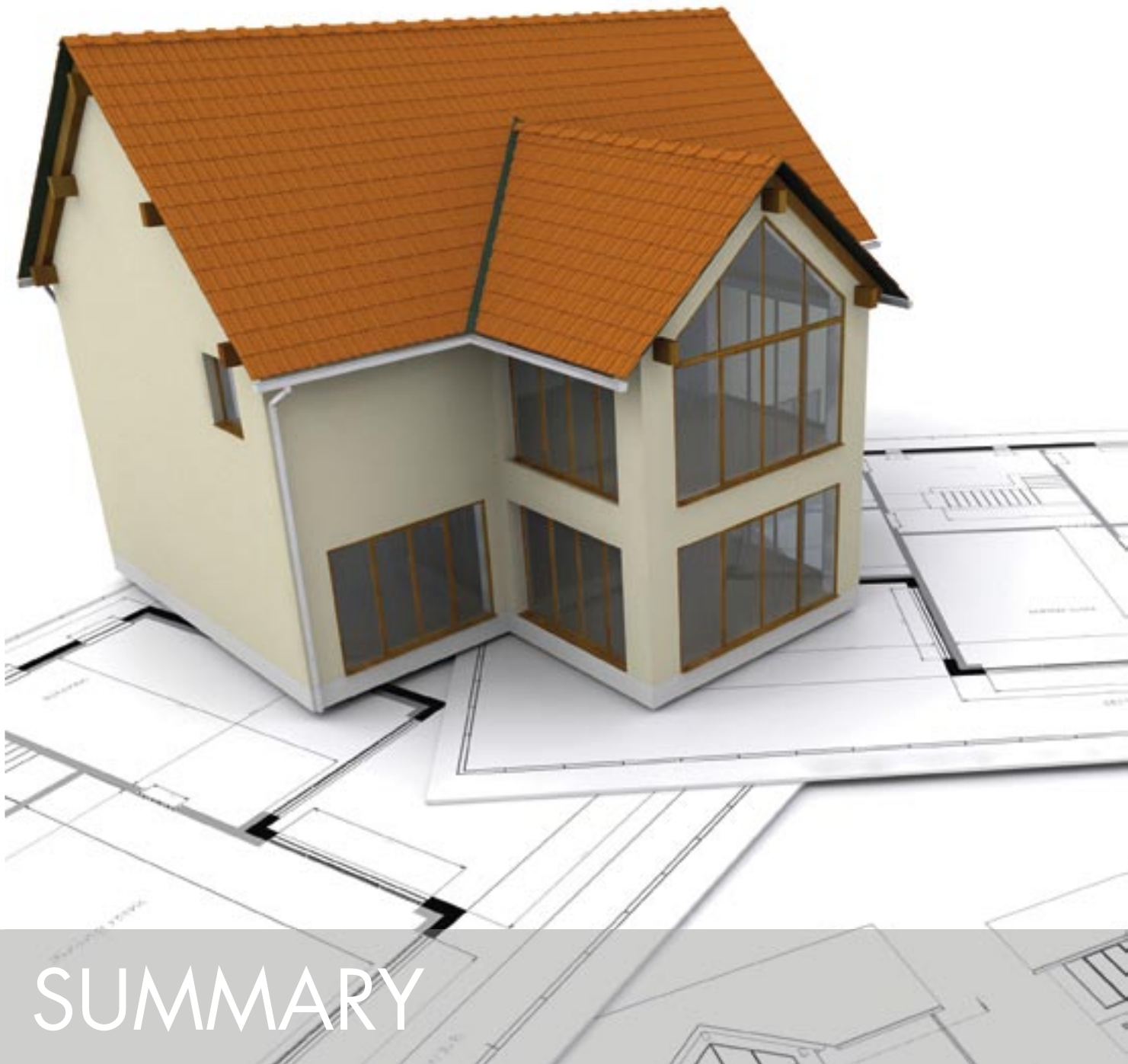


National Audit Office

**DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT**  
Planning for Homes: Speeding up planning applications  
for major housing developments in England

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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).