

Policy Fact Sheet: Testing the benefits of introducing competition to the processing of planning applications

This fact sheet is designed to give Members of Parliament further information about the aims of the Housing and Planning Bill, and how ministers intend each individual policy to work in practice. If you have any questions you would like to ask, please email

Baroness.Williams@communities.gsi.gov.uk

What is the Bill hoping to achieve?

The overall aim is to bring forward a small number of time limited pilot schemes to test the benefits of introducing competition to the processing (but not determination) of planning applications.

There is cross-sector concern that resource constraints are affecting the overall service that planning departments can provide now and in the future. For example, Knight Frank's 2015 Housebuilding Report said that 82 per cent of small and large builders identified resourcing planning departments as the most important area to address to boost housing supply, well ahead of any other measure. A survey published by the British Property Federation in October 2015 found that 55 per cent of local planning authorities surveyed said that a lack of resources is a significant challenge, while 75 per cent of planning applicants appeared to be unhappy with the time a planning application takes.

The level of planning application fees is an important factor, but nonetheless only one side of the resourcing equation. It is equally important to drive down the costs of processing planning applications. Local authorities have made a lot of progress redesigning, outsourcing or sharing services. They have shown that being ambitious and radical can bring significant benefits. Research studies published in the last three decades in the United Kingdom and abroad suggest that cost savings of up to 20 per cent can be achieved from outsourcing or sharing services. Some authorities have introduced similar new approaches to the delivery of planning services, however, local government has generally not moved quickly enough in this area.

Choice for service users also has an important part to play in the provision of effective public services. The Institute for Government has highlighted research showing that the public care more about the quality of the services they use rather than who provides them and that the public support choice. Applicants for planning permission can currently only submit their application to the local planning authority for the area where the proposed development is to take place except in the limited circumstance where the authority has been designated for poor performance. This monopoly may not incentivise service innovation, improvement and cost reduction.

The Government wants to explore ways of addressing these issues - we must continue to explore and test new ways to make the planning system more effective and efficient. Introducing competition in the processing of planning applications is one approach, which is expected to encourage new resources to be brought in to the planning system, enable innovation in service provision, and drive down costs and improve performance. It is also expected to create a more diversified offer in terms of the speed and cost of services available to planning applicants. However, it is also right that new and innovative approaches to service delivery such as competition are piloted and properly evaluated in the first instance.

Why is legislation needed, and how can Members influence the details?

Legislation is needed to allow a provider other than the local planning authority for the area where the proposed development is to take place, to process (but not determine) a planning application. Delegated powers have been sought for Ministers to set out how pilot schemes will operate to test the benefits of this new approach. This is because it is very important that we develop the detail of how these innovative pilots will operate with the benefit of a thorough dialogue with local government and professional bodies. It is right that we take time to do this in a measured way before bringing forward regulations setting out the detail for how the pilots will work.

How do we see this working in practice?

The Bill will enable pilot schemes to be brought forward which test the benefits of introducing competition to the processing (but not the determination) of planning applications. Regulations will set out how the pilot schemes will operate. Before bringing forward regulations the Government will consult and extensively engage local authorities and professional bodies in considering how the pilot schemes can best operate, and will continue to do so throughout the pilots.

The Bill:

- Enables time limited pilot schemes to be brought forward and does not, therefore, introduce permanent competition in planning application processing;
- Does not privatise or force the outsourcing of the processing of planning applications. Authorities in pilot areas will retain their service but with other providers able to compete with them to process planning applications in the area;
- Does not end democracy in the planning system – responsibility for determining a planning application will remain with local planning authorities and the public will still be able to comment on planning applications in pilot areas as they do now.

A designated provider will give their expert opinion about how a planning application should be determined in the form of a report and recommendation to the relevant local planning authority, having assessed the application's merits against local plans and reviewed the consultation responses and other representations etc. The Department does not intend to make this report and recommendation binding on the local planning authority making the decision.

Providers designated by the Secretary of State will be required to meet high ethical standards and have expert planning knowledge to operate in pilot areas, and will be prevented from processing a planning application in which they or their company and its subsidiaries have an interest. The Department will put in place mechanisms to address any failure in standards and integrity, such as removing the designation of providers or enabling poor work to be redone.

Some key facts, initial reactions, and answers to questions you may find helpful.

Why is the Government introducing these pilots?

The monopoly local authorities currently have to process planning applications may not incentivise service innovation, improvement and cost reduction at a time when there is cross-sector concern about the resourcing of planning departments. We want to test the benefits for communities, local planning authorities and planning applicants alike of introducing competition to the processing of planning applications.

Why not just allow authorities to charge the full cost of processing planning applications?

Local authorities have a monopoly on processing planning applications which may not incentivise service innovation, improvement and cost reduction. Freedom for local authorities to set their own fees may not drive efficiency and the additional income may not go into improving planning services. Any change in fees should go hand-in-hand with the provision of an effective service. While new service delivery models such as outsourcing and shared services have been common for many local authority services, showing that costs can be reduced and performance improved, such approaches have been slow to emerge for planning services.

Doesn't this just mean developers will be able to buy planning approvals?

Providers designated by the Secretary of State will only be able to process planning applications and make a recommendation about the decision that should be made – the relevant local planning authority will retain responsibility for deciding the application. The designated providers will be required to meet high ethical standards and have expert planning knowledge to operate in pilot areas, and will be prevented from processing a planning application in which they or their company and its subsidiaries have an interest. And, regulations will set out the actions and procedures that designated providers will have to follow in processing planning applications, extensively replicating those that local planning authorities follow at present.

Will the democratic element of the planning system be removed?

There will be no dilution of democratic input. Local planning authorities will retain responsibility for deciding the planning application having received a report with a recommendation from the designated provider whom the applicant has employed. The report and recommendation will not be binding on the authority. And, communities and councillors will have the same ability to scrutinise and comment on planning applications in their area during the processing.

How long will the pilot schemes run for?

We have not decided yet and will wait to see the results of our dialogue with local government and professional bodies before taking a view. However, the pilots will need to run for a sufficient length of time to allow a competitive market to develop, planning applicants to become accustomed to it and to gain good evidence about the benefits of competition.

Will the Government work with local government to design the pilots?

Before bringing forward regulations the Government will consult and extensively engage local authorities and professional bodies in considering how the pilot schemes can best operate.

Why are draft regulations not ready for scrutiny with the Bill?

It is very important that we develop the detail of how these innovative pilots will operate with the benefit of a thorough dialogue with local government and professional bodies. It is right that we take time to do this in a measured way before bringing forward regulations setting out the detail for how the pilots will work.