HM Treasury

The Correspondence and Enquiry Unit
1 Horse Guards Road
Westminster
London
SW1A 2HQ
United Kingdom

Representation submitted on the online portal

15th October 2025

Re: Autumn Budget 2025 – LPDF Submissions to HMT

Introduction

This submission is made to HM Treasury ('HMT') by the Land, Planning and Development Federation (LPDF) ahead of the 2025 Autumn Budget. It is also relevant to the Ministry of Housing, Communities and Local Government (MHCLG) and other departments with responsibilities for planning, housing delivery, commercial development and economic growth.

The LPDF is a trade body representing land promoters, housebuilders (of all sizes), and commercial developers. Our members take on significant financial risk in navigating the planning system to establish the principle of development, unlocking land for new homes, employment space and infrastructure that supports thriving communities across the country. The LPDF encourages its members to deliver well-designed, high-quality, sustainable places that deliver a mix of housing types and tenures, commercial spaces, and community uses that have a positive social, environmental, and economic impact.

LPDF members play a vital enabling role in the development process, promoting sites through the planning system to deliver "shovel ready" land with planning permission. This work underpins the delivery of both market and affordable housing, as well as commercial development, and contributes directly to meeting the Government's growth and housing objectives.

The LPDF supports the Government's continued focus on reforming the planning system and stimulating housing delivery. However, with housing need still significantly outpacing supply, the country requires a bolder and more coordinated policy response. HMT has a central role to play in enabling delivery, not only through capital investment, but also through the fiscal levers that influence market confidence and viability.

The LPDF strongly welcomes the Government's introduction of a 10-year rent settlement, as announced in the Spring Spending Review, and the subsequent consultation on social rent convergence**.** These are measures the LPDF has consistently lobbied for, recognising their importance in providing greater financial certainty for Registered Providers (RPs) and unlocking investment in affordable housing delivery.

However, more needs to be done to remove existing hurdles facing the planning system, to increase resources within Local Authorities and other organisations who are involved in the planning process, and to ensure that everybody is focused on delivering the Government's agenda. It must also be recognised that these changes need to be made with the utmost urgency, if they are to have any impact on delivery within this Parliament.

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 **E:** info@lpdf.co.uk **W:** www.lpdf.co.uk

Overview of key priorities and policy proposals

This submission focuses on a number of key areas where the Federation believe targeted action by HMT can make a meaningful and immediate impact:

1. **Demand-side support ('Freedom to Buy')** – A new demand-side initiative to support first-time buyers and stimulate market activity, particularly benefiting SME housebuilders. **A new equity loan scheme such as this could support an additional 100,000 new homes sales by March 2029.**

2. **Unlocking the potential of SME Housebuilders** - We must rebuild a more diverse housing market, where SMEs can thrive alongside the larger volume builders. The Autumn Budget presents a vital opportunity to announce a bold and targeted package of support for SME builders. **Without targeted action, the pressures faced by SMEs are likely to intensify and around 50% of the sector are at risk of insolvency by the end of this parliament.**

3. **Greater flexibility for Registered Providers (RPs)** – Enabling grant funding to be used more effectively, including on affordable housing delivered via section 106 agreements, to increase affordable delivery without undermining viability and confirming social rent convergence at £2 per week as a minimum.

4. **Landfill Tax reform** – Reconsideration of the proposed reforms seeking to bring in a single rate of landfill tax. Moving to a single rate of tax could **add a minimum £8,000 to £12,000 to the cost of building every new home** and therefore significantly impact viability and in turn housing delivery.

5. **National Freight Strategy** - The LPDF is calling on the Government, and specifically HMT, to prioritise the development and implementation of a National Freight Plan as a central component of its strategy for economic growth, infrastructure investment, and net-zero delivery.

6. **Planning reforms** – A modern, efficient, and pro-growth planning system is critical to national prosperity. The LPDF believe a series a further planning reforms are necessary and importantly would help unlock the private investment needed to support economic growth, meet housing needs, and deliver infrastructure. Many of these reforms have already been proposed or consulted upon by the government, but it is of critical important that they press ahead and implement these reforms in a bold and expedient manner.

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

1. Demand-side support – Freedom to Buy

The LPDF believes there is a clear and pressing need for a new demand-side initiative to support aspiring homeowners, stimulate market activity, and help reverse the decline in housing delivery, particularly by supporting SME housebuilders. 'Freedom to Buy' is a policy proposal designed to address this need. It is a targeted intervention that would help first-time buyers access the housing market while delivering wider economic and social benefits.

This submission is supported by independent analysis prepared by Savills (Appendix 1), which provides robust evidence on the pressing need for demand-side support and the potential impact of 'Freedom to Buy' on housing delivery, affordability, and economic growth. A new scheme such as this offers the Government a fiscally responsible, politically deliverable solution to one of the most urgent challenges of the day, helping people onto the housing ladder while driving construction and investment in communities across the country. **A new equity loan scheme such as this could support an additional 100,000 new homes sales by March 2029.**

The appended Savills report ('Freedom to Buy') not only outlines the clear case for a new demand-side initiative, but also provides ideas on how it could be structured, showing the effect it could have on the market, and providing reassurance that any mistakes, real or perceived, associated with the Help to Buy scheme can be avoided. These are proposals which the Federation believe that HMT should get fully behind and introduce through the Autumn Budget.

Critically, recent data (Figure. 1 of attached Savills research), shows a marked decline in new homes sales rates, particularly in the South and Southeast of England, regions where housing need is most acute. Alarmingly, sales in these areas have now fallen below the national average, underscoring a growing imbalance between supply and demand in precisely the parts of the country where new housing is most urgently required. Sales rates are currently exceptionally low. They have dropped beneath the low of 0.4 sales per outlet per week reached in 2008 by the PLCs, at the height of the Global Financial Crisis. This is a concern which has been raised first hand to the Federation by a number of our members and is a serious issue that must not be ignored.

It is also important to note, from the Savills research, that it is the SME builders that are more affected by this decline in sales rates. Figure 3 shows that the largest housebuilders are more likely to be delivering sites with sales rates in the top 25% for the region however, while smaller housebuilders are delivering a higher share of the sites delivering at the bottom 25% of sales rates. The report notes that this is likely to be supported by the ability of the largest housebuilders to use sales incentives to boost sales rates something smaller organisations are less likely to have the financial capacity to offer.

SMEs are unable to either create a privately funded scheme in the way which Barratt Redrow and Persimmon have just announced, or offer the level of sales incentives that might be required to maintain cashflow. SMEs are likely to be more dependent on banks and external debt finance which with slower sales rates and reduced prices leads to increased interest costs, reduced profitability and an inability to either maintain or grow investment. There is now a real likelihood that without support, the WPI research (referenced in section 2 below) will be an underestimate of how many SMEs we will loose over the remining term of this parliament.

To address this dramatic decline in sales rates and assist the government in reaching their 1.5 million new homes target, the LPDF strongly advocates for the reintroduction of a targeted equity loan scheme. Unlike mortgage guarantee schemes, which have a more limited impact (see Figure 9 of attached Savills research), equity loans directly support first-time buyers by lowering deposit requirements, reducing borrowing costs relative to income, and improving mortgage affordability through lower rates. Importantly, such schemes also give new-build homes a competitive advantage in the market, helping to sustain delivery at a time when private sales activity is under

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

significant pressure. An equity loan product would open the door to home ownership for many who are currently priced out and help restore momentum in the housing market where it is needed most.

The LPDF recognises the importance of learning from the experience of Help to Buy and avoiding the shortcomings associated with the previous scheme. Any future demand-side support must strike a careful balance, delivering a measurable boost to new homes sales and increasing access to homeownership, while also offering genuine value for money for the taxpayer. Help to Buy was widely criticised for inflating house prices and disproportionately benefiting the profits of large housebuilders. A new scheme must retain the simplicity and broad appeal that made Help to Buy successful with consumers, but with tighter controls to ensure it supports buyers and avoids distorting pricing.

The following design principles, outlined in the Savills research, show how an equity loan scheme could be structured to maximise its effectiveness while ensuring it remains targeted, fiscally responsible, and supportive of housing delivery:

- **Restrict to first-time buyers**: Access to the scheme should be limited to first-time buyers (as noted in the Savills research 82% of Help to Buy users were first time buyers). This would help ensure that support is directed at those most in need, rather than enabling existing homeowners to trade up.
- **Restrict the size homes** - This would need to be mindful of the fact that many first-time buyers are looking to acquire family homes, so could not exclude three or even smaller four-bedroom homes. Preventing use of the scheme on homes of five bedrooms or more may be an option to consider.
- **Restrictions based on income** - Access to the scheme could be restricted on the basis of income in a similar way to shared ownership.

Section 3.4 of the Savills research moves on to outline further conditions at site level and qualification criteria for housebuilder which could be incorporated in the new equity loan scheme. This includes:

- **Sites delivering a policy compliant level of affordable housing**. Any such condition would need to have sufficient flexibility to take account of out-of-date policies and master planned sites that may have had their affordable housing requirement set in the past.
- **Developers sourcing materials from UK suppliers**, as far as possible. This could require developers to demonstrate that either they procure all materials from UK sources or have endeavoured to do so, with a reasonableness test based on cost and time required to procure and supply.
- A commitment from developers to **invest in their workforce**, including training and apprenticeships.
- A commitment from developers to **expand their number of active outlets**.

Taken together, these measures and conditions would ensure that a Freedom to Buy scheme supports first-time buyers in a targeted and sustainable way, while also reinforcing housing delivery, market absorption, and long-term supply objectives.

Figure 12 from the Savills research clearly demonstrates the impact that an equity loan scheme such as this could have on housing delivery in the short term. The effect would be to drive new homes completions back up to the peak levels seen between 2019 and 2023 (excluding the pandemic affected 2021). **It would support 100,000 households into homeownership by the end of this parliament, with the associated socio-economic benefits that brings.**

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The recent Zoopla report 'The Viability Gap'[1]explores the viability of delivering new homes and the current market conditions, noting that since 2022 housing delivery has been hit by higher borrowing costs, rapid cost inflation, increased regulatory burdens and weaker buyer demand, following the end of Help to Buy. As a result, two thirds of England now faces viability challenges. The Zoopla report concludes by outlining a number of policy recommendations focussed on the short-term policy response, one of these being targeted demand-side support.

Without demand side support such as this, and based on the current sales rates, the government stand no chance of hitting their 1.5 million new homes target or indeed 300k in the final year of parliament.

[1] Zoopla – The Viability Gap (September 2025)

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T: 0121 232 8606 **E:** info@lpdf.co.uk **W:** www.lpdf.co.uk

2. Unlocking the Potential of SME Housebuilders

The decline of SME housebuilders over recent decades is well documented. In the late 1980s, SMEs were responsible for delivering around 40% of new homes; today, that figure stands at under 10%. This structural contraction has reduced competition and choice, weakened resilience in the housing sector, and narrowed the routes to market for new entrants.

To meet long-term housing need, we must rebuild a more diverse housing market, where SMEs can thrive alongside larger volume builders. This is not only about boosting supply, but about improving design quality, local responsiveness, innovation, and economic opportunity in communities across the country.

As noted by Savills, with reference to the above 'Freedom to Buy' proposals, smaller housebuilders are less able to offer incentives to boost sales rates, but lower sales rates will often have a greater impact on their profitability. Smaller housebuilders may be more highly geared and are more likely to be working with costly project specific finance than the major housebuilders. Slow sales rates therefore have an amplified effect, cutting cashflow whilst also prolonging the period over which the cost of that finance needs to be supported. This comes on top of rising build and labour costs, as well as tax and regulatory burdens which have been found to disproportionately affect SMEs.

A recent report, 'Planning for Small Sites,' published by the Home Builders Federation (HBF) [2], highlights the growing challenges faced by SME home builders. The report shows that mounting barriers within the planning system are stalling development on smaller sites, exacerbating the national housing shortage. In 2024, approvals for small sites of 3 to 9 units fell to just 17,000 homes, less than half the long-term average of 35,000. The share of overall planning permissions granted on sites of 150 units or fewer has also declined sharply, from nearly 20% in 2008 to between 6% and 8% today.

These findings demonstrate that planning delays, escalating costs, and increasing regulatory complexity are rendering many smaller schemes financially unviable. This trend poses a significant risk to housing supply, particularly as smaller developments are often well-suited to deliver locally supported, rapid housing delivery.

The Autumn Budget presents a vital opportunity to announce a bold and targeted package of support for SME builders, focused on addressing the planning, funding, and workforce challenges that are currently holding them back. Without urgent action, there is a real risk that more SME builders will exit the market altogether. With the right support, however, they can be part of a stronger, more dynamic and more resilient housing sector, one that delivers homes, jobs and investment in every part of the country.

If bold, urgent action is not taken, then rather than being a huge contributor to economic growth we will see quite the opposite, the further demise of SME housebuilders. In this regard we refer to the recent WPI Strategy report[3] which looks at the rising costs for housebuilding, specifically policy interventions, tax and regulatory costs, including Future Homes Standards and Biodiversity Net Gain (BNG) and the impact that these are having on the output from SME builders. This report highlights that SME builders are in long term decline. The share of homes built by SMEs fell from 39% in 1988 to just 10% today. The consequence of further decline in this sector would be that the country becomes even more reliant on a small handful of large 'volume' housebuilders. The WPI Strategy report focusses on

[2] HBF (2025) – Planning for small sites: permission impossible for SMEs.

[3] WPI Strategy (June 2025) – The Future of Smaller Housebuilders in England

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

the future for smaller housebuilders, specifically the declining output, operating margins and rising insolvencies. From the modelling undertaken, this research concludes that **without targeted action, the pressures faced by SMEs are likely to intensify and around 50% of the sector are at risk of insolvency by the end of this parliament.**

Reducing the barriers for SME housebuilders is of significant importance. Research by Lichfields[4] on behalf of the LPDF, highlights the barriers, specifically relating to costs and planning risk that have a significant impact on SME builders.

The following are a list of deliverable proposals which would have a positive impact on SME builders, helping to rebuild this sector, diversify the market and in turn increase housing delivery.

- **Demand side support** – 'Freedom to Buy' equity loan scheme as set out above.
- **Statutory National Development Management Policies (NDMPs)** – These should be used to provide an enhanced presumption in favour for SME sites, which would recognise their contribution to housing delivery, market diversity, and, further incentivising their allocation and approval. To really result in transformative change, and growth in this sector, we would suggest that the presumption in favour of sustainable development should automatically be triggered for small and medium sized sites, irrelevant of the local planning authorities housing land supply position.
- **Medium sized sites** – The LPDF strongly support the government proposals to introduce a medium sized sites category, but as outlined in our consultation response[5], believe that the threshold that this is set at is critical in order to maximise the effectiveness of this policy and believe that the upper limit needs to be increased to 'up to 79 dwellings'. This would then capture a greater number of sites, giving more SME builders opportunities within the market and in turn increasing the delivery of housing.
- **Local plans to allocate a minimum to be delivered in each size threshold**. - Linked to the above site size threshold point, the LPDF believe that local plans should be required to outline the minimum number of dwellings that should be brought forward in each category (small, medium and large), this could be through a percentage requirement of the annual supply set out in the local plan. The allocation of sites in local plans within small, medium and large sized sites categories would help de-risk the planning process for medium sized sites significantly. This would give SMEs the confidence to invest in bringing these sites forward.
- **Standardised validation checklists for planning applications -** Creating a national set of standardised validation checklists, and reducing validation requirements for SMEs on small and medium-sized sites, would streamline the planning process, cut unnecessary delays, and lower upfront costs. This would provide greater certainty and consistency across local authorities, enabling SME housebuilders to focus resources on delivering much-needed homes rather than navigating complex and variable administrative requirements.
- **Standardise Section 106 Agreements and Planning Conditions -** This would benefit all housebuilders, but we believe would have a big impact on SME builders. The negotiation of planning obligations and conditions remains one of the most resource-intensive and delay-prone stages of the development process. Standardisation would provide greater efficiency, reduce costs, and free up officer time. Conditions must be

[4] Lichfields (September 2023) – Small Builders, Big Burdens

[5] Site Thresholds - LPDF Consultation Response

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

necessary, reasonable, and relevant and care must be taken to ensure that developers are not being required to meet the same requirements under both planning and Building Regulations. This duplication results in unnecessary costs and inefficiencies for applicants, with no added value to the public interest.

- **Affordable housing contributions:** The LPDF suggests that small and medium sized sites pay a commuted sum in lieu of on-site affordable contributions as a matter of course. In this regard we refer to the Savills 'Land Matters' research[6], and specifically the Croydon Case Study. Whilst Savills note that RPs typically prefer to acquire affordable homes in lots greater than 20 in order to make ongoing management more efficient, feedback from our members suggests that in rural areas that figure is closer to 10 dwellings. Accordingly we believe that by introducing a policy requiring a payment in lieu, in respect of those sites that would, under a policy calculation, be required to deliver less than 10 dwellings, would significantly simplify and speed up the delivery of housing for the affected housebuilders improving cash flow and enabling capital to be recycled and, together with profits, reinvested in the next site.

- **Timescales and fixed costs for Utilities / Service providers -** We would also ask that Government consider the role of statutory service providers in delaying the delivery of small and medium sized sites. We would contend that in relation to small and medium site sizes there should be set time periods within service standards for the supply of the necessary utilities and at fixed costs per dwelling to better enable budgeting and cashflow management for the housebuilders bringing them forward.

- **Broaden the use of Permission in Principle (PiP)** – Expanding the application of PiP would help unlock the potential of SME housebuilders by simplifying and reducing the cost of early-stage planning. By allowing more small sites to benefit from PiP, the Government can support a more diverse housing market, encourage local development, and enable SMEs to bring forward new homes more efficiently and affordably.

- **Simplify and broaden VAT exemptions for small builders, provide tax incentives for SMEs and lessen employer National Insurance obligations to encourage growth and investment in the sector** – to boost activity, encourage town centre renewal and bring back empty homes into use, extend zero rating of VAT to a wider category 'dwellings' by simplifying what is a qualifying building. To encourage investment in the sector provide tax and National Insurance incentives for SME housebuilders in order that they may grow.

[6] Savills (July 2025) – Land Matters: Increasing Outlets to Boost housing Delivery

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

3. Greater Flexibility for Registered Providers

Section 106 agreements remain a vital mechanism for the delivery of much needed affordable housing. Registered Providers (RPs) are increasingly unable to take on affordable units secured via section 106 obligations, particularly in areas where viability is tight. LPDF members are reporting growing difficulties in securing RP partners to deliver the affordable housing components of their schemes, a situation that is not only stalling affordable delivery, but also holding up the build-out of market housing and infrastructure. This bottleneck is directly counter to the Government's ambition to deliver 1.5 million new homes during this parliament.

As an example to demonstrate this issue one of the LPDF's SME members obtained planning permission for 53 all-affordable homes in Melksham, a highly sustainable Town in Wiltshire, in September 2024. However, restrictions on grant funding, and wider ambiguity around (the continued) access to grant funding, has meant that this scheme remains without a RP one year later, despite numerous approaches to all operational RPs within the area, and despite a direct approach to Homes England for assistance. Until greater flexibility is introduced this permission risks going undeveloped altogether. This is particularly concerning when at 31st March 2024 there were 4,285 households on the Housing Register across Wiltshire.

The same LPDF member is in the process of delivering two phases of a 2016 allocated site in Worcestershire, for a combined 127 affordable homes. The delivery of these homes experienced a combined circa 2-year delay in s106 negotiations alone, primarily due to current grant funding restrictions leading to an unnecessarily complex s106 structure being required. This is an issue being widely experienced across the Partnerships sector.

The Home Builders Federation (HBF) have recently undertaken research[7] to consider the scale of this problem. When the data from this research is extrapolated to all 317 local authorities across England and Wales it shows that there are around 8,500 Section 106 Affordable Housing units that are either under construction or due to commence construction within the next 12 months and are not currently under contract with an RP. Furthermore, this research highlights that **more than 700 sites have been delayed or stalled in the past three years due to developers' inability to secure RP partners to acquire the affordable housing units.**

The LPDF is therefore calling for greater flexibility in the use of grant funding, specifically, to allow grant to support affordable homes delivered through section 106 agreements. The Federation are also seeking confirmation on social rent convergence at £2 per week as a minimum. We believe that allowing convergence at a level of at least £2 per week, and ideally £3 per week as proposed by the national Housing Federation (NHF), will accelerate financial recovery in the sector following years of constrained rent levels. This will enable RPs to borrow with greater confidence, invest in improving the quality of existing homes, and deliver new affordable housing at the scale required to meet national need.

The LPDF refer to recent Zoopla research 'The Viability Gap'[8] which provides some stark evidence regarding viability and the delivery of new homes in England. This notes a 17% increase in the cost of delivery since 2022 versus a 1% increase in sales prices, specifically highlighting that 64% of England faces a viability challenge when it comes to building new homes. One of the four recommendations within this report relates to the provision of affordable

[7] HBF (October 2025) – Uncontracted Section 106 Affordable Homes

[8] Zoopla – The Viability Gap (September 2025)

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

housing and specifically the need to take action to ensure recently announced funding for affordable housing is swiftly deployed to enable housing associations to contribute to delivery targets through acquisition of homes delivered via section 106 agreed agreements. The LPDF would echo this policy recommendations and push for this to be brought into play through the Autumn budget.

In addition, the LPDF strongly supports the need to unfreeze Local Housing Allowance (LHA). This issue has been raised in a joint letter to Government[9] and is something that the LPDF believe HMT should be actioning through the Autumn Budget due to the impacts it is having on homelessness and the increased use of temporary accommodation.

[9] https://www.insidehousing.co.uk/news/40-uk-sector-organisations-unite-in-call-for-government-to-unfreeze-lha-in-next-budget-94206

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

4. Landfill Tax Reform

The LPDF supports the Government's wider environmental goals, including the reduction of waste crime, and the encouragement of material reuse and recycling. However, we have significant concerns about the proposed move to a single rate of Landfill Tax, which, if implemented as currently set out, risks serious and unintended consequences for the viability of housing and commercial development.

LPDF members report that the proposed changes would substantially increase the cost of disposing of inert material and subsoil, particularly from sites with limited opportunities for on-site reuse, adding tens of thousands of pounds to the cost of individual homes and threatening the deliverability of many otherwise viable sites. This is especially acute for brownfield regeneration schemes and for SME builders, who lack the financial capacity to absorb these additional costs.

As set out in the LPDF consultation response to the Landfill tax reforms[10] the implications of these proposals for new development were expressed clearly by the Minerals Planning Group in their article entitled 'The Landfill Tax wake-up call'[11], where they quoted the British Aggregate Association's calculation that **moving to a single rate of tax could add £8,000 to £12,000 to the cost of building every new home. We believe this figure to be a minimum with one medium sized housebuilder member estimating the figure at closer to £14,000 per dwelling.**

The Times[12] has also reported that, as housebuilders currently pay the lower rate of tax to dispose of subsoil, if the single upper rate is introduced, it **could mean a 30-fold increase in their Landfill Tax bill**. **One major housebuilder is reportedly forecasting that their tax bill will rise from single-digit millions to over £100 million.**

The LPDF urges HMT to reconsider this approach. If the reform proceeds, protections must be put in place, including retaining existing quarry consents under the current regime, maintaining exemptions for subsoil and inert waste disposal where no viable alternative exists, and ensuring a realistic transition period. Adding extra costs to housebuilding through these proposals will impact on deliverability and could impact dramatically on the chances of delivering 1.5 million new homes this parliament.

[10] LPDF Consultation response – Landfill Tax

[11] Landfill tax wake up call

[12] The Times ' Housebuilders and steelmakers sound alarm over £1bn landfill tax raid'

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

5. National Freight Strategy

The LPDF is calling on the Government to prioritise the development and implementation of a National Freight Plan as a central component of its strategy for economic growth, infrastructure investment, and net-zero delivery. This should build on the 2022 *Future of Freight* document, prepared by the Department for Transport (DfT) for the previous government, and take forward a practical, cross-cutting approach to national freight and logistics infrastructure planning.

Research by Iceni[13] highlights how Industrial and Logistics (I&L) is a driver of the UK economy and specifically that jobs have grown by 330,000 over the last decade. This research also highlights that **the governments New Towns agenda could generate demand for 2.5million square metres of commercial floorspace, and 82% of this is expected to be for industrial and warehousing.**

It is clear that freight and logistics are national economic enablers. The movement of goods underpins every sector of the economy, from manufacturing and retail to construction and services. As such, the infrastructure and planning required to support freight cannot be addressed at a purely local level. These sectors operate at regional, national, and international scales, and planning for them in isolation, or through inconsistent local approaches, risks bottlenecks, inefficiencies, lost investment, and missed opportunities.

The LPDF strongly believes that commercial, industrial, and logistics development must be considered at a larger-than-local scale. Strategic coordination across local authority boundaries is essential to ensure a sufficient pipeline of well-connected, serviced, and future-proofed employment land. Without this, the UK risks failing to capitalise on the full economic potential of the industrial and logistics sectors, both of which are key drivers of productivity and regional levelling-up.

A National Freight Plan would provide the integrated framework needed to align spatial planning, transport infrastructure, energy strategy, and decarbonisation goals. For HMT, this represents a strategic investment in economic resilience and long-term growth. It will enable faster, more targeted infrastructure delivery; support business investment decisions; and ensure that planning and transport policy work in tandem to unlock high-value, employment-generating development.

To be effective, the strategy should include:

- **Identification of key national bottlenecks** across all modes of transport, alongside potential interventions, such as junction improvements, and road capacity upgrades, to alleviate constraints and enhance efficiency.
- **Integration with strategic highways investment programmes**, ensuring road freight infrastructure is considered in tandem with logistics needs and regional spatial priorities.
- **Integration with sustainable transport modes**, including the rail network, inland waterways, and active last-mile delivery solutions, to support decarbonisation and modal shift.

[13] Iceni (October 2025) – ILD Research 2025

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Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

- **Alignment with Spatial Development Strategies (SDSs)** and other statutory planning frameworks, ensuring consistency across regional planning and investment decisions.
- **Recognition of the employment land requirements of rail freight facilities**, including the implications for site size, location, and supporting infrastructure.
- **Clarification of governance, accountability and decision-making responsibilities**. Consideration must be given to how the location and need for key freight facilities, such as intermodal terminals and rail freight interchanges, will be agreed, and whether this could be embedded within SDSs.
- **Forward-looking assessment of infrastructure needs.** For example, investment in ports and approach roads may be critical to supporting growth in the offshore renewables sector and other nationally significant industries.
- **Consideration of wider land-use implications**, including provision for lorry parking, rest facilities, and the role of a 'hub and spoke' model in shaping employment land distribution at local and regional scales.
- **Decarbonisation of the freight and logistics sector**, including the promotion of low-carbon fuels and electrification of vehicle fleets. With occupiers increasingly investing in fleet decarbonisation, the strategy should actively support uptake and provide clear solutions for charging infrastructure and alternative fuels such as hydrogen.
- **Power infrastructure and energy availability**, with coordination between energy providers, local authorities and developers to ensure that strategic sites have timely access to the grid and sufficient capacity to meet future freight and industrial needs.

We urge the Government to commit to the creation of a National Freight Plan, developed in close partnership with industry, infrastructure providers, and local authorities. This plan must be embedded within wider economic, planning and infrastructure frameworks, and underpinned by clear routes to delivery and accountability. Such a plan is not only essential to realising the UK's ambitions for growth, productivity and global competitiveness, but it is fundamental to ensuring that our freight system is prepared for the infrastructure, climate and economic challenges of the decades ahead.

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T: 0121 232 8606 **E:** info@lpdf.co.uk **W:** www.lpdf.co.uk

6. Planning Reforms

The LPDF strongly supports the Government's efforts to reform the planning system and recognises the importance of the changes already introduced. However, if the country is to meet its ambitions for economic growth, housing delivery, and infrastructure provision, further and more decisive reform is urgently required. Many of the reforms outlined below have either been consulted upon or suggested by the government, however it is critical that the government bring these forwards in a bold and expedient manner if housing delivery is to increase this parliament.

The scale of expenditure on temporary accommodation across England starkly illustrates both the urgent need to boost housing delivery and the importance of further planning reform. According to the latest MHCLG data, spending on temporary accommodation has risen by a further 25% in 2024/25, reaching £2.84 billion, almost double the amount recorded just five years ago. While overall expenditure has increased by more than £1.2 billion since 2020/21, investment in local authority and housing association stock has barely shifted, growing by only £22 million over the same period. This trajectory is clearly unsustainable. Billions are being spent each year on short-term interventions rather than addressing the root causes of housing need through the provision of permanent, affordable homes.

A modern, efficient, and pro-growth planning system is critical to national prosperity. Planning policy and decision-making processes must be structured in a way that enables, rather than constrains, the timely delivery of sustainable development. Delays and uncertainty in the system not only frustrate individual projects, but also reduce investment, slow productivity, and undermine broader efforts to address the housing crisis and rebalance the economy.

To help unlock growth, productivity, and investment, the LPDF urges HMT to work with MHCLG and other government departments to support and push forwards the following reforms:

- **Publish Statutory National Development Management Policies (NDMPs):** These policies should be clearly framed, **positively worded**, and aligned with the Government's commitment to increasing the supply of new homes, commercial development, and supporting infrastructure. NDMPs must reduce local variation where appropriate and improve consistency and certainty in decision-making. In this regard, please see Appendix 2 to this submission, which is a discussion paper, prepared by Lichfields' on behalf of the LPDF, entitled 'Unlocking Growth Through National Development Management Policies'.

- **Address Infrastructure Capacity Constraints:** Critical barriers to development, including electricity network capacity, water supply infrastructure, and wastewater treatment, are stalling progress on otherwise sustainable and deliverable schemes. A coordinated approach across government and regulators is required to plan and fund infrastructure upgrades in parallel with planned growth - now.

- **Boost Resourcing in Local Planning Authorities (LPAs):** Planning departments remain significantly under-resourced, leading to delays in processing applications and agreeing planning obligations. We refer to the recent research prepared by Lichfields[14], which highlights that since 2014 the volume of planning applications have been reducing, whilst determination periods have more than doubled. Without sustained additional investment in LPA capacity, other reforms risk being undermined.

[14] Lichfields (May 2025) – How long is a piece of string?

Land, Planning and Development Federation (LPDF).
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 E: info@lpdf.co.uk W: www.lpdf.co.uk

- **Standardise Section 106 Agreements and Planning Conditions:** The negotiation of planning obligations and conditions remains one of the most resource-intensive and delay-prone stages of the development process. Standardisation would provide greater efficiency, reduce costs, and free up officer time.

- **Introduce a National Scheme of Delegation:** A consistent, robust scheme of delegation across LPAs would improve the speed and consistency of decision-making, allowing planning officers to determine appropriate applications without unnecessary delays or politicisation. Please see the LPDF response to the Reform of Planning Committees consultation[15], for detailed observations regarding these proposed reforms.

- **Resolve Technical and Regulatory Blockages:** A series of unresolved 'live' issues, including, nutrient and water neutrality, recreational impact mitigation, and viability assessments, are adding complexity and delay to decision-making. These issues require cross-departmental coordination and central leadership to unblock delivery at scale.

- **Accelerate and Update Local Plans:** A national effort is required to ensure that all local authorities have up-to-date development plans that reflect the National Planning Policy Framework (NPPF) and are reviewed regularly in line with the new plan-making process. A positive, plan-led system is essential for delivery. These local plans must not prevaricate on housing numbers and economic growth / employment assumptions and must be prepared positively with a view to the country's economic growth ambitions.

- **Embed Proportionality in the Planning Process:** A consistent principle of proportionality must underpin all aspects of planning policy and decision-making. Too often, small and medium-sized schemes are subject to disproportionate requirements and evidence burdens, which discourage participation and add avoidable cost and delay.

Together, these reforms would not only create a more efficient and responsive planning system, but also unlock the private investment needed to support economic growth, meet housing needs, and deliver infrastructure. Without bold and coordinated action on these fronts, the Government's ambitions for 1.5 million new homes and a thriving economy will remain out of reach.

The LPDF urges HMT to champion these reforms within Government and to ensure that the Autumn Budget supports a planning system that enables, rather than obstructs, sustainable development.

[15] LPDF Consultation response – Reform of Planning Committees

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Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
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Appendix 1 – Savills 'Freedom to Buy'

Freedom to Buy

Why the time is right to support first time buyers with a new equity loan scheme

savills.co.uk

LPDF Creating Places ■ Delivering Communities

savills

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Executive Summary

A new equity loan scheme could support an additional 100,000 new homes sales by March 2029 and help the same number of households achieve the dream of home ownership. Swift implementation of such a scheme would minimise the loss of construction capacity from the housebuilding sector and enable housing delivery to increase quickly.

The problem

Sales rates over the summer of 2025 have reached their lowest levels since the Global Financial Crisis (GFC). Sales rates at this level over a prolonged period would be catastrophic for smaller housebuilders and will test the resilience of regional businesses within some of the country's largest housebuilders. This makes it hard to see how the Government can reach its target to deliver 1.5m homes in England over the five years to March 2029.

The Government has also expressed ambitions to boost homeownership. But support for homebuyers is at its lowest level since at least 2007, which risks leaving a generation of households with no option but to remain in rented housing.

The solution

The introduction of a financial support scheme for buyers of new homes could have a significant impact both on new housing delivery and on homeownership.

An equity loan scheme supports buyers of new homes by giving them access to homeownership with lower deposits, lower mortgage interest rates and lower mortgage borrowing relative to their incomes. It can help people to buy a home that is suitable to their needs, who might otherwise only be able to afford a home too small to accommodate their family.

The key precedent for this is Help to Buy, which was very quickly successful in driving up housebuilding volumes. At the same time it reversed the demographic trend of increasing propensity to rent for people aged 25-34. It changed the way many people in this age bracket live and created a new cohort of homeowners who would not have existed without the scheme. Families forming during the Help to Buy era have been able to benefit from the stability of homeownership, but that option is not available to many households in the same position today.

Improving on Help to Buy

The challenge is that Help to Buy was widely criticised for pushing up house prices and driving excess profits for large housebuilding companies. Whether justified or not, these criticisms would need to be addressed as part of a new scheme, including measures such as:

- Clear controls on new homes pricing;
- Sufficient land supply through the recent NPPF reforms to respond to increased demand;
- Firm targeting of the scheme on the people who need it most;
- Conditions around affordable housing delivery, use of UK suppliers and apprenticeships;
- Ensuring developers increase their numbers of active outlets.

Any such measures need to strike a balance between:

- Ensuring public support for the scheme
- Ensuring demand from first time buyers
- Not deterring uptake from developers and homebuyers by being too prescriptive

1. A Crisis of Sales Rates

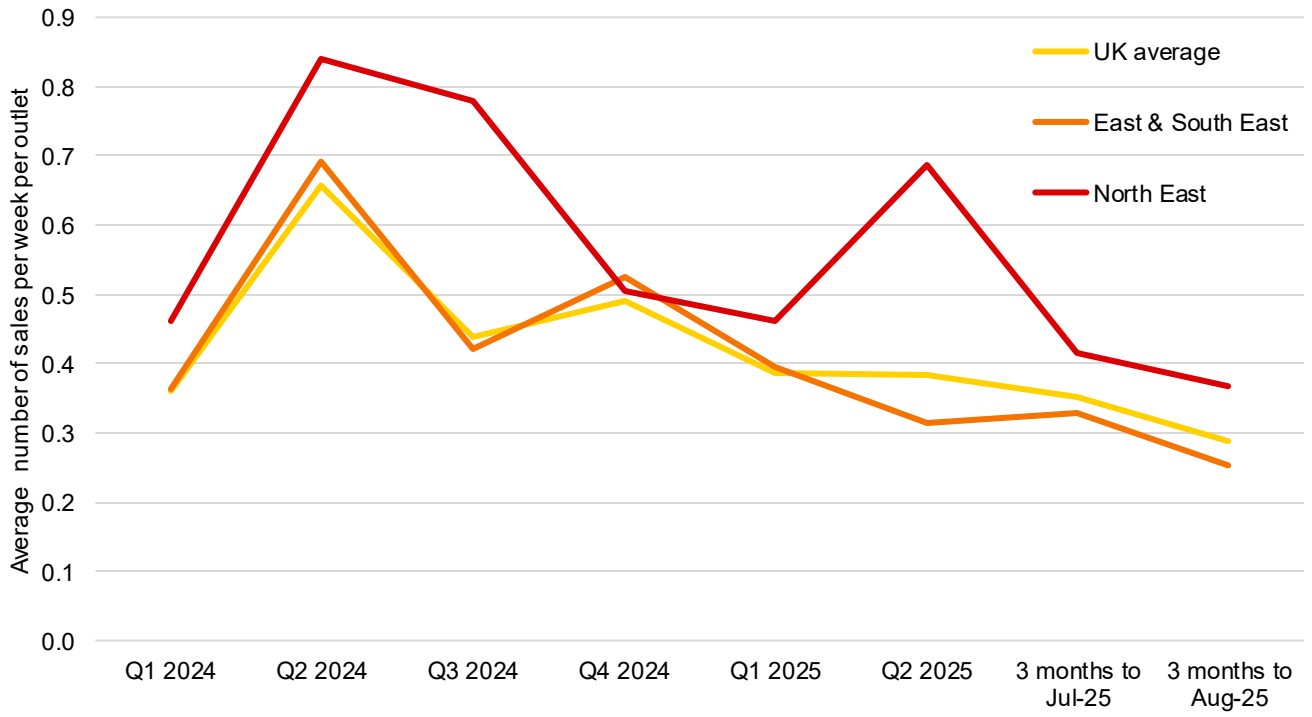
The major PLC housebuilders have generally reported a stabilisation or slight improvement in sales rates in recent annual reports and trading statements, compared to the lows of 2023. But these reports only reliably describe the market until the first quarter of 2025 and may not be representative of the wider housebuilding industry, giving no indication of how smaller and medium sized enterprises are faring.

Our previous analysis of sales rates across the 60-70% of the market covered by NHBC warranties suggested that sales rates had actually fallen slightly in 2024 compared to 2023 levels.[1] An update of that analysis to cover the period to August 2025 is shown in the chart below and suggests that sales rates have fallen further through 2025. This has particularly been the case in the south east and east of England regions, where sales rates have changed from being above to below the national average. The North East has been the region with the strongest sales rate throughout the 20 month period shown.

Sales rates are therefore exceptionally low. They have dropped beneath the low of 0.4 sales per outlet per week reached in 2008 by the PLCs, at the height of the Global Financial Crisis.[2] Sales rates at this level are extremely damaging to the cashflow of housebuilding businesses: they are particularly challenging for smaller and medium sized builders, but could even cause problems for regional businesses within some of the country's largest housebuilders.

Given the reliance of new housebuilding on sales of new homes to individual buyers, these low sales rates make it difficult to see how the Government's target to deliver 1.5m new homes by March 2029 can be met.

Figure 1 – Average new home sales rate by region



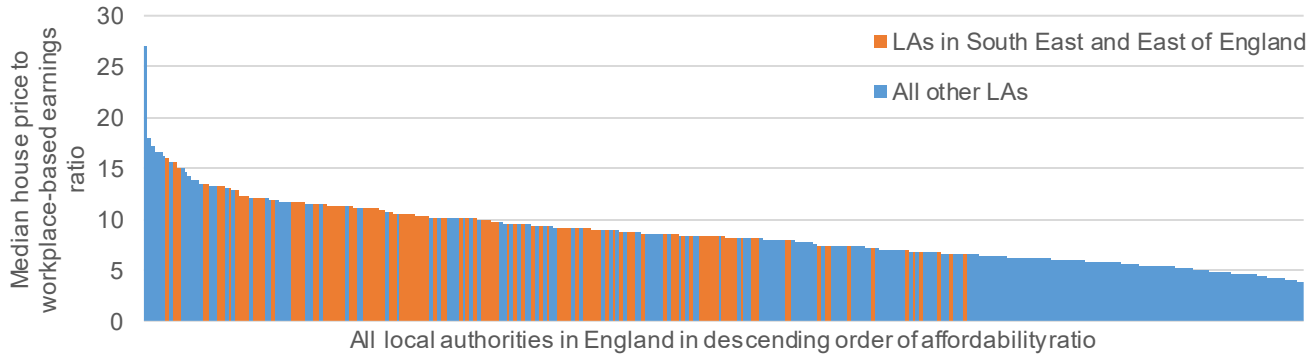
Source: Savills analysis of new homes sales data

[1] "Land Matters: Increasing outlets to boost delivery", Savills report for LPDF and Richborough, July 2025, p5

[2] Ibid. p4

The fact that it is the South East and East of England that have seen the greatest falls in sales rates and to a level below the national average is particularly concerning. These are the regions of the country with the greatest need for additional housing both to keep pace with population growth and improve housing affordability. The chart below shows all local authorities in the country, with those in the South East and East highlighted in orange, demonstrating that these regions generally have higher house prices relative to earnings, indicating greater housing scarcity relative to supply.

Figure 2 – House price to earnings ratios, by local authority, 2024

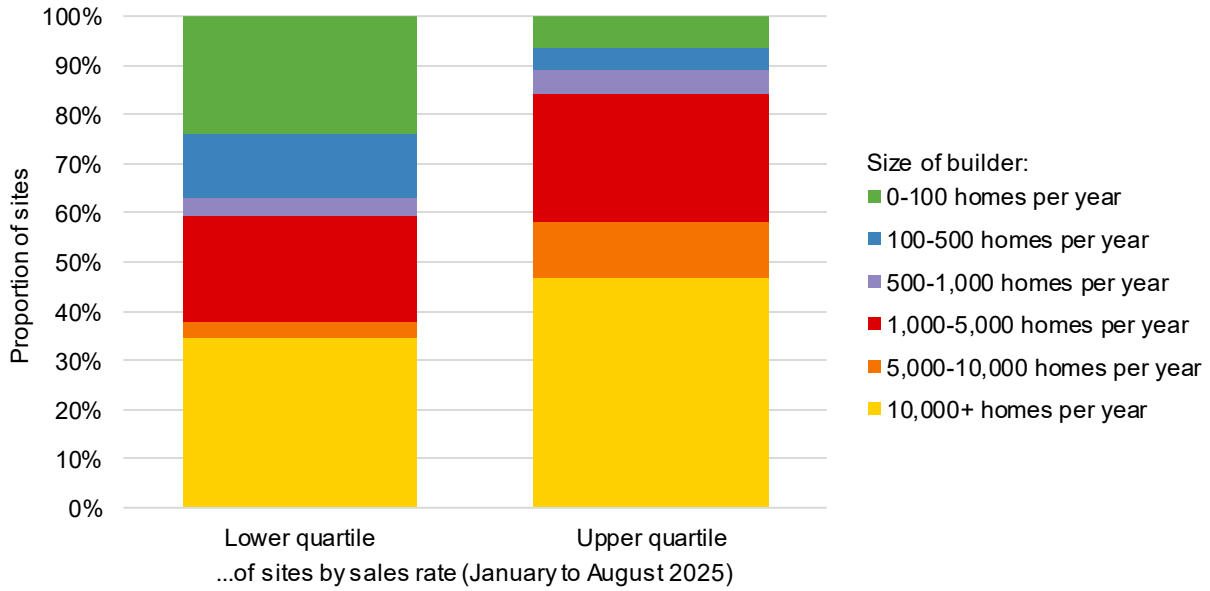


Source: ONS

1.1. SME housebuilders are more affected

The data allows us to break down our sales rate analysis by size of builder. The chart below shows the profile of builders delivering the top 25% and bottom 25% of sites by sales rate over the last eight months in the South East and East of England. This shows that there is a full profile of housebuilders delivering at both the bottom and top end of the range of sales rates being achieved. The largest housebuilders are more likely to be delivering sites with sales rates in the top 25% for the region however, while smaller housebuilders are delivering a higher share of the sites delivering at the bottom 25% of sales rates.

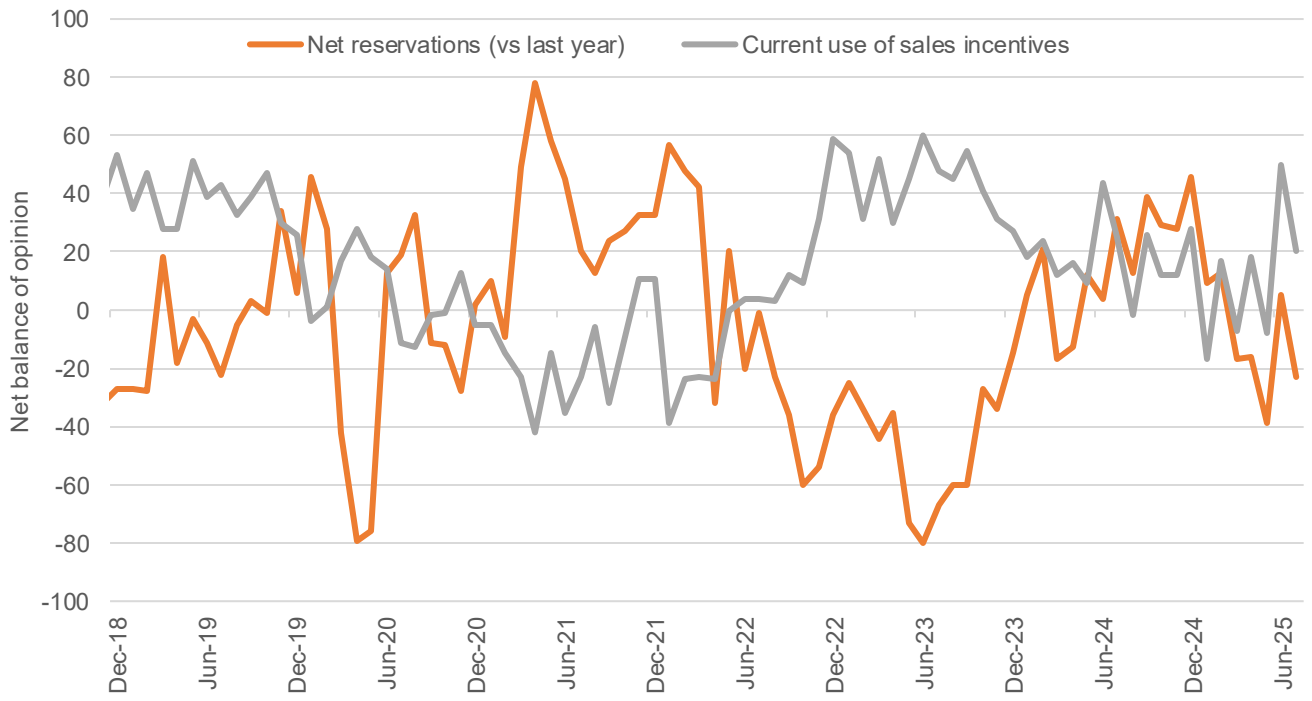
Figure 3 – Profile of builders by size delivering sites, by best and worst sales rates, South East and East of England



Source: Savills analysis of new homes sales data

This is likely to be supported by the ability of the largest housebuilders to use sales incentives to boost sales rates something smaller organisations are less likely to have the financial capacity to offer. The HBF survey shows that the use of incentives increased significantly in June and July, following declining levels of reservations since March.

Figure 4 – Reservations and use of incentives



Source: HBF Site Sentiment Survey via NHBC Residential Construction Statistics Portal

Smaller housebuilders are less able to offer incentives to boost sales rates, but lower sales rates will often have a greater impact on their profitability. Smaller housebuilders may be more highly geared and are more likely to be working with costly project-specific finance than the major housebuilders. Slow sales rates therefore have an amplified effect, cutting cashflow whilst also prolonging the period over which the cost of that finance needs to be supported. This comes on top of rising build and labour costs, as well as tax and regulatory burdens which have been found to disproportionately affect SMEs: a report by WPI Strategy found that up to half of SME builders could have started the process of insolvency by the end of this Parliament.[3]

[3] The Future of Smaller Housebuilders in England, WPI Strategy, June 2025

1.2. Sites with more larger and higher value homes are more affected

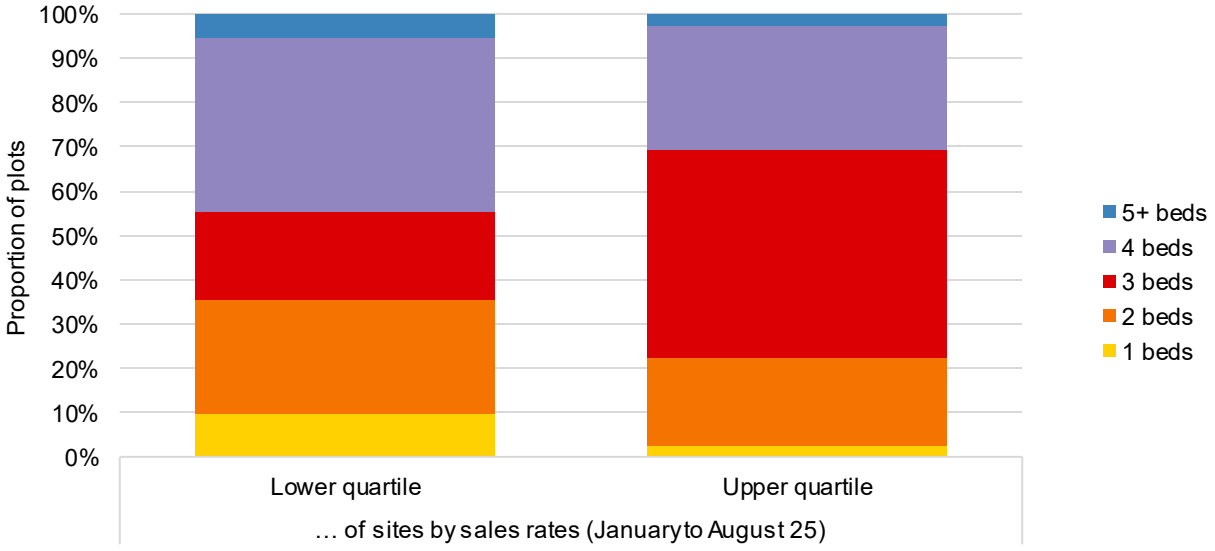
The data also allows us to see what type of home was sold at these sites and at what price. It shows that sites with the weakest sales rates in the South East and East of England had a greater proportion of both larger and smaller homes. For example, whilst 45% of sales at the weakest sites were 4 and 5 beds, this falls to 31% at the strongest sites. The sites with the strongest sales rates are dominated by 3 bedroom homes, which make up 47% of the homes on these sites compared to 20% on the slowest selling sites.

Analysis of pricing shows that the slowest selling sites generally had higher pricing than the fastest: 20% of sales were over £600,000 at the weakest sites for sales rates but only 12% at the strongest sites.

Figure 4 – Values achieved in 2025 at sites with the best and worst sales rates, South East and East of England

Source: Savills analysis of new homes sales data

Figure 5 – House types sold in 2025 at sites with the best and worst sales rates, South East and East of England



Source: Savills analysis of new homes sales data

2. Why the solution is an equity loan scheme

For a demand support scheme to have a significant impact on the sales of new homes, it needs to open up access to homeownership for groups of people who may otherwise be excluded or would choose not to buy a home. It also needs to give new homes a competitive advantage over alternative options for buyers. An equity loan fulfils both of these requirements in a number of ways.

2.1. Lower deposits

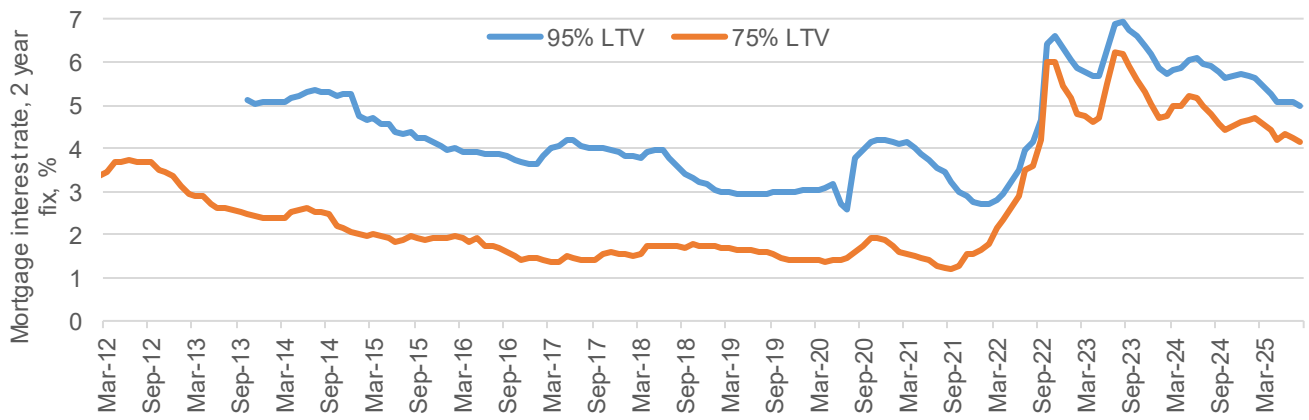
The most obvious benefit of an equity loan is that purchasers need smaller deposits. Only 7.5% of all house purchases in the UK during H1 2025 were made with a deposit of less than 10%, due to the scarcity of mortgage products at this level; in H1 2007, this was 16%. The lack of higher LTV mortgages is the most significant barrier to home ownership and has persisted since the Global Financial Crisis: the unmet demand for higher LTV mortgages was partially addressed by Help to Buy for a period, but the problem had not gone away when this scheme ended.

The National Audit Office 2019 Review of Help to Buy found that reducing deposit requirements was one of the main benefits of the scheme, with around four-fifths of buyers reporting that using the scheme had enabled them to buy a suitable property earlier than they would have otherwise been able to.[4] The average unassisted first time buyer had a deposit of £60,000 in 2024, equivalent to almost a whole year of their average annual income of £65,000; buyers who are assisted with their deposit, for example by the Bank of Mum and Dad, had slightly lower annual incomes (£56,000) but deposits of nearly £120,000.[5]

2.2. Lower mortgage rates

Despite the smaller deposit required for buyers using an equity loan, they do not need high LTV mortgages. This has two effects. Firstly, that the mortgage interest rate is lower for users of the equity loan than other buyers with the same deposit. Two year fixed rate mortgages at a LTV of 75% quoted an average interest rate of 4.13% in August 2025. For 95% mortgages, the average rate was 5.0%. This is a smaller difference in interest rate than during much of the Help to Buy period, but as the rates themselves were higher the cash difference was similar to the peak period of Help to Buy use in 2019. Furthermore, in a higher interest rate environment, more buyers are barred from homeownership by repayment affordability criteria so access to a lower mortgage rate may be more effective in the current market at lifting this barrier.

Figure 5 – Quoted mortgage interest rates by LTV for 2 year fixed rate products

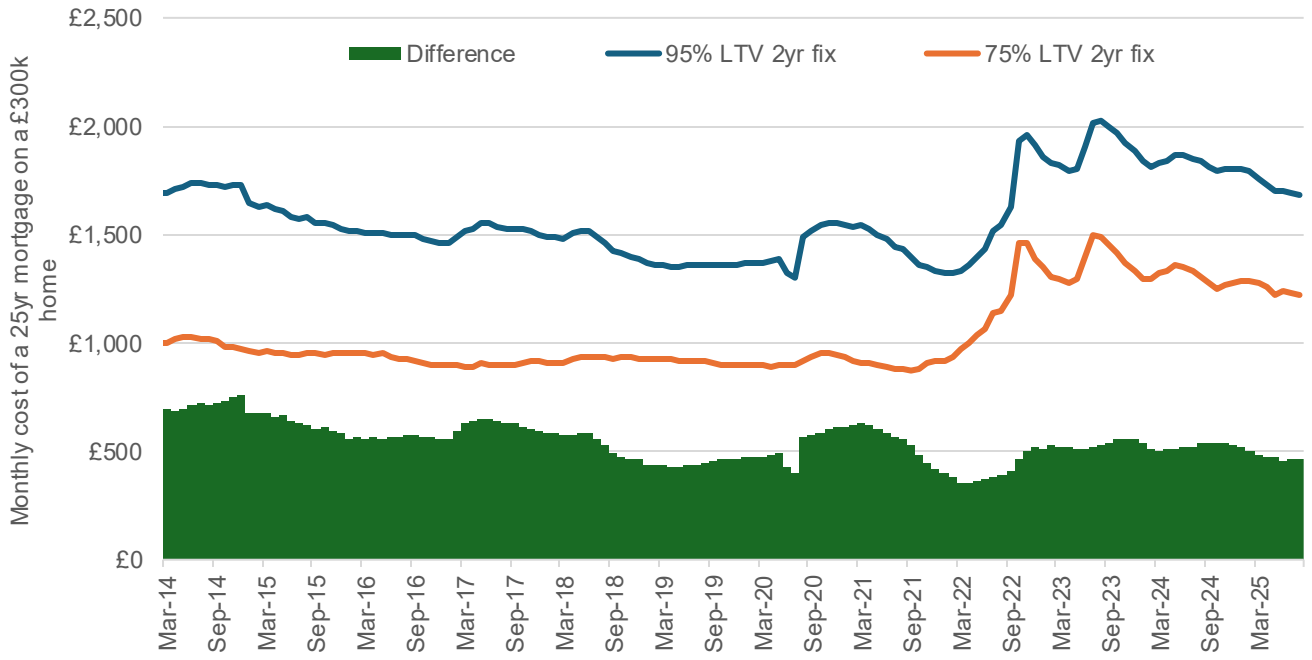


Source: Bank of England

[4] Help to Buy: Equity Loan Scheme – progress review, National Audit Office, 2019, p 24.

[5] First time buyers: keeping it in the family?", UK Finance, May 2025, p8

Figure 6 – Repayment costs associated with 2 year fixed rate mortgages, by LTV



Source: Savills calculations using Bank of England data (assuming a £300,000 home and a 25 year mortgage term)

This differential in interest rates between different LTVs is important, as it determines the value of using the equity loan scheme to the buyer. An equity loan has the effect of sharing house price growth risk between the homebuyer the loan provider, in the case of Help to Buy this was the Government. If house prices go down, the loss incurred by the homeowner is less if the Government owns a portion of the property than if the homeowner had purchased the property outright. Conversely, if house prices go up, the equity loan provider takes a share of the increase. The greater the differential in mortgage rates, the higher a buyer's house price growth expectations need to be for it to be rational for them not to take advantage of an available equity loan. However, analysis by the Bank of England suggests that either buyers' did not approach the decision to use Help to Buy in this way or were very optimistic about future price growth, as most buyers eligible to use Help to Buy chose not to.[6]

2.3. Lower borrowing versus income

A further benefit of lower the lower loan to value mortgages made available as a consequence of an equity loan is that buyers with only 5% deposit can access higher value homes without hitting up against loan to income caps. Someone borrowing 4.5 times their income and using Help to Buy would need to borrow 5.7 times their income without Help to Buy. During the period of Help to Buy, banks were not permitted to do more than 15% of their lending at loan to income multiples of more than 4.5, so that would not have been possible for most buyers. Some higher LTI mortgages were available, but typically these are subject to minimum income requirements and maximum loan to value ratios. Analysis by the Bank of England showed that 54% of Help to Buy users would not have been able to purchase the same property if 4.5x LTI were a hard cap on their borrowing.[7]

The regulation has subsequently changed to limit the mortgage lending sector to no more than 15% of loans at loan to income multiples of more than 4.5. So there may be some greater availability of higher LTI mortgages, but they are likely to remain a relatively niche product.

[6] "Housing consumption and investment: evidence from shared equity mortgages", Bank of England staff working paper no. 790, April 2019, p20

[7] Ibid. p13

2.4. Lower cost finance and interest free periods

An equity loan can be interest-free or have an interest-free period; for Help to Buy this was for five years. Often underestimated, this was a major advantage for buyers using Help to Buy compared to other home ownership schemes that were available at the same time. After five years, interest became due on a Help to Buy equity loan at 1.75% of its value, rising at CPI plus 2% each year. This level of interest was cheaper than Shared Ownership, where rent of 2.75% is usually charged against the retained equity and there is no rent free period.

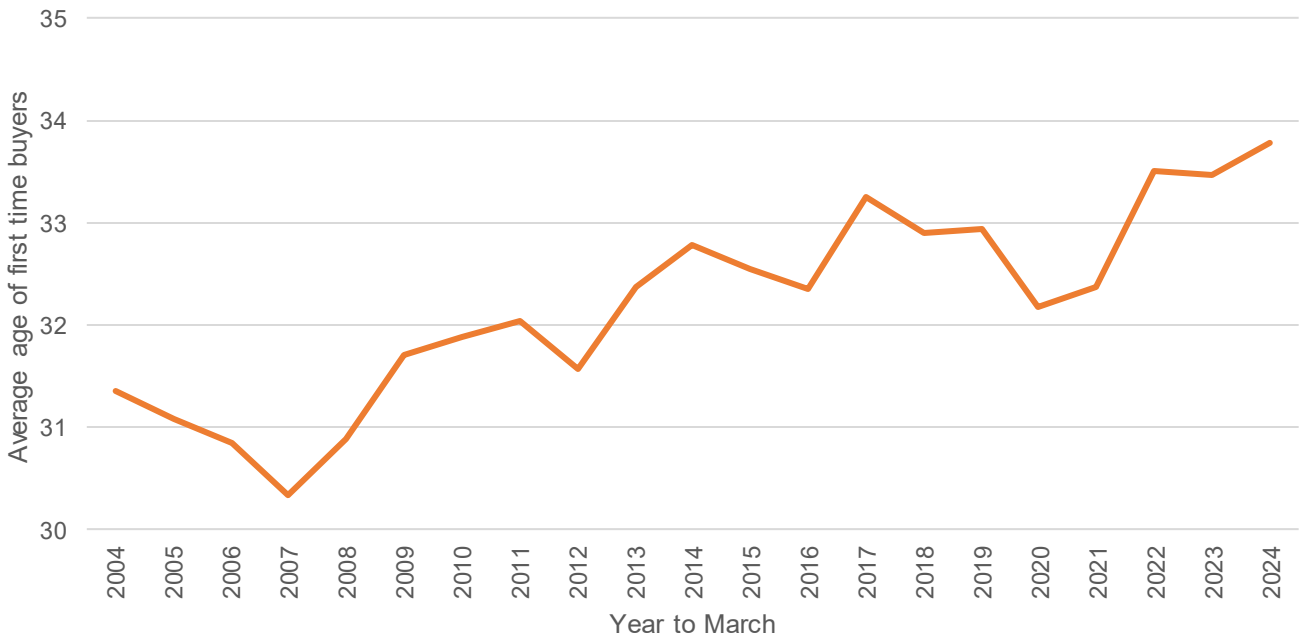
2.5. Enables families to buy suitable homes

The factors above would clearly open up access to homeownership for those who may otherwise struggle with either saving for a sufficient deposit or conforming to the repayment affordability criteria. They may also help buyers who might have sufficient resources to buy a home, but not one that meets their housing requirements. For example, a family of four may only be able to afford to buy a two bedroom home and have therefore chosen to rent a three bedroom home. An equity loan may enable them to buy the three bedroom home they need to comfortably accommodate the family.

This may also be a consideration for smaller households, who are planning to have children in future or may wish to have the option to accommodate an elderly relative, for example. The costs associated with moving home (agents fees, SDLT, removal costs, etc.) are substantial, such that the process of buying a home as well as the actual property acquisition is a costly investment in a household's medium to long-term future. It is not something most households would willingly enter into if they expect to move again in the short term.

These factors are particularly important given the change in age profile of first time buyers. The English Housing Survey shows that the average age of recent first time buyers (those who have bought within the last three years) has increased from 31 to 34 over the last 20 years; arguably not a significant change, but in the 1990s first time buyers were in their late 20s.

Figure 7 – Average age of recent first time buyers (within the last three years)



Source: English Housing Survey

What has had a greater impact on the types of homes first time buyers purchase is the shift in the age distribution: a 2017 report by the Council or Mortgage Lenders (CML) showed how the propensity to buy had reduced for those in their 20s between 2006 and 2016, but had remained unchanged for those aged over about 35.[8] So first time buyers had become less likely to want smaller homes and were more likely to be facing the challenge of how to afford a family home. Unfortunately, no more recent analysis of this mortgage data, now held by UK Finance, is available in the public domain. But the continued increase in the average age of a first time buyer since this report suggests that this trend has continued, with the age of first time buyers increasingly bunched in the mid-30s with very few younger buyers.

Bank of England analysis found that those using Help to Buy were younger and more likely to be first time buyers than the wider mortgage market, but they were purchasing higher value homes relative to their income than home buyers who chose not to use the scheme. These buyers could have bought a home without using the scheme, but they were using the scheme to acquire higher value, probably larger, homes than they could otherwise afford. They were not only using the scheme to reduce deposit requirements, improve repayment affordability or share risk, all reasons many buyers could have used Help to Buy but in general did not.[9]

[8] "Missing movers: a long-term decline in housing transactions?", Council of Mortgage Lenders, June 2017, p25

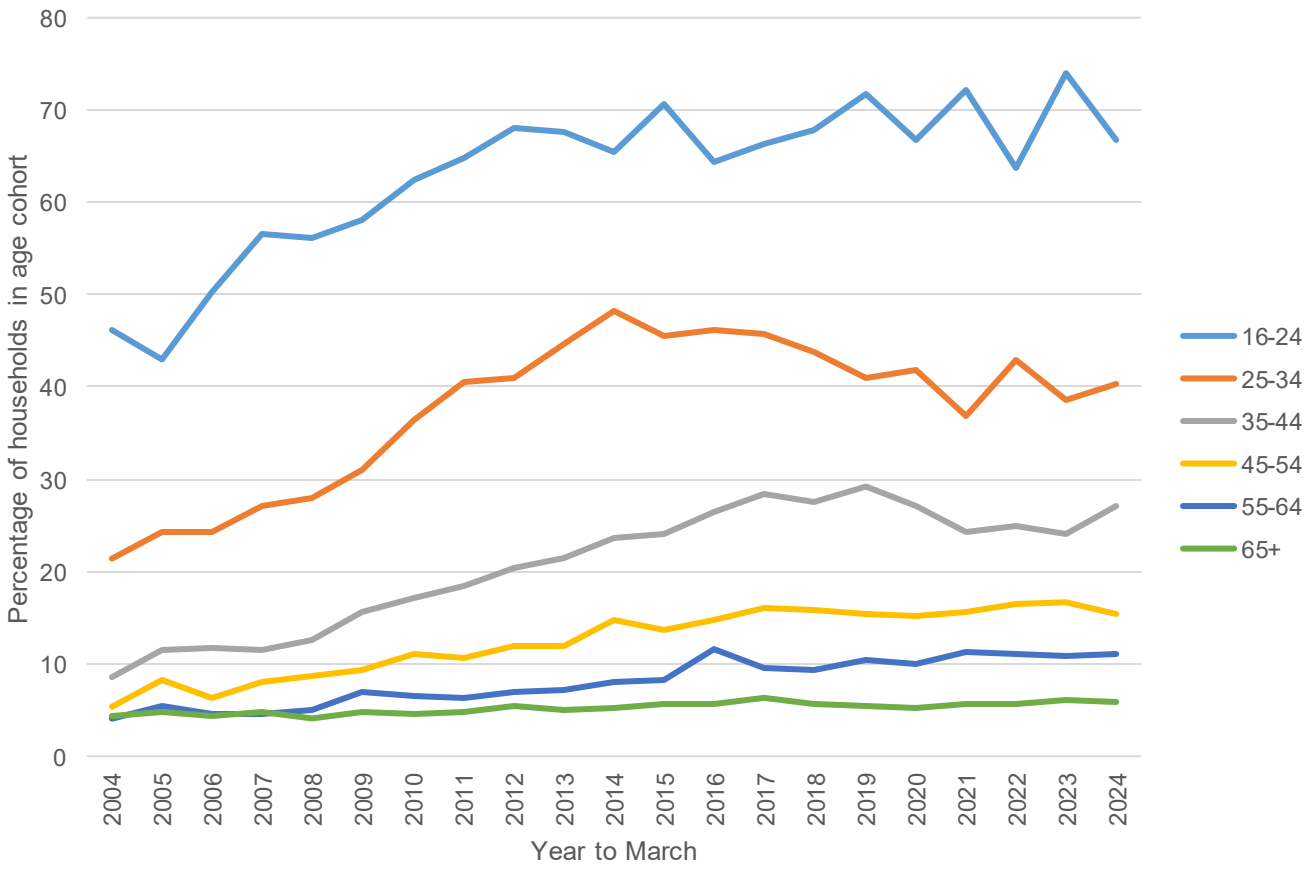
[9] "Housing consumption and investment: evidence from shared equity mortgages", Bank of England staff working paper no. 790, April 2019

2.6. Boosts home ownership

The CML report analysed data to 2016, three years after the Help to Buy equity loan had been introduced. Analysis of the propensity to rent, the tenure most first time buyers live in before buying, shows a much more dramatic change in tenure amongst the under 35s than is evident in the analysis described above. It shows increasing propensity to rent across all age bands until March 2014, particularly the 25-34 group where the proportion of households renting increased from 21% in 2004 to 48% in 2014. At this point, coinciding with the start of Help to Buy, propensity to rent amongst this key age group for first time buyers, started to decline and only stopped falling once the Help to Buy scheme became more restricted in 2021. Since then the English Housing Survey has been affected by some volatility due to smaller sample sizes during the Covid-19 pandemic, but the trend appears to be that propensity to rent for this group is again increasing and this is likely to accelerate from 2023 when the Help to Buy scheme finally ended.

This data is the clearest evidence available that Help to Buy, not only boosted new homes delivery, but actually changed the way a substantial cohort of the population live. It created a very significant cohort of homeowners who, without the scheme, could not or would not have bought their home. This conclusion is supported by the first independent evaluation of the scheme commissioned by DLUHC in 2015, which found that 61% of survey respondents agreed that using the Help to Buy Equity Loan meant they started to look for property to buy sooner than they otherwise would have.[10]

Figure 8 – Propensity to rent by age band of household head



Source: MHCLG English Housing Survey

[10] Evaluation of the Help to Buy equity loan scheme, DCLG, 2016

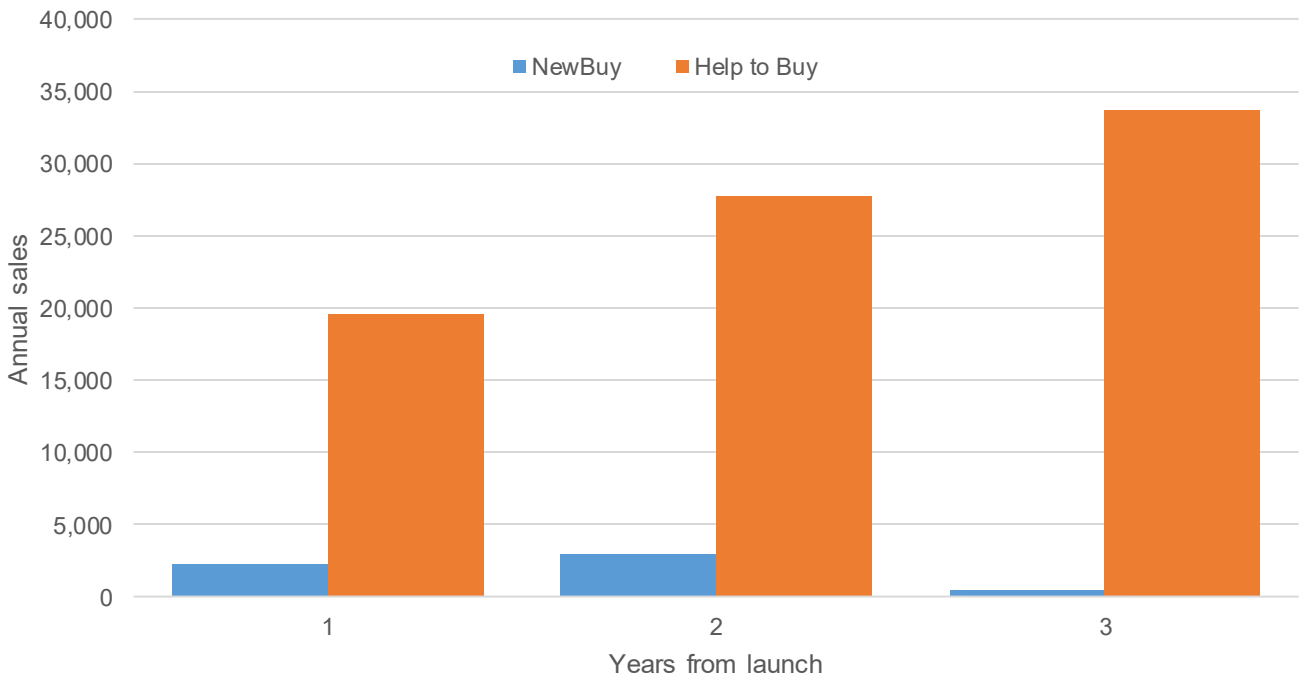
2.7. Mortgage guarantees are less impactful

To date, the current Government's support for the housing market has focussed on mortgage guarantees, with the Mortgage Guarantee Scheme permanently available from June 2025 to sustain the availability of 91-95% LTV mortgages.[11] Whilst of general assistance to the housing market and particularly first time buyers, mortgage guarantees lack several advantages that an equity loan scheme for new homes would provide:

1. They do not support access to lower LTV and therefore lower interest rate mortgages for buyers with only a 5-10% deposit, and therefore do not support repayment affordability at a time of higher mortgage rates;
2. They are of no assistance in reducing the loan to income ratio for borrowers, limiting the amount of business that lenders can do at this LTV level, particularly in less affordable housing markets;
3. They cannot support buyers to buy a larger home than they could otherwise afford, providing no support for those who can afford a house but not the size of home they need to accommodate their household;
4. They provide no competitive advantage for new homes compared to second hand homes, so do not boost new homes sales.

The Coalition Government launched a mortgage guarantee scheme for new homes in March 2012. This had the advantage over the current scheme in that it only supported new homes sales, but it did have the other shortcomings listed above. The scheme only ran for 12 months before Help to Buy was launched in parallel, and the scheme closed in Q3 2015. In terms of impact, it was much less successful than Help to Buy, with only 2,300 sales in its first year compared to 19,600 for Help to Buy.

Figure 9 – Initial take up of Help to Buy (equity loan) and NewBuy (mortgage guarantee)



Source: MHCLG

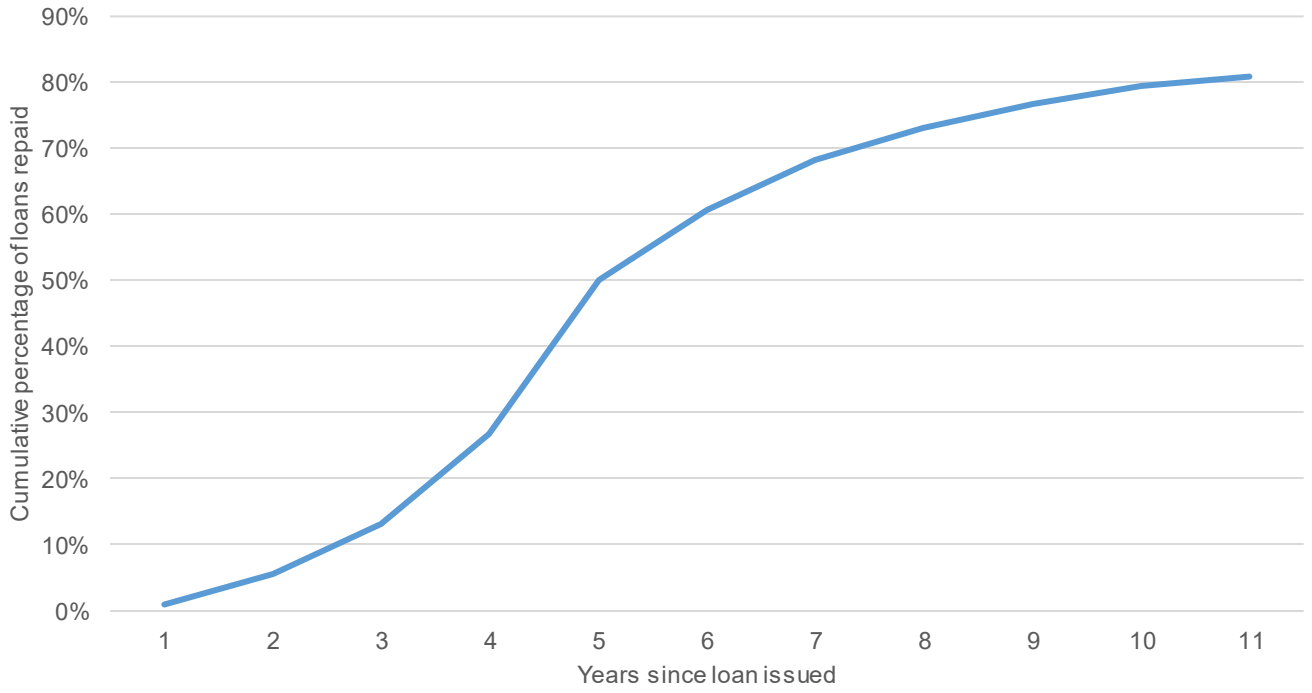
A further challenge with NewBuy was that only the largest housebuilders were able to access the scheme and no support was provided to SMEs, whereas Help to Buy was open to all housebuilders.

[11] https://www.gov.uk/government/publications/2025-mortgage-guarantee-scheme

2.8. Equity loans are quickly repaid

Data from the Homes England annual report shows the rate at which Help to Buy loans are repaid. Half of all loans are repaid by the fifth anniversary of issuance, when the interest charge becomes due, and almost 80% of loans that have reached 10 years from issuance have been repaid. This demonstrates that the funding of an equity loan scheme is a relatively short term expense.

Figure 10 – Repayment of Help to Buy equity loans



Source: Savills analysis of data within Homes England annual reports

Homes England's annual report for 2023-24 shows that by March 2024, just under 40% of Help to Buy loans had been repaid. Homes England received £9bn from these repayments, an increase of £718 million against the original cost of the loans.[12]

[12] Homes England Annual Report and Financial Statements 2023/24

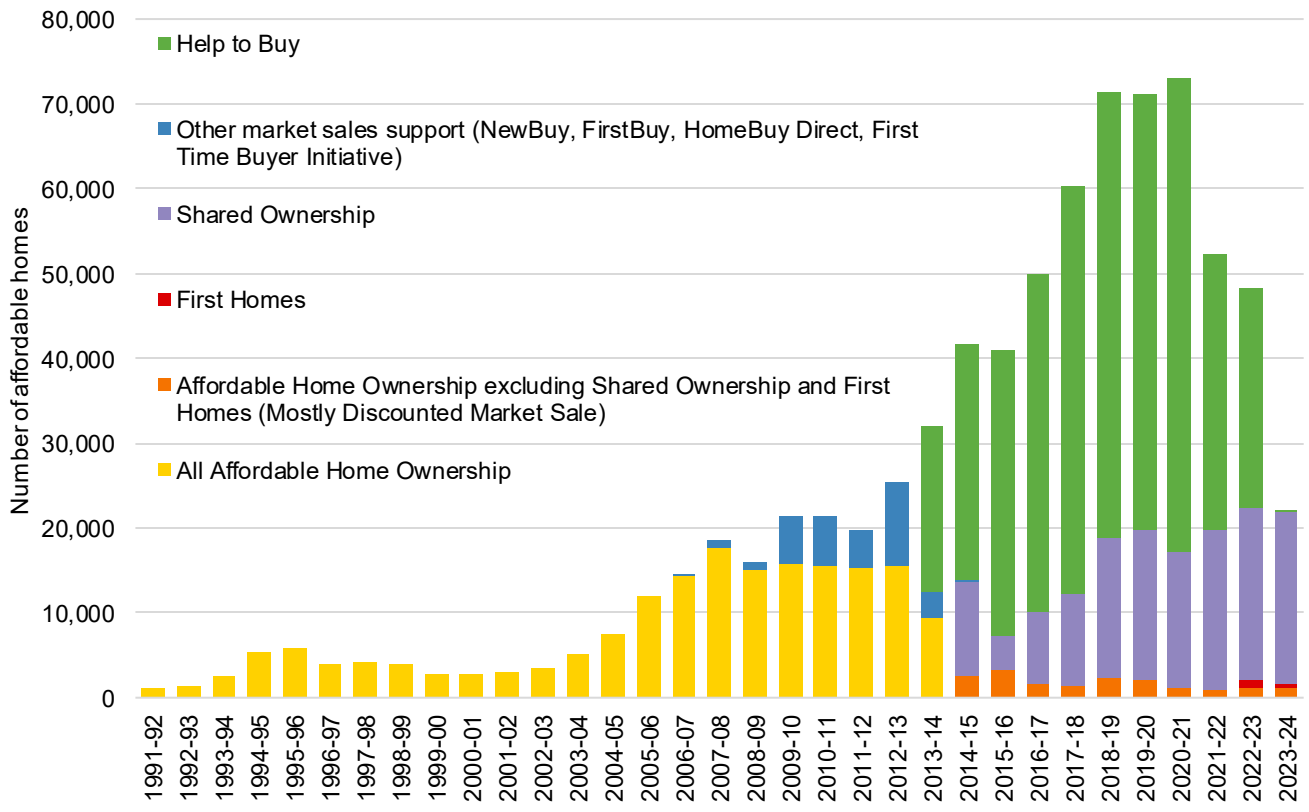
3. Avoiding the problems of the past

There is a long history of demand support schemes for new homes buyers, particularly in support of First Time Buyers. The challenge for a new scheme would be to ensure it has the desired effects of boosting new homes sales and homeownership, whilst also delivering value for money for the taxpayer. It would need to be well targeted at helping the people who would benefit most. It would also need to avoid having undesirable effects on the housing market or generating excess profit for private companies involved in bringing forward homes.

Most previous schemes have been relatively small in scale and while they are likely to have provided valuable assistance to those who used them, they would have had a very limited impact on the volume of housebuilding or rate of homeownership. Help to Buy was of a different order of magnitude, as shown in the chart below, and supported around one third of all new homes sales during its period of operation.

Help to Buy was able to do this through its simplicity, wide appeal to buyers and accessibility to developers. And it provided significant assistance for buyers facing affordability barriers to homeownership. But it is criticised for pushing up house prices and boosting the profits of large housebuilders, resulting in high executive pay and returns to shareholders. Any new scheme would need to find a balance between retaining the simplicity and wide appeal of Help to Buy, while ensuring that it minimised any substantive effect on the housing market or housebuilder profits.

Figure 11 – Homebuyer support schemes



Source: MHCLG

3.1. Boosting house prices

It is unlikely that Help to Buy had much impact on overall pricing in the English housing market: at just over 50,000 homes per year at its peak, it supported a small proportion of the 1.1m transactions in England at that time. The National Audit Office found in 2019 that although the average "new-build premium" was at around 20% over the second hand market during the early years of the scheme, this was in line with long term average new build premiums.[13] The same assessment also found that buyers who used the scheme paid less than 1% more than they might have paid for a similar new-build property bought without an equity loan.[14]

There is evidence it increased prices for new homes prices in outer London (where a 40% equity loan was available) compared to immediately outside the GLA boundary (with a 20% equity loan), although this was partly a consequence of supply inelasticity in the London new build market.[15]

It is to be expected that offering a buyer interest free credit and, in effect, a discounted mortgage rate on one product (a new home) but not on another (a second hand home) would encourage that buyer to spend more on the product that benefits from those advantages (i.e. the new home). If this is to be avoided, then some control would be needed on the new homes pricing to avoid market forces following their normal course.

Any control would need to recognise that new homes are at a premium over second hand homes for tangible reasons: they benefit from a warranty, they tend to be more energy efficient, they have new fixtures and white goods, etc..

Controlling price growth on a new homes site could be relatively straightforward. Prices could be increased in line with an index of local house prices, such as those produced by HM Land Registry and freely available online.[16]

Setting the initial pricing is more challenging, as any reference to local averages is unlikely to recognise specific features of new homes delivered on a particular site: its location, energy efficiency standards, local amenities, design, etc.. It is likely that an independent valuation would be needed by a qualified member of the Royal Institution of Chartered Surveyors. Such a valuation could be carried out on the assumption that no buyer support scheme exists.

3.2. Excess profits

It is often claimed that Help to Buy simply boosted profits for major housebuilders and drove high levels of executive pay. There is no doubt that the scheme boosted housebuilding and homeownership as well, but any new scheme would need restrictions to avoid such criticisms being repeated.

[13] Help to Buy: Equity Loan Scheme – progress review, National Audit Office, 2019, p 33.

[14] Ibid, p9

[15] "On the Economic Impacts of Mortgage Credit Expansion Policies: Evidence from Help to Buy", Felipe Carozzi, Christian Hilber and Xiaolun Yu, CEP Discussion Paper No 1681, March 2020

[16] https://landregistry.data.gov.uk/app/ukhpi/?lang=en

The 2018 evaluation of Help to Buy calculated that the scheme had increased housing delivery by 14% to 16%.[17] But the growth in housing delivery slowed towards the end of the 2010s, despite housebuilder profit margins being relatively high against past levels. Our analysis has shown that the peak in Help to Buy sales (2019) coincided with the peak in the number of outlets operated by the PLC housebuilders (2018 and 2019). Further expansion of the number of outlets was limited by the fact that the number of sites gaining consent had peaked two to three years earlier in 2016 and has been falling ever since.[18] This prevented the proceeds of Help to Buy from being reinvested in continued short-term growth, limiting its ability to push housing delivery higher.

Housebuilders did invest some of their profit in the future, but through growing strategic land holdings more than immediate land pipelines. Fewer small sites gaining consent from 2017 could have been a factor too, limiting the speed at which housebuilders of all sizes could expand activity. A scarcity of smaller sites may also have prevented SMEs taking greater advantage of the scheme.[19]

If a renewed support scheme were introduced today, however, it would benefit from Government policies to increase land supply. This should make it easier for firms benefiting from the scheme to invest in future growth. To be successful, the planning system would need to be delivering sufficient numbers of deliverable sites that are suitable for development by as wide a range of housebuilders as possible, including the major PLCs and SMEs.

With sales rates at the current level, the opposite problem may arise: consented sites remaining undeveloped. Housebuilders will reduce their land buying and planning activity, if sales rates remain low and cashflow is restricted. The expected uplift in planning consents following changes to the NPPF could then quickly stall.

3.3. Target market optimisation

First time buyers are the group that most clearly need support in accessing the housing market. The vast majority (82%) of Help to Buy users were first time buyers, before other buyer groups were excluded. Restricting access to any new scheme to first time buyers would do little to lessen its effect on housebuilding or homeownership, and would go some way to avoid criticisms of simply helping people buy bigger homes.

An effective cap on the pricing and types of homes for which a new scheme can be used could also be considered. The regional value caps introduced to Help to Buy in 2021 were a blunt instrument, resulting in the scheme being effectively closed down in parts of regions with higher house prices, while supporting almost any sale in lower value areas. Any capping in this way could be very easily done on a more localised basis, perhaps by local authority.

An alternative means of restricting the types of homes on which the scheme could be used would be to cap the size of home. This would need to be mindful of the fact that many first time buyers are looking to acquire family homes, so could not exclude three or even smaller four bedroom homes. Preventing use of the scheme on homes of five bedrooms or more may be an option to consider: it is unlikely to be particularly restrictive in practice, but may be helpful for gaining public support.

Finally, access to the scheme could be restricted on the basis of income in a similar way to shared ownership. The income caps used would benefit from updating, in light of recent high levels of earnings growth.

[17] Evaluation of the Help to Buy equity loan scheme, 2018, p139

[18] "Land Matters: increasing outlets to boost housing delivery", Savills report for LPDF and Richborough, July 2025, p12

[19] Ibid.

3.4. Conditions to support wider policy objectives

It may be possible to add further conditions at site level and qualification criteria for housebuilders. The challenge with such conditions and criteria would be making them worthwhile at the same time as ensuring they do not substantially exclude sites or deter housebuilders. Those could include:

- Sites delivering a policy compliant level of affordable housing. Any such condition would need to have sufficient flexibility to take account of out-of-date policies and master planned sites that may have had their affordable housing requirement set in the past.
- Developers sourcing materials from UK suppliers, as far as possible. This could require developers to demonstrate that either they procure all materials from UK sources or have endeavoured to do so, with a reasonableness test based on cost and time required to procure and supply.
- A commitment from developers to invest in their workforce, including training and apprenticeships;
- A commitment from developers to expand their number of active outlets.

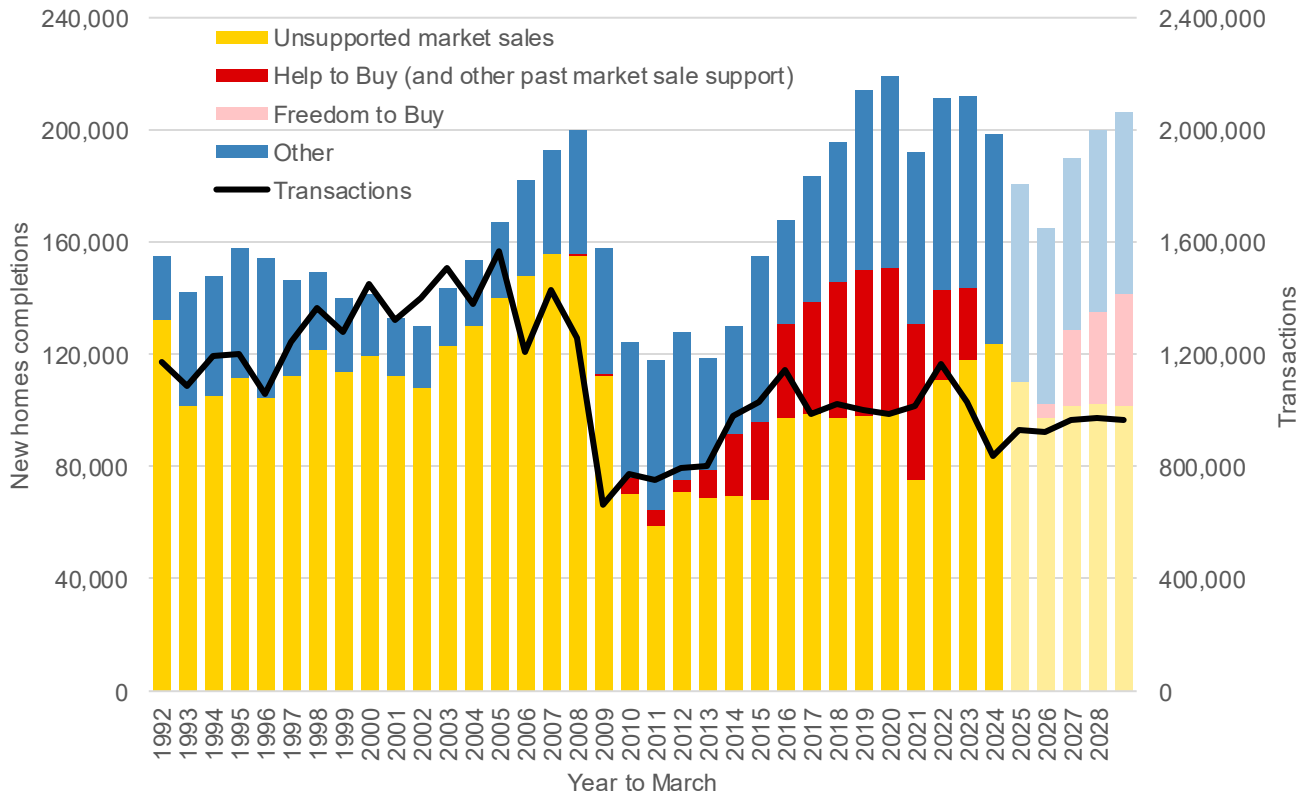
4. Potential impact of a new equity loan scheme

Previous Savills research has demonstrated that new homes sales tend to comprise a total of no more than 10% of the housing market.[20] The only times this has been significantly exceeded have been during the period of Help to Buy and at times of contraction, when second hand sales drop away quickly, but new homes already under construction continue to completion.

We think a new equity loan scheme could support just over 100,000 new homes sales by March 2029, if launched in January 2026. This assumes that the swift introduction of a scheme means that housebuilding capacity is able to respond more quickly than in 2013 when Help to Buy was introduced, increasing total delivery volumes in the first year of the scheme, on the basis that the sites and development capacity are largely still available for acceleration in the short term. Longer term, it can support more sites to come through the planning system and we have assumed that the NPPF reforms are effective at increasing land supply in response to increased demand. We have also assumed that the new scheme supports only first time buyers.

The chart below shows Savills completions forecast from June 2025, with the addition of an equity loan scheme starting in January 2026 shown in the lighter shade of red. The effect would be to drive new homes completions back up to the peak levels seen between 2019 and 2023 (excluding the pandemic affected 2021). It would support over 100,000 households into homeownership, with the associated socio-economic benefits that brings.

Figure 12 – New homes completions forecast – scenario including a new equity loan scheme



Source: Savills using MHCLG and HMRC data

[20] Housing Completions Forecast for England, Savills, May 2024 (https://www.savills.co.uk/research_articles/229130/359081-0); Housing Completions Forecast for England, Savills, June 2025 (https://www.savills.co.uk/research_articles/229130/377631-0)

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

Appendix 2 – Lichfields 'Unlocking Growth through NDMPs'

LPDF

Creating Places ■ Delivering Communities

Unlocking growth through National Development Management Policies

Discussion Paper

August 2025

LICHFIELDS

Executive Summary

This discussion paper explores the transformative potential of National Development Management Policies (NDMPs) and a revised National Planning Policy Framework (NPPF) in supporting the Government's ambitions for a 'default yes' approach to certain types of housing and economic growth.

What are the key requirements from the updated NPPF / NDMPs?

We understand the Government is unlikely to enact Section 93 of the Levelling Up and Regeneration Act which means NDMPs will remain non-statutory, serving as *"material considerations"* rather than having equal weight to local plans. Without a careful response in the NPPF, this status quo risks undermining the original purpose of NDMPs as a standardised national policy framework to reduce duplication and regulatory layering, which currently slows decision-making and deters investment.

On the assumption that NDMPs are to be non-statutory, to achieve their intended effectiveness we recommend that the next NPPF:

- Requires future local plans to embed the presumption in favour of sustainable development (PFSD) directly into future local plans so it benefits from the legal starting point of the plan-led system S.38(6).
- Requires other NDMPs to be either directly incorporated or referenced in local plans without contradiction.
- Removes the impact of the current Regulation 10A five-year review mechanism for local plans, which is sometimes misused by Local Planning Authorities to manipulate housing targets.
- Restricts policy layering between national, strategic, and local levels.
- Strengthens the PFSD through codified rules and clearer decision-making criteria.
- Prevents misuse of the planning system to pick up the pieces of failures with other regulatory regimes.
- Requires statutory consultees to provide evidence for their objections to avoid unnecessary delays.

What might pro-growth NDMPs look like?

To illustrate the potential of NDMPs, the paper sets out four interrelated NDMP policies to operationalise the 'default yes' principle:

1. **PFSD (Presumption in favour of sustainable development):** Maintains the longstanding PFSD that has existed since 2012, but with an additional 'limb' that encourages approval of development that qualifies as "acceptable in principle", unless, in exceptional circumstances, there are severe, clearly evidenced adverse impacts that strongly outweigh the benefits.
2. **EDM (Effective decision making):** Promotes proportionate, timely decisions, discourages unnecessary information requests, and puts necessary limits on planning's role in solving issues properly to be addressed by other regulatory regimes.
3. **DAIP (Development acceptable in principle):** Defines 'Acceptable in Principle' across three contexts—within built-up areas, outside built-up areas, and around transport hubs—with criteria for each. It includes general standards (e.g. for design, amenity, and biodiversity) and gives substantial weight to qualifying development.
4. **NFD (Need for development):** The presence of unmet need can be relevant in triggering policy provisions but is not always straightforwardly assessed locally. This policy establishes when unmet need should be assumed for housing, economic and town centre development. It simplifies evidence requirements and supports growth sectors identified in the UK's Industrial Strategy.

Other NDMPs will clearly be needed to address other policy issues and be drafted consistent with the intent of the above requirements and policies. Together, the four illustrated policies aim to reduce uncertainty, improve planning efficiency, and secure investor confidence in bringing forward development, all the while maintaining core protections and standards.

1.0 Introduction

This paper has been prepared by the LPDF, with the assistance of Lichfields, with the aim of informing the debate about why and how National Development Management Policies (NDMPs) have so much transformative potential to help the Government achieve its ambitions for housing and economic growth.

The Government introduced welcome changes in the December 2024 NPPF, largely to reverse the December 2023 revisions and introduce the provisions for 'Grey Belt', but this was always a stepping stone towards implementing the provisions of the Levelling Up and Regeneration Act (LURA) that included NDMPs operating alongside streamlined digital local plans.

There have been subsequent Government pronouncements about intended measures whereby the default answer to development is 'yes' – including for land around commuter transport hubs[1] – and further ideas for 'brownfield passports' were consulted upon in the September 2024 working paper[2].

Intended to operate within the existing and longstanding legal parameters of England's planning system, NDMPs are the vehicle for giving life to these ideas.

The paper forms two parts:

1. **What are the key requirements from the updated NPPF / NDMPs?** This analysis reflects the working assumption that Government does not now intend to enact S.93 of the LURA and thus NDMPs will not be statutory, equal to the statutory development plan. Instead, the status quo means NDMPs will, as with the current NPPF, exist as a "*material consideration*;" behind local plans that are often out of date and do not reflect development needs.

2. **What might pro-growth NDMPs look like?** We have prepared some NDMP drafting to be consistent with increased confidence in realising the Government's growth ambitions for a 'default yes' whilst maintaining the appropriate protections and standards for quality development. We have focused on how one might address brownfield passports, the potential of land around transport hubs, delayering regulatory requirements, and promoting commercial and economic development.

[1] HMT, Government goes further and faster on planning reform in bid for growth, January 2025

[2] Planning Reform Working Paper Brownfield Passport: Making the most of Urban Land: Planning Reform Working Paper, 22nd September 2024

2.0 What are the key requirements from the updated NPPF / NDMPs?

Under the status quo, Local Planning Authorities (LPAs) are able to include in their local plans a policy which conflicts with national policy where they can justify it, for example, by local circumstances (see *R (West Berkshire District Council v Secretary of State for Communities and Local Government* [2016] EWCA Civ 441). Had the Government elected to enact S.93 of the LURA, this would have been resolved by giving NDMPs statutory precedent over the local plan where there was a conflict. In these circumstances, plan makers would have had no reason to produce their own local variants of these policies when preparing local plans.

However, even on a non-statutory basis, the argument in favour of a standardised national policy framework for determining planning applications remains, as originally promulgated in the 2020 White Paper.

The effectiveness of the Government's ambitions to introduce a strategic planning tier (via Spatial Development Strategies [SDS]) and for local plans to be digital, streamlined and prepared more quickly, depends on not reverting to 'business as usual', in which the statutory development plan can extend to hundreds of pages, with policies that both duplicate and deviate from national policy and/or layer on variations from other regulatory regimes (e.g. building regulations). This slows plan making and creates an unpredictable and unclear environment for investors and developers.

The original idea for NDMPs was to have, in one place, a single set of policies to govern how proposals should relate to specific matters - for example, the protection of the historic environment - and not have plan making bogged down in the preparation and examination of equivalent local policy variants.

Research by Lichfields[3] has shown the deterioration in average determination timescales for outline planning applications for housing, from eight months in 2014 to two years in 2024, whilst the volume of applications has reduced by two thirds. Entirely against the intention of statute, it is now slower to determine applications in areas with up-to-date local plans than in areas without them.

The current nadir is in London where development is seemingly grinding to a halt[4]. This is for a range of reasons – some unrelated to planning - but is certainly not assisted by the 542 pages of an SDS (the 2021 London Plan) and 2,500 pages of SPG, LPG and Practice Notes, that together sit alongside further requirements and standards set by the local plans of the capital's constituent Boroughs.

It is essential that, in setting NDMPs and rolling out SDS's, we do not extend across the rest of the country anything close to what is contributing to the problems experienced in London.

From this starting point, for non-statutory NDMPs to fulfil at least some of their promise to speed up decision making on applications, and not make a bad situation worse (by adding in a further layer of national development management policy to sit alongside local variants in Local Plans) both they and the Plan-Making provisions of the NPPF must be formulated to reflect that they need to operate within the current "*plan-led*" decision making framework of S.38(6).

We offer the following suggestions for the new NPPF, with NDMPs:

1. The NPPF on plan making should require new Local Plans to include the presumption in favour of sustainable development (PFSD) within the local plan itself, so that its provisions would apply under the terms of S.38(6). Thus, a proposed development that should be granted under the presumption can also be said to be in accordance with the development plan as a whole. Some current Local Plans include the PFSD, but it is not universal.

2. The NPPF should either:

[3] How long is a piece of string? The timescales for securing outline planning permission for housing between 2014 and 2024, May 2025

[4] See GLA Residential Starts Dashboard (August 2025) in which residential commencements have reduced from 50,342 homes in 2022/23 to 25,240 in 2024/25 and are recording just 2,128 so far in 2025/26.

a. require that NDMP policies should be copied across without deviation into future local plans (or SDS) to provide the plan-led DM policies for determining applications; or

b. expressly state that Local Plans should:

i. Provide a cross-referencing policy that refers to the applications being determined against the NDMPs; and

ii. Not in any way duplicate, supplement or contradict the policies of NDMPs (strengthening current NPPF para 16 (f))

3. The current provision for five-year reviews of local plans (currently under (Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012) to be determinative in defining the presence of unmet need should be removed. Originally intended to allow policy-compliant plans to remain 'up-to-date' without time-consuming full plan reviews, the provision has unfortunately been misused. Once speedier digital plan making measures are in place, it will no longer be needed. Removal would address the current problem whereby:

a. LPAs can 'mark their own homework' without any due process or external scrutiny or examination, in situations (e.g. Waverley / Reigate and Bansted) where the LPA is seeking to lock in a low housing target; and

b. LPAs that have agreed a higher housing target based on taking unmet need, allow their Local Plan to time expire to revert to a lower housing target without the unmet need having been re-allocated.

Currently, in either of these situations, as an LPA approaches its five-year date of local plan, it remains uncertain what will happen to its housing requirement for 5YHLS purposes. This is a barrier to investing in planning applications where the prospect of permission is underpinned by a view on outcome against the PFSD. We make an alternative suggestion for defining unmet need when plans are beyond five years from adoption in our proposed NDMP drafting.

4. Tighten up the NPPF provisions for plan making to explicitly restrict the layering of policy provisions between national requirements, the SDS and local plans. This should have a particular focus on establishing – for matters related to building regulations, fire safety, dual aspect, zero carbon - a single set of minimum and maximum standards (preferably outside planning) that can be required, and limiting the ability of these to be sought in planning decisions.

5. Strengthen the presumption in favour of sustainable development and produce an 'effective decision making' NDMP that address the deterioration in culture, politicisation, confidence, resourcing, and statutory consultee performance which, in combination with increased policy-load have led to a sharp reduction in LPA decision making productivity. This deterioration has increased the volume of evidence required for applications, worsened the uncertainty in decision making, and extended timescales. In combination, it undermines investor confidence and diverts scarce planning resource away from where it can do most good. Solutions should include:

a. More codified rules for certain types of development to increase confidence over the decision-making outcome (creating a 'default' answer), this covers both clearer definition of whether there is need for development and what represents an acceptable development.

b. A stronger presumption that helps officers act proportionately in the information they require and to cut to the chase when there are outstanding but not determinative issues in the context of the application; this should help drive decision making and also, in due course, reduce the scale and complexity of applications;

c. Rein back the 'mission creep' whereby planning (and the development sector) has become subsumed by problems it neither causes or is able to solve, becoming a patsy for the environmental impacts/failures of other regulatory regimes – notably in respect of water and agriculture. Stalled development reduces (rather than increases, as some claim) the pressure on other regulatory regimes to meet their statutory obligations.

d. Requires statutory consultees to justify their objections with evidence if they are to be used as the basis for withholding permission.

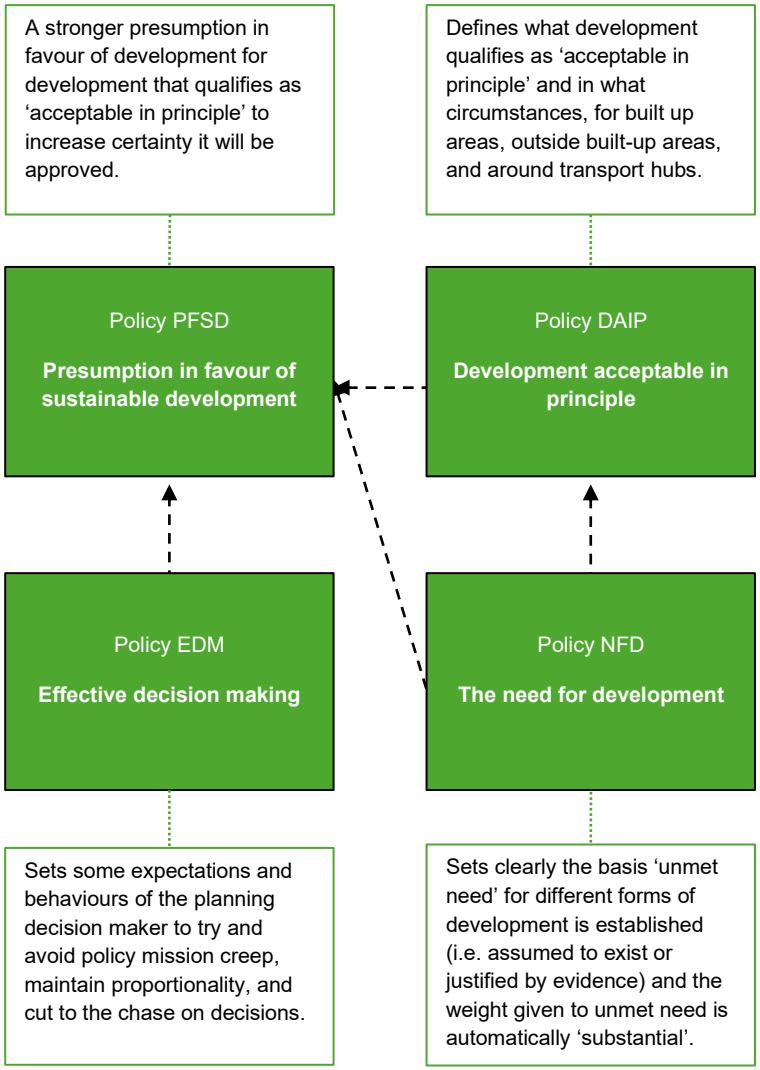
3.0 What might pro-growth NDMPs look like?

We have prepared some draft material to give an example of how policies might be created and curated to provide an in-combination set of NDMPs that achieve some of the objectives set out in Section 2.0.

In preparing these, we have reviewed the material prepared by Christopher Katkowski KC for Public First and also some notes from Tom Dobson (Quod) and Simon Ricketts (Town Legal). The latter notes refer to the idea of NDMPs being used to identify qualifying development that is 'acceptable in principle' (AIP). AIP seems to us to be a useful concept, but in order to fulfil the ambition of a 'default answer of yes', it is also important to give some effective meaning to what affect this status has when applying the planning balance (a weighing of the benefits of the development against the harms on a set of imaginary scales). This is particularly important for non-statutory NDMPs which are to be applied through S.38(6).

We have focused on four interrelated policies shown right. The text for each of these is set out on subsequent pages in italics, followed by a short commentary. They are integral to each other and mutually supportive, intended to be read and interpreted together.

The approach recognises that, however the NDMPs are formulated, even when the default answer is intended to be 'yes', a decision ultimately requires a 'planning balance'. Further, one would wish to avoid perverse outcomes so there must be an 'off ramp' for proposals that on paper meet the criteria for qualifying development but where there might be an exceptional circumstances or unforeseen impact that should be taken into account. The approach seeks to establish that the weight given to key benefits is 'substantial', that the unmet need (where this is relevant to determination) can be more straightforwardly established, and qualifying development then benefits from a 'tilted balance' genuinely intended to provide a default 'yes', with far more certainty than would apply to other schemes. Meanwhile 'an effective decision' making approach seeks to drive more effective and proportionate behaviours in the planning system.



Policy PFSD

Presumption in favour of sustainable development

Decision making on proposed development should be a creative exercise to find ways in which sustainable development can be achieved. In doing so, decision makers should take into account the urgent and critical need to build new homes, support economic growth, and improve infrastructure.

In exercising decision taking powers on applications for planning permission or other related planning decisions, this means always granting approval:

a) where development proposals accord with an up-to-date development plan, taken as a whole; or

b) where development is deemed acceptable in principle (as defined by NDMP Policy AIP) unless:

i. there are strong reasons for refusing the development based on the application of policies in this Framework that protect areas or assets of particular importance[7]; or

ii. in exceptional circumstances, where the adverse impacts of doing so are shown by clear evidence to be severe and would strongly outweigh the benefits, when assessed against the decision taking policies in this Framework, taken as a whole.

c) for all other development proposals, where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, unless:

i. there are strong reasons for refusing the development based on the application of policies in this Framework that protect areas or assets of particular importance[7]; or

ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the decision taking policies in this Framework, taken as a whole.

[7] Footnote 7 of the current NPPF lists the policies, such as Green Belt, national landscapes, SSSIs, heritage assets, local green space to which national-designated protection applies and where development is restricted subject to specific provisions.

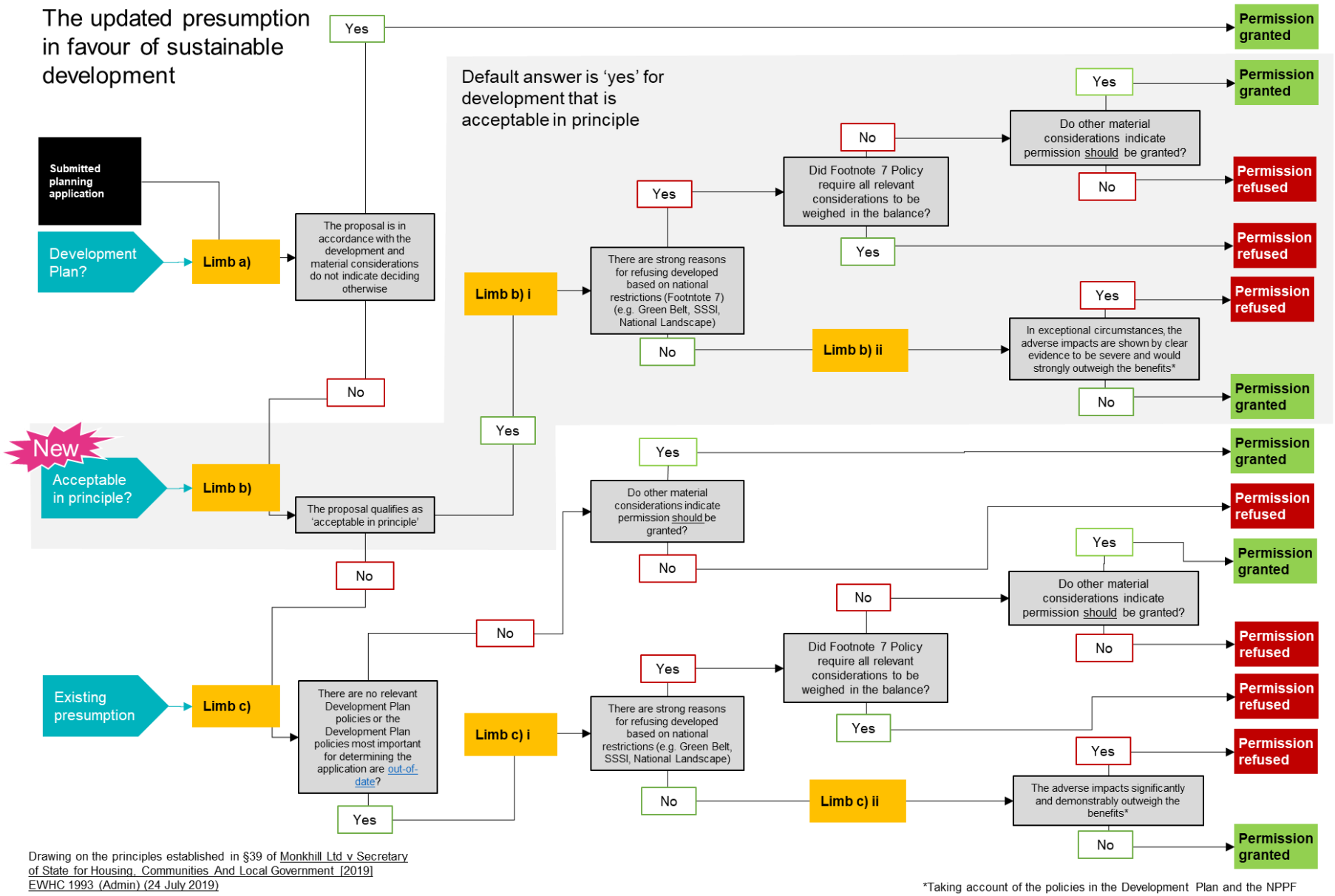
Commentary

The PFSD has applied in largely its current formulation since 2012. We propose it retains its current form, but with some adjustments: a preamble to give context for what is expected, stripping out the "*having particular regard to key policies"* reference (which should no longer be needed if NDMPs are clear) and including a reference to 'always granting approval' (borrowed from Circular 22/80). The main change, to give meaning to the 'default yes' is for development that is AIP (defined in Policy DAIP below) to benefit from a new 'limb' in which:

- if the qualifying development falls within/impacts a national protected area (e.g. Green Belt, National Landscape, Listed Building etc) that land/asset still benefits from the same protection (but where Grey Belt policy would also still apply) so, for example, unacceptable development in National Parks would remain restricted. We would suggest a definitional change so that small and medium size sites would not represent 'major development' for the purposes of National Landscapes;
- otherwise, the AIP development should always be granted approval unless, in exceptional circumstances, there are adverse impact that are demonstrably severe and strongly outweigh the benefits. This is, in essence, a tilted balance with 'extra tilt' so that the ability of a decision maker to refuse the development is very limited. The precise words (e.g. 'exceptional circumstances', 'severe' 'strongly') might be substituted with alternatives, but the critical point is that the tilted balance should be materially stronger than that currently applicable (and which would remain in place for development that is not AIP), the force of which has been eroded by policy load and behavioural change.

The resulting formulation leads to a decision tree for an application which is shown overleaf. It runs sequentially down the hierarchy:

a) in accordance with development plan – approve without delay, as now; or
b) Acceptable in principle: approve subject to new strengthened 'tilt';
c) All other development: apply current 'tilted balance'.



Drawing on the principles established in §39 of Monkhill Ltd v Secretary of State for Housing, Communities And Local Government [2019] EWHC 1993 (Admin) (24 July 2019)

*Taking account of the policies in the Development Plan and the NPPF

Policy EDM

Effective decision making

In applying the presumption in favour of sustainable development, decision takers must act in a proportionate way and seek to positively determine applications at the earliest point at which they are reasonably able to exercise planning judgement on the proposals. Approvals must not be withheld for reasons that would not be decisive in applying the presumption in favour of sustainable development or could not be lawfully addressed by means of a condition or other future regulation.

LPAs should not request – or base their decision making – on information from applicants that is not proportionate to the issues requiring determination having regard to the scale and likely impact of the development, decisions already made and the extent to which issues can be addressed subject to condition or other future regulation.

Planning decisions must be based on whether proposed development is an acceptable use of land, rather than the control of processes, emissions, or levels of building safety or standards, where these are subject to separate regulatory regimes. Planning decisions must assume that these regimes will operate effectively. Decision makers must not withhold the grant of permission or impose conditions based on an expectation or requirement that development should exceed nationally prescribed standards, unless exceeding that standard is a benefit on which the applicant relied to justify the proposal.

Advice from statutory and non-statutory consultees is a material consideration but must not be used as a reason for withholding a grant of planning permission unless it is substantiated by clear evidence and would be decisive in applying the presumption in favour of sustainable development.

The presumption in favour of sustainable development does not change the statutory status of the development plan as the starting point for decision-making. Where a planning application conflicts with an up-to-date development plan permission should not usually be granted. Local planning authorities may take decisions that depart from an up-to-date development plan, but only if material considerations – including other NDMPs - in a particular case indicate that the plan should not be followed.

Where a decision maker or statutory consultee fails to meet these requirements, leading to an appeal where the application is subsequently approved, this will justify an award of costs against the relevant body.

Commentary

This is a 'barnacles off the boat' policy aimed at trying to drive behaviours that streamline decision making and encourage more decisive decision making by LPAs and statutory consultees and (by virtue of the word 'must' rather than 'should') reducing the incidences where planners pick up the pieces of failures of other regulatory regimes (or participants within them) in fulfilling their statutory obligations.

The policy would seek to provide a firm basis for pushing back on the requirement to submit evidence that is not relevant to the determination of the application; for example an air quality statement when the site is not in an air quality management area, a heritage statement when the proposal is not within a conservation area or in the setting of a listed building; or unnecessary ecological surveys.

It also picks up some of the principles included within the amendment to the Planning and Infrastructure proposed by Lord Banner KC (Committee Stage - Amendment No.166) to add a new clause on the principle of proportionality in planning such that the nature and extent of information and evidence required to inform the determination of any proposal shall be proportionate to the issues requiring determination.

Underpinning the proposed policy is some clear messaging that officers can use with elected members to make clear that, especially for development that is acceptable in principle, they should not rely on inconsequential matters to delay or refuse permission for otherwise acceptable development have limited discretion. It seeks to focus the minds of statutory consultees on whether their objections are justified.

Policy DAIP

Development acceptable in principle

1. Within defined built up areas

Development of land within the boundary of built-up areas, or settlement limits as defined in development plans is acceptable in principle subject to:

a) The development would not conflict with the allocation of the land in an up-to-date development plan; or
b) For major development, the most important policies for determining the application are out of date or there is unmet need for the use proposed; and
c) For minor development:
  i. it is consistent with the prevailing height and form of neighbouring properties and the overall street scene; or
  ii. it complies with specific thresholds and guidance for intensification set within NDMP Policy [REF] or a local design guide [IF A DETAILED URBAN INTENSIFICATION NDMP IS PREPARED]

In applying the presumption in favour of sustainable development to any development within built up areas, substantial weight should be given to:

a) The value of using suitable brownfield land within settlements for homes and other identified needs.
b) The benefit of remediating previously developed land that is otherwise despoiled, degraded, derelict, contaminated or unstable.

2. Outside Built-up areas

Other than on land allocated for development in development plans and the exceptions described below, development will not be deemed acceptable in principle outside built-up areas, recognising the intrinsic character and beauty of the countryside, and the wider benefits from natural capital and ecosystem services that it provides.

Development is only acceptable in principle outside built-up areas where the following applies:

a) The land is allocated for the development proposed in the development plan; or
b) The development and building is for agriculture and forestry; or
c) It involves development or material changes in use for outdoor sport, outdoor recreation, cemeteries and burial grounds, allotments, mineral extraction, engineering operations, local transport infrastructure, the conversion and re-use of existing buildings; or
d) It involves the alteration or replacement of an existing building where the development does not result in disproportionate additions over and above the size of the original building; or
e) It involves development and diversification of agriculture, tourism, and other land-based rural businesses or to support provision of local services to a rural community; or
f) It involves development of previously developed land; or
g) The land meets the requirements of NDMP Policy [REF] for appropriate development on grey belt land including the 'golden rules'; and/or
h) Where the most important policies for determining the application are out-of-date or there is unmet need for the use proposed and the development would be contiguous with an existing village, town or large urban area and the scale of development is consistent with whether or not the location is, or can be made, sustainable through limiting the need to travel and/or offering a genuine choice of transport modes, and is supported by existing and or planned infrastructure as is necessary for the development to proceed.

3. Land around transport hubs

Transport hubs provide an opportunity to focus development in places that are already in sustainable locations and take advantage of existing infrastructure, often under-utilised and with latent capacity.

Development involving the provision of housing is acceptable in principle on land around transport hubs comprising railway stations or equivalent rapid transit alternatives within or outside built-up areas, subject to the following:

a) The transport hub provides rail or equivalent rapid transit services from which a town or city centre transport hub can be reached within 45 minutes travel time during morning peak hours; and
b) Those occupying, working, or visiting the development will be within active travel distance (1200 metres) of the transport hub; and

c) The proposal does not undermine the operation of the transport hub or prejudice its realistic potential to underpin further sustainable development;

d) Where the land is within a built-up area, the development optimises the density of development and makes efficient use of land, seeking a significant uplift in the average local density of residential development and, in doing so, takes a flexible approach in applying policies or guidance relating to daylight and sunlight and internal layouts of development where they would otherwise inhibit making the most efficient use of the site;

e) Where the land is outside a built-up area:

a. There is an unmet need for the use proposed by the development; and

b. The proposal does not undermine the realistic potential for further development to maximise the potential of the transport hub as a focal point for further development.

General Criteria

To be regarded as acceptable in principle under all three categories set by this Policy, any development:

a) Should be on land that is suitable for its proposed use, taking account of relevant NDMP policies on ground conditions and flood risk.

b) Should not have an unacceptable impact on highway safety or give rise to a residual cumulative impact on the road network following mitigation that would be severe, taking into account all reasonable future scenarios and a vision-led approach to transport planning.

c) Should be well designed, consistent with the National Design Guide and/or any local design guide or code that has been adopted as a supplementary planning document (where relevant to the proposal and consistent with national policy).

d) Should achieve acceptable and healthy living conditions for those living, working, visiting, or neighbouring the development.

e) For major development, where it involves the provision of housing, should make a contribution for affordable housing which reflects the requirement that would apply to the development, or a lower level where justified by a site-specific viability assessment.

f) For main town centre uses the development is:

a. in a town centre; or

b. is incidental to an existing or proposed residential neighbourhood or economic development area and would support its vitality and sustainability; or

c. satisfies the sequential test as described in Policy [REF]

g) Should not result in:

iii. net loss of land available for active recreational use;

iv. net loss of land designated as Local Green Space; or

v. a significant adverse impact on biodiversity or a designated local wildlife site that cannot be adequately mitigated or compensated for.

Substantial weight must be placed on each of the benefits arising from the qualifying development.

Development that does not qualify as 'acceptable in principle' may still be approved where it is in accordance with the development plan or in line with limb (c) of the presumption in favour of sustainable development.

Commentary

This policy provides the basis for identifying whether development can be given a 'default yes' – identified as AIP - under the proposed new limb of the PFSD. Three categories of location are identified - within built up areas, outside built-up areas and around transport hubs – each with specific criteria on what might quality as AIP and in what circumstances. It includes for appropriate grey belt proposals that meet the golden rules to qualify.

A more pro-development approach is taken to main town centre uses when these are incidental and will help the vitality and sustainability of existing or proposed residential neighbourhoods (e.g. local shops or a gym) or economic development areas (e.g. hotels in a business park).

A set of general criteria apply requirements to meet standards on design, provision of affordable housing, amenity, living standards, biodiversity etc. Substantial weight is given to qualifying development when it comes to the planning balance.

When areas have up-to-date local plans that meet needs, the circumstances where development not envisaged by the local plan is acceptable in principle will be more limited. However, the reality is that for the foreseeable future (and subject to our proposals for Policy NFD below) for the next 3-5 years, most areas will qualify for this policy.

A final sentence clarifies for avoidance of doubt, that development which does not qualify as AIP can still be approved either in accordance with the development plan or under the 'normal' (i.e. current) tilted balance.

Policy NFD

The need for development

Where unmet need for development is a relevant factor to be considered in applying NDMPS it must be assumed to exist where:

a) in the case of proposals for the supply of homes:
- *i. the local planning authority cannot demonstrate a five-year supply of deliverable housing sites (with the appropriate buffer);*
- *ii. where the Housing Delivery Test indicates that the delivery of housing was substantially below (less than 75% of) the housing requirement over the previous three years;*
- *iii. the strategic policies of the development plan are more than five years old;*
- *iv. The adopted local plan was prepared before the December 2024 NPPF or pursuant to its transitional arrangements in - the December 2024 NPPF; or*
- *v. the proposal would meet the evidenced unmet housing need of a different group*.*

b) For business and other economic development uses:
- *i. the proposed development is intended for occupation by new or existing businesses operating in the priority sectors for growth identified by the Industrial Strategy**. This includes, but is not limited to, laboratories, gigafactories, data centres, digital infrastructure, and film studios; or*
- *ii. the proposed development would enable an existing business or cluster of businesses to expand, upgrade, or modernise on land adjacent to, or within reasonably close proximity, to its existing operations; or*
- *iii. the development proposal has a specific locational requirement associated with the availability of suitable land, infrastructure, and/or ability to co-locate with a business cluster or network; or*
- *iv. the proposed development is on a larger scale site and would help the UK respond rapidly and flexibly to the opportunities for globally-mobile inward investment; or*
- *v. the proposal would meet an evidenced local or regional under-supply of land or premises for the specific type of business or economic development proposed, considering the need for businesses to benefit from new, expanded or upgraded facilities that help them compete in the modern economy.*

c) In the case of main town centre uses, the proposed development is in an existing town, district or local centre, or, where it is an incidental part of a residential or economic development use, it supports the vitality and sustainability of the development proposed.

In assessing the need for development, decision takers should not seek to restrict the forces of market competition that are necessary for economic growth, or use the presence of existing businesses to prevent the attraction of investment that can drive the competitiveness of the economy and improve living standards.

Where evidence is required to demonstrate that there is unmet need for the use proposed, it should be adequate and proportionate, recognising the inevitable uncertainties involved. Decision makers should assume the evidence underpinning the case for unmet need is sound unless it is clearly and demonstrably inadequate.

Where there is unmet need as defined above or in other cases, substantial weight must be placed on the benefits arising from the proposed development.

** Including those who require affordable housing (including Social Rent); families with children; looked after children ;older people (including those who require retirement housing, housing with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes*

***These are those identified in Invest 2035: The UK's Modern Industrial Strategy: advanced manufacturing, clean energy industries, creative industries, defence industries, digital and technology businesses, financial services, life sciences and professional and business services*

Commentary

Unmet need for housing is a well understood concept based on 5YHLS, HDT or the needs of specific groups. To strengthen the circumstances in which unmet need for housing is triggered (and to address the 'gaming' by LPAs who prepared plans under December 2024 transitional arrangement to bake in lower housing targets), unmet need is assumed to exist everywhere where a plan was prepared prior to the December 2024 NPPF or under its transitional arrangements. This 'turns on' ability to bring forward housing development where it is acceptable in principle until LPAs get new local plans in place and then keep them updated every five years under the new plan making system. The establishment of unmet need when there is no up-to-date local plan is integral to preventing the 'gaming' of local plan reviews in situations where unmet need is distributed via local plans and/or where an SDS is not prepared or not kept up to date.

For economic development, to address the problem where decision makers struggle to grapple with the presence of need in new, rapidly changing, hard to predict or less well understood industries, the policy would follow the approach of National Policy Statements in the NSIP world by establishing 'unmet need' for:

- specific sectors, which we have based on the Modern Industrial Strategy. This would thus create definitional need for film studios, labs, data centres etc. without the applicant needing to prepare specific evidence;
- businesses wanting to expand in their area;
- large inward investment sites; and
- uses with a specific locational requirement.

Other activities might still require evidence of need, but the policy seeks to pin down that this should be proportionate and adequate and not accepted only if clearly inadequate.

Development in town centres of main town centre uses benefits from an assumed need. Consistent with the reference in the Policy DAIP, an addition has been included for main town centre uses when incidental to wider developments or existing neighbourhoods/areas and support their vitality and sustainability.

Land, Planning and Development Federation (LPDF)
Grosvenor House, 11 St Pauls Square, Birmingham, B3 1RB
T: 0121 232 8606 **E:** info@lpdf.co.uk **W:** www.lpdf.co.uk