

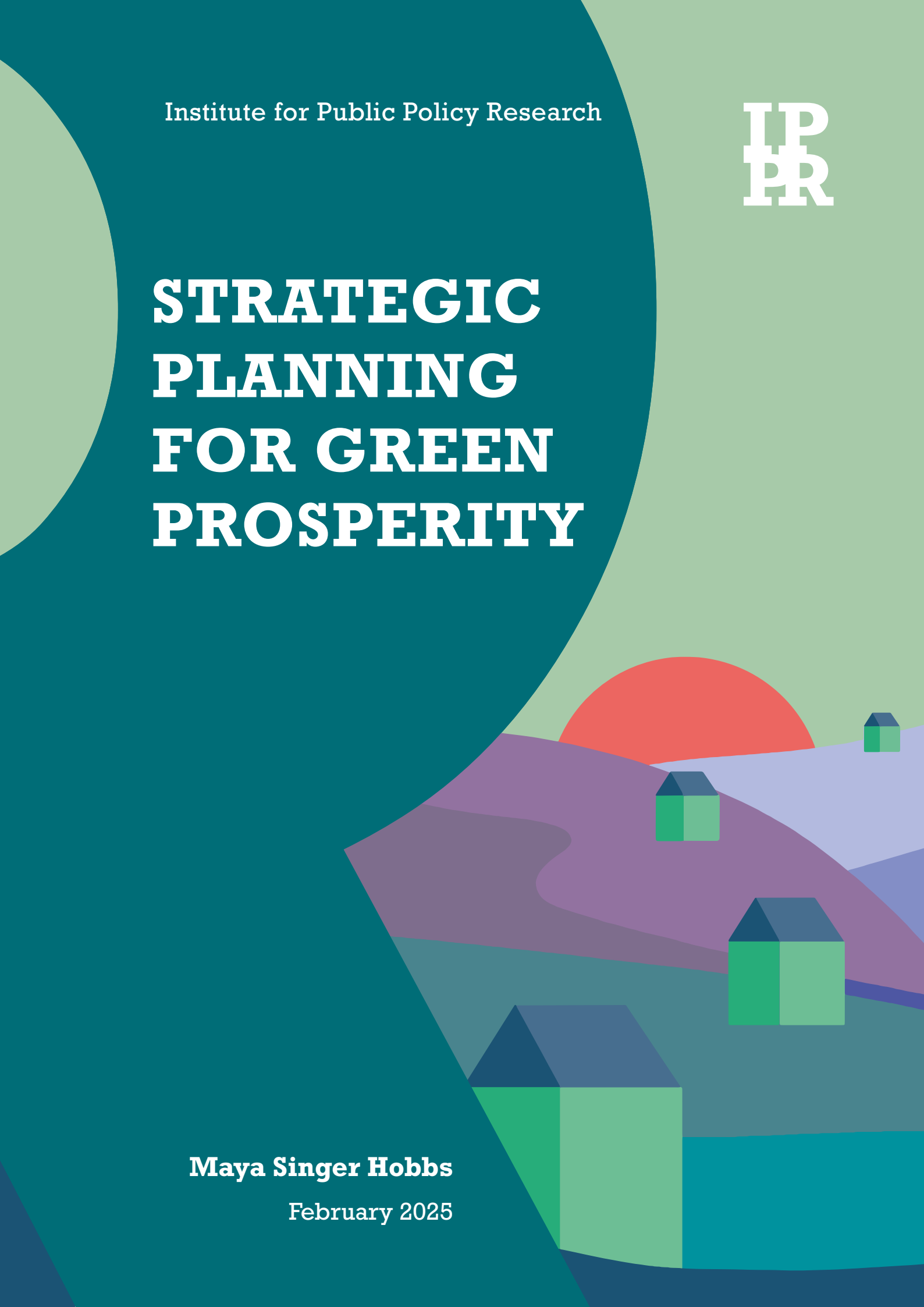
Institute for Public Policy Research



STRATEGIC PLANNING FOR GREEN PROSPERITY

Maya Singer Hobbs

February 2025



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CONTENTS

Summary	5
1. Introduction	7
2. The current state of play	9
Planning decisions through market forces	11
The state of nature and water.....	13
Environmental impact assessments.....	15
Nutrient neutrality	16
Biodiversity net gain.....	17
Capacity, capability and resources in local planning authorities	18
3. Balancing trade-offs: The challenge facing government	20
Delivery of housing and energy infrastructure while protecting nature ...	20
Utilising existing and newly announced processes.....	22
The need for national oversight, balanced against the devolution agenda ...	22
Delivering at pace while maintaining public support	24
Beyond planning: blockers and facilitators outside the planning system...25	
4. Summary of recommendations	27
The role of national government.....	27
Improving standards	27
Sub-regional strategic spatial plans.....	27
References	28

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SUMMARY

Land is a finite resource. The demands made of it have only increased over time, not only to house and feed more people, but also to provide space for energy generation, areas for nature, places for climate mitigation, room for transport infrastructure. Managing and meeting all these needs requires managing trade-offs, identifying co-benefits, and – where necessary – deciding on priorities.

The UK government has set itself objectives for housing, transport, energy and water infrastructure and delivering nature restoration; some of these will present challenges over prioritisation and require compromises. Planning is the key means that government has at its disposal to manage these tensions. Indeed, in this paper we argue that housing and nature need not be in competition with each other, and planning will be key to managing this.

At root, the problem is that we are asking too much of our planning system, which is already strained due to capacity and austerity-driven funding cuts. The planning system is designed to ensure nature and the environment are protected from new developments. But the planning system should not be the primary means of delivering nature improvements. Strategic planning can help resolve tensions over land use and designate areas for development or nature restoration. The delivery, however, should be carried out by specialist delivery bodies, for example the National Energy System Operator which supports energy distribution systems across the UK.

There is currently no coherent, long-term vision for housing in England, beyond ‘1.5 million homes’. In this report, we argue that the objective should be to deliver high-quality housing that meets the needs of local communities, is future proofed, well connected to sustainable transport links, progresses legally binding net zero and environmental commitments, and has the buy-in of local people. To deliver this, strategic planning at national and regional or sub-regional levels will be essential.

The devolution white paper outlines how devolution will be rolled out across the country, and where different responsibilities will lie (MHCLG 2024a). We support placing strategic planning in the remit of the newly announced strategic authorities,¹ including existing combined authorities. This level of planning facilitates strategic decisions about land use, and supports the navigation of trade-offs at sub-regional geographies, and should allow more rational delivery of national objectives and decisions about land use.

Much like land itself, the demands placed on the planning system have increased over time. It now operates as the last bastion of defence against bad design, nature degradation, pollution and over extraction of our waterways. It was not designed this way. These functions should be carried out by various regulators, agencies and other official bodies, but years of deregulation and austerity have left these organisations with reduced capacity for monitoring or enforcement. As a result, the planning system exists as the stopgap across a host of functions.

The planning system is therefore labelled a ‘blocker’ – attacked for being either too burdensome or slow with its need for paperwork and procedure, or too laissez faire with its approvals for development. There are myriad calls for reform and removing

¹ The English Devolution White Paper, introduced in late 2024, introduces strategic authorities, which includes existing combined authorities and any future authorities created.

red tape, but over a decade of calls for deregulation have resulted in sub-par housing delivery and a roll-back of renewable interventions, without delivering adequate housing.

Rather than being a blocker, reform of planning to support strategic decision-making means the system can offer a way of resolving those trade-offs by balancing the need for housing and energy infrastructure against protecting nature and promoting beauty and resilience. This will require a more specific plan from central government of what development and infrastructure needs to go where. This information exists, but is siloed and not joined up, and is further hindered by the lack of regional or sub-regional planning.

For government to achieve the ambitions stated in the new national planning policy framework (NPPF), the newly announced devolution agenda, the nature recovery strategy and the forthcoming planning infrastructure bill, we argue that the following is necessary.

- A team convened by Cabinet Office – with ministerial oversight, that brings together officials from across the departments in government that have a spatial element – will produce a national spatial strategy. This strategy will outline priorities, mechanisms for prioritising decisions over land use, and opportunities to identify co-benefits.
- Departmental funding should build the missions and other governmental priorities into their funding strategies to deliver alignment across government and support the delivery of co-benefits. Funding strategies should be assessed by HM Treasury against the missions.
- Strategic plans produced by strategic authorities should act as an intermediary between the national spatial strategy and local plans. Plans should set the agenda for the region and support delivery.
- Government should commit to reforming land value capture agreements to ensure that local authorities are able to capture the uplift in land value from development on their land.
- Mayors should be supported to carry out land assembly and publicly-led building by ensuring they have access to funding.
- Non-planning related blockers of development must be tackled at source, specifically sources of pollution that limit development and harm the environment. The Environment Agency must be appropriately resourced and funded to ensure it can carry out its monitoring and enforcement duties.

1. INTRODUCTION

Planning reform is regularly heralded as a potential solution for our ailing economy, housing crisis, and a host of other issues. While the common framing is about reducing the administrative burden of planning, a strategic framework that strengthens the planning system and balances competing needs from land will support the government to meet all its objectives.

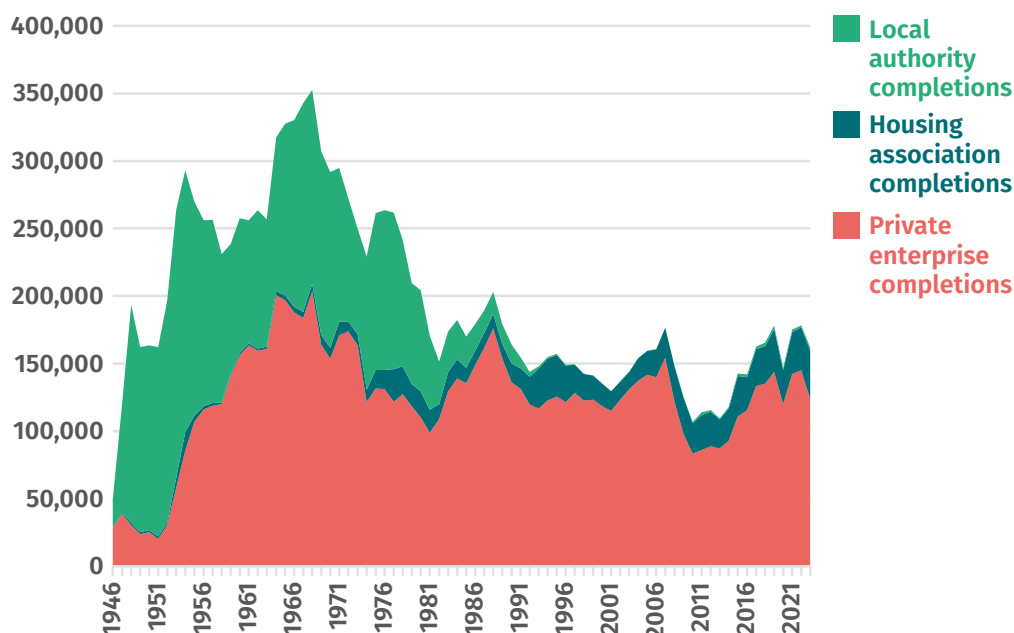
Rather than focusing solely on housebuilding targets, the planning system should aim to develop a framework that resolves trade-offs and helps balance competing priorities. It should support climate adaptation and nature restoration alongside other infrastructure goals such as transport, water, and housing, and help identify co-benefits and avoid decisions in the short term that will result in longer-term costs.

However, the call to ‘rip up red tape’ persists. Planning is complex and poorly understood, and simplifying the system will resonate with anyone who has ever dealt with a bureaucratic process. While every government since 2010 has promised to ‘rip up red tape’², progress on housebuilding has remained broadly stable since the 1990s (with a drop after the global financial crisis in 2008), as shown in figure 1.1.

FIGURE 1.1

Despite repeated promises that removing red tape will deliver housebuilding, housing completions have remained broadly stable since the 1990s

Housing completions in England between 1946–2023



Source: MHCLG 2024b

2 See David Cameron’s “cut the green crap” (Evans 2024), Theresa May’s “rewriting the rules on planning” (Prime Minister’s Office 2018), Boris Johnson’s “build build build” mantra (Prime Minister’s Office 2020), Liz Truss’s attempts to remove nutrient neutrality and reduce the powers of the Planning Inspectorate (Singh 2022), and Sunak’s commitment to build 1 million homes (DLUHC 2023a).

Optimism that planning reform can act as a panacea is promoted by the prime minister, who has announced plans to “bulldoze through planning red tape” (Labour 2024), and identified himself as a ‘YIMBY’ (yes, in my backyard) – disparaging of ‘NIMBYs’ (not in my backyard) who oppose development. However, in this context, those concerned over the pace of renewable rollout or the housing crisis are being pitted against people who are concerned about the depleted state of nature in England and already strained public services in their local area. This binarism flattens out nuanced concerns and good-faith arguments into simplistic accusations, and obscures the fact that there are trade-offs and tensions inherent in a lot of what has been promised by the new government.

Addressing these tensions directly – and ensuring that decisions made now build in resilience – will reduce the risk of developments that cause problems further down the line, or make it harder to meet other targets. Making sure that developments restore or improve nature will make it easier for the government to meet its nature targets.³ Building housing to a high standard with good transport links now will both deliver growth and save costly retrofitting later. Ensuring new energy infrastructure is located in geographically sensible locations with appropriate grid connections will be essential for meeting green energy targets. Across all of these, joining up different governmental targets with a strategic overview of desired objectives will save money in the long run and deliver growth.

Rather than removing planning regulations, the system must be strengthened to support delivery of housing, while also supporting the government to meet its legally-binding emissions reductions targets and its statements of intent around nature restoration. IPPR has already outlined ways to navigate some of these issues through prioritising investment in some sectors or types of infrastructure over others (Singer Hobbs 2024).

Strategic planning offers a way to manage these trade-offs. At a national level, taking a strategic approach to land use will engage multiple government departments and help break down governmental silos and misaligned incentives. At the regional level, an approach to strategic planning should facilitate the engagement of local areas with national plans and support delivery.

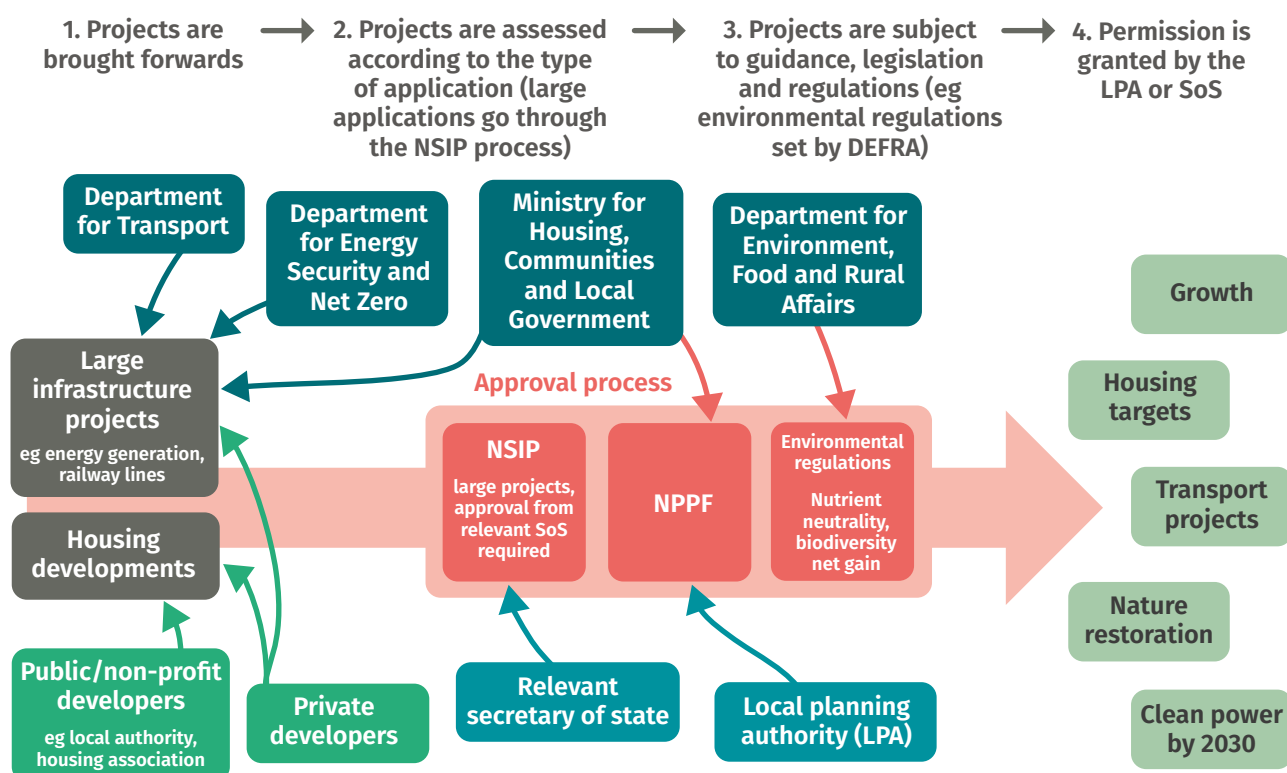
3 The government has pledged to meet the ‘30 by 30’ target, which sets an objective to set aside 30 per cent of land and sea for nature restoration and protection by 2030.

2. THE CURRENT STATE OF PLAY

Most planning decisions in the UK are highly devolved, which is complicated by England’s patchwork of devolution agreements and council makeup. Decisions on planning applications are generally made by local planning authorities,⁴ but some decisions, most notably transport, are made by county councils. Nationally significant infrastructure projects (NSIPs) require sign-off by the relevant secretary of state. Some mayoral combined authorities have the powers to produce a statutory regional plan, but there is not currently a requirement to do so; in contrast, national government requires local authorities to produce a local plan.

Within central government, the picture is complicated further. The national planning policy framework (NPPF) is managed by the Ministry of Housing, Communities and Local Government (MHCLG). Many of the regulations that decide whether a development can go ahead are set by the Department for Environment, Food and Rural Affairs (Defra), while large infrastructure projects might be brought forward by the relevant department, for example Department for Transport (DfT) or Department for Energy Security and Net Zero (DESNZ), or by private developers. Wales, Scotland and Northern Ireland all have different planning regimes, despite the fact that large projects (particularly energy and transport) will span borders.

FIGURE 2.1
A simplified illustration of the planning pipeline



Source: Author’s analysis

⁴ Usually situated in a district, borough or city council, and the unitary authorities.

There is limited integration between departments. Indeed, the National Infrastructure Commission (NIC) which advises government on economic infrastructure (which includes transport, energy, water, waste, flooding and digital communications) has no remit to consider wider environmental impacts or housing need.

There is no formal definition of strategic planning. The Royal Town Planning Institute (RTPI) in a large report published in 2024 used the following explanation: “Strategic planning is widely understood as the co-ordination of activity across wide geographical areas like city-regions, and across multiple sectors including housing, transport, health and the environment” (Hickman et al 2024). In this report, strategic planning is taken to mean a form of spatial planning that considers multiple land uses (including housing, energy, transport and nature) and the intersection between them in order to inform decisions and balance competing priorities. It operates on a scale larger than that of a local plan, most commonly at a regional or sub-regional level, but national where appropriate. It takes a long-term view over land use, and should be used to inform other governmental priorities such as regional growth or development plans.

After regional spatial strategies (RSS) were abolished under the Localism Act of 2011, there has been limited planning that takes place between the national and local level. The Communities and Local Government Committee highlighted that this leaves gaps in the planning system, most notably for policy objectives that are nationally determined.

“Regional spatial strategies (RSS) bridged the gap between planning issues determined by local policies and concerns, and those subject to nationally-determined policy aspirations, such as housing or renewable energy.”

Communities and Local Government Committee (2011)

In the absence of regional planning,⁵ some government departments have been proactive in drawing up spatial plans – in particular Defra, with its (upcoming) land-use framework. However, a lack of strategic and joined-up thinking across national government, combined with a lack of regional convening and under-funded local planning authorities, means that there has been limited strategic planning taking place at any level across government so far.

Large-scale infrastructure projects go through the NSIP process. This bypasses the local planning authority and goes direct to the planning inspectorate (PINS) who make a recommendation to the relevant secretary of state (for example, to DESNZ for energy projects, or DfT for transport) on whether the project should go ahead. Despite a process that was intended to provide increased certainty and efficiency, the time taken for NSIP projects to receive consent has increased by 65 per cent since 2012 (NIC 2023).

In recognition of these delays, the government has announced the merger of the National Infrastructure Commission (NIC) and the Infrastructure and Projects Authority (IPA) to create a National Infrastructure and Service Transformation Authority (NISTA). The impact of this merger remains to be seen, but should bring together expert advice from the NIC with the delivery capability of the IPA.

While transport projects are usually brought forward by the relevant local authority, energy projects tend to be led by developers. The resultant lack of strategic oversight over the location and grid connection of such projects has been recognised by the government, which is now taking a more prioritised approach to grid connections and granting permissions to energy projects (NESO 2024).

Meanwhile, nature restoration is generally done on an ad-hoc basis, through incentives managed by Defra through environmental land management schemes

5 With the exception of transport, which is done by higher-tier local authorities.

(ELMs) payments,⁶ or through funding raised through other mechanisms in the planning system. They include biodiversity net gain (BNG) and nutrient neutrality, both of which have spawned a growing market of offsetting. As a result, this approach to nature restoration and protection cannot be guided strategically by government, despite there being national targets, and is largely viewed as a ‘blocker’ by those navigating the planning system, rather than an opportunity to make strategic decisions about land use.

THE GREEN BELT

Discussion of the green belt often becomes a discussion about the loss of green space. However, the green belt primarily exists to prevent urban sprawl and ‘encroachment’ into the countryside, and to safeguard the identity of places, rather than to protect or enhance nature. It is also worth noting that development already occurs on the green belt, albeit in a less structured or well defined way than the proposed changes to the NPPF. In every year between 2013/14 to 2020/21, there was a net loss of the green belt (MHCLG 2024c). In 2021/22 on the other hand, 24,580 hectares were added to the green belt, an area greater than the total removed in the preceding eight years (ibid).

IPPR has previously called for limited development to occur on the green belt, on areas that are within a 10-minute walk from a train station (Singer Hobbs et al 2023). The limited release of some green belt land, particularly if it promotes high-quality development and avoids car dependence, is welcome and will go some way to delivering housing.

The updated NPPF, published in December 2024, introduced the concept of the ‘grey belt’, which it defined as either previously developed land, or any other land that does not “strongly contribute” to three of the five purposes of the green belt, namely preventing urban sprawl, preventing neighbouring towns merging into each other, and preserving the character of historical towns (MHCLG 2024d). To build on the grey belt, developments must meet the ‘golden rules’, which include expectations over the quantity of affordable housing, improvements to local or national infrastructure, and provision of new (or improvements to existing) green spaces that are accessible to the public. Having a clearer set of parameters under which development on the green belt can occur will give developers greater certainty, and will mean that local planning authorities or regional planners can take a strategic view over new developments.

Many of the concerns from the environmental sector about building on the green belt are related to either urban sprawl or the loss of green spaces. These concerns can be mitigated through a combination of clear criteria that must be met in new developments, and actions taken outside the planning system to improve nature or access to green spaces. Ensuring new developments on the green belt are built to high standards, providing walkability and transport links, should prevent urban sprawl.

PLANNING DECISIONS THROUGH MARKET FORCES

IPPR has outlined previously that the highly speculative nature of the planning system can act as a barrier to development and can lead to perverse outcomes (Singer Hobbs et al 2023). Developers buy land speculatively, which drives up the

6 ELMs replaced the financial support farmers received through the Common Agricultural Policy (CAP) after the UK’s exit from the European Union. ELMs pay farmers and landowners for food production but also place an emphasis on improving the natural environment through funding for “environmental goods and services”.

price. This then incentivises waiting to build (land banking), building housing that will deliver the highest returns, and slow build-out rates. These act to slow down development, making it less likely that high-quality homes that meet local needs will be delivered. Land banking and option agreements⁷ also lead to a lack of transparency and make it challenging for local planning authorities to plan other public services or transport networks.

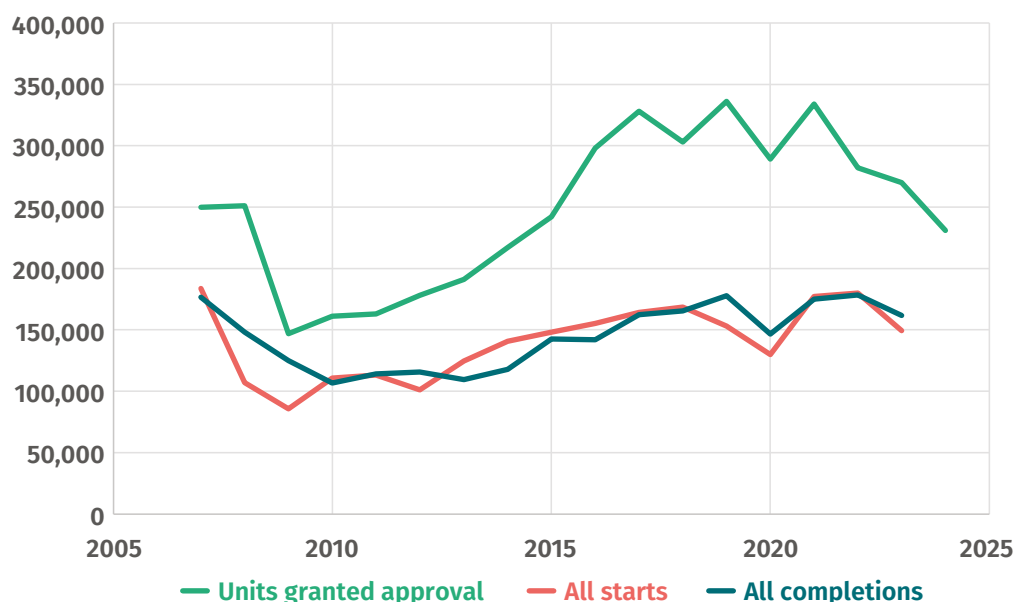
Under the previous government, mandatory housing targets set by national government were reduced to ‘advisory’. The new government has reintroduced mandatory targets for local authorities based on housing need. These targets have caused consternation among many local authorities, a number of whom are concerned about identifying sufficient sites, or their other land-use considerations. They also point to undeveloped sites in their jurisdiction, where planning has been granted but development has not commenced (see figure 2.2).

Claims that reforming the planning system will ‘unblock’ housing and deliver homes is not borne out by the data. Figure 2.2 shows that since 2015, almost twice as many permissions have been granted than homes have been started, and that since 2010, over 1 million homes were granted permission but have not been built.⁸ This suggests that the issue is not the planning system, but rather other forces at play. These are likely a combination of rising construction costs and interest rates, alongside the speculative nature of land value in England, which drives up the cost of land that has planning permission.

FIGURE 2.2

In almost every year since 2015, over 100,000 houses have been granted planning permission than have been started or completed

Starts, completions and planning permission for all units from 2007 to 2023. Planning permission includes residential development sites, but does not include approvals through permitted development rights, or approvals for student or tourist accommodation, hostels or retirement homes



Source: MHCLG 2024b and MHCLG 2024e

⁷ Option agreements are where developers make agreements with landowners on their right to buy the land at a future date. They can apply for planning permission on land they do not own. Option agreements are not public.

⁸ 1.1 million homes have been granted permission between 2010 and 2020 but have not been built by 2024, taking the average build-out time to be four years (CMA 2024).

Proposed reforms to compulsory purchase order (CPO) legislation, where the hope value is removed, should allow local authorities to carry out some form of land assembly, where they can take a more strategic approach to land use in their local area.

Beyond speculative land purchasing, developers will operate with slow build-out rates to maintain profit margins and ensure they do not flood the market. Slow build-out rates place a strain on public services, since developer contributions (Section 106 arrangements and the community infrastructure levy [CIL]) are only paid to the local authority in full once developments are complete. This limits the public services that can be delivered during the build-out and can result in residents feeling resentment towards the development. The way that Section 106 arrangements are made also means that public services, such as schools or doctors' surgeries, cannot be delivered until some homes in a development have been sold. There is evidence that this has a significant impact on whether people support developments in their local area (Stacey 2024).

"Developers have different incentives to local authorities. We've had developments where we have granted planning permission for hundreds of homes, with a requirement to deliver a new piece of infrastructure, like a bridge, when the development exceeds half or two thirds of the permitted homes, so the developer will build just up to that number. And why wouldn't they? It's not in their interest [not to]."

Local authority planner

Another impact of this model is that housing is built in locations that developers own and for which they have planning permission, rather than it necessarily being a strategic growth of neighbourhoods or towns. Towns have local plans that set out their plan for development and growth; however, they are limited by the plots of land brought forward by developers. Developers use 'viability calculations', which are used to assess whether a development will be financially viable. This approach can often lead to a reduction of affordable housing (to buy or rent) in new developments, and a reduction of the quality of homes built. Fear of judicial review or lengthy and expensive appeals, compounded by housing targets, means that local authorities are likely to grant planning permission even when the development does not fulfil their objectives.

Some of the clearest examples of this ad-hoc development, as opposed to a strategic approach, are the car-dependent developments that crop up on the outskirts of towns. These developments often have limited or no public and active transport links to the services people need, and some lack access even to a shop. Quite aside from isolating people from the services they need, given that car use will have to decline to meet our climate commitments, these developments are making it more challenging to reduce emissions (Transport for New Homes 2022).

For energy projects, the limitations of the market-driven approach have meant that projects are brought forward in places where landowners have planning permission, rather than in strategically sensible locations. This has led to constraints over position and grid connections, and routing of energy transmission lines. In these cases, the lack of strategic oversight through the planning system is particularly non-sensical. The government have recognised this limitation, removing the 'first come, first served' approach to connecting energy projects to the grid, and carrying out a more strategic overview of how and where energy infrastructure should be installed.

THE STATE OF NATURE AND WATER

Nature in the UK is in a bad state. The UK is one of the most nature-depleted countries in the world, and despite the government committing to protect at least 30 per cent of the UK's land and sea for nature by 2030, we are woefully off target

(State of Nature 2023). Despite this urgent need to protect and improve nature, the publication of the updated national planning policy framework (NPPF) in late 2024 was accompanied by a statement from the prime minister that “housing must take priority over nature”.

Interestingly, the changes to the NPPF did not in fact constitute a weakening of environmental protections. The reform of the NPPF, and statements made by the housing minister Matthew Pennycook at the time of its launch, demonstrated an understanding of the role that the planning system currently plays in protecting nature, and that a robust planning system is the way to manage and mitigate other trade-offs in the government’s agenda. Indeed, alongside reforms to the NPPF, protected landscapes (national parks and national landscapes) saw increased protection through new legislation announced (Defra 2024).

Eighty-eight per cent of people say that protecting the environment is important to them (Natural England 2024), but they also feel that both main political parties should be doing more to protect nature (The Wildlife Trusts 2024). Nature needs to be protected, and the new legislation goes some way to increasing these protections. But to see meaningful improvement, nature restoration requires dedicated resources and strategic oversight. The role of the planning system should be to protect nature from poor quality development, not drive its renewal.

Currently, the planning system aims to protect nature, water systems and the environment from the impacts of development through a series of regulatory instruments. Since its introduction in 2021/22, Defra has spent £54 million implementing biodiversity net gain, which has not resulted in an improvement to nature (NAO 2024). Local nature recovery strategies (LNRS), introduced in 2023, cover county-level geographies and identify sites for potential nature recovery and suggest actions. They can be incredibly detailed, but they are non-binding and carry no weight in decision-making processes.

“There is no requirement that any specific proposed action must be carried out. Instead, the proposals are intended to guide where the public, private and voluntary sectors focus their nature recovery efforts for greater collective impact.”

Defra 2023, describing local nature recovery strategies

There is a risk that LNRS are produced at significant cost to the public sector, but neither address sources of pollution or nature degradation, and constitute an expenditure on information that at best should ‘inform’ decision-making. Addressing environmental pollution is the remit of the Environment Agency, which has struggled to carry out its functions due to a decade of cuts. In 2023, it had the equivalent of 600 vacancies, severely hindering its ability to carry out monitoring and enforcement (NAO 2023).

Concerns over water supply are blocking planning applications across England. This applies to housing developments (Schofield 2023), but there are concerns it could also block businesses or industrial developments (MHCLG et al 2024). Projects can be refused on the basis of water shortages and the risk of drought, or the risk of pollution in waterways due to current processing facilities not being able to cope with the increased flow as a result of a development.

CASE STUDY: WATER SHORTAGES IN CAMBRIDGESHIRE

In 2023, the Environment Agency objected to the development of new housing in south Cambridgeshire due to the risk of water shortages (Schofield 2023). The water company that supplies the region, Cambridge Water, states that it has a solution. But the Environment Agency has ruled the build-out rate must be slower, and South Cambridgeshire District Council proposed introducing higher levels of water efficiency in new build homes.

These constraints are having a negative impact on the expansion of businesses in the local area. Officials suggest that the fault lies with the water companies, who are not required to meet non-residential growth needs in the areas they operate.

It is clear that it is not a cumbersome planning system that is at fault. Rather, the lack of investment by the water companies – who, since privatisation, have delivered limited new infrastructure, including only one reservoir (which was completed in 1992, and started long before privatisation) – is driving these blockages (NIC 2018). Alongside increased investment, there is an obvious case for national strategic oversight to identify areas at risk of drought and address this before it becomes an issue.

ENVIRONMENTAL IMPACT ASSESSMENTS

A common refrain is that the poor state of nature in England shows that environmental impact assessments (EIAs), and the other approaches to protecting nature in the planning system, are not working and should therefore be scrapped. There is a commonly quoted statistic that the nuclear power station Sizewell C “has an EIA that is longer than the complete works of Shakespeare” (Britain Remade 2023). It is undeniable that documents of this length are unlikely to be meaningfully informing decisions, but these complaints are rarely accompanied by an explanation on exactly how environmental protections should be managed instead. Given the potential environmental implications of a nuclear power station, a thorough environmental impact assessment does not seem unreasonable.

However, the argument that, despite the length of EIAs, nature has not improved is correct. In 2023, the Office for Environmental Protection produced a thorough analysis of EIAs (OEP 2023). Their findings suggest that the issues with EIAs are structural and are likely to persist with any changes to the system if the underlying causes are not addressed. The issues identified by the OEP are:

- access to information and expertise
- the extent of post-decision monitoring, evaluation and reporting.

Under the Levelling Up and Regeneration Bill, the government has proposed replacing EIAs with environmental outcome reports (EORs).⁹ This would move towards an approach where assessments are outcomes-based using nationally set targets¹⁰ – giving developers and planners greater certainty on the impact of a proposed development, and how likely it will be to receive planning. This shift towards EORs should also address some of the perverse incentives that plague EIAs, where developers are incentivised to produce incredibly long reports to protect themselves against judicial review.

⁹ EORs will be based around the environmental improvement plan (EIP) which is currently subject to review.

¹⁰ EORs will still include many of the technical assessments that EIAs contain, such as surveys of wildlife. The outcomes will be defined by the EIP, but might include outcomes such as air and water quality, biodiversity, or other indicators like the sustainable development goals.

"There are perverse incentives to produce incredibly long and detailed EIAs, because if you get taken to appeal or to court, you need to be able to show that you considered everything."

Private sector planner

There is a role for improved EIAs, or EORs. However, the role of nature improvement should not fall on the planning system. Rather it should be directed at a strategic level over sub-regional geographies that inform site locations at a local plan level, and draw on national guidance.

NUTRIENT NEUTRALITY

Nutrient neutrality is intended to ensure that new developments do not increase 'nutrient pollution' in the water catchment of the surrounding area. It does not apply across the whole country; rather it places restrictions on new housing developments in 27 catchment areas across England, predominately areas with protected habitats sites that are already in poor condition due to nutrient pollution. It was introduced in 2023, but came into force in early 2024, as part of the planning process. In the October 2024 budget, £45 million was announced for the Local Nutrient Mitigation Fund to support local authorities who have housing developments stalled through nutrient neutrality.

Developments are blocked by nutrient neutrality rules if they are likely to drive an area to exceed pollution thresholds. Alongside the water industry, other poorly regulated sectors, particularly intensive agriculture, produce the vast majority of water pollution (Sustain 2024). This is compounded by a lack of enforcement by an underfunded Environment Agency.

The planning system, therefore, acts as a blocker to housing developments in areas that are suffering from pollution that is not necessarily caused by the proposed new development. The introduction of nutrient neutrality has therefore faced fierce criticism, including from the Home Builders Federation (HBF 2023), and indeed, from the previous government (DLUHC 2023b). This highlights the need to address the upstream causes of pollution or water stress, rather than punishing housing developments. This challenge reinforces the case for a national spatial strategy that encompasses multiple objectives and decision-making factors into one place. Understanding water catchment areas is important when thinking about how and where to place new developments.

CASE STUDY: NORFOLK ENVIRONMENTAL CREDITS

In 2022, nutrient neutrality rules in Norfolk meant that 16,000 homes across five district councils were held up at different stages of the development process. Four of the councils,¹¹ recognising that this would be a considerable blocker to growth in the region, set up Norfolk Environmental Credits (NEC) as a non-profit trading company. NEC secures nutrient positive contributions (credits) which it sells to developers, enabling development to go ahead. The councils are the shareholders of the NEC and sit on the board, providing oversight and accountability.

NEC prioritises developments that require small numbers of credits, in effect prioritising SMEs, many of whom would struggle to meet nutrient neutrality rules otherwise. The first set of credits they sold unlocked well in excess of 1,000 homes by compensating a farmer to no longer farm pigs on land that resulted in significant run-off into two protected rivers, the river Yare and Tas.

Moving forward, NEC's approach is to avoid land-use change where possible. A current project is delivering the conversion of septic tanks into package treatment plants, providing credits for developers and improving local residents' households. To date, this project has delivered mitigations that have offset 1,000 homes.

The Norfolk councils had a vested interest in working together to find a way to make the regulation work for them and improve the quality of local rivers – since without addressing nutrient neutrality, housing development is stalled in their areas. NEC shows the benefit of taking a strategic view across the area and maximising interventions or outcomes.

Norfolk Environmental Credits illustrates the benefit in taking a more systematic and strategic approach to land use planning over a sub-regional geography. While strategic planning should consider the potential pollution associated with a new development, approaches such as NEC do not sufficiently resolve the cause of the problem. Addressing these issues requires looking upstream to address pollution at source and improve the quality of our waterways and natural environment. There are wider measures needed to target this problem specifically, while not simultaneously holding up development.

BIODIVERSITY NET GAIN

The introduction of biodiversity net gain (BNG) recognises the need for developments to mitigate or offset their impact on the natural world. It has faced fierce criticism since its introduction and is now under active review. It is hard to know the impact of BNG since its introduction is recent, and the various markets that have cropped up around it remain to be tested. In general, climate offsetting should be treated with caution, since “offsets can mask insufficient efforts [...] to cut their own emissions, they often deliver less than claimed, and they may push out other environmental objectives” (CCC 2022), and BNG is no different.

Critics say that BNG cripples developments on brownfield sites and will aggravate the housing crisis. In reality, it is rising interest rates and supply chain issues that are likely to have limited building over the past year – issues which are unrelated to environmental regulations, or indeed, the planning system entirely.

¹¹ The organisation is a collaboration between Breckland Council, Broadland District Council, North Norfolk Council, and South Norfolk Council. Norwich City Council is likely to join the partnership in the coming months.

The environmental sector criticizes BNG for its lack of ambition and for promoting an offset scheme that does nothing to improve individual developments (WCL 2024a). The changes the sector would like to see are not unreasonable, and include ensuring that authorities are sufficiently resourced to carry out enforcement and monitoring of biodiversity measures. They also would like to see a higher target on major infrastructure projects, in recognition of the increased disruption such projects cause, and an opportunity for local planning authorities to set higher targets for BNG in their areas (ibid).

Environmental impact assessments, nutrient neutrality and biodiversity net gain all serve to protect the environment from poorly designed or located developments and to minimise negative impacts. One environmental NGO put it as follows:

"The trouble is nature is so depleted in England, it's like death by a thousand cuts. If the overall state of nature was better, one poor development wouldn't matter, but as it is, we feel we need to fight for all protections"

Environmental charity

This speaks to the need for a strategic approach to nature restoration and improvement. Approaching nature restoration at a sub-regional level would allow areas to identify sites for nature restoration alongside sites for housing development.

CAPACITY, CAPABILITY AND RESOURCES IN LOCAL PLANNING AUTHORITIES

One of the most consistent blockers in the planning system is the lack of capacity in local planning authorities and other public bodies that facilitate and support the planning system. The funding announced in the autumn 2024 budget for additional planners, and investment from MHCLG in upskilling and supporting planners in the sector is welcome. However, while local authorities are facing bankruptcy, it is unlikely that one or two extra planners will be enough to reverse over a decade of decline in planning capability.

Another challenge is that local planning authorities do not generally have planners who are specialised to deal with NSIP projects. Through stakeholders' interviews we heard that many of the planners with this expertise have "drifted to the private sector";¹² as a result of austerity and the move away from regional planning.

The reintroduction of the Advisory Team for Large Applications (ATLAS) that operated between 2004 to 2017, is warmly welcomed. ATLAS supported local authorities with limited capacity to ensure planning did not unnecessarily delay development, and maintained specialist expertise, particularly on large housing, energy or transport, that local authorities are less likely to have in-house. ATLAS was widely praised by local authorities and SMEs for its efficiency, expertise and impartiality, and it is hoped it will provide a similar service (MHCLG 2016).

12 Quote from stakeholder interviewed in the course of this work.

CASE STUDY: POOLING RESOURCES IN GREATER MANCHESTER

The Greater Manchester Combined Authority started to develop The Greater Manchester Spatial Framework with all 10 local authorities. In 2020, Stockport withdrew, so the remaining nine districts¹³ continued with a joint plan (Places for Everyone) while also developing their local plans alongside.

The boroughs shared expertise and drew on specialisms within the Greater Manchester Combined Authority to produce the shared plan. The Combined Authority has retained some officers with specialist expertise, for example the Ecology Unit and the Archaeology Advisory Service, who are able to provide support to the local authorities..

The cost of pooling resources between the 10 districts, particularly for specialist expertise, is more cost effective than each council employing someone individually. This also supports integrated or strategic working between the boroughs in the combined authority area.

13 Stockport was initially involved but pulled out of the plan during the process.

3.

BALANCING TRADE-OFFS: THE CHALLENGE FACING GOVERNMENT

Land is a finite resource. The government's agenda includes several objectives that increase the demand on land, including housing and feeding growing numbers of people, providing space for renewable energy generation, nature restoration, transport infrastructure and climate change mitigation.

Reforming the planning system to support strategic plan-making will help manage these demands and facilitate prioritisation and compromise. There should be mechanisms in place to enable decision-makers to identify co-benefits, manage trade-offs, and balance competing needs and requirements.

The planning system is the key method the government has to help manage these tensions and trade-offs, which include:

- delivering development of housing, energy and transport infrastructure alongside protecting nature
- the need for national oversight alongside the devolution agenda
- bringing the public along and managing public opinion alongside delivering at pace.

The changes to the recently reformed NPPF and in the devolution white paper go some way to supporting this, but we argue that there is a case for strategic planning that sits alongside or over the NPPF to help mitigate and balance these trade-offs.

DELIVERY OF HOUSING AND ENERGY INFRASTRUCTURE WHILE PROTECTING NATURE

Meeting housing targets, delivering 100 per cent renewable energy by 2030, and meeting the '30 by 30' target (to set aside 30 per cent of land and sea for nature restoration and protection by 2030) are not necessarily in competition with each other, but in practice they often are. To give just one example, according to research carried out in autumn 2024, 59 per cent of local authorities failed to consider or deliver actions to deliver nature restoration, despite this being a legal obligation (WCL 2024b).

Part of the challenge that local authorities face is competing priorities from central government. Meeting targets or obligations on nature will be easier if decisions over land use were made in a strategic way that took account of the other competing priorities over land. This must start at a national level, with a national spatial plan which outlines governmental priorities for land and outlines the processes by which decisions can be made. Current national decision-making over land use is fragmented by department, exemplified by the fact that Defra has highly detailed land use data, but there is limited or no sharing between departments.

To address these competing requirements of land, there have been repeated calls for a land-use framework, including by IPPR in 2023 (Singer Hobbs et al 2023), and many

others (including WCL (2023), FFCC (2023), Wentworth (2024)) in the planning and environment sectors. Although these are competing issues, they are not necessarily in opposition to each other, and taking a more strategic approach should allow synergies to be identified, and minimise negative impacts if and when they arise.

A national spatial strategy should bring together the spatial elements of different government priorities, while also taking account of wider priorities such as the growth mission. The government should develop the national spatial strategy, led by a team in Cabinet Office, and should identify a prioritisation framework, given the context of the missions and other government objectives.

Recommendation: National government should develop a national spatial strategy that brings together the different objectives within government that have a spatial element. The strategy must be drawn up collaboratively across central government, coordinated by a team within Cabinet Office with ministerial oversight, to ensure buy-in from across departments and to align incentives where possible so that departments are not working in opposition to each other.

The strategy must ensure coherence between different departmental strategies – for example, ensuring that the integrated national transport strategy that DfT is intending to publish early in 2025 is broadly aligned with the strategic spatial energy plan (SSEP), Defra’s land use plans for a food strategy, and MHCLG’s housing targets and the NPPF. Aligning objectives across departments will be key to its success, as IPPR has called for previously (Evans et al 2024).

The national spatial strategy should use a similar process to the NPPF, identifying objectives and offering a process through which to navigate prioritisation, trade-offs and decision-making.

DESNZ announced its strategic spatial energy plan (SSEP) in October 2024, which aims to take a more strategic approach to energy infrastructure across the UK. The SSEP, in conjunction with the centralised strategic network plan (CSNP), intends to manage the issues arising from a purely market-driven approach, by enabling strategic planning of the grid.

Since renewable energy generation tends towards many smaller-scale projects, rather than the few large power stations associated with fossil fuel derived energy, a strategic plan for energy is long overdue. If implemented well, the SSEP and CSNP could shift the energy landscape, removing blockers and accelerating the roll-out of renewable energy. In order to be transformational, the SSEP and CSNP must be integrated with other parts of the planning system, particularly growth areas, through a national spatial plan.

Competing or differing priorities can hinder opportunities for government departments to support the delivery of objectives that sit outside their specific remit. Ensuring funding aligns with the missions or wider governmental priorities should support cross-government working and buy-in. Taking the third road investment strategy (RIS 3), due in 2025, as an example: RIS 3 should have a requirement to consider the health mission (for example through road safety), must address the fact that transport is the single largest emitter by sector in the UK, and should consider approaches to improve nature on National Highways estate in line with the 30 by 30 objective.

Recommendation: Departments should build the missions and other government priorities into their funding strategies as early as possible. This will support identifying co-benefits and reduce the risk of conflicting objectives or priorities across central government. Funding strategies should be assessed by HM Treasury against the missions.

UTILISING EXISTING AND NEWLY ANNOUNCED PROCESSES

At the local and sub-regional level, there are some expectations placed on local planning authorities, counties or combined authorities. They are encouraged to make local area energy plans (LAEP) and local heat and energy efficiency strategies (LHEES), and contribute to local nature recovery strategies (LNRS).¹⁴ It is currently unclear how LAEPs will interact with the national and regional energy planning that is currently underway, and there is a risk of duplication if these efforts are not integrated.

The new powers proposed to local areas under the devolution white paper offer them strategic planning powers, and require all areas to produce a spatial development strategy. There is an existing patchwork of efforts to deliver strategic planning across the country, despite it not being a statutory requirement for most areas (Hickman et al 2024), so the new strategic planning powers should build on these efforts as a starting point, drawing on current ways of working and relationships.

Plans drawn up by combined authorities and newly announced strategic authorities should not seek to replicate local plans (Hickman et al 2024) but rather should identify broad areas or locations for growth, energy or transport infrastructure, or nature restoration. They should draw on other local or regional plans to inform their development.

Recommendation: The newly introduced spatial development strategies should not replicate local plans but should provide a mechanism to balance competing land uses at a sub-regional level. Alongside delivering regional growth, the strategies should include a requirement to deliver housing, appropriate transport infrastructure, and nature restoration.

As outlined previously, the purely market-driven system of housebuilding suffers from several problems, particularly around the type of housing built, the pace of build-out, and the delivery of other public services. There is an opportunity to use spatial development strategies, in conjunction with some of the new powers granted to strategic authorities in the English Devolution White paper, to support local or strategic authorities to build housing or to be more 'directive' in how development happens, for example through land assembly or development corporations.

In the Netherlands, despite a shift away from wholly public-led development, local authorities carry out land assembly and service the land before selling plots to developers. This allows the local authority to shape new developments to ensure they meet the needs of local communities and align with other local priorities such as transport plans (O'Brien and Dembski 2020).

Recommendation: Mayors should be supported to carry out land assembly and publicly-led building by ensuring they are adequately funded to do so, or have access to funding.

THE NEED FOR NATIONAL OVERSIGHT, BALANCED AGAINST THE DEVOLUTION AGENDA

This government is clearly keen to take an active role in shaping development across the country. From reinstating housing targets for local authorities to the strategic spatial energy plan (SSEP) being drawn up by DESNZ, national government is taking an active role in spatial planning. Alongside this, the government has brought forward an ambitious devolution agenda, driven by a recognition that local leaders know their areas better and are more able to deliver at a local level.

¹⁴ Local nature recovery strategies cover areas that are larger than local authorities, but the local authority will be expected to engage in the process.

Managing the need for strategic oversight while also meeting pledges to support the devolution agenda will be essential to keeping the support of the mayors and local authorities, all of whom will be essential to delivery, particularly of housebuilding and nature restoration objectives. Some mayors have developed city or regional strategic plans to set planning priorities for their areas.

There are multiple benefits to greater devolution, as IPPR North has written about extensively (Lockwood and Swift 2024). One such benefit is the ability to avoid some of the siloed thinking that plagues central government, aligning the delivery of different public services behind a unifying vision or set of objectives. Although some local or combined authorities struggle with this, our work on clean air showed that having a target or integrated approach results in better outcomes (Singer Hobbs and Marix Evans 2023).

The move towards regional strategic decision-making by mayors means that the strategic plan can take account of, and support delivery of, other priorities. These should include transport infrastructure and investment, new housing developments, public services, centres of employment, green spaces and flood defences. Using the strategic plan will mean mayors can ensure they are aligned and delivered in a joined-up way.

The newly announced mayoral levy in the devolution white paper should give mayors the opportunity to collect the uplift in land value from development to deliver the necessary infrastructure and public services. Using the devolution bill in combination with the better buses bill and passenger railway services bill will allow mayors to make strategic decisions about the transport network over a regional area. These decisions will be more meaningful if they take account of growth plans in the area.

Recommendation: Strategic plans should be produced by combined or strategic authorities and should sit between an overarching national spatial plan and local plans, setting an agenda for their region and supporting delivery. Strategic plans should balance national priorities against those of the locally elected leaders.

In engagement with the mayors, we found that they felt that with spatial planning and development powers, they would be able to unlock transport, commercial and residential development, nature restoration and climate resilience. However, they were clear that this must include devolved funding streams, for example through the affordable homes programme.

The proposed abolition of district councils in the recently announced devolution white paper is likely to result in a complex transitional period as multiple district councils come together as unitary councils. This approach should streamline some of the engagement between unitary councils and strategic authorities, allowing the combined authority to take the strategic decisions, while the unitary councils make application-by-application decisions over specific applications.¹⁵

¹⁵ Unitary authorities will produce the local plan which will sit beneath the strategic authority's plans.

CASE STUDY: SPATIAL PLANNING IN SCOTLAND – NATIONAL PLANNING FRAMEWORK 4

Scotland's national planning framework 4 (NPF4) is a spatial strategy. However, it is not a piece-by-piece land-use map, but rather a set of principles for how land might be used and how development might be carried out. These principles are: just transition; conserving and recycling assets; local living; compact urban growth; rebalanced development; and rural revitalisation (LGHD 2024).

Previous work by IPPR highlighted that the emphasis placed within NPF4 on a just transition helps tip the balance in favour of decisions over renewable energy decisions (Emden and Hawkey 2024). NPF4 has been praised by industry for the clarity it provides throughout the preplanning and application phases of a project development (ibid).

DELIVERING AT PACE WHILE MAINTAINING PUBLIC SUPPORT

The prime minister has re-committed to delivering net zero and reducing emissions by 80 per cent by 2030. Recent polling by IPPR showed that all but two constituencies believe that “government policy on climate change should be going further and faster than it is right now” (Quilter-Pinner and Akehurst 2024). The mandate for action is there, but public support must be maintained.

To meet net zero targets, clean energy infrastructure must be delivered at pace. This will require an acceleration of approvals and construction of solar and wind energy generation sites over the next six years, and will involve building pylons and substations across the country. Over the past year, several onshore energy generation projects have faced fierce public opposition, including by some Green Party MPs who have vocally opposed pylon construction in their constituencies.

Development often evokes resistance from people who live nearby, particularly if is occurring on green field or green belt land. There are concerns that development will mean putting increased strain on public services that are already struggling. The government is aware of these concerns, illustrated through the ‘golden rules’ for building on the green belt, which put an emphasis on delivery of infrastructure.

Many of these issues arise from the current land value capture arrangements through Section 106 and community infrastructure levy (CIL) agreements, or through viability calculations. In order to meet government targets on house building, there will need to be an increase in the number of social homes being built. Government might also want to consider measures to speed up build-out rates where developers slow their completion rate to maintain house-prices (CMA 2024).

Recommendation: The government should commit to reforming land value capture agreements, including Section 106 agreements, infrastructure levy calculations, and viability negotiations, and should explore the potential impact of the newly announced mayoral levy. These reforms should aim to ensure that local authorities are able to capture the uplift from development on land, and use this to deliver necessary public services and social housing.

Recommendation: Methods to address slow build-out rates in large developments should be explored, drawing on lessons from overseas and considering enforcement issues.

Through the consultation processes, local planning provides one of the few ways that members of the public have a clear route to engage with policymaking decisions. However, these processes are rarely representative of the population and lead to some voices being amplified over others.

CASE STUDY: PUBLICLY-LED DEVELOPMENT IN FROME

In 2018, Mendip District Council bought a brownfield site in the centre of Frome. Property development company Acorn secured outline planning permission to develop the site, but faced judicial review brought by another development company, Maydale Saxonvale, due to a lack of employment space on its land. In the summer of 2024, the council granted Acorn permission to develop the site, but they pulled out the following day. A decision on the proposed development by Mayday Saxonvale is expected soon.

Mayday Saxonvale was established with the explicit aim of proposing an alternative development plan for the site. Led by local business owner and drawn up by local architects, the plan has huge amounts of support from local Frome residents. Local councillors have described the support for the scheme as ‘unprecedented’ (Mumby 2022).

Some public backlash to development is to be expected, but it would be sensible for government to consider how to maintain public support for the scale of development they are proposing.

In our participatory work, participants commonly say that consultation exercises are merely tick-box processes. The public support the Mayday Saxonvale proposals benefit from offer a model for carrying out public consultation on a more strategic level. It suggests that members of the public are more than able to grapple with trade-offs and prioritisation, and that if they feel their voices have been heard in the process, are more likely to support proposals. We know from our previous work on environmental justice that ensuring people feel their voices are heard is essential to making good and equitable policy decisions (EJC 2021).

Recommendation: Combined authorities should carry out meaningful public engagement during the development of their spatial plans, so that citizens can help shape future development in their cities or areas.

Strategic planning offers an opportunity to engage citizens earlier in the process when they can be more involved in shaping the agenda, and before decisions are made, ensuring people feel that the engagement is not simply a ‘tick box exercise’. With appropriate facilitation, this gives people an opportunity to engage and grapple with trade-offs in a way that can feel more meaningful than consultations on individual sites. This approach maintains knowledge of a local area, but combines it with wider objectives and puts local people in a more proactive role in the process.

BEYOND PLANNING: BLOCKERS AND FACILITATORS OUTSIDE THE PLANNING SYSTEM

A strategic approach to planning can only go so far. Alongside planning reform, the government should identify blockers to development that exist outside the planning system, and where, within central government, management of those blockers sits. These blockers will include poor regulation of water, agricultural run-off and lack of oversight over the energy system.

Government must ensure the relevant bodies are sufficiently resourced to mitigate and address issues – whether they are a regulatory body that is unable to carry out

enforcement due to lack of resourcing, or a historical lack of oversight or powers has limited strategic planning. For example, while nutrient neutrality sits within the planning system, many of the issues in the waterways are caused by agricultural pollution, rather than development. Addressing this issue will need to be done through Defra and agricultural reform, rather than through the planning system.

Recommendation: Sources of pollution that act to limit development must be tackled. Government should ensure the relevant monitoring and enforcement bodies, most notably the Environment Agency, are sufficiently funded so that they can carry out their duties.

There is also a role for building regulations in removing or reducing blockers, or promoting better outcomes for nature and the climate. For every development that greatly exceeds minimum standards (whether energy efficiency, design or biodiversity standards) and that do not receive planning permission, there will be an example of a poor-quality development that does receive permission somewhere else.

There might be an opportunity to promote higher standards in new developments through streamlining the process for those developments that meet more stringent requirements. For example, the NPPF states that developments that comply with the newly proposed golden rules for building on the green belt should be given “significant weight in favour of the grant of permission” (MHCLG 2024d).

Recommendation: MHCLG should consider how they might drive up standards across the sector through streamlining the process for proposed developments of a high standard. This must be accompanied by sufficient funding for monitoring and evaluation of those developments to ensure high standards are met throughout.

4.

SUMMARY OF RECOMMENDATIONS

THE ROLE OF NATIONAL GOVERNMENT

National government should develop a national spatial strategy that brings together the different objectives within government that have a spatial element. The strategy must be drawn up collaboratively across central government, coordinated by a team within Cabinet Office with ministerial oversight, to ensure buy-in from across departments and to align incentives where possible so that departments are not working in opposition to each other.

Departments should build the missions and other government priorities into their funding strategies as early as possible. This will support identifying co-benefits and reduce the risk of conflicting objectives or priorities across central government. Funding strategies should be assessed by HM Treasury against the missions.

The government should commit to reforming land value capture agreements, including Section 106 agreements, infrastructure levy calculations, and viability negotiations, **and should explore the potential impact of the newly announced mayoral levy**. These reforms should aim to ensure that local authorities are able to capture the uplift from development on land, and use this to deliver necessary public services.

Methods to address slow build-out rates in large developments should be explored, drawing on lessons from overseas and considering enforcement issues.

IMPROVING STANDARDS

MHCLG should consider how they might drive up standards across the sector through streamlining the process for proposed developments of a high standard. This must be accompanied by sufficient funding for monitoring and evaluation of those developments to ensure high standards are met throughout.

Sources of pollution that act to limit development must be tackled. Government should ensure the relevant monitoring and enforcement bodies, most notably the Environment Agency, **are sufficiently funded** so that they can carry out their duties.

SUB-REGIONAL STRATEGIC SPATIAL PLANS

The newly introduced **spatial development strategies should not replicate local plans but should provide a mechanism to balance competing land uses at a sub-regional level**. Alongside delivering regional growth, the strategies should include a requirement to deliver housing, appropriate transport infrastructure, and nature restoration.

Strategic plans should be produced by combined or strategic authorities and should sit between an overarching national spatial plan and local plans, setting an agenda for their region and supporting delivery. Strategic plans should balance national priorities against those of the locally elected leaders.

Mayors should be supported to carry out land assembly and publicly-led building by ensuring they have access to funding.

Combined authorities should carry out meaningful public engagement during the development of their spatial plans, so that citizens can help shape future development in their cities or areas.

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