

Summary of Royal Town Planning Institute submission to the Comprehensive Spending Review (CSR)

Summary

The Royal Town Planning Institute champions the power of planning in creating prosperous places and vibrant communities. As learned society, we use our expertise and research to bring evidence and thought leadership to shape planning policies and thinking. As a professional body, we have over 25,000 members across all sectors, and are responsible for setting formal standards for planning practice and education

In this paper we:

- Set out the Government's plans for housing and infrastructure: further resourcing on planning will be essential for its efficient delivery;
- Demonstrate that planning is currently underfunded;
- Signpost forthcoming evidence of how investing in planning leads to direct economic benefits and also wider benefits to the economy, society and the environment;
- Call for a **Planning Delivery Fund** of around **£500 million over the four years** between 2021-22 to 2024-25 which would direct investment into the priority areas of Plan Making; Design Quality; Digital Transformation; Monitoring and Enforcement; Wider Placemaking; Community Engagement; Net Zero; Capacity Building; and Joint Working;
- Show that properly funding planning could mean it was able to achieve higher ambitions in outcomes such as health, housing, air quality and greenspace, with corresponding economic benefits;
- Stress that currently proposed planning reforms will require significant further funding that goes beyond this core ask above because of the cost of running two systems at once and reskilling.

The Government's Ambitions¹

The CSR will prioritise improving public services, levelling up economic opportunity across all nations and regions, strengthening the UK's place in the world and supporting the government's ambitions to reach net zero carbon emissions by 2050. To continue to support the country's needs the government has committed to creating at least 1 million new homes in England by the end of this Parliament and an average of 300,000 homes a year by the mid-2020s. By the end of the parliament, public sector net investment will be triple the average over the last 40 years in real terms. In total, around £640 billion of gross capital investment will be provided for roads, railways, communications, schools, hospitals and power networks across the UK by 2024-25.

For all of these ambitions, be they housing or infrastructure, a planning system fit for the 21 Century is essential.

¹ Budget book March 2020

Low Levels of Resource for Planning

- Local authorities' total net spending on planning was just £401m in 2017-18, around 0.5% of their total net spending. This is down in both absolute and relative terms since 2009-10 (from £686 million or 0.6% of net spending). Local authorities now spend almost fifty times as much on housing benefit as on planning;
- Across English local planning authorities, subsidy for development management has fallen by £220 million a year and subsidy for planning policy by £60 million a year compared to pre-2010 levels;
- In terms of total spending (including fees), two-thirds of total reductions in spending have been reductions in spending on planning policy, meaning local authorities now spend on average just £5 per resident per year on planning policy. Three quarters of cuts to expenditure on planning staff have fallen on policy officers. (Yet the Government's planning reforms propose to focus on plan making);
- There is a major regional imbalance in this, with local authorities in the North West, West Midlands, and Yorkshire spending just £3 per resident per year on average.

On top of handling planning applications, local planning authorities have a range of unfunded activities. We have received estimates that developing a local plan can cost around £300,000 to £400,000 for developing an evidence base and consulting with the community, plus staff costs, costs for inspection, and legal fees. Local authority monitoring suggests the average spend on policy staff per LPA is now around £400,000 (having declined by 27% since 2009-10)².

Then there a wide range of other activities, which are completely unfunded (other than by central council resources under immense pressure):

- Other plan making - neighbourhood plans, supplementary planning documents, design codes, heritage and conservation planning;
- All enforcement of planning law;
- Non-fee earning activity e.g. tree applications, applications for conservation area consent;
- Community engagement / securing public participation;
- Digital transformation;
- Joint working.

Furthermore recent governments' resource to prior notification processes associated with permitted development rights have reduced planning fee income but done nothing to reduce the amount of work involved in checking the details of schemes, which have permission in principle. Councils are effectively subsidising speed. In addition to directly creating social, environmental and economic value, investment in many of these tasks could actually bring in revenue for the local authority in the medium term, or save money in other areas.

² RTP1 analysis of [Local authority revenue expenditure and financing England: 2017 to 2018 individual local authority data - outturn](#), filtered to focus on 335 local planning authorities. See [Resourcing Public Planning](#).

Benefits of Investing in Planning

The RTPI has as a key element in its Corporate Strategy commissioned Vivid Economics to analyse the economic value of planning in the UK. This will be published in October 2020.

It will including evidence of the direct and indirect benefits of planning such as that currently planning means

- Avoiding urban sprawl: total factor productivity rises by 0.06% for every 1% increase in population density and congestion costs of £7.8 Billion are mitigated;
- Funding nearly half of the 69000 affordable housing units completed in 2019 in England;
- Protecting of greenspace benefits of £16.5 billion per year in the UK as a whole;
- Reducing the £7.4 billion health cost of lack of physical activity;
- Safeguarding the contribution of the heritage industry of £17 billion in England in 2019.

Investing in Planning as an Essential Public Service

Like any good public service, the planning system requires resources and capacity to deliver outcomes efficiently, effectively, and equitably. However, the planning system can only continue to deliver value and promote the UK Government's more ambitious development objectives if it is properly resourced. The Government recognises in the Planning White Paper that "some local planning activities should still be funded through general taxation given the public benefits from good planning". We have given ample evidence above of such benefits. Investing in planning and place to achieve the ambitions set out in the Planning White Paper requires new models of funding and expanding the scope of existing funding sources.

In total, we believe that around £500 million is needed over four years, which works out to £125 million per year, or an average of £370,000 per authority per year. This is likely an underestimate of what is needed given it is less than the 2003-2007 Planning Delivery Grant and the resourcing crisis for Local Planning Authorities is deeper now than in the early 2000s. However, it would certainly be sufficient to improve performance in some key areas.

Our proposals comprise nine subfunds which can be used to tailor the investment into specific activities which are government priorities. These sub funds work equally well – and are all equally needed - under the current planning system and the kind of planning system the Government proposes.

In summary we propose:

- Plan Making Fund £170 million
- Design Fund £81 million
- Monitoring Fund £67 million
- Digital Transformation £46 million
- Placemaking Fund £100 million
- Jointworking Fund £15 million
- Public Engagement £50 million
- Climate Action £67 million
- Capacity Building £17 million

Plan Making Fund

Government has said all local authorities are required to have an up to date local plan (in the current system) by 2023. In addition, with a new planning system, local authorities would also be having to produce new style plans which go into much greater detail. However, it has not made any additional funding available for this and it is not clear how this could be delivered in the current funding environment. Grants should be made available for local authorities on track to have an up to date local plan, perhaps with instalments after each completed stage (e.g. evidence base, draft plan, proposed submission plan, submission, adopted plan).

We estimate that the main costs of producing a local plan (staff, evidence base, community consultation and inspection) amount to around £1 million per authority over four years³. If the Planning Delivery Fund provided 50% of these costs, that would amount to around **£170 million**.

Design Quality Fund

The RTPI has welcomed the Government's renewed commitment to high quality design, exemplified in its support for the Building Better Building Beautiful Commission. However, our research has shown that the vast majority of planners feel they could play a larger role in improving design. This is going to be particularly important if Local Planning Authorities are going to deliver the Government's ambitious plans for Design Codes in every local authority. The £4.82 million committed through the Planning Delivery Fund was welcome but a more ambitious grant could support design training, specialist expertise, and design-focused policy in every local authority.

The average award under the first wave of this funding was £242,000. To make this available to all 335 local planning authorities spread over the four years would cost **£81 million**. In particular, a priority should be making sure enough money is available for every local authority to develop proposed design codes. Funding should be provided to every local authority meeting the Government's ambition of delivering local design codes within 3 years of the award of funding.

Digital Transformation Fund

The existing Innovation Fund has helped unlock innovations in digital planning, however only around £1 million has been awarded, split between 6 local authorities and one charity. A more ambitious fund could support the digital transformation of planning - saving money in the medium and long term and freeing up planners time to plan. The systematic change needed means this funding cannot be limited to authorities who are already innovating. Indeed, the Planning Delivery Grant between 2003-2007 played a crucial role in driving the initial digitisation of planning applications.

The average award in the Innovation stream was £138,000. To make this available to every authority would cost around **£46 million**. While local innovation is important, we would also encourage the government to suggest specific targets in line with our [Digital Planning Manifesto](#), for example, ensuring all documents are machine readable.

Monitoring and Enforcement Fund

This fund would help local authorities track the quality of new development. The government already extended the Planning Delivery Fund to include enforcement. It could also cover monitoring to allow local authorities to do proper assessment of what is actually being delivered through the planning system and how well the local plan is being delivered. This is particularly important as part

³ This includes around £300k-£400k for evidence base and consultation, and around £600,000 staff costs (assuming 3 FTE policy planners).

of the current Housing Delivery Test and the requirement to publish Action Plans. This would also help ensure that the government could better evidence the impact of additional investment in planning.

Supporting one FTE in each local planning authority dedicated to coordinating monitoring and outcome measurement would cost around **£67million** over the four years⁴. Local authorities would be required to comply with current requirements on reporting plus reporting on funding received through the Planning Delivery Fund⁵.

Wider Placemaking Fund

The White Paper proposals recognise the importance of putting a “chief placemaker” at the top table of local government. A placemaking fund could support those outside of local planning authorities to engage with the planning process. Regular feedback from developers and local authorities is that applications are stalled by delays in securing engagement from other parts of local authorities (including other local authorities in two tier areas). This funding could incentivise them to engage early. It might also provide capacity support for specialist expertise to support development such as architects and ecologists. There is also a need for people at local level who can engage effectively with nationally significant infrastructure projects. It could also support local planning authorities to work with public health colleagues to tackle issues like obesity and air pollution. Finally, it could support local authorities to link assessments of housing and infrastructure need to visions for place.

The Government should create a **£100 million** fund aimed at bringing a range of place-focused professionals into local authorities. This is equivalent to 5% of the money spent on planning staff over four years. It could secure access to expertise from architects, surveyors, landscape architects, ecologists, and other professionals who can help create great places. Funding should be dependent on securing input on planning applications and policy drafts within agreed time limits.

Joint Working Fund

One reason for the relative failure of the Duty to Cooperate as well as the relative absence of strategic reviews of green belt, waste management and housing targets, has been the lack of incentives available to support joint working. The £9.4 million committed by the Planning Delivery Fund helped overcome this barrier in some areas and additional and long term funding could help overcome it across the country. Increased and long term funding should be made available to support strategic planning around the country.

An average of £300,000 was granted to successful bidders for the initial Joint Working Fund, if we assume the equivalent of one of these awards per county council, this would mean about **£15 million** over the four years.

Whilst we note the White Paper proposes to remove the duty to cooperation, there will in the period before any changes to legislation be a need to get on with cooperation, whose real purpose is not to tick legislative boxes but actually achieve joint working. Cooperation is often the only way certain outcomes can be achieved, as infrastructure and environmental matters, and also housing markets, do not follow district boundaries. This will not go away. Even with a new planning system local authorities could access this funding to support important partnership working on specific

⁴ Assuming total cost of employing 1 FTE for this would be £50,000 a year.

⁵ See also our research on Measuring Planning Outcomes to be published in November 2020

areas like infrastructure growth corridors, green belt, and seed-funding for enabling establishment of shared services to facilitate efficiencies downstream.

Community Engagement Fund

The Government has suggested it would like participation to happen upstream at the plan making stage, a position which we strongly support. The Planning Delivery fund should provide grant for authorities to engage in rich community participation at the earliest possible stage, for example through deliberative panels. This will help support innovation in engagement whilst social distancing is required, to ensure the most vulnerable are not excluded from engagement.

The public participation charity Involve estimate that 2-day deliberative Citizens Juries cost about £15,000 per jury (12-24 people). If funding was made available for ten of these at the outset of every local plan process in each local planning authority this would cost about **£50million** in total. Funding should oblige the councils to run these engagement events and report on the findings and how they will be responded to in plan making.

Climate Action Fund

It is clear we need to develop ambitious policy, regulation and standards to ensure that new development is compatible with the rapid transition to net zero carbon, in terms of both operational and embodied building emissions, and the impact on transport emissions⁶. However, the Committee on Climate Change's Net Zero UK report⁷ demonstrated that there has been comparatively little or no progress in reducing the carbon emissions of buildings or of surface transport. Planning is part of the solution to major social, economic and environmental challenges but a survey carried out by the RTPI earlier this year revealed that just 17% of RTPI members in the UK felt their country's planning system or policy framework was well-equipped enough to deal with the current climate crisis. The RTPI will publish before the end of 2020 prototype local plans which would show net zero could be achieved in transport terms at least in three different kinds of areas of England.

An investment of **£67 million** over four years would deliver the equivalent of 1 FTE planner to work exclusively on climate proofing policy and development management in each local authority. All local authorities should be able to explain how their planning policy is consistent with Net Zero targets.

Capacity Building Fund

District Councils report that planning roles are the most difficult to fill out of all roles⁸. We also know that local authority officers struggle to access training. Government support for Bursaries and Apprenticeships has been extremely welcome and is one step to secure the pipeline into planning careers. However, we ask for a commitment that this investment continues so the building blocks are maintained and the benefit retained by the local authorities. We call for a new bursary fund of **£4 million** over 4 years to support talent development from diverse socio-economic backgrounds so that the public sector and wider profession can fully represent the communities it serves.

It is clear that we also need to pay more attention to building capacity in existing teams. The original Planning Delivery Grant provided funding for training for planning officers and councillors. Training

⁶ See RTPI (2020) [Response to Future Homes Standard consultation](#)

⁷ CCC (2019), [Net Zero - The UK's contribution to stopping global warming](#)

⁸ LGA Workforce Survey

budgets are desperately short and are the first to be cut in times of pressure. We call for a fund of **£13 million**, which would enable all of the country's 11,000 public sector planners to attend 5 one day courses a year over a period 4 years tailored to support the Government's priority areas. As the most respected professional body for chartered town planners globally, the RTPI would be delighted to work with Government on a package of appropriate professional training.

In total, we call for a capacity building fund of **£17 million**.

Eligibility

As with the current operation of the Planning Delivery Fund, this funding should be available to local planning authorities at different scales (including Development Corporations, Mayoral areas and combined authorities).

Allocating Funding

The Planning Delivery Fund invited bids from individual local authorities. We do not believe this approach is appropriate for three key reasons: first that it introduces higher transaction costs for distributing the funding, second that local authorities lack the capacity to put these bids together, and third that it will bias towards authorities who have more capacity to start with. Instead funding should be allocated to each eligible authority or group of authorities, with the amount determined according to the following criteria:

- **Number of people:** Funding should take into account the number of people who live in the authority or group of authorities.
- **Scale of development pressure:** Authorities with higher development pressure should get more funding. This might include reference to housing targets and housing cost to income ratios.
- **Levelling up:** More funding should be allocated to authorities who are currently under-resourced. While it is natural that local authorities with more development pressure will spend more on development management, our research on Resourcing Public Planning identified that local planning authorities in some regions spend less than half the amount per person on planning policy as those in other regions. To deliver the Government's levelling up agenda this imbalance will need to be addressed.
- **Meaningful capacity building:** unlike earlier Planning Delivery Fund allocation and distribution, any funding allocation to local planning authorities should be focussed on building long-term capacity within planning teams to ensure funding benefits are maximised locally and build resilience. We would support the principle of working with an organisation whose remit is focussed on enabling capacity and who could scale up quickly, such as Public Practice. As the professional planning body with responsibility for upholding professional development and standards for town planners in the UK, we would consider providing 'in kind' support, such as free affiliate membership for a year to any specialists brought in to support planning authority departments to encourage the retention of such capacity building within the planning profession to support delivery of the Governments planning reform priorities.

Ringfencing

Given general resourcing pressures on local authorities it is important to consider how grant allocated for planning services could be ringfenced for improving planning performance. We believe the following criteria should apply:

- Local authorities must agree that funding is ringfenced for additional spending on planning services, or that the total spend minus fees and grants should be at least as much each year as the year before the grant period.
- As recommended in Building Better Building Beautiful, local authorities should include a Chief Placemaker at the top table of decision-making. As a condition of funding, this individual would then have a responsibility to ensure that funding is ringfenced for improving planning performance.
- Specific requirements should be put on a firmer statutory basis, for example producing an up-to-date local plan in a given timescale.
- Specific funds should be tied to delivery (see assessing performance below).

The evaluation of the Planning Delivery Grant in 2005-06 found that 94% of grant income was retained in local planning authorities.

Looking to the Future: Funding a Transition

The Government's Planning White Paper proposes a much changed planning system. Essential to the proposals is the notion of bringing democracy upstream, so that the public is involved in designing the very rules that the system will operate under. The aim is to shift resource investment upstream away from individual decision making into policy-making. However, this will require substantial additional investment in the short term, with (hopefully) benefits down the line. However, local planning authorities will also be operating the existing system at the same time as making these extensive investments in new technology, skills and new ways of working, not to mention intensive investment in public education. (For 70 years, the public has grown accustomed to its role in planning applications.)

The White Paper acknowledges that "time limited funding will be made available by the Government in line with the new burdens principle to support local planning authorities to transition to the new planning system as part of the next Spending Review". However, the scope of future savings in the new planning system is unknown. Assuming that a front loaded system can be made to operate smoothly once established, there will still be ongoing costs. A key one will be explaining and policing the new system. Developers and the public will need help in learning what amounts to *different rules of permitted development* possibly even *in each street*. Furthermore there will be the opportunity to ask for exceptions to be made to zoning rules e.g. for more intensive development. It will be necessary to ensure that the full costs of such applications are covered – unlike the case for most planning applications at present.