



RTPI

mediation of space · making of place

Royal Town Planning Institute
41 Botolph Lane
London EC3R 8DL
Tel +44(0)20 7929 9494
Fax +44(0)20 7929 9490

Email online@rtpi.org.uk
Website: www.rtpi.org.uk

Patron HRH The Prince of Wales KG KT PC GCB
Registered Charity Number 262865

Mr Darren Kristiansen
Department for Communities and Local Government
Eland House, 4/C5
Bressenden Place
London SW1E 5DU

Sent via email to: darren.kristiansen@communities.gsi.gov.uk

20 October 2006

Dear Mr Kristiansen,

**ROYAL TOWN PLANNING INSTITUTE RESPONSE:
HOUSING AND PLANNING DELIVERY GRANT CONSULTATION**

Please find attached the Royal Town Planning Institute (RTPI) response to the Housing and Planning Delivery Grant Consultation.

This response has been formed with inputs from many members. It broadly concludes that, whilst a continued planning delivery grant is necessary, the proposed association with housing is not well made out in the consultation paper. Suggestions are made about possible alternative incentives for high quality planning performance, across a basket of measures aiming to measure the delivery of sustainable communities.

If you have any questions about the enclosed, please contact Rynd Smith on 020 7929 9478.

Yours sincerely


DIGITALLY SIGNED BY RYND SMITH
not for unauthorised use

Rynd Smith
Head of Policy & Practice

Enc.

HOUSING & PLANNING DELIVERY GRANT (HPDG) CONSULTATION A RESPONSE BY THE ROYAL TOWN PLANNING INSTITUTE

CONTENTS	PAGE
PART 1: POLICY RESPONSE	1
PART 2: RESPONSES TO QUESTIONS	9

PART 1: POLICY RESPONSE

1.1 INTRODUCTION

1. The RTPI is a membership organisation representing over 19,000 town planners. The RTPI exists to advance the science and art of town planning for the benefit of the public. It is strongly committed to a new vision for planning, which we consider should be spatial, sustainable, integrative and inclusive. Key to this position is the view that creating and delivering shared community visions for a sustainable future should lie at the heart of the planning system and be recognised as an essential public activity.
2. The activity and profession of planning are also founded on a basic premise: that through orderly consideration of development options and processes, we can improve our social, economic and environmental conditions, for the benefit of society as a whole. In this regard, the success of planning essentially requires to be measured in qualitative as well as quantitative terms. Are we improving, and how has planning contributed to the improvement?
3. It was a matter of great concern to the RTPI that the commitment of public resources to local government planning processes had been insufficient to achieve service improvement, let alone social, economic or environmental improvement for public benefit, over a considerable number of years. The effects of this widespread under-resourcing have been to significantly constrain the capacities for responsiveness and innovation in many planning services. The delivery of development plans and the processing of planning applications were adversely affected, information systems were poor and ageing

and planning staff were poorly remunerated and de-motivated. The quality of decision outcomes were in many cases lower than they could or should have been.

4. The inception of the Planning Delivery Grant (PDG) in 2003 was a clear recognition by government of the essential nature of the planning service at the local government level. It recognised the need for a step change in resourcing to ensure that this service could adapt to contemporary and future standards and expectations of timely and efficient delivery, whilst attracting highly qualified and motivated professional staff.
5. At the point of its introduction, there was a view of PDG as an extraordinary measure, necessary to ensure the renovation of the planning system's capital and human resources, but not necessarily as a long term funding commitment. However, as has become clear, the task of planning service innovation and improvement is a large one that is by no means complete.
6. There is a continuing need for substantial levels of planning service improvement funding in the years from 2008 onwards. If such funding were to be removed or reduced from current levels, the RTPI is clear that many of the immediate gains due to the current PDG would prove to be short lived. **For this reason, the RTPI broadly welcomes the proposal that there should be a replacement programme through the Housing and Planning Delivery Grant (HPDG) from 2008.**
7. However, **the RTPI consider that there is a need for ongoing additional public funding for planning over and above the current level of PDG annual funding** and certainly above that currently proposed for the final year of PDG funding in 2007/08. The purpose of this request is broadly to develop planning delivery in the following fields:
 - continuing refinement of development management: better decisions – faster;
 - ensuring that new development plan documents are delivered in a sound and timely manner;
 - supporting and enabling plan implementation;
 - better monitoring;
 - better and more effective community involvement;
 - widening electronic access to planning information and services; and
 - developing the understanding of planners to support effective practice.
8. **The RTPI welcomes the clear recognition in the consultation paper of the need for improved planning education and training and for the provision of planning advice to communities.** It particularly supports and endorses the proposal that the Planning Aid service would receive additional public funding from the HPDG.
9. That being said, the RTPI does have some concerns about the HPDG proposal in its current form.
 - The current quantitative target based PDG allocation methods have led to distortions in the delivery of planning services and outcome quality. These adversely affect

service perceptions by some service users and, in worst cases, impose additional costs on development processes that the RTPI considers are not being fully accounted for. They also leave a long term legacy of buildings that are not as well designed as they could have been and potentially of communities that are not as sustainable as they could have been.

- It is therefore of concern to the RTPI that the proposed HPDG might operate using similar quantitative targets that might create similar distortions and costs.
- The RTPI notes that significant elements of the housing supply chain are not controlled by local planning authorities. We wish to avoid a grant aid system that might hold planning authorities as hostages of fortune to the actions or inactions of others.
- The RTPI wishes to avoid a system that might open local planning authorities to allegations of improper housing decision processes or bad housing outcomes, delivered as a means of safeguarding target performance and hence HPDG income in the short term.
- The RTPI wishes to avoid a system that may 'skew' planning policy implementation performance, delivering strongly against housing policies, as distinct from delivering strongly against an integrated basket of policies designed to achieve sustainable development and sustainable communities.
- The RTPI considers that housing performance is an important output of the planning system. However, housing provision is not the exclusive goal of the planning system. **The more important and overarching goal is that of achieving sustainable development and sustainable communities overall.** If there are to be financial incentives to planning authorities that are linked to policy implementation performance, consideration should be given to the need to reward a balanced portfolio of policy implementation performance to deliver sustainable communities. This would encourage integrated high quality service delivery, as distinct from sectoral high performance in housing, at the possible price of underperformance in non-housing sectors.

These themes are drawn out further below.

1.2 CURRENT PDG ALLOCATION: QUANTITATIVE TARGETS AND DISTORTIONS

10. The RTPI has consistently welcomed the principle embodied in the current PDG that additional financial resources are provided to local government to support the delivery of this essential service. It must be acknowledged that a contribution in excess of £600m additional funds to the delivery of planning services over the period 2003-2008 has been demonstrated to have delivered significant improvements in service quality against quantitative measures.
11. However, with equal consistency, the RTPI has expressed concerns about the sometimes unlooked-for service and market distorting effects of the current PDG funding conditions in respect of aspects of planning services that require a more complex and qualitative evaluation.

12. To reiterate an issue raised as a common theme in a number of RTP1 consultation responses on this topic, we remain concerned that linking PDG funding to performance against the 8 and 13 week targets for planning application decision making has delivered speed at a price. It has driven a mechanical culture of service delivery in which applications for planning permission can be refused on the basis of the need to achieve targets, even where there appears to be broad agreement between planners, local politicians, the third party community and proponents that changes could make the underlying proposals sustainable and acceptable.
13. Evidence of the mechanisms adopted by some Councils to raise performance against targets and hence increase PDG funding can be obtained from, amongst other sources, PAS case study documentation. The PAS case study of Reading City Council's improvement of performance against the 13 week target for major applications¹ acknowledges that the real time necessary to process a typical major proposal to a successful outcome is longer than 13 weeks. Without meaningful pre-application discussions, there is no means whereby a Council can consider a typical major application within the target timescale. For this reason, the case study document makes clear that:

[t]he need to move towards a managed pre-application discussion process was essential in speeding up the formal application timescale and so avoiding the drip-feeding of information at the application stage.²

As a result, the 13 week target period becomes just the formally measured component of the major application process, as opposed to the full process itself. It is therefore difficult to conclude that the target provides an effective measure of the real cost as against the real duration of the major application process. In short, the target and performance against it have become accounting artifacts, as distinct from real measures of performance.

14. The case study documents the following challenges to improvement.

A preference expressed by some applicants to continue negotiation over a longer time period than the timetable if this meant achieving a permission at the end of the day rather than a refusal of permission within the target timescale. The council has not accepted this reason as justification for delaying determination of an application.

...

Difficulties sometimes arose where applicants and their legal advisors were unable to co-ordinate timely completion of a section 106 agreement by all the parties who had an interest in the land. Submission of outstanding information and amended plans could also cause delay. Where a delay was considered unavoidable, the timetable was relaxed in the interests of customer care. Where delay would have been avoidable, applicants were asked to withdraw an application and resubmit

¹ See <http://www.pas.gov.uk/pas/aio/10166> , 'Reading: Improving the Process of Dealing with Major Applications', (The Reading Case Study), PAS undated (2006).

² PAS undated (2006) (The Reading Case Study) at page 4.

it to avoid a refusal of permission. On several occasions applications were refused when a legal agreement was not completed on time without explanation. This sent a clear message to applicants that the national BV targets needed to be owned by both the council and its customers.³

15. To summarise, it has become clear that some applications capable of delivering a positive balance of social, economic and environmental benefit are being refused, or withdrawn and re-submitted, as a mechanism to improve target performance for the purposes of increasing PDG receipts by some Councils. Through uncritical reference in published case studies, such practices tend to become more widespread.
16. Interestingly, although that same Reading case study document suggests that customer satisfaction with the planning service also rose during the period that these improvement techniques were deployed, the RTPI is aware of growing concerns, particularly amongst major application stakeholders who largely represent the business community, that practices such as these owe more to creative accountancy than to genuine service improvement.
17. For a business proponent, the real cost of engaging with the planning system is the cost of producing a scheme capable of obtaining planning permission together with the holding costs of undeveloped land for the duration necessary to achieve planning permission. Larger schemes (subject to the 13 week target) are by definition complex and applicants comment that they need time (more than 13 weeks) to deal with this complexity. Target measures that impel apparent speed but do not record the real duration or cost of the planning process for business and may result in procedural requests to withdraw applications or in procedural refusals are increasingly seen as problematic. They do not serve the reputation of planners or of the planning system well.
18. Some planners also observe that too strict an application of quantitative development management targets can lead to reductions in building design quality⁴. Faced with a need to maintain or grow target performance for PDG purposes, authorities can permit schemes that otherwise they would have subjected to additional negotiation to achieve better design outcomes. This is principally because the current 8 and 13 week targets do not include any element of outcome quality measurement.
19. In this regard, we should not forget that buildings and townscapes often remain with us for many hundreds of years. During this timescale, people are not likely to weight the benefit of having the building for an additional 3 or 4 weeks over its lifetime as a product of a target culture, if this has also resulted in aspects of the building being poorly adapted to its environment for the entire duration of its lifetime. Rome was not built in a day, nor for that matter was it planned in 13 weeks.

³ PAS undated (2006) (The Reading Case Study) at page 10.

⁴ See for example 'DC Performance, How to Raise Your Game', a paper to 2006 Town & Country Planning Summer School by Kim Bennett.
<http://www.planningsummerschool.org/papers/year2006/2006PS2085AU.pdf>

20. The RTPI has set out these examples in this submission, because it wishes to re-emphasise its view that the existing PDG funding has been a source of distortion in the delivery of planning services and has reduced the emphasis that should be placed on decision outcome quality in some places. **It has been and remains our view that if quantitative outcome measures that focus on timeliness are to be used to assess planning funding allocation, qualitative outcome measures should also be developed as part of a funding formula to ensure that such distortions are reduced or eliminated.** It has been a key measure of our appraisal of the proposed HPDG to test whether similar distortions might result, if it were to be implemented as proposed.

1.3 HPDG: AN OPPORTUNITY TO MEASURE QUALITY

21. It flows from this discussion that the RTPI considers that the new HPDG proposals do provide an opportunity to measure and reward quality as well as quantity or speed in the delivery of planning services.
22. As a starting point, we must make clear our view that **there is an ongoing need for a planning delivery grant.** We consider this to be the case because the current PDG has delivered a range of improvements in planning services, but these have yet to be brought to full fruition. Further, we consider that a substantial body of local government relies of PDG funding to provide what amounts to core funding for its planning service delivery. The loss of such funding would lead to a substantial diminution in the scale, breadth, speed and quality of planning services.
23. However, if a planning delivery grant is to be retained, it is our view that it should be retained in a manner that whilst it still rewards timely and efficient service, also includes measures of service quality and outcome, ensuring that the distortions identified above as having arisen from the current PDG are minimised.
24. Turning to the measures of service and outcome quality that should be considered for inclusion, the RTPI tenders some suggestions.
25. Firstly, the RTPI suggests that **a broad basket of national policy outcome measures should be used to develop integrated targets, which together act as a reasonable measure for the delivery of sustainable development and sustainable communities.** These to name but a few possible examples could include:
- progress on a trajectory to provide the predicted housing requirement for the plan area in terms of housing numbers;
 - diversity in housing provision (social versus market housing and the provision of a range of different housing types, styles and sizes);
 - housing units provided within a given (walkable) radius of defined services (such as schools, public transport, community health services and retailing);
 - provision of public open space within a given (walkable) radius of housing;
 - health and diversity of retail offers in activity centres, accessible by walking, cycling and public transport;

- reduction in demand for private vehicle trips;
 - increased utilization of public transport, walking or cycling as modes of transport;
 - facilitation of new renewable energy or micro-generation schemes;
 - progress on a defined carbon reduction trajectory; and
 - the ratio of development on brownfield as against greenfield land.
26. The national indicators should be derived from key policy directions in PPSs.
27. Secondly, there would be virtue in a number of assessable measures being regionally and locally defined. A regional planning body could be mandated to identify regionally relevant criteria on which it considered LDF performance to meet RSS objectives should be measured.
28. Similarly, some of the measures should be capable of local nomination, derived from a Council's own identification of priorities from its Core Strategy or Community Strategy. A key issue here would also be to incentivise better and more integrated working between the spatial planning system, the Council as a corporate entity and the local strategic partnership (LSP), with outcomes successfully delivered through a local area agreement (LAA). The RTPi has been working with the DCLG on the development of integrated practice in this field in a project entitled 'Planning Together: LSPs and Spatial Planning', as part of which a substantial input has been made into the local government white paper. It is anticipated that the RTPi and DCLG will jointly launch indicative draft LSP guidance to this end in December 2006.⁵
29. Thirdly, there would be some virtue in a group of measurables being derived from community responses to plan-making and plan implementation. There would be means of measuring, for example, by focus group or questionnaire amongst certain stakeholder or user groups or amongst the local population more broadly, how people consider their local planning authority is performing to a basket of its own, regional and national outcome objectives. Again, integration with a LSP should be considered as part of this process.
30. Finally, there would be virtue in a group of measurables to respond to the presence of a training budget in a local planning authority, the presence of effective, trained and qualified spatial planning professionals to provide planning services and also the extent and effectiveness of Councillor training in spatial planning.
31. Quality thresholds for grant aid would be drawn up that represent a weighted performance against a basket of measures such as these. The result would be a funding formula that rewarded a mixture of measures of quality against national, regional and local objectives, selected and assessed at government, local government, LSP and community levels.
32. In addition to this approach, the RTPi suggests that there should be spatially defined 'grant uplift' measures, under which the government would define particular areas as, say, growth areas, accommodating substantial volumes of national housing growth, or playing

⁵ Further information on these developments can be obtained from Louise Waring, Community Planning Project Officer at the RTPi: louise.waring@rtpi.org.uk

host to key national infrastructures. Having defined these areas, local performance that delivered to these national objectives would also be eligible for an 'uplift' payment, over and above the basic level of grant.

Recommendations:

DCLG should:

- (a) retain a planning delivery grant for the years from 2008;***
- (b) introduce a basket of policy-related outcome quality measures as a means to allocate a substantial component of the funding;***
- (c) define some of these measures at the national level with respect to key PPS policies;***
- (d) enable some of these measures to be defined by a regional planning body, with respect to RSS objectives;***
- (e) enable some of these measures to be locally selected with respect to LDF Core Strategy and Community Strategy objectives;***
- (f) enable an element of community assessment of satisfaction to be included in the funding formula;***
- (g) include an assessment of the use of appropriately qualified and trained staff, the provision of continuing professional development and the training of councillors; and***
- (h) retain a national capacity to spatially define areas eligible to receive 'uplift' funding in recognition of their substantial contribution towards the achievement of national objectives, for example in respect of hosting housing growth or key infrastructures.***

PART 2: RESPONSES TO QUESTIONS

2.1 PRINCIPLES & BENEFICIARIES

1. Question 1: Principles of the New Grant

The RTPI does not oppose the principles of the new grant as set out in the consultation paper. However, we do note that there could be other equally weighty purposes for and principles on which to distribute funds for service improvement than housing; the achievement of sustainability and the delivery of sustainable communities being the most likely integrated priorities. In this regard, we question the evidence base on which housing has been chosen as the unique subject matter beneficiary for this grant and consider that by taking such a step, the government risks overlooking or unbalancing planning responses to other weighty issues. It even risks delivering patterns of development that are less sustainable than they might have been, due to unbalanced and un-integrated consideration.

2. **In our view, the need to incentivise efficient and effective integrated planning procedures to deliver sustainable development should be accepted as the primary guiding principle for the new grant scheme.** The last principle of the grant should become the first and the grant should continue to be a planning delivery grant.

3. Whilst the housing principles set out in the consultation document are worthy of consideration, a question does also remain as to why these are specifically tied to a planning delivery grant, as opposed to a separate head of grant aid to local government, albeit one that could be accessed by planning services?

4. Alternatively, if it is accepted that housing delivery provides a basis for grant aid to local planning authorities, are there not equivalent arguments for funding the effective and efficient delivery of other key policy outcomes through the planning system by a grant to local planning authorities? In short, why does housing delivery but not integrated sustainable communities or (say) infrastructure delivery, employment delivery, health, welfare or education outcome delivery benefit from grant where these are supported through the planning system and by physical development processes?

5. Question 2: Beneficiaries of the Grant

In respect of the proposed HPDG as a **planning delivery grant**, the RTPI strongly supports the proposal that local planning authorities, regional planning bodies and planning advisory and support services should all be eligible for funding. The planning system requires effectiveness and efficiency at all levels of plan making and implementation. It will operate more effectively if the people who run and use it have access to the best information, support and training. For this reason it is important to acknowledge the key role of planning advisory and support services.

6. In relation to the proposed role of HPDG as a broader **housing grant**, a number of members' comments in the RTPI's internal consultations raised concerns that whilst local

planning authorities set the foundations, they are not ultimately responsible for 'bricks and mortar' housing delivery. There could be an argument for grant aiding a broader range of stakeholders in housing delivery, including social and market housing developers, providers and managers, to ensure that incentives are directed to more than one stage in the housing supply chain.

7. Another key area that bears on housing development rates is spatial infrastructure programming and development. The RTPI has, through recent responses to the Treasury on the cross-cutting review of infrastructure for housing (an initiative emerging from the Barker 1 report), suggested that there is a 'sustainable infrastructure gap'. We have suggested improved planning processes as a means of providing sufficient certainty around the scale and location of that gap to support the substantial private (and to a lesser extent public) investment needed to fill it⁶. In this regard, grant could also be provided for infrastructure planning processes and to infrastructure providers, subject to measurement on the basis of both timeliness and sustainability.
8. Finally, the RTPI should again mention the work that it is carrying out in partnership with DCLG to promote better integration between spatial planning, community strategies and the work of local strategic partnerships (LSPs). This work has highlighted that there are many local government areas that are now delivering effective and beneficial integration in these areas of their work. However, they do not have to do so as yet, and there are no resource rewards to provide incentives for doing so. Consideration should also be given to LSPs as potential grant recipients, in recognition of effective integration with spatial planning.

2.2 HOUSING INCENTIVES

9. These questions proceed on the basis that there will be a substantial housing component to the HPDG. The RTPI prefaces its response to them by stating that, as is made clear above, it would prefer to see an integrated grant oriented towards delivering sustainable communities than just a simple housing grant to local planning authorities. However, if a simple housing grant were to proceed, the answers to the following questions would need to be considered.
10. **Questions 3, 4 and 5: Introducing a 'Floor', 'Staircasing' and Recognising Growth**
The proposal for a funding 'floor' is superficially attractive as a means of delivering material as opposed to marginal improvements in housing delivery. The RTPI strongly acknowledges the need to target special resources to areas undergoing significant scale change as a matter of approved national, regional and local strategies, and a 'floor' is one means of achieving this end.
11. However, the RTPI is left unclear as to how 'floor' measures might operate in practice. For this reason, we also find it difficult to determine with any certainty whether they might have any distorting effects. As has been made clear in part 1 of this submission, the RTPI

⁶ See <http://www.rtpi.org.uk/resources/policy-statements/2006/aug/pol20060839.pdf>

- wishes to avoid grant distribution rules that give rise to negative distorting effects in the delivery of planning services or the provision of housing.
12. Emerging questions include the following. Would a 'floor' require the delivery of a certain area or proportion of land allocation, or the approval or development of a given number or proportion of dwellings in a given period before grant eligibility was triggered? Would there be any mechanism of relating a target to such as local measures of housing market supply or demand, or to the existing, anticipated or target population of the area?
 13. Consideration of possible 'floor' measures suggests that some might result in service distortions. For example, the use of numeric as opposed to proportional floors could have the effect of removing local planning authorities with smaller populations from potential eligibility for grant. Similarly, in areas of housing market failure, where successful strategies are implemented to re-occupy or improve existing homes but few new homes are planned for, receive planning permission or are constructed, using plan allocations, grants of planning permission or completions as measures for grant aid purposes could penalise an otherwise efficient and improving authority.
 14. Some approaches to a 'floor' measure could tend to weight grant support towards urban and away from rural authorities and towards broadly southern locations of growth and away from broadly northern locations of population stability or decline. In this regard, grant could also become perceived as socially and economically regressive: targeting resources to localities with lower than typical rates of deprivation.
 15. As a matter of general principle, the RTPI seeks to avoid floor indicators and measurement techniques that would preclude the provision of grant aid to genuinely efficient authorities with a strong record of service improvement and delivery, no matter where they are located. It seeks to avoid the perception that grant aid is socially or economically regressive. However, as indicated above, we support the use of measures that weight grant payment towards localities that are undertaking significant planned change for broader public benefit.
 16. Setting aside all other questions about how incentive funds for housing growth could be allocated, the RTPI does support the proposition that there should be additional funding recognition for those planning authorities who shoulder a significantly higher than proportionate share of new housing growth relative to population. These authorities are resolving housing need for the region and the nation as well as for their locality. The costs of delivering an effective planning service in such locations do tend to be higher per capita of existing population than in a low growth or constrained locality.
 17. In the end, the simplest and fairest means of achieving this end will be to use spatial criteria: defining on a map the 'growth location' authorities that (subject to satisfactory performance) are eligible for what would amount to a 'grant uplift', in recognition of their special role.
 18. For the same reason, the RTPI prefers the establishment of a separate 'improvement' fund to the proposal that grant aid would be staircased. An 'improvement' fund offers the

benefit of being able to be targeted to quality thresholds, and/or to respond to substantial quantitative shifts in improvement by small and/or rural local planning authorities. Similarly, it is amenable to spatial targeting to respond to the acknowledged role of 'growth location' authorities. Such a fund could provide the 'grant uplift' referred to above.

19. **Question 6: High and Low Demand and Eligibility**

There needs to be support for all local government areas to achieve high quality policy outcomes. The targeting of housing performance grant to areas with lower housing affordability is superficially attractive. However, the RTPI on balance considers that this may over-complicate, especially if these are areas that are not proposed for significant housing change or growth.

20. As suggested above, on balance, a better targeting measure for housing performance grant would be to areas that are planned to take substantial housing growth, as these are the areas where performance will really make a difference and where the greatest costs of performance are likely to fall. Clearly in selecting areas for future growth proposals, affordability can be a criterion, but it should be only one, with accessibility and broader sustainability measures also being considered.

21. **Question 7: Measuring Housing Performance**

In respect of grant aiding housing performance, the RTPI considers that it is essential that targets should be based on the latest planned housing requirement numbers to hand. These should be RSS requirement numbers, as translated through to LDF core strategies and housing allocation documents, as available at the point of assessment.

22. The RTPI also considers that there should be a quality measure inherent in any grant payment. Grant should be paid where housing numbers are achieved in broad compliance with plan policies and allocations. In summary terms, criteria should be devised which reward the delivery of housing:

- Within RSS and LDF requirements;
- on allocated sites, in numbers consistent with allocation;
- on windfall sites, in numbers consistent with the proposals for windfall delivery in the Core Strategy; and
- in association with necessary sustainable community infrastructure.

For example, housing provision in association with planned or delivered education, open space, public transport or health provision within a defined radius could attract additional funding.

23. Housing provision that was a plan departure, located on windfall sites at a greater rate than anticipated in the plan or provided beyond defined radii to services normally essential to a sustainable community would not be eligible for funding.

24. The RTPI does not support the proposal to use 2003 targets as the sole basis for reward. Such targets would be quantitative and could lead to distortions of behaviour. By 2008

and thereafter they will also be increasingly old and may become bypassed by later events.

25. **Question 8: Measurement Using a Three Year Rolling Average**

On balance, the proposal for a housing grant to be based on three year rolling figures appears to represent a reasonable compromise between the sudden fluctuations of annual performance subject to market fluctuations and the need to provide timely reward for improvement in delivery. If the period used for performance averaging is shorter, it will expose grant recipients to short term fluctuations and consequent financial uncertainty. Whilst a longer averaging period would have the benefit of smoothing the effects of changes over economic cycles, there is an argument that it would not sufficiently reward planned programmes of improvement until too long after their effects had been observed.

2.3 **PLANNING INCENTIVES**

26. **Question 9: Does Planning Need Additional Resources**

As is argued strongly in the first part of this submission, planning services before 2003 had been subject to years of real terms funding reduction and net losses in systems and human resources, to the detriment of the speed and quality of services offered to the public. The PDG has made a substantial contribution towards the task of remedying these concerns. However, as is argued again in the first part of this submission, that task is not complete. If the PDG is not replaced after 2008, it is clear to the RTPI that many of its gains will be placed at risk and that there will be a substantial reduction in the scale and quality of planning services as an immediate consequence.

27. The RTPI reaches this view, noting the view of the LGA that many councils have become significantly reliant on PDG funding for their planning service and would find it neither politically nor fiscally possible to divert resources from other sources to replaced PDG funding if this were to be removed after 2008. The RTPI does not consider that, as at 2008, adequate planning services could be delivered from Council Tax receipts and RSG alone, unless some other measure of standard service definition and funding requirement for planning (in effect a service hypothecation) were placed onto local government. However, if this were to be the case, then the RTPI would anticipate the concerns of other bodies or interest groups, as the net effect would be to reduce revenue to some other aspect of local government service unless there was an equivalent rise in local government revenue.

28. In terms of particular dimensions of planning services that need support after 2008, the RTPI identifies that plan-making will require ongoing support, as the transition to the LDF system will not be complete at this time and hence transitional costs will still be being absorbed by local government. A focus should also be placed on information systems and e-planning. Efficient information management holds out the hope of significantly improving the cost effectiveness and time efficiency of both development management and plan-making, whilst improving the transparency of decision making and service provision to the public.

29. In attempting to set a timeframe around which planning may cease to need special funding measures, it is relevant to note that planning needs a sound long term revenue base that it currently lacks. The consultation paper floats the potential for development management service charges to rise to full cost recovery. This is an interesting principle and one that deserves further research.
30. There are arguments that some development management tasks provide broadly community benefit, but little benefit for the individual proponent. Examples include the exercise of listed building control or conservation area consent, or planning permission in respect of household extensions or small scale beneficial development such as micro renewable energy installations. It is hard to see how such applications could be moved to a full cost-recovery model. If they are charged for at a significant level, they are likely to disincentivise otherwise worthy development being carried out to publicly acceptable standards. If applications are needed, they should be provided as a public service. If they are not needed, then there is an argument for extension of local or general permitted development rights. These are questions that lie quite correctly in the heart of other processes, such as the householder consents review.
31. However, there are clear development management tasks in respect of substantial scale commercial development, where it can be argued that the development management process adds private as well as public value and/or that the paying of a market rate for the planning service provided will not disincentivise the proponent. The application of a user-pays principle in such cases does have the potential to deliver significant additional funding to planning. However, the work necessary to facilitate this change has yet to start in a substantial way and the RTPI would be surprised if the necessary changes were mature before (say) 2012. A substantial PDG component for development management is likely to be required until that time.
32. In making this statement, the RTPI is clear that there does not appear to be the same general basis for a user-pays charge for plan-making. Plans are generally prepared for the community and, as such, the RTPI considers that they should normally be funded by way of a charge to the local population via the Council Tax and to the nation at large by way of RSG. Local government should expect to continue to provide a plan-making service and, in the long term, to fund it properly from local taxation and RSG revenues.
33. Two exceptions to this principle may emerge. The first exception would be that if, within the framework of the LDF process, it were to become accepted that the proponents of major change or development, seeking policy support for their proposals in a LDD, might be levied for the associated plan-making and examination costs. A number of overseas jurisdictions have taken this step, with appropriate safeguards to ensure propriety.
34. The second exception that could potentially be developed would be to require a range of public authorities and infrastructure providers, including health and education authorities to contribute more directly and in closer partnership with local planning authorities in bearing the costs of plan-making for their services.

35. **Question 10: Rewarding Plan-Making and Planning Outcomes**

Following on from the response to question 9, the RTPI considers that plan-making, particularly the transitional costs associated with the change to the LDF system, and the ongoing delivery of better service standards and outcomes in plan-making, should be rewarded by a planning delivery grant. This should occur at least until the funding requirements for development management are resolved, freeing Council Tax and RSG revenues to form core plan-making funding. It will be critical to ensure that the value of this grant is at least equal to if not greater than the PDG allocation proposed for 2007/08.

36. The RTPI welcomes the proposed focus of the HPDG planning component on plan-making, as this is a substantial area of demand for new resources and capacity building in planning services. Paragraph 43 of the consultation paper states:

We propose to focus the rewards for plan-making on progress in delivering Local Development Frameworks and on the achievements of outcomes from planning policies set out in LDFs. Such funding would support the creation of sustainable communities and also promote improvements in the outcomes from plan making outside of an increased housing supply.

These sentiments chime well with the views of the RTPI expressed more broadly above.

37. It will be critical in our view to ensure that funding relates not just to timeliness in plan preparation, but to delivery of outcomes and measures of outcome quality, across a sufficiently broad and integrated range of subject matters so as to be genuinely reflective of success in delivering sustainable communities. There is a lack of implementation detail or even basic indications of the department's initial thoughts about how such measures might be achieved in the consultation paper. The RTPI would be happy to assist by carrying out further investigations and studies to support detailed proposals for such measures in due course.
38. All of the above being said however, the RTPI does not consider that the time is yet ripe to withdraw planning delivery grant funding from development management. If as the consultation paper appears to assume, funding would be devoted to plan-making alone from 2008, the RTPI still considers that development management would experience a significant decline in funding and capacity. In practice, planning delivery grant for development management will continue to be required in 2008 and should be graduated thereafter to reflect any phased introduction and growth in, for example, user-pays revenue.
39. **Question 11: Rewarding National and Regional Organisations**
In proposing PAS, ATLAS, RPBs and Planning Aid for **additional** funding, the RTPI considers that the consultation paper recognises the strong contribution that these bodies make towards delivery a more effective planning service and more effective community involvement in planning. The RTPI strongly supports paragraph 44 of the consultation paper and considers that the suggested institutions are broadly the correct recipients of grant. Particular mention must be made of Planning Aid and the excellent service that it provides to communities. By providing early and sound professional advice to individuals

who could not otherwise afford it and to hard to reach groups, Planning Aid helps to ensure that planning policies and decision making integrate the needs and views of its beneficiaries in an efficient and timely manner.

40. It is important to recognise that the national and regional bodies already have core funding. At the base of the RTPI's concern about the ongoing role for a planning delivery grant in local government is the fact that planning services at that level had become chronically underfunded and that, in effect, PDG has been providing a portion of basic revenue for many services. That is why the consequences of its withdrawal in 2008 would be severe. Turning to regional and national services, the RTPI considers that HPDG should be recognised as being over and above current core funding. It should not provide a basis for reducing or diverting current core funding. It should deliver genuine additionality: initiatives and services that are currently not able to be provided.
41. One area of interest to the RTPI is the provision of grant for training and building capacity. This has two dimensions.
- increasing the knowledge and skill base of existing planners, to support their delivery of sustainable communities through the new focus on plan-making and outcome delivery; and
 - to maintain and increase the supply of appropriately trained new planners.

There are strong arguments that HPDG funding could be used to deliver improvements against both dimensions, by way of supporting professional formation and continuing professional development.

42. The RTPI itself is a substantial provider and facilitator of training. It:
- forms partnerships with universities to provide appropriate planning professional formation routes;
 - delivers a substantial continuing professional development programme of an annual convention, conferences, summer schools, seminars, master-classes and the like;
 - publishes good practice note (GPN) guidance for planners; and
 - enters into partnerships with other researchers, professional bodies, government agencies and training providers to deliver and/or promote training events, good practice guidance and case studies.
43. As the professional institution for planners, the RTPI is committed to fostering a culture of life long learning and professional development amongst planners. In order to become a planner eligible for membership of the RTPI, a person completes a course at a university within the RTPI's partnership, ensuring that certain core content and competencies are delivered and tested. They then undertake a period of mentored and supervised practice before applying for membership. HPDG for training may be seen as means to deliver enhanced content into university partnerships and mentored practice, focussed on national priorities.

44. The RTPI has also placed professional conduct requirements on our members to ensure that life long learning is planned for by all. It audits a sample of members' professional development plans to ensure that its requirements are met and takes disciplinary action where necessary to enforce them.
45. Discussions with members, with planning authorities and with stakeholders such as the Planning Inspectorate highlight that the implementation of the new development plan system poses a substantial professional development and lifelong learning challenge to the profession as a whole. The RTPI considers that there is a valuable link to be drawn between the planning advisory and training and the plan making dimensions of the proposed delivery grant: namely to support training around plan making and plan implementation. Another possibly valuable grant supportable project might also be the development of a diagnostic tool to assist individual planners to programme their training needs around national priorities.
46. The RTPI is also a substantial undertaker of the research that underpins the development and provision of training around plan making and implementation. Key examples include the Effective Spatial Planning in Practice project, for which DCLG support has already been provided. This will result in a publication and learnings about plan making and implementation for broad dissemination amongst the planning and development community. The RTPI remains ready to work in close partnership with DCLG and other arms of government to provide and deliver such research and to respond to it through the provision of training and practice advice. Such work could be considered as a recipient of HPDG funding.
47. The RTPI would be happy to speak further to DCLG about the ways in which it and its partners could utilise HPDG funding to deliver training in the plan-making and delivery skills needed to best implement the 2004 legislation.