

CENSORED
VERSION



Wilson Bowden plc

**Submission to the Barker
Review of Housing Supply**

A Partnership for Progress

July 2003

Foreword by David Wilson – Chairman, Wilson Bowden plc

On the face of it everyone thinks they understand or at very least they have a strong view on how housebuilding works. However, building is much more complicated than people think. I believe that a clear understanding of the housebuilding process is a vital part of the Barker Review. In our submission we attempt to describe in some detail the complex nature of our operations.

- **Continuity of operation**

It is important to understand the process of business continuity. Most businesses have a base, an office from which to carry on and supervise their business or a factory full of plant, machinery and fixtures all of which provide a continuity of operation for many years. Whilst a housebuilder may have an office from which to supervise the business his place of work is the building site which, by its nature, is a temporary location sometimes occupied only for a few months and, only occasionally, for some years. The transitory nature of our place of work means that business continuity is one of our major difficulties. We build houses using a labour force which has to be prepared to move from site to site and cope with the varying conditions and the difficulties of supplying materials to each location. Without continuity of workload our ability to produce profits, employ labour and train our workforce is jeopardised.

- **Our customers**

Unlike other businesses we do not have a regular customer base who will purchase our product on a repeat basis. We can identify markets but the majority of our sales are to one-off purchasers who we have not identified when we start our building operations. We do not know who will buy our product or in what numbers, nor can we deliver our product to our customers. We have to encourage them to come to us and hope that they like what we are producing. The whole process is entirely entrepreneurial in nature.

- **The speculative nature of the process**

We seek to develop our business by first finding land then obtaining a detailed planning permission following which we recruit the labour and source the materials necessary to build the houses and the infrastructure. At this stage the whole process is completely speculative because our customers are unknown and we will be financing the whole process from our own resources. The only possible exception to this is where we can achieve a pre-sale of affordable housing to a housing association.

- **Investing in the business**

We are a public company quoted on the stock exchange and therefore have an ongoing obligation to increase our shareholder value. At present we are in the process of developing

approximately 140 sites all of which are transitory. In due course each of these sites will have to be replaced and if we are to increase our turnover and profits, as required by our shareholders, we will have to be expanding the number of sites on which we are developing. This requires a continuous re-investment in our business.

- **Quality of sites**

The cost of the building process varies enormously from site to site depending on the nature of the site. Greenfield sites will tend to have less problems and less costs associated with their development than brownfield sites. We often encounter brownfield sites where the costs of remediating the site will make the whole business process unviable. In addition to the condition of the ground we often find that major enabling works must be carried out in order to provide services to a development site ranging from bypasses and off-site sewer works through to the services required to supply gas, water and electricity to the houses. The service providers are themselves not easy to deal with and where possible will seek to exploit a monopolistic position.

I believe that the brief points given above outline the complex nature of our business. We have to rely on development land becoming available on which to build our product. We also have to rely on labour and materials being readily available in the vicinity of each site. Without this supply we have no "factory" on which to create our product. It is therefore quickly apparent that the current haphazard provision of a land supply with the benefit of planning permission over which we have no control is a unique business situation and is not conducive to continuity of business. A less haphazard more structured supply is crucial not only to enable us to increase production but also to reduce costs.

In conclusion our view is that given continuity of land supply we can train and keep a labour force and source materials to enable us to function effectively as a business. To do this we are totally reliant on the supply of our "places of work" namely building sites. The availability of these is in the hands of Government both central and local.

DAVID WILSON
JULY 2003

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Executive summary

The problem

The UK is currently facing its lowest supply of new housing since the 1920s. It is now estimated that between 225,000 and 230,000 additional new homes are required annually between 1996 and 2016 to meet the projected population growth. The Joseph Rowntree Foundation predicts that if we continue at the present build rate the shortfall by 2022 will be over one million houses.

A shortage of land

Wilson Bowden believes that the primary cause of housing shortage is the diminishing supply of developable land for new housing. This has been caused by restrictive planning policies. Government policy is that housing development should take place primarily on brownfield land. This leaves 90% of the country not readily available for development. The majority of the remaining 10% is already in effective use with just 66,000 ha identified as available for development. Only 29,000 ha is suitable for housing. Whilst this could produce 920,000 houses the land must be available for purchase. The majority of brownfield land is however held by public sector bodies and utilities who have no incentive to sell or are under strict divestment rules.

Wilson Bowden's approach to land acquisition

We have no power to control or influence when developable land comes to the market. When it does come to the market, house builders compete vigorously to buy it. We require a land pipeline to ensure continuity of build. This needs to be constantly replenished to maintain build rates.

In December 2001 our pipeline comprised of 15,406 plots which is equivalent to ■ years supply at 2003 sales levels. Every site in this pipeline is being worked on, but maintaining a continuous supply of sites across our business gets more and more difficult. Recent research by FPD Savills shows that house builders now have 32% less plots in their pipeline than they had in 1999.

We are responding to this by examining our landholdings to achieve more economically viable build rates through the splitting of sites to create more outlets or selling/swapping parts of sites to competitors, but unless the supply of land increases we will not be able to continue to increase our build rates and, in time, they will start to fall.

Impact of the system

Planning policy

The introduction of the plan led system in 1991 started to constrain the supply of developable land that was available for new housing. Wilson Bowden was however still able to promote sites for development and by 1999 held development options on greenfield sites comprising over 21,000 housing plots allocated for development in emerging development plans. The introduction of PPG3 in March 2000 effectively choked off this substantial supply of land. Of the 21,000 plots the company

held under option only 5,600 have come forward for development under the new policy. 6,500 plots have had to be abandoned whilst a further 10,000 plots are uncertain or will be postponed for many years.

Nevertheless we have responded positively to the Government's priority for urban regeneration, setting up our new company, Wilson Bowden City Homes, to augment our efforts in this area. Brownfield development is, though, a more difficult business because of the complexity of the planning process and the problems of acquiring and preparing sites for development. The result is that brownfield sites have not come forward in sufficient quantity to replace the greenfield sites lost to the policies of PPG3.

Planning process

The planning process also constrains the supply of new housing through a lack of certainty, delay and expense. There are a number of factors which have contributed to this which include the complexity and bureaucracy of the planning process. There are now a raft of regulations coming from the EU, Government, Regional and Local levels that have added to the complexity of most housing planning applications. As a consequence, we have seen our pipeline conversion rate for new homes increase from 4-6 months in 1998 to 15-18 months in 2003.

These regulations also make the process very expensive to engage with. Private landowners are increasingly deterred from pursuing planning permission for their land particularly if they have no need to sell, which exacerbates the land supply problem.

Local authority inefficiency has also led to constraints on housing supply. Councils have failed to formulate and implement their Local Development Plans to allocate the supply of developable land for housing. 13% of all local authorities have still to adopt their first plan and 214 of the existing plans are now out of date. Local authorities continue to under-perform at an operational level, with 90% of Councils failing to meet their target of deciding 80% of planning applications within eight weeks.

There appears to be little political will at the local level for sorting this problem out. This could be explained by the evidence of a political 'anti-development' culture which has developed in the local planning authorities. This has seen authorities using the administration of the planning system to delay or prevent legitimate development and often producing decisions which go against the advice of officers. There is also evidence of recalcitrant authorities manipulating the plan-led system to delay the release of housing land where there is strong local opposition.

The building process

Once we have permission to develop the land, the lead-in time to the building process itself can be lengthy. We work hard to expedite this process, whilst building to the highest possible standards and producing a product which the market wants to buy. The measures we undertake to do this reflect the fact that we are part of an industry which understands its customers and is innovative.

Innovation and application of new technologies

We have invested in research and development to reduce the time needed for the building process through the use of innovative products and processes. These include the e-build procurement system for the sourcing of supply materials, TGI joists, door sets, and timber frame construction.

Investment in design also ensures that what we build is attractive to the market. We have been at the forefront of space design advances including the introduction of the 'family living concept', using our 'Life Labs', pioneering of new concept designs for larger sized houses within density constraints of PPG3, and employing our 'Eco house' concepts for sustainable housing units.

Off-site construction

Some commentators appear to believe that off-site construction of housing units is a panacea that will speed up construction and bring costs down, but the reality is much more complicated. We think that it is questionable whether it produces a better-finished product; it adds at least 10% to the overall build cost for which the purchaser is not prepared to pay a premium; and it does not reduce pressure on labour supply as we still require on-site skilled workers. The main reason why we are sceptical about the process is that we do not believe that it makes a difference to the speed of construction across the range of house types.

Where we have found off-site construction to be useful is in small components which can be packed easily for distribution and assembly, such as the c.16,000 wardrobes that we pre-manufacture annually at Ibstock.

Labour supply

Although some have suggested that a shortage of skilled labour is a constraint it is not an explanation of housing shortages. It could affect our ability to upscale quickly should other constraints be alleviated. The key issue that we face is our ability to attract labour when there is uncertainty over the land supply. A sub-contracting culture has also developed and left us dependent on the 'labour barons'. We have also found that skilled workers are reluctant to 'come onto the books' because they lose their own flexibility.

We maintain our own labour supply by making sure we pay promptly, raising earnings levels, maintaining our continuity of work, and increasing our training (budget c.£500,000 p.a.) and apprenticeships (120 at £22K each over four years).

The sales and marketing process

New housing represents only c.10-15% of the housing market. We have to make new housing attractive to the house buyer. We do believe that PPG3, through its policies for density and design, is pushing the market in the wrong direction. The main effect of this has been to force us to build smaller dwellings with less space available for gardens, driveways and car parking whilst consumer

aspirations are going in the opposite direction. This is where our own advances in space design technology can help to compensate – but can only go so far.

We have to employ other innovative techniques to ensure that what we build we sell. This includes fixtures and fittings which make houses instantly useable, and part exchange to facilitate the purchase process. It is also true that our own improved quality assurance and build standards are increasingly attractive to the consumer. However it is vital that we are allowed to build a suitable mix of housing types and sizes in order to meet the requirements of the market, otherwise new build will not be attractive to the consumer.

Our approach to affordable housing

Wilson Bowden is delivering an increasing number of affordable housing units and we are committed to further increases. In 2002, we delivered 203 affordable housing units. In 2003, anticipated total completions is 750 units. Our production will grow in line with government policies.

However, we maintain that these increases must be achieved as part of a balanced mix of housing sizes/types/and tenures. There also needs to be sufficient flexibility to provide a tailored provision for each site. The design and quality of build for affordable housing should not differ from free market housing. Mistakes of the past which produced 'Boot homes' and 'deck access housing' must not be repeated. In this regard, we have concerns about the requirement for fixed percentages of affordable housing to be built using system building.

The current reform proposals

Wilson Bowden is concerned that current reform measures will not solve the housing crisis. We cannot see how measures contained in the Planning Bill can streamline the process and lead to better and more effective decision-making and, of course, the Bill does not address the much needed reforms to planning policy in relation to housing. Much greater attention also needs to be given to the resources which planning authorities have at their disposal and to this end we do welcome the Egan Review. We are also concerned about the sustainable communities plan, which without proper consideration of the funding for the necessary physical and social infrastructure, will not achieve its aspirations.

Partnership for progress

We believe that only through a partnership based approach between house builders, the Government and other stakeholders can effective reforms be developed that will alleviate the constraints on the supply of new housing. Each has a part to play but we must remember that the housing that is delivered must meet market demand.

Responsibility of house builders

The house building industry is ready, willing and able to deliver an increase in housing production. For our part, Wilson Bowden will do the following:

- work with the industry and Government to develop measures such as improved vocational training and an independent review of the way the industry structures its labour supply to ensure there are no constraints in this area;
- work to ensure that the affordable housing is delivered in the right quantity and quality in the right location and that suitable funding mechanisms for this are developed;
- continue to make advances in research and development in off-site construction techniques, extending the industry-wide procurement system and the development of sustainable housing units; and
- work with government and other agencies to identify and develop the right sources of funding for non-site specific infrastructure required for sustainable communities.

Responsibility of the Government

The Government's role in this partnership should be based around the following:

- tackling the issue of public sector land hoarding through incentives for divestment and new powers to force release of land for housing. English Partnerships could be used as a facilitating agency;
- Reforming the planning system:
 - changes should make planning policy for housing more flexible in its application.
 - the planning process must also be tackled with the complexity and bureaucracy of the system stripped out;
 - local authorities must expedite the process of allocating land for housing development and for granting planning applications - in this area combination of the 'stick and carrot' approach are to be welcomed;
- entering into a sensible and constructive dialogue with the house building industry to ensure that the major non-site specific infrastructure is provided - this should come from either public funding or partnerships with the private sector through PFI or PPP;
- working with the industry to help promote house building industry as an attractive place to work and a genuine vocational alternative to University;
- initiating a step change in the delivery mechanisms which means tackling the 'anti-development' culture which has grown up in the UK.

All stakeholders must now buy into the process to deliver new housing in the UK.

We strongly believe that it is only by all stakeholders working together in a "Partnership for Progress" that the issue of Housing Supply can be comprehensively and effectively tackled.

1. Introduction

- 1.1 The problem that lies before us today is one that all stakeholders in the house building industry can agree on. This problem is a significant shortfall in the supply of new housing which is putting an increasing strain on the UK economy.
- 1.2 In 2001 total new housing completions in Great Britain fell to 162,000. Excluding the war years, completions were at the lowest level since 1924. The increase in net housing stock in England over the last five years was approximately 140,000 new dwellings per annum. During the same period the growth in annual household formations averaged 195,000. Based on this data, there has therefore been an annual shortfall of approximately 55,000 houses per annum during this period. Using the 1998 base population projections produced by the Government it is estimated that between 225,000 to 230,000 additional new homes per year are required between 1996 and 2016 to meet the projected population growth. It is based on these figures that the Joseph Rowntree Foundation predicts that if we continue at the present build rate the shortfall in housing supply by 2022 will be over one million houses.
- 1.3 Wilson Bowden believes that this situation is clearly unsustainable for an economy which aspires to be one of the most productive in the world and neither is it acceptable from a social perspective.
- 1.4 The purpose of our submission to the Barker Review is the following:
 - To contribute to a better understanding of the dynamics of the supply of new housing in the UK market in order to help identify the constraints on supply;
 - To suggest ways of solving the problem which are grounded on a new partnership based approach involving all of the stakeholders within the industry.
- 1.5 In order to formulate effective solutions, Wilson Bowden believes that there is a need for a comprehensive analysis and understanding of the dynamics of the supply chain for new housing in the UK market.
- 1.6 In the following sections, we provide our own analysis of these dynamics which we believe will help the Review to better understand the process from a house builder perspective. Wilson Bowden has identified the key areas where we believe the bottlenecks exist which serve to constrain the supply of new housing in the UK.
- 1.7 We have also sought to provide the Review with a better understanding of how Wilson Bowden has tried to respond to the constraints on the house building process and our analysis of some of the solutions that have been proposed to help unlock the housing supply chain.

1.8 For sake of clarity, we broken the elements affecting of the supply chain down into the following stages and have highlighted the sections in which we deal with them:

- The process of land acquisition; **(section 2)**
- The role of the planning system; **(section 3)**
- The supply of labour in the house building industry and the building process; **(section 4)**;
- The sales & marketing process. **(section 5)**; and
- Our approach to the provision of affordable housing **(section 6)**.

1.9 In addressing these areas, Wilson Bowden believe that we will have covered all of the questions that the Review has presented to us.

2. The process of land acquisition

2.1 Overview

2.1.1 In this section, Wilson Bowden explains the process of site identification, evaluation and funding which we have to go through in order to acquire land for the development of new housing. We believe that this is the most important element in the housing supply chain. The key points that Wilson Bowden highlights in this section are as follows:

- Wilson Bowden has tried to adopt a strategic and systematic approach to the identification, evaluation and funding of land;
- Unfortunately, the way that the planning system has developed has mitigated against this approach;
- This is because the system has restricted the supply of developable land available for new housing;
- As a consequence, Wilson Bowden is finding it increasingly difficult to acquire developable land that will enable us to maintain let alone increase our target build rate;
- In order to try to overcome this problem, we have had to develop a longer land pipeline than would otherwise be necessary in order to ensure that we achieve our build rate over the next three years;
- Every site in our pipeline is being worked on in some way – from seeking full planning permission to undertaking the building process; and
- We believe that unless the constraints on the supply of developable land for new housing are alleviated, the predictions of the Joseph Rowntree Foundation may well prove accurate, because without developable land Wilson Bowden and other house builders will continue to struggle to maintain their build rate let alone increase it.

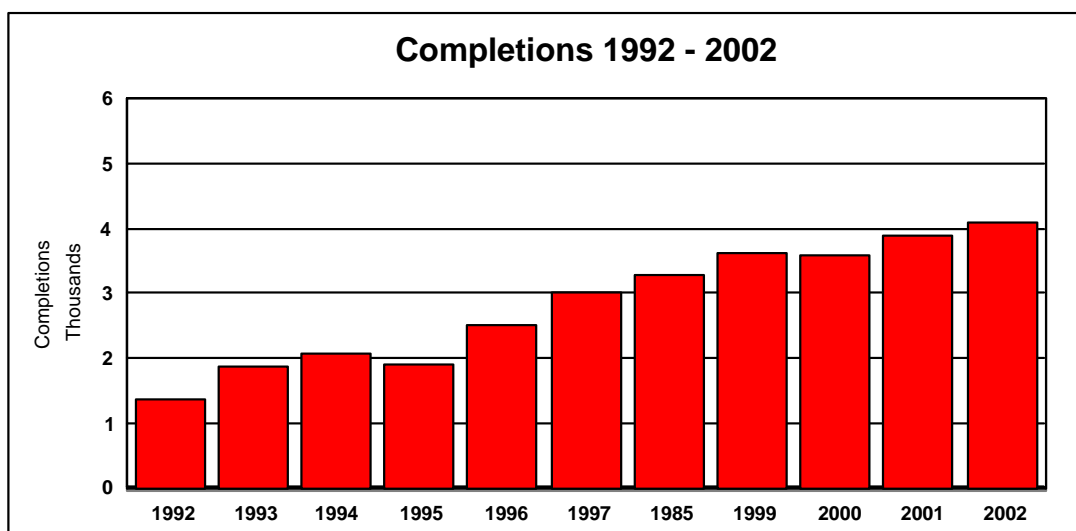
2.2 Historical approach to land acquisition

2.2.1 Without a regular supply of land that is available at a competitive price the development of new housing becomes very difficult. Since the local authorities no longer build council houses and the public sector (housing associations) account for only 10%-15% of annual housing completions it is essential the private house builders have access to this supply of developable land if market demands are to be met.

2.2.2 Demand is evidenced by the increase in home ownership in England and Wales. In 1914 home ownership was only 0.8 million (10% of the population). By 1960 this had risen to 6.4 million (44%) and by the year 2000 had risen to 15.2 million (68%). There is evidence that suggests this has now moved over the 70% figure. This enthusiasm for owner occupation, supported by the lowest mortgage rates for half a century and a stable economy, has created an unprecedented demand for new homes.

2.2.3 During the 1970's and 1980's the release of land for housing development was on a more ad-hoc basis than it is today but at that time there was a greater supply of developable land available for new housing. During this period the Company entered into a number of arrangements with landowners to acquire land on a phased basis (by means of option or conditional contract). This process was supplemented by the regular purchase of land offered for sale in the open market.

2.2.4 During the 1990's the introduction of the development plan led system, reduced the supply of developable land for new housing. This meant that a more systematic approach was required. The Company increased its investment in land which did not have the benefit of planning permission, either by way of purchase with a subsequent uplift payment to the landowner when the land obtained planning consent, or by way of option or conditional contract. In this way the less predictable supply of land coming to the open market could be regularly supplemented by purchases from our strategic land supply as soon as planning permission was granted for these sites. This process enabled us to increase our annual completions over the period from 1,367 houses in 1992 to 4,164 in 2002. Whilst we are pleased with this growth rate, it is possible to see from the table below that (with the exception of 1995 when the market fell away) the rate of increase in our annual completions was greatest between 1992 and 1999, but in the past three years this growth rate has tailed off.



2.3 Impact of current planning policies on land supply

2.3.1 Current planning policies have created a situation where the supply of land has been severely constrained. The priority given to brownfield land means that only a small percentage (10.6%) of the UK's land mass is presumed to be available for development. Of this, there is only a minor proportion suitable for new housing and much of this land is

concentrated in the hands of landowners who will not release it for development (see para 2.3.3)

2.3.2 Whilst we do not argue with the priority given to previously developed land (brownfield) for new development the result is that 89.4% of the land area of the country is not readily available for new housing. Within the remaining 10.6% (the brownfield sites) most of the land is currently in effective use. The National Land Use Database estimates that in 2001 only 66,000 hectares of brownfield land were available for development and of this only 28,000 hectares (43%) were suitable for housing. According to the Government estimates this could provide 920,000 houses – but only if it is put up for sale by the landowners.

2.3.3 However, much of the land presently identified as suitable for development is in the hands of landowners who do not wish to sell or have major constraints which prevent them bringing the land to the market. Obvious examples include local authorities, national government bodies, the rail authority, ex national utility companies, health authorities and education establishments. The constraints on the release of the land vary from perceived operational requirement through to lack of financial incentive and statutory constraints e.g. the requirement to achieve “best value”. These constraints substantially restrict the availability of land to the housebuilding industry. We understand that the Government are aware of this problem and are currently analysing the extent of land hoarding in the public sector.

2.3.4 There is no doubt that the present planning policies severely constrain the supply of developable land for new housing. Whilst this remains the case, build rates will also be constrained and there is very little prospect of them being increased to meet the identified demand.

2.4.1 The land buying process

2.4.2 The Review identified a number of questions which it had about the land buying process which the industry goes through in identifying, evaluating and acquiring land for new house building. It should be recognised that we have no control over or power to influence when developable land comes to the market. This means that we have to approach land buying on an opportunistic rather than a strategic basis. When land comes to the market the house builders will compete vigorously to acquire it in order to ensure continuity of business. In recent years, this competition has increased so that there is now a situation where an increasing number of buyers compete for a diminishing supply of developable land.

2.4.3 There has been a great deal of interest in the way that house builders evaluate land and the relationship between the price paid for a site and the selling price of housing units which are built on a site.

2.4.4 Wilson Bowden has therefore sought to clarify the evaluation process and set out the factors which are taken into account when arriving at a price to be paid for a site and how this subsequently translates into the price per housing unit. The approach adopted is known as a “residual” valuation.

2.4.5 The factors, which we take into consideration, are as follows:

a) Sales revenues

- Each individual house type is priced by local management and then corroborated by an independent marketing report.
- Expert advice is also taken as to the revenue (if any) which can be produced from the sale of the affordable housing units on the site.

b) Basic dwelling construction costs

- This is the cost to construct each dwelling, to the latest working drawings and standard specification, within the site’s locality.

c) Variations to the basic dwelling cost

- We take care to ensure any non-standard costs associated with building in the specific location are allowed for within our assessment of the site. These variations could include:
 - Unusual foundation costs associated with perhaps uneven or poor ground;
 - Changes to the standard specification appropriate to the individual location such as special material choices to meet the local vernacular.

d) Site development costs

- We estimate the costs of providing infrastructure outside the curtilage of the individual plots but within the boundary of the site. These include:
 - Roads and sewers;
 - Footpaths and cycle-ways;
 - Services;
 - Site clearance and or remediation;
 - Professional fees associated with assessing the engineering, environmental and archaeological costs on the site;
 - Landscaping; and
 - Section 106 contributions.

e) Off-site Infrastructure

- We calculate the cost of providing off-site infra-structure works such as highway improvement or education contributions arising as a result of S106 obligations.

f) We calculate the cost of providing affordable housing on the site.

g) From the above we derive the residual land price by calculating:

- The net of revenues and costs above;
- An estimated interest cost for developing the site according to an assumed development period; and
- A net profit margin, which varies according to risk

2.4.6 Once this process is complete, we compare our estimated price with the expectations of the landowner. He will have been advised of the comparable land value which may vary substantially from the residual land value. A process of negotiation with the landowner will hopefully result in the agreement of a final land price.

2.4.7 It should be recognised however that it is sometimes not possible to close the gap between the analysis of the 'residual' land value and the landowners 'comparable' value particularly if the land has been acquired by a land speculator who has bought on a comparable valuation. This in itself can restrict the availability of developable land for new housing.

2.4.8 We also produce an internal rate of return calculation to confirm the reasonableness of our overall assessment but the purchase decision is primarily based on:

- Profitability;
- Availability of funding; and
- Growth targets

2.4.9 Return on Capital is a key measure of our final performance outturn but not of our land purchasing process. Rather the hurdle margin is set at a rate which will eventually give us a profit margin which reflects the risk involved in the site.

2.5 The need to hold stocks of land

2.5.1 Given the level of government interest in the house builders need for a land bank, Wilson Bowden believes that we should explain its necessity in detail.

2.5.2 The need to maintain a land bank, or pipeline as Wilson Bowden describes it, is driven by the necessity for certainty in our business planning and to enable us to achieve our target build rates over a period of time. The current land pipeline in our core housing business - David Wilson Homes - was 15,406 plots at 31 December 2002. This represents around ■■■ years supply based on our forecast of sales for 2003. However this crude statistic is simply arrived at by taking our current annual production and dividing it into the total number of plots which we own or control with planning (outline or detailed). Set out below is a table which shows that this headline figure masks substantial variations from region to region. For example our North West region where we have just acquired a single major site with 2,000

plots has a theoretical supply of [REDACTED] (see below) whereas our thriving and long established [REDACTED]
[REDACTED]

Region	Land Bank Plots 31/12/02	Forecast Plot Sales 2003	Years Land Bank
North Midlands	[REDACTED]	[REDACTED]	[REDACTED]
Northern	[REDACTED]	[REDACTED]	[REDACTED]
North West	[REDACTED]	[REDACTED]	[REDACTED]
Scotland	[REDACTED]	[REDACTED]	[REDACTED]
East Midlands	[REDACTED]	[REDACTED]	[REDACTED]
South Midlands	[REDACTED]	[REDACTED]	[REDACTED]
Eastern	[REDACTED]	[REDACTED]	[REDACTED]
Home Counties	[REDACTED]	[REDACTED]	[REDACTED]
West Midlands	[REDACTED]	[REDACTED]	[REDACTED]
Southern	[REDACTED]	[REDACTED]	[REDACTED]
South West	[REDACTED]	[REDACTED]	[REDACTED]
South East	[REDACTED]	[REDACTED]	[REDACTED]
David Wilson Homes	[REDACTED]	[REDACTED]	[REDACTED]

2.5.3 In terms of converting our land pipeline into new homes, it now takes on average 18 months to take the site through the pipeline, from when we first contract to purchase a site to the date when we open a show home. This compares to the average of 9 months required in 1999. This is due to the rigorous process which we need to go through prior to commencement of development including obtaining full planning permission (see para 5.4 post) and the more complex nature of the current designs which mean that we not only have to build infrastructure and landscaping but also a substantial number of dwellings before we can complete the first sale. Couple this with the random nature of supply in the land market and it can be seen why there is a need to build a land pipeline to ensure continuity of business and to ensure that we are able to achieve our target build rates.

2.6 Reduced volume in the land pipeline

2.6.1 Our target build rates are now under even greater pressure because of the reduced supply of developable land for new housing. Wilson Bowden and other house builders have been accused of hoarding land, but the arguments set out above demonstrate that this is not the case. Indeed, independent research shows that, far from sitting on an increasing land

pipeline, there is actually a reduced volume of developable land for new housing currently available. We believe that the Review will find a similar experience with other house builders.

2.6.2 The research was carried out by FPD Savills and published in March this year. It shows that there were 32% fewer developable plots held by house builders in 2001 than in 1999. Based on the currently low rates of build this amounts to just 2½ years average land bank. They conclude that if building rates were to recover to levels adequate to meet the predicted needs then land stocks would not be adequate to support the required build rates. They also found that although house builders declared to their shareholders in their Annual Reports that they own or control around 2 million plots only 15% of these plots had a full planning permission enabling them to be immediately developed.

2.6.3 As at the 31st December 2002 our land supply was:

Plots with outline planning permission	9027	59%
Plots with full planning permission	5554	36%
“Other” plots e.g. resolution to grant	<u>825</u>	<u>5%</u>
Total	<u>15,406</u>	<u>100%</u>

2.6.4 Only when full planning permission is gained can we actually start development on the site. We are currently developing all the sites for which we have full planning permission in order to maintain our build rate. But the truth is that the land pipeline is getting smaller and without a greater release of land the housing crisis will become much more acute with private house builders struggling to meet both the market and the Government’s demand for new housing.

2.7 Responding to the constraints on supply

2.7.1 Because of the wide regional variations and the competitive nature of land acquisition we are constantly examining our landholdings in order to achieve greater build rates. Often this means selling of parts of the sites in our land pipeline.

2.7.2 A good example of this is the recent purchase of the 2,000-plot site at Warrington from the Ministry of Defence which we acquired for the sum of £94m in February 2003. The site was marketed through competitive tender with the main criteria of the Ministry being to achieve a single land sale of the whole of the site by the 31st March 2003. At the time of the sale it was indicated that the Ministry would favour a bid by a single purchaser (rather than a consortium) which was one of the main reasons for our competitive bid being accepted.

2.7.3 This effectively gives our North West Region a seven year land supply on a single site. But whilst this may sound attractive, it is not an effective use of the land pipeline or of our funding. We have already sold part of the site to other house builders as well as opening up

three outlets of our own on the site. This has the effect of improving build rates on the site; creating more sales outlets; decreasing the Region's dependence on a single site; and spreading our commercial risk.

2.7.4 It must be remembered that the number of purchasers seeking new homes in any given area over the life of a site is limited. This creates a limit on the number of houses that can be built and sold on a site in any year. Our current Group averages are:

- 45 sales per annum from a site during its "sales active" period i.e. once the houses are sufficiently complete to be offered to the market.

- 28 sales per annum over the life of a site from start of build to final completion.

2.7.5 It is only by using innovative techniques such as those employed at Warrington that we can extend our outlets and maintain our build rates. We would highlight this as an example of how Wilson Bowden, far from hoarding land, is actually working to find ways of stretching out the availability of developable land for new housing and making the system work despite the external constraints being imposed upon it.

2.8 Funding constraints

2.8.1 The Review team made it clear that they wanted to know if there were any constraints on the funding of the industry. The industry's consensus shows that a house builder who is growing their business and maintaining a land pipeline at around 3 years is by definition cash consuming rather than cash generating. Every incremental unit sold necessitates the purchase of 3 plots of land for future use if the land pipeline is to remain at 3 years. The cash generated by the sale of one unit is not enough to fund the 3 plots of land and so if house builders try to increase supply by growing their business they have an ever increasing working capital demand and a requirement for additional sources of funding.

2.8.2 In recent years the equity markets have become increasingly inaccessible. Additional funding is therefore obtained from the banking sources or from the Private Placement markets in the UK and US. Both of these are reasonably easily and economically accessible to most house builders at the moment – particularly as the credit risk is minimised by the asset backing of longer land stocks.

2.8.3 In our own case while our housing completions (see para. 2.2.4) have increased by around 25% since 1998 and our housing turnover increased by 113% over that period, our capital employed in housing land stocks and housing work in progress has increased by some £584m – equivalent to 143%. While much of the funding this has been internally generated

the underlying borrowings increase has had to be funded by committed bank lending and by Private Placements of ten years duration with UK insurers. Our average debt in any financial year has increased from around £50m in 1998 to over £200m in 2003.

2.9 Our conclusions

- There is a diminishing supply of developable land for new housing in the UK, which is having a detrimental impact on the build rate of Wilson Bowden;
- This has been caused by restrictive planning policies which have significantly reduced the supply of developable land for new housing;
- One of the direct consequences of these policies has been the concentration of the land available for new housing development in the hands of a small number of public, or former public bodies, who either will not or cannot release this land for development;
- This is the area where land hoarding, either deliberate or accidental, is actually taking place;
- Given the constraints on the supply of developable land for new housing, Wilson Bowden has had to become more opportunistic and innovative in the way that it approaches land acquisition. One of the ways this has been done is to develop a land pipeline to enable us to maintain our build rates – every site within this pipeline is being processed through it for housing development; and
- Unless the constraints on the supply of developable land for housing are released, Wilson Bowden will continue to experience pressure on its ability to maintain existing build rates and will find it difficult to increase that rate.

3. The planning system

3.1 Overview

3.1.1 As we suggest in the previous section, the problems of constrained supply in developable land for new housing are derived directly from the planning system. Both the policies and the processes of the planning system require detailed examination in order to understand of how they have served to constrain the supply of developable land for new house building in the UK.

3.2 Planning Policies

3.2.1 The key points which Wilson Bowden believe the Review needs to understand are:

- The plan-led system was beginning to work after its introduction in 1990 mainly because it injected greater certainty into the planning process and allowed for a strategic and systematic approach to land acquisition;
- The introduction of PPG3 in 2000 reversed this situation;
- The primary consequence has been a reduced supply of developable land for housing and the concentration of that land in the hands of a limited number of landowners many of whom have no incentive to release it;
- The emphasis on brownfield sites for new housing development, set out in PPG3, has also caused substantial delay in processing a site through the land pipeline because of the increased complexity in bringing such sites forward;
- Whilst the Government's figures show that the 60% target for the proportion of development of new housing on brown field land has been met, the reality is that this is as a result of a small decrease in the absolute number of houses developed on brown land coupled with a large reduction in those developed on greenfield sites
- The result of planning policy is that as many as 75% of homes in the pipeline prior to the introduction of PPG3 have not come forward for development. This highlights the impact that the rigid application of PPG3 has had on the supply of new housing in the UK.

The plan led system

3.2.2 Up until 1990 planning policies depended upon local authorities providing a minimum five-year land supply. This led to a relatively free market and resulted in annual housing completions in excess of 200,000 new homes. Following the introduction of the development plan led system under the Planning Acts of 1990/1991 supply became more constrained.

However, this was largely due to the inefficiencies of the administration of the system (see post) rather than the policies themselves.

3.2.3 Nevertheless, during the 1990's, in accordance with Government Planning Policies, Wilson Bowden was able to promote sites for development through the development plan process. Most of these were greenfield sites and were held under option from the landowner. As a result, by 1999 Wilson Bowden had options on many sites including 21 major sites (over 300 houses) totalling 21,000 housing plots and 236 hectares of employment land without planning permission but allocated for development in Development Plans which were either adopted or in course of production.

The introduction of PPG3

3.2.4 Following the concerns expressed by lobby groups the Government commissioned the Rogers' Report which ultimately led to the introduction of Planning Policy Guidance Note 3: Housing (PPG3) in March 2000. This effectively choked off a substantial supply of developable land for new housing and has led to the situation described earlier with the lowest housing starts since 1924. The fears expressed by those opposed to development were based on the contention that housing development was "concreting over the country".

3.2.5 However, the figures do not support this argument. The existing urban area of England comprises 10.6% of the total land area. If current Government targets for housing provision were to be met by 2016 this area would increase to 11.9%. Even then it will be less than the areas currently protected from development (16% for areas of outstanding natural beauty, 12% of greenbelt and 8% of national parks).

3.2.6 The introduction of PPG3 reduced the supply of developable land for new housing. Our own figures show this to be the case. Of the 21,000 allocated plots which the company had under option in 1999 (referred to in para 3.2.3 above) only 5,600 have come forward for development since the introduction of PPG3.

3.2.7 Of the remaining sites, 6,500 plots have been abandoned because they are no longer consistent with the new planning policies, whilst a further 10,000 plots are either unlikely to receive planning permission for development or will be postponed for many years. Details are set out in Appendix 1. This story is repeated by house builders across the country. Many years work and investment were abandoned at a stroke and while that foregone supply may eventually be replaced in other locations it is a slow and costly process (see para 3.3) – and one which has shown its effect on the rate of build and subsequently housing shortages.

- 3.2.8 Some of the sites in our land portfolio are ones we had been promoting through the planning system for over 15 years. They represented a major financial and management investment by the Group. In the year 2000 plots from our strategic land pipeline (described above) accounted for 26% of our total turnover. By 2003 this figure had fallen to 4%. This illustrates the substantial impact that the policies contained in PPG3 have had on our land supply. The result is that we can no longer rely on a steady release of land from our strategic land pipeline to balance the random nature of the instant land market. This reinforces the need to build and maintain a land pipeline – not to hoard land but simply to have a sustainable business process.
- 3.2.9 Because of the constraints of current planning policy on the supply of developable land for new housing we are having to work harder just to stand still with respect to our build rates.

Impact of PPG3 on land supply

- 3.2.10 It does not follow that Wilson Bowden disagrees with the Government's priority for urban regeneration and the intention to stimulate the re-development of disused and under-used areas in our cities, towns and urban areas. Indeed we have set up a new Company, Wilson Bowden City Homes, specifically to augment our efforts in these areas. However we do believe that there should be much more flexibility in the system to allow for an appropriate supply of housing land coming to the market. The rigidity, which exists at the moment, is preventing this from happening.
- 3.2.11 The housebuilding industry assumed that because of the importance attached by the Government to developing underused or abandoned sites it would be easier to secure consent for brownfield development. However, this has not been our experience mainly because there are a whole raft of new considerations that are taken into account by planning authorities when they are determining planning applications. These include:
- Existing uses of the land;
 - Conflict with other Local Plan Policies;
 - Contamination and land quality constraints;
 - Protection of listed buildings/conservation areas;
 - Impact on the physical infrastructure;
 - Impact on the built landscape;
 - Impact on noise and pollution levels
 - Impact on the social infrastructure; and
 - The concentration of people in these areas can provoke local opposition to these developments.

- 3.2.12 In addition to the planning delay the increased difficulties of acquiring and valuing brownfield sites because of the myriad of additional problems including land assembly; road closures; rights of light; interruption of mains services; demolition; remediation; vacant possession, and so on and it is easy to see why bringing forward brownfield sites for development is a protracted business.
- 3.2.13 The Government have pursued their aim of achieving 60% of housing completions on brownfield sites and are proud that they have achieved this several years ahead of their stated target. However examination of the figures shows that the Government policies have achieved a reduction in the supply of both greenfield sites and brownfield sites. Housing completions on greenfield sites have fallen by 23% whilst completions on brownfield sites have only fallen by 5%. Both are down but the greater reduction in greenfield housing completions inevitably increases the brownfield percentage. Prior to PPG3 over 55% of new houses were already being built on brownfield sites; indeed 59% of the plots in our own land bank are on brown field land. The combination of brownfield priority and “plan monitor and manage” policy of PPG3 simply ignores the realities and has led to a chronic under supply of housing land in areas where it is needed. Conversely the policy has done nothing to stimulate regeneration of brownfield sites in areas where there is no housing demand.
- 3.2.14 The conclusion which can be drawn from this is that the Government has achieved a statistical objective at the expense of another vitally important objective, which is the delivery of the supply of new housing to meet the market demand.

3.3 The Planning Process

- 3.3.1 Wilson Bowden also believes that as well as understanding the impact of planning policy, the Review needs to understand the role the planning process plays in the housing supply chain and how it further constrains the supply of new housing through lack of certainty, delay and unnecessary rejections of applications. The key points which Wilson Bowden highlights in relation to the planning process are:
- The planning process is slow, complex and bureaucratic and is becoming more and more expensive to engage with;
 - The process is also exposed to political influence which distorts the system and leaves it open to manipulation;
 - Intervention by Government through the “call-in” process adds substantially to the delay and uncertainty of the process;

- As a consequence, we believe that there is a need to review the current processes to make them more effective and thus enable the plan led system to deliver the housing land required to increase supply.

The complexity and bureaucracy of the planning process

3.3.2 The quantity of regulations coming from European and Central Government added to Regional and Local Government policies have added substantially to the complexity of most planning applications for new housing. Typically a planning application for new housing would have to be supported by separate reports dealing with archaeology, ecology, tree protection, landscape and visual appraisals, management plans for open space and play areas, traffic assessments, flooding assessments, detailed highway designs, wildlife surveys and so on.

In addition:

- The increased influence of the planning process in design and density through PPG3, requires a detailed evaluation of the design for the development;
- Protracted negotiations are necessary to establish the requirements for “planning gain” on each site e.g. the contributions to health and education as well as on site facilities and the level and nature of affordable housing.

3.3.3 Many local authorities are not organised on a “joined up” basis so discussions and negotiations required are not just with the planning department but with other departments who do not necessarily liaise with each other, for example the Highways department and the Education Authority. Discussions are also required with external agencies such as the Highway Agency, Environment Agency, English Heritage, CABE, and so on. Greater co-ordination would speed matters considerably.

3.3.4 In addition this increased complexity has coincided with a time when many planning authorities have substantially reduced the resource available to their planning departments. As a result planning authorities tend to be defensive, adopt a “box ticking” approach to planning applications and lack understanding and commercial awareness of the development process. Under the circumstances it is hardly surprising that the length of time taken to process a planning application has increased dramatically.

3.3.5 The only remedy available to the house builder is the appeal process which is, itself, time consuming, lengthy, expensive and uncertain. Planning authorities are aware of this and exploit the applicants reluctance to use the appeal system.

- 3.3.6 Finally, after many months of discussion, negotiation, protracted and expensive investigation and delivery of additional information the house builder can achieve a resolution to grant planning permission for his application. He is then often faced with the call-in process in which the Government Office can take months to consider whether it wishes to require the application to be called-in for its own consideration. At this point the frustration at delay is often shared by the Planning Authority who now wish to see development proceed but are constrained by the call-in process.
- 3.3.7 The result of all this is more and more delays and poor quality decisions in the process. This leads to uncertainty and mitigates against good business planning. Again, this is one of the reasons why we require a land pipeline. Under these circumstances it is not surprising that we have found acute pressure on our build rates and that the Government is seeing the gap between supply and demand for housing grow wider. This level of complexity can and does prove to be a disincentive for landowners to independently bring their sites forward for development leaving them to rely on the housebuilders.
- 3.3.8 We have provided a number of case studies set out in Appendix 2 which help to exemplify the typical problems that we face in securing planning consent for the development of new housing. In Appendix 3 are examples of the typical timescales required to obtain planning consent.

The cost of engaging with the planning process

- 3.3.9 The levels of complexity and bureaucracy of the planning process make it very expensive, in terms of time and money, to engage with. The details of the levels of expenditure required are given in the examples set out in Appendix 2. As a consequence of this expense private landowners are deterred from pursuing planning permission for their land. They are unwilling to take the risk and run the expense of promoting their land for planning, especially if they have no need to. This exacerbates the problems in the supply of developable land for new housing to the market.
- 3.3.10 One existing solution is for house builders to take an interest in a site by entering into an option or a conditional contract and then bearing the expense of planning promotion for the land. This has led to suggestions that this in some way restricts the availability of land coming to the market. As will be apparent from the comments above the obtaining of planning permission is a time consuming, skilled, costly process. In many cases a landowner is unable or unwilling to take on the burden of this lengthy, expensive and risky process. Companies such as Wilson Bowden, which has a spread of activity and risk can and do take this burden on and as such are actually encouraging the bringing of land to market rather

than standing in its way. Without the considerable investment made by the housebuilders in this process much of this land would never become available at all.

3.3.11 It has been suggested that options might restrict the overall supply of development land. This is certainly not our experience. All landowners requires developers who option their land

- To actively promote it for planning
- Not to promote competing sites

The time and expense devoted by housebuilders to planning promotion would also preclude them from seeking to limit supply by this method.

Political involvement in the planning process and inefficiency of local authorities

3.3.12 As explained previously the development plan led system was introduced in the early 90's and (subject to progress of the Compulsory Purchase & Planning Bill) is still with us. But local authorities have had a poor record of living up to their responsibilities under this system. As we speak 13% of all local authorities have still to put their first plan to adoption and 214 current plans across the country are now out of date.

3.3.13 The inefficiency of local authorities is replicated at an operational level. Currently 90% of Councils fail to meet their target of deciding 80% of planning applications within eight weeks. The performance against the Government's target that 60% of applications for more than ten houses should be dealt with within 13 weeks currently stands at 43%.

3.3.14 There appears to be little political will at the local level for sorting out these inefficiencies. We believe that the Central Government has a role to play here in compelling local authorities to deliver a target level of housing in their constituencies and clearly combating local inefficiency is one of the keys to doing this.

3.3.15 We welcome the fact that the Government has sought to incentivise authorities to meet their targets by offering them greater resources for more efficient performance. But the result of this so far has been counter-productive. Our experience suggests that this has only led local authorities to manipulate the system in order to achieve their targets by either delaying the registration of planning applications or giving refusals within the stated time target regardless of the merits of the application. This once again leads to delay, expense and uncertainty in the system.

- 3.3.16 Whilst inefficiency is certainly one of the reasons why the planning process mitigates against the speedy processing of applications which could help to maintain and increase the build rate for new housing, there is also strong evidence of a political 'anti-development culture' at the local authority level. This no doubt explains why there is no political will at the local level in many areas to improve the efficiency of the planning service. Rather it seems to suit many authorities to delay and fudge the administration of the planning system and produce decisions which go against the advice of planning officials.
- 3.3.17 We have many examples (See Appendix 2) of members ignoring officer's advice and refusing applications which are consistent with national and local planning policies and recommended for approval by the officers. In these circumstances the only remedy available to Wilson Bowden is to appeal which is again a slow, expensive and uncertain process.
- 3.3.18 There is also evidence that the plan led system has been manipulated by recalcitrant authorities to delay the release of housing land particularly where there is strong local opposition.
- 3.3.19 We recognise the Government is beginning to tackle this problem and seeking to force the local planning authorities to meet their responsibilities. Nevertheless the abuse of the development plan system and the planning application process has proved to be a substantial constraint on supply and this cannot continue. The Deputy Prime Minister has publicly stated everybody should have the opportunity to have a home and that development of housing is therefore good. This statement of intent can only be realised by Central Government effectively tackling the inefficiency of local authorities and the political 'anti-development culture' which exists at the local level.

3.4 Our conclusions

- The introduction of PPG3 and its rigid application has significantly reduced the supply of developable land for new housing;
- At the same time, the planning process has been allowed to become cumbersome, unresponsive and expensive which has mitigated against the speedy expedition of planning applications;
- There is also significant evidence of local authority inefficiency and a political 'anti-development culture' at the local level which also results in delays and poor decision making;
- This clearly has an effect on the build rate for new housing and subsequently the supply in the market;
- Unless Central Government urgently undertakes reforms of planning policy, in terms of introducing greater flexibility in the application of PPG3 to free up more developable

land for new housing, and tackles local authority inefficiency and the political 'anti-development culture', it is difficult to see how the constraints on housing supply can be alleviated; and

- We therefore welcome the announcement to review aspects of PPG3 and look forward to engaging with that consultation process.

4. The building process

4.1 Key points

The key points which Wilson Bowden highlights in relation to the building process are:

- Whilst we believe that the constraints on the supply of land and the permission to develop new housing are the principle causes of the shortfall in housing, we recognise that the supply of labour and the difficulties that house builders like ourselves have faced in procuring a direct workforce may be a constraint on the ability of the industry to rapidly increase the building process;
- We certainly believe that the shortages in the availability of skilled workers and the culture of sub-contracting does need to be addressed in order to ensure that the industry has the capacity to build what the market demands should the constraints on the supply of developable land and the permission to build be alleviated;
- For our part, Wilson Bowden is committed to investing in training our workforce in an effort to alleviate some of the skill shortage problem that we face. However, the lack of certainty provided by the planning system means that we are still limited in our ability to significantly expand our direct workforce;
- A further factor that needs to be considered in the building process is the lead in time imposed by the planning system on the building of new housing units. This obviously has a bearing on when these new units can be made ready for sale;
- Wilson Bowden has responded to this by attempting to cut the time required for the building process through innovation and the application of new technology in the building process;
- A number of alternative solutions have been proposed to speed up the building process and to address some of the problems we have outlined above. These solutions include off-site construction of the frame of the house and whilst this may have role to play, our experience of this process suggests that it is unlikely to be the definitive answer.

4.2 The constraints of labour supply

4.2.1 The lack of capacity in the labour supply, particularly for skilled workers, could have an effect on the ability of the house builders like ourselves to increase our build rates as quickly as we would like. Any constraint in the building process clearly has a knock on effect on the volume of new houses being brought to the market.

4.2.2 We recognise that unless this problem is addressed Wilson Bowden and the other house builders may struggle to increase their build rates significantly if the constraints on the supply of developable land for new housing.

4.2.3 In the UK there is a current shortfall in the supply of skilled workers to the house building industry. This has been well-documented recently in newspapers where there are reports of plumbers earning up to £100K per annum, in some parts of the South East.

4.2.4 It should also be borne in mind that the house building industry is just one part of the wider construction industry. Large-scale construction projects tend to attract skilled construction workers. This does have an impact on what labour is available to the house building industry. A good example of this is the development of Heathrow Terminal Five, where high value fixed term contracts have sucked in skilled workers.

4.2.5 Wilson Bowden has tried to counter this by making it more attractive to work for a house builder. We have considerably increased the earnings capacity of our workforce in recent years. The table below provides an indication of the number of skilled workers, of various disciplines, we would have in our organisation and their estimated average weekly earnings.

Skilled workers	Estimated number 2002	Weekly gross earnings 2001	Weekly earnings in 2002	Increase 2002 v 2001
Brick layers	1,000	£550	£750	+36%
Plumbers	240	£700	£800	+14%
Joiners	438	£625	£700	+12%
Roofers	258	£525	£600	+14%
Plasterers	335	£675	£800	+19%

4.2.6 As the Review team will also be aware, a strong culture of sub-contracting and virtual self-employment amongst skilled workers has developed in the house building industry over the past twenty years. Wilson Bowden and other house builders have found it difficult to procure a large direct workforce. This has in part happened because of traditional attitudes among the tradesmen –e.g. their reluctance to lose flexibility, particularly in working hours – and partly because of the constraints of the planning system, which has increased our dependence on contracted labour.

4.2.7 Whilst we are often able to procure skilled sub-contract workers direct, we are also in some areas dependent on the ‘labour barons’, who do have the power to control both the supply of labour and the price on which it is available to us. Protracted negotiations over what the amount of labour we can have and at what price clearly has an impact on our rate of build. The Review may be interested to know that it is in the south east where we are now most dependent on these ‘labour barons’.

- 4.2.8 It should also be noted that with the rise in earnings described above there has been an increasing tendency among the sub-contractors in recent years to work less than a five day week on the basis that they can earn in enough in four days to meet their needs. This obviously has an impact on the build rate.
- 4.2.9 Given the reluctance of most tradesmen to “come on the books” we have to work hard to retain good skilled subcontractors. One way of doing this is by paying them promptly and regularly. Another important way is to offer them continuity of work. Continuity is made ever more difficult by the constraints of the planning system and is another example of the pressures which lead us to seek flexibility ourselves by increasing our land pipeline. The other side of the coin is that we need the flexibility which subcontract labour affords us because of the uncertainties of continuity of production. In certain circumstances, taking the labour force “onto the books” would simply lead us into repeated “lay-offs” with the obvious costs both financially and in labour relations. There is no doubt that fluctuations in labour supply do impact on the build rate and it is a problem which needs to be addressed.
- 4.2.10 Wilson Bowden has responded to the problems in the labour supply through its commitment to providing high levels of training. This applies both to its existing workforce and to the 120 apprentices and trainees we have within the Company each year. The cost of a four-year apprenticeship was £22,000 in 2002. Approximately 5% of current workforce have joined the Company through Wilson Bowden apprenticeship schemes. The apprentices are trained over a four-year period and are directly employed by the Company. Not only are they trained on the job by our tradesmen on a one to one basis but they are also attending a College of Further Education in order to obtain the NVQ required by their respective trade. Many of the apprentices stay with the Company throughout their career and are indeed developed into potential site managers.
- 4.2.11 In addition, we have a substantial training budget of over £500,000 which employees can take advantage of either through internal training courses which are conducted in the Company’s own dedicated training centre or through attending external training courses funded by the Company. We currently run no less than 61 internal training courses accessible to all our employees ranging from financial and computing skills through health and safety, management/personal development, sales and specific courses for site managers. We believe that as a result of this commitment Wilson Bowden Group possess one of the lowest staff turnover rates within the house building industry at just under 20%.
- 4.2.12 We also believe that the Government and Education Authorities have a role to play in encouraging your people in education to consider taking up a trade as a viable alternative to university education - perhaps by pointing out the advantages of setting up a small business.

4.2.13 Wilson Bowden recognises the need to address the constraints caused by our dependence on sub-contracted labour in order to be able to increase our build rates should the constraints of the planning system be alleviated. However, we will not be in a position to do this unless the planning constraints are also alleviated and we can have greater certainty over production or build rates.

4.3 The time required for the building process

4.3.1 Wilson Bowden believes that the Review team should be aware of the long lead-in time required for the building process and the investment that we have made in an effort to reduce the length of this process.

4.3.2 The building process can be separated into the following stages:

- Site Survey;
- Site Design (Groundworks and Infrastructure);
- Site Layout (Hard and Soft Landscaping and House Types);
- House design;
- Ground Preparation;
- Infrastructure Installation; and
- Plot by Plot Build.

It will be obvious from the above list that there is considerable desk and onsite work to be done before the first house is available for sale on any site.

4.3.3 One of the ways in which Wilson Bowden has tried to reduce the time required to produce new housing units is to look to innovative products and processes which can be used during the design and construction phase.

4.3.4 Wilson Bowden has therefore invested heavily in innovation in both the design of new housing and the application of new technologies that both speed up the development process and ensure that developments are consistent with the principles of sustainability. We have also been at the leading edge of the development of IT applications which work towards speeding and simplifying the process as well as making our systems more accessible to our sub-contractors and suppliers. The house-building industry is in fact at the forefront of the use of E-Technology with its “E-Build Project” which has its main uses in the supply chain and construction management.

4.3.5 We believe that this is a model of management which requires intelligent technology systems to work effectively. Technology does do this and we believe that it is enabling us to

drive better efficiencies up and down the supply chain and means that we are operating more effectively as a business.

4.4 The house design process

4.4.1 We have also been extremely innovative in the house design process. Our investment in this process ensures that what we build is attractive to the market place while remaining commercially viable. While we respond to market demand we also experiment in order to provide the customer with access to new ways of living in and utilising the space available in their homes. Over the years we have been at the forefront of space design advances. These include:

- Introduction of the “family living” concept which utilises open space design to provide “living room” space alongside the kitchen in order to encourage family interaction in an era when sitting down to eat together as a family has declined;
- Introduction of more extensive use of “en-suite” bathroom facilities as an industry standard;
- Pioneering of new concept designs to match the desire for larger sized houses with the density constraints of PPG3;
- Working with Nottingham University to deliver the “Eco House” project which not only tests new products and processes but also experiments with living space uses;
- Current experimentation on “Life Labs” which will allow the live testing of several new concepts in modules within one large house by making the unit available to selected occupiers free of charge or rent for six months at a time in return for feedback on the concepts involved. The project is based on a desire for a better understanding of the differing requirements of various sections of the market whilst occupying the same basic housing shell.

4.4.2 The introduction of PPG3 has added significantly to design and administration costs. Put simply, pre PPG3, when planning site layout we were able to rely on utilising a large percentage of established house types from our extensive range which meant that design drawings, bills of quantities, orders, and costings were all already available in our systems. With the advent of PPG3 we have had to design on a site by site basis in response to planning demands and thus recreate designs, data, and paperwork. This has led to a direct increase in staffing in the technical, finance, and assurance functions within our business as well as increasing the lead in time for the design process.

4.4.3 Wilson Bowden does not believe that the design and density requirements of PPG3 fit with what many consumers want. Our experience of the market suggests that the ultimate aspiration of consumers is still to own a three or four bedroom house with a garden at the front and back and a place to park the car(s). However, we have responded to the

challenges of PPG3 by being innovative in the way we do design our homes so that they remain attractive to the marketplace.

4.5 Application of new technology

4.5.1 Wilson Bowden have been innovative in the application of new technologies and methods in the building process. Again, we have done this to speed up the building process and make sure that we are as efficient as possible in the production of new housing units. This ensures that they can be brought to the market as soon as possible and to partially alleviate constraints on supply. Examples of this are provided below:

- TGI Joists – these are beams to hold up the floors constructed from the compressed chips of wood to form the structural beam. Their main benefit over traditional floor joints is that they have an enhanced span capacity. The use of TGI beams reduces the requirement for masonry internal walls at ground floor level. This also has the benefit of enabling the property to be adapted more easily during its lifetime. This system is used on all David Wilson Homes properties;
- Door Sets – the off-site manufacture of internal doors and frames is carried out at our Head Office in a new manufacturing facility. The doors and frames are delivered to site and require the minimum effort to install into the new property. This eliminates waste and reduced man-hours for the joiner on site.

Other examples are:

- Plastic Plumbing
- Roof cassettes
- Bathroom pods

4.5.2 One of the main alternative solutions put forward for speeding up the design and build process, especially Government Ministers, is pre-fabrication of the house frame. Whilst this may provide part of the answer, Wilson Bowden does not believe that it is likely to be the complete solution.

4.5.3 Wilson Bowden agrees that in some circumstances prefabrication can help to speed up the design and build process, however prefabrication of the frame of the house adds around 10% to the overall build cost (Build Cost represents around 52% of the selling price of a house).

4.5.4 There is another view that prefabrication delivers a better-finished product in terms of quality. While undoubtedly build tolerances can be improved in a manufacturing environment we doubt whether the cost/benefit analysis is weighted in favour of this argument as there is no evidence that the customer will pay more for a prefabricated unit built to such tolerances and indeed we still encounter customer resistance to the concept of prefabrication.

- 4.5.5 There is also a view that prefabrication is a more environmentally friendly process but this seems to ignore that fact that in our business we effectively have 150 production units (sites) to which the prefabricated units have to be transported at some cost, both financially and to the environment.
- 4.5.6 Many argue that pre-fabrication would reduce the pressures on the labour supply, but again our experience suggests otherwise. So many problems can be encountered between the pre-fabrication process and on-site construction that we require a similar amount of skilled workers on site to actually assemble the housing unit.
- 4.5.7 A further argument against the use of prefabrication is the fact that our customers are suspicious of it and are not prepared to pay a premium for this building method. As we have already suggested they want to live in traditional brick houses and there remains a certain stigma about the pre-fabricated properties. What consumers definitely do not want is mass produced homes of the 1960s and 1970s which fail the “taste test” as Lord Rooker said recently.
- 4.5.8 Finally we also have concerns as to what will be the consequences of DIY in such units in future decades when householders unwittingly destroy the build integrity of prefabricated frames or pods without realising the damage they are causing.
- 4.5.9 However, the most compelling argument against this process is the fact that our experience leads us to believe that mass scale pre-fabrication will not make a material difference to the speed with which we can build houses. This applies regardless of the scale of mass production i.e. there are no economies of scale to be achieved. In short, pre-fabrication is not a panacea for the supply problems.
- 4.5.10 Where we do find prefabrication useful is in smaller components which can be packed for distribution and assembly. We assemble the components for all our houses’ bedroom furniture at Ibstock in Leicester, and install over 16,000 wardrobes per annum with our own fitters. We carry out similar processes with bathroom furniture, door sets, and various other components. We are also now able to consolidate and distribute plumbing kits at this location following the weight benefits arising from the use of plastic plumbing components.

4.6 Conclusions

- Although it is not currently a major problem we do recognise that the size and skills base of the labour force could inhibit the ability of the house building industry to rapidly increase its output;

- Time, effort and resource needs to be spent now in recruiting and training a workforce suitably equipped to deal with an increased volume of house building;
- Wilson Bowden has made substantial investment in design innovation and the application of new technology designed to speed up the house building process and to ensure that we are able to build what the market wants, within the constraints of PPG3;
- However, the advances which Wilson Bowden and other house builders have made in this area will not solve the housing crisis on their own. The advances are not a substitute for the necessity to make more development land available;
- We certainly do not believe that mass-scale off-site construction is the panacea that will solve the housing crisis. In fact, our experience leads us to believe that it will make no appreciable difference in the build time process when viewed across the entire range of product in the market.

5. Sales & Marketing

5.1 Overview

5.1.1 The purpose of this section is to demonstrate Wilson Bowden's proactive approach to the sale and marketing process. We need to sell every house we build so we must take account of market requirements. The measures we take to achieve this highlight the fact that we are part of a dynamic and innovative industry which is playing its full part in trying to alleviate the pressure on the housing supply chain. The key points which we will make in this section are:

- Wilson Bowden needs to persuade house buyers of the attractiveness of new build housing which is not the automatic choice for the majority of house buyers. Only 27% of buyers surveyed expressed a preference for a new build house;
- Having operated in the private housing market for many years, house builders like Wilson Bowden are geared up for this market in the way that no other supply model could be;
- As a result, we are close to house buyers and know what it is that will persuade them to buy a new build home;
- As a consequence we have been extremely innovative in developing new techniques to market new homes to the consumer, including advances in space design, soft furnishing, white goods, part exchange, and improved quality assurance schemes;
- However, the Government needs to be aware that independent research shows that there is an increasing disparity between the aspirations of consumers in home ownership and the direction in which their policy is forcing house builders in terms of the kind of properties we are building for the market.

5.2 Making the market work

5.2.1 As well as tackling the earlier stages of the construction process Wilson Bowden has also done a significant amount to "oil the wheels" of the market to make sure that the new housing which is developed is readily accessible to a range of potential buyers. Examples of our initiatives are:

- Installation of fitted kitchens and bathrooms to make houses instantly usable within the financing package;
- Provision of carpets & curtains and other soft furnishings;
- Provision of white goods;
- Assistance with funding advice; and
- Provision of a range of optional extras to customise properties and encourage those who might previously have preferred a second hand house.

5.2.2 Our ability to offer a part exchange facility is often a major incentive to a house buyer particularly if the market is proving slow and difficult. This is not a facility which is usually available in the second hand market.

5.3 Quality assurance

5.3.1 Because of the inherent delays in the process of land acquisition and planning there is always great pressure on our construction teams to finish and to deliver new houses to our customers. Nevertheless we have a strong commitment to ensuring that our houses are handed over to our customers as fully completed, high quality products. With this in mind we are extending our quality assurance programme to ensure every house we build is inspected by a quality assurance manager who monitors build progress on our sites to ensure quality of production. We are currently third in terms of build performance statistics produced monthly by the NHBC. We intend to capitalise on that performance and improve further.

5.3.2 We have an experienced and committed sales force trained to assist house purchasers in the complex process of choosing and acquiring a new home.

5.3.3 We also have a customer care team designed to deal with any difficulties experienced by customers after completion of their purchase, and are currently restructuring that team to improve accountability and responsiveness to the customer.

5.3.4 In short, despite the image the industry sometimes is awarded, we are no different from any progressive innovative business in our adoption of modern materials, processes, and systems, to ensure the delivery of a product, produced to the highest quality assurance standards.

5.4 Behaviour of house buyers

5.4.1 Wilson Bowden understands the behaviour of house buyers very well because the company is so close to the market. We have worked hard to analyse the purchaser's requirements for a new housing and we therefore believe that we are in the strongest position to be able to understand and respond to the behaviour of house buyers.

5.4.2 In our view, consumers do not suffer from the problem of asymmetries of information which exist in other markets. In the housing markets, consumers know what they want and can afford and are able to make rationale choices as a consequence. This is borne out by the NHBC's own research. Buyers generally seek to purchase the largest house they can afford regardless of household size. They are also very security conscious and wish for example

to have their cars close to hand – both to minimise the threat of theft but also to reduce the travel distance from vehicle to front door on a dark night.

5.4.3 We can therefore argue from a position of knowledge and experience that the planning system itself is proving to be a constraint on consumer acceptance of new housing. Whilst the density requirements of PPG3 might have led to the development of more housing units per site, it has also constrained the space available for driveways, garages, gardens and the size of housing units.

5.4.4 This means that the system is moving in the opposite direction to that of consumer aspiration and could ultimately diminish the attractiveness of new build housing and direct house buyers to older properties that do meet their expectations. This means that new house building might not be able to play its full role in alleviating the pressure on housing supply.

5.4.5 Furthermore, independent research commissioned by Gallup/Strutt & Parker has also revealed that just 28% of people interviewed said that they would consider living in high density housing in a city centre. The preponderance of these were younger people where almost half (46%) of those aged 16-34 would consider high density city centre living compared to only 18% of those over 45 years old. The proportion of those who would be prepared to consider high-density living increased if the high-density housing was located in a village or rural setting (75%) or on the edge of town (63%). Bearing in mind that most private housing is produced by the private house building sector the industry cannot afford to ignore these figures and thus sets its production mix accordingly. Neither can the Government ignore them if it is serious about solving the housing crisis. It needs to take account of both supply and demand.

5.5 Conclusions

- We have been extremely innovative in developing the techniques and measures that ensures that what we build, we sell;
- The house building industry is best placed to understand the current requirements of the housing market;
- Government policies take little or no account of the detailed requirements of the market place and work simply on broad economic assumptions;
- Consumers demand design choice and certain key elements in the range of housing opportunities; and
- It is vital that the industry can continue to make available a suitable mix of house types and sizes in order to meet the requirements of the market.

6. Tackling the issue of affordable housing

6.1 Overview

One of the direct results of the decrease in housing supply has been an increase in house prices fuelled by unmet demand. This has meant that in many areas, particularly the South East, the “affordability gap” has widened. This has highlighted the need for the production of an increased volume of affordable housing. The majority of affordable housing is currently provided as a result of obligations created by planning agreements when new housing is released for development. This is seen by landowners and developers as a charge on development and there are no positive incentives for the development industry to produce an increased volume of affordable housing. If the Government want to create a “step change” in the volume of affordable housing produced then innovative solutions must be sought.

6.2 The provision of affordable housing

6.2.1 Wilson Bowden is committed to providing an appropriate proportion of affordable housing as part of a balanced mix of housing on its development sites. The amount of affordable housing being provided is increasing annually in line with Government targets. In 2001 Wilson Bowden delivered 109 affordable housing units. In 2002 this had risen to 203 units and the anticipated total completions for 2003 is 750 units. It is accepted that the percentage of affordable housing that we produce will grow in line with Government policies.

6.2.2 One of the effects of introducing the design and density requirements of PPG3 is that there is less obvious difference between affordable housing and free market housing. Whilst this is useful at removing any stigma associated with mixing affordable housing with free market housing care must be taken to achieve the balance referred to above so that proper account is taken of the market requirements and a range of house sizes and styles is available on any given site.

6.2.3 A similar balance is required with regard to tenure. Wilson Bowden welcome the range of opportunities that are currently available in the provision of affordable housing ranging from payment of a commuted sum to enable the local authority to provide affordable housing “off site” at a more appropriate location through to the provision of low cost market housing, shared ownership and rented accommodation. Rented accommodation should make provision not only for subsidised rent but also free market rent. The range of options provides the opportunity for the developer, the local authority and the housing associations to work in partnership to produce the right solution for each site.

- 6.2.4 In terms of design and quality of build affordable housing should not differ from free market housing. Mistakes of the past which produced “Boot homes” and “deck access housing” along with highrise living must not be repeated. In this regard Wilson Bowden have concerns about the requirement for fixed percentages of affordable housing to be built using system building. As noted elsewhere in this submission (Chapter 4 – The Building Process) we are sceptical about the perceived benefits of system building and have concerns about the problems that it may create.
- 6.2.5 There is still a myth that planning obligations enforced through Section 106 Agreements are a “tax on developers”. This is not the case. Wilson Bowden will only fix the price it will pay for a development site once planning permission has been granted and all the development obligations are known. In this way the cost of providing planning obligations will be deducted from the likely sales revenue from the site in accordance with the residual valuation calculation (see para 2.4.3). Thus the reduction in sales value of providing affordable housing or the added financial cost of delivering affordable housing obligations is taken into account at the time that the developer purchases the site. The obligations are therefore a cost to the vendor not the developer. In this connection care must be taken not to impose too high a burden of affordable housing, particularly on regeneration sites where the cost of remediation and infrastructure may be high and the market fragile. The results of overburdening the site can be that there is no financial incentive for the landowner to sell creating a further constraint on the supply of developable land. Wilson Bowden welcomes the approach of Leicester City Council who have declared a moratorium on social housing in their designated regeneration area in order to try to stimulate regeneration by avoiding the problem described above.
- 6.2.6 Wilson Bowden welcomes the Government’s initiative headed by Baroness Dean to seek innovative ways of ensuring that housing is “affordable” particularly for first time buyers. We believe that the housebuilding industry should act in partnership with the Government agencies – regional housing boards, housing corporation, registered social landlords and others to ensure a regular supply of affordable housing but having due regard to the concerns expressed above.

7. Addressing the current proposals

7.1 Overview

7.1.1 In this section, Wilson Bowden examines at the Government's current proposals for tackling the problems and assesses whether or not the measures on the table will help to solve them.

7.1.2 We have covered the following areas of reform, which are currently under discussion:

- Reforming the planning process;
- Sustainable Communities Plan;
- Resourcing the planning function; and
- Funding physical and social infrastructure

7.1.3 Wilson Bowden's concern about the reform measures which are currently on the table are that, at best, they are unlikely to solve the current crisis and, at worst, could exacerbate some of the problems. At the heart of the problem is the planning system. If land is not available to build on through a system which encourages and facilitates the release of development land then none of the other issues e.g. improvements in the skill levels of the workforce and introduction of build technology are going to be relevant.

7.2 The Planning & Compulsory Purchase Order Bill

7.2.1 When the Government announced its intention to reform the planning system, the then DLTR Secretary Stephen Byers said that existing system had become "a set of inflexible, legalistic and bureaucratic procedures. A system that was intended to promote development now blocks it. We need good planning to deliver sustainable development, to harness growth to build a better future. We need a better, simpler, faster, more accessible system that serves both business and the community".

7.2.2 However, we simply do not believe that the reforms to the process presently contained in the Planning & Compulsory Purchase Order Bill will achieve this and remove the constraints of the planning system on the housing supply that have been outlined in this submission. The system will still be cumbersome, unresponsive, bureaucratic, and expensive to deal with. It will still be susceptible to political manipulation and interference and will not deliver the certainty needed for the house building industry to organise itself and be able to deliver the volume of new housing which all parties agree is required.

7.2.3 Set out in Appendix 4 is a detailed critique of the current proposals. Wilson Bowden, along with many other informed commentators, raised these issues at the time of the Green Paper but the comments were ignored.

7.2.4 We do not believe that as it stands, this new Bill will make a significant difference and free up the constraints of the current system on the development of new housing. A much simpler solution would be to return to the basics of the existing development plan led system but give it real teeth:-

- Introduce measures to encourage the local authorities to produce local plans with appropriate supply of land for new housing, and penalise them when they fail to do so;
- Introduce a similar “carrot & stick” approach to the consideration of planning applications;
- Speed up the appeal and call-in processes so that applications are not taking years to decide;

There are many practical measures that could be taken which would rapidly free up the system without major legislation. Some suggestions as to how this can be achieved are set out in the “Partnership for progress” section of this paper.

7.2.5 We welcome the decision of the Government to return the Bill to the Standing Committee to allow for further consideration and amendments that will hopefully provide the legislative basis for a planning system that achieve Stephen Byers’ original objectives.

7.2.6 Wilson Bowden’s overall message is that the planning process needs to be reformed, but the Government also needs to re-examine the policy of PPG3 and formulate an honest assessment of the impact that its rigid application has had on the housing supply.

7.2.7 We therefore welcome the recent announcement from the ODPM to review aspects of PPG3 and we look forward to engaging with this consultation process. However, we maintain that a more flexible approach to PPG3 needs to be adopted across the board so that housing can be brought forward for development on both brownfield and greenfield land on the basis of need through the development system.

7.3 Delivering the Sustainable Communities Plan

7.3.1 We believe that the Government have correctly identified many of the problems with the need for more housing in the South East, the requirement for regeneration in the North, the need to deliver not just new houses but the facilities which communities require and the requirement for more affordable housing. The Plan also identifies many of the solutions but does not deal with how these solutions are to be delivered. Simply requiring local authorities to build more houses through Regional Planning Guidance and pushing up densities pursuant to PPG3 will not deliver the increased housing supply which is required. Even if

more housing land is made available there is still the necessity for new communities to be truly “sustainable”. This will need a substantial commitment to the physical and social infrastructure which they will require in the form of jobs, schools, hospitals, public transport, public amenities and services – a fact recognised by the ODPM Parliamentary Select Committee in its recent report on the Plan. The majority of this infrastructure will need to be funded from the public purse. The plan does not indicate any commitment to this funding nor identify when its delivery is to be considered.

We welcome the announcement by the ODPM to allocate funding for the four growth areas contained within the Sustainable Communities Plan but we would remind the Government of the need for non-site specific infrastructure, both physical and social, to ensure these communities are sustainable. There still needs to be significant thought given to how public and private investment is levered into infrastructure that will make these major housing developments sustainable in the long term.

7.3.2 However, while the Government continues to pursue the prioritisation of brownfield land with their commitment to the 60% target and rely on phasing and “plan, monitor and manage” to deliver this commitment the land required for new housing will simply not become available at the speed and in the quantities required to deliver the Plan unless other action is taken.

7.3.3 The requirement to increase densities must be coupled with an acknowledgement that sustainable communities require a full mix of housing from smaller affordable units up to detached executive homes. The market will demand diversity and choice both in design and price. If this is not permitted then it is unlikely that the private sector will be able to continue to deliver housing to a reluctant market.

7.4 Resourcing of the planning system

7.4.1 As explained earlier in the submission lack of resource, skills and experience in the planning authorities is a major constraint on the timely delivery of planning permissions. It leads to delay and inefficiency. We welcome the Government’s commitment of £350 million to improving the performance of the planning authorities. Unfortunately the way this money is targeted it will only go to those authorities who are already efficient or who are manipulating the figures. Recent examples of this include substantial delays in registering the application so that “time does not start to run” for the decision making process, right through to refusals within the time limit set by Government regardless of the planning merits of the application.

7.4.2 We welcome the Government’s commitment to require the planning authorities to produce Regional Spatial Strategies and programmes for updating Local Plans but unless these aspirational targets are accompanied by a sea change in the attitudes to development,

coupled with suitable sanctions if the targets are not met then the proposals will remain as unfulfilled targets and will not speed up the delivery of housing supply.

7.4.3 The appointment of Sir John Egan to lead an investigation into the recruitment and skills shortage in the planning profession is welcomed. We believe that too many planning professionals have become disillusioned by the “anti-development” culture and the “politicisation” of the system which leads to the planning process being used and abused by Local Authorities to prevent legitimate development. Rather than planning being seen as a positive process leading to sustainable development it is seen as a Nimby’s Charter enabling the system to be held to ransom by local politicians and single interest pressure groups. Unless the Government are prepared to tackle this through reform of the planning process generally then we believe it is unlikely that Sir John Egan’s investigation will succeed.

7.4.4 We welcome the statement of intent made by the ODPM to tackle inefficiency and the ‘political anti-development culture’ at the local authority level and to directly intervene where necessary. However, these words must be backed by practical action and once again we will look to the Review to help formulate solutions that we can all participate in to achieve greater efficiencies in local planning authorities.

7.5 Funding physical and social infrastructure

7.5.1 Much time and energy is wasted over negotiations for planning agreements to fund the infrastructure required for each separate development.

7.5.2 Wilson Bowden welcomes the abandonment of the proposals for a general tariff system but acknowledges that some system of using enhanced land values to fund public amenities which have created that enhancement is reasonable provided that:

- It is not retrospective;
- It is appropriate to the value of the land so as not to reduce the supply of development land coming to the market;
- It is reasonably related to the land and development proposed.

7.5.3 Current uncertainty over this issue is not helping the market and a clear set of guidelines agreed with the industry would be welcomed.

7.5.4 It is worth re-emphasising the point made at paragraph 6.2.4 that planning gain and the provision of affordable housing is not a “tax” on the housebuilding industry but a levy on the land value.

7.6 Conclusions

- There is now consensus as to the nature and extent of the problems created by a lack of housing supply;
- The Government are committed to taking such steps as may be necessary to improve the supply of housing land and to tackle market failures where these have occurred;
- The solutions presently proposed by the Government do not go to the heart of the problem i.e. reforming the planning policies and the planning process;
- We believe that there is a gap between the vision behind the proposals and their practical implementation;
- There needs to be a full public debate on and commitment to delivery of the necessary social and physical infrastructure to deliver sustainable communities; and
- There needs to be a sea change in the attitude to development without which improving the planning processes and the skills levels within the planning system will be doomed to failure.

8. Partnership for progress

8.1 Overview

- 8.1.1 The house building industry can deliver the additional houses required by the Government but it cannot do this alone. A collaborative approach is necessary to tackle the current shortage of supply.
- 8.1.2 Wilson Bowden believe that a new partnership between house builders, Government and the other stakeholders is required in order to put in place long term reform of the market in order to increase housing supply.
- 8.1.3 Whilst we maintain that bringing flexibility to planning policies and the comprehensive reform of the planning system is the key to removing the constraints in the housing supply chain, we recognise that it is beholden on all stakeholders to live up to their responsibilities and work in partnership to ensure that the UK is supplied with all the housing it needs, and to ensure that so far as possible this is not done at the taxpayers expense but is funded by the private sector.
- 8.1.4 We are all agreed on the objective – that housing supply needs to be increased in the right quantities, in the right location, to the right design and specification – above all it should meet the market demand. We believe that this needs to be driven by allowing consumers expression in the marketplace.
- 8.1.5 We have therefore made a series of recommendations for solutions below which is founded on a partnership based approach.

8.2 The responsibility of the house builders

- 8.2.1 As part of our approach to the partnership Wilson Bowden accepts that we, as house builders, need to live up to our responsibilities and to work towards solving or removing some of the potential constraints in the housing supply chain. For our part we are more than willing to commit to the following proposals.

Ensuring that labour supply does not become a constraint on delivery

- 8.2.2 Undertake the development of a fully operational vocational training scheme that is supported and funded by the industry;

8.2.3 Undertake to work with Government to invest in further education colleges for training purposes; and

8.2.4 Work with the Government to establish an independent review that will look at the organisation of labour supply and the factors necessary to encourage the procurement of a greater directly employed workforce as long as this is made viable by greater certainty in land supply.

Tackling affordable housing

8.2.5 Work with Government to identify the right quantities and quality of affordable housing;

8.2.6 Work with all stakeholders to ensure that affordable housing is included as a key element of the market mix for each housing site.

8.2.7 Work with the Government and other agencies – Housing Corporation, English Partnerships – to explore methods of funding the delivery of affordable housing through planning agreements, joint ventures and gap funding.

Innovation and application of new technology

8.2.8 Continue our efforts on research and development, particularly in the following areas:

- the pre-manufacturing processes;
- the development and roll out of an industry wide e-procurement system;
- the building of environmentally sustainable housing units; and
- the integration of new technologies such as broadband into the new housing developments.

Infrastructure

8.2.9 Undertake to work in partnership with the Government to identify the best way to fund the physical and social infrastructure required to support sustainable new housing development.

Quality of Design

8.2.10 Work with the government and other agencies – English Partnerships, CABE – to introduce improved design standards throughout the development process.

8.3 The role of the Government

8.3.1 The Government must however fulfil its role by taking a full part in this partnership and undertake the following measures, particularly in relation to the planning system, if we are to solve the crisis in housing supply in the UK.

Public Sector land hoarding

8.3.2 The Government should introduce measures that incentivise the public sector to release their developable land for new housing and where there is a refusal to release land have measures in hand that can force its release e.g. using English Partnerships as a facilitating agency to procure the controlled delivery of housing land.

Reform of the planning system

8.3.3 We welcome the decision of the Government to return the Planning Bill to the Standing Committee and believe this now provides a real opportunity to put the Bill back on course and ensure that the final legislation achieves the initial objectives laid down by Stephen Byers. We have set out in Appendix 5 some simple measures which could be introduced (most of which do not require primary legislation) to achieve this.

Delivery of physical and social infrastructure

8.3.4 Whilst there are local elements of physical and social infrastructure which can be delivered through planning agreements and relate to site specific development, major physical and social infrastructure will have to be provided up front by public funding if the Plan for sustainable communities is to succeed. The Government must be prepared to tackle this and deliver a clear plan of how and when the required amenities are to be provided e.g. Crossrail; extension to the Docklands Light Railway; further Thames crossing; improvements to the railway and motorway systems; LRT systems. Without this commitment the private sector will not be able to commit to regeneration projects.

Training in the industry

8.3.5 The Government should agree to work with house builders and other stakeholders to promote the industry as an attractive place to work and undertake the necessary work within the education/further education system to facilitate this.

8.3.6 Change in attitude

The Government should take the lead in promoting good quality housing development as a benefit to the community and thereby encourage a pro-development attitude to sustainable development.

The responsibilities of other agencies/ stakeholders

8.3.7 If the partnership referred to above is to be successful then all of the other key agencies involved must also play their part. The pace of delivery of change will be controlled by the abilities and commitment of the slowest partner. The key partners are as follows:

- **The Planning Authorities**

A change in attitude, approach and delivery from all of the planning authorities will be required to ensure delivery of the housing numbers. Wilson Bowden believe that Central Government should take the lead in this and to encourage the planning authorities to adopt a positive attitude to development proposals whilst imposing sanctions on those that fail to perform.

- **English Partnerships**

English Partnerships have a key role to play in land assembly, ensuring release of public sector housing land, facilitating delivery of major infrastructure and underpinning development through gap funding.

- **Regional Housing Boards/Housing Corporation/Housing Associations**

A clear partnership between housing corporations, housing associations and the private sector house builders is necessary in order to deliver the right quality and quantity of affordable housing. Flexibility and innovation is required to ensure that the process does not become stalled and that the right balance of housing is achieved.

- **Government Agencies**

All government agencies should commit to releasing their land for housing development in accordance with strategies which are compatible with the sustainable communities plan not simply as a matter of good estate management or the desire to achieve the largest financial return.

- **Local Authorities**

Local Authorities should examine their landholdings and ensure they are not land hoarding and arrange for the controlled release of land which is suitable for housing development into the market on a proactive basis designed to deliver the objectives of the sustainable communities plan and again not simply seeking to serve self interest and “best value”.

- **Regional Development Agencies**

These agencies have a key role to play in facilitating land assembly and ensuring best use of public sector land to enable regeneration projects to deliver sustainable development and we would wish to work with Government to ensure that maximum benefit is obtained for the development process.

- **CABE**

Whilst seeking to improve the quality of design for the built environment CABE should work proactively with and understand the commercial realities of the housebuilding industry so as not to become a constraint or delay in the development process.

- **Urban Regeneration Companies**

As well as providing visionary masterplans for regeneration areas they should also act as catalysts for development. A proper stream of funding and recognition of masterplans in the development plan process would assist.

- **Pathfinder organisations**

These bodies are in a position to create major housing regeneration opportunities in areas where there has been market failure. They must be prepared to work closely with the housbuilders to produce the new housing required.

8.4 Conclusions

- The process of delivering a greater number of better quality houses in the right place at the right price is a complex business;
- To maximise the beneficial impact of the changes we propose a partnership is necessary;
- For our part Wilson Bowden is ready, willing and able to play a leading role and deliver a full range of quality houses to meet market demands but it cannot do this alone;
- Central Government must make the necessary policy and legislative changes to enable all of the stakeholders to deliver their part of the jigsaw;
- A change in attitude is required across the board to embrace good quality development proposals. The presumed bias against development has prevailed to the extent that the

balance has tipped too far against the interests of ensuring adequate housing supply and we are now paying a high price for this shortsighted approach;

- A partnership based approach can work; indeed it is the only way and we hope that this Review will lay the basis on which this can proceed.

GLOSSARY

DEVELOPMENT PLAN

Prepared by the local planning authority after public consultation the development plan provides the policy framework within which planning authorities exercise their planning function. It provides landowners, developers and member of the public with details of the policies and proposals for future land use for each Local Authority.

PLANNING PERMISSION, OUTLINE

Consent in principle to carry out development with a number of matters (“reserved matters”) left to be decided following submission of further detail.

Note: This does not permit development to start.

PLANNING PERMISSION, DETAILED

Planning permission with some or all of the matters of detail which were not dealt with at the time of the grant of outline consent fully considered and approved permitting a start on site.

PLANNING PERMISSION, FULL

A detailed planning permission on which all reserved matters are fully approved.

RESOLUTION TO GRANT

Passing by the appropriate committee (e.g. planning committee; cabinet; full council) of the planning authority of a resolution to grant planning permission pursuant to an application where further matters are left to be resolved usually by delegated powers to the planning officer e.g. planning conditions or matters appropriate to a planning agreement.

SECTION 106 AGREEMENT

An agreement entered into between the planning authority and a landowner (often including a developer and other appropriate authorities e.g. education authority) binding on the land included in the planning permission requiring obligations to be carried out in connection with the implementation of the planning permission.

CALL-IN

The power of the Secretary of State to remove the power of the local planning authority to grant planning consent and “call-in” the decision making process to himself.

CONDITIONAL CONTRACT

Contract for the purchase of a piece of land entered into between the landowner and a house builder in which the house builder will undertake to submit and pursue a planning application. If planning consent is granted pursuant to the application then the contract will automatically become unconditional and the house builder will be obliged to purchase the land at an agreed price.

OPTION

An agreement entered into between a landowner and house builder in which the house builder will agree to pursue planning permission for a site in exchange for the landowner granting to the house builder an option to purchase the site if and when planning permission is granted usually at a discount from full market value to reflect the expense and risk of obtaining a planning permission.

NOTE: A conditional contract is usually short term, say, up to two years and is usually used where the principle of development is established but details have yet to be settled. This contrasts with an option which is a more long term arrangement e.g. five, ten or fifteen years where the principle of development needs to be established before detail can be pursued.

RESIDUAL VALUATION

A valuation process in which the likely gross sales value of a development is estimated from which the likely costs of carrying out the development are deducted. The resultant sum is the residual value of the land.

COMPARABLE VALUATION

This is the usual method of valuing a potential development site in which the surveyor will look at the market examples of the most recent land sales and compare these to the site in question to arrive at a valuation.

APPENDIX 1

MAJOR SITES (Over 300 housing units) INCLUDED IN LOCAL PLANS

	Total Allocation					
	Housing	Commercial			Local Plan Status 1998	Current Status 2003
1	Chellaston, Derby	900	50 hectares		Adopted	In build
2	Skewbridge, Lincoln	2000	25 hectares		Adopted	Dead
3	Clifton, Nottingham	2000	35 hectares		Deposit draft	Post 2011
4	Junction 26, M1	750	50 hectares		Deposit draft	Dead
5	Bramcote, Nottingham	750	8 hectares		Consultation draft	Dead
6	Hucknall, Nottingham	950	20 hectares		Consultation draft	Dead
7	Glenfrith, Leicestershire	400	nil		Adopted	In build
8	Rugby	860	nil		Adopted	In build
9	Church Gresley, Leicestershire	700	nil		Adopted	In build
10	Farndon Rd, Mkt Harborough	400	nil		Deposit draft	Post 2006
11	Holton Heath, Dorset	1600	3 hectares		Adopted	Dead
12	Princes Risborough	700	nil		Deposit draft	Post 2006
13	Wootton Bassett, Wiltshire	1200	15 hectares		Consultation draft	Post 2011
14	Carterton, Oxfordshire	900	13 hectares		Adopted	In build
15	Popley Fields, Basingstoke	490	nil		Deposit draft	Consent 2004?
16	Dallington Heath, Northampton	2200	15 hectares		Adopted	Post 2006
17	Sittingbourne, Kent	320	nil		Deposit draft	Consent 2003?
18	Norgrove, Warwickshire	500	nil		ADR Deposit draft	Post 2006
19	Horley	1650	nil		Deposit draft	Post 2006
20	Sandleford, Newbury	1200	2 hectares		Deposit draft	Dead
21	Kibworth, Leicestershire	550	nil		Deposit draft	Post 2006
		<u>21,020</u>	<u>236 hectares</u>			

APPENDIX 2

PLANNING CASE STUDIES

1. Weekday Cross, Nottingham

A brownfield inner city mixed use development scheme for apartments, retail and restaurant uses involving refurbishment of a Grade II listed building.

- Wilson Bowden bought into the scheme in 1999. They undertook land assembly of these different parcels at risk costing £4.5 million.
- Prior to purchase extensive discussions took place with senior officers at the City Council about the promotion of a mixed use scheme.
- Part of the site was identified for development in the adopted Local Plan but the overall area had lain largely vacant for circa 15 years.
- A number of the buildings remaining on site had short term tenancies and the leases needed to lapse before development could proceed. Other buildings were derelict, whilst the remainder had been demolished with the resulting area used for surface car parking.
- The site which is located within a conservation area, contained locally listed (non-statutory) buildings, plus a statutory Grade II listed building started three months prior to the Company obtaining a legal interest in the site.
- Detailed discussions with officers resulted in a requirement from their urban designers/conservation area officers for a modern interpretation to be applied to the site's redevelopment.
- A scheme was worked up and submitted as a full application in May 2000 and went to Committee in October 2000 with an officer recommendation for approval. Despite officers having liaised with senior members and obtaining their prior support for the scheme, the Committee overturned the recommendation and refused the application on design grounds.
- An appeal was lodged against the refusal and then put in abeyance whilst a second application was formulated.

- Officers, during subsequent discussions, admitted they could not improve on their advice and advised a direct approach to members. A series of sketches were presented to the Leader of the Council who recommended a traditional design approach.
- During 2000 a number of similar schemes had been refused by the City Council and criticisms started to appear in newspapers. This led to the formation of an Urban Design Forum, chaired by the Chairman of the Council's Development Control Committee. The purpose was to engage developers in pre-application discussions.
- A second full application was discussed at the Forum and then submitted in February 2001. It went to Committee in April 2001 with an officer recommendation for approval. It received a resolution to grant subject to the signing of a Section 106 Agreement.
- Consent was issued in June 2001 for 120 apartments located above 15,000 sq ft of retail/restaurant uses (Class A1/A3) with 100 underground car parking, along with a change of use of the Grade II listed building to residential and Class A3 uses.
- Promotion costs to achieve an implementable planning permission were in the region of £700,000. This covered the preparation of:
 - Historic Building Reports
 - Architects' Fees
 - Transport Assessment Report
 - Urban Design Statement
 - Conservation Statement
 - Planning Statement
 - Archaeology Report
 - Site Investigation Reports
 - Engineering Solutions
 - Mechanical & Electrical Solutions
 - Legal – 106 Agreement
 - Counsel Advice

2. Regent Hotel, Leamington Spa, Warwickshire

A brownfield town centre regeneration opportunity bought in February 2000 involving a Grade II listed building.

- The site had received a resolution to grant in the 1990's for a large retail scheme but it was not implemented. Another mixed use scheme comprising a department store and ten screen cinema, also received a resolution to grant planning permission. The latter was referred to the Secretary of State due to the Grade II* listed building being demolished and as a departure from the Local Plan. The Secretary of State decided not to intervene but the scheme was never implemented as there was no market for such a development.
- The majority of the site appeared as an allocation in the adopted Warwick Local Plan for a mixed use retail/office and hotel use. It had actually had a similar allocation for nearly 20 years without any development occurring.
- Discussions started with the Council over a revised scheme in January 2000. Warwick Council owned a surface car park in the scheme and the University's Superannuation Fund had a minor interest with a long term lease on part of the site as well as rights of way across it. Ongoing commercial discussions took place with these parties until December 2001.
- A full application was submitted in April 2000 for a retail scheme with a small cinema. Extensive discussions took place with English Heritage and the Council's conservation officers over the treatment of the Grade II* listed building and the impact of the scheme on the town centre conservation area that also included other similarly listed buildings. Due to the site's very sensitive nature local amenity societies were also engaged and some of their concerns taken on board.
- Throughout 2000 the application progressed slowly during which time the market was going away from the cinema proposal and retailers were also offering negative feedback on the lack of street frontage on which to establish a presence. By the autumn a decision was taken to withdraw the application.
- A revised scheme, incorporating a residential element, was then discussed with English Heritage and the amenity societies as well as District Council officers. A fresh full application was submitted in February 2001 for 132 apartments, a new

retail street with 70,000 sq ft of Class A1/A3 retail and the refurbishment of the Grade II* building to a hotel with retail on the ground floor.

- Due to strong local opposition and the grading of the listed building, English Heritage referred the matter to their National Historic Buildings Advisory Committee in London. The latter confirmed their support for the scheme in August 2001.
- The application went to Committee in October 2001 with a strong recommendation for approval. A decision was deferred by members on the basis of insufficient car parking for the hotel. This was despite the chosen hotel operator (The Compass Group) having written to the Council advising that in its experience elsewhere in the country dedicated on-site car parking was not warranted. A factor supported by an assessment of available on-street car parking and alternative parking facilities in Leamington. The application went back to Committee with an amendment for a drop-off facility for the hotel, together with supporting consultants' reports etc confirming on-site parking was not required and therefore complied with PPG13. Once again a decision was deferred on the very same grounds.
- An appeal was actively considered but before being pursued a meeting was sought with the Council's Chief Executive, Chief Planner and Director of Community Service, in order to consider what options were available. The result was an offer to the Council of £100,000 for them to operate a secure overnight parking facility at one of their own nearby car parks.
- The application went back to Committee in December 2001 and received a resolution to grant subject to the signing of a Section 106 Agreement. The matter was then referred to the Government Office as a departure from the Local Plan as it included residential and there was no office component. The Secretary of State decided not to intervene. The Section 106 negotiations were complicated by the Council's ownership of part of the site, but planning permission was finally released (after eight months) in August 2002.
- An application for Judicial Review was then made by a third party supported by one of the amenity groups. In October 2002 the Judge dismissed "on paper" the case but during the intervening period work had stopped on the site. The third party then exercised their right for an oral hearing in order to challenge the Judge's decision. The hearing was scheduled for December 2002 in the High Court and the Judge hearing the case allowed it to go forward for a full judicial review hearing. The latter took place over two days in February 2003 and involved Wilson Bowden

Developments, the District Council and English Heritage. The Judge's decision on that matter was not handed down until mid-April when he dismissed the case.

- Work started on site in May 2003.

NB: The holding costs on this site alone from September 2002 to when work fully started on site in late April 2003, amounted to £70,000 per month. In terms of promotion costs, incurred to achieve an implementable planning permission, these were in the region of £1,300,000. This covered the preparation of:

- Historic Building Reports
- Architects' Fees
- Transport Assessment Report
- Urban Design Statement
- Conservation Statement
- Planning Statement
- Retail Impact Assessment
- Archaeology Report
- Site Investigation Reports
- Engineering Solutions
- Mechanical & Electrical Solutions
- Legal – 106 Agreement
- Retained Counsel

3. Dallington Grange, Northampton

A sustainable greenfield urban extension site on the edge of Northampton promoted under option.

- Initial promotion of the site was undertaken in the 1990's. In March 1995 a planning application was submitted accompanied by a full Environmental Impact Assessment and remains extant to this day.
- In 1997 David Wilson Homes, in conjunction with others took an option out on the site.
- The site appeared as an adopted allocation for mixed use in the June 1997 Northampton Local Plan which covers the period to 2006.

- The consortium employed a full team of consultants and started negotiating with the Borough Council to formulate a masterplan for the site with a view to submitting a fresh planning application. The application was submitted in outline in May 1999 with a full Environmental Impact Assessment for the whole site.
- During September 1999 a draft planning brief for the site mirroring the aforementioned planning application was issued by the Borough Council. It was finally adopted in June 2000 in an unchanged format.
- The planning application was not progressed by the Borough Council which resulted in a duplicate copy of the May 1999 application being submitted in the Summer of 2000. Again this application was in accordance with the local plan allocation and adopted development brief and remains extant and undetermined.
- At the Northamptonshire Structure Plan Examination in Public in 2001 the site at Dallington Grange was taken as a commitment by the Panel.
- The Northampton Borough Urban Capacity Study dated January 2003 put the site outside of the urban area and did not refer to it. However, other similar Greenfield allocations were also excluded. It is worth noting that the previous Urban Capacity Study dated March 2001 did identify the site as “a very likely site” to come forward.
- The Milton Keynes Sub-Area Regional Study “Growth Area Assessment May 2003 for Northampton and Corby/Kettering/Wellingborough – Final Stage 2 Report” refers to Dallington Grange as a strategic employment site that is required to be brought forward and identifies the housing element for 2,223 dwellings as happening between 2006-2011.
- It should be noted that the Borough Council itself owns 53 hectares within a total site area of 217 hectares. Despite this they, as landowners, have refused to negotiate with the consortium on the basis that the Council had resolved in 2000 that no greenfield releases would occur until 2008.
- As an aside it is worth noting that Rapid Transit International promoted a guided bus scheme for the town which identified a number of public transport corridors including that to Dallington Grange. The latter also incorporated a park and ride facility within the development proposal. The scheme got to as far as progressing Works Orders for the development but met resistance and was shelved. Rapid Transit International then shifted their interest to Cambridge City.

- At present the Dallington Grange proposal is in a state of limbo.
- To date promotion costs incurred amount to £638,475.

4. Land at Newbury Racecourse, Berkshire

A greenfield housing site on the edge of Newbury promoted under conditional contract.

- The site was not allocated in the West Berkshire Local Plan Review but promoted at the Local Plan Inquiry on behalf of the landowners as an omission site.
- The Inspector's Report of February 2000 recommended the site be allocated for 150 dwellings.
- The Council's proposed modifications of November 2000 took on board the provisions of PPG3 (March 2000) and recommended an allocation of 180 dwellings.
- Further Proposed Modifications appeared in November 2001 and again re-affirmed the allocation for 180 dwellings.
- The West Berkshire Local Plan was adopted in June 2002 with the site formally allocated for 180 dwellings.
- Appendix 10 of the above document required the preparation of a design statement and that any application be accompanied by a series of technical reports on landscape, ecology, archaeology, transport etc.
- In January 2002 the Council produced landscape and design principle statements for the site.
- Pre-application meetings started with the Council in January 2002 with various officers of the Council present. This culminated in the submission of two full planning applications during November and December of 2002.
- DWH produced a total of 16 reports commissioned from consultants in order to meet the District Council's requirements. These covered:
 - Design
 - Archaeology
 - Ecology

- Botanical
 - Arboricultural
 - Arboricultural Implication Study
 - Agricultural Land Classification
 - Farm Viability
 - Landscape and Visual Appraisal
 - Management Plan for Open Space and Local Area for Play
 - Management Plan "Youngs Copse" a Wildlife Heritage Site
 - Badger Survey
 - Extended Badger Survey
 - Shop/Business Viability Report
 - Traffic Assessment
 - Stage One Highway Safety Audit
- Ward Councillors were involved in discussions which led to two public meetings during January and March 2003. Public concerns over access led to further studies on a total of six alternative highway solutions.
 - The two applications were then amended to reflect the two preferred access solutions.
 - The preferred development layout and accompanying access solution was presented to the Newbury Area Planning Sub-Committee on 16th April who resolved to approve, subject to the signing of a Section 106 Agreement.
- NB: The April Committee date had to be pushed for in order to avoid possible complications of Committee restructuring consequent upon the May Local Elections.
- The second full application with alternative access solution remains to be determined.
 - A draft Section 106 Agreement was produced in June 2003 but is progressing very slowly.
 - DWH currently project a start on site in September 2003.

Timings and Costings

Pre-application negotiations took eleven months with five months for the application to get to Committee. The latter resulted in a resolution to grant but the decision notice has still not formally been issued due to ongoing Section 106 negotiations.

The costs to date, excluding significant DWH management and technical staff time, amounts to £124,000 for the preparation of the above reports and the application fees. The total promotion fees are currently projected to reach £200,000 by the time the decision notice has been formally issued.

NB: DWH secured an official interest in the site during the summer of 2002 via a conditional contract with a view to purchasing the site in July 2003. Prior to that date DWH undertook all the work at risk!

APPENDIX 3

PLANNING APPLICATION ANALYSIS 2002/2003

The following examples of full and reserved matter applications reveals that the problem of delay in issuing planning permissions exists across the country.

The time periods shown below run from the registration of the application until the date of grant of consent (if appropriate). In addition, the data we currently have to hand does not give the time period from exchange of contracts and the submission of the planning application. This could be important as it may show lengthy pre-application consultations taking place, i.e. on top of the time period to actually decide the application.

FULL APPLICATIONS

Local Authority	Site	No of Units	Timescale
Charnwood BC	Barkby Lane, Syston	15	15 months
Charnwood BC	Boot Factory, Mountsorrel NB: In this case it took 8½ months for the 106 to be negotiated and signed.	24	14 months
North West Leicestershire DC	Donisthorpe Phase II	25	9 months
North West Leicestershire DC	Broom Leys Road, Coalville	30	9 months
Aylesbury Vale DC	Park St, Aylesbury NB: This was to achieve a resolution to approve subject to the signing of a 106 Agreement which one month on has still to happen.	18	8 months
Coventry City Council	Greyfriars Phase II NB: This was to achieve a resolution to approve subject to the signing of a 106 Agreement which 7 months on has still to happen.	37	4 months
West Berkshire DC	Manor Park, Newbury NB: This was to achieve a resolution to approve subject to the signing of a 106 Agreement which 9 months on has still to happen.	80	
West Berkshire DC	Dunston Park, Thatcham	55	15 months
Hart DC	Elvetham Heath	158	7 months
Swindon BC	Priory Vale	28	17 months
South Gloucs DC	Love Lane Still no decision	24	6 months

Redditch BC	Ipsley School, Redditch	24	11 months
Birmingham CC	Birmingham Rd, Sutton Coldfield	24	8 months
Sandwell MBC	Newton Rd, Great Barr	54	8 months
Braintree DC	Whitehorse Lane, Witham	24	9 months
Mid Sussex DC	Area 2Q, Bolnore Village	22	5 months
Reigate and Banstead DC	Parkwood Heights, Netherne	40	5 months
Horsham DC	Forest Road, Roffey	19	7 months
Chichester DC	Staine St, Westhampnett NB: Still undetermined	14	15 months
Calderdale MBC	Victoria Rd, Bailiff Bridge	122	8 months
Bradford MBC	Overland Cres, Apperley Bridge	18	5 months
Scarborough BC	Filey Still ongoing on an application that is essentially a plot substitution on a previously consented Full Application scheme.	135	7 months
East Northants DC	Carter Land, Thrapston	55	19 months

RESERVED MATTERS

Local Authority	Site	No of Units	Timescale
South Derbys DC	Burton Road, Woodville	106	
South Derbys DC	Church Gresley NB: In this case it took 10 months to register the application.	185	12 months
Rutland CC	Oakham Phase 4	60	38 months
Rugby BC	Coton Park	390	24 months
Charnwood BC	Beacon Road	19	5 months
Oadby & Wigston BC	Foulds Lane, Whetstone	78	5 months
Eastleigh BC	Leigh House Hospital, Chandlers Ford	98	7 months
West Berks DC	Wash Water, Newbury	31	16 months
West Oxfordshire DC	Madley Park, Witney	31	15 months
West Oxfordshire DC	Carterton NB: Still no decision	183	7 months
Wakefield MBC	Station Road, Hemsworth	211	6 months

Walsall MBC	Urddington Road, Aldridge	17	5 months
Stratford on Avon DC	Tilesman Lane, Shipston on Stour	122	6 months
Horsham DC	St Leonards, Colgate	14	3 months
Bradford MBC	Moore Road, Cottingley	40	6 months
Thurrock BC	Parcel 60a, Chafford Hundred	10	5 months
Uttlesford DC	Felsted Phase 3	120	6 months
Daventry DC	Crick, Phase IV	26	9 months
Bedford BC	Elstow, Phase IV	44	7 months
Northampton BC	Breezehill School, Wootton	41	7 months

To put the above in context the Government's 2002/2003 targets for processing planning applications are as follows:

- 60% of major residential, commercial and industrial applications to be determined within 13 weeks;
- 65% of minor residential, commercial and industrial applications to be determined within 8 weeks;
- 80% of all other applications to be determined within 8 weeks.

APPENDIX 4

PLANNING AND COMPULSORY PURCHASE BILL

The main elements of the Bill are:

1. **County Structure Plans will be abolished and replaced by Regional Spatial Strategies.**

Comment

The removal of the Structure Plan function and concomitant strengthening of Regional Planning, is an important factor in rationalising the current three tier system. Indeed there is no real concern over the loss of the Structure Plan function but it is still not clear how strategic policy will feed down to the local level e.g. how housing numbers will be distributed to constituent districts. The Office of the Deputy Prime Minister (ODPM) believes sub-regional strategies will address this issue but there is still no clear guidance in place on their preparation; nor is the interface between Regional Spatial Strategies and the Local Development Framework process explained: or indeed how this particular part of the planning process will be subjected to Public Examination. In addition, there is also a serious concern over the timetabling of this aspect of reform as it would appear Regional Spatial Strategies are to be completed by 2005. Whilst a laudable objective one can see from past experience that the time taken to prepare and adopt the former Regional Planning Guidance and accompanying County Structure Plans indicates that this is highly optimistic.

2. **District and Unitary Authorities will now prepare Local Development Framework Plans which will replace the current Local Plan or Unitary Development Plan.**

Comment

Unless definitive advice is provided there is a very real danger that the proposed Local Development Framework process will get bogged down in the complex layering of local development documentation preparation and community consultation on same. Indeed the new system appears more complex than that which it replaces with the possibility that up to four separate parts of the new development plan process, namely the Regional Spatial Strategies, together with the constituent Core Strategy, Proposal Section and Area Action Plan of the Local Development Framework, will all require formal inquiries for the purposes of Section 54a of the Town & Country Planning Act. A factor which is compounded by the planning authority apparently being able to develop different parts of their Local Development

Framework at different times. Accordingly, it is unlikely that the desired quicker and more effective planning system will result.

There also appears to be no guidance on what, if any, of the local development documents will form part of the development plan. This is an important point as policies could end up in Supplementary Planning Guidance which does not benefit from thorough consultation and independent scrutiny, but nevertheless guides the determination of planning applications and also carries weight at appeal.

- 3. The Inspector's Report on each plan inquiry is to be made binding on the local authority.**

Comment

This is a double edged sword but on balance is good news providing Inspectors are well trained and rational decisions are made. It will also do away with the current all too common scenario of objectors successfully arguing their case at inquiry only to have the Inspector's recommendation rejected by the Local Planning Authority.

- 4. Statements of Community Involvement (SCI) prepared by Local Planning Authorities will dictate how the public will be consulted on with respect to planning policy and applications.**

Comment

Everyone agrees that the community must be effectively involved in both the plan preparation and application process. However, there does not appear to be a timetable for having the 'community statements' in place, nor is there any information on the scale or nature of the required consultation process that applicants will be expected to follow.

There also remains a concern as to whether the quality of a developer's pre-application consultation would be 'material consideration' when determining said applications. However, it is extremely unlikely that a significant application would proceed without a consultation exercise undertaken in line with the Statement of Community Involvement. Unfortunately without the aforementioned clear guidance it must be assumed that the new procedures will simply add to the confusion and complexity of the planning process at the local level.

NB: We understand Llewelyn Davis were commissioned by the ODPM to research SCI's and produce a report back in November of 2002. Unfortunately that report does not appear to have been made public.

- 5. Statements of Development Principles will replace Outline Planning Permissions. These are time limited certificates that give agreement in principle to work up a detailed scheme within set parameters.**

Comment

It is not clear why such a change is necessary but a Statements of Development Principle (SDP) will not confer the necessary certainty required for purchasing land and funding a development scheme. In addition, it will also have serious implications for the exercising of options and the valuation of land.

There also appears to be an oversight on the detail of what is proposed, which if unchanged could result in stalled projects. In simple terms the issuing of an SDP should not, as currently proposed, preclude outline permissions being granted for similar development on that site within two years. The reason for saying this is that it would appear an SDP can be requested by any third party, including objectors.

Commentators have suggested that the SDP system is an attempt by ODPM to encourage pre-application discussions of projects in order to involve local communities at an early stage in the development process. The underlying rationale therefore seems to be that it would stop developers submitting illustrative schemes that appear acceptable in design terms but in reality are not delivered through the subsequent reserved matter applications.

ODPM also appear concerned that the issuing of outline consents circumvents the requirements of the Environmental Impact Assessment (EIA) regulations since the approval of reserved matters are not subject to such assessment i.e. a full assessment cannot be made without details of a development which are the very things missing from an outline consent. However, case law has demonstrated it is possible to apply EIA requirements to outline consents, or if need be it should be possible to introduce that requirement at the reserved matter stage of the application process.

There also does not appear to be a timetable for the production of SDP's or a dispute procedure should the Local Planning Authority refuse to issue such a statement. In this context it is also not clear if the current appeal procedure will apply to an SDP.

6. The life of planning permissions is to be reduced from five to three years.

Comment

Whilst most applications are implemented within three years the industry is concerned that many projects, particularly the more major and/or complex ones, require longer to implement for a whole variety of reasons. Indeed as development continues to concentrate on brownfield sites and sustainable urban extensions, they become more complex and prone to delay, e.g. as a result of contamination issues, land assembly or complex upfront infrastructure provision. As a result a consent period longer than the proposed three years is essential.

NB: Whilst at present a clause does exist in the Bill allowing some flexibility the fear is that it could easily disappear.

Another point to note is that applications are increasingly being subjected to Judicial Review by third party objectors using what is a legitimate process as a delaying tactic. It means that even if the permission is upheld, after completion of the JR process, the already reduced proposed three year time period for the consent will have been further significantly eroded. As a result the existing five year consent period is appropriate and should be left in place. Alternatively, if the three year consent period proposal remains then the consent period clock should stop while the challenge/judicial review takes place, or failing that there is an automatic extension of time on the consent period. Another possibility to consider is that the time limit for submitting a judicial review application should be reduced to a six week period from when the consent is issued, rather than the current three months.

The ODPM's motivation for reducing the consent period appears to revolve around a concern over companies hoarding land in their extensive land banks. This is a basic misunderstanding of the business requirements prevailing as companies need such land reserves in order to forward plan continuity in their businesses. At the end of the day it needs to be appreciated that it is in the developer's interest to start and complete a project as quickly as possible, as to do otherwise means money is wasted and costs escalate.

7. Appeals against a refusal of planning permission, or the non-determination of an application within the prescribed period, must be lodged within three months and not six as currently allowed.

Comment

Whilst not a particularly onerous requirement there is no real reason to change the existing system which is working perfectly well. However, an issue that may arise is whether the right

of appeal will eventually disappear as the existing outline planning permission regime is gradually replaced by the Statement of Development Principles mechanism.

8. **Statutory Consultees will need to respond on applications within a specified time period.**

Comment

There is no indication given as to how this will be enforced, nor is there any guarantee that planning authorities would be prepared to make a decision on a planning application without a consultees response anyway.

9. **Twin tracking and repeat applications will not be allowed.**

Comment

ODPM see twin tracking as an abuse of the planning system allowing developers to force Local Planning Authorities to the negotiating table with the threat of an appeal. However, following the Bill's consultation exercise, it is believed this requirement is being reviewed and perhaps the practice will still be allowed in poor performing authorities i.e. those who consistently do not turn around applications within the prescribed periods.

At present the practice of twin tracking applications is the only sanction, with accompanying appeal, that a developer has against a badly performing local authority. It allows projects to be driven forward with negotiations continuing in the full knowledge that the appeal process provides a back-stop date for a decision should a compromise not be possible. In doing so it focuses the minds of the local planning authority onto discussing important issues associated with a particular application. Perversely it could be argued that this procedure actually provides what the Government ostensibly desires i.e. the delivery of speedier decisions resulting in the construction of more houses.

Turning to repeat applications these are not an abuse of the system. They allow development schemes to be improved in response to consultation and changes in market conditions. In addition, in addition it should be noted that the current planning system already allows local planning authorities the discretion to refuse consents anyway. In the light of this the proposals to ban repeat applications will only lead to confusion and delay, whilst arguments take place as to whether an application is substantially the same or there has been a change to material circumstances in the intervening period. Accordingly the ODPM need to include the right of appeal against the decision of a local planning authority to refuse to determine a repeat

planning application on the grounds that there have been no material changes in circumstances since a previous application.

In relation to the proposed restriction of not allowing repeat applications within two years of a decision on a previous outline application, or the proposed alternative Statement of Development Principle, the ODPM appear to accept that this may be too onerous as it may be open to abuse from third parties seeking to sterilise land for two years at a time.

The Bill also proposes a joint jurisdiction period for both local planning authority and the Planning Inspectorate to consider an application once it has been appealed. This is considered to be a reasonable proposition and indeed a useful tool for the industry. However, the suggested period for such joint responsibility should be up until the exchange of proofs i.e. six weeks before the appeal, rather than the one week from registering the appeal.

10. There will be a further review of planning fees and the current maximum ceiling may be abolished.

Comment

The Bill provides flexibility for local planning authorities to set fees. This flexibility should be caveated to ensure any increase is not only reasonable but matched by significant improvements in the performance and services offered by that authority. At the end of the day the planning service is provided for the public good and the costs for running it should be levied in an equitable manner.

There is also a concern that local authorities may be able to charge for any part of their planning function e.g. pre-application discussions. The issue here is that a fee for such a service may be acceptable providing those discussions are given due weight in the consideration of a subsequent planning application.

11. The development tax or tariff idea has been dropped.

Comment

It is believed that further work has been commissioned which will probably filter through into reviews of Circulars 1/97 Planning Gain and 6/98 Affordable Housing. Consultation of these two circulars is believed to be imminent and is expected to include:

- Scrapping the need to relate planning gains to a site.

- Removing site size thresholds for affordable housing.
- Encouraging local planning authorities to set their own affordable housing targets.
- The provision of social housing, or a contribution to same, from commercial schemes.
- Open book accounting to prescribe developers profit levels.
- Greater control over design.

To conclude, it is appreciated that the Bill is only part of a portfolio of planning reforms. Unfortunately there are areas, as outlined above, which we believe require further consideration in order to ensure the delivery of a planning system that removes uncertainty, provides clarity and allows the speedy decision making that everyone requires.

APPENDIX 5

MEASURES TO BE CONSIDERED IN THE REFORM OF PLANNING POLICIES AND THE PLANNING PROCESS

- Introduce sanctions on authorities that do not meet their housing requirement;
- Introduce a workable presumption in favour of new housing development on brownfield land regardless of its current planning status e.g. commercial and/or industrial;
- Define a clear basis on which greenfield development can be allowed to proceed for new housing without the need for arbitrary phasing;
- Replace urban capacity studies with a rolling programme of five year housing land availability studies;
- Require planning authorities to maintain a minimum five year supply of housing land;
- Speed up the process for considering applications at all levels by requiring the planning authorities to meet specified targets;
- Pre-application negotiations should be binding and 'material' to the decision making process;
- Require inclusive participation in the development control process from local authority departments and statutory consultees working together;
- Stipulate consistency in both consideration of applications and decisions made;
- Prematurity should no longer feature as a reason for refusing planning permission;
- Introduce sanctions against planning committees that refuse permission against officer recommendation;
- Requirement for conditions and obligations to be discharged quickly (within a prescribed period) by the local planning authority officer;
- Speed up the process for dealing with the planning appeals with awards of costs where there has been undue delay or reasons for refusal are spurious;
- Speed up the process for considering call-in applications;
- Introduce incentives for Local Authorities to produce development plans and penalties where they fail to do so within appropriate time limits;
- Provide strict guidelines to control the mis-use of Supplementary Planning Guidance;
- Clear guidance is needed on what is reasonable for planning authorities to seek under a planning obligation;
- Local authorities should utilise standard clauses in the production of Section 106 Agreements;
- The drafting of a 106 Agreement should run concurrently with negotiations on the delivery of the accompanying planning consent;
- The ability to submit unilateral undertakings in tandem with a planning application submission should be retained;

- Local authority resources, both in terms of experienced staff and back-up resources, need enhancing to ensure applications are processed efficiently;
- Local Councillors, particularly planning committee members, should be required to undertake training on the commercial aspects of housing provision and how the development industry works, as well as obtaining a thorough grounding on the operation of the planning system;
- Greater use of public/private partnerships should be encouraged.