

# Labour's Planning Reforms – Turning the Dial?



Julia Chowings

Partner  
+44 7919 111299  
[Julia.Chowings@nmrk.com](mailto:Julia.Chowings@nmrk.com)



James Wickham

Partner  
+44 794 948 4580  
[James.Wickham@nmrk.com](mailto:James.Wickham@nmrk.com)



Jeremy Randall

Partner  
+44 776 861 7235  
[Jeremy.Randall@nmrk.com](mailto:Jeremy.Randall@nmrk.com)



Hannah Bryant

Senior Associate  
+44 778 836 7923  
[Hannah.Bryant@nmrk.com](mailto:Hannah.Bryant@nmrk.com)



Suzanne Thurtle

Associate - Knowledge and Policy Lead  
+44 778 834 5907  
[Suzanne.Thurtle@nmrk.com](mailto:Suzanne.Thurtle@nmrk.com)

Within the recent Spring Statement, planning once again took centre stage in the *Government's 'mission for growth'* with the Office for Budget Responsibility ('OBR') forecasting that the planning reforms introduced by Labour will increase the level of real GDP by 0.2% by 2029/30 which the Chancellor said is the *"biggest positive growth impact that the OBR have ever reflected in their forecast, for a policy with no fiscal cost"*. Whilst this was promoted against the backdrop of a general worsening economic growth forecast compared to autumn 2024, the point remains that the Government is increasingly reliant on successful planning reform to achieve its growth and fiscal objectives.

We saw this focus immediately when Labour came into power last summer, with the introduction of major revisions to the National Planning Policy Framework ('NPPF'), which is now in place (published in December), and which preceded a number of other planning reforms which are currently ongoing. Ministers are clear that the intention is to change the default answer for development from 'no' to 'yes' which is certainly a welcome change from previous administrations. A raft of planning reform measures have, and continue to be, implemented, as shown in Figure 1.

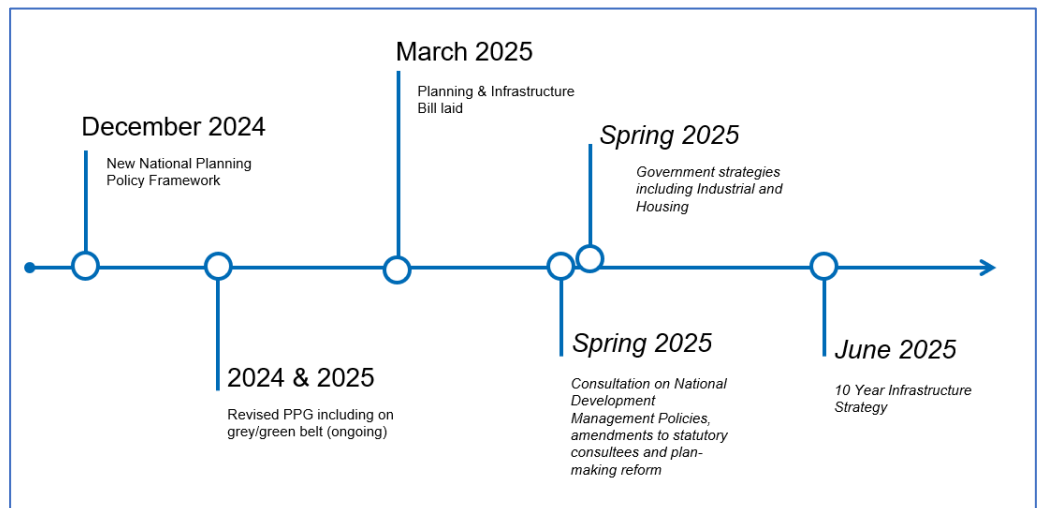


Figure 1: Key Planning Reform Measures December 2024-current and expected (note: this does not cover all planning reform and those reform measures expected (shown in italics) are subject to change)

How are these planning reforms actually playing out on the ground and are they turning the dial from 'no' to 'yes'? In this note we will explore these measures, including the recently laid Planning & Infrastructure Bill ('the P&I Bill'), and what they might mean for planning and development both in London and Nationally.

***“From day one I have been clear that bold action is needed to remove the blockers who put a chokehold on growth. That’s why we are putting growth at the heart of our planning system.”***

Deputy Prime Minister and Secretary of State for Housing, Angela Rayner, 26 January 2025

***“This growth plan provides a golden opportunity to turbocharge growth and unlock London’s full potential - for the benefit of all Londoners and the whole country.”***

Sadiq Khan, Mayor of London, 27 February 2025

## Growth Mission?

The Government is clear that *“economic growth is the number one mission”* of the administration. Whilst planning is not the only way to stimulate growth, it has an important role to play and ensuring that it is set up to be pro-growth and pro-infrastructure is what the planning reforms look to do.

### Commercial and Industrial Aspirations

The NPPF is more supportive of commercial development than versions under the previous Government and reference to planning policies to facilitate development to meet the needs of a *“modern economy”* are helpful. Specifically (but not exclusively) referenced are *“laboratories, gigafactories, data centres, digital infrastructure, freight and logistics”* which mirrors the Government’s focus on these sectors within their autumn 2024 consultation on ‘Invest 2035’. This was a Green Paper setting out the vision for a 10-year modern Industrial Strategy. The Industrial Strategy, which is due to be published in June 2025, is intended to be a central part of the ‘growth mission’. It is proposed that the Industrial Strategy will channel support to eight ‘growth-driving’ sectors, namely Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Sciences and Professional and Business Services.

Within this, data centres and AI are critical components for the Government, as they seek to *“capture the benefits of the fourth industrial revolution which Artificial Intelligence is delivering”*. Indeed, the Secretary of State (‘SoS’) recently approved a data centre in Buckinghamshire noting that failure to meet the need for data centres *“could have significant negative consequences for the UK digital economy”*. And more recently the Prime Minister set out an AI Opportunities Action Plan which includes plans to create dedicated Growth Zones with enhanced access to power and *“support for planning approvals”* to facilitate the accelerated build out of AI data centres.

Continuing on the theme of growth, the Mayor of London recently attended MIPIM for the first time in his nine-year term and was *“banging the drum for London”*. He has also recently published his 10-year London Growth Plan which sets out the Mayor’s vision to build a more prosperous, fairer and greener Capital with the first ambition being to raise productivity. It looks to support the Government’s anticipated Industrial Strategy and growth ambitions through a *“range of pro-growth interventions, including delivering more affordable housing, major investments in our transport network and vital skills training for Londoners”*. If devolution goes ahead as per the Government’s White Paper last December, then in due course similar growth plans are anticipated to be published up and down the country.

The ‘mission for growth’ is laudable but it will not be straightforward to deliver upon the Government’s aim of becoming *“the fastest growing economy in the G7”*. The OBR recently halved its forecast for GDP growth in 2025 from 2.0% to 1.0%, reflecting the fact that the economic outlook has become *“more challenging”* and there is *“significant uncertainty”* surrounding domestic and international economic developments, world geo-politics, and climate change, the control of which is largely out of the Government’s hands.

### The Grey Belt and Commercial Development

Whilst applications for developments supporting the modern economy on grey belt sites will not be subject to the NPPF’s ‘Golden Rules’ requiring affordable housing, which will help to support economic growth, there may still be challenges from local authorities and communities, who see the priority land use as being housing, and who may not fully appreciate the need for wider commercial uses and the nature of jobs that can be provided. Despite the publication of additional PPG guidance on the Green (and grey belt), we expect the classification of such sites as ‘grey belt’ and meeting the definition of *“demonstrable unmet need”*, specifically for non-residential uses, to be key areas of debate.

The lack of a standard methodology for calculating commercial need is a concern and is likely to result in ambiguity as to whether or not commercial development is appropriate. Perhaps the consequence will be more SoS intervention via call-ins, or for larger projects, through the reforms to Nationally Significant Infrastructure Projects ('NSIPs') introduced through the P&I Bill. The P&I Bill also looks to address some of the infrastructure challenges facing emerging industries in the UK, particularly in respect of power, and the 'first come, first served' connection process for the electricity network, which will become 'first ready, first connected'. The Industrial Strategy appears to be a key piece in the jigsaw of the growth mission.

### Net Zero Challenge

Another potential stumbling block to growth is the transition to net zero by 2050. The retrofit vs redevelopment debate continues apace in many local authorities. This is particularly the case in London, in the wake of M&S Oxford Street, but perhaps less so nationally.

We were hopeful that the Government would use the publication of the NPPF in December 2024 to provide high-level policy guidance to inform the debate. However, the main change was the introduction of para 163, requiring the need to mitigate and adapt to climate change to be considered in preparing and assessing planning applications. In London it feels as though this debate has been moving gradually towards "retrofit first" rather than "retrofit only", which is certainly a step in the right direction but there is still an inherent lack of Governmental direction and the NPPF does not provide a clear steer either way. One might argue that this is helpful and provides flexibility for assessment on a case-by-case basis, but the reality is that without making it clear that policy on embodied carbon, demolition and retrofit should continue to have regard to the overarching need to promote brownfield land for development, growth is likely to be affected, or possibly greenfield land favoured over brownfield.

We remain optimistic that following the MHCLG research survey on demolition and retrofit in national planning policy in September 2024, national Government will look to prepare sensible high-level policies and/or guidance which balances the need to proactively respond to the climate challenge, whilst accepting that growth requires development, and an inevitable carbon spend.

## The Priority Order

### Brownfield First

The new planning reforms broadly maintain the same long-established principle of 'brownfield first' and helpfully – do strengthen this. Para 125(c) in the NPPF notes that planning policies and decisions should give "*substantial weight*" to using brownfield land, with proposals to be "*approved unless substantial harm would be caused*". We expect that further PPG updates, and the new National Development Management Policies ('NDMPs') which are due for consultation later in the spring will push further on this in line with *inter alia* the Government's 'brownfield passports' approach. Having a stronger policy basis for brownfield development will put more pressure on decision makers to approve appropriate development on brownfield sites and should help unlock sites and development.

***"In a major new growth push, the government will ensure that when developers submit an application for acceptable types of schemes in key areas – such as in high potential locations near commuter transport hubs - that the default answer to development is 'yes'."***

HM Treasury Press Release, 26 January 2025

### Green and Grey Belt

Where Green Belt sites have to be released for development, the December 2024 NPPF introduces the concept of 'grey belt' with previously developed sites to be released first (think disused car parks, vacant farm buildings etc.), then 'green' grey belt (which could include for example agricultural fields) and then Green Belt. The introduction of 'grey belt', coupled with new PPG guidance issued in February is already having an impact with resultant appeal decisions and SoS call-ins. Of the 16 SoS planning call-ins/recovered appeals (excluding DCOs) issued since Labour came into power, seven have had Green Belt considerations and six of these have been approved. The change to Green Belt policy is significant and does present developers with new opportunities which should be carefully considered. See our recent [Thoughtpiece](#) on the Green Belt for further information on this topic.

# All About the 1.5 (or 1.3) Million

## Housing Targets

From day 1 of the new Government (and even in the election manifesto), the politicians have been clear that the goal is to deliver 1.5 million new homes this Parliamentary term. However, the recent OBR forecasts as part of the Spring Statement have assumed the delivery of 1.3 million new homes over the next five years, which is within “touching distance”, as the Chancellor said, of meeting the manifesto commitment. Of this, the OBR attributes 170,000 of the new homes directly to the updated NPPF (as shown on the graph in Figure 2), although it is acknowledged that there are “several significant uncertainties” surrounding this number due to capacity constraints or “local opposition to reforms”, particularly given much of the additional development is assumed to take place on Green Belt land.

The planning reform measures will in theory increase the number of housebuilding approvals. The NPPF amended the Standard Method for calculating housing delivery, significantly increasing housing targets for some areas of the country. The introduction of ‘grey belt’ into the Green Belt is a significant change in policy and one which we are already seeing is having an impact on development being approved in the Green Belt. And measures in the P&I Bill looking to streamline decision making via committees should hopefully have a positive effect.

**“This increased housebuilding over the forecast period is driven mainly by requirements for local authorities to release land to meet development needs as well as the strengthened presumption in favour of sustainable development which, if triggered, requires local authorities to release land for further development unless the adverse impacts of doing so significantly outweigh the benefits.”**

Office for Budget Responsibility, Economic and fiscal outlook – March 2025

## New Towns

The Government’s proposals for New Towns are also racing ahead, with an interim report published by the New Towns Taskforce within 6 months of launching and plans to announce the location of the New Towns (and Urban Extensions) by the end of the year (although many of these areas are not actually ‘new’ but rather promotion of previous ambitions within this new initiative).

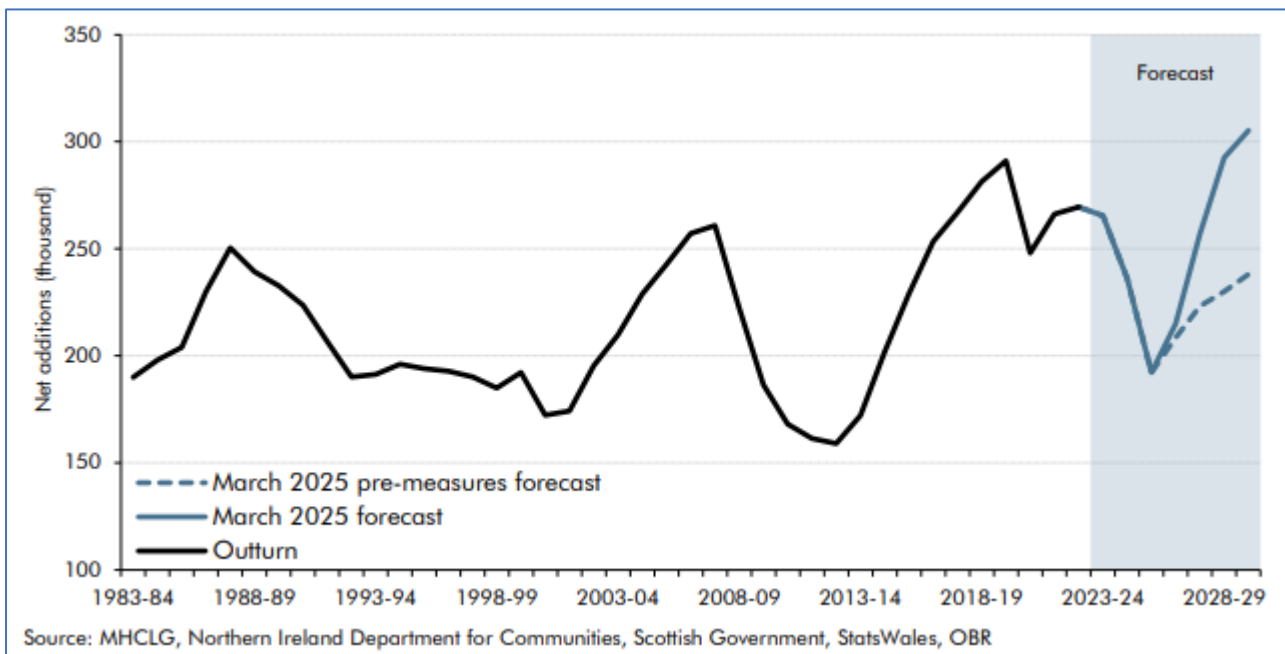


Figure 2: OBR Annual Net Addition Housing Projections (March 2025)



To help implement these, the P&I Bill contains a number of measures relating to Development Corporations ('DCs'), which have been used over the years to facilitate the delivery of thousands of new homes, where the scale of development is generally considered too risky for the private sector. The Bill seeks to strengthen DCs to make it easier for them to deliver large-scale development. DCs have a good track record in housing delivery in the UK so hopefully these changes will assist in unlocking new homes. The enhanced powers that DCs will have as a result of the Bill will certainly be a positive step towards efficient housing development and delivering the Government's New Towns programme but a clear vision, optimal site selection and good connectivity will be essential to success.

### Market Challenges

But what one cannot get away from is the market challenges facing the development industry and particularly the housebuilding sector. There has been little financial assistance to remedy the historic lack of supply including meaningful grant funding for the delivery of affordable housing. Hopefully the recent announcement of £2 billion 'top up' funding and the promise of more to come under the next spending review this June may help unblock this. Given the worsening affordability crisis, local authorities are generally increasing their affordable housing requirements. This all makes sense, again, in theory, but in many instances ignores real-world viability issues where schemes will simply not come forward. And even if schemes do "stack up", the challenges that the Registered Provider ('RP') sector is facing in the current market and its ability to take on new Section 106 schemes is a significant issue, impacting on long term delivery. Implementing fire safety changes to scheme designs, whilst very sensible, has added an additional procedural challenge which often causes substantial delays and uncertainties.

Outside of direct planning reform, some measures which are seen as the responsibility of developers also provide challenges for the housing market. The Renters' Rights Bill, for example, is likely to have significant implications for the co-living/PRS sectors. The Budget announcements last autumn in respect of national contributions and minimum wage add additional costs to businesses. The Building Safety Levy, when implemented (October 2026), will be another cost which will need to be factored in. And the proposals to extend the removal of hope value from CPO acquisitions for housing on brownfield sites and land allocated for residential development which has not yet come forward ultimately could encourage landowners to hold land and resist its release.

Helpfully however, in London, the Mayor of London has made some acknowledgement of the challenges facing the market and issued a Practice Note just before Christmas setting out small 'tweaks' to aid the delivery of housing, particularly affordable housing in the Capital (see Newmark's summary [here](#)). We hope that in drafting his new London Plan, the Mayor continues to acknowledge these challenges and works with stakeholders to develop pragmatic policies to encourage the development of housing for all.

## Changing structures – to a simpler future or a more complex reality?

Certainly, the reforms proposed by the Government have the potential to result in significant positive change within the planning system but, as with most things, there will be a period of adjustment requirement while new systems and approaches bed in. Whilst the idea is to make the system simpler, we will not truly understand the consequences of the changes until they have been implemented.

### Resource

One of the biggest challenges to achieving the Government's housing and growth objectives is planning capacity. This cannot be underestimated. Planning officers are needed to prepare planning policies and determine planning applications and there are simply not enough. A recent MHCLG survey (January 2025) reported that 97% of authorities who responded reported some planning skill gaps and 91% reported difficulty with recruiting.

Angela Rayner recently said that by "*streamlining the planning system*" they will then be able to "*focus the resources of planning committees and planning officers*" and not have to "*needlessly*" spend time on tasks that they don't have to do. Critical to this is improving efficiencies within local authorities and speeding up decision making. The Government appear to have a slightly utopian approach to the planning capacity issue which does over-simplify the problem and ignores the fact that really, over the last few years, the planning system has become incredibly complex. Figure 3 sets out some of the measures which are proposed at a national level which it is hoped will help address the problem.

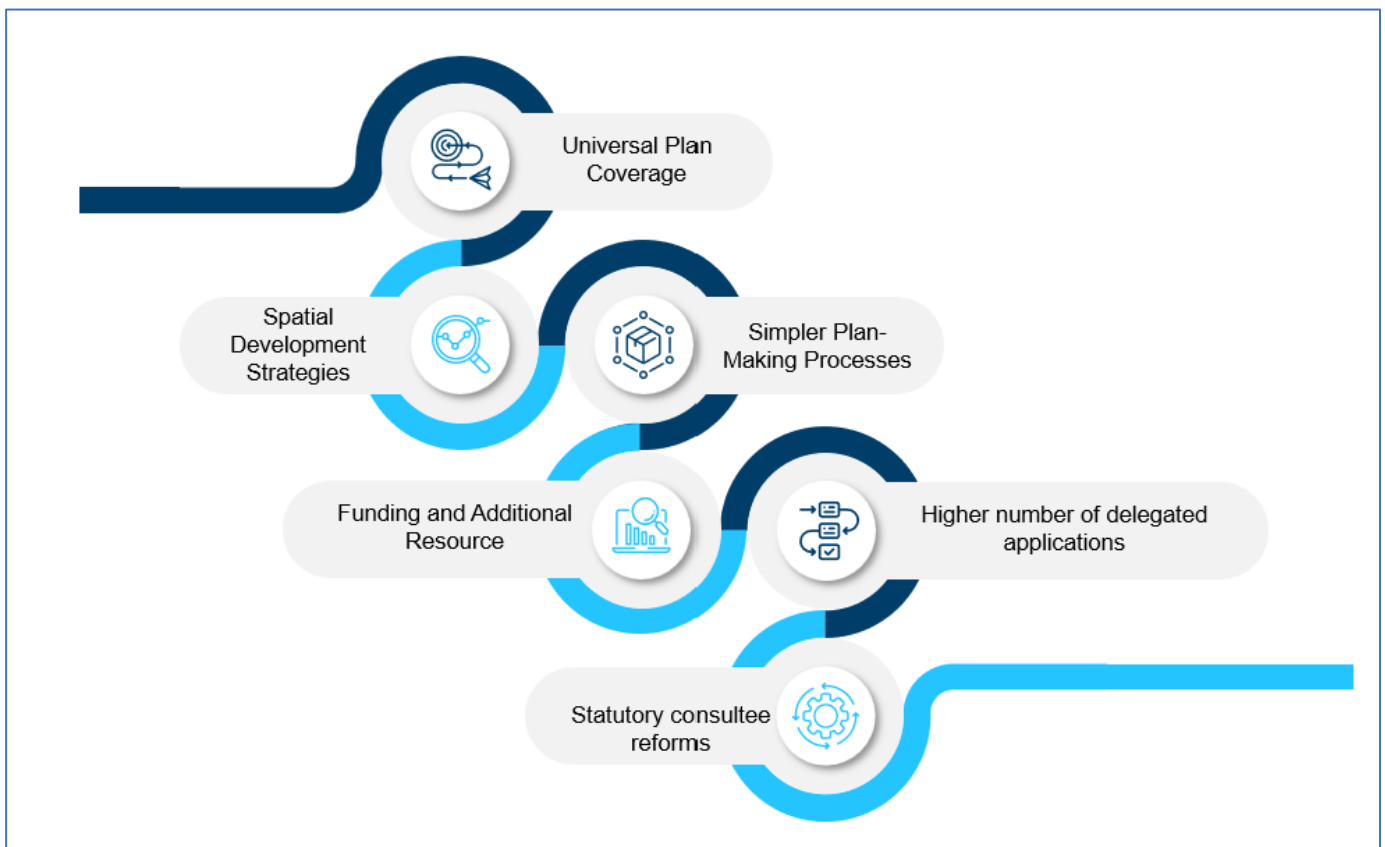


Figure 3: Government Measures to Address Planning Capacity Issues

The Government has committed £14.8m to support LPAs in the local plan making process and 300 new planners but this is a drop in the ocean and the Government have acknowledged that this won't fix the issue alone. However, what is potentially more helpful are the measures in the P&I Bill which would empower LPAs to prescribe and set their own planning application fees to cover (but not exceed) their costs. Importantly, these costs will be ring-fenced to planning departments i.e. they will actually go towards planning officers, which incredibly is not the case for planning application fees at present (or even pre-app or PPA fees). It will be interesting to see how authorities will go about determining their costs up front, how this accounts for variations between projects and what certainty on costs can be provided from the outset. In our view, there is still a considerable amount of work to be done but setting costs which better reflect LPA incurred costs will inevitably be a positive step in addressing resourcing challenges.

### The Planning Framework

Housing and Planning Minister Matthew Pennycook recently said that the plan-led approach is *"the cornerstone of our planning system"* and reiterated the Government's aim of universal coverage of up-to-date local plans, which we agree would help development by providing clarity on local planning requirements.

But a recent Government publication noted that only one third of LPAs have adopted a local plan in the last five years, and on average the adoption of a plan takes seven years. Not only does this take a huge amount of planning resource, it also adds to uncertainty for developers in the interim.

The Government plans on taking forward amendments brought in by the previous administration's Levelling Up and Regeneration Act (2023) to reform the plan-making process, with an aim to make the process simpler and quicker. Notwithstanding the finer details, the ambition is very welcome, but in reality it could take some time and additional resource for new systems to bed in. Coupled with this is the Government's wider plans for devolution and introduction of Spatial Development Strategies ('SDS') across the country, for which the P&I Bill makes provision for. Allocation of housing targets in amongst the new authorities, particularly in the context of Green Belt release, could make implementing such SDS locally challenging. Changes to the planning framework are also proposed via the introduction of a national suite of development management policies (the NDMPs). The hope is that this will help streamline local plan processes, by enabling local plans to not have to repeat policies which often are broadly the same across the country.

## Decision Making

In 2024, across London boroughs, applications which were heard at planning committee took on average 45 weeks, compared to those determined at officer level, just 12 weeks<sup>1</sup>. The P&I Bill seeks to streamline decisions to speed up the decision-making process. The Bill enables the SoS to make regulations to bring forward a national scheme of delegation setting out which planning functions should be delegated to officers and which should be determined by a committee, as well as the size and composition of planning committees. Essentially trying to steer the determination of more planning applications away from committee to delegated decisions. Dedicated committees will be created for strategic development and mandatory training for committee members will be introduced without which members will be prohibited from being involved in decision-making – this is long overdue.

This should all be music to the ears of developers and landowners up and down the country who often end up in unnecessarily bureaucratic and politically charged discussions which can go on for months or years and for which many proposals could easily have been determined at officer level. But for some applications it will inevitably create areas vulnerable for legal challenge – for example, one of the options proposed by the Government is for planning officers to consider whether or not applications comply with the Development Plan, with those not complying to be determined at committee. The answer to this question requires a significant level of judgment by the planning officer and it is rare for complex development proposals to comply with all of the policies of the Development Plan.

Alongside this, the Government intends to consult later in the spring on measures to amend the statutory consultee process, by removing some statutory consultees and streamlining the consultation process for others. If this is implemented correctly and everyone plays by the 'new rules', this should in theory help speed up decision-making.

<sup>1</sup> Data extracted from the London Datahub on 10 February 2025; note that not all applications are reported to the Datahub and not all applications which went to Committee were major applications

[NMRK.COM/UK](https://www.nmrk.com/uk)

## Concluding Remarks

Whilst the Government are trying to give certainty and create efficiencies in the system, the transitional period between the current and new arrangements will certainly result in 'teething issues' and it will only be once the changes come into force and settle that the detailed issues associated with the new approaches are truly felt and understood.

The planning system in the UK is incredibly complex and has increased in complexity over the last few years. The list of requirements for applicants and planning officers to consider within major applications is lengthy and continues to grow. Alongside this, changing planning policy at a national level and potential changes to planning systems will likely result in further resource spent, at least in the short term, to facilitate the new requirements. This is all within the context of local authorities which are severely under-funded and under-resourced. Ultimately the more issues that exist, and the interaction of these issues, may well lead to a further increase in complexity which has the potential to undermine everything the Government is trying to achieve.

Notwithstanding this, it is very positive that at last, planning reform is such a key focus for the Government and not only that, it is being seen as an engine to help deliver growth. Even if perhaps some of the mechanics are untested, the general messaging and support for growth is very welcome. We would like to see this growth message extended beyond housing, to commercial and infrastructure development and how this can facilitate growth. The introduction of 'grey belt' is significant and should open up many more opportunities for development (for both residential and commercial) and we look forward to the consultation on the NDMPs which we hope will help further strengthen the presumption in favour for brownfield land and provide greater clarity on embodied carbon.

If you would like to discuss any aspect of this note further, please do get in touch with Newmark's Planning & Development team.

**NEWMARK**