

PLANNING FOR GROWTH IN WALES

How to create jobs and meet
net zero targets



Editor's Note

Welsh Government Announcement

While the content remains relevant, readers should consider the implications of this recent development when interpreting the analysis.

This document was prepared before the 13 November 2024, when the Welsh Government introduced measures to accelerate infrastructure planning decisions. While the content remains relevant, readers should consider the implications of this recent development when interpreting the analysis.

The CBI welcome the Welsh Government's proposed reforms to the land use planning system. The delegation of decision-making powers to PEDW for renewable energy projects up to 50MW, aiming to reduce decision times by at least 12 weeks, is a significant advancement. This initiative aligns with our longstanding advocacy for more efficient planning processes to facilitate timely infrastructure development.

Addressing the shortage of planners is a critical component of these reforms. Enhancing the capacity and resilience of planning services will ensure that expedited processes maintain rigorous standards, thereby fostering a conducive environment for sustainable business investments.

The government's pursuit of a sector deal to support renewable energy projects resonates with our commitment to collaborative efforts between the public and private sectors. A shared vision and coordinated actions are essential for freeing up the planning system to drive economic growth.

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Foreword

“[Planning is]...The single greatest obstacle to our economic success. Our planning system is a barrier to growth and a barrier to homeownership too...”

Shadow Chancellor, Rachel Reeves, Mais speech, March 2024¹

As the Welsh Parliament election nears, the need for a future-proofed economic growth plan, with distinct missions, is increasingly recognised. Wales is the UK’s energy powerhouse with abundant natural resources, an educated workforce, and two green freeports, has great potential. However, more must be done to achieve sustainable growth, which is essential for improving life opportunities, funding public services, and meeting our future generation goals. To this end, we must prioritise investment in infrastructure, foster innovation across sectors, and enhance collaboration between public and private entities. This collaborative approach will not only drive economic development but also ensure that the benefits are felt across all communities. The economic prize is substantial, in 2021 a study by the Centre for Cities found that planning reform could boost UK productivity by 10%, equivalent to an additional £180 billion per year.²

The current planning system in Wales is seen as a major obstacle to economic growth due to its slow and complex processes. This has hindered the delivery of crucial housing, infrastructure, and decarbonisation projects. Inconsistencies and variances based on local political influences have eroded investor and contractor confidence, causing delays in projects that could provide much-needed housing and jobs. It is not uncommon for a housing application to take over a year, almost the same time as the on-site delivery of the project. Such company experience aligns with recent research that found the challenges faced by local authorities in Cardiff, such as inadequate resources and limited enforcement powers, hindered the delivery of high-quality developments³

Case Study: Housing

In the last few years, businesses have accepted the additional requirements and opportunities, but the complications associated with implementation has led to insufficient new homes and infrastructure. For housing, the biggest, single barrier is the Sustainable Drainage Approving Body (SAB) consenting scheme⁴. Other barriers are lengthy planning delays, affordable housing requirements, new requirements such as sprinklers, Biodiversity Net Gain and increasing efficiency requirements as we move towards Net Zero, there is now a very significant regulatory burden on SME developers, which increases costs not only on the development itself, but in terms of compliance. These challenges can become opportunities with a more dynamic relationship with government and a more proportionate planning process, with smaller projects subject to less stringent regulatory burdens.

The planning system in Wales has emerged as a critical focal point for economic growth, particularly in light of the impending Welsh Parliament elections. As Wales positions itself as a leader in energy production, endowed with rich natural resources and a highly skilled workforce, the need for a streamlined and efficient planning framework becomes paramount.

The performance of the planning system, especially at the heart of the nation's engines of employment, is stifling growth. According to the Auditor General for Wales local planning authorities (LPAs) in Wales have seen a **50% reduction in real terms** in their budgets between 2008-09 and 2017-18.⁵ This decrease has particularly affected development control services, which have seen a **59% reduction** in funding over the same period.⁶ While there have been increases in planning fees to provide additional resources for planning services, these fee hikes have not yet translated into improved decision times or increased capacity. This is against a general backdrop of a major bottleneck with only 20% of major planning applications processed within statutory timeframes in 2017-18⁷.

To address these issues, it is essential to streamline the planning process, ensuring that it is more transparent and responsive to the needs of both communities and investors. Additionally, fostering collaboration between local authorities, developers, and community stakeholders can create a more cohesive approach to urban planning, ultimately leading to sustainable growth and improved living conditions.

The cumbersome system means firms spend more time on bureaucracy than on actual delivery, and for Wales to become a leader in the built environment, this must change. Streamlining the planning process, simplifying regulations, and ensuring transparency will be essential steps in rebuilding that confidence and attracting investment.

Planning reform offers a chance to revitalise delivery and ensure planning is viewed as an economic enabler. The Planning Act (Wales) 2015 put in place a plan-based system almost 10 years ago. Economic growth was in future to be shaped and nurtured by a National Development Framework (NDF); Three Strategic Development Plans (SDP), and Local Development Plans (LDP). The vision was for the three documents, the NDP, SDP, and LDPs - acting in concert to create a community's blueprint for growth. However, ten years later, no SDP have been delivered, highlighting the urgent need for action to translate these frameworks into tangible outcomes that benefit communities and give business the certainty needed to drive sustainable growth.

The evidence over the last decade has proven that in every part of Wales the interlocking nature of the three plans has meant one minor problem, in one of the plans, has brought the system to a halt, stalling progress and leaving communities in limbo. This situation underscores the importance of a cohesive approach, where each strategic plan not only aligns with Future Wales: The National Plan⁸, but its independence supports the delivery of local plans, ensuring that challenges are addressed promptly and collaboratively rather than in isolation. Each plan should support the other's progress, but no plan should prevent another going faster or introducing innovative ideas.

The recent announcement of a Planning and Infrastructure Bill in the King's Speech will apply to Wales, and it is a positive step if developed with business.⁹ Businesses need a planning system that balances economic growth with community needs and environmental sustainability, supported by transparent and timely decision-making, a pro-growth Planning Policy Wales (PPW) 13, a new Technical Advice Note (TAN) 1, and an updated TAN23 will come together to ensure our planning system is tackling climate change, while addressing longstanding barriers.



Supporting Local Planning Authorities become agents of growth

CBI members urge the new government to adopt a UK-wide Planning for Growth Strategy. This strategy would ensure cohesion and consistency by working closely with devolved nations. Informed by the National Infrastructure Commission (NIC) and the National Infrastructure Commission for Wales, The Wales report should address planning challenges through a multifaceted approach, focusing on the following three areas:

- **Resourcing the planning system** through regular, consistent funding including the ring-fencing of any future fee rises to allow planning authorities to build capacity and capabilities. Address the shortage of planners by attracting more talent to the profession and extending the ring-fenced support to departments - such as Highways and Drainage - that play a critical role in delivery.
- **Streamlining and Accelerating Planning** to achieve greater consistency across Local Planning Authorities (LPAs). By reducing complexity and uncertainty, we can make Wales a more appealing destination for investors and capitalise on its green energy capabilities.
- **Prioritise strategic planning to deliver growth** by collaborating with the UK government to establish an effective planning system that supports national critical infrastructure, including offshore wind and carbon capture, utilisation, and storage projects. This collaborative approach will not only enhance local economies but also ensure that Wales remains strategically manages its place at the forefront of sustainable development initiatives, fostering, scale, innovation and resilience in the face of climate change.



Summary of recommendations

About the CBI

The CBI speaks on behalf of 170,000 businesses of all sizes and sectors, across every region and nation of the UK. This includes over 1,100 corporate members, plus nearly 150 trade associations. Corporate members alone employ over 2.3 million private sector workers.

The views in this paper were gathered from ongoing engagement with CBI members, including but not limited to our Trade Associations as well as individual conversations with companies large and small. Sectors represented include construction, energy, infrastructure, housing developers, and professional services.

The Welsh planning system is under pressure due to budget cuts, outdated policies, and a lack of cohesion in development plans. The challenge is to create a more efficient and innovative planning framework that balances economic growth, housing needs, and environmental commitments. To address the challenges facing the Welsh planning system, comprehensive reform is necessary. This includes restoring adequate funding for LPAs, modernising the planning process through technology, aligning housing and economic policies, and ensuring that planning guidance reflects the Welsh Government's economic and environmental priorities. Targeted investment in the planning workforce and creating specialist planning hubs will enhance capacity and expertise, supporting the delivery of critical hundreds of families.

The following points represent a combined response where industry has been in broad agreement and are not a comprehensive report of all comments made.



Recommendations

1. Resource Allocation and Funding

- **Commitment to Funding:** Welsh and UK governments need to commit to resourcing the planning system through regular and consistent funding. A 50% budget cut for local planning authorities should be addressed, and fee increases must be ringfenced to ensure that revenue generated from planning applications directly supports the planning process.
- **Floating Resource of Planners:** Create a centralised floating resource of planners with expertise in energy projects and specialist areas such as ornithology, marine biology, and peatland, deployed to alleviate local bottlenecks. The formation of such a hub could substantially speed up decision-making. Industry would be willing to pool resources to help fund such a hub.

2. Planning Strategy and Policy Framework

- **Overarching Strategy for Planning:** Introduce an 'overarching strategy' for planning that adopts off-the-shelf productivity improvements and incorporates "PlanTech" to place innovation and technology at the heart of the planning process. Require Local Planning Authorities (LPAs) to work with economic officials in the Welsh Government to ensure cohesion and consistency across the nation's planning systems.
- **Update TAN23:** Ensure both Planning Policy Wales (PPW) and key Technical Advice Notes (TANs) are fit for purpose, aligning with net zero, and addressing longstanding barriers within the planning system. Update TAN23 to bring it in line with the Future Generations Act and the national economic strategy.



3. Housing and Local Development Plans

- **Restore TAN 1 and Housing Supply:** Restore TAN 1 and the 5-year housing supply to build the homes every community needs. This would help attract inward investment and ensure a range of housing options for talent acquisition.
- **Expired LDPs:** Cancel time-expired Local Development Plans (LDPs) as they provide no benefit in the planning system.
- **Unlock Developments:** Propose that planning guidance, the Welsh National Plan, and Strategic Development Plans (SDPs) include clauses stating that until SDPs are operational, their status should not hinder other developments.
- **“In Development” SDPs:** Ensure that “forthcoming” or “in development” SDPs do not impede the progress of Local Development Plans (LDPs).

4. Skills Development and Workforce Enhancement

- **Attracting Planners:** Work with education providers to increase undergraduate opportunities and promote planning as a career option. Consider adapting existing provisions to include vocational or work-based learning programs.
- **Planning Champions:** Develop Planning Champions who have specialist skills in areas such as significant infrastructure projects, biodiversity, and climate change. These champions could support planning hubs and neighbouring authorities.

5. Process Improvement and Efficiency

- **Pre-Application Process Review:** Urgently review pre-application consultations to identify issues and facilitate a more effective approach.
- **Delivering Large-Scale Projects:** Work with the UK government to establish an effective planning system that supports large-scale national significant infrastructure projects such as offshore wind and carbon capture and storage (CCUS).

These thematic groups help streamline the recommendations, focusing on improving resources, strategy, planning policy, skills, and process efficiency.

The business case for reform

Researchers from the London School of Economics uncovered that the planning regulations in England contributed an additional 35% to the expenses associated with housing, enforced a 'levy' that could reach as high as 800% on the expenditures related to the construction of new office facilities, and had diminished the efficiency of an average new English supermarket by 32% since 1996.¹⁰

Moreover, addressing the inefficiencies within the planning system not only requires immediate reforms but also a long-term vision that integrates technological advancements into a plan-based system to enhance the benefits. The adoption of digital tools and platforms could facilitate more efficient communication between stakeholders, streamline application processes, and enhance transparency in decision-making. For instance, implementing an online portal for tracking planning applications would empower both local authorities and applicants to monitor progress, thereby reducing frustration and delays often associated with bureaucratic bottlenecks. Additionally, fostering partnerships with tech firms could drive innovation in urban planning, allowing for data-driven approaches that better anticipate community needs and environmental impacts.

If done right, planning reform has major societal benefits. A 2020 study by the OECD found that efficient planning can help to improve the quality of life and attract new residents and businesses.¹¹ This is because efficient planning can help to create more liveable and sustainable communities. There are a number of specific ways in which an efficient planning system can boost economic growth. For example, efficient planning can help to:

- Reduce the costs of development by streamlining the approval process and eliminating unnecessary delays.
- Improve the productivity of businesses by providing them with access to the infrastructure and amenities they need.
- Attract new investment by creating a more predictable and business-friendly environment.
- Create jobs in the construction and other industries involved in the development of new infrastructure and amenities.



Evidence

If the planning system works, several detailed research reports highlight the resulting economic benefits. A study by the Brookings Institution found that a 10% increase in the density of a city can lead to a 2% increase in its GDP¹². Additionally, cities that prioritise smart growth strategies often experience enhanced quality of life for residents, as well as increased property values and reduced environmental impact.

A study by the University of Pennsylvania found that every:

- \$1 billion invested in public transportation generates \$4 billion in economic activity.¹³
- A study by the National Institute of Building Sciences found that every £1 invested in energy efficiency in commercial buildings save £2.5 in energy costs.

Overall, the far larger body of evidence suggests that an efficient planning system can have a significant positive impact on the economy. By reducing uncertainty and risk, improving the quality of life, and attracting new investment, efficient planning can help to boost economic growth and create jobs.

The planning prize

There is a growing body of academic evidence pinpointing the economic prize for planning reform in the UK. Some specific examples include:

- A 2021 study by the Centre for Cities found that planning reform of infrastructure could boost UK productivity by 10%, equivalent to an additional £180 billion per year.¹⁴
- A 2022 study by the Resolution Foundation found that planning reform could create up to 1 million new jobs and add £30 billion to the UK economy each year.¹⁵
- A 2023 study by the Institute for Fiscal Studies found that planning reform could boost UK GDP by 2% in the long run.¹⁶

Significant steps to reform the planning landscape will facilitate investment and foster innovation. With a significant portion of CBI members expressing concerns over the inefficiencies of the existing system, this report presents a series of recommendations aimed at resourcing the planning system, streamlining processes, and prioritising strategic planning initiatives. By establishing a cohesive framework that integrates local and national planning objectives, and by leveraging collaborative efforts between public and private sectors, Wales can unlock its full potential as a hub for sustainable growth.

Planning policy and economic policy work best when they are formally connected and are developed together. The Welsh Government's Economic Action Plan required the appointment of Chief Regional Officers for each region and have commenced work to develop the Welsh Government's approach to improving regional working and delivery. The Planning (Wales) Act 2015 facilitates this approach and provides a legal framework for the preparation of Strategic Development Plans (SDPs) on a regional basis.

The forthcoming **Planning and Infrastructure Bill** represents a pivotal opportunity to catalyse these changes, ensuring that planning is not merely a regulatory hurdle but an enabler of economic prosperity and community well-being. As we delve into the specifics of these recommendations, it is imperative to recognise the broader implications of an efficient planning system on quality of life, job creation, and the overall economic landscape of Wales.

Recommendations

- **Create a data-driven planning system:** Fostering partnerships with tech firms could drive innovation in urban planning, allowing for data-driven approaches that better anticipate community needs and environmental impacts.
- **Unlock economic growth:** Pull down the walls between planning and economic development. A large body of evidence suggests that an efficient planning system can have a significant positive impact on the economy. By reducing uncertainty and risk, improving the quality of life, and attracting new investment, efficient planning can help to boost economic growth and create jobs. For example, a 2023 study by the Institute for Fiscal Studies found that planning reform could boost UK GDP by 2% in the long run.



Resourcing the planning system

Planning (Wales) Act 2015

Along with Planning Policy Wales (PPW) 12, one of the primary frameworks guiding spatial planning in Wales is the Planning (Wales) Act 2015 “the Act”, which emphasises a more collaborative approach to planning, allowing for greater participation from local communities. This year marks a decade since the Act came into force. Now is a good time to examine if the legislation needs to be updated to respond to rapidly changing circumstances. This review could focus on areas such as climate resilience, housing affordability, and the integration of technology in planning processes, ensuring that the system remains relevant and effective in addressing contemporary challenges.

The Act has been instrumental in promoting collaborative planning practices, as evidenced by its emphasis on stakeholder engagement and co-production in planning processes. This collaborative approach is essential for addressing complex issues such as climate change and social inequality, which are increasingly recognised as critical factors in planning decisions. The integration of health impact assessments into planning processes further underscores the importance of considering the broader social determinants of health in policy-making.¹⁷

Strategic planning brings scale and investment

The CBI is calling for the new government to adopt a UK-wide Planning for Growth Strategy. Introducing an ‘overarching strategy’ for major planning, working closely with the devolved nations, to provide cohesion and consistency across the planning system, where all four nations learn from each other.



A consistent planning system

Wales has 25 planning authorities, and 22 local authorities, all with differing priorities among planning authorities, resource constraints, communication barriers, political and administrative differences, and the complexity of cross-boundary issues. According to the Wales Audit Office, over half of those responding to their survey found it was not easy to access information on planning, and 70% stated that local planning authorities are not good at engaging with stakeholders.

While steps have been taken to ensure cross boundary working, more must be done to achieve Planning Policy Wales' four regional Growth Areas, also called Strategic Development Plans:

- **South West Wales:** Includes growth in Swansea Bay, focusing on sustainable
- **Mid Wales:** Focused on supporting rural communities and enhancing regional transport and economic infrastructure.
- **North Wales:** Emphasises economic development in coastal settlements and includes the North Wales Metro project.
- **South East Wales:** Blaenau Gwent, Brecon Beacons (part), Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen and Vale of Glamorgan

The Strategic Development Plans (SDPs), meant to bridge the local and the national, have not met expectations. Of three that were meant to be created, only one has started, and that remains incomplete. While SDPs can play a crucial role, they should only be factored into the planning process when they exist. Their potential presence should not affect the National plan or LDPs.

For too long the "forthcoming" or "in development" SDPs have overshadowed the progress of LDPs, preventing larger scale schemes coming forward. This unintended consequence must be tackled.

The Local Development Plans (LDPs) have their flaws, especially time expired LDPs which should be cancelled as they provide no benefit in the planning system.

The one SDP that has been developed is the South East Wales City Region Deal's SDP entitled Delivering A Future With Prosperity¹⁸ the SDP identified the right issues – digital, transport, a reduction in carbon emissions, and support for economic clusters. The SDPs, with the emergence of Corporate Joint Committees (CJCs), have a second wind and fresh SDPs began development in 2022.

Deliver large renewable projects by optimising the use of time and resources

To expedite large renewable energy projects in Wales, it is essential to streamline the planning system while maximising the value of local community engagement. The participation of local stakeholders in the development of Local Development Plans (LDPs) ensures that economic strategies align with community aspirations, fostering a sense of ownership and responsibility towards sustainable growth.

As highlighted by the Well-being of Future Generations (Wales) Act 2015, public bodies must consider the long-term impacts of their projects on both the environment and society. This requirement can sometimes slow progress due to the intricate assessments needed. Research indicates that the community energy sector in Wales often faces institutional barriers that hinder its growth, despite the statutory obligations for sustainable development.¹⁹ This inconsistency in policy implementation can lead to a perception of inequity and frustration among community stakeholders who seek to engage in renewable energy initiatives.



Review the pre-application consultation process

Prospective applicants' pre-application engagement aims to enhance the efficiency and effectiveness of the planning application system and elevates the quality and speed of planning applications.

Unfortunately, pre-application consultations have not achieved their stated goal and should be reviewed. According to one major construction company, pre-app consultations have become a barrier to progress rather than a tool for facilitating it. A comprehensive evaluation of these consultations should reveal the underlying issues and facilitate a more inclusive approach that genuinely addresses the concerns of all parties involved. The process is in urgent need of review so an improved process can take its place.

Key problems that can occur during pre-app consultations:²⁰

- **Competing Aims and Logics:**
 - LPAs face challenges in reconciling multiple and often competing aims such as growth, efficiency, commercialisation, participation, and quality during pre-application negotiations. These conflicting goals can make the process complex and difficult to manage effectively.
- **Inconsistent Information Requirements:**
 - Historically, the lack of a standardized form for planning applications led to significant variations in the information required by different LPAs. This inconsistency was particularly problematic for large-scale developers who had to navigate different requirements across multiple jurisdictions
- **Data Quality and Methodological Flaws:**
 - The process of air quality impact assessment, which is a part of the planning process, suffers from methodological flaws. Inaccurate data and poor modelling practices can lead to unsound decisions, highlighting a critical issue in the pre-application process where data quality is paramount
- **Planning Delays:**
 - The time taken to gain planning permission is often much longer than official data suggests. There is considerable variation in processing times across different LPAs, with housing association developments being processed more quickly than those of large developers. This delay is a significant factor contributing to the low responsiveness of the UK housing supply to market changes

High performing planning authorities are needed yet funding planning authority budgets have been cut by 50%

Spending on planning within government has declined by 28.6% since 2010-11. This has resulted in planning being the most reduced and lowest funded local authority department right across the UK. In Wales, the Audit Report on Planning highlights that local planning authorities (LPAs) in Wales have seen a **50% reduction in real terms** in their budgets between 2008-09 and 2017-18.²¹ This decrease has particularly affected development control services, which have seen a **59% reduction** in funding over the same period. While there have been increases in planning fees to provide additional resources for planning services, these fee hikes have not yet translated into improved decision times or increased capacity.

According to recent data, 6% of planning decisions in Wales were appealed, of those, 53% of appeals in Wales were overturned. A freedom of information request revealed that 56% of planning decisions were reversed in 2021-22.²² Additional training could save time and reduce costs for the many partners involved in this prolonged process.

Additionally, the workforce in 2022/23 reached its lowest level in five years.²³ Coupled with an aging workforce demographic and competition for qualified planners from both private and public sectors, we find ourselves in a critical situation with several challenges:

- Uncertain policy framework inconsistently applied and interpreted
- Major budget cuts leading to limited expertise and resources
- Insufficient planners and a poor public sector career path
- Lengthy delays and increased fees for users
- A lack of targeted policy has resulted in other council departments (e.g., highways) and with other statutory consultees, e.g. Natural Resources Wales, unintentionally delaying planning applications rather than planning departments themselves.



All of this has culminated in the performance of local planning authorities remaining a major bottleneck for Welsh regeneration and employment, with only 20% of major planning applications processed within statutory timeframes in 2017-18.²⁴ These delays have direct economic consequences, discouraging investment and slowing down the delivery of crucial infrastructure projects.²⁵ Addressing the challenges in the planning system requires a multifaceted approach, and will not be resolved simply by increasing fee income. Regular, consistent funding is needed to support planning services.

It is not just business, the Welsh Local Government Association (WLGA) and other professional bodies have expressed concerns about the capacity of local planning authorities (LPAs) to handle increasing workloads, particularly due to staff shortages and budget cuts. It is clear there is a need to reform the Welsh planning system, making it more efficient and effective.

Fee Income

The fee increase that took effect from 1st April 2022 aimed to provide much-needed additional resources for planning services across Wales. However, we have yet to see an improvement in decision times. Indeed, the average decision times for planning applications in Wales from 2022 to 2024 showed a concerning upward trend. In 2022/23 the average decision time for major developments was reported to be 39.3 weeks, which is nearly two and a half times the statutory timeframe of 16 weeks.²⁶ The situation worsened in the first two quarters of 2023/24, with the average processing time for major developments rising sharply to 62.1 weeks.²⁷ This delay not only frustrates developers but also hampers economic growth and the delivery of much-needed housing across Wales.

In principle, businesses endorse increases in planning fees, where necessary, to enhance capacity within the planning service. However, any fee increase should be ringfenced, ensures it directly supports the planning process, allowing for investments in skilled staff, improved technology, and enhanced services. Many businesses have experienced a significant increase in costs. These cost escalations stem from both planning fee increases and external pressures, including geopolitical conflicts and inflation. Given these challenges, the capacity of businesses to absorb further fee increases is limited.



Recommendations

- **Urgently review pre-application process:** Pre-app consultations have not achieved their stated goal and should be reviewed. According to one major construction company, pre-app consultations have become a barrier to progress rather than a tool for facilitating it. A comprehensive evaluation of these consultations should reveal the underlying issues and facilitate a more inclusive and effective approach.
- **“In development” SDPs must not impede progress:** The Strategic Development Plans (SDPs), meant to bridge the local and the national, have not met expectations. For too long the “forthcoming” or “in development” SDPs have overshadowed the progress of Local Development Plans (LDPs), preventing larger scale schemes coming forward. This unintended consequence must be tackled. Only their potential to be present should not be factored into the planning process. Their potential presence should not affect the National plan or LDPs.
- **Expired LDPs should be cancelled:** The LDPs need optimising, especially time expired LDPs. These type of LDP should be cancelled as they provide no benefit in the planning system.
- **Despite their benefits, small and large renewable energy projects have been stifled by planning policy barriers that must be removed:** Research indicates that the community energy sector in Wales often faces institutional barriers that hinder its growth, despite the statutory obligations for sustainable development.²⁸ This inconsistency in policy implementation can lead to a perception of inequity and frustration among community
- **Urgently address the 50% cut in local planning budgets** The Audit report “The effectiveness of local planning authorities in Wales” highlights that local planning authorities (LPAs) have seen a 50% reduction in real terms in their budgets between 2008-09 and 2017-18. This decrease has particularly affected development control services, which have seen a **59% reduction** in funding over the same period. While there have been increases in planning fees to provide additional resources for planning services, these fee hikes have not yet translated into improved decision times or increased capacity. Little progress can be made if capacity and technology issues are not addressed.

Recruiting, Reskilling and Retraining

There is a shortage of planners across Welsh planning authorities. The planning workforce has seen a 16% decline in recent years, with not enough new entrants into the public sector. To cover projected growth, approximately 730 planners are needed over the next 10 to 15 years.²⁹ This pattern of decline is repeated across the UK. Real salaries for town planners have experienced a continuous decline over nearly two decades and between 2013 and 2020, about one in four town planners in the United Kingdom decided to leave their jobs in the public sector.³⁰

Industry welcomes the measures adopted by the Welsh Government to promote planning as a profession. Increasing the routes for planners to become qualified in the Welsh planning system is essential for building a skilled workforce. More consideration should be given to adapting existing provisions to include vocational or work-based learning programs. These can provide immediate pathways into the planning profession. Welsh planning authorities could boost the number of planners by leveraging the apprenticeship levy, developing a planning apprenticeship scheme to attract new talent and provide an alternative route into the profession, especially when fewer graduates enter the public sector.

The lack of undergraduate RTPI-accredited courses in Wales remains an issue. We know that 82% of graduates working in Wales are from Wales and studied in Wales. Whilst only 13% of graduates working in Wales studied outside of Wales.³¹ Dundee offers the only RTPI undergraduate planning degree in Wales. Ministers must work with education providers to increase undergraduate opportunities, ensuring that planning is promoted as a career option for those entering higher education. Additionally, initiatives to enhance awareness of planning careers in schools could further bridge the gap, encouraging students to consider this vital profession early in their academic journey.



The retention of experienced planners is critical. While the preference is for competitively paid public planners in each of Wales' 25 planning authorities, the cost may be too high, as a result, consideration should be given to the development of Scotland's 'Planning Champions', who have developed specialist skills and knowledge in areas such as significant infrastructure projects, biodiversity and climate change.³² The public and private sectors should work together to identify these champions that could operate alongside planning hubs and be made available to neighbouring planning authorities who do not have this specialist resource. This concept is not new, Heads of Planning Wales found that 28 authorities (80%) used a shared service/skill with another Council or Service and that 86% of survey respondents paid for additional technical expertise in the last 3 calendar years³³. This model should be expanded upon as it would provide specialist expertise to planning authorities as well as career development opportunities within the existing planning workforce.

Recommendations

- **Government must commit to resourcing the planning system through regular and consistent funding.** Fee increases must be ringfenced to ensure that revenue generated from planning applications directly supports the planning process.
- **Ministers must work with education providers to increase undergraduate opportunities,** ensuring that planning is promoted as a career option for those entering higher education. More consideration should also be given to adapting existing provisions to include vocational or work-based learning programs.
- **Enhance career development opportunities by developing Planning Champions** who have developed specialist skills and knowledge in areas such as significant infrastructure projects, biodiversity and climate change. These champions that could operate alongside planning hubs and be made available to neighbouring planning authorities who do not have this specialist resource. Finally, adopt off the shelf productivity improvements and beings working with "PlanTech" organisation who place innovation and technology at the heart of the planning process.

Accelerating the planning process

Completed, up to date, plans are at the heart of Wales' systemic planning failures. Streamlining the planning process and reducing inconsistencies across authorities and across borders, will enhance efficiency and provide certainty for businesses. Industry welcomes the **Planning Applications Wales portal** which represents a shift towards standardising the application process by allowing online submissions, tracking, and decision-making, that is an important piece of the puzzle that is now in place.



Recent reforms to the Welsh planning system

Planning (Wales) Act 2015

- **Plan-led Approach:** The Act strengthened the plan-led approach to planning, introducing a legal framework for the Welsh Ministers to prepare a national land use plan, known as the National Development Framework for Wales. This framework sets out national land use priorities and infrastructure requirements.
- **Direct Applications to Welsh Ministers:** It allowed planning applications for nationally significant projects to be made directly to the Welsh Ministers, bypassing LPAs if deemed necessary.

Future Wales: The National Plan 2040

- **National Spatial Strategy:** Published in 2021, this plan provides a national spatial strategy for development in Wales, focusing on key national priorities and ensuring that Local Development Plans (LDPs) conform to it.

Infrastructure (Wales) Act 2024

- **Unified Consenting Process:** This Act introduced a unified consenting process for significant infrastructure projects, centralizing decision-making with the Welsh Ministers and reducing the direct role of LPAs in such projects.
- **Welsh Infrastructure Consent:** The Act replaced the Developments of National Significance regime with a Welsh Infrastructure Consent, simplifying the process for obtaining necessary approvals for significant projects.

Well-being of Future Generations (Wales) Act 2015

- Plays a crucial role in shaping land-use planning. This pioneering piece of legislation required all public bodies in Wales, including planning authorities, to consider the long-term impact of their decisions on future generations. As a result, economic development policies were required to balance immediate economic gains with the need to safeguard the environment and promote social equity. This approach reflects Wales' broader commitment to sustainable development, which has become hallmark of its land-use planning policies.

However, applicants have expressed concerns about the inconsistencies between the 25 planning authorities in Wales. In some cases, a precautionary approach is taken, leading to additional time and costs for applicants, authorities, and communities when providing and evaluating evidence.

While each authority can enforce planning regulations, these variations can create challenges for businesses seeking clarity and predictability in the planning process. Streamlining the planning process and reducing inconsistencies across authorities will enhance efficiency and provide certainty for businesses. **Industry welcomes** the Planning Applications Wales portal which represents a shift towards standardising the application process by allowing online submissions, tracking, and decision-making.

Regional planning has been a priority for Welsh Government for some time. The creation of four planning regions in 2014 and the requirement for each to produce Strategic Development Plans (SDPs) illustrates this. This approach, outlined in "Future Wales: The National Plan 2040," aims to address cross-boundary issues and ensure coordinated development across North Wales, Mid Wales, South West Wales, and South East Wales.

While progress varies between regions, each is working to align their plans with national priorities while addressing unique regional challenges and opportunities. Key milestones achieved so far include the approval of regional energy strategies, development of economic delivery plans, and establishment of governance structures for growth deals. The SDPs are expected to play a crucial role in managing strategic matters such as housing provision, transport infrastructure, and sustainable economic growth across Wales. It is important the National Plan is written to work for the private sector's ways of working and not only the public sector's.

Planning Policy Wales (PPW) 12 provides a comprehensive framework for local planning authorities to prepare development plans and make planning decisions, ensuring consistency across different regions. The Positive Planning Implementation Plan outlines the Welsh Government's priorities for improving the development management system. It focuses on enhancing the planning application process, enforcement system, and use class order, aiming to encourage early engagement, increase transparency, and achieve timely decision. Industry welcomes these key steps forward. Implementation (and the Wales-wide resources to implement them) remain critical to the success of the PPLP. The collaboration between local authorities and stakeholders will be essential to ensure that these initiatives are effectively implemented and that the benefits are felt across communities.

Planning/consenting remains a key risk to Wales's green leadership ambitions – the average offshore wind farm currently takes 12 years to deliver and major network infrastructure can take even longer - Swansea Bay Tidal Lagoon took 9 years.³⁴ Coordination of planning and other consenting regimes with a single gateway for applications within a council must be pursued. In addition, a gateway could improve communication between local planning authorities and stakeholders. Clearer, jargon-free guidance on planning processes and expectations would help businesses navigate the system more easily, reducing confusion and delays.

Specialist planning Hubs can fast track applications while maintaining standards

Businesses are supportive of the introduction of specialist planning hubs. These hubs, similar to the one created in Scotland, should be introduced at pace to help mitigate the capacity issues within Wales's specialist planning cases such as energy, minerals and waste. The introduction of 'Planning Champions' as outlined above would help facilitate this model.

Discussions have already occurred with Wales's energy network providers around creating a centralised floating resource of planners with expertise in energy projects and specialist areas such as ornithology, marine biology and peatland, deployed to alleviate local bottlenecks. The formation of such a hub could substantially speed up decision-making. Industry would be willing to pool resources to help fund such a hub.

As an interim measure, while planning hubs are being established, planning authorities could consider enhancing regional working through joint appointments with neighbouring authorities, bringing back a limited number of specialist retired planners could help expedite major planning decisions. Additional fees could be charged to cover the costs if tied to a commitment to service improvements.

Expanding the use of permitted development rights is mission-critical

Permitted Development Rights (PDR) PDRs allow owners to make minor changes without needing to apply for planning approval. This is a critical tool for local authorities and businesses as they work together to invest in the local community.

The smart use of PDRs could make them significantly more competitive if the Welsh Government did not limit their use to "inconsequential" changes. The use of PDRs is not always easy to get right but lessons have been learned and the economic benefits are beyond doubt. PDRs should be reformed to allow businesses who have abided by planning rules, to have greater access to a wider range of more broad PDRs, speeding up improvements for the local community, as we've seen in Wales with telecommunications infrastructure, are all policy options that are available and would make a real difference. Overall, research has found the use of PDRs has reduced the planning backlog and helped ease the housing crisis. The correct use of PDRs, currently limited number in Wales, could deliver more affordable homes and deliver them more quickly to market.

In England they have undergone a notable transformation, permitting specific forms of development to transpire without the necessity for comprehensive planning authorisation. This deregulation has been predominantly rationalised as a reaction to the prevailing national housing crisis, with the objective of promoting the conversion of under-utilised commercial properties into residential accommodations. The proliferation of PDRs has engendered concern in some places, as wider society weights important questions regarding the consequences for housing quality and affordability.³⁵

England's introduction of an impact assessment of the policy in 2013 was flawed, and views are mixed about the overall impact on the economy and the community. The English simplifying of PDRs offers an instructive case study as the Welsh Government could avoid mistakes in England while maximising the use of PDRs to deliver objectives in the Wellbeing of Future Generations.

PDRs should be reformed to allow businesses who have abided by planning rules, to have greater access to a wider range of more broad PDRs, speeding up improvements for the local community, as we've seen in Wales with telecommunications infrastructure, are all policy options that are available and would make a real difference. Overall, research has found the use of PDRs has reduced the planning backlog and helped ease the housing crisis. The correct use of PDRs, currently limited number in Wales, could deliver more affordable homes and deliver them more quickly to market.

Appeals and Public Inquiries

According to recent data, 53% of planning appeals in Wales were overturned by the Welsh Government. A freedom of information request revealed that 56% of planning decisions were reversed in 2021-22.³⁶ The Planning (Wales) Act 2019 includes a requirement for mandatory training of elected members as part of a package of measures for the planning system. Training for elected members currently varies across Wales, as there is no prescribed or monitored content by legislation or individual bodies. To mitigate the risk of applications being overturned at appeal elected member training should be standardised and implemented across Welsh PAs. This could reduce the frequency of officer recommendations being overturned at committee which also exposes the Council to the risk of expenses should the appeal be lost.

A reformed PEDW is at the heart of major applications

The recent change to "Planning and Environment Decisions Wales" (PEDW) is in many senses a "Hub" that is capable of changing how Welsh Government handles large planning applications. This shift aims to fast track the process and integrate it into planning frameworks.

PEDW, formerly known as the Planning Inspectorate for Wales, was rebranded and restructured in 2021. This change is part of the Welsh Government's broader legislative reforms to address the challenges of sustainable development, climate change, and local democracy. Wales has committed to ambitious targets for net zero emissions by 2050 and is seeking to integrate these goals across policy domains, including planning. Planning systems across the UK have historically been fragmented, with criticism that environmental factors were not sufficiently prioritised.

The establishment of PEDW aimed to address these concerns, ensuring planning decisions align with Wales's environmental and sustainability commitments. Three years later, to deliver economic growth, PEDW should be reviewed to ensure it gets the support needed to deliver a contribution towards sustainable economic growth.

Artificial Intelligence (AI) integration into the Welsh planning system

PlanTech, a name increasingly used to associate the utilisation of technology into urban planning systems.³⁷ For example, generative AI has the potential to significantly enhance its efficiency and effectiveness.³⁸ AI tools and technologies can streamline processes by automating repetitive tasks such as data analysis, trend identification, and decision-making processes. By leveraging machine learning algorithms, AI can quickly process vast amounts of data, identify patterns, and generate insights that human planners may overlook.³⁹

Furthermore, AI can improve decision-making by providing planners with data-driven recommendations and predictive analysis based on historical trends and real-time information.⁴⁰ This can help in making more informed and accurate decisions, leading to better outcomes for business and the economy. AI can also optimise resource allocation by identifying areas where resources are underutilised or where additional resources are needed, leading to more efficient planning and implementation of projects.

Overall, the integration of AI in the Welsh planning system can lead to increased productivity, reduced costs, faster decision-making processes, and improved overall performance.⁴¹ As seen in successful models around the globe, such as the 'Cambridge Phenomenon', leveraging technology can significantly boost economic growth while ensuring sustainable development practices are upheld.⁴² It can also enhance the capacity of planners to handle complex and large-scale projects, ultimately benefiting business and the economy in Wales. However, the 'mutant algorithm' affair in England points to the fine tuning required to ensure AI supports plan delivery.

AI: Making a difference around the World

AI has been increasingly integrated into land-use planning by local authorities around the world to optimize urban development, improve environmental sustainability, and enhance public services. Here are some key examples of how AI is being used:

- **Urban Development Simulations:** Local authorities in Newcastle, UK, partnered with the Geospatial Commission to develop AI tools that simulate the effects of planning decisions on residents' quality of life. These models help planners evaluate the impact of development projects on air quality, job accessibility, green spaces, and housing prices, aiding in more informed decision-making processes [Alan Turing Institute, 2024](#).
- **AI in Permit Processing:** Cities like Kelowna in Canada use AI-powered chatbots to streamline the building permit process. By answering routine questions and helping applicants understand zoning regulations, AI reduces administrative workload and improves the quality of applications. This allows planning staff to focus on more complex tasks, speeding up project approvals [Lincoln Institute of Land Policy, 2024](#).
- **Smart Land Use Planning:** AI-driven tools, such as Geographic Information Systems (GIS) and machine learning, are used to analyse big data for land-use decisions. Cities like Barcelona and Sydney use AI to enhance park maintenance, optimize infrastructure projects, and manage zoning, leading to more efficient and sustainable land management practices [Oracle, 2024](#) and [MDPI, 2023](#).
- These applications demonstrate AI's transformative potential in making land-use planning more data-driven, efficient, and sustainable.

Recommendations

- **Local planning Hubs should be introduced** at pace to help mitigate the capacity issues within Wales's planning authorities. Until they're established planning authorities should consider joint appointments with neighbouring authorities or utilize retired planners to expedite major planning applications. They could work with PlanTech leaders to experiment with emerging technology and innovative ways to increase efficiency. (See examples above).
- **Ask only for what you need:** The Welsh Government should consult business on the level of detail required to support planning applications and to increase consistency across planning authorities. In addition, coordination of planning and other consenting regimes within a single gateway within a Council must be pursued.
- **Targeted investments should be made to the most overloaded planning authorities:** With staffing shortages and skill gaps, local planning authorities have seen a 50% reduction in resources since 2008, only 20% of major planning decisions in Wales were made on time in 2017-18, far below statutory targets. The reduced capacity of local planning authorities has led to delays in large applications, deterring investments and slowing infrastructure delivery. Targeted investments must be made in the most overloaded planning authorities across Wales.
- **Ring-fence planning fees:** The Welsh Government should review planning fee structures to ensure they reflect the true cost of providing these services. By adjusting fees, planning authorities could reduce their reliance on subsidies and increase their capacity to deliver services efficiently.
- **A reformed Planning and Environment Decisions Wales:** PEDW, in many senses is a "Hub," that can change large planning applications. PEDW established in 2021 aimed to address planning inefficiencies. Three years on, PEDW should be reviewed to ensure it gets the support needed to deliver a contribution towards sustainable economic growth.



Aligning policies delivers net zero growth

Alignment with the "Mission-Led" Government

The new UK government's mission-led approach, including the levelling up agenda, requires devolved administrations to present more robust frameworks for how they manage land use and infrastructure development. PEDW, as a Welsh Government initiative, supports local economic regeneration by balancing environmental sustainability with the need for housing and job creation. As climate change, biodiversity loss, and regional inequality are increasingly intertwined, planning decisions must serve multiple public purposes simultaneously.

The infrastructure (Wales) Act 2024

As part of Wales's commitment to achieving a "net zero" Wales, the Infrastructure (Wales) Act 2024 became law on 3rd June 2024. This new legislation aims to simplify the consenting process for major infrastructure projects in Wales by replacing the overly complex and outdated Developments of National Significance regime with a more cohesive system. The Act represents a transformative piece of legislation with wide-reaching implications for the Welsh economy, businesses, and infrastructure development. Significant Infrastructure Projects (SIPs) such as energy installations, transport networks, and waste management. The Act aims to accelerate infrastructure development while ensuring stringent oversight via Welsh Ministers, cutting red tape and offering clarity on what constitutes significant development. However, questions arise regarding the impact on economic sectors, business operations, and regional planning. These key factors should be monitored for tangible improvements.

Net Zero

Wales has an opportunity to lead in areas such as offshore wind, carbon capture utilisation and storage (CCUS). Examples of where Wales has achieved this, as mentioned in the Independent Review into Net Zero by Chris Skidmore.⁴³ The HyNet cluster will provide the infrastructure to produce, transport and store low carbon hydrogen which will extend to North Wales. There will also be the infrastructure to capture, transport and lock away carbon dioxide emissions from industry. Wales is also leading the development of floating offshore wind technology in the Celtic Sea, with several projects underway that aim to harness the region's wind resources. It's time to ensure delivery policies are aligned to maximise the value of these projects to Wales.

Transitioning Wales's heating away from carbon-intensive fuels and low efficiency is estimated to require £33 billion by 2045.⁴⁴ Private sector investment and financing structures are crucial for aiding this transition. Wales's renewable energy sector has been attracting significant foreign direct investment (FDI). According to a report by FDI Intelligence, Wales secured more FDI in wind power than any other location globally. Offshore wind in Wales has the potential to attract £20 billion.⁴⁵ It is vital to keep the momentum going, the Welsh Government should use the powers at its disposal to create competitive advantage – such as swift planning processes – to attract investment to Wales by making it the fastest place in GB/Europe to develop critical low-carbon projects. The Infrastructure (Wales) Act 2024 will be a critical test of the Welsh Government's ability to respond to the climate emergency.

Planning system must deliver 70% of electricity from renewable sources

Reforming the electricity grid system is critical to achieving net zero with the Welsh Government aims to generate 70% of its electricity consumption from renewable energy by 2030. Current applicants experience multiple years of delay which leads to unnecessary costs and community uncertainty.

Industry welcomed Ofgem's announcement of the Regional Energy Strategic Planner (RESP) role on November 15, 2023. An effective planning system is fundamental to delivering large scale nationally significant infrastructure like offshore wind, solar, and CCUS, and supporting local decisions on low carbon infrastructure. However, progress has been slow the RESP's focus on net zero goals should drive planning decisions toward sustainable energy solutions by prioritizing projects critical to meeting net zero emissions targets, such as renewable energy generation and grid enhancements.

Review and Adjustment of Incentives

The government needs to establish mechanisms for reviewing and updating incentives to ensure they are effective in delivering more land for development. This includes allowing local authorities to retain a larger share of business rate growth to increase development incentives. Additionally, fostering partnerships between public and private sectors can enhance investment in these critical areas, ensuring that local communities benefit from sustainable development while contributing to national climate objectives.

Support SME builders to deliver net zero homes

Some larger SME developers may prefer expedited services despite higher planning fees, while significant upfront costs may deter market newcomers. Funders typically require planning permission to lend, necessitating new entrants to cover these expenses upfront, representing substantial capital risk without assurance of approval.

Many small house builders can meet new net-zero regulations by prioritizing the adoption of innovative construction techniques and sustainable materials. Implementing training programs focused on energy-efficient practices and providing access to financial incentives can facilitate compliance. Collaboration with local governments to streamline permitting processes and access to resources for retrofitting existing structures are also essential. Additionally, fostering partnerships with technology providers can enhance builders' capabilities in integrating renewable energy systems, ultimately supporting their transition to net-zero standards.

To mitigate these challenges, especially the barrier of front costs, targeted financial support and streamlined processes could be implemented, enabling new builders to navigate the complexities of planning while promoting innovation in sustainable construction practices. These strategies not only mitigate risks but also position small builders as leaders in the sustainable housing market, attracting environmentally conscious buyers and investors alike.

Restore TAN 1 to build the homes every community needs

A range of housing - from studio apartments to family homes - is a critical part of attracting multi-million pound inward investment projects. Business leaders must have homes for their staff and the right homes in the right places if they are to attract the best talent. The return of TAN 1 and the five-year housing supply, would align Wales with England, and is a critical step if we wish to get anywhere close to achieving the ambitious targets set out in local plans, ensuring that development is not only sustainable but also equitable for all residents.

TAN 1 was instrumental in guiding local authorities on calculating a 5-year housing land supply. However, in 2018, the Welsh Government temporarily disapplied this requirement amid concerns that it was incentivising speculative housing developments. Six years on, no solution to this small part of TAN 1 has been found meanwhile disapplying TAN 1 has led to a significant slowdown in housing delivery, exacerbating the existing crisis and leaving many communities without adequate housing options.

Recommendations

- **The infrastructure (Wales) Act 2024** the new Significant Infrastructure Projects process should be monitored to measure impact on local planning authorities to ensure they have the resources needed and the capacity to meet developers' needs.
- **Introduce Strategic Development Plan Areas (SPDAs) for the whole of Wales** to facilitate stakeholder and planning authority cooperation across boundaries in the development of SDPs to cover land use, infrastructure, housing, and environmental matters. We propose that planning guidance, the national plan and SDPs have new clauses stating that until SDPs are up and running their potential presence should not hinder those developments going forward.
- **Introduce SPDAs for the whole of Wales** to facilitate stakeholder and planning authority cooperation across boundaries in the development of SDPs to cover land use, infrastructure, housing, and environmental matters.
- Work with the UK government to create an effective planning system to deliver large-scale national significant infrastructure projects such as offshore wind and CCUS.
- **Create a centralised floating resource of planners with expertise in energy projects** and specialist areas such as ornithology, marine biology and peatland, deployed to alleviate local bottlenecks. The formation of such a hub could substantially speed up decision-making. Industry would be willing to pool resources to help fund such a hub.
- **Clear Roles and Responsibilities:** Establishing clear guidelines on the roles and responsibilities of both local planning authorities and Welsh Ministers is essential. This clarity helps prevent misunderstandings and ensures that each party understands their duties and how they interact with each other, facilitating smoother cooperation.
- **The smart use of PDRs could make them a community asset:** Wales can become significantly more competitive if the Welsh Government did not limit the use of PDRs to "inconsequential" changes. The use of PDRs is not always easy to get right but, where lessons have been learned, the benefits of wider use are clear.



- **Integrated Planning Frameworks:** Continue to Integrate Planning Policy Wales (PPW) and Future Wales: The National Plan 2040, both contain planning frameworks that align local and national priorities and ensure all levels of government work towards common goals. This includes aligning local development plans with national strategies and ensuring that regional and local plans complement each other.
- **Capacity Building and Resource Sharing:** Providing training and resources to local planning authorities can enhance their ability to work effectively within the framework set by Welsh Ministers. Sharing best practices and resources can also help build capacity and improve the overall efficiency of the planning process.
- **Public Engagement and Transparency:** Engaging the public in the planning process and maintaining transparency can build trust and support for planning decisions. This can be achieved by involving communities in consultations and decision-making processes, ensuring that their views are considered in both local and national planning policies.
- **Monitoring and Evaluation:** Implementing mechanisms to monitor and evaluate the effectiveness of collaboration between local planning authorities and Welsh Ministers can help identify areas for improvement.
- **Government must commit to resourcing the planning system through regular and consistent funding.** Fee increases must be ringfenced to ensure that revenue generated from planning applications directly supports the planning process.
- **Ministers must work with education providers to increase undergraduate opportunities,** ensuring that planning is promoted as a career option for those entering higher education. More consideration should also be given to adapting existing provisions to include vocational or work-based learning programs.
- **Enhance career development opportunities by developing Planning Champions** who have developed specialist skills and knowledge in areas such as significant infrastructure projects, biodiversity and climate change. These champions that could operate alongside planning hubs and be made available to neighbouring planning authorities who do not have this specialist resource.
- **Restore TAN 1 to build the homes every community needs:** A range of housing - from studio apartments to family homes - is a critical part of attracting multi-million pound inward investment projects and foreign direct investment. Business leaders repeatedly tell us they must have homes for their staff and the right homes in the right places if they are to attract the best talent. The return of TAN 1 and the five-year housing supply, would align Wales with England, and is a critical step to improving our attractiveness as a place to do business.

Conclusion

While writing this report, it became clear that stakeholders were aware of the urgent problems facing the planning system in Wales but had low confidence in change taking place. Indeed, there is no legislative or policy barriers stopping the system deteriorating still further. It is this issue, perhaps above all else, that needs to be addressed. Planning professionals need to be told by government that they will not let things get worse. This begins by addressing the 50% cut to budgets identified by the Auditor General for Wales.

Putting in place a public sector career path for a student interested in planning needs to be a priority for government. The brain drain of existing talent to the private sector and the lack of undergraduate interest is not a sustainable model.

A bad planning process has no upside. Over decades, planning is has become to be seen as a significant hurdle to economic growth due to its slow and complex processes. This has led to a suppression of growth, frustrating decisions on business relocations, the delivery of crucial housing, infrastructure, and decarbonisation initiatives. The system's inconsistencies and variations, often swayed by local politics, have eroded the confidence of investors and contractors, resulting in delays in numerous projects that promise to deliver much-needed housing and job opportunities.

The cumbersome nature of the system means that firms are spending more time on bureaucracy than on actual delivery. If Wales is to become a world leader in the built environment and unlock growth, this must change. Planning must stop being an impediment that must be avoided or endured, and instead become an opportunity to revitalise delivery and ensure that planning is seen as an economic enabler, a community regenerator and not only a political issue.



The recent announcement in the King's Speech of a planning and infrastructure bill signals a positive change.⁴⁶ The bill, which will apply to England and in part to Wales³, aims to accelerate major infrastructure¹. It will simplify the consenting process for major developers.

The Bill's introduction of a "one-stop-shop" approach to planning consents will simplify the process for developers, which is seen crucial for achieving renewable energy goals. Not capitalising on the improvements to be introduced in England would be a missed opportunity.

Taking renewable energy alone, the challenges and opportunities for Wales can only be met by a working planning system. Transitioning Wales's heating away from carbon-intensive fuels by £33 billion by 2045.⁴⁷ Private sector investment and financing structures are crucial for aiding this transition. Wales's renewable energy sector has been attracting significant foreign direct investment (FDI). According to a report by FDI Intelligence, Wales has the potential to secured over £20 billion in investment in offshore wind alone. Given this, the return on investment of investing in our planning departments cannot be questioned.

There is a significant amount of private sector investment ready to stimulate economic growth throughout Wales, with further investment likely if the planning system can become more agile and responsive to the needs of both the industry and the public. The CBI stands ready to assist the government in making decisions that will catalyse growth and prosperity for all.

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Annex: The Welsh and English planning systems compared

The planning systems in Wales and England share a common foundation but have diverged significantly over the years due to distinct legislative and policy developments. Here are the key differences between the Welsh and English planning systems:

1. Legislative Framework

Wales: The Planning (Wales) Act 2015 was a significant piece of legislation that established a Wales-specific planning framework. It introduced Strategic Development Plans (SDPs) and emphasized a plan-led approach with the National Development Framework, known as Future Wales, which provides a national spatial strategy.

England: The planning system is governed by the Town and Country Planning Act 1990 and subsequent legislation like the Planning and Compulsory Purchase Act 2004. England has introduced reforms such as the Localism Act 2011, which emphasizes neighbourhood planning and community involvement.

2. National Planning Policies

Wales: Planning Policy Wales (PPW) provides the overarching land use planning policy framework, structured around themes such as sustainability and well-being. It is supplemented by Technical Advice Notes (TANs) and other guidance.

England: The National Planning Policy Framework (NPPF) sets out the government's planning policies, focusing on sustainable development and economic growth. It emphasizes the presumption in favour of sustainable development.

3. Development Plan System

Wales: Future Wales: The National Plan 2040 and Local Development Plans (LDPs) form the basis of the plan-led system. Future Wales has 'development plan' status, meaning it must be considered in planning decisions.

England: Local Plans, prepared by local planning authorities, are the primary documents guiding development. Neighbourhood Plans, introduced by the Localism Act 2011, allow communities to have a say in local development.

4. Permitted Development Rights and Use Classes

Wales: There are differences in permitted development rights and use classes compared to England. For instance, Wales requires separate consent for Sustainable Drainage Systems (SuDS) before works commence.

England: Permitted development rights are broader, allowing certain developments without full planning permission. Recent changes have expanded these rights to support housing delivery and economic growth.

5. Pre-Application Consultation

Wales: Mandatory pre-application consultation is required for major projects, ensuring early stakeholder engagement and addressing potential issues before formal submission.

England: While encouraged, pre-application consultation is not mandatory for all major projects, though it is considered best practice.

6. Infrastructure and Nationally Significant Projects

Wales: The Infrastructure (Wales) Act 2024 introduced a unified consenting process for significant infrastructure projects, centralizing decision-making with Welsh Ministers.

England: The Planning Act 2008 established the Development Consent Order process for nationally significant infrastructure projects, handled by the Planning Inspectorate.



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