

Planorama

How the English planning system can learn from abroad

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July 2025



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Acknowledgements

The authors would like to thank Paul Lecoart, Wulf Daseking, Willem K. Korthals Altes, Matthew Bornholt, Catriona Riddell, Sam Stafford, Adam Brannen and Nick Gallent for their guidance which helped immensely with this work.

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Executive summary

France, Germany and Japan all manage to build more houses than England does – both in general, and in their big cities.

This paper looks at the commonalities between their planning systems to help explain the divergence in performance compared to England. It looks at the four main parts of each system: plan making; public sector intervention; strategic planning, and local government resourcing.

To increase housebuilding, the Government should emulate important features shared by international systems. To achieve this, there are two approaches the Government could take. It could make incremental changes to the current system, or it could enact more comprehensive reforms.

If the Government wants to take an incremental approach, it should:

Make the planning system more spatial and rules based. These measures would frontload decision-making and help to make the system more predictable and less wasteful. Specifically, it should:

- Ensure all local plans are up to date and introduce stronger disincentives for councils that fail to update them.
- Require that allocated sites in local plans specify a higher level of detail up-front than they do currently.
- Legislate in the Planning and Infrastructure Bill that planning officers manage planning approvals on allocated sites, rather than by politicised planning committees.¹
- Encourage greater use of Local Development Orders, Mayoral Development Orders and Supplementary Planning Documents.

¹ Read more in our recent briefing: Breach, A (2025) [Reform of Planning Committees](#). London: Centre for Cities.

Make it easier for the public sector to intervene in large-scale and complex development, which would ensure more than just the easiest projects progress.

Specifically, it should:

- Activate Compulsory Purchase Order reforms made in the Levelling-Up and Regeneration Act 2023, to enable the serving of ‘conditional’ CPOs on allocated sites.
- Provide support to councils to help them develop expertise in carrying out these CPOs.
- Establish development corporations to coordinate public land assembly in and around England’s largest cities, potentially but not necessarily as part of the new towns programme.

Expand strategic planning across England, to provide guidance for local planning and make it easier to overcome the local politics of housebuilding. Specifically, it should:

- Proceed with the implementation of Spatial Development Strategies. These could be strengthened by aligning the plan approval process with that for the London Plan.

These measures would help bring England closer to international peers and would very likely lead to increased housebuilding. But their cumulative impact may well be lower than if similar ends were achieved through more comprehensive reforms, because they would not fully address two key problems in the current system.

The first problem is that the more spatial and rules-based elements of the current system lack an underpinning framework, which limits their utility to only some places and leaves them vulnerable to political challenge. The second problem is the relative weakness of local government, which lacks both the capacity and incentive to pursue development, and therefore to plan effectively.

Tackling these issues head on would enable or ‘unlock’ positive changes in the rest of the planning system and ensure outcomes similar to international peers are achieved widely and over the long term. Given this, Centre for Cities recommends that the Government:

Establish a zoning system, mandating that local plans establish clear rules for development everywhere. A national framework would make it easier for everywhere to be covered by clear rules and maximise the frontloading of discretion. This would not only reduce waste and increase certainty in the development permitting process, but it would also make it easier to implement new rules around public land acquisition and simplify the land allocations process.

Increase the fiscal autonomy of local and strategic authorities to strengthen incentives for development. The Government can begin this process in earnest through substantial reforms to council tax, and greater fiscal devolution to combined authorities, at least in the biggest cities. Having authorities on a stronger fiscal footing, and more local flexibility would support all other reforms, and incentivise local government to invest in the planning process to support higher levels of housebuilding.

01

Introduction

The Government has made planning reform the central part of its efforts to build 1.5 million homes in this parliament. Since last July, it has introduced ‘grey belt’, higher housebuilding targets, and strengthened requirements for local plan-making.² It is proceeding with devolution across England, legislating for ‘spatial development strategies’, and is reorganising local government. It is also bringing changes to compulsory purchase powers and is promising to build a generation of new towns.^{3 4 5}

Will these changes and proposals lead to sustained higher housebuilding? And will they help overcome England’s particular issue with housebuilding in cities?⁶

This paper argues that comparing recent changes to features in better performing planning systems can help answer these questions. Specifically, this paper looks abroad to Germany, France and Japan, and asks:

- Are there features common across their planning systems which can help explain their higher levels of housebuilding?
- What features in the English system stand out as potentially problematic when compared to other systems?
- What changes to the English system would help it best emulate its international peers? And would ongoing and proposed reforms help achieve this?

This research considers ‘planning systems’ in a broad sense – as comprised of multiple contingent structures and processes. It looks at how decisions on individual proposals are made, but also at the structures within which local planning occurs, how direct public intervention in development relates to planning, and the incentives facing decision-making bodies.

2 Ministry of Housing, Communities & Local Government (2024) [Planning Newsletter, 13 December 2024](#).

3 Ministry of Housing, Communities & Local Government (2025) [Factsheet: Strategic planning](#).

4 Ministry of Housing, Communities and Local Government (2025) [Planning Reform Working Paper: Speeding Up Build Out](#).

5 Ministry of Housing, Communities & Local Government (2024) [The New Towns Taskforce](#).

6 There are, of course, other imperatives in planning than building more houses, such as improving transport accessibility. Indeed, previous Centre for Cities work has suggested other countries do this better too. But for the purposes of this paper, to narrow scope and address the Government’s key concern we focus only on how and why other systems deliver more housing.

Looking at systems in this way helps contextualise claims about the virtues of specific features in different planning systems. The success (or otherwise) of a given feature can be explained with reference to the system it is a part of. It is possible that some positive features might be completely undermined by counterproductive features elsewhere in the system, and all parts of the system need to pull together to achieve the best outcomes. This provides a lens to critique proposals for reform: the reform might resolve an issue and enable a series of other positive changes, or it might simply be compensating for issues elsewhere in the system.

After explaining why Germany, France and Japan were the chosen subjects of this research, the report proceeds as follows:

Section 3 reviews how decisions are made at the local level. Section 4 looks at how public authorities intervene in development. Section 5 analyses the functions of strategic and national planning, and Section 6 reviews how local governments are resourced.

Each section provides a summary of the key commonalities between planning systems which support housebuilding. More detailed descriptions are provided in boxes to help illustrate each point.

Presenting information in this way helps provide a general picture against which the English system can be compared, but it necessarily omits smaller details and idiosyncrasies present in every system. The planning systems in Germany, Japan and France have significant differences, and they all have their own challenges, which are explored further in the introductions to each system provided in Appendices 1-3.

Box 1: Why this paper only talks about England, and not other UK nations

Planning is devolved to each of the UK's four nations, meaning policy decisions made in Westminster only apply in England. The Senedd, Holyrood, and Stormont are responsible for their country's primary planning legislation and policy.⁷

The four systems share a common root and are more similar to each other than they are to the international examples, meaning much of the commentary in this paper also applies to devolved nations and should be useful for policy makers in those countries.

However, to ensure commentary is direct and focused on lessons from international examples, rather than discussing differences within the UK, this paper only speaks about the English planning system. For the same reason, analysis of the impact of having planning devolved to the four UK nations is also left outside the scope of this paper.

⁷ Winter, G (2016) [Comparison of the planning systems in the four UK countries](#). Research Service, National Assembly for Wales, Cardiff.

02

The case for looking abroad

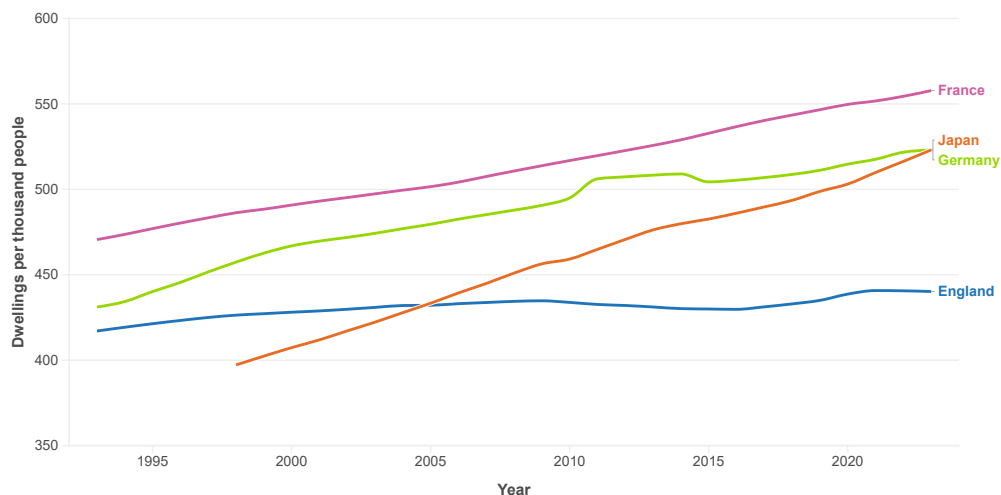
The case for looking abroad rests on the idea that other countries have better performing planning systems than England does. Of course, planning systems have numerous objectives – such making judgements on appropriate land uses and coordinating infrastructure provision with development – but, given its importance to the current Government, the case in this paper is rested on housebuilding performance.

Other countries deliver more housing than England does

Over the last three decades, average housebuilding rates have been higher in Germany, France and Japan than in England.⁸ This has contributed to these countries seeing a greater increase in ‘housing availability’ than England has, as shown in Figure 1. Since 1993, the number of dwellings per person in England *has* increased, by 5.5 per cent, but this is low compared to 18 per cent in France, 21 per cent in Germany and over 32 per cent in Japan.

Figure 1: The ratio of dwellings to population has increased more quickly in Germany, France and Japan

Dwellings per thousand people, 1993-2023



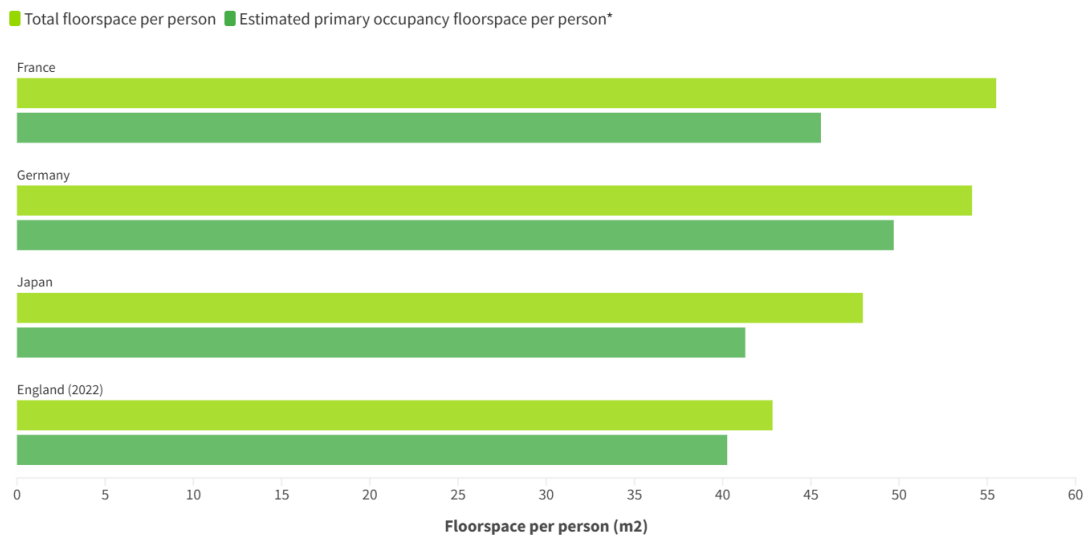
Source: DESTATIS; INSEE; e-Stat; ONS

8 Data and commentary relates to Metropolitan France – the European mainland and Corsica.

Of course, more units don't necessarily mean more space – you could have many tiny flats for every large English house. But Figure 2 confirms that this isn't the case. The European countries have both larger average home sizes and more dwellings per person. And while Japanese homes are 6 per cent smaller than English ones, the fact there are far more of them means there is also more floorspace available per person. This remains the case, even after adjusting for higher numbers of second homes and vacant homes in other countries.⁹

Figure 2: Residents in comparator countries have more floor space available

Total and estimated primary floorspace per person, by country, 2023



Source: DESTATIS; INSEE; e-Stat; ONS English Housing Survey, OECD | Note: *Estimates are likely an underestimate because the calculation assumes the average holiday home and vacant home is the same size as the average primary residence.

These indicators aren't complete measures of responsiveness of housing supply to demand and can't account for differences in house size preferences between countries or say anything of the distribution of housing stock.

But given the scale of the differences in trends, it is reasonable to assume that lower housing availability is a key reason that housing outcomes, including costs, are worse in England than in the other countries.¹⁰

Other countries deliver more housing in cities than England does.

While data on housebuilding rates is not available at a subnational level, housing stock data suggests other countries are also better at building in cities than England is.

Since 1999,¹¹ the number of dwellings per person in London has shrunk by 0.7 per cent and

9 Comparable data on the distribution of floorspace per person is not available for other countries, but analysis conducted by the GLA finds bunching of actual floorspace per person just below the median in England. Gleeson, J (2021) [Housing Research Note 6 An analysis of housing floorspace per person](#). London: Housing & Land, Greater London Authority.

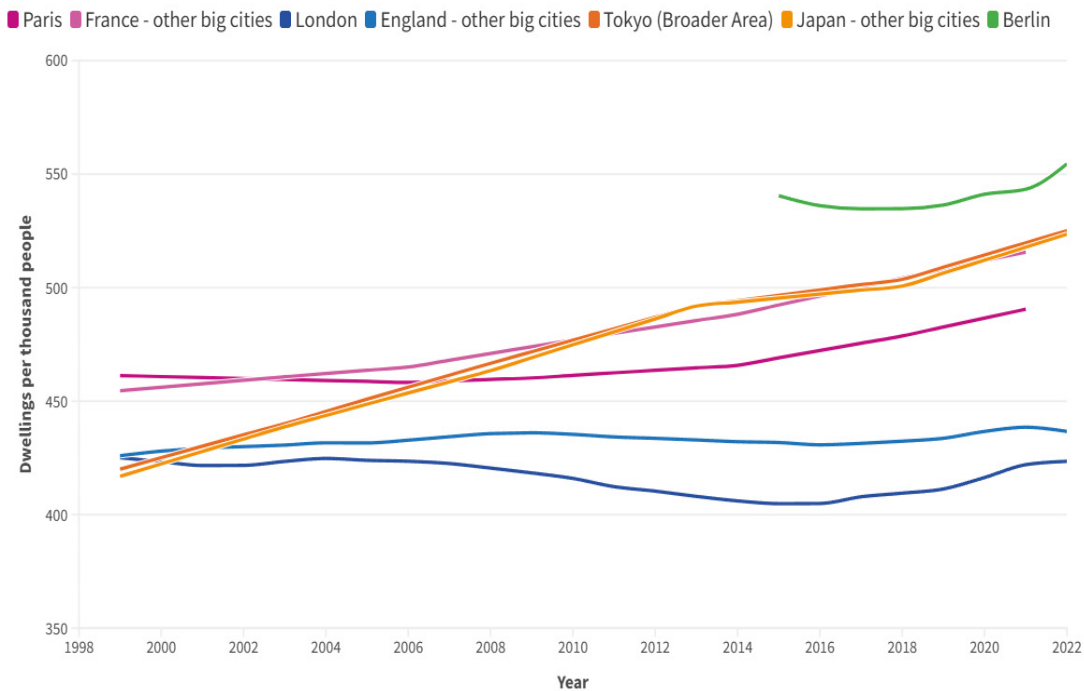
10 Corlett, a & Judge, L (2024) [The Resolution Foundation Housing Outlook Q1 2024](#). London: Resolution Foundation.

11 The first date data is available for France, Japan and England. German subnational data on housing stock is not available until 2015.

increased by only 3 per cent in other English large cities. This compares to 6 per cent in Paris, and 13 per cent in other large French cities. Tokyo, and other Japanese large cities, have increased dwellings per person by 24 per cent.

Figure 3: The number of dwellings per person has risen in international cities, but stayed flat in England

Dwellings per thousand people, 1999-2022



Source: DESTATIS; INSEE; e-Stat; Centre for Cities Local Housebuilding 1946-2023 • Note: France and England use OECD Functional Economic Areas, Japan uses selected prefectures, Berlin is Berlin Federal State
 English big cities are: Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield, West Midlands urban area. French big cities are: Bourdeaux, Lille, Lyon, Marseille, Montpellier, Nantes, Strasbourg, Toulouse. Japanese big cities are: Osaka, Nagoya, Fukuoka selected because prefectures roughly match city footprint.

If the Government wants to overcome England’s longstanding issue with building in existing urban areas it seems likely it has something to learn from looking abroad.¹² If planning systems in other countries have common features that support housebuilding, bringing these to the English system should have positive effects.

¹² Breach, A (2024) [Restarting Housebuilding I: Planning reform and the private sector](#). London: Centre for Cities; Breach, A & Magrini, E (2020) [Sleepy suburbs: The role of the suburbs in solving the housing crisis](#). London: Centre for Cities.

03

Plan-making

This section focuses on how local planning authorities make decisions on what developments they allow to be built. While, as sections 4–6 set out, these processes aren't the only relevant consideration when understanding the performance of different planning systems, there are key differences between systems which can help explain differences in housebuilding.

Plan-making in other countries

In Germany, France and Japan, **local planning systems are spatial – they use zones to set out rules for what kinds of development are allowable in any given place.** Zoning processes usually involve more than one stage – basic expectations about land-uses are set, before more rules for development are added on top. These rules usually establish detail on allowable uses, built forms (including heights, massing and open space requirements) and can include other stipulations like materials. Some zones are more specific than others, and in each of the systems reviewed there exist mechanisms to 'layer' edits on top of more basic zone types.¹³ More detail about the German system is provided in Box 2.

Discretion is thereby 'frontloaded' into the plan making stage.¹⁴ The local planning authority decides on the development trajectory across its jurisdiction by selecting zones which may be pro-growth, restrictive or somewhere in between. They can create more focused, locally specific plans to guide development where they want to promote it, while other areas are often covered by more generic, conservative rules. In effect, the public sector takes on the earliest stage development function, working out what might be appropriate or not in a given place.

¹³ The level of detail zones provide is usually a function of the size and type of expected developments, and the importance the authority places on control over their nature. Relatedly, urban authorities, which generally have better resourced planning teams, also tend to produce more detailed plans than those in rural areas.

¹⁴ The frequent distinction made between 'zoning' and 'discretionary' systems is somewhat misleading. Zoning systems make more judgements before planning applications (or equivalent) are made, while 'discretionary' systems reserve greater right to make judgements after applications are submitted to them.

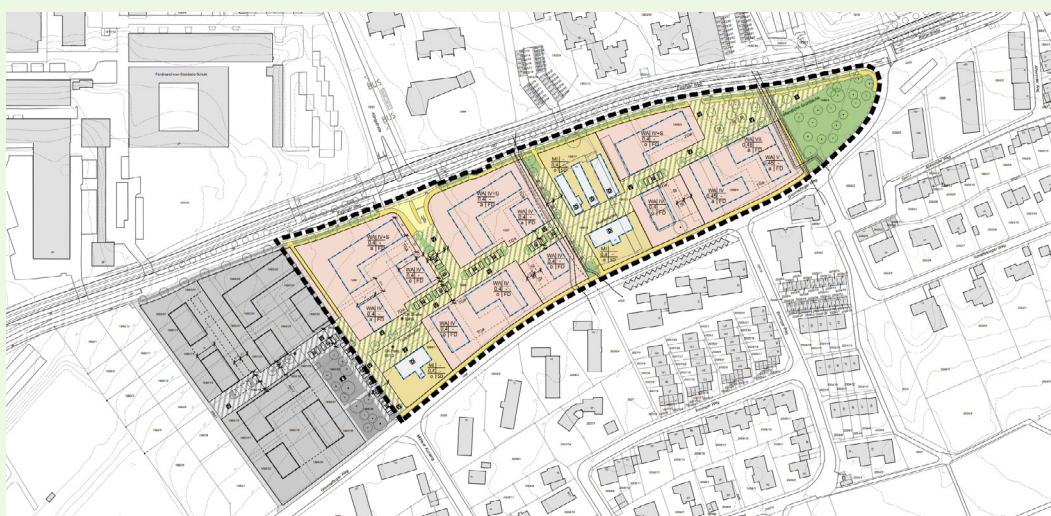
Box 2: Zoning in Germany

In Germany, local planning consists of two levels: higher-level land use plans and more specific zoning plans. Land use plans show the anticipated development trajectory across the entire municipality for typically 20 years, clearly delineating which sites are expected to be developed for which purposes, based on four nationally defined land use zones.¹⁵

The second layer – zoning plans, or ‘Bebauungspläne’ – must be based on and compliant with land use plans. These plans are built of up to 12 nationally defined zones, each setting out permitted land use and restrictions on the built form, such as floor area ratios.¹⁶ Any development compliant with the rules they establish is expected to obtain consent.

Zoning plans do not cover the entire city – they are typically issued in anticipation of specific developments, urban renewal projects, or urban extensions. Once issued, plans can typically not be amended, meaning decisions are frontloaded in the plan-making process which include public consultations and discussions with potential developers.¹⁷

Figure 4: Example of a Bebauungspläne: Stadt Ulm – Wohnquartier Egginger Weg



Source: Stadt Ulm: *Bebauungsplan Wohnquartier Egginger Weg* (2015).

Areas within existing built-up areas that are not covered by ‘Bebauungspläne’ can instead be regulated by a default zone, which serves to permit development that fits with the local character in height, materials and particular aesthetic terms, and does not represent a substantial change of use.¹⁸

15 Bundesministerium der Justiz (2025) [§1 Abs 1 Baunutzungsverordnung](#). Gesetze im Internet

16 Bundesministerium der Justiz (2025) [§§1-21 Baunutzungsverordnung](#). Gesetze im Internet

17 Bundesministerium der Justiz (2025) [§34 Baugesetzbuch](#). Gesetze im Internet

18 Bundesministerium der Justiz (2025) [§34 Baugesetzbuch](#). Gesetze im Internet

Importantly, in all of the systems studied, **planning authorities do not have much discretion over individual proposals**. If a development is proposed and it complies with stipulations in the zoning plan, as well as building and environmental regulations, it will generally be permitted. The Japanese permitting system is explained in Box 3.

All zones are founded on mostly objective criteria, clearly communicating the desired and allowable development in each zone. Each planning system does contain discretionary criteria in some circumstances, but the parameters are generally narrow.

Box 3: Planning and building permitting in Japan

Planning and building permitting in Japan follows a mostly technical and objective process which permits any development that satisfies the local plan and Building Standards Act (BSA), though larger projects require additional permits. Qualitative criteria are limited to special zones such as conservation areas, and through local ordinances.

For small scale developments such as individual family homes, only a building certification is required. This certification confirms that the proposed building satisfies technical requirements set out in the BSA and the rules of the zoning plan.

There are higher levels of scrutiny for specific types of developments. Those over 1,000m² (500m² in the three largest cities) need to seek development permission from the prefectural governor.¹⁹ Applications are assessed against technical standards to ensure structural safety and adequate provision of public facilities such as roads, sewer systems, and schools. Furthermore, buildings of certain sizes and construction types need to undergo a structural review as part of the building certification. Compliance with these requirements will result in permission being granted.

Public authorities are not the only body guiding the development trajectory of a place. In all systems, **members of the public, developers and landowners are consulted in the plan-making stage**. All have strong incentives to engage as they know that plans confer development rights (or allow only limited ability to further challenge), and relationships between authorities and developers tend to be relatively collaborative as a result.

There are also provisions through which landowners and **developers can request permission for changes or exceptions to rules**. In Germany and Japan, landowners and developers can directly propose formal changes to the zoning plan. Decisions on these suggestions are discretionary, giving the flexibility of ‘discretionary’ systems, but with the backdrop of the rules and trajectory established in the existing plan.

The frontloading of decision-making into the plan-making stage can introduce inflexibilities.²⁰

¹⁹ To prevent piecemeal development aimed at avoiding the extended permitting process, municipalities can lower the threshold to 300 m²
²⁰ Schulze Bäing, A & Webb, B (2020) [Planning through zoning](#). London: Royal Town Planning Institute

Zones may be overly restrictive or not keep pace with the economic development trajectory of a place, but this possibility is traded-off against the value of the certainty provided by having rules clearly set out in space.

These rules mean developers can draw up plans within the allowable parameters with a high degree of certainty that they will be granted permission if they tick all the boxes.

This serves to both limit waste in the planning process and ensure competition between housebuilders. Developers don't risk wasting resources drawing up plans which are then refused permission (unless they explicitly choose to do so by proposing variations to the plan). It also means smaller developers can compete with larger ones as they are only required to manage financial risks relating to building and selling or renting, and are not exposed to risks related to the question of whether they will be allowed to proceed with their proposal.

Plan-making in England

By contrast, **the English system does far less to set out what kinds of development will be permitted before proposals are submitted.**

As of February 2025, only 28 per cent of local authorities had updated their local plan in the last 5 years, and only 39 per cent could demonstrate sufficient 5-year land supply.^{21 22} While the current Government has reversed the 2023 weakening of housebuilding targets which partly caused these low figures, out-of-date plans have been a long-standing feature of the English system.²³ The impact is that many planning applications are judged only against national planning principles which presumes in favour of 'sustainable development' but doesn't establish firm rules for a given piece of land.

Where local plans are in place, they are at best partly spatial and do not confer building rights. They allocate target 'strategic sites' for development and describe what is planned for these sites, usually in bullet points and sometimes high-level site maps. But they do not provide development parameters with the specificity of international zoning plans.

The other common spatial elements in English local plans are mostly restrictions, such as the green belt or conservation areas. Most other areas are effectively covered by a 'no definitive rules here' zone, over which planning policies establish general principles, but do not define parameters for allowable development such as heights or massing.

The result is a higher degree of uncertainty in the system, with local authorities effectively asking private actors to originate ideas and make bets on what exactly the preferences of the authority might be. Mostly this relates to the process of applying for planning permission, but as explained in Box 4, it also applies to the process by which land is allocated for development. This results in both wasted resources, and many developments never being proposed. Uncertainty outside of strategic sites is a key explanation for the very low levels of housebuilding on small sites in English cities, as smaller builders won't risk

21 National Audit Office (2025) [Improving local areas through developer funding](#).

22 Bahar, U (2025) [Revealed: 189 Councils failing to meet five-year housing land supply](#). Urbanist Architecture

23 For example, York's 2025 local plan is its first update since 1956. City of York Council (2025) [Local Plan steps closer to development and growth ambitions](#).

preparing applications which may be refused.²⁴

While local plans and pre-application discussions between developers and planning teams can reduce the risk involved in submitting an application, political risks remain as planning committees can refuse applications recommended for development by planning officers.

One third of applications are subsequently approved through appeals to the planning inspectorate and others secure it through legal challenges, if the proposal is found to be compliant with local or national planning policies, but these additional processes introduce further costs and risk into the system.²⁵

Box 4: Lack of public leadership in land allocation creates further inefficiencies

In England, strategic sites are identified with a lower level of public direction than they are in other countries, relying on the ‘Call for Sites’ process, where landowners, developers, consultancies and members of the public are asked to propose sites.²⁶

While this process has existed since 2004, it took on greater importance after the 2012 NPPF introduced the requirement that local authorities demonstrate the ‘deliverability’ of their 5-year land supply. The bar to prove deliverability is justifiably high, but given a lack of local authority capacity (discussed in Section 6) an industry in ‘land promotion’ has emerged. Companies carry out early-stage planning work on prospective sites to submit to the call for sites process, in the hope they will be included in the local plan.

This reliance on external suggestions when allocating land shifts responsibility to the private sector, but is not cost-free. Land promoters have estimated the cost of their activity at roughly 20 times the value of agricultural land.²⁷ Part of this cost relates to unavoidable activity of early-stage planning and viability work, and part relates to the riskiness of doing this activity as promoters bear the sunk costs for every site which is not selected. Other countries manage this differently, and likely more efficiently, usually allocating more land for development with a longer time-horizon, while also bearing more of the cost of understanding the suitability of given sites.

As Figure 5 illustrates, the result is that there is a degree of uncertainty at every stage in the English system. This is distinctly different from international systems, which frontload discretion to the plan-making stage in a systematic manner, providing a route to development with significantly limited levels of uncertainty.

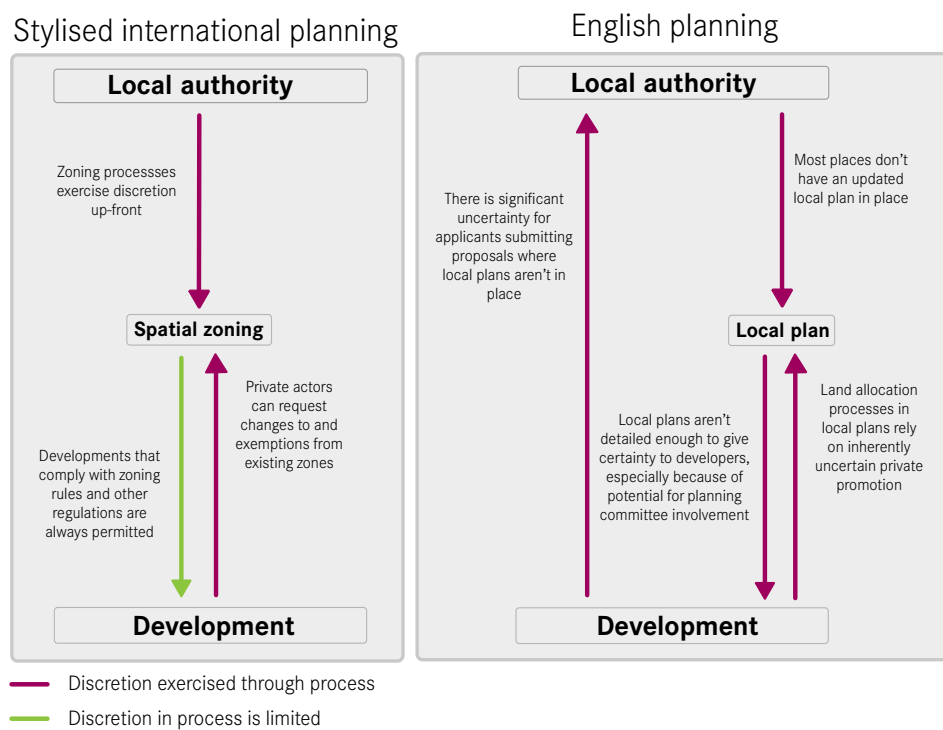
24 Breach, A & Magrini, E (2020) [Sleepy suburbs: The role of the suburbs in solving the housing crisis](#). London: Centre for Cities

25 Planning Inspectorate (2025) [Planning Inspectorate Casework Database](#).

26 Gibbs, H (2025) [What Is a Strategic Housing Land Availability Assessment \(SHLAA\)?](#) London: Searchland

27 Dugdale, C (2024) [Benchmark Land Value – fine margins](#). London: Knight Frank

Figure 5: International planning systems set the parameters for most development, while the English system asks developers for ideas



Lessons for plan-making in England

The Government could make the local planning system more spatial and rules-based, either incrementally or through comprehensive reform.

The existing system does contain some tools which can make local plan-making more spatial and rules-based, by effectively **creating 'zones' in specific locations**.

Supplementary planning documents (SPDs) can be used for a range of purposes, serving as 'interpretations' of local plans – adding detail, and therefore certainty, that local plans do not. Some SPDs cover entire local authorities and define relatively loose parameters – most notably, Croydon's SPD aimed at enabling suburban infill, active from 2019 to 2022.²⁸ Others have acted as masterplans for specific sites or only focused on building design.²⁹

While SPDs 'clarify' what local plans would find acceptable, they do not confer building rights. To do this, local authorities can issue Local Development Orders, which effectively confer building rights to compliant projects, in a similar way to German zoning plans. These have been used to explicitly address viability issues created by the cost of obtaining outline planning permission – for example, on a brownfield site in Grimsby which had previously stalled in the planning process.³⁰

However, despite both SPDs and LDOs being recommended for use in the NPPF, National

28 Croydon Council (2019) [Suburban Design Guide. Supplementary Planning Document](#)

29 Milton Keynes Council (2020) [Milton Keynes East Strategic Urban Extension: Development Framework. Supplementary Planning Document](#)

30 North East Lincolnshire Council (2016) [Local Development Order: Former Birds Eye factory site, Ladysmith Road Grimsby.](#)

Design Guide and National Model Design Code, they are infrequently used.^{31 32}

Central government could help widen the use of LDOs and SPDs by publishing standardised templates for specific types of development or specific types of places (such as near to train stations). This would lower the work required for authorities to publish their own. Mayors could also reduce the political burden on individual local authorities by making more widespread use of Mayoral Development Orders.

Pursuing reforms to planning committees would also ensure that local plans do more to convey certainty upfront. As Centre for Cities has argued recently, strategic sites allocated in local plans should be dealt with by professional planners.³³ This would strengthen the plan-led system significantly by increasing certainty on strategic sites and incentivise engagement at the plan-making stage.

The effect of more widespread use of LDOs and SPDs, and the strengthening of local planning for strategic sites, would serve to make local decision-making in England significantly more like its international peers.

But pursuing these incremental reforms would represent only patchy, and politically unstable, progress toward these ends. **More comprehensive reform to introduce a flexible zoning system in England would ensure benefits were felt across the country** and potentially be more difficult to reverse. Local authorities would be mandated to set out planning rules in space, rather than only having the tools to do so if they choose.

And, as the next section discusses, moving to a zoning system could also help the rest of the planning system operate more effectively.

31 Ministry of Housing, Communities & Local Government (2021) [National design guide](#).

32 Ministry of Housing, Communities & Local Government (2021) [National Model Design Code](#).

33 Breach, A (2025) [Reform of Planning Committees](#). London: Centre for Cities.

04

Public sector intervention in development

Local authorities can guide development and enable housebuilding, not just through establishing planning rules, but also through direct interventions at the early stages of the development process.

Intervention in acquisition, ownership adjustment and land preparation – and the effectiveness of each of these processes – has a direct impact on how, and what types of, development occurs.

Public sector intervention in development in other countries

In Germany, Japan and France, local and other public authorities are directly involved in development. Each country does this through different mechanisms, but all have clear, regularly used processes which dovetail with local spatial planning processes.

In France and Germany, public authorities have two broad types of land acquisition rights. First, they have pre-emption rights. This means that, in areas where they have issued a zoning plan, or intend to issue one, they can exercise right of first refusal on specific plots, such that they are offered land ahead of other buyers when a landowner wishes to sell. The prices they pay are often negotiated but are backstopped by an independent authority with the power to set the price with reference to the local plan.³⁴

This enables them to purchase plots to ensure they are developed in line with the plan, justified on the basis that the realisation of these projects is in the public interest. These rights also discourage the trading of land for the intention of ransom stripping or development purposes other than planned.

Second, public authorities can use expropriation rights to acquire land when it is to be used in the public interest. The price paid is determined by expert panels or courts according to the country's definition of fair market value. While it is not the only justification, land is often

34 In Germany, if municipalities think the proposed price is above market value, the price is set by an expert panel in accordance with market value given what is permissible in the plan. If the public authority fails to build out in accordance with the plan within a reasonable timeframe, it must pay the difference between this price and that originally offered to the landowner by the initial potential private buyer. In France, if negotiations between buyer and municipality fail, the price is set by a judge at fair market value based on the current land designation.

purchased toward the realisation of the local plan.³⁵

Mostly, these mechanisms exist in the background, but they serve several notable purposes when it comes to housebuilding. First, **they help compel development.** Landowners understand that they may lose the right to their land if they do not develop it themselves, and public authorities are capable of realising the development themselves by acquiring land and finding a willing developer.³⁶ Second, public land acquisition rights shape land markets, minimising ‘ransom-stripping’ behaviours. Finally, because they are closely related to the plan-making process they do this in a relatively predictable way, limiting the extent to which they could discourage private investment in projects which comply with the plan.^{37 38}

When zoning processes and rules regarding public land acquisition are not sufficient to bring about development, local authorities also take on a coordinating role in development on large or complex sites. This often involves acquiring or adjusting land ownership and preparing sites for development directly.

The primary mechanism for intervention in Germany and Japan is through ‘land readjustment’ (see Box 5). The widespread acceptance of this mechanism makes up for Japan’s comparatively weak public land acquisition rights. French public authorities designate specific zones (Zone d’Aménagement Concerté (ZAC)), within and outside of existing built-up areas, where they acquire land through a process similar to England’s compulsory purchase process, and then prepare land for development.³⁹ In all three countries, these public intervention tools operate in close conjunction to broader zoning processes and intervention areas are often shown on zoning maps.

Box 5: Land readjustment in Germany & Japan

In Germany, for large, complex sites in multiple landownership, municipalities often take on the preparation of land for development through a process called mandatory land readjustment. This entails the control of land being transferred to the ‘Umlegungsstelle’, a municipal land readjustment committee, which then proceeds to replot and service the land, before returning it to the original owners.

To recoup costs, municipalities either retain some land as compensation, or, less frequently, charge landowners the difference in plot value. While there are a range of contract structures and approaches taken, landowners and developers frequently voluntarily enter into the public-led land readjustment procedure as it is fast, provides

35 France has an especially broad definition of public interest which extends to the right of the public land agency to expropriate land over a decade ahead of development at existing use value, in anticipation of, but not specifically related to urban expansion. EPF Île-de-France (2025) [Making Strategies Fit the Territory](#).

36 An interesting German example of this is provided on page 17, Dembski, S (2020) [Germany: A Balanced Planning System](#). Inverness: Scottish Land Commission

37 This predictability is achieved in different ways. In France, the municipality can only exercise pre-emption rights in zones laid out in the plan. In Germany, private landowners can avoid pre-emption if they can prove they will deliver what is planned for that land, while if the state exercises its right but does not realise the planned development they must compensate the landowner the difference in the price offered by the initial purchaser and the price paid by the public body.

38 A criticism which has been levied at Government proposals to strengthen CPO powers.

39 Outils de l’aménagement; Centre de ressources (2022) [La zone d’aménagement concerté \(ZAC\)](#). Republique Francaise & Cerema

certainty over completion timelines.⁴⁰

The Japanese system was originally modelled on the German system, but is now used for a wider range of development tasks, including for urban regeneration projects, where, rather than receiving shares in re-parcelled land, landowners receive shares in new buildings.⁴¹ These may be initiated through private voluntary agreement, or, now more frequently, led by a public sector body which requires the consent of two thirds of existing landowners.

Through these mechanisms, public bodies solve coordination failures and take on a costly stage in the development process. This ensures that sites come forward for development which wouldn't have without intervention. These processes also often deliver increased value by integrating infrastructure development.

As compared to large sites managed by single developers, they can help generate competition between housebuilders by parcelling plots. This competition can lead to faster build-out-rates and higher quality, as public authorities sell to developers they trust to deliver those outcomes, based on past experience.⁴²

Public sector intervention in development in England

There are examples of English local planning authorities achieving similar outcomes to their international peers. For example, Barking & Dagenham's urban regeneration arm, Be First, operates similarly to some ZACs in France, and Leeds City Council has recently coordinated delivery of an urban extension (Box 6).⁴³

Box 6: Leeds East Extension: an English example of public leadership in development

Leeds City Council has recently coordinated a 5,000-home extension to the East of the city which had been allocated in their local plan since the 1990s.

To bring land in fragmented ownership forward in a coordinated manner, the council negotiated with 60 separate landowners and developers with existing options and used compulsory purchase powers to buy the few sites where agreements could not be reached. It also produced a supplementary planning document which sets out in more detail what is expected from each site.⁴⁴

The council coordinated £150 million of core infrastructure, including 8km of dual

40 Dembski, S (2020) Germany: [A Balanced Planning System](#). Inverness: Scottish Land Commission

41 Japan International Cooperation Agency (2007) Urban Land Use Planning System in Japan.

42 Falk, N. (2016) [Postcard from Montpellier](#). London: Academy of Urbanism.

43 See Be First [website here](#).

44 Leeds City Council (2018) [East Leeds Extension SPD](#).

carriageway, as well as active travel and landscaping work.⁴⁵ While £90 million was funded by West Yorkshire Combined Authority, £60 million was funded by a loan from the Public Works Loan Board, taken out against hypothecated income from ‘roof tax’ receipts, paid by developers as part of their Section 106 agreements, negotiated ahead of the loan being granted. This latter mechanism meant that this project could proceed without national level funding.

The fact this was possible in Leeds is a result of their consistently plan-led approach and having more experience coordinating development for regeneration in the city centre than most authorities.

But there are a number of ways public intervention in development in England looks substantially different from its international peers.

First, **public land acquisition rights lack a direct connection to the planning process**, given the vagueness and/or absence of local plans. From the perspective of the public authority, this leads to greater adversariness in the compulsory purchase process, as landowners can argue that they have alternative plans for the land, thereby undermining the legal case for purchase of the land in the public interest.⁴⁶ From the point of view of the landowner there is greater uncertainty around which sites local authorities may seek to acquire for a given purpose, and less certainty about the price they’d expect to receive.

Second, **where there is public-led land preparation, a national body – Homes England – plays an unusually large role in both funding and execution.**⁴⁷ Homes England manages the Brownfield, Infrastructure and Land fund and Housing Infrastructure Fund, both of which operate a case-by-case proposal structure which, as with bidding processes generally, can be a source of wasted resources for councils and developers.⁴⁸

Local planning authorities relying on external support and generally being less involved in development than their international comparators leaves most English large-scale development being led end-to-end by the private sector. Large sites are most often managed by single scale housebuilders, who typically build only to local absorption rates with less competition than on similar scale projects managed by public authorities that apportion plots to multiple developers.⁴⁹

This **reliance on private delivery also sets a de facto cap on the scale and complexity of the developments which come forward.** Private actors lack compulsory purchase powers to resolve issues with landowners who won’t sell and are unlikely to take on sites which require substantial infrastructure up-front. These take decades to build out and don’t deliver the speed of return on investment most developers require.

45 ISSUU (2023) [East Leeds Orbital Route](#).

46 Ministry of Housing, Communities and Local Government (2025) [Planning Reform Working Paper: Speeding Up Build Out](#).

47 While other countries do have national agencies which intervene in urban regeneration – for example, the Agence Nationale pour la Rénovation Urbaine in France and the Urban Renaissance Agency in Japan – generally, local and regional governments are less reliant on national agency intervention than their English counterparts.

48 Johnson, R (2024) [L.A. Evidential: Improving evidence use in local economic policy making](#). London: Centre for Cities.

49 Competition & Markets Authority (2024) [Housebuilding market study. Final Report](#).

Lessons for public sector intervention in development in England

Bringing more large-scale and complex development forward depends on greater public sector involvement in the early stages of development. And the Government recognises this, pledging continued investment in land remediation at the recent Spending Review.⁵⁰ The new towns programme (discussed further in Box 7) will also involve a greater role for public land assembly, increasing the scale of projects happening in England.

But these programmes do not address a **key difference between England and other countries – the relative lack of local authority intervention in development.**

Separate Government proposals to implement ‘conditional’ compulsory purchase, would strengthen local authorities’ ability to compel development on strategic sites or sites with planning permission. While CPOs currently either need to be confirmed, rejected or withdrawn, in future, CPO powers would remain in the background, only ‘turned on’ when it was clear that a) the land wasn’t going to be developed without intervention and b) the local authority would be able to bring it about.⁵¹

This change would see English CPO operate more like land acquisition in France and Germany – public authorities could establish their right to assemble land to realise the local plan. Improvements on this front could proceed incrementally – a return to a more widespread plan-led approach would see more councils in a position to do so.

But it also follows that the more the local planning process frontloads decision-making the wider the range of circumstances such a power could be useful. The usefulness of CPO as a tool will be not just a function of rules around prices, but also of how clearly local government articulates what it is allowable on a given piece of land.⁵² **The Government could push beyond what will be achieved by their current proposals** by demanding more specificity in local plans on what is allowable on strategic sites, or even further, through comprehensive planning reform to introduce a flexible zoning system which would serve to enable the CPO ‘turn on’ function across large and small sites.

Box 7: New towns: cookie cutter international planning systems?

New towns will likely bear the hallmarks of many of the features common to ‘normal’ local planning in other countries. While the Taskforce has yet to deliver their final report, it seems likely that new towns projects will involve a higher than standard amount of public leadership in development.

They will probably be managed by development corporations which will serve as the relevant planning authority. They are expected to set out plans – including detailed

50 HM Treasury (2025) [Spending Review 2025](#).

51 Ministry of Housing, Communities & Local Government (2025) [Planning Reform Working Paper: Speeding Up Build Out](#).

52 Though, as Centre for Cities has discussed in recent work, the implications of different expectations around prices are fundamentally important in determining how much land value capture can be secured through public-led land assembly. Lange, M (2024) [Restarting Housebuilding III: new towns and land value capture](#). London: Centre for Cities.

masterplans which will provide guidelines to developers, similar to zoning systems in other countries. They will also likely coordinate land assembly and preparation and be charged with installing key infrastructure.

The Government has therefore implicitly recognised the insufficiencies of status quo planning in England. Which raises the questions – why should improvements be limited to only the largest projects? Will the new towns projects serve as training grounds for a more widespread increase in public intervention in development, or will they be a side-show liable to running out of steam when the political winds cease to blow in their direction?

05

National and strategic planning

Local planning authorities in other countries use the tools available to them to enable development more effectively than the English system does. But these local processes don't just happen. The activity of local planning is informed by the responsibilities local authorities are given, and how the responsibilities of higher levels of government inform local planning practices.

National and strategic planning in other countries

The German, French and Japanese planning systems all operate according to **the principle of subsidiarity**, meaning that **planning responsibilities sit at the lowest possible level, unless decisions are made more effectively at a higher level.**

National governments are concerned with two key roles which guide and structure how subordinate levels of planning operate. First, they outline nationally significant objectives and the values of spatial planning. The focus varies between countries, but they generally describe the role of planning in economic development, and other objectives such as densification and the preservation of green spaces.

Second, **national planning frameworks provide planners with a clearly defined set of land use classes.** The number defined and flexibilities afforded to local authorities vary between countries, but in all cases, they establish the basic building blocks of zoning systems and ensure planning processes are similar across the country. In Japan and Germany, national frameworks establish notation systems to also ensure uniform legibility of local plans between places. While they provide guidance, central governments do *not* dictate where local authorities should allocate particular land uses.

In all three countries, between national and local government, **regional and/or metropolitan authorities help guide urban development.**

Strategic planning documents provide high-level designations of land uses such as settlement areas and industrial land, reviewed periodically to ensure sufficient land supply. These designations are usually coarse and don't impose detailed plans, but local zoning plans must

conform with them. They also help guide the long-term management of urban expansion alongside other infrastructure, such as transport, waste management, and energy. This helps ensure housing projects aren't held up by infrastructure constraints.

These **plans are made across geographies larger than individual local authorities.** The degree to which they exactly match functional economic geography varies (some regional plans are significantly larger, and some municipal plans do not cover their entire functional area), but in all cases mid-tier planning authorities help plan for development which spans local authority boundaries and resolve conflicts of interest between them.

This means that, as well as acting as guides, **regional strategic authorities play a 'refereeing' role for their constituent authorities.** Local plans must adhere to what higher-level plans judge to be strategic goals. When it comes to housebuilding, this shifts responsibility for long-term planning for housing need to a level that is less subject to the local politics of permitting housing.⁵³ Box 8 explains how strategic planning functions in France.

Box 8: Regional strategic planning in France

Regional strategic planning in France consists of two parts – one regional-scale strategic plan and multiple metropolitan strategic plans sitting beneath it. The 13 regional plans set out the medium- and long-term objectives for regional-scale issues such as infrastructure, urban extensions, and transportation, and must consider these as a whole rather than separately. They must be accompanied by a map illustrating the objectives of the plan. Larger municipalities are consulted on plans, and ultimately all lower-level plans must adhere to the regional plan.⁵⁴

Between the local and regional level sits the 'Schéma de Cohérence Territoriale' (SCoT), which is a sub-regional strategic plan issued by intermunicipal entities covering their entire area. SCoTs were established in 2000 to resolve issues with uncoordinated planning between local authorities. **They are the main planning documents for large urban areas, providing a binding framework for all constituent municipalities.**⁵⁵ SCoTs define urban and natural areas, the objectives of urban development for the next ~20 years, and the necessary infrastructure for implementing these objectives. They cover a wide range of topics such as housing, transportation, and economic development, which must all be considered together to ensure integrated development. They are reviewed every six years and take the form of multiple maps illustrating the objectives, a diagnosis of territorial issues, a document outlining long-term strategic ambitions, and legally enforceable guidelines.^{56 57}

⁵³ This is not to say that the impetus to resist new housing is entirely removed. It can continue to prove problematic where the geography of planning authorities does not cover the entire functional economic area or the enforcement mechanisms against non-compliance with mid-tier plans are not strong enough.

⁵⁴ République Française (2025) [Chapitre 1er Code général des collectivités territoriales](#). Légifrance

⁵⁵ OECD (2017) [The Governance of Land Use in France: Case studies of Clermont-Ferrand and Nantes Saint-Nazaire](#). Paris: OECD Publishing.

⁵⁶ République Française (2025) [Chapitre 3 Code de l'urbanisme](#). Légifrance

⁵⁷ République Française (2025) [Chapitre 2 Code de l'urbanisme](#). Légifrance

National and strategic planning in England

By contrast, middle-tier **strategic planning is mostly absent in England**, leaving most local planners without a sub-national guide or referee. Since Regional Spatial Strategies were revoked in 2010, only Greater London has had an established strategic plan to which all its constituent local plans must conform.⁵⁸

Combined Authorities can create a plan, but the requirement for agreement by all constituent boroughs has resulted in most not producing one, while Greater Manchester has a plan that covers nine out of ten of its authorities.⁵⁹ Local authorities that want to can resist the imposition of strategic plans and thereby avoid reallocation of housing targets toward their areas.⁶⁰

The outcome of weak strategic (and local) planning in England has been that central government ends up having an outsized influence on local planning outcomes.

In recent years, this has swung between more conservative changes, such as the weakening of housing targets and requirements to update local plans, to changes by the current government designed to release land and increase housebuilding.

Increased national housing targets will enable more housebuilding to proceed even where local authorities are resistant, as proposals can be okayed by the planning inspectorate or in the courts with reference to national policy. But development in this way comes with none of the advantages of transport-integrated strategic allocations, and anticipates most building being done by larger housebuilders that can manage the time and risks inherent in applying for permission against national targets and policies only.

Similarly, ‘grey belt’ and other national interventions such as historic changes to permitted development rights are justified given the need to increase housebuilding rates, but they represent unusually direct national intervention by international standards.⁶¹ ⁶² The same could be said of the Secretary of State’s powers to call in developments when they disagree with local planning decisions. These decisions may result in permission being denied or granted, and are often highly politicised.⁶³ ⁶⁴

Figure 6 represents these differences in an extension of the diagram shown earlier. In other countries, strategic planning provides direction and political cover for local authorities (2) while this is mostly absent in England (3). Central governments set the tone for the below and stop there (1) (except for the largest of projects). In England, the influence of national government and adjacent bodies stretches down to local development (4 & 5).

58 Though it is worth noting that the London Plan only covers Greater London, which is smaller than London’s functional economic area, meaning it is not fully equivalent to plans covering Paris or Berlin. Tokyo prefecture covering only some of the broader Tokyo agglomeration faces similar challenges.

59 Greater Manchester Combined Authority (2024) [Places for Everyone](#).

60 Riddell, C (2024) [Strategic Planning in England: Current Practice and Future Directions](#). London: Royal Town Planning Institute.

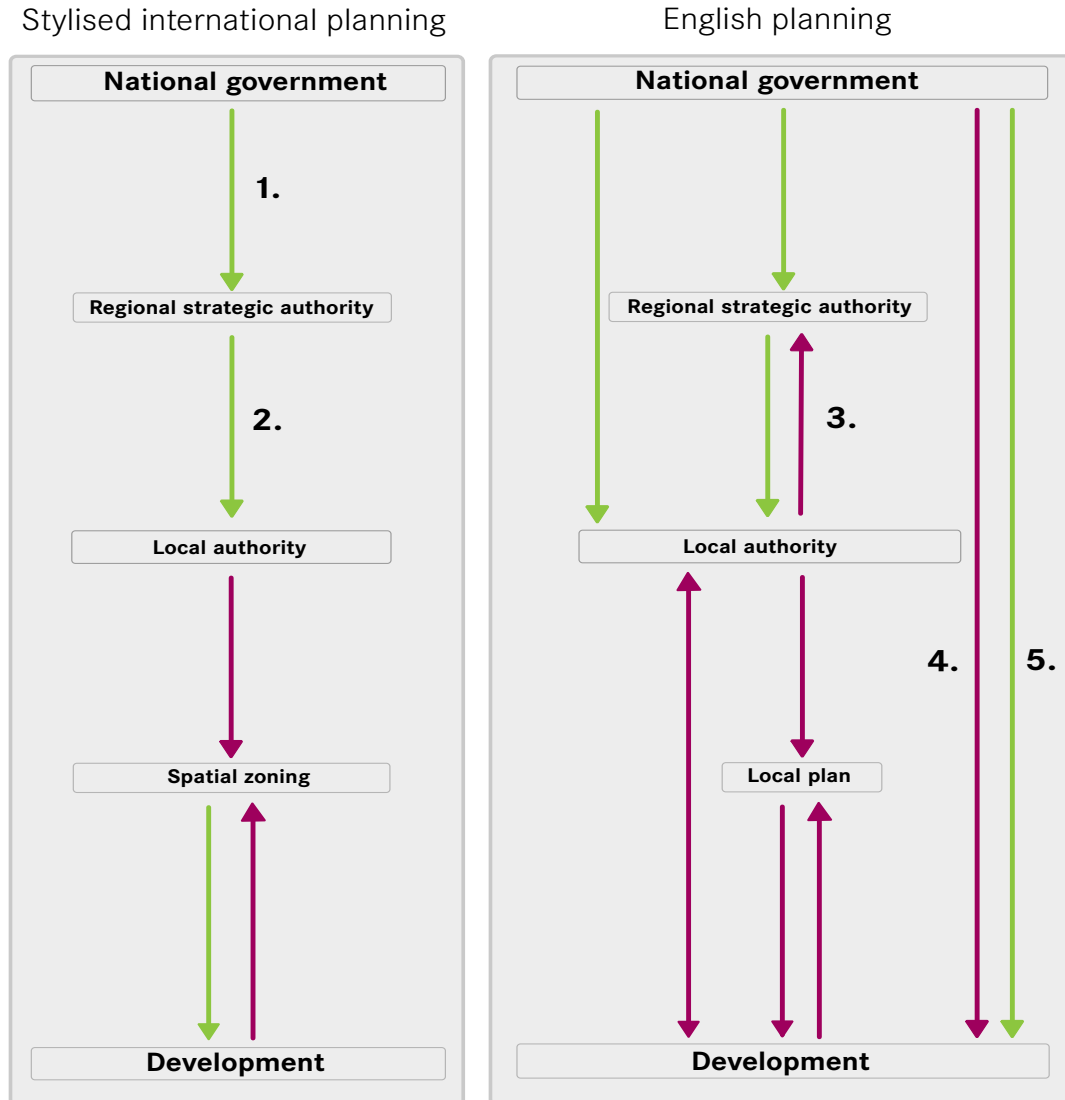
61 The new National Planning Policy Framework (NPPF) defines ‘grey belt’ – green belt land to be prioritised for development if housing targets otherwise be met. While the NPPF doesn’t designate specific land, it makes some land highly likely to be granted planning permission as national government effectively forces green belt release on authorities that are underbuilding. Local authorities will eventually ‘localise’ the policy and designate grey belt through local plans, but at present it is a tool to get around weak local planning. See: Lange, M (2024) [What are the “green belt” and the “grey belt”?](#) London: Centre for Cities.

62 House of Commons (2024) [Planning in England: Permitted development and change of use](#)

63 Foster, A (2023) [M&S Marble Arch store cannot be torn down, government rules](#). London: BBC News.

64 Warren, J (2024) [M&S Oxford Street plan given government approval](#). London: BBC News.

Figure 6: Weaknesses at local and regional levels cause issues at their respective levels, and leave national level policy playing an outsized role



— Discretion exercised through process
 — Discretion in process is limited

1. National governments establish the overarching framework for planning, but do not generally get involved in local affairs
2. Regional planning sets clear parameters for local planning
3. Most of England lacks strategic planning
4. A range of national interventions affect changes in local planning decisions – directly through call in powers, and indirectly through policies like ‘grey belt’ and housing targets
5. Some national policies immediately confer building rights, such as permitted development

When national government is supportive, this can lead to increases in housebuilding everywhere, but over the long run these features in the English system are likely inefficient – developers and local planning authorities spend time adjusting to significant changes in direction from national policy and changes in funding. It can also result in poorer planning

outcomes given the bluntness and place-blind nature of national planning tools.⁶⁵

Lessons for national and strategic planning in England

If English planning were to look more like its international peers national government would have less direct impact on specific projects, while regional and local governments would have more.

The Government is rightly attempting to address the lack of strategic planning through the Planning and Infrastructure Bill and English Devolution Bill.⁶⁶ All places will have a strategic authority which will be required to produce a ‘Spatial Development Strategy’ (SDS) – a high-level strategic document which would include information on key infrastructure requirements and allocate housebuilding requirements.^{67 68} Rather than requiring consent of all participating authorities as is the case today, SDSs will only require the approval of a simple majority of authorities and in Mayoral authorities, mayors will have the casting vote.⁶⁹

While these changes should make it much easier for Mayoral authorities to introduce strategic plans, in authorities with low numbers of constituent authorities, a simple majority may still prove difficult to achieve. The current draft legislation does include the ability for the Secretary of State to force the approval of a plan, but it could be simpler – and further strengthen the ability of strategic authorities to play a refereeing role – to **align strategic authorities’ powers with those of the London Mayor**, who requires only consultation with constituent authorities and examination in public by a panel appointed by the Secretary of State.⁷⁰

When it comes to the priorities for **national government – the focus should be on strengthening planning at lower levels**. As discussed earlier, much of this can be achieved by changing the way local planning authorities plan and intervene in development. But to do this, local government needs to be resourced and incentivised to plan pro-actively.

65 For example, in 2013, national government changed permitted development rights (PDR) such that offices and other commercial space could be converted to residential use without requiring planning permission. Research commissioned by MHCLG found PDR units were significantly less likely to meet national space standards and more likely to be single aspect than ‘ordinary’ conversions managed by local planning authorities through the planning process. Permitted development conversions also meant developers were also able to avoid the requirement to make development contributions through CIL or S106, and concerns were raised about the lack of local power over loss of commercial space. Clifford, B et al. (2020) [Research into the quality standard of homes delivered through change of use permitted development rights](#). London: Ministry of Housing, Communities & Local Government.

66 Ministry of Housing, Local Government & Communities (2024) [English Devolution White Paper](#)

67 Most will be Mayoral Combined Authorities, but others will be non-mayoral strategic authorities and some, likely where there already exists a larger unitary local authority, will simply be that authority.

68 Ministry of Housing, Local Government & Communities (2025) [Factsheet: Strategic planning](#)

69 UK Parliament (2025) [Planning and Infrastructure Bill: Explanatory Notes](#).

70 The Town and Country Planning ([London Spatial Development Strategy](#)) Regulations 2000

06

Local government resourcing

If regional planning acts as a guide and referee to local planning authorities, the way local governments are funded determines their ability, and inclination, to respond to these demands.

Local government resourcing in other countries

While tax raising and redistributive systems vary significantly between countries, there are two key commonalities between sub-national financing in Japan, Germany and France.

First, **local governments have relative freedom to make decisions on revenue raising**. Japanese and German local authorities gain revenues from a wide range of local taxes, including income and corporation taxes, and have discretion over rates set for property taxes and local levies and charges.^{71 72} In France, locally raised taxes have recently been reformed to only include two property-based taxes, but the principal component is allowed to vary significantly, levied at rates between 15.1 and 80 per cent in 2022.^{73 74} In all three countries, local authorities also levy a wide range of local charges, including tourist charges and charges for local services.

This relative freedom helps local authorities plan over the long term, as they know they have levers to pull if they need to close funding gaps, independently of decisions made by central government on the size and shape of service grants and redistributive mechanisms.⁷⁵

Second, **funding mechanisms provide an incentive for local authorities to support**

71 Ministry of Internal Affairs and Communications (Japan) (2024) [FY2022 Settlement White Paper on Local Public Finance, 2024](#).

72 Muldoon-Smith, K. et al. (2023) [A system wide perspective of local government finance in Germany](#). London: LGiU Local Democracy Research Centre.

73 These reforms have been criticized for reducing local authority autonomy by narrowing the range of taxes they can levy.

74 Rates are a percentage of annual imputed rents. Taylor, A (2025) [Geographical inequalities and sub-national funding in France](#). University of Birmingham.

75 This is not to say that local government finances aren't under pressure elsewhere – they are. In France, for example, there have been substantial central government funding cuts since 2014, but these have been matched by increases to local taxes and duties, such that local authorities have not suffered dramatic funding cuts experienced by English authorities since 2010. Taylor, A (2025) [Geographical inequalities and sub-national funding in France](#). University of Birmingham.

economic development, while balancing this with the need to provide sufficient funding to all authorities. France and Japan (see Box 9) have stronger incentives to grow built into their systems – higher local tax takes will be rewarded with higher local revenues overall in almost all cases.^{76 77} Germany has stronger redistributive mechanisms, but, because a high proportion (58 per cent) of local revenues come from local taxation, there remains an incentive to grow the local tax base as a way to increase local autonomy on financial decision-making, as compared to reliance on redistributed funds.^{78 79}

The imperative that fiscal autonomy brings to pursue economic growth, and by extension to facilitate additional housebuilding, does not necessarily give rise to the approaches to planning described above.⁸⁰ Local authorities would be just as rewarded financially if they took a maximally liberal approach to land use regulation as, for example, Houston, Texas has.⁸¹

But local governments in Germany, France, Japan and England face different challenges to Texan cities. Higher population densities necessitate (or at least lead policy logic to tend toward) more controlling and specific land use regulations, and enabling development therefore requires planning systems more capable of fine tuning and intervention. **In these countries, the incentive to grow is also an incentive to invest in planning and development intervention capacity.**

76 Taylor, A (2025) Geographical inequalities and sub-national funding in France. University of Birmingham.

77 Kimura, S (2015) Goals and reforms of current Japanese local tax system. Hitotsubashi Journal of Law and Politics. Hitotsubashi University.

78 Muldoon-Smith, K. et al. (2023) [A system wide perspective of local government finance in Germany](#). London: LGiU Local Democracy Research Centre.

79 Though, especially in wealthier areas which don't face challenges raising funds for services, conservative resistance to housebuilding does persist. For example, this has caused problems as Munich seeks to expand infrastructure and housing into its wealthy periphery. Baléo, M (2019) [Munich: Affordable housing: the future may be polycentric](#). Paris: La Fabrique de la Cité.

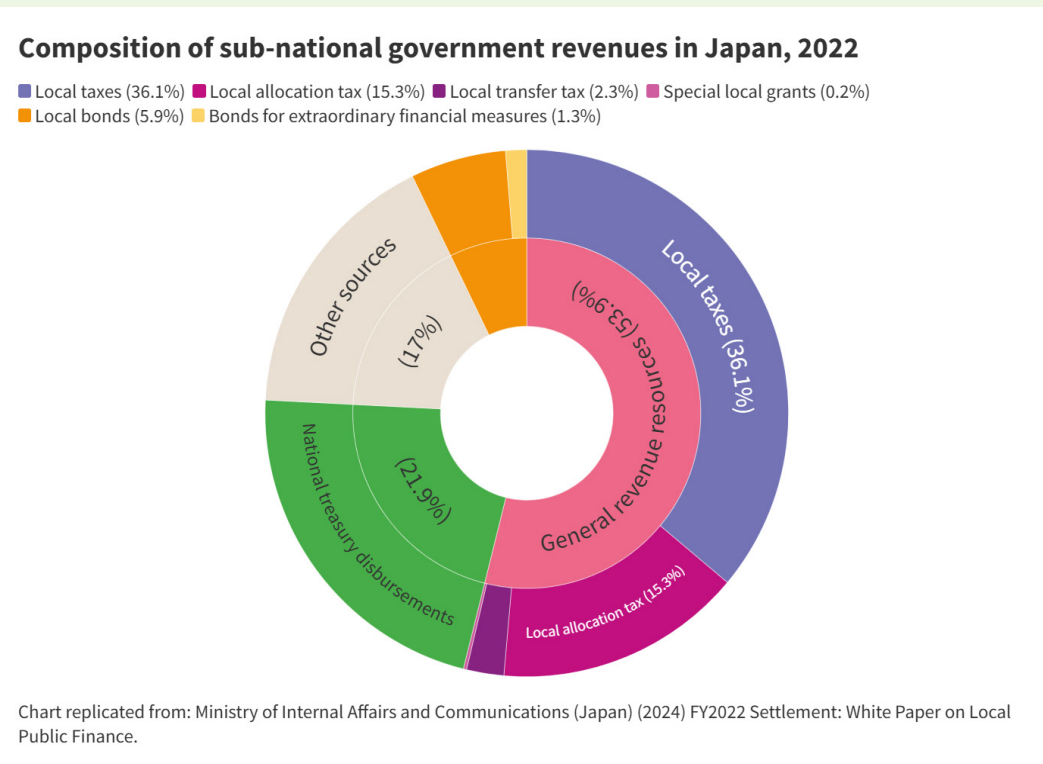
80 A range of international evidence substantiates this link, including: Chen, Y et al. (2024) Revenue sharing, fiscal incentives and economic growth: Evidence from China; *Kyklos*, 77:149-183. & Ferraresi, M. et al. (2023) Does local autonomy increase local income? Evidence from Italy. *Società italiana di economia pubblica*. Working Paper 778.

81 Houston, Texas, is dependent on local tax income for revenues – 69 per cent of revenues are from local taxation, 2/3 of which are property taxes. It provides certainty in planning with an incredibly straightforward building permissions system. It allows all developments that comply with set guidelines on parking requirements, block widths and residential setbacks, and lot sizes, and has permitted additional housing by simply reducing minimum lot sizes across the city. City of Houston (2024) [Fiscal Year 2023 Budget](#); Gray, M.N. & McBirney, K (2020) Liberalizing Land Use Regulations: The Case of Houston. Mercatus Center, George Mason University.

Box 9: Redistribution & incentives in Japanese local government funding

The explicitly redistributive element of Japanese local funding – the Local Allocation Tax (LAT) – is relatively small, comprising an average of 15 per cent of local government revenues, as shown in Figure 7.

Figure 7: Composition of sub-national government revenues in Japan, 2022

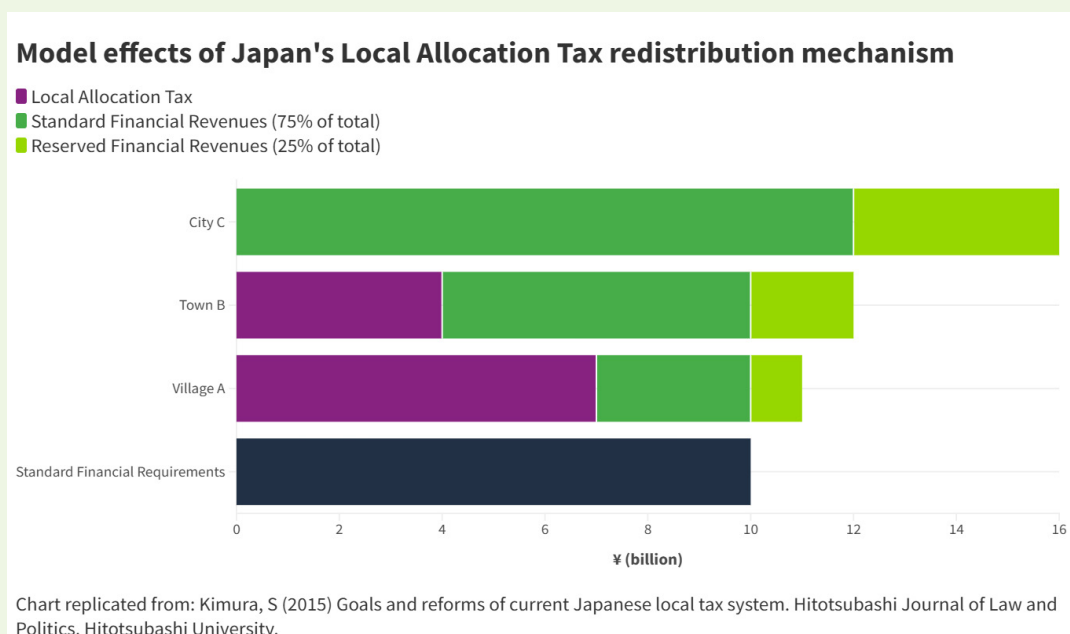


The pot for the LAT is comprised of fixed percentages of nationally collected taxes – one third of income and corporation tax, half of liquor tax, one fifth of consumption tax and all of local corporation tax.

Importantly, the structure of this redistributive element maintains an incentive for local tax base growth. The amount received by an authority is based on an assessment of the difference between financial needs (based on population, area and unique characteristics) and fiscal capacity. As Figure 8 shows, fiscal capacity is estimated on the basis of only 75 per cent of standard local revenues, with 25 per cent excluded from calculations.

This means that, at the very least, the local authority sees growth in overall revenues equivalent to one quarter of locally generated growth (Village A or Town B), while authorities which meet local needs entirely through local tax revenues keep all further growth in local revenues (City C).

Figure 8: Model effects of Japan's Local Allocation Tax redistribution mechanism



Local government resourcing in England

English local governments have less fiscal autonomy than their international peers. Council tax and retained business rates contribute together only 27 per cent of total local government revenues, the lowest proportion of revenues generated from local taxation of any of the four countries.⁸² Councils also have little autonomy over local tax rates: council tax bands and maximum rate increases are set by central government, while councils cannot change the headline rate of business rates.⁸³

English councils also face limited incentives to pursue economic growth because of the way they are funded. While reforms in 2012/13, which cut redistributing revenue grants in favour of 50 per cent retention of business rates were intended to address this lack of incentive, in practice the incentive is largely undermined by the rest of the grant system.⁸⁴

And **these two features of local government funding have had an impact on investment in local planning.** As councils have faced the dual pressure of cuts from central government since 2009/10 (which has fallen disproportionately on urban authorities)⁸⁵ and rising costs from social care and homelessness duties, they have made disproportionate cuts to spending on planning, development, housing and highways.⁸⁶ Had they greater fiscal autonomy to raise compensatory funds, and certainty that their fiscal position would improve

82 Ministry of Housing, Communities & Local Government (2025) [Local Government Finance Statistics England No.35 2025](#).

83 Philips, D (2024) [Reforming local government funding in England: the issues and options](#). London: Institute for Fiscal Studies.

84 Breach, A & Bridgett, S (2022) *Centralisation Nation: Britain's system of local government and its impact on the national economy*. London: Centre for Cities.

85 Centre for Cities (2019) [Cities Outlook 2019: a decade of austerity](#). London: Centre for Cities.

86 Local Government Association (2024) [Save local services: How is £1 of council funding spent](#).

significantly following economic growth, councils may have continued to invest in their ability to plan. But because they don't, planning has been deprioritised (see Box 10).⁸⁷

Box 10: English public planning capacity has declined in recent years

Capacity to plan effectively is a function of the kind of tasks planners are required to do, and the number of planners available to do them. As discussed above, structural issues in the English system mean planning teams do not focus on setting clear rules. Politicisation and the requirement to respond to legal appeals sets public planning teams up to struggle.

But these issues have been exacerbated by the worsening position of local government finances. Between 2009 and 2020, the number of planners working in the public sector shrank by one quarter, in part due to pay declining significantly.⁸⁸ This has limited the capacity in local planning teams to prepare local plans and engage in other pro-active planning and development activities. It also has a knock-on impact on the functionality of the developer contributions system. Where local plans aren't in place it can be difficult for local authorities to collect contributions as they haven't clearly established expectations for developers. And, even where plans are in place, many authorities lack expertise to understand viability challenges, weakening their position in Section 106 negotiations.⁸⁹

Recent governments have begun to respond, for example introducing the 'Pathways to Planning' graduate scheme in 2023 and pledging to recruit at least 300 additional public sector planners by 2026.^{90 91} These measures will help but, representing roughly one planner per authority, will not be sufficient to reverse declines since 2009. Digital innovations and AI might also help, but they won't address more structural issues which dictate the activity of local planning authorities.⁹² And none of these changes will help break the dependency of local planning teams on favour from central government.

Lessons for local government resourcing in England

To align more closely with its international peers, local governments in England will need greater fiscal autonomy. Strengthening local government would increase the likelihood that the changes to planning and development intervention described above could be implemented successfully.

Partly, this can be addressed through ensuring local authorities can plan long-term, and

87 As French local authorities have. Taylor, A (2025) [Geographical inequalities and sub-national funding in France](#). University of Birmingham.

88 The overall number of people employed as planners across public and private sector has actually increased. Csontos, G (2023) [State of the Profession 2023: The UK planning profession in numbers](#). London: Royal Town Planning Institute

89 Davies, G (2025) [Improving local areas through developer funding](#). London: National Audit Office.

90 Department of Levelling Up, Housing and Communities (2023) [New scheme to support graduates into town and planning careers](#).

91 Ministry of Housing, Communities and Local Government (2025) [Planning overhaul to speed up and simplify local plans](#).

92 Ministry of Housing, Communities and Local Government (2025) [PM unveils AI breakthrough to slash planning delays and help build 1.5 million homes: 9 June 2025](#).

recently announced changes to local government funding allocations system should help this – at least for councils who win from the new formula.⁹³ But the impact of these changes will be limited for as long as they are not accompanied by other changes to further increase fiscal autonomy.

Greater fiscal devolution would make English subnational government funding look more like that in other countries, broaden the tax base and improve incentives for growth. Small steps to increase fiscal freedoms to local and combined authorities, like introducing visitor levies or stronger powers to tax second homes^{94 95} could both help in locations with lots of visitors.

But Government should go further with comprehensive reforms to incentivise growth and increase subnational fiscal autonomy. Two ways it could do this are:

First, **Metro mayors should retain a share of income tax receipts generated locally** (as happens in Japan and Germany). Centre for Cities has previously suggested that this could begin with Manchester and Birmingham retaining 20 per cent of locally generated income tax, and London retaining 1.5 per cent. This and 100 per cent retention of business rates would serve to significantly increase returns to growth in key economic centres, while remaining cost-neutral for the Treasury.⁹⁶

Second, **local authorities should be given control over council tax.** This would require property revaluations; the adding of additional bands for higher value properties; and, importantly, letting Councils set their own rates for each band. As previous Centre for Cities modelling has shown, this reform would enable the majority of households to be given a council tax cut while re-installing council tax as a truly local tax.⁹⁷ If paired with a grant top-up system with a similar logic to Japan's, councils would have renewed flexibility and incentives to grow their revenues through supporting housebuilding.

93 Ministry of Housing, Communities & Local Government (2025) [Fairer funding for councils across the country in major reform.](#)

94 Deputy Prime Minister Angela Rayner has voiced support for this idea, as have some Metro Mayors. It is reported that the Treasury are currently opposed to these additional local tax powers. Diver, T (2025)

95 Cox, C (2025) ['Airbnb bill' aimed at second home owners.](#) Plymouth: BBC News South West.

96 Breach, A, Bridgett, S & Vera, O (2023) [In place of centralisation: A devolution deal for London, Greater Manchester, and the West Midlands.](#) London: Centre for Cities

97 Breach, A (2024) [Devolution Solution: How fixing English local government will improve economic growth.](#) London: Centre for Cities

07

Conclusions: what England can learn from international planning systems

Other countries build more houses than England does in part because their planning systems are more effective. If the Government wants to build more homes, it should look abroad for lessons and inspiration.

As this research has discussed, the Government could take (and in some cases, already is taking) a series of incremental steps toward making the English planning system function more like those in other countries. To achieve the most through incremental reform, the Government should:

Make the planning system more spatial and rules-based. These measures would frontload decision-making and help to make the system more predictable and less wasteful. It should:

- Ensure all local plans are up to date and introduce stronger disincentives for councils that fail to update them. This could be achieved by allowing authorities with up-to-date plans to charge higher planning fees than those without them.
- Require that allocated sites in local plans specify a higher level of detail up-front than they do currently. This could be achieved by requiring an LDO or equivalent to be issued for every site.
- Legislate in the Planning and Infrastructure Bill that planning approvals on allocated sites should be managed by planning officers, rather than politicised planning committees.⁹⁸
- Encourage greater use of Local Development Orders, Mayoral Development Orders and Supplementary Planning Documents. This could include producing templates for specific types of development and/or specific places.

⁹⁸ Read more in our recent briefing: Breach, A (2025) [Reform of Planning Committees](#). London: Centre for Cities.

Make it easier for public sector intervention in large-scale and complex development, which would ensure more than just the easiest projects come forward for development. It should:

- Activate Compulsory Purchase Order reforms made in the Levelling-Up and Regeneration Act 2023, to enable the serving of ‘conditional’ CPOs on allocated sites.
- Provide support to councils to help them develop expertise in carrying out these CPOs.
- Establish development corporations to coordinate public land assembly in and around England’s largest cities, potentially but not necessarily as part of the new towns programme.

Expand strategic planning across England, to provide guidance for local planning and make it easier to overcome the local politics of housebuilding. It should:

- Proceed with the implementation of Spatial Development Strategies. These could be strengthened by aligning the plan approval process with that for the London Plan.

These measures would help bring England closer to international peers and would very likely lead to increased housebuilding.

But their cumulative impact may well be lower than if similar ends were achieved through more comprehensive reforms. In particular, the spatial rules-based measures and public interventions in development would take effect only in defined areas, rather than becoming a more generalised part of the planning system. Where these measures aren’t adopted, the problems with the system would remain, and national-level policies would have to continue to compensate.

How frequently and effectively incremental reforms could be operationalised would also be limited for as long as the relative weakness of local government remains unaddressed. Currently, it lacks both the capacity and incentive to pursue development, and therefore to plan effectively.

Tackling these issues head on through comprehensive reforms would ‘unlock’ positive changes in the rest of the planning system. Given this, Centre for Cities recommends that the Government:

Establish a zoning system, mandating that local plans establish clear rules for development everywhere. A national framework would give local planners tools to articulate the anticipated trajectory of development for any given location and put local planners in a situation where they would have to exercise discretion up front. This would not only reduce waste and increase certainty in the development permitting process, but it would also make it easier to implement new rules around public land acquisition and simplify the land allocations process.

Any such system would have to be more complex than that suggested in 2020 by the previous Government.⁹⁹ To make a zoning system like those of the international peers reviewed in

⁹⁹ Department for Levelling Up, Housing and Communities (2020) [Planning for the future](#).

this paper, national government would need to describe far more than three basic zones and provide clear parameters for additional ‘editing’ tools available to local planners.

Increase the fiscal autonomy of local and strategic authorities to strengthen incentives for development. They can begin this process in earnest through substantial reforms to council tax, and greater fiscal devolution to combined authorities, at least in the biggest cities. Better fiscal standing, and more local flexibility would support all other reforms, and incentivise local government to invest in the planning process to support more housebuilding.

Addressing these two key bottlenecks to higher housebuilding together would give English planning reform the greatest chance of achieving outcomes similar to its international peers, and ensure these outcomes are achieved widely and over the long term.

Appendices 1-3: Brief introductions to planning and local government resourcing in Germany, France and Japan

These three appendices aim to provide the reader with more detail about how planning and local government resourcing works in the three countries discussed in this paper. They are not complete summaries and some details and caveats are committed in favour of giving a clear picture of how the respective systems generally work.

See separate PDF, linked [here](#).



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