

# Analysing the impact of Planning Performance Agreements (PPAs)

Examining the planning  
system's growing reliance  
on Planning Performance  
Agreements (PPAs) and  
how it affects housing  
delivery in the UK



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# Forewords



“At a time when the Government is seeking to increase housing delivery and unlock more development, the planning system needs to provide greater certainty rather than additional barriers and costs.”

**Neil Jefferson, Chief Executive at the Home Builders Federation**

Delivering the homes the country needs depend not only on planning permissions being granted, but on the planning system functioning efficiently from start to finish. While much attention has rightly been given to reforming the overarching planning system, less focus has been placed on the underlying processes, what happens after permission is secured and the impact this has on housing delivery.

Planning Performance Agreements (PPAs) and Extensions of Time (EoTs) have an important role to play. For complex or strategically significant developments, they can provide a sensible way for applicants and local planning authorities to agree a timetable and ensure that the right expertise and resources are available to reach a good-quality decision.

The concern is not with their use in these circumstances. It is with what happens when arrangements designed to deal with exceptional circumstances become a routine feature of the planning system.



These findings in this research raise important questions about how the planning system is currently operating and, in particular, how much applicants are paying beyond statutory planning fees to secure the additional time, resources and engagement needed to progress major applications. At a time when the Government is seeking to increase housing delivery and unlock more development, the planning system needs to provide greater certainty rather than additional barriers and costs.

There is also a wider question of fairness. If applicants are routinely required to enter into PPAs or agree extensions simply to secure a reasonable prospect of a timely decision, there is a risk that the planning system becomes increasingly dependent on arrangements that favour those with the resources to pay for them. That is particularly concerning for smaller developers and community-led schemes, which may have less capacity to absorb additional costs and prolonged delays.

Government has recognised the need to improve planning capacity, including through reforms to planning fees. These changes provide an opportunity to assess whether additional funding is delivering the improvements in performance that applicants and communities need. Greater transparency will be an important part of that process.

PPAs and EoTs should enable better planning, not compensate for a system that cannot consistently operate within its statutory framework. Statutory determination periods should have practical meaning, while there should be clear and transparent reasons when additional time is genuinely required.

Ultimately, a well-resourced and properly functioning planning system benefits everyone. It gives local authorities the capacity to make good decisions, gives communities greater clarity over when decisions will be made, and gives those seeking to invest and build the certainty they need to bring forward development. Restoring that confidence should be a shared priority.



“PPAs have a useful role in complex schemes, but they should not compensate for underlying capacity constraints.”

**Neal Moy, Managing Director at Paragon Development Finance**



Government's target of building 1.5 million homes depends on a planning system that gives not just housebuilders, but funders and communities too, a level of certainty. Time, cost and delivery risk sit at the heart of every development and funding decision for lenders, making a predictable and efficient planning process essential.

In theory, Planning Performance Agreements were well-intentioned – designed by the Local Government Association as a tool for agreeing key tasks, responsibilities and resourcing, they aim to improve project management and give developers clearer timescales. In practicality, it's delivered more like the opposite. As this report shows, PPAs are too often operating within a wider, struggling system still marked by delay, inconsistency and uneven local authority capacity. Rather than providing certainty, their widespread use can sometimes obscure how long planning decisions are actually taking.

For the SME developers that Paragon Development Finance supports, this uncertainty has real consequences. Staff shortages and changing personnel within planning departments can result in delayed or revised feedback, while new requirements from central and local government add further complexity. Developers may need to undertake



additional work and retain architects, planning advisers and specialist consultants for longer, increasing the capital placed at risk before permission is secured.

If an application is delayed or refused, some or all of that investment may be lost. Repeated exposure to these costs can make SME developers less willing or able to pursue future schemes. Over time, that risks driving experienced developers from the market, reducing the number of applications brought forward and ultimately limiting housing delivery. For lenders, prolonged uncertainty also affects funding timelines, loan duration and confidence in delivery programmes.

These findings build on our previous work with the Home Builders Federation through the Planning on Empty report, which highlighted the resource and capacity challenges facing local authority planning departments. This latest research shows how those pressures can intensify reliance on PPAs as councils seek to manage workloads and secure additional resources. PPAs have a useful role in complex schemes, but they should not compensate for underlying capacity constraints.

At Paragon Development Finance, we have provided more than £4 billion of funding since 2018, supporting the delivery of over 16,000 homes. And we have appetite to lend more: the capital is there for well-structured and thoughtfully designed schemes. But when planning constraints create prolonged uncertainty, they hold back housebuilders and lenders alike.

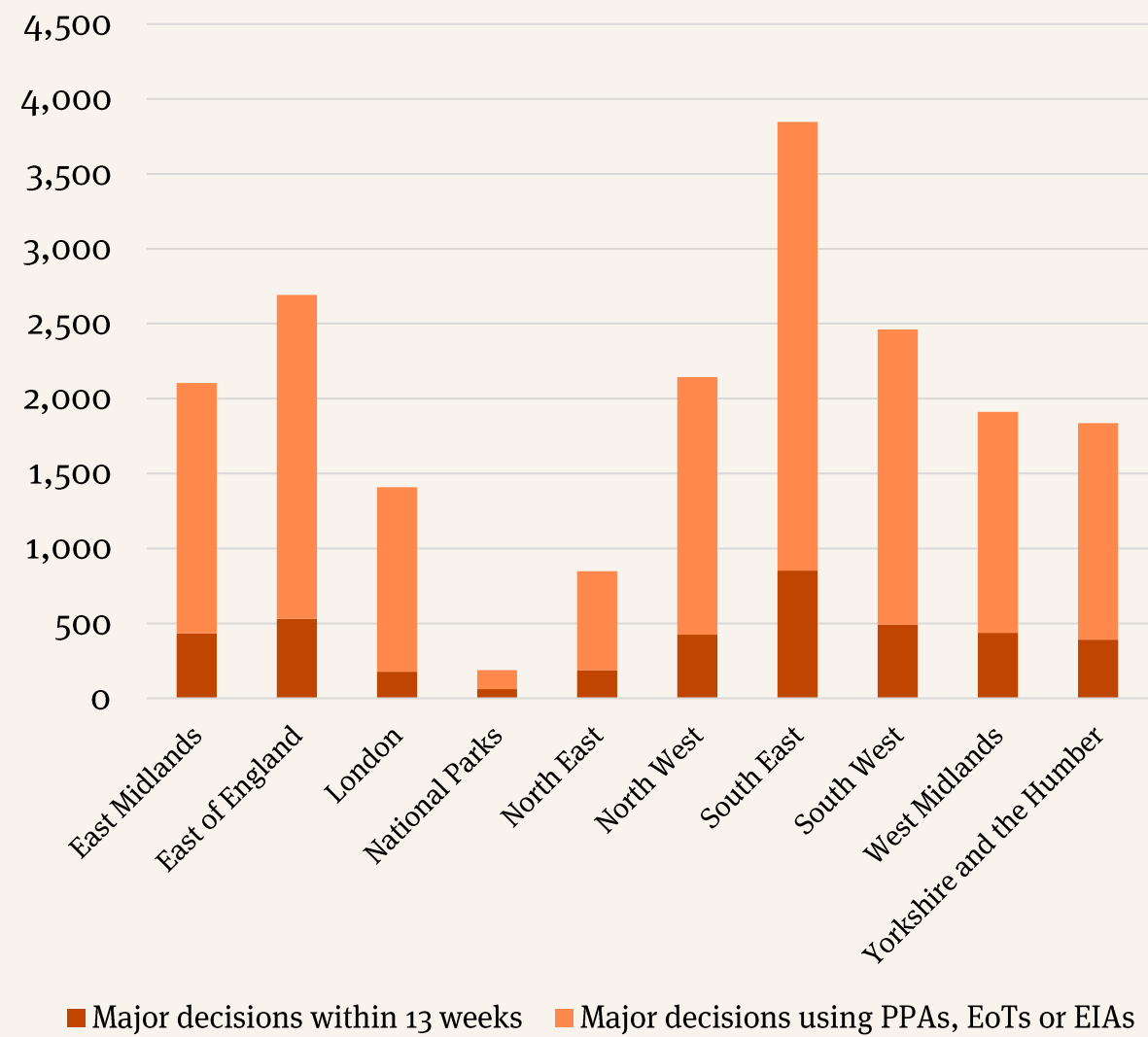
This is why we're backing the HBF's recommendations. Greater transparency, clearer national guidance, increased consistency and continued investment in planning capacity would help create a system that is more accountable, efficient and predictable. If delivered, these reforms would give developers and lenders greater confidence to invest, accelerate housing delivery and help ensure the sector can play its full role in meeting the UK's housing needs.



# Introduction

In recent years, a large proportion of major planning applications have been determined using Extension of Time (EoT) agreements and Planning Performance Agreements (PPAs). These mechanisms are commonly used to allow applications to be decided beyond the statutory determination period of 13 weeks for major development (or 16 weeks for Environmental Impact Assessment (EIA) development).

Major decisions using planning agreements,  
by reigon, September 2023-2025



EoTs and PPAs were originally introduced as pragmatic and flexible tools, intended to support the determination of particularly complex, novel, or strategically significant schemes. In principle, they allow local planning authorities and applicants to agree realistic timetables, improve the quality of decision-making, and avoid refusals or appeals that arise purely from procedural time pressures.

However, their widespread and routine use now risks undermining the integrity and transparency of the statutory planning framework. When extensions become the norm rather than the exception, they obscure the true performance of the planning system. Official statistics may show compliance with agreed timescales, while masking the fact that many applications take significantly longer than is set out in statute. This makes it more difficult for applicants, investors, infrastructure providers and local communities to plan with confidence and understand when decisions are likely to be made.

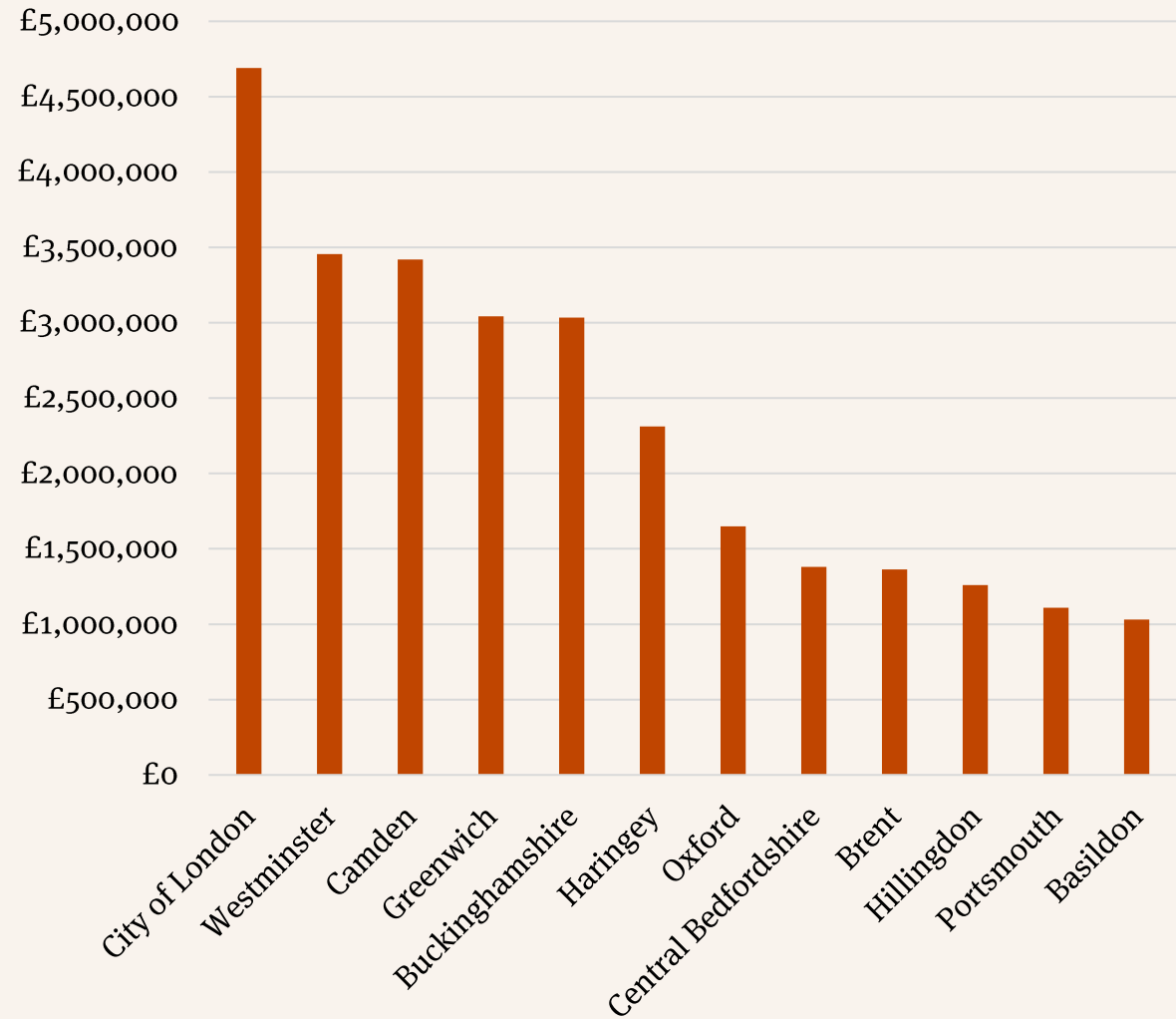
The reliance on PPAs also raises questions about equity and system sustainability. Despite substantial increases in statutory planning fees in recent years, introduced in part to address resourcing pressures within local planning authorities, developers are continuing to pay significant additional sums through PPAs in order to progress applications within a reasonable timeframe. In effect, this creates a two-tier system in which those able to pay for enhanced engagement and project management receive greater certainty and access, while smaller developers and community-led schemes may face longer delays.



# Freedom of Information exercise

Evidence suggests that this is not a marginal issue. A Freedom of Information (FOI) exercise conducted by HBF found that between 2022 and 2025, local authorities in England and Wales received, on average, almost £600,000 per council in PPA fees. Scaled up across the country, this totals almost £200 million over the three-year period.

Councils taking more than £1 million in PPA's 2022-2025



This scale of funding indicates that PPAs are no longer limited to exceptional circumstances but have become a core mechanism through which the planning system functions. While this income is often essential to maintaining basic service levels, it also highlights the extent to which the system has become dependent on discretionary, applicant-funded arrangements rather than predictable, adequately resourced statutory processes.

The FOI received 85 responses from councils. Of these, 12 received more than £1 million over the three year period, seven of which were in London. The City of London received the highest amount during this period, taking home almost £5 million.

Taken together, these trends point to deeper structural challenges within the planning system, particularly around capacity, skills, and funding. The routine use of EoTs and PPAs should not be viewed as a substitute for addressing these underlying issues. Without reform, there is a risk that statutory determination periods lose their practical meaning, that developers cannot plan sufficiently to bring forward the necessary housing in a local area, and public trust in the fairness and transparency of the system is eroded.

A more sustainable approach would involve restoring confidence in statutory timescales through adequate resourcing, clearer expectations about when extensions are genuinely justified, and greater transparency about actual determination times. PPAs and EoTs should support good planning outcomes, not compensate for systemic underperformance.



# Recommendations

Based on the findings of this report, HBF and Paragon Development Finance would encourage the Government to:

## **Ensure greater transparency over PPA income and expenditure.**

Local planning authorities should publish annual information on the value of PPA income received, how those funds are allocated, and the extent to which they support additional planning capacity. This would improve accountability and demonstrate whether PPAs are funding enhanced services rather than replacing core provision.

## **Promote consistency across local planning authorities.**

Develop a more consistent national framework for PPA structures, charging schedules and service standards to reduce variation between authorities and provide greater certainty for applicants operating across multiple areas.

## **Introduce national guidance on the appropriate use of PPAs and EoTs.**

Updated guidance should set out clear expectations on when these mechanisms should be used, establish principles for agreeing realistic timetables, and discourage their use as a routine response to resource constraints.

## **Monitor LPA performance following the introduction of locally set planning fees.**

The Government has stated that the move to locally set planning fees is a key step towards better resourcing LPAs and improving outcomes, including faster determination times. Once the new fee regime is implemented, the Government should closely monitor its impact, including the use of PPAs and the timescales for discharging planning conditions. This will be essential to assess whether increased fee income is translating into measurable improvements in performance, efficiency, and service delivery.

## **Strengthen planning capacity and capability.**

Continue to invest in the recruitment, retention and training of planning officers, specialist consultees and technical experts to address the underlying capacity challenges that contribute to delays. Long-term workforce planning should reduce dependence on applicant-funded arrangements.



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