

NPPF CONSULTATION: A POSITIVE DIRECTION — BUT MORE NEEDED

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NPPF CONSULTATION: A POSITIVE DIRECTION — BUT SME DEVELOPERS STILL NEED MORE

The Government's proposed reforms to the National Planning Policy Framework (NPPF) and wider planning system represent the most significant reset of national planning policy in over a decade. The consultation signals a clear intention to accelerate housing delivery, provide greater certainty in decision-making and rebalance the system towards development.

From our review of the consultation proposals and associated reforms currently under consideration ahead of the 10 March 2026 consultation deadline, the overall direction of travel is positive. Many of the proposed changes should materially improve certainty in decision-making, reduce reliance on outdated local plan policies and create clearer routes to approval.

Importantly, several reforms acknowledge the role that small and medium-sized developers play in housing delivery, particularly on smaller and more complex sites that are often not delivered by volume housebuilders.

Whilst speeding up housing delivery remains a clear priority, the revised NPPF also incorporates positive provisions for commercial development. This includes directives for Local Plans to enable businesses to

invest, expand and adapt more easily and acknowledging the commercial models and operational requirements will evolve. This is relevant to: town centre uses; industrial and logistics uses; and digital infrastructure, science and innovation hubs.

However, while the reforms move the system in the right direction, there remain several areas where Planning Insight think targeted adjustments could significantly strengthen the ability of SME developers to bring forward housing.

As part of the consultation process, we intend to submit representations highlighting the following points.

Ten Key Observations on the Planning Reforms From an SME Developer Perspective

Positive reforms

1. A stronger national policy framework

The move towards clearer national decision-making policies should reduce the influence of outdated local plan policies and improve consistency across authorities.

2. Presumption in favour of sustainable development

A default 'yes' position for sustainable development ensures new proposals start from a positive position, particularly those on brownfield land.

For residential development this 'yes' position will be engaged where policies are out of date and/or 5 year housing land supply targets are not being met. For commercial land uses, evidence of unmet need will also be required.

3. Greater clarity on development outside settlements

The proposed policy framework identifying acceptable forms of development outside settlements could unlock a significant number of sustainable edge-of-settlement sites.

4. Continued opportunity for Grey Belt development

The Grey Belt policy remains one of the most consequential recent reforms to Green Belt planning and creates meaningful opportunities for previously constrained sites. Given that grey belt sites may have relatively significant infrastructure costs, it is helpful that the latest NPPF recognises that affordable housing contributions could be lowered subject to viability.

5. Stronger recognition of small and medium sites

The requirement for local plans to recognise and allocate a proportion of small and medium sites should help address the structural shortage of deliverable SME development opportunities. Establishing the Small to Medium (StoM) definition in policy also allows for other mechanisms to be introduced that could help reduce planning hurdles for small and medium sites i.e. removing BNG requirements, refining validation requirements or reducing affordable housing obligations.

Areas where the reforms could go further

6. The proposed medium site definition is too narrow

Defining medium sites as 10–49 homes does not reflect the reality of the SME development market. Expanding this to at least 10–99 homes and preferable 10–149 homes would better capture the scale of schemes delivered by SME housebuilders.

7. Planning application requirements remain excessive

Although the consultation proposes proportionate information requirements, validation lists remain extensive and inconsistent between authorities. Stronger national controls would help reduce unnecessary costs.

8. Section 106 negotiations remain a significant source of delay

Standardised Section 106 templates are a welcome step but more fundamental simplification is required to avoid protracted negotiations that disproportionately affect smaller developments.

9. Greater flexibility on affordable housing delivery for SMEs

A further reform that would significantly assist SME developers would be allowing small and medium developers to choose whether to deliver affordable housing on-site or through a commuted payment in lieu.

On many smaller sites the provision of on-site affordable units can create significant viability, delivery and management challenges, particularly where schemes involve fewer than 50 homes. Allowing SME developers to opt for a financial contribution instead would:

- improve scheme viability
- simplify delivery and design
- allow local authorities to pool funding to deliver affordable housing in more strategic locations

Crucially, this flexibility should sit with the developer, rather than being imposed by the local authority.

10. Planning decision times must improve

Alongside policy reform, stronger performance expectations for local planning authorities will be essential particularly alongside anticipated higher application fees set by LPAs. For SME developers relying on development finance, delays in decision-making remain one of the biggest risks to delivery.

Suggested improvements we will be proposing

In responding to the consultation we will be advocating several targeted reforms that could materially increase SME developer activity:

- Expand the medium site definition to 10–149 homes or recognising different locational characteristics, allow Local Plans to define the quantum but with a minimum definition of 10–99.
- Ensure that any additional local validation requirements are anchored in Local Policy requirements that supplement but do not contradict national policy and requirements.
- Simplify Section 106 agreements for small-medium developments
- Allow StoM site developers to choose between on-site affordable housing or a payment in lieu

Final thoughts

Overall, the proposed reforms represent a positive shift towards a more predictable and pro-development planning system. They should reduce reliance on restrictive local policies and create clearer routes to planning approval.

However, if the Government wishes to fully unlock SME housing delivery — which historically accounted for over 40% of new homes built in the UK — further targeted reforms will be needed.

Relatively modest changes, particularly around viability, affordable housing delivery and planning complexity, could significantly increase the number of small and medium-sized housing sites brought forward across the country.

Planning Insight will be submitting representations ahead of the 10 March 2026 consultation deadline, and we encourage others involved in SME development to engage with the process.