Breaking the Cycle

Unlocking Infrastructure Investment

February 2025

Purposeful Finance Commission

About the PFC

The Purposeful Finance Commission (PFC) and its Advisory Board is an independent body made up of leading combined authority figures, local government leads, investors and other regeneration experts who have come together to identify, understand and overcome the barriers to the development of housing and infrastructure across the country. By addressing these barriers, the PFC aims to ensure that purposeful regeneration delivers real social value, creating lasting benefits for local economies, communities, and the environment.

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CHAPTER 1 Foreword

Infrastructure should be the foundation for the UK's economic growth, creating significant social value and delivering regional development. However, in 24 of the past 30 years, the UK has ranked at the bottom of the G7 league table for infrastructure investment. If the UK had simply maintained the average G7 investment during this time, we could have unlocked an additional £1.9 trillion of investment.[1]

The UK Government has acknowledged the importance of infrastructure investment to its mission to boost economic growth. There is no shortage of domestic capital available to invest in UK infrastructure and housing. The sector PIC operates in -which involves the consolidation of UK corporate defined benefit pension schemes -would like to invest about £200 billion in these types of assets over the next decade in order to provide the secure, long-term, inflation-linked cashflows we will use to pay the pensions of our policyholders over the coming decades. The issue is that there just aren't enough viable projects being brought forward.

Tracy Blackwell CBE
Chair, Purposeful Finance Commission and CEO, Pension Insurance Corporation plc. (PIC)

The UK Government's intention to publish a 10-year infrastructure plan should bring clarity in terms of policy direction and stability. However, there are significant issues which also need addressing beyond the remit of an infrastructure plan. The first is the critical issue of making sure that regulators and arms-length bodies (ALBs) across the economy are focused on growth and have a growth mandate.

One of the key reasons for the dearth of viable UK housing and infrastructure projects, for example, is that the hundreds of ALBs and regulators operating across the economy do so without coordination, or without an economic remit, and with a risk-averse mindset.

As was noted in The Purpose of Regulation[2], "The regulator-to-regulated relationship is not always collaborative and can be defined by mistrust, deterring innovation and leading to an excessively risk-averse culture. This is in part driven by a culture of fear within regulators, encouraged by the media and parliamentary response to regulatory failure. The regulator-to-government relationship can cause uncertainty for firms if there are disagreements around future policy. The regulator-to-regulator relationship can also cause uncertainty if policy development is made in isolation."

So this issue, especially as it relates to the bringing forward of viable housing and infrastructure projects, will sit at the heart of the PFC's work. We will also address some of the structural reasons, such as dysfunction in the land market, and procurement inefficiencies, which have been a drag on infrastructure development.

Finally, it is increasingly well recognised that local authorities, which are at the heart of driving the regeneration and development needed to meet the Government's ambition, are grappling with severe funding and capacity constraints. Years of rising social care costs and constrained budgets have led to consistent underinvestment in planning departments. This contributes to the absence of viable projects, perpetuating the UK's infrastructure malaise. The PFC will also follow up on our previous work in this area to help.

The PFC's Investment Heatmap, published in this report, outlines the flows of infrastructure investment across the country. The data is essential to understanding which local areas have succeeded in attracting infrastructure investment, and helping understand why that is the case.

So the PFC has an ambitious agenda, but one that we feel will add genuine value as we all seek to understand and address the barriers – local, regional, and national – to the development of housing and infrastructure.

CHAPTER 2 Executive Summary

The Purposeful Finance Commission's (PFC) Investment Heatmap analyses infrastructure investment trends across the UK, highlighting regional disparities, challenges in planning capacity, and the systemic factors contributing to a cycle of underinvestment across the UK. 'Infrastructure investment' is defined as Gross Fixed Capital Formation (GFCF) into all buildings and structures.

The findings demonstrate how targeted interventions can help break the **vicious cycle** of underinvestment and create a **virtuous cycle** of growth, where increased funding for planning departments accelerates project approvals, attracts private capital, and drives regional development.

Key Findings:

There has been a slowdown in infrastructure investment: national infrastructure investment rose by only 7% per capita between 2016-2018 and 2020-2022, compared to a 37% increase during the previous period (2012-2016). One factor might be the **lack of a unified regulatory framework** for infrastructure, which exacerbates inefficiencies. Another is the **significant delays to planning decisions**, with the number of planning decisions made on time falling by 31% in England over the same period.

In turn, this has likely been caused, in part by **underfunded planning departments**: local authority spending on planning departments increased by just 3.85% per capita from 2018-2022 - less than 1% per year - well below infrastructure investment growth.

Our analysis reveals a **'vicious cycle'** in which under-resourced local authority planning departments, perhaps overwhelmed by ever-increasing regulation, fail to keep pace with investment demand, creating barriers that render areas increasingly uninvestable. Planning delays and uncertainty discourage future investment, further stalling infrastructure delivery and further straining overstretched planning departments. This hampers regional growth and undermines disadvantaged communities. Without intervention, this cycle risks deepening inequalities and stifling national growth.

Regional data highlights persistent inequalities: While London continues to have the highest per capita infrastructure investment (~£3,150), its growth has slowed significantly, increasing by just 4% between 2016-18 and 2020-22.

Regions like the North East and Northern Ireland have experienced notable increases in infrastructure investment (20% and 86%, respectively). However, these regions still fall far below the national per capita average, highlighting persistent inequalities. Despite Northern Ireland's growth, it remains the UK's lowest-invested region, with average investment of just £1,070 per capita - 3x lower than London.

These patterns highlight a key disparity: Regions with historically low investment are seeing some progress but remain far behind wealthier areas in absolute terms.

The regions most in need of infrastructure investment—such as parts of the North, Wales, and the South West—are also those hit hardest by cuts to local authority planning budgets. This lack of planning capacity creates bottlenecks in project approvals and discourages investors by increasing the perceived risk of doing business in these areas.

This report underscores the need for purposeful finance: targeted, sustained investments in infrastructure and supply-side planning reforms that enable regions to unlock their potential and create equitable economic growth across the UK. The PFC welcomes the government's call for evidence into financial services growth – policy needs to be joined up to ensure that the huge level of purposeful capital available from UK financial institutions is able to be invested in UK housing and infrastructure. This is vital to ensuring social value is delivered through meeting community needs.

CHAPTER 3

Background to the PFC's work

The UK's infrastructure investment has slowed considerably in recent years, impacting economic growth and regional development.[3] Between 2016-2018 and 2020-2022, infrastructure investment rose by just 7% per capita, a stark contrast to the 37% growth seen from 2012-2016.[4] This slowdown reflects broader economic pressures, underfunded local authority planning departments, and fragmented funding models, which together contribute to delayed project approvals and declining investor confidence.

The effects are becoming increasingly apparent. Concerns over economic viability have led major firms to scale back UK operations. A recent survey by Knight Frank found that only 1 in 50 UK housebuilders believe current infrastructure targets are achievable.[5] In contrast, countries like Germany and Canada, with stable planning frameworks and sustained funding models, continue to attract higher levels of infrastructure investment.

Investor confidence in the UK has been undermined by regulatory complexity and political uncertainty, inflationary pressures, and the lingering effects of Brexit and the COVID-19 pandemic. While economic growth exceeded expectations in 2024, growth has lagged behind European neighbours in recent years.

UK equities also highlight the challenges facing the economy. London-listed stocks have consistently underperformed compared to global markets, trading at a discount to Wall Street. The lack of high-growth tech sectors, which dominate global equity gains, further compounds this issue.[6]

The International Monetary Fund (IMF) has observed that the UK's strong performance among G7 economies prior to 2008 has eroded over the past decade.[7] By 2022, real business investment in the UK had fallen below 2016 levels, in stark contrast to a 14% increase across other G7 nations. Labour supply has only recently returned to pre-pandemic levels, while sluggish productivity growth reflects slower innovation and adoption of new technologies.

In the 2024 Autumn Budget, The Chancellor of the Exchequer, Rachel Reeves MP announced a £100 billion boost in capital investment over the next five years, with a £13 billion increase planned for the next year alone - a real terms increase of 9.9%. This investment is a vital step to addressing infrastructure need, but more must be done to ensure that maximum benefits from increased capital investments can be delivered.

The scale of problems plaguing infrastructure delivery is vast. Whilst our report illustrates the role that a lack of planning capacity is contributing to a vicious cycle of underinvestment in infrastructure, there are key structural issues which need a resolution before the UK can achieve the Prime Minister's pledge of a "decade of national renewal".[8]

Longevity and Certainty of Funding

One of the most persistent challenges facing infrastructure delivery is the uncertainty around funding for long-term projects. The stop-start nature of public funding initiatives, such as the Levelling Up Fund, often leaves local authorities unable to plan or execute complex projects with confidence. The PFC outlined in 2023 how fragmented funding frameworks hinder long-term planning and private sector confidence. Without clear pipelines of investment, regions are trapped in cycles of underdevelopment as projects are either delayed or abandoned entirely.[9]

Procurement Inefficiencies

The procurement process in the UK remains a significant blocker to infrastructure delivery. Developers face extended timelines and escalating costs due to cumbersome requirements and legacy bid-based processes that local authorities continue to contend with. The UK's complex procurement regulations can increase project costs by up to 30%, making many developments economically unviable. The National Procurement Act taking effect in 2025 will reform public procurement, meaning that local authorities and other public bodies will now have to take more focus on social value and community benefits in their public contracting. Although this is a welcome step to delivering broader value and place-based growth, changes will likely introduce further compliance challenges into the system.

Dysfunction in the Land Market

The UK's land market suffers from market failures, particularly in areas of land assembly and ownership. The current system often results in fragmented land ownership, which complicates efforts to assemble parcels needed for large-scale developments. Land hoarding and speculative practices further exacerbate this issue, inflating land costs, delaying projects and undermining quality. The lack of a coherent national strategy for land use planning has led to disparities between high-demand urban areas and underserved regions, reinforcing inequalities in infrastructure access.

The public sector holds a significant amount of underutilised land that could support housing, infrastructure, and regeneration. However, complex disposal processes, risk-averse decision-making, and fragmented ownership across government bodies create barriers to land release. The slow pace of disposals limits opportunities for strategic development, particularly in areas needing regeneration. A more coordinated approach is needed, with clearer mandates for surplus land disposal, streamlined processes, and incentives for public bodies to proactively repurpose land for economic and social benefit.

Challenges in Land Assembly

Securing vacant possession (VP) and clean title for development sites remains a considerable challenge for local authorities. Many estate teams are overstretched, struggling to resolve residual title risks within acceptable timeframes. The Royal Town Planning Institute (RTPI) notes that these legal and administrative obstacles often discourage developers, especially in regions where local authority expertise and resources are limited. This is particularly problematic in regeneration projects, where securing brownfield land for redevelopment is critical.

Brownfield mapping by the Midlands Engine shows that there is capacity for the development of 246,000 homes over 5,931 sites (53,000 from local authority-controlled sites) in the Midlands alone. There is evidently a significant opportunity for development and regeneration to help address infrastructure gaps.[10]

Regulatory Complexity, Overlapping Remits, and Arms' Length Bodies

The lack of a unified regulatory framework for infrastructure exacerbates inefficiencies. There are oOverlapping jurisdictions and , conflicting priorities among the dozens of regulators and arms' length bodies which oversee the economy. The National Infrastructure Commission recommends streamlining regulation and providing clear guidance on environmental and social impact assessments to mitigate these challenges. If we are to achieve this, it is 's critical therefore critical to understand the current impact of the regulators and ALBs.

Head to Page 13 for a case study on how regulatory complexity impacts purposeful investment in practice.

LOWER THAMES CROSSING

According to a significant paper by UK Foundations, the planning documentation for the Lower Thames Crossing, a proposed tunnel under the Thames connecting Kent and Essex, runs to 360,000 pages, and the application process alone has cost £297 million[11]. This is demonstrative of how the UK has excessive consultations which produce excessive documents, hindering building. This figure is more than twice as much as it cost in Norway to build the longest road tunnel in the world[12].

Structural Constraints

The fragmented, bid-based funding system for infrastructure projects stifles long-term planning and discourages private capital. Short-term grants, such as the Levelling Up Fund, require councils to compete in rounds, dedicating significant resources to bid preparation rather than project delivery. Many bids fail, leaving underserved regions without critical support. Similarly, funds like the Towns Fund and Future High Streets Fund impose complex application requirements, which smaller councils often struggle to meet, further diverting resources from development.

Ineffective Governing Structures

The governance landscape for regional economic development in the UK is fragmented, hindering infrastructure investment and regeneration. A lack of a coherent and well-resourced strategy to communicate the economic potential of sub-national regions at scale results in a disjointed narrative on the international stage, reducing investor confidence.

Local authorities, often under-resourced, struggle to provide effective oversight of their entire investment ecosystems, creating barriers to funding and delivery. Furthermore, rigid place-based funding models fail to account for the reality that key economic clusters and sectors operate across administrative boundaries, making it difficult to access and utilise investment efficiently. Addressing these structural inefficiencies requires a more integrated approach, with clearer strategic coordination, enhanced local capacity, and flexible funding mechanisms that reflect economic geographies rather than arbitrary administrative lines.[13]

Labour Constraints

Labour shortages and regulatory hurdles, especially in the construction sector, are intensifying challenges, causing delays and increasing project costs. The industry faces a severe shortage of skilled workers, including bricklayers, electricians, site managers, and specialists in Modern Methods of Construction (MMC). This shortage has worsened over the past decade, primarily due underinvestment in training and apprenticeships.[14] Talent shortages are compounded by a lack of strategic workforce planning to match major projects.

The scale of the challenge that the UK faces is stark. Whilst our investment heatmap report outlines how planning capacity is one issue that requires focus to unlock infrastructure delivery, there are other significant supply-side challenges that must be addressed.

In 2025, the PFC will deliver a number of targeted interventions to deliver actionable policy recommendations, to support the Government in its ambitions to overcome some of the regulatory and legislative barriers that hamper infrastructure delivery and regeneration.

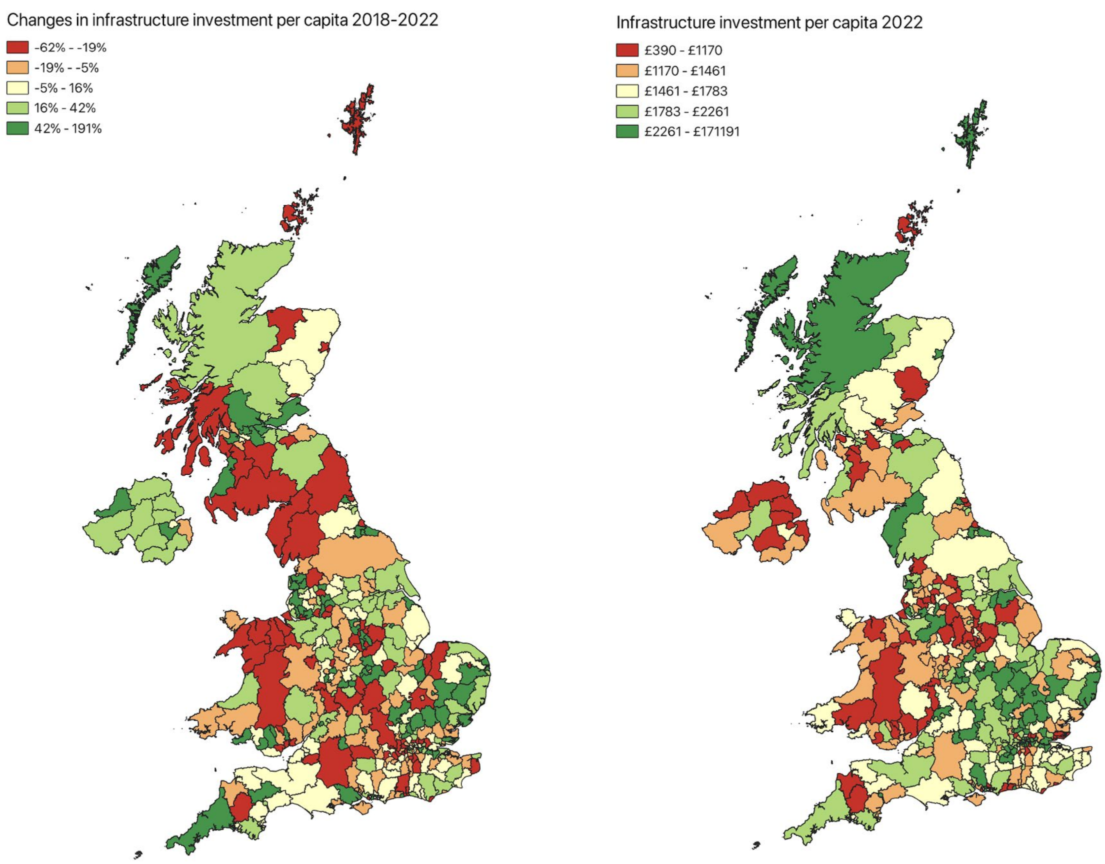
CHAPTER 4 Emerging Regional Patterns

Uneven Growth and the Emergence of Clusters

While infrastructure investment has grown incrementally, its distribution remains starkly uneven. Regions such as London and the East of England continue to attract significant investment, while historically underfunded areas—particularly the North, Wales, South West, and Northern Ireland—struggle with sustained underinvestment. These disparities have led to the formation of "investment clusters," where certain areas thrive and others fall further behind.

Figure 1 illustrates changes in infrastructure investment per capita across UK local authorities between 2018 and 2022, highlighting declines in many parts of the North, Midlands, and Wales. Figure 2 shows current investment levels, with Wales and Midlands remaining among the lowest-invested regions.[15]

Figure 1: Changes in levels of infrastructure investment per capita (2018-2022), and Figure 2: Total level of infrastructure investment per capita (2022)



CHAPTER 5

Planning Delays: What's causing the slowdown in infrastructure delivery?

Unintended Consequences of Legislation

The Building Safety Act 2022, enacted to enhance building safety following the Grenfell Tower tragedy, has inadvertently introduced significant delays in the construction sector. Developers now face extended waiting periods—sometimes exceeding 18 months for regulatory approvals from the Building Safety Regulator (BSR), part of the Health and Safety Executive (HSE) -before commencing construction.

Delays are primarily due to the stringent "gateway" approval process mandated by the Act, which requires thorough safety checks at multiple stages of development for Higher-Risk Building (HRBs). The BSR's limited capacity has exacerbated these delays, causing substantial financial strain on developers through increased holding costs and accumulating interest on capital. Industry experts have highlighted the need for the UK Government to revise the act or bolster the BSR's resources to mitigate these unintended consequences and prevent further hindrance to housing delivery.[16] There is a limited pool of individuals with multi-disciplinary skills to review the submissions. The skills shortage will not be resolved by finance alone. Apprenticeship programmes or formal education routes will be required to tackle this issue for the long term.

These delays are not financially sustainable for many developers. One construction firm waiting for approval on a recladding project to be assessed by the BSR reported **a cost of £49,000 a week** after delays in passing through gateway 2.[17]

Rejections from the BSR often come with little feedback for developers to deliver changes with developers forced to join the back of the queue with any amendments to applications, causing further delays and increasing costs. Crucially, developers are avoiding submitting applications for qualifying buildings, slowing the delivery of key residential developments even further.

Since Gateway 2 came into force in October 2023, there have been significant ramifications for the number of new residential developments submitted for planning approval. **The number of Build-to-Rent units at the detailed application stage has fallen by 41% between Q4 2023 and Q4 2024 to just 17,315 units.**[18]

While care homes and prison developments are exempt from Higher-Risk Buildings regulatory requirements under the Building Safety Act once occupied, they are still subject to the full Gateway 2 approval process before construction can begin. Delays to neighbouring housing developments such as Build-to-Rent (BTR) schemes and other flexible accommodation are also making it more difficult to recruit staff for critical services, exacerbating workforce shortages in sectors like social care where wages typically don't equate to housing costs.

Gateway 2 Application Figures

- Average Gateway 2 approvals are taking an average of 22 weeks, **nearly double** the original 12-week target.
- **Construction starts on over 800** high-rise residential new build and upgrade **projects** are currently **blocked** by BSR checks.
- As of December 2024, the BSR had received **1,502 applications for higher-risk buildings** (HRBs) with nearly half still waiting for a decision. Of the applications to be assessed, **over 70 per cent of applications have been invalidated or rejected.**[19]

Procedural Inefficiencies and Local Authority Capacity Constraints

Local authority processes and resource limitations significantly contribute to planning delays. Many residential schemes, even those supported by planning officers, are increasingly being referred to appeal. This practice extends approval times considerably—some developers report that **it now takes three times as long and costs twice as much to secure planning compared to eight years ago**. [20]

Moreover, planning teams often lack the technical and financial expertise needed to develop projects into investable propositions. Specialist skills in legal structuring, environmental assessment, and commercial due diligence are in short supply, leading to slow decision-making and prolonged negotiations. Under-resourced authorities also struggle with oversight of the broader investment ecosystem, further hindering the ability to accelerate development.

Bottlenecks in Regulatory and Statutory Consultee Processes

A major cause of planning delays is the slow response from statutory consultees, particularly in relation to highways and environmental assessments. Delays in receiving input from these bodies can significantly extend project timelines, creating uncertainty for investors and developers.

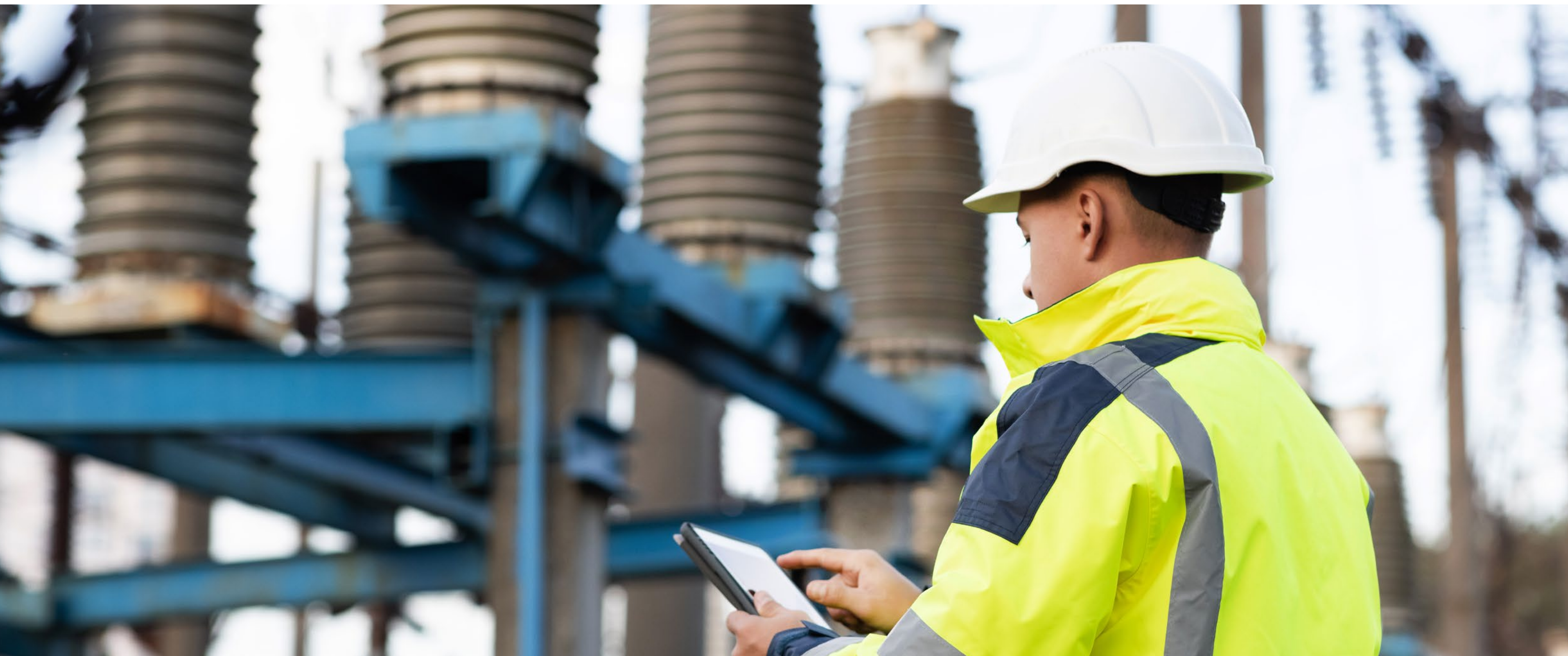
Additionally, Biodiversity Net Gain (BNG) compliance is a growing challenge. Biodiversity Net Gain (BNG) is a legally mandated environmental policy thatpolicy, that came into force in February 2024 in England, requiring developers to ensure that new developments increase biodiversity rather than reduce it. This meansThisIt means that any land used for development must result in a measurable improvement in biodiversity—typically a 10% net gain compared to its previous state.

A number of local authorities have yet to approve any BNG credits[21], preventing affected schemes from progressing. Without an approved mechanism for developers to secure BNG credits, affected developments cannot meet planning requirements and are effectively blocked. This regulatory lag means that even well-planned projects are stalled due to unresolved environmental compliance issues.

Infrastructure Deficits and Connectivity Challenges

Many planning applications face delays due to inadequate infrastructure provision. A lack of coordinated decision-making between housing, transport, and energy infrastructure leads to misaligned development timelines. For example, some sites are now experiencing up to **8-year delays for power grid connections**, significantly slowing commercial development.

In addition, the capacity of key public agencies—such as the Environment Agency—to fund and implement flood mitigation measures can create barriers to planning approvals in at-risk areas. Without sufficient infrastructure investment, many projects face long delays while site viability issues are addressed.

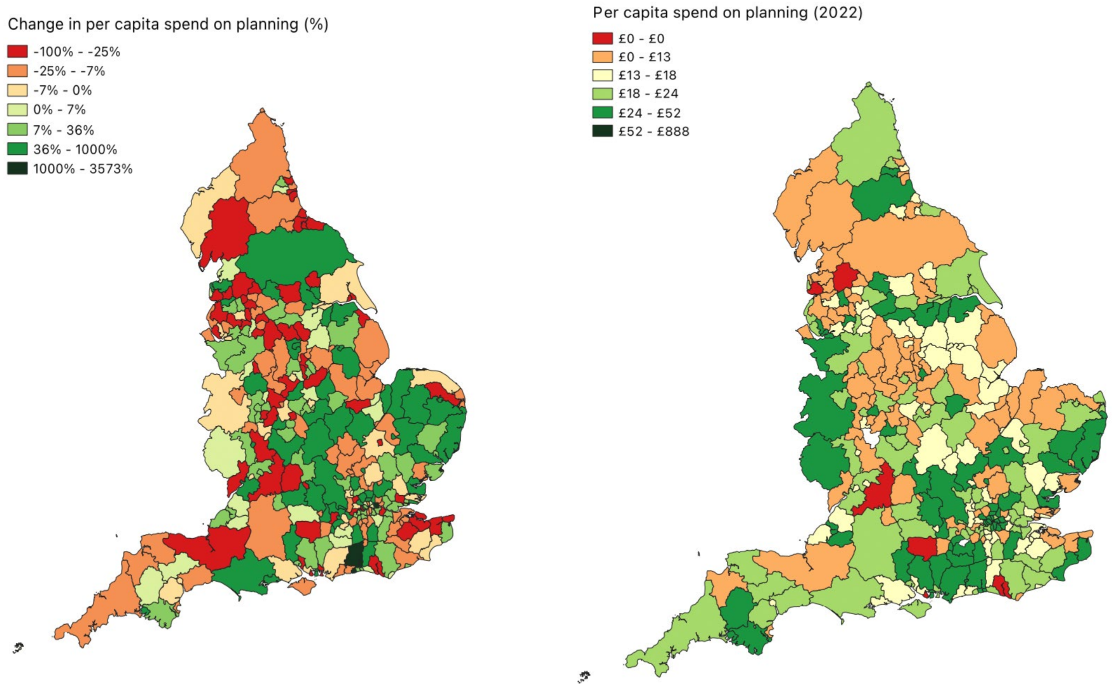


CHAPTER 6

Planning Department Strains In Focus

Despite rising infrastructure needs, spending on planning departments has increased by only 3.85% per capita from 2018-2022—less than 1% per year.[22] This funding gap has widened the divide between infrastructure demands and the resources available to process applications, particularly in high-need regions. The maps below illustrate the widening gap between infrastructure demands and planning resources, underscoring how growth in infrastructure investment has outpaced local authorities' ability to manage approvals.

Figure 3: Changes in levels of planning department spend on employees per capita (2018-2022), and Figure 4: Total level of planning department spend on employees per capita (2022)



The Impact of Funding Gaps On Project Delivery

The constrained budgets of local authority planning departments have significantly impacted project approvals, leading to delays, bottlenecks, and widening regional disparities. In the West Midlands, despite an 8% increase in infrastructure investment, a 9% cut in planning spend has contributed to a 32% decline in on-time approvals, which hinders project delivery and future project viability.

In the South West, despite planning department spending rising by 8%, failure to keep pace with infrastructure investment (a 10% increase) contributed to on-time approvals declining by 23%, as the region, which had already been struggling with planning constraints, could not cope with further demand.

These inefficiencies disproportionately affect regions in most need of infrastructure investment, further exacerbating capacity gaps and creating future cycles of underinvestment as investors prioritise deliverable developments.

CHAPTER 7

Regional Capacity Gaps and Constraints

Disparities in Planning Resources

A lack of consistent and adequate investment affects local authorities' ability to process applications efficiently, deterring private capital and slowing project delivery. This is compounded by an increased regulatory burden. Table 1 highlights the stark inequalities in infrastructure investment, planning spend, and approval rates across regions:

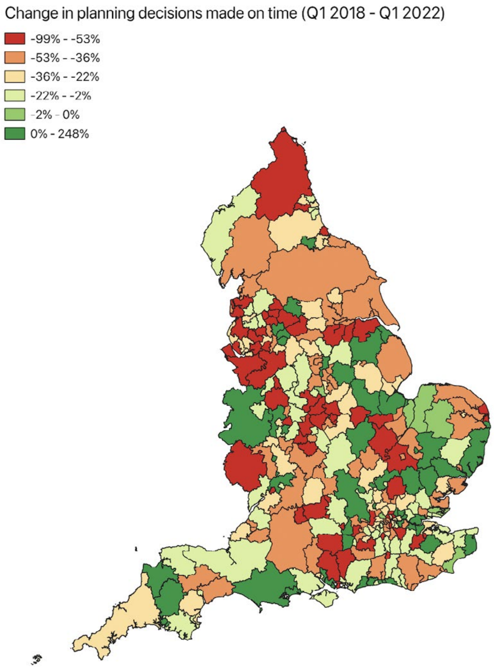
Table 1: Regional Averages

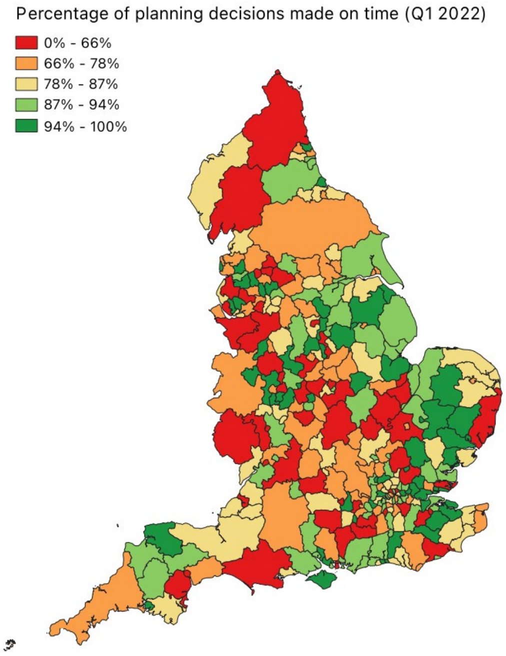
Region	Infrastructure Investment per capita (£)	Change in Infrastructure Investment 2018-2022	Change in local authority planning employment spend	Change in planning approval rates on time
East Midlands	1,696	13%	20%	-32%
West Midlands	1,739	8%	-9%	-32%
London	3,149	4%	15%	-35%
South East	1,888	-5%	17%	-22%
South West	1,761	10%	8%	-23%
Yorkshire and the Humber	1,640	16%	-9%	-33%
North East	1,657	20%	-26%	-39%
North West	1,907	16%	-12%	-51%
East of England	2,118	16%	21%	-25%
England Average	**1,951**	**8%**	**4%**	**-31%**

Broader Implications of Planning Delays

Planning delays have worsened significantly, with on-time decisions in England falling by 31% between 2018 and 2022.

Figure 5: Changes in planning decisions made on time (2018-2022), and Figure 6: Percentage of planning decisions made on time (2022)





The Role of Planning Capacity in Regional Inequalities

Cuts to planning department budgets have exacerbated these disparities, reducing the capacity to manage new projects effectively. For example, in the North East, on-time planning decisions fell by 41%, directly affecting project timelines and regional attractiveness for future investments. Local areas like Hartlepool experienced a 63% reduction in planning expenditure, correlating with a 37% decline in per capita investment and a 53% reduction in on-time planning approvals.

Even local authorities that increased per capita spending on their planning departments experienced difficulties, with more than 80% experiencing a fall in planning decisions being made on time.

The underinvestment in regions with the greatest need perpetuates a vicious cycle. The North East had already seen net planning expenditure drop by 62% between 2009/10 and 2020/21[23], whilst GDP per capita was £26,747. This is the lowest among UK regions compared to London at £63,407 as of 2022[24] - indicating real disparities. The lack of planning capacity creates bottlenecks, deters private investors, and reinforces regional inequalities.

Local Vicious Cycles

Local authorities with significant cuts to planning spend are experiencing sharp declines in infrastructure investment and approval rates, reinforcing a cycle of underinvestment, as these delays have consequences:

1. Delays in regions with underfunded planning departments reduce investor confidence, limiting long-term commitments.
2. Delays in infrastructure delivery prevent job creation and economic resilience, particularly in regions with high unemployment and infrastructure needs.
3. Underfunded areas, particularly rural and post-industrial regions, fall further behind wealthier areas with better-resourced planning departments, widening regional disparities.

Table 2: The 10 Local Authorities in England with the Lowest Infrastructure Investment in 2022

Local Authority	Region	Per Capita investment (£)	Change in Infrastructure Investment 2018-2022	Change in local authority planning employment expenditure	Change in planning approval rates on time
Castle Point	East of England	758	-14%	18%	-20%
Hartlepool	North East	781	-37%	-63%	-53%
Amber Valley	East Midlands	785	-31%	19%	-37%
Erewash	East Midlands	802	-28%	6%	-1%
Tameside	North West	808	-21%	-23%	114%
Mansfield	East Midlands	822	-19%	-14%	-43%
Staffordshire Moorlands	West Midlands	831	36%	-23%	-18%
Harrow	London	837	-37%	-39%	-45%
North Tyneside	North East	839	-45%	-40%	-13%
Oadby and Wigston	East Midlands	844	-7%	12%	-89%
Average		**811**	**-20%**	**-15%**	**-21%**

Table 3: The 10 Local Authorities in England with the Highest Infrastructure Investment in 2022.

Local Authority	Region	Per Capita investment (£)	Change in Infrastructure Investment 2018-2022	Change in local authority planning employment expenditure	Change in planning approval rates on time
City of London	London	171,191	-34%	-31%	-72%
Westminster	London	17,190	5%	17%	-46%
Hammersmith and Fulham	London	8,503	73%	-27%	-43%
Camden	London	7,683	-5%	4%	-78%
Kensington and Chelsea	London	7,398	7%	111%	-36%
Lincoln	East Midlands	7,184	138%	51%	-47%
Greenwich	London	5,246	131%	20%	37%
Tower Hamlets	London	4,962	13%	4%	-27%
Cambridge	East of England	4,772	-18%	-30%	-45%
Cumberland	North West	4,718	-25%	-1%	-11%
Average		**23,885**	**29%**	**12%**	**-37%**

CHAPTER 8 Communities In Focus

The following case studies illustrate the contrasting dynamics of underinvestment ('**vicious cycles**') and strategic improvement ('**virtuous cycles**') in local authorities, highlighting the critical role of planning capacity in shaping infrastructure investment outcomes.

The 'Vicious Cycle'

The Investment Heatmap highlights examples of vicious cycles where constrained local authority budgets, growing planning delays, and falling infrastructure investment growth reinforce each other. Underfunded planning departments lack the capacity to manage approvals efficiently, leading to delays that deter future investment and perpetuate underperformance. This prevents communities from accessing purposeful investment to deliver the regeneration they need.

Hartlepool

Hartlepool exemplifies this vicious cycle. In 2022, the local authority's per capita infrastructure investment was just £781, following a 63% cut in planning department spending on employees. This drastic reduction in resources led to on-time planning approvals plummeting by 53% -one of the worst rates in England. The resulting delays created a backlog of projects, reducing the attractiveness of the area for investors, and contributing to a 37% decline in infrastructure investment per capita.

Hartlepool's challenges reflect broader trends in the North East, a historically low-investment region, which is facing further difficulties in attracting and sustaining infrastructure projects.

Harrow

Despite London hosting seven of the ten highest per capita infrastructure investment authorities, Harrow lags significantly, receiving nearly six times less investment than Tower Hamlets, demonstrating the large disparities within the region. Harrow has faced a 45% decline in on-time planning decisions, a 37% drop in infrastructure investment per capita, and a 39% reduction in planning expenditure. This shows how even within high-investment regions, resource distribution varies significantly, creating pockets of underinvestment.

The 'Virtuous Cycle'

The Investment Heatmap also highlights examples of '**virtuous cycles**', where increased planning resources and efficiency drive higher infrastructure investment and in turn, deliver social value through targeted regeneration.

Greenwich

Greenwich stands out as a positive example, with infrastructure investment reaching £5,250 per capita in 2022. Between 2018 and 2022, planning expenditure rose by 20%, enabling the local authority to boost on-time planning approvals by 37%. This efficiency supported a 131% increase in infrastructure investment, reinforcing investor confidence and driving further growth.

Braintree

Braintree has seen several key regeneration projects in recent years, including the £30 million Manor Street redevelopment, the Horizon 120 Business Innovation and Logistics Park, expected to create nearly 2,000 jobs and the UK's first electric forecourt. Between 2018 and 2022, the town achieved an impressive 64% increase in infrastructure investment, driven by significant private investment. With this increase in investment, planning decisions made on time increased by 28% in the same four-year period. This correlates with the increase in planning department expenditure by 33% enabling Braintree to cope with increased investment demand.

Since these investments have been made, Braintree has seen plans approved for 2,665 new homes, including a 1,000-home development at Straits Mill, which will feature a new primary school and community centre. This demonstrates the virtuous cycle that can be created by well-resourced planning departments in incentivising future investments, which continue to deliver for communities.

Further study of communities benefitting from virtuous cycles needs to be conducted to ensure regions across the UK can learn unique lessons, and share their place-based approaches to foster inclusive growth. Encouraging virtuous cycles of investment and regeneration will be crucial to the success of Local Growth Plans, as communities look to deliver long-term holistic development plans to capitalise on local opportunities and deliver purposeful infrastructure.

Braintree: Manor Street development proposal

CHAPTER 9 Conclusion

The UK's infrastructure malaise has been well documented in recent years, with the Government placing the unlocking of infrastructure delivery at the forefront of the national drive for growth. Our Investment Heatmap has confirmed the worrying flatlining of infrastructure investment growth to just 1.78% per year between 2016-2018 and 2020-2022, compared with 9% in the previous four-year period.

There are a number of reasons behind this collapse, from overly complex planning requirements slowing down developments as outlined in the previous PFC report, ***Investment and Infrastructure*** [25], to local authorities grappling with severe capacity constraints and sustained underinvestment in planning departments, to national strategic uncertainty.[26] The PFC welcomes the Government's ambition to address these concerns; additionally, the establishment of new bodies such as the National Infrastructure and Service Transformation Authority and the National Wealth Fund to unlock barriers to development and deliver targeted investment are testament to the government's commitment.

However, crucially our research also suggests a new worrying correlation between infrastructure investment, local authority planning spending and planning delays, which acts as a major deterrent to future investment and the UK's growth vision, that has not been addressed.

Our Investment Heatmap uncovers vicious cycles whereby local authority planning departments are failing to keep up with infrastructure investment demand leading to critical delays in infrastructure delivery. As a result, struggling regions experience more capital flight, as investors focus on areas and projects that appear more viable. This in effect further restricts local growth and regeneration, perpetuating regional inequalities; consequently limiting national productivity and growth as the UK fails to deliver the infrastructure it needs. Crucially this means communities are left without access to the infrastructure they desperately need for their residents.

Government ambitions are laudable but alongside headline commitments to a £100 billion boost in capital from the 2024 Autumn Budget, investment infrastructure policy and investment need to be targeted to deliver purposeful infrastructure and ensure regions can capitalise on growth opportunities and deliver social value.

A crucial opportunity to deliver targeted support is enacting the ***Pipeline Fund***, an opportunity to deliver the planning capacity that the country needs to deliver on infrastructure and investment pledges. The Government has committed to training and deploying 300 more publicly employed planning officials. Whilst a positive step, this is not enough to reverse decades of planning department cuts.

The ***Pipeline Fund*** is a proposal to increase planning capacity by recruiting and training more expert planners to help streamline the planning process using £22.5m raised by the private sector to train 225 expert planners.[27] The additional planners would work across local authorities, being deployed where there is a lack of capacity and expertise which are holding up planning applications for significant developments.

The fund would be administered by an independent body and would create a true 'public-private partnership', between those companies who want to improve the overarching planning process, and those in local government who share the same objective of creating a smoother and more effective process, that helps create more opportunities for regeneration and investment across England, particularly to less well funded local authorities outside of devolution deals, who are struggling for capacity to deliver infrastructure.

This is just one area that the PFC has identified to address the vicious cycles of underinvestment which are holding back regeneration and contributing to growing planning backlogs. Key to reforming infrastructure delivery is ensuring that at the heart of the government's 10-year infrastructure plan and the Planning and Infrastructure Bill; local government is empowered through devolution to deliver long-term place-based regeneration, planning regulation is streamlined, and better cooperation and linkages are facilitated between local and national leaders and key arms-length bodies.

The PFC further welcomes government steps to deliver supply-side investment reforms through the Pensions Review announced in July 2024. Unlocking capital to deliver infrastructure is a vital step to unlocking the infrastructure puzzle, to ensure the UK can deliver on an Infrastructure Strategy.

The PFC is eager to support government ambitions and will be releasing further interventions throughout 2025 to help deliver practical policy solutions to unlock further investment and deliver targeted regeneration for communities across the country.

If you're interested in hearing more about the Commission and our work please contact pfc@wpi-strategy.com.

Endnotes

1 IPPR (2024) 'Rock bottom: Low investment in the UK economy'

2 First report of the Regulatory Reform Group: RRG+Purpose+of+Regulation+140423.pdf

3 Infrastructure investment in this report refers to public and private spending on infrastructure projects, including transport, housing and utilities, as measured by gross fixed capital formation

https://www.london.gov.uk/new-report-reveals-uk-economy-almost-ps140billion-smaller-because-brexit

4 We have calculated three year averages to minimise the effects of year on year changes.

5 https://www.ft.com/content/e54c01fb-59cb-4064-997f-6c77546543fa

6 https://www.ft.com/content/be46c2c3-1f1f-42e3-912b-b75624dedcbd

7 https://www.imf.org/en/News/Articles/2023/07/11/cf-United-Kingdoms-Long-Run-Prosperity-Hinges-on-Ambitious-Reforms

8 Starmer, Keir (2024) 'PM sets out blueprint for decade of national renewal'

9 Purposeful Finance Commission (2023) 'Investment and Infrastructure'

10 Midlands Engine 'Midlands Engine Brownfield Land Sites'

11 https://ukfoundations.co/

12 https://www.samdumitriu.com/p/a-boring-story-about-infrastructure

13 Western Gateway (2024) 'Investment Flows and the Productivity Gap'

14 Resolution Foundation, Building Blocks report.

15 To note, throughout this analysis, where local authority boundaries have changed since the data has been released, we have adjusted the data to fit the new boundaries using a population weighted approach.

16 Private roundtable feedback

17 Barber, O. 2024 in Building.co.uk 'Industry leaders criticise lack of resource and competence at Building Safety Regulator'

18 British Property Federation (2025) 'BtR pipeline - quarterly change'

19 Building Safety Regulator Spokesperson (2024) in Midolo, E The Times, The bottleneck stopping thousands of new homes being delivered

20 Research by the Midlands Engine & the Good Economy

21 Research by the Midlands Engine & the Good Economy

22 In contrast to the infrastructure investment data (where each data point is in 2022 prices), planning department spend on employee data has not been adjusted for inflation. In order to account for this, we have used GDP deflators to calculate real price changes in planning department spend. All statistics discussed in this report are thus in real terms.

23 RTPI (2022) 'Planning Agencies: Research Paper'

24 ONS (2022) 'Regional economic activity by gross domestic product, UK: 1998 to 2022'

25 Purposeful Finance Commission (2024) 'Investment and Infrastructure'

26 National Infrastructure Commission (2023) 'Delivering net zero, climate resilience and growth'

27 Purposeful Finance Commission (2024) 'Places and Purpose'

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