PeCAN response to the MHCLG consultation "Proposed reforms to the National Planning Policy Framework and other changes to the planning system", submitted 10 March 2026

18) Do you agree with policy PM13 on setting local standards, including the proposal to commence s.43 of the Deregulation Act 2015? Strongly disagree. a) Please provide your reasons, particularly if you disagree.

Disagree strongly.

The proposed PM13 would be a serious mistake and we suggest that it be deleted.

PM13 would prevent Local Authorities from applying higher energy efficiency standards in Local Plans than the national minimums set out in Building Regulations. We give four reasons below, in summary: it would hurt economic growth and increase unfairness, damage the climate and undermine government's climate targets, it would not help the housing crisis, and it would undermine local democracy and participation in Local Plan-making.

Please note that, in our answer, we use "energy efficiency" to include thermal efficiency of buildings as well as embodied carbon, low carbon heating, and onsite generation and storage of renewable energy.

1. It would hurt economic growth and increase unfairness.
   Energy efficient homes are cheaper to run and their features are much cheaper to build in than to retrofit (which costs 3-5x as much). The likely effect of PM13 would be that more new homes are built to lower standards, forcing occupants to pay higher energy bills. An estimate from LETI puts the additional cost of PM13 per household affected at £240 a year, at a time when fuel poverty and energy price volatility are already high. This risks damaging the fairness that is essential to a successful energy transition. It would also lead to high retrofit costs if owners wish to raise the standard of their home, potentially an additional £20k per household. These effects would undermine household wealth and reduce spending capacity in local economies.
   It would also stifle improvements to local supply chains, SMEs, skills, training and innovation. For example, PM13 would weaken the demand for sustainable construction materials, with the result that the companies that supply those materials will have less opportunity to reduce costs and improve margins. For suppliers that are already transitioning to sustainable markets, PM13 will create uncertainty and lower their return on investment. The policy would unfairly benefit large construction companies at the expense of sustainable construction materials companies, local businesses and citizens.
2. It would damage the climate and undermine the government's climate targets.
   Buildings account for a quarter of the UK's annual GHG emissions, made of around 15% from operational emissions and 10% from embodied emissions. The country's emissions reduction pathway to 2050 requires at least half of the reduction in those emissions to come from domestic housing (source: https://ukgbc.org/wp-content/uploads/2023/02/operational-and-embodied-carbon-1.pdf). This will only be possible with high standards of energy efficiency. Harmonising standards down to a national minimum would therefore undermine efforts to meet the UK's 2050 net zero target and the NPPF's own objective to mitigate and adapt to climate change. The effort needed to retrofit the nation's existing stock of housing is already high and PM13 will make it harder by causing new homes to be built that may need retrofitting in future. Introducing PM13 could be similar category of error as the cancellation

of the planned Zero Carbon Homes policy in 2016, which has led to more than a million homes being built with gas boilers and low energy efficiency that now need to be retrofitted.

3. It will not help the housing crisis.
   According to the public comments on Local Plan consultations, the main advocates for restricting Local Authorities to national minimum standards appear to be construction and development companies, not citizens. It is normal for companies to seek to maximise profits but we assume the overall cost savings to them would not be material in terms of project viability, as many profitable construction firms choose to build to higher energy efficiency standards anyway. According to LETI, in Cornwall and Bath & North East Somerset, the introduction of higher local energy performance standards was followed by increases in housing planning applications, with no increase in refusal rates. Considering that large UK housebuilders such as Barratt, Persimmon, Taylor Wimpey, Berkeley and Bellway have reported high profits and operating margins in recent years, and are voluntarily sitting on large amounts of undeveloped land for which they already have planning permission, it is hard to imagine that PM13 would change many viability outcomes or increase the number of housing completions. The argument that housebuilders would lose efficiency by having to meet different standards in different administrative areas is also unconvincing; there is nothing to stop housebuilders from meeting the highest standards in all the areas where they operate.
   Given the high public costs in economic and environmental terms of allowing low standards of energy efficiency, and the relatively small private benefits to housebuilding companies of avoiding that, the government should set itself a very high bar of evidence before concluding that PM13 is in the public interest.
4. It would undermine local democracy and participation in Local Plan-making.
   Many Local Authorities including ours - East Hampshire District Council (EHDC) and the South Downs National Park Authority (SDNPA) - have adopted or are developing robust energy efficiency policies for their Local Plans, with strong local support. These policies are emerging from professionally run consultation processes, often over several years, involving considerable effort from thousands of participants. For example, our own organisation – a charity run by volunteers with more than 2000 supporting local residents – has submitted dozens of pages of responses to Local Plan consultations in our area in the past five years, and we are just one of hundreds of respondents to the consultations who have called for higher energy efficiency standards. Among citizens who responded, there is overwhelming support in our area for higher-than-national-minimum energy efficiency standards, as reflected in the summaries of public consultation comments cited below.
   If Local Authorities are required to apply national policies that override such local policymaking, it would damage trust in local democracy and could reduce participation in future consultations.

Examples of well supported policies that PM13 would threaten:

> **Summary of responses to SDNPA New Draft Local Plan – Reg 18 consultation 2025**
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> "Respondents endorse the ambition for net zero operational carbon and enhanced energy efficiency while calling for practical, technology-aligned targets that reflect current industry capabilities and suggest referencing the UK Net Zero Carbon Buildings Standard for consistency

https://www.southdowns.gov.uk/wp-content/uploads/2026/01/Nature-and-Climate.pdf

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Summary of responses to EHDC local plan issues and priorities consultation 2024, Reg 18

Draft polices include zero-carbon new-build housing and control of embodied emissions

"A wide range of comments were received, summarised generally as: Broad support for the overall direction, especially the focus on climate change, community wellbeing, and affordable housing"

"Most responses support the principle of reducing the greenhouse gas emissions that would result from using new development"

https://easthants.moderngov.co.uk/mgAi.aspx?ID=20593#mgDocuments

https://ehdclocalplan.commonplace.is/contributions/proposal/responding-to-the-climate-emergency

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Summary of responses to EHDC local plan issues and priorities consultation 2022-23

CLIM1 Do you agree that new development should avoid any net increase in greenhouse gas emissions, wherever practicable? 317 respondents (92%) answered yes, and 26 respondents (8%) answered no.

https://www.easthants.gov.uk/media/8193/download?inline

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48)Do you agree the requirements for spatial development strategies and local plans in policy HO1 and policy HO2 are appropriate? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree

Strongly disagree

Plan-making policy HO1 (Assessing the need for homes) mandates the use of the so-called "standard method" to assess the minimum number of new homes needed in the area over the plan period.

The "standard method" is a conceptually flawed way to assess housing need that will have adverse outcomes for housing delivery and affordability. PeCAN fully supports the construction of new homes to meet housing need but we do not support unnecessary construction, because all construction has an environment cost. We suggest that the "standard method" be replaced with a method driven by population changes.

The "standard method" assesses housing need by using house prices, or more specifically, housing affordability ratios, rather than the number of people needing homes. The premise is that unaffordability reflects lack of supply and that increasing supply will lower prices until houses are

affordable. It assumes, incorrectly, that the housing market works in the same way as the markets for other goods and services. It takes no account of the actual stock and need for housing. It takes no account of the suitability of housing stock for the changing demographics of an area, for example number of bedrooms. It takes no account of the financialisation of housing, which has caused house prices to rise faster than population growth for several decades, since the deregulation of the mortgage market in the 1980s (see https://www.tandfonline.com/doi/full/10.1080/2833115X.2026.2629895#abstract). It takes no account of the persistent and growing surplus of dwellings over households in all regions of the UK, which has grown to nearly 1.5 million surplus dwellings.

One consequence of these flaws is that too much policy attention is focussed on housebuilding targets and not enough on measures that could also make a significant difference to housing affordability, such as by influencing the tenure, type, taxation and financialisation of housing.

Making the “standard method” central to the NPPF as currently proposed in HO1 will lead to over-construction, possibly in the wrong places, and, ironically, an insufficient reduction in house prices for most people to afford suitable accommodation. These outcomes will feed social and political division and increase environmental harm.

The unsuitability of the “standard method” can be seen with a worked example. According to Annex D of the December 2025 NPPF, which explains the 2024 version of the method, authorities should plan to increase their existing stock of houses by a minimum of 0.8% a year, adjusted by an affordability factor given as = ((five year average affordability ratio-5)/5)×0.95 + 1.

East Hampshire had 56,040 dwelling in 2024 and has a five-year average affordability ratio of 12.73. Putting those into the formula gives:

Step 1: 56,040 x 0.8% = 448

Step 2: 448 x ((12.73 -5)/5)×0.95 + 1 = 1106

Over five years, the housing need would be 1106 x 5 = 5529 dwellings, or 9.8% of the 2024 amount.

Is that demographically reasonable? The population of East Hampshire grew by only 8.7% in the ten years between the 2011 and 2021 censuses, so the “standard method” implausibly assumes that population growth or inward migration to the area will more than double in the next five years, based entirely on the ratio of two numbers, neither of which counts people. The result is likely to be an even larger surplus of unoccupied - and still unaffordable - homes than there is now.

This surplus will probably have only a marginal impact on housing affordability. Government analysis (MHCLG 2018) indicates that a 1% increase in housing stock leads to a 2% reduction in house prices. For East Hampshire, an 9.8% increase in dwelling should, other things being equal, reduce house prices by 19.7%. This is not what happened in the past – between 2011 and 2021 when the local population increased by 8.7% and dwellings increased by 10.2%, the affordability ratio actually increased by 28% from 10.27 to 14.28 - the exact opposite of what the models predicted (probably due to financialisation and other non-demographic factors).

But even if house prices do follow the government’s modelling in future, in a best case it would reduce affordability ratios by 19.7%, from a current level of 12.73 to 10.2. That is still more than double the 4.5x maximum loan-to-income ratio that the Bank of England sets for the majority of mortgages. People who cannot afford a home now will still be unable to buy one, despite five years of over-building.

As this example shows, the “Standard Method” will not meet any of its objectives: its conceptual flaws mean it will lead to an oversupply of houses while failing to solve the affordability crisis. We suggest that it be replaced with a method that assesses housing need according to population changes, and that housing policy be refocused on reducing affordability ratios through a combination of measures that address not only the need for new-builds but also the tenure, type, taxation and financialisation of housing.