

Roundtable - Small-scale housing delivery & SMEs in rural England

With Peter Prinsley MP, Andrew George MP, and Roger Hepher, Executive Director - hgh Consulting, Prof. Nick Gallent, The Bartlett School of Planning - University College London, Martin Collett, CEO - English Rural

House of Commons



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Introduction

This document captures the key takeaways from a recent roundtable on rural housing, which brought together a cross-section of experts and stakeholders from across planning, housing delivery, land promotion, law, and Parliament. The discussion focused on how to unlock small-scale housing development in rural areas, particularly through more effective use of the Rural Exception Site (RES) policy and associated planning levers.

Participants explored the opportunity to bring forward small parcels of land adjacent to existing settlements as a way to help meet national housing targets, regenerate rural communities, and support local infrastructure. Particular attention was given to the economic incentives facing landowners, the importance of design quality and community benefit, and the policy and regulatory tweaks that could help make rural housing delivery more viable without requiring major legislative reform.

The conversation also considered the structural barriers limiting delivery, from the decline of SME builders and rural planning capacity, to uncertainty around land value, funding, and infrastructure agreements. While there was a healthy diversity of views, a clear consensus emerged: small-scale rural development, done well, has the potential to deliver outsized social value. Unlocking it will



require targeted changes to national policy, better signalling from government, and a renewed focus on empowering local actors, including enablers, landowners, and planning authorities, with the tools and confidence to act.

Key Takeaways

- **Unlocking Small-Scale Development at Scale**

Participants widely agreed on the untapped potential of delivering small-scale housing developments adjacent to existing settlements across rural England. These modest interventions, if replicated widely, could cumulatively help meet national housing targets, stimulate local economies, and reinvigorate rural communities suffering from depopulation and loss of services.

- **Reinvigorating the Rural Exception Site (RES) Policy**

The RES policy was identified as a proven but underutilised mechanism for delivering affordable housing in rural areas. There was broad consensus that clearer national guidance, coupled with modest policy tweaks (particularly to the Planning Practice Guidance rather than the NPPF), could increase uptake. Mixed-tenure models and cross-subsidy, where managed appropriately, were seen as necessary tools for viability, especially in the absence of sufficient grant funding.

- **Land Value, Incentives, and Community Benefit**

The discussion highlighted the tension between landowner incentives and community need. There was concern that current policy frameworks risk encouraging speculative value over long-term public benefit. Several attendees advocated for mechanisms, such as value capture, joint ventures, or development corporations, that could channel land value uplift into affordable housing and local infrastructure, rather than purely private gain.

- **Addressing Planning System Constraints in Rural Areas**

The roundtable acknowledged that rural planning authorities often lack the capacity, resources, and tailored strategies to support small-site delivery. Planning systems were seen to operate uniformly across rural and urban areas, despite their differing needs. Concerns were raised about the declining pipeline of trained rural planners and the potential loss of Level 7 apprenticeships that have been key to upskilling local authorities.

- **Reviving the Role of Rural Housing Enablers and SME Builders**

There was strong support for reinvesting in rural housing enablers, who play a critical role in brokering land, managing community relations, and driving delivery on unallocated sites. Attendees also flagged the dramatic decline in SME housebuilders over recent decades, citing issues around access to finance, skills shortages, and planning barriers. Greater support for SMEs, through dedicated small site policies, better funding access, and targeted planning reform, was seen as essential.

- **Design, Identity, and Community Trust**

A recurring theme was the importance of design quality and contextual sensitivity. Poorly designed housing was seen to undermine community trust and invite opposition, whereas developments rooted in local character, supported by rural design guides and meaningful community engagement, could foster acceptance and long-term sustainability.

- **Opportunities for Quick Wins Through Policy and Guidance**

Many attendees emphasised that meaningful progress could be made without sweeping legislative change. Clearer ministerial signalling, revisions to existing guidance (especially the PPG), and targeted policy interventions, such as rural planning passports or exemptions from biodiversity net gain, could help accelerate delivery and build confidence among landowners, developers, and local authorities alike.

Issues raised

- **Low Uptake and Ambiguity Around RES Policy**

Despite its original purpose, the Rural Exception Site (RES) policy is rarely used in practice. Attendees noted that its current formulation in national policy and guidance is ambiguous, particularly around tenure mix and viability, leading to inconsistent application by local authorities and limited interest from developers. RES is often misunderstood as purely affordable, with little room for practical delivery models that reflect economic reality.

- **Planning Capacity and Skills Gaps in Rural Areas**

Many rural local planning authorities struggle with understaffing, lack of specialised skills, and difficulties in attracting or retaining talent, especially in areas like ecology and plan-making. The proposed scrapping of Level 7 apprenticeships, which have helped train rural planners, was seen as a backward step that could further erode capacity and delay delivery.

- **Decline of SME Builders and Access to Finance**

The steep decline of SME builders, from delivering 40% of homes to just 10%, was seen as a structural problem. SMEs often face limited access to finance, burdensome planning processes, and difficulties securing sureties for infrastructure agreements. These issues disproportionately affect rural areas and stifle innovation, diversity, and responsiveness in the housing market.

- **Erosion of Social Rent and Tenure Drift**

Attendees expressed concern over the diminishing role of social rent in affordable housing delivery. Policy shifts over the past decade have led to a rise in affordable rent (often less affordable in practice), while cross-subsidy models and viability assessments have weakened the commitment to truly affordable homes. Without stronger policy safeguards, there is a risk that “affordable” becomes a flexible term detached from need.

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