



PIC PERSPECTIVES.



A few good regulators

Incentivising smarter regulation
to drive economic growth and
unlock infrastructure investment.

Foreword.

Fundamental reforms are necessary to boost UK economic growth and unleash a wave of private sector investment in the infrastructure and housing assets needed to support it. Part of this is about being honest about the UK's problems. The UK faces a big inflection point in its national story – it needs to decide if it is willing to take the steps necessary to remain one of the richest countries in the world – because that status is currently under threat.

While the UK has the fifth largest overall Gross Domestic Product (GDP), on a per capita basis it is projected to be 25th this year.¹ The UK has had very low GDP per capita growth for almost two decades – it is now £16,500 lower (29%) than if the pre 2008 average annual growth trend had continued.² Average real earnings have grown by just 6.6% since 2007.³ While many Britons will have experienced years without a real wage increase it has not yet sunk in how far the UK has fallen in terms of relative incomes.

Research by the Institute of Economic Affairs (IEA) shows most Brits wrongly believe that the average person in the UK is as rich, or richer, than those in Switzerland, the United States, Singapore, Germany, Australia and much of Western Europe. According to the International Monetary Fund (IMF) projections, the UK's GDP per capita of around \$57,000 means we are poorer than all of them⁴ – Switzerland (\$118,000), Singapore (\$99,000), the United States (\$93,000), Australia (\$69,000) and Germany (\$64,000).⁵ If the UK were a US state it would not be similar to wealthy states such as Texas, New York and California, it would be below Mississippi in last place.⁶

This misperception of how wealthy the UK is influences public debate on what the UK can afford in terms of public spending. It can obscure the trade-offs involved in areas such as regulation vs economic growth. It breeds complacency about the impact that delays and bureaucracy are having on development. The UK urgently needs more reservoirs, ports and power plants – having clear, simple, effective and proportionate regulation reduces delays and costs and makes more projects viable for investors.

The problem is that we think that we are rich and don't need to make trade-offs – when we are not as rich as we think and we do have to make trade-offs. We cannot afford to load cost and delay into the system – we need cheaper energy and other infrastructure – and we need it now.

Boosting the pipeline of these projects requires a fundamental look at why a country that gave rise to the industrial revolution now can't deliver major infrastructure projects on budget and in under two decades. This is a subject that PIC has explored in a series of reports including 'Reservoir Underdogs: Unlocking regulatory challenges to delivering new reservoirs' and 'Planes, Trains and Regulatory Gains'. Each advocates a more simplified and streamlined regulatory framework. The latter suggested that UK regulators identify the best foreign regulators in their field and use them as a guide to help the UK achieve best in class regulation – we explore this idea in this report.

This policy idea borrows from the philosophical approach taken by Japan during the Meiji era which faced an even greater challenge in the 19th century - become a rule taker/be colonised or embrace reform. It was a proud island nation, but it recognised that it needed to adopt the best practices from around the world to rapidly modernise. While the UK faces different challenges and the stakes are less high, we can learn a lot from how this fellow island nation reformed their system to meet the challenges of a rapidly changing world.

The UK needs to adopt what we would call 'the Meiji mindset.' It should be humble and flexible and be willing to borrow the best policy approaches from other countries and rethink established UK practices where they are failing. Meiji Japan sent out teams to learn from other nations and recruited foreign experts to pioneer reforms at home. One key area where the UK can learn from others is planning and the associated regulation because recent experiences with large infrastructure projects have been somewhat problematic.



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Background.

Examples of regulatory overreach:

Each of the below cases shows how the current planning system is increasing costs and causing delays for high profile projects that have had political support or interest:

- The Thames Tideway tunnel planning costs alone have been double what Norway spent building the longest existing road tunnel.⁷
- The Stonehenge tunnel project managed to spend almost £180 million on planning before being abandoned⁸
- HS2 costs increased so rapidly that it has both been cut short by ending in Birmingham and made to go slow to save cash.
- HS2 had to obtain around 8,300 planning consents from public bodies to complete the London to Birmingham line⁹ including agreeing to spend £120 million on a bat tunnel to protect 300 bats.¹⁰

The second staircase rule:

Related Argent, an urban regeneration specialist¹¹ estimates that the requirement to have a second staircase for buildings between 18 and 30 metres prevents one death every 6,135 years. This is based on the Governments own figures of 0.004 deaths prevented per major incident compared to the incidence of such events. Place Base, an advisory firm estimate that 18,000 homes are not being built in London each year because of this requirement.¹² Less secure housing has damaging effects – the APPG for Households in Temporary Accommodation report that “between 1st April 2019 and 31st March 2025, 104 children have died with temporary accommodation indicated as a contributing factor to their vulnerability, ill-health, or death.”¹³

The case of Hinkley Point C:

Nuclear power is one of the most reliable low carbon power sources in the world.¹⁴ As widely reported, to obtain planning approval, the Hinkley Point C nuclear plant had to agree to spend £700 million on fish protection measures to mitigate its environmental impact, equivalent to 1.5% of the total project costs.¹⁵ These measures will save fish equivalent to the annual catch of a small fishing vessel and less than one salmon per year¹⁶ (Salmon are protected under the Habitats regulations).¹⁷ Natural England are reported to be inclined to find these protection measures insufficient and will deny the necessary permissions until additional steps are taken.

We should ask whether it is wise to spend £700 million which will have to be recovered from consumer bills or taxpayers to save this number of fish. For comparison – the Sea Fish Industry Authority in their analysis of the accounts of UK fishing vessels found that the total operating profit of the UK fishing fleet in 2024 was £337 million.¹⁸

EDF Energy could have paid the entire UK fishing fleet to stay home for two years, saved more fish, spent less money and got the plant delivered quicker. Protecting the environment is an important consideration but it is being done in a way that does not recognise the trade-offs involved.

The system is working as intended:

In the cases presented before a process has been followed in which the trade-offs involved have not been recognised as costs have mounted to the point where the projects cost far more than needed. Major corrective actions then became necessary – projects were abandoned or scaled back.

A delay to Hinkley Point C means less clean power, more pollution, higher energy prices and less energy security. If current environmental regulations and the role of Natural England in enforcing them has led us to this point, then both need to be reviewed to consider if they are fit for purpose.

People accept this as just the way things are done here, but it does not have to be this way – many countries deliver infrastructure cheaper and quicker than the UK, and the UK itself did it better prior to the current system being put in place. The UK has huge advantages at things that are very difficult to replicate – excellent universities, an incredible record on innovation, deep pools of financial capital and the associated expertise in financial and professional services. But we do the simple things poorly – it takes decades to approve and build a road, a reservoir or a power station. If we don't act now then our economy won't grow and we will miss out on the industries of the future.

About PIC.

Pension Insurance Corporation's (PIC) purpose is to pay the pensions of our current and future policyholders.

Our investment strategy is constructed to provide the cashflows to match all future pension payments over the coming decades. The best way to do this is by investing in secure assets like UK government and high-grade corporate bonds and the infrastructure the UK needs.

Our appetite for risk is low and our timeframe for success is measured over decades, not the next four quarters. We have already invested more than £15 billion in UK productive assets such as social housing, renewable energy, urban regeneration projects, and the UK's universities. We have more than £31 billion invested in the UK and have a total portfolio of £55 billion. So far we have paid £21 billion in pensions to our policyholders, with a 99% customer satisfaction level.

Key recommendations.

We have split these into general principles which explain how the reforms could work in practice. We then advocate three recommendations for a trial of the new model which could demonstrate how this idea could work in a particular sector. These proposals are offered as a basis for discussion with a view to making UK regulation best-in-class to unlock a pipeline of viable projects for private investment.

To achieve the below we would suggest that HM Treasury coordinate as part of the government's overall growth mission by driving the change across all UK based regulators, comparing the approaches of the different regulators and assessing their progress.

General principles:

1. For the UK government to adopt a Meiji mindset¹⁹ which means being fearless in borrowing the best practices from around the world to drive up the quality of regulation and our economic performance in general as Japan did in its 19th century modernisation drive.
2. Ask each UK regulator to nominate one or several foreign regulators to act as peer regulators against which the UK regulators' performance will be benchmarked.
3. Where there are not equivalent regulators to benchmark performance against reassess if there is a need for this UK regulator and potentially abolish it.
4. Select the peer regulators that are the best in that policy area in the world against independent criteria and not just countries of similar size or geographic proximity.
5. Regularly reassess the chosen peer regulators to ensure the UK's performance continues to be benchmarked against the best foreign regulators.
6. Require the UK regulator to provide a quarterly report on the regulatory decisions made by those peer regulators, the approach the UK regulator intends to take on each decision and how the UK's cumulative regulatory burden compares.
7. Establish a fast-track process for products and services approved by a peer regulator to be considered for approval in the UK.
8. Allow individuals and companies the right to formally request a review where a foreign peer regulator has approved a product or service, but it is not yet approved in the UK.

Individual regulators would select their peer regulators according to general principles set by the UK government. Clearly, different criteria would be prioritised depending on the sector – for example, in housing – affordability, safety and ease of construction would all be prominent concerns and the choice would be consistent with the departmental aims of the relevant department, in this case the Ministry of Housing, Communities and Local Government (MHCLG) which would have ultimate oversight. We would advise that each department limit the criteria for choosing a peer comparator to a few criteria that are absolutely core – not a list of twenty plus factors but three to five key criteria.

Practical trial of the new model:

To explore how this model could work in practice, the UK could consider applying the approach of Singapore to how planning works in London. Singapore has had significant success at building a streamlined effective planning system operating under similar constraints to major British cities such as London, accepting that there are also key differences in the political setup in both places (as explored later in this report).

9. Explore the lessons the UK can learn from Singapore in fast-tracking planning approvals to remove delay and added costs.
10. Trial aspects of the Singaporean system at a city level by allowing Manchester, London, other Mayoralities and development corporations to trial a Singaporean approach to planning.
11. Audit public land holdings in those cities and where possible combine land owned by different government bodies to enable larger developments in UK cities – taking a whole public sector approach and replicating some of the benefits of Singapore's approach where most of the land is government owned.

Regulation is important and can help raise standards and deliver vital protections. Our case is not for no regulation it is for rules which are proportionate, targeted and informed by the best practice from around the world.



Executive summary.

Key benefits of applying a peer regulator approach to the planning system using Singapore as a point of comparison:

This report advocates that all UK regulators choose a group of foreign regulators against which to benchmark their performance. Below we estimate what some of the benefits would be if the peer regulator approach led to the UK achieving the efficiency of the Singaporean planning system – in terms of project speed, housing costs and the overall economy and housing sector. We provide a figure per home but the savings could also be directed to finance the underlying infrastructure that supports housing such as water and energy.

For the planning system in general:

- Singapore completes construction permit approvals roughly **59% faster** for this one part of the process for which we have comparable data. Construction permit approvals are the final technical authorisation to start a building as opposed to the whole planning and consent stage of the process. This is the only directly comparable international dataset, and we have used it as a proxy to estimate how efficient the whole UK planning and consent stage could be if we replicated the speed of Singapore in the construction permit process across the whole UK planning and consent stage.²⁰
- Boston Consulting Group reports a total UK median time of 65 months for the pre-construction phase of major infrastructure projects.²¹ Our model assigns around 18 months of this to the planning and consent stage reflecting common experience under the UK's Development Consent Order system, where the pre-application stage alone often lasts around two years. Using 18 months is a conservative midpoint that allows for differences across project types.
- The 59% reduction applied to the 18-month UK planning and consent window produces a time saving of roughly **10.5 months per project**.
- We find that given an average construction cost of **£206,250 per home**, a streamlined Singapore-style planning process applied to just the planning and consent stage could deliver savings of **£18,167 per home**. This is because the full UK planning stage imposes a delay penalty of roughly £31,000 per home (about 15% of build cost) in capital tied up plus cost escalation, of which £18,000 (~59%) is avoidable if we matched Singapore's speed.

- Scaled across all homes in the planning system between Q1 2024 and Q2 2025, total savings could reach **£6.358 billion**²².
- This £6.4 billion saving represents the lower overall cost of delivering these homes. The full planning delay cost across the 350,000 homes in the planning system is £15.5 billion (i.e. 15% of build cost), of which around £6.4 billion is the avoidable portion if we replicated the speed of the Singaporean planning system.

For affordable and social homes specifically:

Applying the same logic to the provision of social and affordable homes we find that there is:

- A **per-unit saving of roughly 8.8% of build cost for social homes**, or between ~£15,900 (low) and ~£22,900 (high) per new social rented home.
- Total savings include:
 - Based on actual social homes for rent that have started construction over the past five years (approximately 40,659 units, based on MHCLG Live Table 1000S):²³ **£645 million – £931 million**
 - Based on the government's social housing delivery target over the next five years (18,000 social homes starts each year – not completions):²⁴ **£1.5 billion – £2.2 billion**
 - Based on estimated social housing need (using Shelter's 90,000 homes per year benchmark):²⁵ **£7.1 billion – £10.3 billion**

The Government is allocating £39 billion to fund social and affordable housing so this suggests a potential saving of between **3.9% – 5.6%** of the total budget derived from the social homes element alone, not including savings on the wider affordable homes funding.

Conclusion.

This is just one example of how our current approach to regulation is costing the UK economy c. £6.4 billion that we should not be paying. There will be many such cases. Decisions like this are making us poor so it is time to adopt the Meiji Mindset and look to the best countries in the world and replicate their approach here in the UK. This is the only way to deliver the infrastructure we need and the economic growth we seek.

Endnotes

- 1 GDP per Capita (2026) - Worldometer
- 2 The UK's continuing economic growth crisis – Soft Machines, by Richard Jones
- 3 Britain 'no longer a rich country' after living standards plunge
- 4 On Purchasing Power Parity, the results still show that we lag these nations though the gap is different dependent on local living costs.
- 5 Britain is poorer than people think - CapX
- 6 Britain—Like France and Spain—Is Poorer than Mississippi | Mises Institute
- 7 Thames crossing delayed after planning it cost more than world's longest road tunnel | Politics News | Sky News
- 8 Stonehenge tunnel planning consent revoked after millions spent - BBC News
- 9 Bat safety barrier will cost £100m, says HS2 chairman - BBC News
- 10 Is the bat tunnel problem solved? - Britain Remade
- 11 Related Argent developer & regeneration specialist - About us
- 12 Second-staircase rule is blocking 18,000 homes a year, Place Base warns | Property Week
- 13 New data links 104 child deaths in England to temporary accommodation | NPEU
- 14 What is nuclear energy (and why is it considered a clean energy)? | National Grid
- 15 Trials show that Hinkley Point C's Acoustic Fish Deterrent is Highly Effective | EDF
- 16 Hinkley Point C and Fish Protection: What the Evidence Actually Shows - Nuclear Industry Association, referring to research by Swansea University.
- 17 £700m plan with 'fish disco' could save 90% of marine life, says Hinkley Point C study | Hinkley Point C | The Guardian
- 18 Economics Of The Fleet 2024
- 19 The Japanese Emperor Meiji presided over an era named after him which lasted from 1868 to 1912 called the Meiji restoration. During this period the Japanese Government pursued a policy of touring the world to identify which countries led in each policy area and copied what they were doing to rapidly modernise Japan in areas such as banking, military organisation and the introduction of tax reforms such as a Land Value Tax. The movement adopted an approach of 'Japanese Spirit, Western Techniques.'
- 20 We are using this differential as a proxy for the wider planning and consent speed gap, not just the final permit step, on the basis that it is the only directly comparable international dataset. This assumes the UK to Singapore gap is broadly representative of the pre-construction stage as a whole.
- 21 This assumption does not claim to be precise for every project, but it provides a credible estimate of the typical delay before construction begins.
- 22 Using the New homes granted planning permission, which MHCLG publishes each quarter (the homes data is supplied to them by a firm called Glenigan This counts homes rather than applications. It runs at roughly 220,000 to 240,000 homes a year.
How the £6.358bn is built:
- Our £ saving per home is £18,167. It's the cost avoided by getting a home through planning faster, in line with Singapore.
- Homes over the period (start of 2024 to mid-2025, i.e. 18 months) = 350,000. We get there by taking the 241,000 homes granted permission across the whole of 2024, then adding roughly 110,000 for the first half of 2025 (half of the latest annual figure of 221,000). $£18,167 \times 350,000 = £6.358\text{bn}$. The 350,000 is approximate: the homes data is published as rolling 12-month totals, so we've estimated the first half of 2025 by halving the latest annual figure. That likely overstates it slightly given the downward trend, but recent figures also tend to be revised up later, so the two roughly offset.
- 23 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>
- 24 <https://www.gov.uk/government/publications/delivering-a-decade-of-renewal-for-social-and-affordable-housing/delivering-a-decade-of-renewal-for-social-and-affordable-housing>
- 25 https://england.shelter.org.uk/support_us/campaigns/social_housing/brick_by_brick_report_full



To read the full report, see here.



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