

**Budget
Implications and
the Plan for
Growth**

DLP BRIEFING NOTE 47

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IMPLICATIONS OF THE BUDGET 2011 AND THE PLAN FOR GROWTH

The Budget 2011 saw the launch of the Government's '**Plan for Growth**'.

The **Plan for Growth**, amongst other measures, includes a package of actions designed to create a new model of economic growth by achieving four overarching ambitions:

- To create the most competitive tax system in the G20;
- To make the UK the best place in Europe to start, finance and grow a business;
- To encourage investment and exports as a route to a more balanced economy; and
- To create a more educated workforce that is the most flexible in Europe.

Reform of the planning system is seen as integral to the future growth strategy, and in support of the Chancellor's statement a series of measures have been announced, by Greg Clarke, Minister of State for Decentralisation.

(i) Written Ministerial Statement 'Planning for Growth'

The Government is **committed to ensuring that the planning system does everything it can to support growth**. This policy statement is a material consideration in local planning decisions with immediate effect and local authorities are, in it, encouraged to press ahead and put in place development plans that are pro-growth.

Going forward, the Government will adopt the same pro-growth approach as it reforms national planning policy (see below). The Chief Planning Officer will write to all LPAs to outline the Government's intent.

The Minister of State for Decentralisation Greg Clark states:

"The planning system has a key role to play in [helping rebuild Britain's economy], by ensuring that the sustainable development needed to support economic growth is able to proceed as easily as possible....This Statement therefore sets out the steps the Government expects local planning authorities to take with immediate effect."

He goes on to say:

"Government's clear expectation is that the answer to development and growth should wherever possible be 'yes', except where this would compromise the key sustainable development principles set out in national planning policy."

All bodies involved in planning decisions will need to prioritise growth and jobs. In his Ministerial Statement Greg Clark states:

“When deciding whether to grant planning permission, local planning authorities should support enterprise and facilitate housing, economic and other forms of sustainable development...In determining planning applications, local planning authorities are obliged to have regard to all relevant considerations. They should ensure that they give appropriate weight to the need to support economic recovery, that applications that secure sustainable growth are treated favourably (consistent with policy in PPS4), and that they can give clear reasons for their decisions.”

Where developments are stalled due to extensive planning obligations, negotiated in more buoyant property market conditions, **LPA's will be asked to reconsider these in light of new circumstances and planning policy tests, and, where possible, to modify obligations to allow development to proceed.**

(ii) New presumption in favour of sustainable development

The Government will introduce **a powerful new presumption in favour of sustainable development** which will underpin the entire National Planning Policy Framework. This will set out the Government's clear expectation that **the default answer to development and growth should be 'yes', except where this would compromise the key sustainable development principles** set out in national planning policy.

Importantly, **it reinforces a pro-growth emphasis on plan-making. It will require LAs to work promptly, to accept applications that comply with up-to-date development plans and national planning policies.**

LAs will be expected to have an up-to-date *Core Strategy* in place. For LPA's that do not, his policy will mean that LPA's should start from the presumption that applications for development and job creation will be accepted.

The Government thinks this will give developers, communities and investors greater certainty about the types of applications that are likely to be approved, and will help to speed up the planning process and encourage growth. **A draft wording of the presumption will be published for consultation in May 2011.**

(iii) National Planning Policy Framework (NPPF)

The Government is committed to producing a shorter more focused 'pro-growth' NPPF to be finalised by the end of 2011. This will set out the Government's key economic, social and environmental objectives and the planning policies to deliver them. **At the heart of the Framework will be the presumption in favour of sustainable development.**

In his Ministerial Statement 'Planning for Growth', Greg Clark stated:

“[it] will expect local planning authorities to plan positively for new development; to deal promptly and favourably with applications that comply with up-to-date plans and national planning policies; and wherever possible to approve applications where plans are absent, out of date, silent or indeterminate.”

LPAs will be required to identify and plan for development, with a clear role for market signals in assessing the need for development. For example, if land prices are high for housing, this should inform an assessment of relative need and may indicate housing shortages.

(iv) Neighbourhood Development Plans (NDPs) and Neighbourhood Development Orders (NDOs)

The draft Localism Bill introduced the concept of NDOs and NDPs, initiated by community groups. The Plan for Growth states that **NDPs will be able to shape development but not to block it**. The Government intends to set out clear requirements for any neighbourhood forum or Parish Council to consult and engage local business and take into account their views in preparing NDPs and NDOs. **NDPs will only be adopted if they fit with the LDF and national planning policy.**

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Businesses will also be able to bring forward NDPs and NDOs. This will encourage growth by reducing the need to apply for planning approval in order to develop. Businesses will need to work with and gain the agreement of the local community and pass independent examination before NDPs or NDOs are formalised.

(v) Land Auctions Model

The Government is of the opinion that one of the biggest barriers to development is the shortage of land available with planning permission. **Therefore it is intended that elements of land auction models are piloted within the next 12 months, starting with public sector land.** Auctioning parcels of land with planning permission has the potential to bring forward more land for development, increase competition in development and provide greater certainty for developers. The outcome of the pilot will inform further consideration of the wider land auctions model.

(vi) Previously Developed Land

The centrally imposed target specifying the levels of development that should take place on previously developed land will be removed. It has helped to drive up land prices in certain areas and would increasingly limit the supply of new housing.

It does not affect the Government's commitment to maintain the Green Belt, Sites of Special Scientific Interest, Areas of Outstanding Natural Beauty and other environmental designations.

(vii) Review of the Use Classes Order

The Government is proposing to launch an urgent review of the Use Classes Order to examine the role the use classes system can play in supporting growth. Specific mention has been made of removing the need to obtain planning permission to change from Classes B1, B2 and B8 (business, general industrial and storage) to Class C3 (residential).

(viii) Streamlining of the planning applications and related consents regimes

The Government is committed to ensuring that planning applications and related consents are processed promptly. No planning application should take longer than one year to reach a decision. Close monitoring of LPAs by the Government will continue.

A 'planning service guarantee' will be introduced for planning applications that are referred to the Secretary of State for a decision. This means that planning applications will not have to spend more than 12 months in total with decision-making bodies, where a timely appeal is made.

The rules on Environmental Impact Assessment (EIA) procedures are already being revised to make them clearer and remove unnecessary work.

The Government will also identify further types of minor commercial development that can be exempted from the need to apply for planning consent by expanding permitted development rights. Consultation will take place in Summer 2011.

Consultation will take place on a further package of measures to streamline the information required to support planning applications by Autumn 2011, in order to make it simpler and more efficient.

Government will provide an annual update on simplification and streamlining measures in planning and development control. The first report will be in Autumn 2011.

(ix) Major Infrastructure Planning System

Decision-making in relation to major infrastructure projects will return to ministers. **The responsibilities of the Infrastructure Planning Commission (IPC) will transfer to the Major Infrastructure Planning Unit within the Planning Inspectorate as of 1st April 2011.**

The Government commits that major infrastructure applications will be determined in 12 months from the start of inquiry to decision.

(x) Duty to cooperate

A new *Duty to Cooperate* will be imposed on councils, to work together to address planning issues that impact beyond local boundaries such as transport, housing or infrastructure has been introduced (as referred to in the Localism Bill). The Government is legislating to give LAs a duty to ensure that this strategic planning role is delivered effectively. **The duty means that LAs are required to engage in ongoing constructive and active engagement with relevant neighbouring authorities on the preparation of development plan documents (DPDs) and other activities relating to the sustainable development and use of land, in particular in connection with strategic infrastructure.** Local Enterprise Partnerships (LEPs) will be able to play a vital role in supporting LAs plan for key sub national infrastructure.

(xi) Enterprise Zones

11 Enterprise Zones (EZs) are to be set up across England within the existing Local Enterprise Partnership (LEP) areas of: Liverpool City Region; Black Country; Nottingham, Nottinghamshire Derby and Derbyshire; Western England (includes Bristol); London; Greater Manchester; Leeds City Region; Sheffield City Region; North Eastern; Greater Birmingham and Solihull; and Tees Valley. A scheme to identify where a further 10 EZs will be created was announced on 24th March. The Government has asked LEPs to nominate the site of EZs based on the economic rationale and potential for growth.

The new Enterprise Zones reflect the Government's core belief that **economic growth and job creation should be led by the private sector**. The EZs will be focused on removing barriers to private sector growth with lower tax levels for business and a reduced planning regime and a lighter regulatory and administrative burden.

In support of the announcement, Local Government Secretary, Eric Pickles, stated:

“LEPs can use these zones as a springboard for private sector growth and wider regeneration... EZs are unashamedly pro-growth, with lower taxes and reduced regulations to attract business, but they are also unashamedly localist keeping power and profits within the local area so communities benefit.”

Business Secretary Vince Cable added:

“Enterprise Zones will create the environment for businesses to thrive and stimulate growth in the places that have the most potential. The 21 areas we are creating across England will give businesses simpler planning rules, access to super-fast broadband and more generous treatment in respect to business rates and capital allowances. On top of that, the benefits of growth within Enterprise Zones will be kept within their communities, helping to drive the creation of more new jobs and successful enterprises.”

All EZs will benefit from:

- A business rate discount worth up to £275,000 per eligible business over a 5 year period.
- All business rates growth within the zone for a period of at least 25 years will be shared and retained by the local area, to support the Partnership's economic priorities and ensure that EZ growth is reinvested locally.
- Government help to develop *“radically simplified planning approaches”* for the zone using, for example, existing local powers to grant automatic planning permission.
- Government support to ensure that superfast broadband is rolled out throughout the zone, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.

(xii) FirstBuy scheme:

The Government will introduce the new FirstBuy scheme where buyers must save a deposit worth 5% of their property's value, with the Government and housebuilders putting up 10% each through an equity loan, enabling people to qualify for 75% loan-to-value mortgage. The equity loan will be interest free for the first 5 years, with interest charged at 1.75% in year 6 and at inflation plus 1% thereafter. The Government will make up to £250 million available over the next two years.

Housing Minister Grant Shapps stated:

"We've already given communities a reason to say yes to development through the New Homes Bonus, now we're helping house builders deliver the homes this country needs by taking away the upfront costs of buying land. We're also extending a helping hand to first time buyers, and 10,000 people will benefit from help with their deposits so they can get a foot on the housing ladder."

Lastly, a quote from Decentralisation and Planning Minister Greg Clark is perhaps the most telling:

"The current over-centralised planning system has become one of the greatest obstacles to growth in Britain, shutting out opportunities for development and burdening business with bureaucracy and red tape. Every reform to planning in today's Budget is designed to reverse that position and recalibrate the system to support, rather than hinder economic growth and sustainable development. These measures will help create a planning system fit for the challenge of recovery and rebuilding Britain's economy, while at the same time maintaining our commitment to protect the Green Belt and environment."

To what extent the new agenda set by the government will sit with the objectives set in the Localism Bill, is to be seen. Notwithstanding this however interpretation of the revised policy approach, which is yet to be fully explained and published, is likely to be complex. DLP Planning Ltd will continue to monitor policy announcements and practice across its operational areas, and for more information please contact your local office.

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