What does the growth plan mean for development?

HM Treasury published its Growth Plan 2022 on 23 September 2022. This initial précis by Simon Ricketts simply sets out all of the key passages

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From Simon's blog at simonicity.com/author/simonicity/ Personal views, et cetera

All I would say at this point is that:

• I'm not sure whether it's right to assume that this means the end of the road for the Levelling-up and Regeneration Bill in its entirety? Along the way there is reference to a proposed Planning and Infrastructure Bill but there is no detail yet as to its contents and whether of the LURB will be retained or recycled.

• There are some eye catching proposals here and the direction of travel is clear, although in most instances of course what we need is a further layer of detail.

From the executive summary

"The Growth Plan 2022 makes growth the government's central economic mission, setting a target of reaching a 2.5% trend rate."

"To drive higher growth, the government will help expand the supply side of the economy. The Growth Plan sets out action to unlock private investment across the whole of the UK, cut red tape to make it quicker to deliver the UK's critical infrastructure, make work pay, and support people to get onto the property ladder. New Investment Zones will provide time-limited tax reliefs, and planning liberalisation to support employment, investment, and home ownership."

Chapter 2, "tackling energy prices"

"To increase energy resilience, the North Sea Transition Authority will shortly launch a new oil and gas licensing round. This is expected to deliver over 100 new licenses. The government has also announced an end to the pause on extracting reserves of shale. The government is driving the development of home-grown nuclear – including Small Modular Reactors – hydrogen, Carbon Capture, Utilisation and Storage and renewable technologies. The government will unlock the potential of onshore wind by bringing consenting in line with other infrastructure. The UK is a world-leader in offshore wind, with 8GW of offshore wind currently under construction. By 2023 the government is set to increase renewables capacity by 15%, supporting the UK's commitment to reach net zero emissions by 2050."

Chapter 3, "growth"

"…the government must cut taxes, streamline the public sector, and liberate the private sector, by making Britain the place for:

• investment: creating the right conditions and removing barriers to the flow of private capital – whether taxes or regulation

• skilled employment: helping the unemployed into work and those in jobs secure better paid work

• infrastructure: accelerating the construction of vital infrastructure projects by liberalising the planning system and streamlining consultation and approval requirements

• home ownership: getting the housing market moving

• enterprise: cutting red tape and freeing business to grow and invest."

Investment zones

"The government will work with the devolved administrations and local partners to introduce Investment Zones across the UK. Investment Zones aim to drive growth and unlock housing. Areas with Investment Zones will benefit from tax incentives, planning liberalisation, and wider support for the local economy. The specific interventions in Investment Zones will include:

• Lower taxes – businesses in designated sites will benefit from time-limited tax incentives.

• Accelerated development – there will be designated development sites to deliver growth and housing. Where planning applications are already in flight, they will be streamlined and we will work with sites to understand what specific measures are needed to unlock growth, including disapplying legacy EU red tape where appropriate. Development sites may be co-located with, or separate to, tax sites, depending on what makes most sense for the local economy.

• Wider support for local growth – for example, through greater control over local growth funding for areas with appropriate governance. Subject to demonstrating readiness, Mayoral Combined Authorities hosting Investment Zones will receive a single local growth settlement in the next Spending Review period.

Specified sites in England will benefit from a range of time-limited tax incentives over 10 years. The tax incentives under consideration are:

• Business rates – 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in English Investment Zone tax sites. Councils hosting Investment Zones will receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.

• Enhanced Capital Allowance – 100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites.

• Enhanced Structures and Buildings Allowance – accelerated relief to allow businesses to reduce their taxable profits by 20% of the cost of qualifying non-residential investment per year, relieving 100% of their cost of investment over five years.

• Employer National Insurance contributions relief – zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £50,270 per year, with Employer NICs being charged at the usual rate above this level.

• Stamp Duty Land Tax – a full SDLT relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for new residential development.

The Department for Levelling Up, Housing and Communities will shortly set out more detail on the planning offer. This will include detail on the level of deregulation and the streamlined mechanism for securing planning permission.

The government will deliver Investment Zones in partnership with Upper Tier Local Authorities and Mayoral Combined Authorities in England, who will work in partnership with their relevant districts and/or constituent councils. All Investment Zone agreements will contain tax and development sites. Areas will be responsible for putting forward sites and demonstrating their potential impact on economic growth, including by bringing more land forward and accelerating development.

Investment Zones will only be chosen following a rapid Expression of Interest process open to everyone, and after local consent is confirmed. However, examples of illustrative sites that may have the potential to accelerate growth and deliver housing in the way the Investment Zone programme envisages can be found in Annex A.

The government is in early discussions with 38 Mayoral Combined Authorities and Upper Tier Local Authorities who have already expressed an initial interest in having a clearly designated, specific site within their locality. A full list of these 38 authorities is available in Annex A.

The government will deliver Investment Zones in Scotland, Wales and Northern Ireland and intends to work in partnership with the devolved administrations and local partners to achieve this. The government will legislate for powers to create tax and development sites in Investment Zones where powers are reserved.

The government remains committed to the progress of the Freeports programme. The government will work with local partners involved in current and prospective Freeports to consider whether and how the Investment Zones offer can help to support their objectives, as part of the wider process for identifying Investment Zones. This will ensure that both programmes complement one another."

Annex A lists 24 examples of "illustrative sites that may have the potential to accelerate growth and deliver housing in the way the Investment Zone programme envisages" and 38 authorities with which the government is in early discussions with a view to establishing an investment zone in their area. There is also an investment zones factsheet.

Housing

"To make buying a home a reality, the government must accelerate housing delivery. Planning permission was granted for more than 310,000 homes last year, up 10% on the year before, 10 but further reform is needed. Later this autumn, the government will set out its vision to unlock home-ownership for a new generation by building more homes in the places people want to live and work and by getting our housing market moving. This will boost growth across the UK helping more people afford to live near good jobs. The government's full proposal will be set out in due course.

The government will promote the disposal of surplus public sector land by allowing departments greater flexibility to reinvest the proceeds of land sales over multiple years. This will encourage the sale of more public land for housing and allow departments and the NHS to reinvest in public services. Devolved administrations have bespoke flexibilities to move funding between financial years and the government will discuss the implications of this change with them in due course."

Planning

"The UK's planning system is too slow and too fragmented. For example, an offshore wind farm can take four years to get through the planning process and no new substantive onshore wind farm has received planning consent since 2015."

"The Growth Plan announces that new legislation [the Planning and Infrastructure Bill] will be brought forward in the coming months to address

[…] barriers by reducing unnecessary burdens to speed up the delivery of much-needed infrastructure. This includes:

• reducing the burden of environmental assessments

• reducing bureaucracy in the consultation process

• reforming habitats and species regulations

• increasing flexibility to make changes to a DCO once it has been submitted."

Infrastructure

"The Growth Plan also announces further sector specific changes to accelerate delivery of infrastructure, including:

• prioritising the delivery of National Policy Statements for energy, water resources and national networks, and of a cross-government action plan for reform of the Nationally Significant Infrastructure planning system

• bringing onshore wind planning policy in line with other infrastructure to allow it to be deployed more easily in England

• reforms to accelerate roads delivery, including by consenting more through the Highways Act 1980 and by considering options for changing the Judicial Review system to avoid claims which cause unnecessary delays to delivery

• amendments to the Product Security and Telecommunications Infrastructure Bill to give telecoms operators easier access to telegraph poles on private land, supporting the delivery of gigabit capable broadband."

"The Growth Plan also sets out the infrastructure projects that the government will prioritise for acceleration, across transport, energy and digital infrastructure. This non-exhaustive list is set out in Annex B and reflects projects which have particularly high potential to move to construction at an accelerated pace. The government will also continue to focus on delivering its wider infrastructure priorities, from major projects such as HS2, to its wider nuclear strategy."

The agenda is set…

Simon Ricketts, 23 September 2022