

# Planning and the Budget

Here is the official summary of the proposals announced by the Chancellor.

**The Budget and Growth Review** sets out ambitious proposals to ensure the planning system does everything possible to support economic growth and sustainable development, helping to re-build Britain's economy. These measures complement wider reforms underway to the planning system, including removing ineffective top-down central targets and encouraging local councils to bring forward more homes through incentives to share in the benefits of growth.

## **A new presumption in favour of sustainable development**

This is a powerful new principle underpinning the planning system that will help to ensure that the default answer to development and growth is "yes" rather than "no", except where this would clearly compromise the key sustainable development principles in national planning policy, including protecting the Green Belt and Areas of Outstanding Natural Beauty. The presumption 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.

## **A pro-growth national policy planning policy statement**

Vast amounts of paperwork and bureaucracy have made the planning system too cumbersome and complicated for councils, developers and local people to use properly. This has acted as a brake on growth and development. The Government intends to bring clarity to the system by combining all national planning policies into one concise, easy to use document called the National Planning Policy Framework. It will contain the Government's key economic, social and environmental objectives and planning policies to deliver them. At the heart of the framework will be the presumption in favour of sustainable development. The framework will be published for consultation later this year with the aim of finalising it by the end of 2011, if that is possible.

## **Changes to permitted development rights to cut red tape**

At the moment any developer wishing to change vacant and derelict offices into new homes has to apply for planning permission to change the use of the land. The Government believes this bureaucracy makes no sense when plenty of empty office blocks, warehouses and business parks are lying needlessly empty, waiting to be turned into much needed new housing. Ministers are proposing to scrap the requirement to get permission for this change of use, incentivising growth and giving a much needed boost to housing supply, and will consult on this shortly. The Government will also launch an urgent review of the Use Classes Order, which determines how a building can be used, for example as a shop or office. The review will examine the role the Use Classes system can play in supporting growth.

## **Immediately prioritising growth and jobs**

Some reforms to the planning system will take time to deliver. But local authorities can start immediately prioritising growth in the decisions that they take locally. The Government has today made clear its expectation that every council should be firmly on the front foot in encouraging and supporting growth. Local authorities should be pressing ahead without delay in preparing up-to-date development plans which set out the opportunities for growth in their areas. Councils must ensure they are not imposing any unnecessary burdens in the way of development. Where development has stalled, councils should be open to reviewing section 106 agreements at the request of developers, and look at making possible amendments to get growth underway. Section 106 agreements require developers to make contributions to the cost of related infrastructure such as new schools and roads.

## **Piloting elements of the land auctions model**

One of the biggest barriers to development is the shortage of land available with planning permission to build on. The Government is interested in testing the potential of land auctions to bring forward land for development, improve competition

and provide greater certainty for developers. We will pilot elements of the approach on public sector land through auctioning parcels of land with planning permission. The outcomes of the pilot will inform our next steps for looking at land auctions more widely.

## **Extending neighbourhood planning to businesses**

Neighbourhood planning is a radical new right being introduced in the Localism Bill. It will allow communities to create their vision of what their area should look like: where new shops, offices or homes should go. Local people will be able to define types of development which will have automatic planning permission. This is known as a Neighbourhood Development Order.

Neighbourhood plans will give communities a much greater say on what gets built, but must be in line with wider ambitions for growth in the council's development plan. If approved by a local referendum, the neighbourhood plan will need to be adopted by the council. The Government will today extend to businesses the right to initiate Neighbourhood Plans and Neighbourhood Development Orders. This will encourage growth by reducing the need to apply for planning approval in order to develop. Businesses will need to work closely with and win the approval of local communities in order to establish a neighbourhood plan or order.

## **Removal of arbitrary Whitehall targets**

In line with its commitment to make the planning regime more responsive to economic demand and the needs of local communities, the Government will, through the National Planning Policy Framework, remove the Whitehall target specifying the levels of housing development that should take place on previously developed land. As has been evident in the debate over 'garden grabbing', the definition of previously developed land has become discredited. In some areas, the cocktail of centrally imposed targets have had perverse outcomes - resulting in imbalances in provision such as between blocks of flats and family homes with gardens. Localism requires removing the comfort blanket of national targets and putting

# Back to the Future

## Budget provides a tonic for Localism woes, says Stephen Webb

local people back in charge. As indicated in the Coalition Agreement, we will be maintaining strong policy protection for the environment, including maintaining the Green Belt, National Parks, Sites of Special Scientific Interest, Areas of Outstanding Natural Beauty and other environmental protections.

### Removing bureaucracy from planning applications

The Government intends to promote development by simplifying and speeding up the planning application process. This will include a 12-month guarantee for the processing of all planning applications, including appeals which have been made in a timely fashion. The Government will consult on proposals to make outline and other applications simpler, and on other streamlining measures.

### New duty for councils to co-operate on planning issues

The Government's pro-growth reforms will ensure really powerful economic co-operation between councils. The Localism Bill will place a new Duty to Co-operate on councils to work together to address planning issues that impact beyond local boundaries, such as on transport, housing or infrastructure. Councils are already operating in natural economic areas that stretch beyond traditional boundaries through 31 local enterprise partnerships.

### Fast track, democratic system for major infrastructure applications

The Government is returning democratic accountability to decision making on applications for major infrastructure projects like wind farms, power stations and road schemes. The new Major Infrastructure Unit will maintain the stability and speed of the current fast track system for applications, but decisions will be made by Ministers rather than unelected officials. The Major Infrastructure Planning Unit will be at the forefront of helping to deliver the growth and investment in this country and key to ensuring an infrastructure planning system fit for the 21st century. •

*Department for Communities and Local Government.*

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**George Osborne's Budget** indicates that the Government has finally woken up to the need for a more pro-active and pro-development planning system. The promised presumption in favour of sustainable development is not new, but the tenor of the Chancellor's approach in

outlining measures to stimulate development is to be welcomed.

While Localism may have its part to play, the impact of the Localism Bill and cuts to local authority services have had a negative impact on developer and planning authority sentiment at a time when it is least needed. The development industry needs to be kick-started not only by the availability of finance but also by a planning system which encourages sustainable development rather than creating hurdles by promoting nimbysism and stripping planning authorities of their resources.

### Enterprise Zones

While some may see them as creatures of the past, the 21 new Enterprise Zones will have their part to play and should be welcomed, but they are not a panacea. The lessons of the 1980s and 1990s need to be learned so that the new Enterprise Zones are able to deliver genuine prosperity to areas where there is real potential.

London's Isle of Dogs is the best of example of a successful Enterprise Zone but many were not so successful and resulted in expensive infrastructure, few jobs, displaced economic activity and benefits being realised by landowners rather than by businesses. Many of the promised simplified planning processes were not delivered in practice and businesses often relocated once the incentives came to an end.

Critically, incentives in these areas need to be tailored to meet local circumstances and should not solely benefit landowners. The benefits must be widely shared by businesses and communities. Planning processes can and should be simplified, but there needs to be a recognition that this may fly in the face of the Government's Localism agenda. The Government needs to be clearer about what its planning objectives are.

### Planning decisions in 12 months

The 12 month guarantee for the determination of applications including appeals is another welcome initiative but will still depend on local planning authorities and the Planning Inspectorate being resourced properly in order to deliver a professional service at the coal face.

### Emphasis on delivery

Other initiatives such as speeding up the delivery of planning decisions on surplus military land; the simplification of the conversion of commercial buildings to residential use; equity loans to 10,000 first time buyers to buy new property and the pilot schemes for community

land auctions are all aimed at stimulating the development industry and delivering new homes and are a move in the right direction.

### The default answer to development is "yes"

It seems as if the Government has finally recognised that there is a need to counter balance the powers of Localism and to accelerate the rate of development needed to help the UK economy climb out of the doldrums. It was refreshing to hear that the default answer to development is now "yes". Enterprise Zones and the other initiatives will assist in this process, but a single country-wide "enterprise zone" freed from continued confusion and stagnation over the direction of the planning system would be an outcome welcomed by all.

*Budget Briefing continues >>>*

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### Knight Frank

'Planning', wrote Patrick Abercrombie, a founder-figure of modern town planning, 'is a conscious exercise of powers of combination and design, and not a question of unconcerned growth, even though the latter may produce fortuitously happy results'. This is a point which the Chancellor clearly failed to appreciate. After a period of mounting Government criticism, whereby planners are 'enemies of enterprise' in a system which acts as 'a drag anchor to growth', the Budget comes as a further blow to the property industry.

Despite seeking to catalyse a 'green energy revolution', an entirely secondary role is created for the environment within the planning system, as those engaged in planning are encouraged to prioritise economic and employment growth. Indeed, whilst greenbelt restrictions remain, the removal of national targets for the use of previously developed land may hold an additional environmental impact. This is clearly at odds with the introduction of a presumption in favour of sustainable development, which although the Government are yet to finalise a definition, seems unlikely to preserve the accepted need to balance social, economic and environmental considerations.

**Jonathan Manns is senior planning surveyor, Knight Frank**

**Green shoots buried under concrete**



### On Housing:

"Support for first-time buyers will inject confidence into the housing market and could create thousands of construction jobs. However, this is only a short-term solution as the scheme only runs until the end of next year. We need a longer-term approach to meet our growing housing needs."

### On planning:

"The Chancellor is right to make the link between an effective planning regime and economic growth. This sends the right signals to attract the £200bn needed for the UK's national infrastructure upgrade."

### On enterprise zones:

"The new enterprise zones could provide positive incentives for local authorities to promote development, allowing the Government to carry out a real-time experiment on what actually works as a spur to economic activity."



Campaign to Protect Rural England

The Campaign to Protect Rural England today labels the Budget, 'a massive threat to the environment'. The triple whammy of scrapping national brownfield targets, introducing a default yes to development, and pursuing half-baked proposals for land auctions could be devastating to treasured countryside. Neil Sinden, CPRE's Director of Policy, said: "The planning measures present a potentially devastating threat to the countryside and are unlikely to boost long-term economic growth. To suggest, as successive Governments have done, that planning is a key impediment to growth is just wrong. It is disappointing that George Osborne is repeating the mistaken assertions made by Gordon Brown.



The presumption in favour of sustainable development was not included in the Localism Bill. Whilst a laudable aim, there isn't an accepted definition so the devil will certainly be in the detail.

The proposal to guarantee a planning decision within 12 months - even if there is an appeal - is challenging to say the least, especially at a time when local and central government budgets are being significantly cut. What will be the sanction available to the applicant if the decision is not, for whatever reason, made within 12 months? Will a system akin to that for the IPC be introduced requiring extensive pre-application consultation and as many issues as possible to be resolved with objectors and stakeholders before the 12 months starts to run?

Generally, it is difficult at this stage to see how these proposals - fast track systems with "the default answer to development [being] 'yes'" - fit in with the Localism agenda and the idea of giving local people a greater say in planning decisions.

**Nigel Hewitson, partner and head of planning at Norton Rose LLP**



Any measures which might increase the availability of housing stock should be broadly welcomed.

However, the devil will be in the detail. These

measures are a significant change to the planning regime. Under normal circumstances, consent for new residential developments is granted in return for planning obligations on the developer which might include affordable housing, contributions to local education or health facilities, or open spaces and transport.

If planning permission is not required, conversion immediately becomes a significantly more attractive option than new build.

**Christopher Frost is a partner, land and development division, Cluttons**

## grainger

For years, Grainger and the entire residential property industry have been calling for the Government to support the private rented sector and to level the playing field for residential institutional investors. Today's announcements on both REITs and stamp duty on bulk purchases confirms that the government has listened to these calls. These are significant announcements, and the onus now switches back to the residential property industry to them work.

**Nick Jopling is Executive Property Director at Grainger plc**

## TURLEYASSOCIATES

The Budget will create noise, maybe a little light encouragement, but it will not of itself deliver the jobs or homes that Britain so desperately needs.

Government ministers from the PM down are lining up to take pot shots at 'the planning system' and its impact on hindering growth, seemingly not connecting any of their own 'reforms' with aspects of current non-delivery.

Ministers within CLG have taken to writing 'letters of instruction' to local authorities to implore a pro-growth agenda. These are the same ministers who by some of their own actions have made the promotion of jobs, homes and infrastructure more difficult since coming to power. To highlight a few:

- Housing requirement targets abolished with many local authorities and communities now seeking how to provide less or none;
- Promotion of a neighbourhood planning system that is much more likely to say no than yes;
- Reliance on a financial incentive (New Homes Bonus) which appears to have captured little interest or support from local authorities and their leadership; and
- Abandoning strategic planning that could have brought forward growth only to hastily re-intro-

duce it in an unproven 'duty to cooperate'.

The Budget may well trail, posture and implore around planning, but what is needed is:

- A development-led, flexible planning system that makes the support of economic development and homes a requirement.
- A presumption in favour of sustainable development to operate immediately and in the transition period up to the completion of new local plans under Localism.
- Reforms that free up the availability of finance to the development industry.

The Budget is not the Localism Bill and it is in the latter that the solution will be found.

**Rob Lucas is the Chief Executive of planning and urban design consultancy Turley Associates.**



George Osborne announced the creation of 21 new enterprise zones in Birmingham, the Black Country, Leeds, Greater Manchester, Tyneside, Bristol, Derbyshire, Nottinghamshire and Sheffield. The remaining 10 are due to be announced during the summer.

Under the scheme, businesses that move into an enterprise zone will benefit up to a 100 per cent discount on rates, worth a maximum of £275,000 over a five year period. Businesses could also benefit from additional capital allowances in enterprise zones where advanced manufacturing dominates.

The new identified enterprise zones within local enterprise partnership areas are broadly to be welcomed. The 100 per cent business rate relief is good news but the £275,000 cap will prove less meaningful for more substantial occupiers/ inward investors. While arrangements for capital allowances relief should help encourage investment, this incentive is limited to high value manufacturing.

This will be helpful to the area which has some significant assets in the London City Airport, ExCel and future Cross Rail infrastructure but which to date has seen a modest rate of regeneration delivery. The public sector owns significant tranches of land in this vicinity and this should be used in the context of a simplified planning regime and business rate discount to attract new occupiers and drive renewal. We welcome the further confirmation as to the introduction of TIFs although the proposals for Tax Increment Financing remain unclear. What is required is a cocktail of incentives for these locations which could include the use of public sector land for example through the disposal/ use of RDA assets.

Andrew Hume is director in the Development and Asset Strategy team at Jones Lang LaSalle. ■

## CLIPBOARD

### Cable car wins approval

**Greenwich Council's planning committee** has joined Newham Council in approving Wilkinson Eyre's proposals for the UK's first urban cable car which will carry up to 2,500 passengers an hour between Greenwich and the Royal Docks.

The scheme, the projected cost of which has risen from £25 million to £40 million, is aimed at cutting journey times for visitors to the O2 arena and ExCel exhibition centre, which are hosting events at the Games.

The Greater London Authority will now consider the proposals for the link 54.1 metres above the river between North Greenwich Peninsula and Royal Victoria Dock.

A Transport for London statement said: 'The cable car is an exciting new proposal that would help address the need for more river crossings east of Tower Bridge.'

'It will also provide a unique addition to the capital's transport network and offer spectacular views of London's iconic skyline.'



### Crossrail to Kensal

**Kensington and Chelsea council** is going to underwrite the cost of a Crossrail station at Kensal Rise. The station could cost £33m.

They believe the station will help trigger a development of the 67 acre Kensal site which and that in its turn will have a big regeneration impact on the third largest area of deprivation in the capital.

### Westminster surge in Applications

**As at the end of February**, Westminster City Council had seen a 7 per cent increase in applications compared to the first 10 months of the previous year. This equates to more than 700 additional applications.

With the forthcoming end of the financial year, the council is on track to receive nearly 11,000



**The cable car will stretch 1,100 metres across the River Thames to link venues for the 2012 Olympics.**

applications and continues to determine more than 80 per cent of applications within 8 weeks.

At a time when the public sector is facing unprecedented challenges, this volume – the largest of any authority in the country – underscores the council's commitment to managing and facilitating the development process.

### New New Covent Garden Market

**Redevelopment** of the market aims to create 2,500 new homes on the 23 hectare site which borders the proposed new American embassy.

Foster + Partners has designed the 'northern site' which currently hosts a flower market but would be transformed to feature a new park and three towers of between 25 and 47-storeys. Neil Tomlinson has designed the remainder including the redevelopment of the market's wholesale trading facilities, housing on the site's periphery and a public-facing food retail area.

Brenda Dean, CGMA chair comments: 'For too long New Covent Garden Market has lacked investment in its facilities and these plans will allow us to create a modern new market for our traders and their customers alike and hugely strengthen London's food supply.' ■

**Trees to replace the flowers at New Covent Garden market in Nine Elms**

