Planning Update
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INVESTMENT ZONES - WHAT ARE THEY AND HOW WILL THEY WORK?

Arden Cross, Solihull HS2 Interchange

Investment zones are one of a series of measures to encourage growth as set out in the Government's Growth Strategy. This is a laudable objective to stimulate growth. However, there is a distinct lack of detail on how these Investment Zones would work and the practical measures required to deliver this acceleration of commercial development and new homes.

In theory, the tax incentivisation, the use of business rates for reinvestment and the resulting demand from both developers and occupiers should stimulate significant demand for space in these new zones. However, there are significant challenges in the form of planning that will need to be addressed.

Over many years we have been told that the planning system needs streamlining. Now, with the new Growth Strategy, we are facing potential planning liberalisation.

So what does it mean and is it achievable?

As we have often come to expect with proposed planning changes, the Strategy promises more detail in 'due course'. For Investment Zones, the Strategy states that *"DLUHC 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".*

However, we are told that in Investment Zones the plan is to remove burdensome requirements, focus developer contributions on essential infrastructure requirements, reduce lengthy consultation with statutory bodies and relax key national and local policy requirements. We will need to wait and see how this will play out in terms of requirements for delivery of affordable housing and environmental improvements, particularly given the political focus on the climate emergency.

Interestingly there are a few areas identified where this planning liberation will not occur, including policies to ensure development is well designed and the level of protection given to the Green Belt, heritage, flood risk, highways and other public safety matters. It will be an interesting tension between seeking to deregulate and liberalise planning with ensuring controls on achieving good quality design and protection of the Green Belt as these can so often be the areas which cause much of the planning delay and the topics most likely to trigger a public response.

The Strategy makes it clear that there is a sense of urgency for these Investment Zones, seeking rapid expressions of interests from MCA and UTLA in potential areas for Investment Zones. Mention is made of 'local consents' being required, but it is not clear whether that will extend to the individual District Authorities where the Investment Zones will sit, and where the local planning policies, due to be liberated, currently apply. Subject to the detail coming in due course, District Authorities may find they have limited influence. This tension may hinder progress.

It identified that there is an opportunity to make changes to those applications already in the system, again demonstrating the desire to move quickly. More detail on this will be outlined in due course.

In practice, there are likely to be several hurdles to overcome when envisaging such significant changes to planning in these Investment Zones. These range from the introduction of new legislation, change to EIA Regulations, change to Habitat Regulations, change to the NPPF, streamlining the approach to consultation and change to the statutory consultee responses.

There is a question as to how well this will sit with the wider electorate who had previously been promised a less top-down approach. However, we do know that making amendments to the planning system is much easier to talk about than to actually deliver.

What about different types of Investment Zones?

On the other side of the equation, the type of Investment Zone will have a real impact on the types of uses that will materialise.

An enterprise zone type structure will encourage more office based occupiers whereas a freeport type structure will encourage manufacturing type occupiers. What has always been a challenge in the past is the level of local retention and the time period for which business rates can be retained. With the projects and areas listed, a 'one-size-fits all' type approach is unlikely to yield the best result.

The Stamp Duty Land Tax incentives, particularly for residential uses, needs to be carefully considered and promote the right type of residential uses that are required within these areas.

Will it really lead to change?

Hopefully. The renewed desire for growth and a willingness from the local area and the government for key areas will be a very positive impetus for change in some locations.

Those areas that have a clear plan and understanding of what is needed in their area to support growth, and deliver the necessary infrastructure, homes and jobs, will benefit. In other areas, there may be a reluctance to relinquish control over sites or concern about stakeholder views not being heard.

For some areas, to bring about clear benefits, there may need to be a cross authority area collaboration and a wider regional view. In areas with combined authorities, this coordination might be there, albeit it may not currently include planning powers. However, this is not the case in all areas and voluntary cooperation remains challenging.

More detail to come - what to watch out for and key issues

We know that more detail on planning is to come. There are some key areas where this detail will be critical to achieving a successful growth strategy, including:

- Tension over EU legacy regulations and the risks of legal challenges / Judicial Review.
- Design versus flexibility and streamlining planning as design is such an emotive issue.
- Will these changes to planning speed up the planning system as a whole, i.e. beyond Investment Zones, or just cause wider stagnation and delay?
- The lack of Local Planning Authority resources is recognised as one of the biggest causes of delay in the system and will remain a problem.
- Where do Investment Zones sit in the overall delivery of a new planning act which has been promised for years.

However, it would be great if these hurdles could be overcome and for planning to sit alongside the wider fiscal benefits to speed up growth for the Country.