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Planning. Design. Economics.

Positive Planning for Growth

What can planning do to stimulate economic growth?

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Structure

- Growth: Why? and where will it come from?
 - Policy
 - Drivers and Locations
 - What drives investment decisions?
- What can planning do?
- Conclusions

Growth: Why? and where will it come from?

Amid a difficult climate, policy reform has put economic growth firmly at the heart of the planning agenda

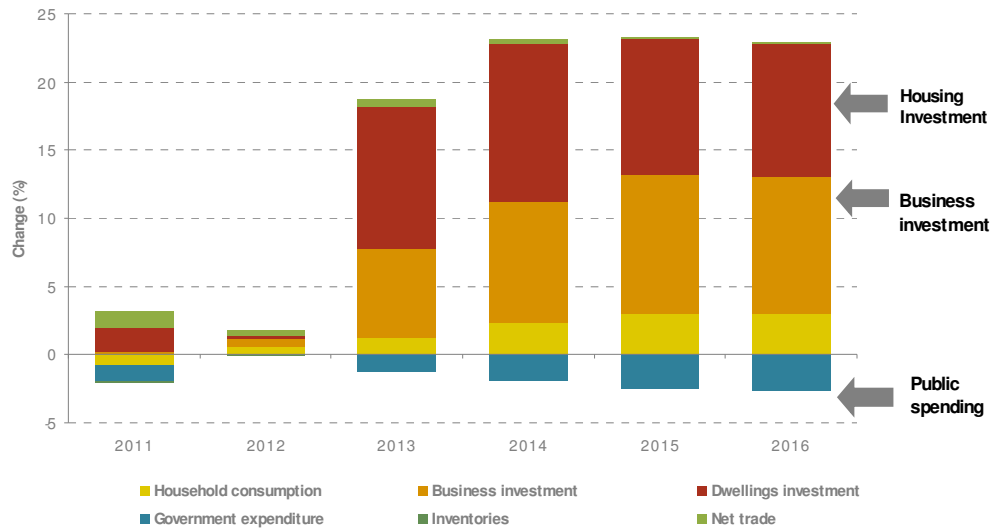
*“The Government is committed to ensuring that the **planning system does everything it can to support sustainable economic growth... Planning should operate to encourage and not act as an impediment to sustainable growth....significant weight should be placed on the need to support economic growth through the planning system**”*

*“To help achieve economic growth, local planning authorities should **plan proactively to meet the development needs of business and support an economy fit for the 21st century**”*

NPPF (March 2012)

- Localism =
 - more opportunity to think locally about how positive and proactive planning can support growth
 - greater incentive for local authorities to achieve economic growth aspirations

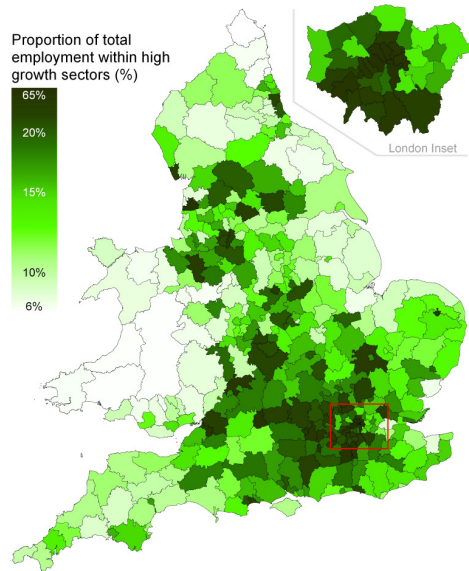
GDP growth: driven largely by business and dwellings investment....



Exporting our way into growth

- Current representation of 5 key export-led growth sectors identified by the Budget 2012 that will drive future economic growth....

Advanced Manufacturing Design and production of high value, high technology products
Digital and Creative Media Development of intellectual property in industries such as advertising, architecture, design & software development
Energy Production, refining, distribution and sale of energy
Life Sciences Branches of science that deal with living organisms and their organisation
Professional and Business Services Including legal, finance, real estate and telecommunications



'Open for Business': What drives investment decisions?

	Critical factors
People	Proximity to skilled workers Labour productivity & flexibility
Place	Quality of life/amenities Accessibility/transport Infrastructure Opportunity for development/expansion
Business	Supply chains Customers Clusters and competitive advantage

Confidence in a location as
a place to do business

Business investment is not a zero sum game...decisions are often complex and there will always be an alternative...including 'do nothing'



What should planning do?

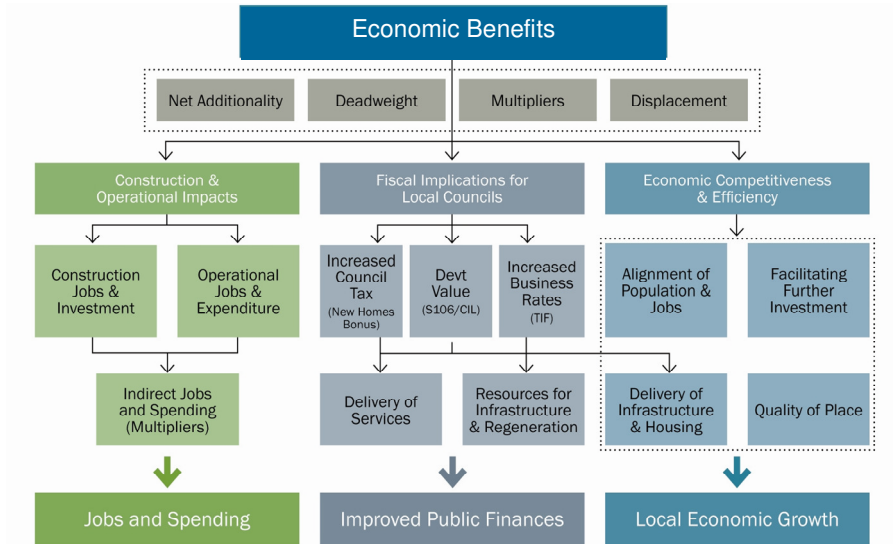
What should planning do?

1. Planning positively
2. Planning for employment land
3. Recognise economic value in all land uses
4. Niche-sectors and special cases
5. Recognising the economic role of housing
6. Duty to cooperate

1. Planning positively... messages, the evidence and a state of mind

- Messages to the market:
 - 'Open for business'?
 - Understanding the climate?
 - Consistent and clear corporate message?
 - Attaching value to growth and jobs?
 - Recognise uncertainty: Create opportunities / reduce risks
- Understand the economic side of the equation:
 - Planning balance
 - Sustainable development
 - Financial considerations
- Defining and describing the future economic role of localities – as places to live and work
 - will my area be able to compete in 20 years?

1. Planning positively... are you being given evidence on the full economic contribution of development?



1. Planning positively... the counterfactual

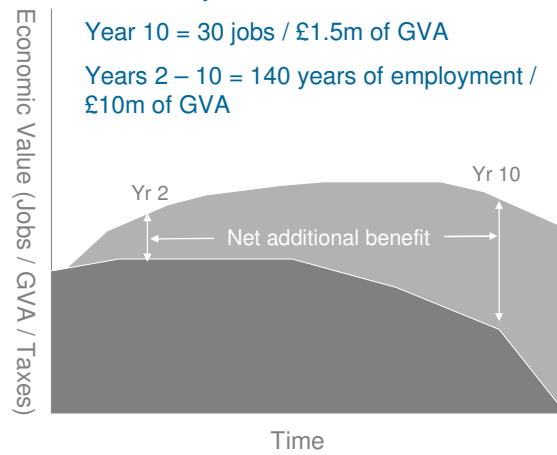
- The cost of doing nothing
- Recognising future growth potential

Net additional benefit:

Year 2 = 5 jobs / £250K of GVA

Year 10 = 30 jobs / £1.5m of GVA

Years 2 – 10 = 140 years of employment /
£10m of GVA



1. Planning positively... looking beyond employment

- More than just quantity of local jobs
- Thinking about wider contributions of business growth, e.g.
 - 'a few low quality jobs'? or 'gateway' entry to labour market
 - Retaining productive capacity in UK economy
 - Growth in productivity
 - Maintain competitiveness
 - Deliver profitability
 - Taxes
 - Returns to shareholders
 - Pension returns
 - Investment
- National policy imperative and a sustainable economic future

2. Planning for employment land

- A longstanding component of planning but with new emphasis...

Implications of the NPPF

Plans should meet objectively assessed **business needs** and respond positively to wider opportunities, taking account of **market signals**.

Focus on **positive** and **proactive** measures to support growth, including making specific provision for local and **inward investment** (criteria or strategic sites).

Flexibility is needed to cater for changing circumstances and **new or emerging sectors/clusters**. Maximise prospects for catering for growth, not just a 'predict and provide' approach.

Planning should avoid protection of employment land and buildings that have **no reasonable prospect of economic development use**.

Practical approaches to **bring forward and unlock** the job generating capacity of employment sites

3. Recognise economic value in all land uses

- Recognise the value of 'non B Class' employment (e.g. retail, construction, leisure uses etc)
- The Non B sector is significant, representing over 55% of workforce jobs and steadily increasing but is not always effectively integrated in planning
 - Provide and protect the right mix of space for non B Class uses
 - Regard and react positively to proposals, recognising the potential benefits such as value/fit of jobs within local labour market
 - Set land use priorities for Non B uses, and adopt consistency when implementing these
 - Better integrating demand for Non B sectors into spatial planning policy framework
 - Non B development to unlock employment sites?

4. Harnessing / supporting niche sectors and other uses

- Plan positively for niche sectors and 'special cases' (such as airports, theme parks, motor racing circuits etc)
- These may be a cluster of businesses/economic activities that:
 - aren't significant in scale or value now
 - may be seen to generate problems, or
 - don't align well with local planning policy
 - (May not even be strictly legal)
- Rather than ignoring these niche activities, can planning embrace them to think creatively about how their value and benefits could be harnessed / maximised:
 - Recognise the important and valuable role they may play (jobs, income, expenditure, infrastructure and public services)?
 - Incorporate into local policy, to ensure they receive the status and recognition needed?
 - Use growth to help ameliorate their impacts?

5. Recognising the economic role of housing

- Structural importance to the economy
 - Growth in investment in housing is worth 40% of forecast national GVA growth to 2016
 - Structural shortage of housing has profound impacts on stability, household finances, and labour mobility
- Within an era of Localism, Local Authorities have responsibility to adequately plan for housing at the local level
- The challenge is therefore to:
 - Recognise the local importance of housing and changing demographics
 - Gather robust and sound evidence to inform decisions on housing
 - Understand the relationship between local economic growth and housing
 - And put in place a positive planning framework to achieve this
- Objectors are on to this and challenging emerging plans on this basis

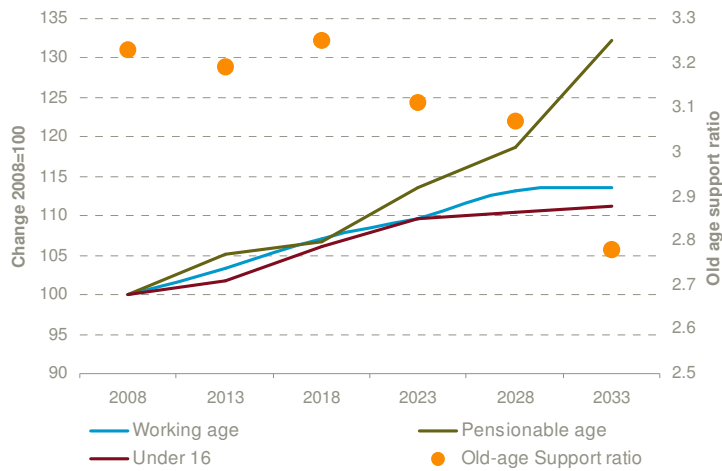
5. Additional economic benefits (each year) if each region increased housing supply to meet projected h/h growth

Region	Annual deficit of new homes (2010-11)*	Additional Employment		Additional Net Resident Expenditure p.a.	Additional New Homes Bonus p.a.	Additional Council Tax p.a.
		Construction Jobs (direct & indirect) p.a.	Construction GVA p.a.			
East	18,400	4,700	£252m	39m	£22m	£25m
East Midlands	12,500	3,400	£168m	26m	£15m	£17m
London	17,500	3,600	£336m	37m	£28m	£24m
North East	4,200	1,400	£73m	9m	£5m	£6m
North West	13,100	4,300	£230m	28m	£16m	£18m
South East	19,000	4,900	£355m	40m	£27m	£26m
South West	14,300	5,700	£308m	30m	£17m	£19m
West Midlands	9,600	2,500	£140m	20m	£12m	£13m
Yorkshire & Humber	18,800	6,000	£360m	40m	£24m	£25m
England	127,000	36,000	£2.2bn	268m	£166m	£170m

* Represents the difference between CLG projected increase in households and actual dwelling completions

5. Planning for housing will need to respond to changing labour force and demographic trends

- National projections indicate fewer working age and more elderly people, particularly from 2026

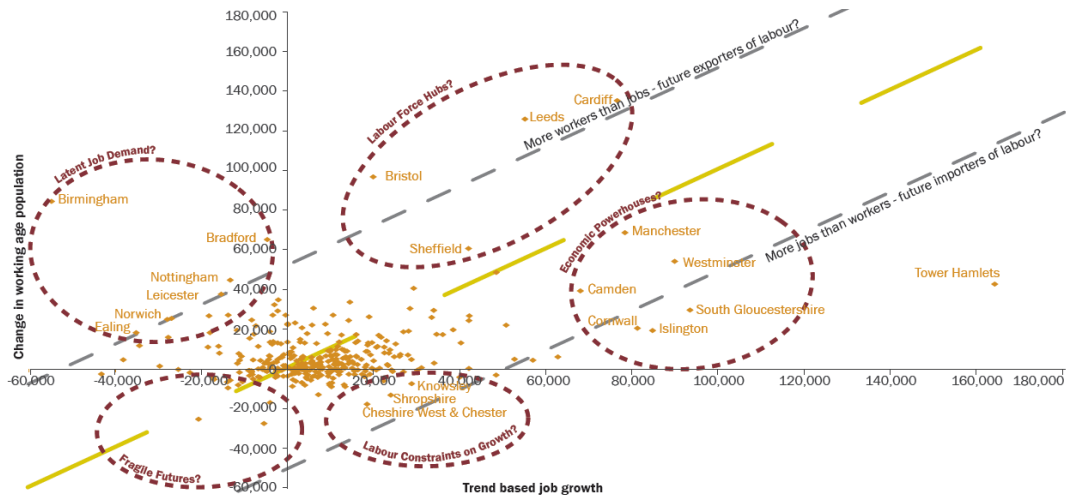


Local planning issues:

- Can businesses find people to occupy jobs?
- Who will provide health and care for elderly residents?
- Families to sustain local shops and services, including schools, in settlements

5. Localism puts alignment between housing and economic growth ambitions under the spotlight

...with some areas needing to take action to align economic change with housing provision...



6. Securing positive planning through the duty to cooperate

- Healthy local competition between places?
- Or a race to the bottom in pursuit of growth?
- Focus on outcomes not process
- The importance (and national benefits) of complementary approach to positive planning
- Recognising:
 - Different roles of places within business and labour market areas
 - Flexibility and the scope for places to compete, as sectors change and business operations consolidate, often with a pan-regional or national horizon

Conclusions

- Economy is fundamental component of sustainable development and vital to securing outcomes for local residents
- Economic growth cannot be taken for granted
- NPPF and Localism change the game for planning for economic growth
- Planning isn't the only factor relevant to Growth, but it does have a vital role to play if it thinks laterally and takes a positive approach...
...recognising every locality has different opportunities and constraints at the local level



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