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Dear Sir/Madam

PLANNING FOR THE FUTURE: WHITE PAPER

England's Economic Heartland (EEH) brings together Political and Business leaders in a pan-regional strategic partnership, one that has a specific focus on the planning, development and delivery of strategic infrastructure.

Its membership stretches from Swindon to Cambridgeshire and from Northamptonshire to Hertfordshire, and includes the area identified by Government as the Oxford to Cambridge Arc.

EEH was established 6 years ago by the leaders in recognition that:

- Strategic infrastructure issues (and solutions) extend beyond any one single area
- Issues that are common to one or more areas can benefit from a co-ordinated response
- Need for stronger alignment and integration of investment by Government, its agencies, local authorities, as well as infrastructure and service providers.

Central to the work of EEH is our understanding that a modern economy requires consideration of strategic infrastructure in the round, that any consideration of strategic transport infrastructure also requires consideration of digital infrastructure, and indeed our utility infrastructure (energy and water supplies).

In addition to its role as the Sub-national Transport Body (STB) for the Heartland, EEH's work includes consideration of these wider strategic infrastructure linkages. Its pioneering work on Pathways to Decarbonisation – commissioned from the University of Oxford using the National Infrastructure Systems Model (NISMOS) – has served to emphasise the critical importance of aligning investment decisions across the full range of wider strategic infrastructure.

The package of proposals for reform of the planning system has consequences for the planning, development and delivery of strategic infrastructure in support of planned growth. Specifically the proposal for land use designations to have deemed planning consent emphasises the critical need to simplify the process, accelerate decision-making and give greater certainty on funding when it comes to strategic infrastructure.

Planning, Developing and Delivering Strategic Infrastructure

The current experience of infrastructure owners (both public and private sector) when it comes to the planning, development and delivery of strategic infrastructure, is one of complication, time-consuming processes and uncertainty.



The current approach fails to enable infrastructure owners to take account of the synergies between investments in individual networks – for example, improvements in digital connectivity are significantly cheaper if planned and delivered alongside investment in major transport infrastructure. Indeed investment in digital connectivity has the potential to change the nature and scale of investment that is needed in the transport system.

In order to ensure that planned growth is enabled by the timely delivery of strategic infrastructure, it is therefore essential that the proposed reforms for Local Plans are complemented by a similar simplification of the regimes governing strategic infrastructure.

Those reforms must improve the alignment of investment decisions across policy areas in support of delivering an agreed strategic outcome.

Whilst the case for these reforms arises in the context of the proposed changes to the planning system, they are in fact issues that have required resolution for some considerable time.

The work of EEH as a pan-regional strategic partnership (including its role as STB) is focused on the consideration of strategic, cross boundary, infrastructure issues at scale.

Through the development of the Investment Pipeline EEH has worked with its partners to consider the implications of planned economic and housing growth and identify the strategic infrastructure required to enable it. The Investment Pipeline is thus evidence-led and reflects the agreed strategic outcome for the region: to realise the region's economic potential and achieve net zero carbon no later than 2050.

As the STB for the region, EEH ensures the infrastructure requirements identified in the Investment Pipeline are reflected in the detailed investment programmes of national agencies, including programmes such as Highways England's Road Investment Strategy and Network Rail Long Term Planning Process.

In this way EEH provides an effective mechanism for identifying the strategic infrastructure requirements that are cross-boundary in nature and in so doing establishes 'the need' for the infrastructure.

Strategic Infrastructure – Indicative Funding Allocations

Individually the Political and Business leaders comprising EEH are well versed in the need to prioritising potential solutions.

Experience shows that pan-regional strategic partnerships (such as STBs) are capable of prioritising infrastructure proposals within an indicative funding allocation. The discipline provided by having such an allocation encourages innovation in the use of the public sector funds available, and enables partners to seek to maximise the leverage from the private sector.

It is in this context that EEH recommends that STBs are provided with an indicative 10-year funding envelope for public sector investment provided by the Government. Such an approach will help ensure that the Investment Pipeline is affordable and aligned to the proposed 10 year land supply requirements set out in the Planning White Paper. The financial envelope should take the form of a firm commitment by Government to a 5-year funding settlement for the region, with an indicative settlement for years 5-10.

By developing the Investment Pipeline within an agreed financial envelope scheme promoters would be able to allocate the resources (staff and revenue funding) required to develop specific proposals with greater certainty and confidence. With 'the need' for the proposal established by its inclusion within the Investment Pipeline the development phase is simplified and risks to delivery reduced.

In this situation where a region wished to put forward an Investment Pipeline that is in excess of the indicative funding envelope it would have to identify the additional outcomes that any additional funding would deliver. This would provide the Government with the basis for taking an informed decision.

Following agreement of an Investment Pipeline, the Government should commit to simplifying the approval processes required to ensure that a proposal included in the Investment Pipeline can proceed to delivery with a clear, fast, and reliable consents process.



In addition, the Government should commit to placing a requirement on independent regulators to take into account the Investment Pipeline when determining future investment programmes for privately owned strategic infrastructure (e.g. utilities).

Funding for Local Infrastructure Needs

The proposal set out in the Planning White Paper to simplify the regime for securing developer contributions is supported in principle.

However, the proposal to charge it as a fixed proportion of development value above a set threshold will not address the fundamental issue – namely the value that is already embedded in a system, which reflects 'options' secured on land upstream of the development process.

That value is reflected in the balance sheets of potential developers and it is therefore difficult to see how the proposed change will unlock any additional value in the short/medium term.

As a result, any Infrastructure Levy rate should be set at a rate specific to that area, with the rate reflecting the level of infrastructure required to mitigate the impact of proposed development. That will in turn be a function of the scale of the infrastructure required and the cost of providing it. Both are functions specific to an area and should be evaluated as such.

Given the extent to which options already exist for land identified for development in Local Plans addressing this particular issue will take time unless the Government is prepared to intervene and direct the re-evaluation of 'options' already secured by developers on land for development.

It is noted that the White Paper proposes that the new Infrastructure Levy should only be applied above a value-based minimum threshold. This approach runs the risk of continuing the current situation where the developer is able to cite concerns about viability as a means of reducing the contribution towards delivery of local infrastructure. As a consequence many development proposals fail to provide an appropriate contribution towards the local measures required to mitigate their impact. A particular concern is the reduction in affordable housing that typically takes place as a consequence of this line of argument.

Given the critical importance of ensuring that any new development contributes towards addressing the impact that it has on the local community it is recommended that there should be no minimum threshold for the new Infrastructure Levy.

Funding and Financing

The proposal within the White Paper to enable local authorities to borrow against the Infrastructure Levy raises questions in respect of funding and financing of any such investment.

In developing the detail of the new Infrastructure Levy it will be necessary to consider the extent to which the Government would need to underwrite loans secured against future funding captured through the Infrastructure Levy. A particular concern exists with regard to medium/large development proposals – those which are typically built out over an extended period of time.

In borrowing against future revenue (secured through the Levy) the local authority would become dependent upon the actions of the developer. A delay by the developer in taking the proposal forward as planned could result in the local authority incurring unexpected and unavoidable additional costs. Natural variations in the economic cycle could further increase the exposure of the local authority.

For borrowing against the Infrastructure Levy to become an attractive option for local authorities they would need to have certainty about the income stream. They would also need to have clarity on how the financing of any borrowing take on in these circumstances would be taken into account in local government finances, including those areas which remain two-tier.

Such considerations are all the more pressing given the continuing pressure on local authority budgets



Wider implications of Land Use Planning Decisions

In taking forward its proposals the Government needs to give further consideration as to how the implications of different land use proposals on a particular site are taken into consideration.

For example, the infrastructure requirements associated with an industrial development would be very different in scale and nature compared with those if the same site were used for residential purposes. The flexibility associated with the proposed land use categories could introduce a level of uncertainty that currently does not exist at the plan making stage: an uncertainty that further reinforces the need to address the issues raised in respect of local authorities potentially borrowing against the Infrastructure Levy.

Establishing and Enabling Growth

The White Paper proposals in respect of 'growth areas' or 'renewal areas' will need to be supported by a commitment by Government that it will ensure any enabling strategic infrastructure is delivered to an agreed timescale. For example, where a local authority identifies sites for growth that are dependent upon the delivery of investment in either the Strategic Road Network and/or the heavy rail sector, the Government would need to ensure it enables Highways England and/or Network Rail to plan, develop and deliver said investment to schedule.

It is important to acknowledge that use of a standard method for establishing housing requirements is likely to perpetuate existing patterns of development: it is also likely to perpetuate the assumption that realising economic growth is dependent upon improved physical connectivity. As recent experience has shown, significant sections of the economy are able to be successful through use of remote working. With many businesses actively considering whether activities need to be centred on a fixed location, so there may be opportunities to support the Government's commitment to 'levelling up' by improving digital connectivity nationally.

There are wider opportunities for the economy and the distribution of growth arising from the continued growth in e-commerce and use of remote/flexible working and these need to be reflected in policy choices taken at the national level.

Use of the Nationally Significant Infrastructure Projects regime

EEH has previously set out to MHCLG officials the potential to utilise the existing legislative framework for Nationally Significant Infrastructure Projects to accelerate the planning, development and delivery of infrastructure.

Our work – which benefited from the advice of senior Counsel - demonstrated that it is possible to use the work of pan-regional partnerships (such as STBs) to develop an evidence-led Investment Pipeline as the basis for establishing 'the need' for infrastructure. Having established 'the need' in this way, the development and delivery of specific proposals would benefit from the certainty associated with the NSIP regime when it comes to timescales. The added value of applying the existing legislative framework in this way would be that it offers a practical and viable way of aligning investment in wider strategic infrastructure in support of an agreed strategic outcome.

Duty to Cooperate Requirements

The White Paper acknowledges the need for further consideration to the way in which strategic cross-boundary issues, such as major infrastructure, can be adequately planned for.

Strategic infrastructure should indeed be a consideration for local authorities when developing their Local Plans. For example, the commitment given by the Government to delivering East West Rail provides local authorities with the confidence to take the availability of the rail corridor into account when considering the growth options for their area.

The role of STBs in preparing an evidence-led, prioritised Investment Pipeline should be used to establish 'the need' for the infrastructure. Knowing that the Investment Pipeline is



affordable (having been prioritised within an indicative funding allocation) this would enable local authorities to plan with greater certainty, confident that the infrastructure will be delivered in a timely manner.

Supporting Decarbonisation and Wider Sustainability

Through its Transport Strategy England's Economic Heartland has adopted evidence-led pathways for achieving net zero carbon no later than 2050

The output of this work, commissioned by EEH from the Universities of Oxford and Southampton, ensures that the Transport Strategy sets out the policy framework within which detailed planning can be taken forward by local authorities.

Delivering on these pathways will require a co-ordinated approach between transport, land-use planning and wider strategic infrastructure planning.

In taking the proposals set out in the White Paper forward there will be a need to ensure that the scale and distribution of future development is consistent with the legal requirement to achieve net zero carbon emissions no later than 2050.

In this context it is essential that proposals remain the subject of a robust and transparent appraisal process that enables their consistency with sustainable growth to be examined and assessed. Simplifying the appraisal process and replacing it with a single test of sustainability would be a backward step.

The Government's objective to simplify and accelerate the processes that enable the planning and delivery of planned growth are to be welcomed. However it also requires a similarly focused approach as to the need to simplify the planning and delivery of strategic infrastructure upon which such growth is dependent.

One of the principle – and long-standing - challenges associated with strategic infrastructure is the need to align the decision making and investment programmes of a number of Government departments in support of a single agreed outcome.

The added value of pan-regional strategic partnerships (such as England's Economic Heartland) is the ability of its Political and Business leaders to bring their consideration of strategic infrastructure issues together into a single conversation, one that ultimately is grounded in their understanding of what is required to support place-making.

It is on that basis that we would welcome the opportunity to work with the Government as it looks to take forward its proposals for planning reform, and in particular to ensure that the required reforms to the planning, development and delivery of strategic infrastructure are delivered in parallel.

Cllr Martin Tett
Chair, England's Economic Heartland

