

**SOUTH EAST ENGLAND COUNCILS - PLENARY MEETING**

Date: 25 March 2010

Subject: **Consultation Response to the Conservative Party's Proposals for Planning and Economic Development**

Report by: Chris M Williams - Chairman of LACE Group

**Recommendation**

The South East England Councils is recommended to:

1. Reaffirm its commitment to continue to work together as a Voluntary Regional Association to act as the democratic voice of all local authorities in the South East
2. Submit the views set out in Section 3 of this report in response to the Conservative Party's Planning Green Paper "Open Source Planning".
3. Establish a small cross-party working group of members to meet with the Board of South East England Development Agenda (SEEDA) to explore options for the future arrangements for economic development, and to report back.

**1. Introduction**

- 1.1. Clearly, there is much uncertainty about the future of regional planning and economic development, particularly if there is a change of Government this year. The Local Democracy, Economic Development and Construction Act now formally provides the legal framework for new regional arrangements and the preparation of a Regional Strategy via the South East Partnership Board.
- 1.2 Two key differences from the arrangements that previously existed are the fact that the role of local authorities is greater, and implementation and delivery are now key components of the Strategy. The latter is particularly important as it builds upon the existing opportunity that local authorities have (working collectively) to influence and shape Government expenditure through mechanisms such as the Regional Funding Advice.
- 1.3 Local authorities in the South East have agreed that there is significant added value to be achieved through working collectively. In particular there is a need to ensure that the voice of local authorities in the South East is heard loudly within Whitehall, and that the views of London and other regions do not override the views of South East authorities.
- 1.4 South East England Councils provides the mechanism for strong and collective political leadership across the South East; the importance of this has already been highlighted in some of the initial discussions that have taken place to inform the preparation of the South East England Strategy jointly with SEEDA. Those discussions have also served to emphasise the scale and nature of the challenge facing local authorities and delivery agencies, both in the short and longer term; a challenge that will exist irrespective of the outcome of the forthcoming election.

- 1.5 In February 2010 the Conservative Party set out plans for a radical overhaul of the planning system in a Green Paper - "Open Source Planning". A summary of the key points as they affect the forward planning system is attached as Appendix 1. In a speech to a recent Future of Planning Conference, the Shadow Planning Minister, Bob Neill made it clear that the Green Paper proposals are open to change and its purpose is "to have a conversation about how we can take this forward in practice".
- 1.6 More recently, in a letter (attached as Appendix 2), Caroline Spelman and Kenneth Clarke have set out proposals for the reform of Regional Development Agencies. The letter invites local authorities and businesses in a region to consider future arrangements, including the possibility of a regionally based local enterprise partnership.
- 1.7 It is clear from these two documents that the Conservative Party's policy approach is based on the principle of "localism" and that much of the current regional architecture will be dismantled. However, both stress that there is scope for continued voluntary arrangements at both regional and sub-regional level. SEEC therefore has an opportunity to set out its views as to how these arrangements might best work in the South East; so that it might influence the emerging policies of one of the main political parties, irrespective of the outcome of the forthcoming General Election.

## 2. SEEC as a Voluntary Regional Association

2.1 As the SEEC Business Plan identifies, there is a wide range of issues, other than planning and economic development, in which the 74 local authorities share a common interest. Irrespective of the outcome of the General Election there is much merit in SEEC continuing as a Voluntary Regional Association. It is a "wholly owned subsidiary" of local government and can act as the democratically representative voice of South East England. Without such a body the individual councils would risk losing out to other more organised areas in the rest of the country.

2.2 However, under the Conservative Party's proposals there are a number of specific issues where the local authorities would benefit from acting collectively:

- a) A new tier in the form of a **national planning framework** is proposed. This would set out the Government's environmental and economic priorities and how they relate to each other. It would also set out what was expected both in terms of the planning system and investment priorities to deliver this. A national planning framework is likely to set out national spatial priorities for development and infrastructure; and provide a framework for investment priorities, particularly for national funding priorities.

Ensuring that a national planning framework properly takes into account issues of significance for individual and/or groups of South East local authorities will be important. Local authorities in the South East will be competing against the demands of strong city-regions, some of which will have their own statutory powers; with other parts of the country where local authorities have already decided to continue working collaboratively at the sub-national level; and with London where the Mayor already influences national decision making as a result of his statutory powers. South East England Councils could have a critical role to play in providing leadership on behalf of all local authorities.

- b) Local authorities will need to ensure that their **investment needs** are taken into account by national delivery agencies. This is currently achieved through the

statutory Regional Strategy and its associated Delivery Plan and through inputs to the Regional Funding Advice. Local authorities also need to ensure that there are opportunities to influence national expenditure on skills through the Regional Skills Strategy. The present governance arrangements that exist via the “delivery boards” have enabled the South East to achieve influence over decision making in Whitehall, for example over transport. The accountability provided by member-led structures means that decisions have been devolved bringing the ability to react more flexibly.

- c) **Relationship with London and adjoining areas** - one of the defining features of the South East is that it forms part of the Greater South East, which brings with it issues that directly affect many local authorities in the South East. With London having a strong mayoral system, local authorities need to be able to discuss/negotiate through some form of collective arrangement. Local authorities also need to be able to discuss/negotiate with European institutions. Recently South East England Councils have agreed that they wish to make more of the opportunity to engage with European institutions, particularly where this has the potential to bring additional funding for investment into the South East.
- d) **Relationship with other institutions, both Government and non-Government** - a critical factor in achieving sustainable economic growth is the need to engage with and influence Government and national delivery agencies. The inclusion of the Highways Agency, the Environment Agency, the Learning and Skills Council (and its successors) and the Homes and Communities Agency as part of the current working arrangements for the Partnership Board reflects the critical importance of more effective alignment of public sector interventions. Relationships with regionally organised bodies such as the CBI and IOD will also be important. There might also be opportunities as a consequence of cross border initiatives such as Multi Area Agreements, the possible setting-up of new Local Enterprise Partnerships. In both instances some form of overview or guidance at the sub-national level is likely to bring added benefits.

2.3 An important question is: what is the most appropriate boundary for the South East? Experience has consistently demonstrated that the geography at which partnerships need to operate will vary depending on the issue under consideration. The fact that South East England Councils membership reflects the boundary of the Government Office does not preclude other working partnerships being established on an as required basis. There are strong arguments for a greater South East (being the hinterland surrounding London) including parts of the current Eastern Region.

### **3. Planning Proposals**

3.1 The SEEC Executive considered a report prepared by the Local Authorities Chief Executives Group (LACE) on possible future arrangements for planning at its meeting on 22 January 2010, although this paper was prepared prior to the publication of the Conservatives’ Green Paper. The SEEC Executive agreed that these proposals should be discussed at this meeting.

### **3.2 Guiding Principles**

On the basis that further change in governance arrangements at both a national and sub-national level are a strong possibility following the next election (whoever wins) it is suggested that any proposal should be judged against the following principles:

- a) The scale and location of development should be driven “from the bottom up” taking into account the housing needs of the area, the need to promote economic development, to protect the environment and to ensure adequate infrastructure provision as efficiently and economically as possible. Whilst it should not be driven by top-down, centrally imposed targets, there does need to be a mechanism to ensure that sufficient housing is provided to meet the overall needs of the region.
- b) The existing powers of the tiers of local government should remain with Local Development Frameworks (LDFs), Economic Assessments together with the infrastructure responsibilities of upper tier authorities as the basic building blocks of any new system.
- c) There may be opportunities for effective sub-regional working beyond using fixed boundaries. Local authorities should explore working with neighbouring authorities (including those outside the South East region) in groupings which reflect the need to address particular issues. It is likely that any one authority could be party to a number of different sub-regional groupings as local needs dictate.
- d) At a regional level there is a need for a voluntary association of all of the local authorities. In terms of the role such an association could perform, at its minimum it would be to add up the impact of all the LDFs/Economic Strategies in the region and identify the strategic needs of the region, particularly for infrastructure investment. It could provide a useful framework within which discussion between local authorities on sub-regional groupings could take place.

### **3.3 Incentivisation and the Role of LDFs**

District and Unitary Councils are responsible for determining the level and location of housing to be provided in their areas, whilst Counties and Unitaries are responsible for minerals and waste planning, through LDFs. There is concern that insufficient provision will be made for new development, particularly for housing. The Conservative proposal is to incentivise District and Unitary Councils to provide for additional housing and commercial development by being allowed to keep the Council Tax and Business Rates base generated by new development for a period of six years. A major question is whether this is a sufficient incentive to ensure an appropriate level of housing and commercial development and how provision can be made for the services that are provided by County Councils in local areas. Nevertheless it is important that any new arrangements should be driven by local knowledge of the needs and opportunities in each area as well as the carrying capacity of the local environment and infrastructure.

### **3.4 Economic Development Assessments**

County and Unitary authorities are responsible for carrying out economic assessments, which will be the key to identifying the ingredients for economic success. They will produce an Economic Development Strategy for their area including the infrastructure and level of housing needed to support economic growth. Counties have a duty to work jointly with District Councils to produce such assessments and strategies. If such strategies were part of the statutory planning system they could provide a basis for determining community infrastructure levies (CIL/tariffs) or whatever arrangement supersedes this for providing a mechanism for ensuring that developer contributions can be used to fund essential infrastructure. The nature of the infrastructure needed should be set out in the proposed “Infrastructure Plans”.

### **3.5 Co-operation between County and District Councils in Two-Tier Areas**

The level and location of housing to be provided in each area should take account of the level and types needed to meet local housing needs and to support economic growth whilst protecting key elements of the local environment. Given that Counties have a duty to work jointly with Districts in producing economic assessments, the converse of this should be true in that Districts should co-operate to provide for the economic needs of their areas. This could also extend to co-operation between County and District Councils in the preparation of LDFs so that due weight is given to the housing needs of the area to support economic growth as well as the requirements for infrastructure investment. The Planning Green Paper proposes a 'duty to co-operate' although it is not clear how this will be enforced.

### **3.6 Sub-Regional Working**

Some issues require several local authorities to work together across administrative boundaries. Examples include the PUSH area and MKSM, which have developed bespoke governance arrangements. These might be built on functional economic areas or arise from a shared approach to resource use and service provision. There are already a number of examples where an individual local authority is participating in a number of different sub-regional groupings to tackle different issues. Therefore, a "one size fits all" approach of pre-determined sub-regional boundaries may not suit all areas. The development of a multi-layered approach is arguably more likely to meet local needs.

### **3.7 Economic Policy**

The Regional Development Agencies are to be reformed and the responsibility for determining economic policy and its implementation given to new local enterprise partnerships. In the spirit of localism, however, responsibility should be delegated to individual County and Unitary authorities, groups of such authorities or to economic partnerships where they exist. It should be for individual local authorities to determine the most appropriate mechanism.

### **3.8 A Region-wide Approach to Planning and Economic Development**

There is a strong case for local authorities in a region to come together in a voluntary arrangement to carry out planning and economic development activity at a region-wide level. Such an approach would fit well with the Conservatives' principle of "localism". There are two broad options for the nature of this activity and it should be for the local authorities in a region, through a body such as SEEC, to determine which approach to adopt:

- a) It could adopt a REACTIVE approach to planning and economic development at a region-wide level. Under such a minimalist approach it would assemble information from the LDFs/Economic Strategies and identify the strategic needs of the region, particularly for infrastructure. It would then press Central Government for the necessary support for implementation.
- b) On the other hand it could adopt a more PROACTIVE approach and produce a regional Development Framework, which would set out the broad structure of the region - identifying those areas for regeneration, those which are over-heating, together with the priorities for regional infrastructure provision. It could also provide

guidance on the overall level of housing provision that may be needed and the role different parts of the region should be expected to play, having regard to environmental constraints, economic and skills needs, and infrastructure capacity. Such an assessment of the level of housing provision would be based on a bottom-up assessment and an overall decision reached by consensus.

Such a framework would help to ensure that the economic needs of the area (including an appropriate level of housing and infrastructure provision) are met and it would also provide a framework for discussions between individual authorities and different sub-regions. Such a framework would help to ensure that one council's decision on not matching employment growth in their area with housing provision could lead to unacceptable consequences for surrounding authorities and on environmental and infrastructure issues in their own area.

#### **4. Strengthening Local Economies**

- 4.1 The letter from Caroline Spelman and Kenneth Clarke (Appendix 2) sets out the Conservative Party's proposals to reform Regional Development Agencies. They propose giving power to local authority and business leaders to replace RDAs with local enterprise partnerships. These partnerships would work together to take the lead in promoting local economic development and regeneration, working to local priorities, not national policy.
- 4.2 It is proposed that the boundaries of local enterprise partnerships would reflect natural economic areas. If local authorities and businesses in a given region decide that the current regional boundary reflects this local economic area and decide to form a regionally based local enterprise partnership this would be accepted.
- 4.3 It is not clear at this stage the basis for determining "natural economic areas" in a region as complex as the South East, nor what responsibilities such organisations might have. It is possible that there could be up to 30 local economic partnerships in the South East. It may also be appropriate for some functions, eg inward investment, to be managed on a region-wide basis.
- 4.4 However, it is clear that the Conservative Party intends that these arrangements will be determined jointly between local authorities and business leaders. At present SEEC, through its Leaders' Board, has established a good working relationship with business leaders through SEEDA. It is suggested that SEEC should establish a small cross-party working group to meet with SEEDA to explore these issues further.

## Open Source Planning: Conservative Green Paper

### Summary

The Conservative's proposals, published in February 2010 set out plans for a radical overhaul of the planning system to meet the objectives of the Conservative's 'Localism Agenda'. Key proposals included are:

- Introduction of a 'national planning framework'
- Abolition of the regional planning tier
- Introduction of 'voluntary' Infrastructure Plans, prepared by county/unitary councils
- Replacement of Local Development Frameworks with Local Plans, based on community level requirements.

### General

The changes being proposed are firmly based on a 'community-up' led planning system guided by a light touch national policy framework. It would radically overhaul the current system at every level (piecemeal change is not seen as an option) and would require a significant change in culture across all sectors of the development industry, the community and local authorities. The new system would be guided by the following principles and proposals:

- It new system would be based on the concept of '**Open Source Planning**' – which means that it is transparent and flexible and is responsive to local needs/requirements i.e. 'one size doesn't fit all'. The three key tenets of this are:
  - Restore democratic and local control over the planning system
  - Rebalance the system in favour of sustainable development
  - Produce a simpler, quicker, cheaper and less bureaucratic planning system
- The aims of the proposals are rooted in a notion that **civic engagement and collaborative democracy** would help reconcile conflicts between economic development and quality of life. All local authorities and other public bodies would be given a '**Duty to Cooperate**' when preparing local plans and Infrastructure Plans.
- A '**presumption in favour of sustainable development**' would be introduced – i.e. the expectation is that any development would be given planning permission provided it meets certain requirements like local plan policy, national policy, environmental standards etc.
- There would be no statutory plans/strategies between national and local level.

### National Level

- A new 'simple and consolidated' **national planning framework** will set out national economic and environmental priorities, replicating the Scottish and Welsh systems. It is not clear who would do this but if it is likely that this would be prepared by Central Government, if following the Welsh and Scottish systems.
- The expertise from the newly set up independent Infrastructure Planning Commission (IPC) would be retained but would be moved into the Planning Inspectorate (Major Infrastructure Unit) and the democratic input to the decision-making would be strengthened, via final – time limited – approval by Ministers. The IPC was established to consider major infrastructure proposals in line with a new set of National Policy Statements covering things like energy, ports, airports.
- Private or hybrid Bills would be used to promote very major linear projects e.g. high-speed rail

- There would be a reduced number of national policy guidance notes. Although the current government has promised to significantly rationalize these, this has never happened.

### Regional Level

- All **regional planning bodies, strategies** and nationally/regionally imposed targets (e.g. housing requirements) **would be scrapped**. This will be done through a first year 'Local Government and Housing Bill' which will cover a wide range of things.
- The paper outlines proposals for managing the transition period which includes the possibility of using Secretary of State powers to revoke all or part of Regional Spatial Strategies (e.g. South East Plan) prior to legislation - see below under 'local level'.

### Sub-regional Level

- Upper tier authorities (county/unitary) would be encouraged to take a strategic view and lead role in preparing **Infrastructure Plans** – these would not be prescribed by central government and would not have any statutory status.

### Local Level

#### (i) Local Plans

- LDFs would be replaced by local plans which are to be developed from the bottom-up – 'neighbourhood' level – through '**collaborative democracy**' (**active citizen participation**) and within a national policy framework.
- The intention is to legislate to ensure that all new **local plans are prepared within a prescribed period**. If a local plan fails to be prepared within that period, the planning authority would be deemed to have an entirely permissive planning approach.
- The current authority given to planning inspectors over the LDF system would be changed so that **final 'sign-off' of the local plan would be by the local authority**. However, any breaches of national planning policy or process would be reported to the Secretary of State who would have ultimate authority over the local plan.
- Transitional arrangements would be put in place to allow local authorities to review parts of their existing LDFs and change any unwanted policies imposed by Regional Spatial Strategies.
- Housing numbers put forward by local authorities in the first stage of RSS (i.e. draft submission stage) would be used as baseline for discussions with neighbourhoods when starting work on local plans.
- It is likely that 5 year housing land supply would continue to be used as 'good practice'.

#### (ii) Development management

- The **Use Class Order** would be amended to allow any use of land and buildings allowed in the local plan - **Flexible Zoning**.
- A '**third party right of appeal**' would be introduced to allow Local residents to appeal against planning permission but only in two cases; where the process has been abused or the local plan policies have not been followed.
- **Immediate neighbours** (which includes Parish Councils) – if a development meets sustainable development requirements and the majority of neighbours do not object, planning permission is automatic (under the presumption in favour of sustainable development). However, if more than a small minority (to be defined) of neighbours in the immediate vicinity of a new development raise any objection, then this presumption will no longer apply and the application must be formally assessed by the LPA.



## **Housing**

- The approach to council tax matching incentive outline in the Conservative's Green Paper on Housing is confirmed.
- Individual communities would be able to bring forward small developments within their own area on a limited basis outside of the normal planning process by creating **local housing trusts**.

## **Affordable Housing**

- Local authorities would no longer be required to have affordable housing targets.
- All affordable housing units would qualify for enhanced council tax incentive scheme. They would also be exempt from contributions towards the replacement for S106/CIL – see below.

## **Planning Obligations**

- Although the principle of developers contributing to community costs is seen as sound, the Community Infrastructure Levy (CIL) currently being implemented by the government and the extended use of S106 agreements are not supported. S106 would be restricted to their original use and CIL would be scrapped and replaced by a single unified local tariff. Local tariff rates would be set by local authorities and set out in local plans – these are already in operation in a number of parts of the South East.

## **Other Issues**

There are a number of other specific issues addressed in the Green Paper, including wind farms, garden land, schools planning, mobile phone masts, retail development, minerals and gypsies and travellers.

March 2010

**CAROLINE SPELMAN MP and RT. HON KENNETH CLARKE MP**



**HOUSE OF COMMONS  
LONDON SW1A 0AA**

Dear Colleague

**Strengthening local economies**

Last year we set out our policy for strengthening local economic development in our paper *Control Shift*. In line with our commitment to review detailed aspects of implementation we thought it would now be helpful to confirm the key elements of our policy.

The Regional Development Agencies (RDAs) are the remains of John Prescott's failed experiment of regional government. Since they were formed in 1999 they have spent £17 billion, yet the gap between the greater south east and the rest of the English regions has widened. So, whilst we recognise the RDAs have had some local successes, we believe that the current arrangements can be improved. The Government has tacitly admitted this by deciding to cut RDA budgets by £300m last year.

We want to strengthen local economic development and urban regeneration. We need organisations involved in delivering economic growth to be at their most efficient and entirely focused on helping businesses, creating jobs and delivering regeneration.

We have already pledged to hand housing and planning powers back to local planning authorities.

We also want to see lines of accountability for development bodies going to local government and the local business communities, but equally we need to re-establish clear national leadership for key business policies. So, for example, we will overhaul small business support and we will end the counter-productive competition overseas between UK Trade & Investment (UKTI) and English RDAs.

We intend to strengthen local economies by enabling business and elected local authorities to come forward with proposals for new local enterprise partnerships to replace the regional bodies.

The boundaries of local enterprise partnerships will reflect natural economic areas. If the local authorities and businesses in a given region decide that the current regional boundary reflects their local economic area and decide to form a regionally based local enterprise partnership, then, in line with our principle of localism, we will respect their view, under the new arrangements.

Business will have a strong voice under the new arrangements. At least fifty per cent of the boards of the new partnerships will be representatives from local commerce and industry and a leading local business person will chair each new partnership.

We are drawing up detailed plans which will ensure that the transition to local enterprise partnerships will be smooth, allowing for the appropriate fulfilment of ongoing projects, grants and contracts, including projects which also draw on EU Structural Funds.

In London, the LDA is different to other RDAs. It is funded centrally, but run by the elected Mayor. For this reason we believe it is for the Mayor and not Whitehall to determine the future of the LDA.

Alongside our proposals to provide new financial incentives, such as the Business Increase Bonus, we believe this policy will represent a new deal for local regeneration and economic development: namely locally-led agencies working in real economic areas, which bring business and civic leaders together in focused effective partnerships.

Yours ever



Caroline Spelman MP



Rt Hon Ken Clarke MP

Q&A

### **1. Are you scrapping our RDA?**

We want to reform the system, not scrap it.

That's why, for example, we're going to give housing and planning powers to your local council, instead of a regional body. That's also why we will give power to local authority and business leaders to replace RDAs with local enterprise partnerships.

These partnerships will work together to take the lead in promoting local economic development and regeneration, working to local priorities, not national policy made in Whitehall.

### **2. Can we keep our regional agency?**

We want to re-focus regional economic agencies back onto the things that matters, namely renewing local economies.

So, we will reform the system by enabling your local councils to replace the existing agency with a new partnership between themselves and local business, to focus on things like regeneration and jobs. This will mean elected councils and local businesses deciding local economic priorities.

Secondly, the boundaries of the partnerships will reflect natural economic areas. If a clear majority of local authority and business leaders decide that the current boundaries of their RDA genuinely reflect their local economic area, then we will respect their view, under the new arrangements.

### **3. What will your policies mean for our area?**

A genuine partnership between local councils and businesses, focused on producing and then implementing a clear strategic plan for the regeneration and economic development of your area. We are also giving councils new powers over planning and housing, alongside new financial incentives to promote new business and jobs.

So national economic priorities will be handled in Whitehall, but local economic development will be decided locally.

### **4. Will business have a say?**

Yes, local businesses will have a strong voice under the new arrangements. At least fifty per cent of the boards of the new partnerships will be representatives from local commerce and industry and a leading local business person will chair each new partnership.

### **5. Why should business have so much power?**

We think local businesses have the experience and knowledge needed to help promote local economies. They will have to work in partnership with local councils and this will strengthen their accountability.

### **6. Will we lose our money?**

We have no intention of renegeing on current commitments. We are drawing up detailed plans which will ensure that the transition to local enterprise partnerships will be smooth, allowing for the appropriate fulfilment of ongoing projects, grants and contracts, including projects which also draw on EU Structural Funds.

Equally, the new partnerships will retain local discretion over funds secured from Whitehall. So under a Conservative Government local people will decide how best to spend the money they secure, to tackle local priorities.

We are also providing new local financial incentives to councils. First a new Business Increase Bonus, whereby above average additional business rate revenue from new business activity in your area, will be retained for six years, by the relevant local council. This could create substantial local funds to meet local needs. Second, we will give councils complete freedom to offer local business rate discounts, funded locally. This could really help run down areas or high streets.

### **7. Why is London being treated differently?**

The London Development Agency is unique – funded centrally, but run by the elected Mayor. For this reason we believe it is for the Mayor and not Whitehall to determine the future of the LDA.