

BARKER REVIEW OF LAND USE PLANNING

DRAFT RESPONSE PREPARED ON BEHALF OF PRUDENTIAL PROPERTY INVESTMENT MANAGERS

The following submission is made on behalf of Prudential Property Investment Managers (PruPIM) in response to the call for evidence as part of the review of land use planning being undertaken by Kate Barker. The evidence submitted relates to issues arising from PruPIM's development interests in the Reading area of the South East of England. Our focus is on the difficulties experienced in promoting strategic development opportunities within this area.

The response has been prepared around the framework of the 15 questions identified by the review team.

- 1. Is the planning system sufficiently flexible and/or responsive to the right signals to deliver the right development in the right place, given the changing economic circumstances due to globalisation, demographic change, natural resource pressures and environmental change? If not, what policy measures might help deliver this flexibility?**

Whilst the aims of the recent reforms to the planning system were to both speed up the process and make it more transparent, the preparation of plans and framework remains a time-consuming and complex process. The position may improve once the first series of plans has been adopted and the emphasis is placed upon responding to change. However the current position which relies on plans prepared under the old system and new plans still being prepared, creates uncertainty and does not promote flexibility within the planning system.

The real issue is one of speed. A plan-led system is not sufficiently flexible to accommodate development requirements as and when they occur. This leads to applications being submitted for development ahead of consideration or confirmation of site allocations through Local Development Frameworks (LDF's).

An added complication is that LDF's have to be aligned with Regional Spatial Strategy's, and waiting for this alignment results in a delay in meeting pressures for development, most notably housing. There is clearly a need for more resources to be made available to LPA's to ensure LDF's are in place. This should be coupled with advice from Government to ensure that LDF's are not overly prescriptive and, therefore, do not get bogged down in site specific detail.

- 2. Do you have any views on the scope of plans at the different spatial levels in England which are now emerging following the introduction of the new system in 2004? Are there further improvements to the plan-making process at the different spatial levels in England, particularly regarding the need to encourage a positive/proactive approach to planning, which was a key theme of the new plan-making system? Does the current system strike the right balance between central direction and regional and local discretion?**

The new planning system provides no scope for the promotion of strategic development opportunities, particularly where sites cross planning authority boundaries. This is a major failure of the new system which needs to be addressed at the regional planning level.

The new planning system abolished Structure Plans which provided strategic guidance at the county level and provided an opportunity for development to be co-ordinated between local authority areas. The role of the regional spatial strategy has been expanded to include district level housing distributions to compensate for the loss of the Structure Plan level, with these being taken down to the level of the Local Development Framework and translated into site specific housing allocations. The problem with this system is that it provides no forum for the promotion of strategic development sites, particularly those which cross administrative boundaries or meet the needs of one authority within the administrative boundary of another. In the South East, there are a number of urban authorities which are built out to their boundaries. These include Reading, Slough and Oxford, all of which are reliant upon development in adjoining authority areas to meet identified housing needs.

Prudential is promoting a development of 7,500 new dwellings with infrastructure and services to the south west of Reading. The site is in a sustainable location adjacent to existing and proposed employment areas and is capable of taking advantage of new transport infrastructure including the South Reading Railway Station, and supporting additional strategic transport improvements. The development offers the opportunity to create a sustainable community in line with government guidance and to address the imbalance between labour demand and supply in the Reading area which has been a contributory factor in increasing long-distance commuting and traffic congestion in the area. The site however lies predominantly within West Berkshire District.

The site is currently being promoted through the South East Plan, but Government guidance in PPS11 (paragraph 1.16) advises that the regional spatial strategy "must not identify specific sites for development" but should establish the locational criteria appropriate to regionally or sub-regionally significant housing and consider broad locations or areas of search for development. Without a specific recognition that the wider Reading area should be the focus for major residential development and an increase in the overall housing requirement specifically for West Berkshire District, Prudential are likely to experience considerable difficulties in promoting this site. A forum for considering long-term strategic development opportunities therefore needs to be made available within the planning system.

There are also inconsistencies in terms of the time periods being considered in Local Development Frameworks which make strategic development opportunities difficult to

promote. The West Berkshire Core Strategy for example, covers the period only to 2016, whereas the Reading Core Strategy looks to 2026 in line with regional spatial strategy.

If the new planning system was intended to encourage a more proactive and positive approach to planning then it is failing in the South East of England. The Draft South East Plan seeks to minimise new residential development and constrain employment growth particularly in those parts of the region which have been economically prosperous. Technical evidence supporting higher levels of housing development to meet identified local needs and to support economic growth has been rejected in favour of an approach based on environmental concerns and political decision making. The result in the South East is a draft plan which is inconsistent with government guidance regarding the need to maintain economic growth and prosperity and fails to meet identified housing needs, ignoring the issues of the backlog of housing need and affordability within the region.

The Draft South East Plan therefore wholly reflects the concerns and priorities of the dominant Conservative controlled County Councils. It does not accord with Government guidance in terms of levels of growth and fails to respond positively to the priorities of those reflecting the needs of the business community or those involved in housing those sectors of the population unable to compete in the open market. In this respect the current planning system has not got the right balance between central direction and regional and local discretion. It is difficult to see how this balance can be achieved when a regional assembly is dominated by the county and district planning authorities seeking to maintain the status quo and to reduce development levels as far as is practically possible.

3. Sustainable development is the core principle underpinning planning. Does the current system achieve the right balance between economic and other goals, such as the regeneration of areas and the promotion of social cohesion, improving the quality of design of buildings and urban environments, and the protection and enhancement of our natural and historic environment? Are some environmental, natural resource, or social considerations given too much or too little weight?

In considering sustainable development, priority is often given by planning authorities to protection of the environment and the use of non-renewable resources, particularly land. This has led to a system which favours the reuse of previously developed land almost regardless of its other sustainability credentials. Opportunities to provide new development on greenfield sites are considered as a second option behind the reuse of previously developed land despite potential locational advantages and the contribution that such development can make to other sustainability and planning objectives. It is also the case that the quality and nature of greenfield land varies considerably from that which is largely untouched, to areas degraded by intensive operations such as landfill or mineral extraction.

Proposals being promoted by Prudential in South Reading utilise land which has been disturbed through mineral extraction and landfill and is generally considered to be degraded. However, under the PPG3 definition of previously developed land, this

area is considered to comprise greenfield land of a similar status and merit to virgin greenfield land elsewhere in the county..Its development is therefore seen as less of a priority than development of previously used land within the urban area and its identification as greenfield land leads to negative perceptions both within the planning system and with members of the public. Prudential's proposals are however supporting new transport infrastructure including a new railway station and provision of a mass rapid transit system benefiting both the developments proposed and a wider area of Reading, as well as new pedestrian and cycle links offering alternatives to the private car. The provision of the new South Reading Railway Station is supported by the Department of Transport, and train operator companies and is identified in the draft Regional Spatial Strategy, the adopted Berkshire Structure Plan and Reading Borough Council's Local Transport Plan. The benefits of this and other associated transport initiatives extend far beyond the development proposed and provide an opportunity for modern, efficient public transport to make a positive contribution to reduced car journeys in this area of Reading.

Development of the scale proposed (Kennet Valley Park comprises up to 7,500 new homes, GreenPark Phase 3 almost 800 new homes plus B1 office development) can be masterplanned comprehensively, integrating high quality public transport, social & community uses and recreation infrastructure. It can create a high quality living environment and embrace all aspects of sustainable design, construction and management, tested against the World Wildlife Fund's One Planet Living principles.

An over-reliance on previously developed land can (as has been recognised in Reading) lead to piecemeal intensification of urban areas, reducing the overall quality of the environment and failing to provide the additional capacity in transport and social infrastructure. It is also far more difficult for LPA's to achieve benchmark standards of sustainability in a situation characterised by piecemeal infill development applications.

The benefits of well-planned strategic development on technically greenfield land, as compared to infill and land use intensification, are not recognised in government or regional guidance. A criteria based assessment on the suitability of land for development in the future would be appropriate, where PDL carries significant weight, but is not the only considered benchmark.

4. What, if anything, could the English planning system learn from the planning and consent systems operated in other countries in order to respond to this new economic environment?

Our perception of the planning system in other European countries is that decision making is devolved to the local level and that a more proactive approach towards infrastructure provision is adopted. This appears to lead to greater levels of certainty regarding the acceptability of development proposals.

5. What is the impact of planning on encouraging or impeding business investment? In this context, how would you assess the potential of recent reforms to the English planning system, which are now being implemented?

Are they increasing the transparency of the system and providing greater certainty for businesses? What further reforms, if any, are desirable in order to improve the transparency and effectiveness of the system still further?

The need for the continuing development of business is recognised, the obstacle lies within the speed at which planning permission is granted. The level of detail and uncertainty involved in securing consent for even the most straight forward commercial development in some local authority's areas, adds enormously to the costs and risks of bringing forward business development.

LPA's should be encouraged to delegate the approval of business applications, on sites which are allocated for commercial development or benefit from outline planning permission. This could reduce the timescale for decision taking and reduce any risks substantially.

It is also important that business interests are encouraged to engage in the preparation of plans and formulation of policy. Within the South East for example, consultation has been undertaken on housing numbers and the district level housing distribution but there has been no similar consultation in respect of employment policies and proposals to restrict the availability of new employment land.

At the Local Development Framework level, the involvement of the business community in the plan preparation varies between local authority area. If this group is not specifically targeted as part of the consultation process, then their views often go unexpressed and it is only once the policies have been adopted that the implications for those seeking to build new premises or expand are fully understood.

6. Is the planning system sufficiently "joined-up" with other related aspects of government policy? In particular, are Regional Economic Strategies delivering a clear economic framework to help inform Regional Spatial Strategies? Is there sufficient interaction between RDAs and RSSs when preparing their respective regional strategies and if not how might greater interaction be encouraged?

Our experience in the South East of England clearly demonstrates that the planning system is not sufficiently "joined up," either within regions, in relation to economic and spatial strategies, or with national government policy.

The Regional Economic Strategy (RES) for the South East has recently been out to consultation. This document seeks to build upon the strengths of the region to secure economic prosperity and world class status. To achieve these aims and objectives the draft RES requires a spatial planning policy framework adequate to support the level of economic growth aspired to, and the infrastructure necessary to support and maintain employment generating development.

The planning policy framework is currently provided by Regional Planning Guidance (RPG9) but will be superseded by the South East Plan currently being prepared by the South East England Regional Assembly (SEERA). In a number of areas the draft RES departs significantly from the draft South East Plan. These areas include

divergent views on the overall level of housing provision across the South East; the flexibility to provide new employment land to meet the needs of globally competitive industries across all sub-regions; and investment in transport infrastructure across all parts of the region. For example, the Draft South East Plan proposes that an additional 28,900 dwellings be provided per annum across the South East Region. In contrast, the Draft RES proposes a phased approach to housing growth requiring between 32,000 and 36,000 additional homes per annum to support economic growth.

It should also be noted that the overall level of housing provision set out in the Draft South East Plan does not accord with Officers original recommendations which were based on extensive research but reflects the political process and the desire of SEERA Members to restrict future levels of growth.

Ironically, the Draft South East Plan aspires to the levels of economic growth set out in the RES. Research carried out for the RES consultation by Deloitte has attempted to address this and found the Draft SE Plan to be providing insufficient housing to generate an adequate labour supply for the levels of future employment being projected.

SEERA has however raised objections to the Draft RES on the basis that it is for the South East Plan to determine the appropriate level of housing growth. It is anticipated that when the Draft South East Plan goes on formal deposit, the South East England Development Agency (SEEDA) will raise objections to the levels of growth on the basis that they are insufficient to support economic growth. It was of course, also a finding of the Barker Review on Housing, that insufficient homes were being planned for in the region to service its housing needs. Whilst ultimately it will be for the Government to determine the appropriate level of growth, this process is likely to take another two years before the issue is resolved leaving those with development interests in the South East in a state of flux and creating the sort of uncertainties that the new planning system was intended to address.

There are also issues as to whether the plans and strategies are themselves sufficiently joined up or internally consistent.

Both the RES and the Draft South East Plan rely, albeit to differing degrees, on the success of so-called 'smart growth' as a strategy to achieve resource-efficient economic growth, through increased labour productivity, outsourcing, home-working, better use of employment space etc. However, neither plan has tested out the capacity of the strategies being advocated to achieve the growth desired through these methods. Indeed, only now that the RES has challenged the labour supply and housing assumptions in the Draft SE Plan, are the County Councils (supported by SEERA), belatedly commissioning research to investigate the divergence between the views being expressed in the RES and Draft SE Plan.

Both plans aspire (and require) to make more of the existing potential labour supply and the RES, for example, aims to draw a quarter of a million currently inactive residents back into the workforce, as an alternative the region sucking in further immigration or commuting, as happened during the last growth cycle to maintain the region's labour needs. This is a laudable aim, and could help to address regional

inequalities; however, insufficient attempt has been made to assess the feasibility of achieving this objective, for example, by considering whether these people will be living in the right locations; can be trained up to have sufficient qualifications to be employable on the new jobs being created; can be lured back into the labour market. Again this research could have been undertaken two years ago, but is only now being commissioned.

7. Planning applications for major projects will typically take a considerable time to work through all the necessary stages. Do you consider the system puts too much emphasis on speed or do you feel that is too slow? If there is an undue emphasis on speed, what are the negative consequences of this and how could they best be avoided? If the process is too slow, what could be done to overcome delays? In particular, what improvements might be made to the planning appeal system to improve its speed and efficiency?

The target of determining major applications within a 13 week period is often unrealistic, particularly for those schemes involving a number of different land uses and/ or relating to a development of strategic importance. In order to meet all of the regulations and address all issues likely to be raised as part of the determination process, planning applications are becoming increasingly complex and can involve vast amounts of information particularly where an Environmental Statement is required. The target places pressure on local planning authorities to determine within the timeframe specified regardless of the complexities of the proposal or the stage reached in the negotiation process. This can lead to a refusal at the end of the thirteen week period if all issues have not been resolved and to a request for resubmission which involves the developer in additional expense and further delays a determination of the application.

This approach also places reliance upon pre-application consultation which a number of authorities are not prepared to undertake in respect of developments which they feel are contrary to the development plan. This has been the case in respect of the preparation of the Kennet Valley Park development where West Berkshire District Council has refused to engage in pre-application consultation on the basis that the proposal is contrary to the Development Plan. This has obviously caused difficulties in the preparation of an application for a scheme for 7,500 new dwellings with supporting infrastructure and services and is anticipated to lead to either a refusal at the end of the thirteen week determination period or an extended period of negotiation and consultation prior to the determination of the application. It should be a requirement of the planning system that pre-application consultation is available and encouraged by Local Planning Authorities regardless of the development proposed.

The planning appeal system is particularly slow at the moment with a considerable period of time between lodging an appeal and the appeal being heard, particularly if the Inquiry route is chosen. This delay inevitably leads to changes in the planning policy context between the submission of an application and consideration by the Planning Inspectorate as guidance is reviewed and Local Development Documents progressed. The speed and efficiency of the current system could be addressed by the appointment of more Planning Inspectors, greater selectivity on the range of

issues to be considered through identification of issues by the Inspector, and shorter timescales for the publication of decision letters particularly where the decision is made by the Secretary of State.

- 8. Is there evidence to suggest that the direct costs of making a planning application are deterring investment? Are there any unnecessary burdens/how might information requirements be streamlined to reduce the regulatory burden from the process of making an application?**

The costs of preparing a planning application for a major development has risen over the last 10 years. Application fees have risen but this is not unreasonable if the money is channelled back into extra resources for planning departments.

However, the costs of preparing all of the information to support a planning application have also increased. Under the Environmental Impact Assessment Regulations it is necessary to assess all of the likely impacts of major development proposals and to determine their significance. This process can be extremely costly both in terms of time and financial resources and is required to be completed before the principle of development is established. This places a significant burden upon the potential developer with little certainty associated with the outcome of a planning application.

- 9. To what extent are high occupation costs in England likely to be due to planning constraints, or due to other factors such as imperfect competition or lack of transparency in the land market? What is the economic impact of these costs in terms of the main drivers of productivity?**

In parts of England, including the South East, high occupation costs are directly related to planning constraints as the planning system limits the supply of land for certain types of development, including business parks that are close to the motorway network. In these locations demand for space can exceed supply and prices rise.

- 10. How does the planning system impact on competition, through influencing barriers to entry and exit and economies of scale? If there are areas where there is a negative impact, how can these be addressed, while protecting other goals of the planning system?**

No Comment

- 11. To what extent does the planning system effectively support innovation through fostering the formation of business clusters and wider agglomeration of economic activity?**

The plan-led system very rarely looks at different sectors of the economy, and does not align with allocations in the Regional Economic Strategy (RES). There is a lack of

understanding and awareness of the importance of different sectors of the economy, RES, and how they should be taken into account in LDF's.

The rigid application of the sequential test tends to take precedence over the needs of specific sectors of the economy and planning positively for business clusters, for example, a business cluster that has developed outside a city centre is likely to be constrained from future growth, on the basis that business should locate in the town centre, in short, very little is done to meet the needs of the business sector. It is however quite clear that different businesses require different locations and that the in town and out of town markets serve different business needs.

Much has been written on clusters over the last ten years, and the Government's pilot City Growth Programme, building on Michael Porter's theories, has sought to use a cluster-based, private sector-led approach to inner city regeneration. More generally there has been a long-running debate about how best the public sector can contribute to encouraging the development and growth of local clusters. Most relevant to this review is the Planning for Clusters study published in 2000.

Inter alia, the study recommended that:

- Regional planning should strongly support the development of cluster-based policies;
- The (then) DETR should develop good practice guidance on planning and clusters.

Whilst formal guidance has not been issued on planning for clusters, PPG12: Development Plans emphasises:

“the importance of promoting the expansion and creation of clusters or networks of knowledge driven companies. Links between businesses, and between business and the science and research base, need to be encouraged if UK business is to compete successfully in world markets.”

The South East RES Consultation Paper does indeed centre its enterprise support strategy around a cluster-based approach, but missing from both this document, and the draft SE Plan is any spatial dimension to this and specifically, consideration of the important contribution to innovation and cluster development that can be made through the development of Science Parks and research incubators.

Whilst the region does have some notable examples of successful Science Parks, (at Oxford University and Surrey University), for example, arguably the most important economic sub-region, the Thames Valley, does not. Science Parks represent a vital component in the spatial planning of cluster development, and regional planning and economic strategies should include consideration of the need for such facilities at both a regional and sub-regional level.

In addition, local planning authorities need to be aware of specific locational requirements relating to specific sectors and ensure that, within reason, they take their needs into account when developing their LDFs and in making decisions on major planning applications. Whilst in general we support the sentiments of PPS6, to

ensure that town centres remain healthy investment centres, it is important to remember that some sectors prefer business park locations that are highly accessible by all forms of transport, including cars.

Below, we set out a table covering 24 movers into new premises in Reading in the 6 years to 2005. This table shows that none of the TMT sector firms chose to move into the town centre, even though there has been an ample supply of good quality office space available; and that there is little movement between out-of centre offices and town centres, *in either direction*.

Reading Offices Movers Survey: Analysis of Location Decisions

| Company Sector | Location | | Size | Move |
|----------------|----------|----------|----------------|------|
| | Now | Previous | M ² | Date |
| TMT | OOC | NEW | 557 | 2002 |
| TMT | OOC | OOC | 1,765 | 2005 |
| Health | OOC | OOC | 232 | 2001 |
| TMT | OOC | OOC | 1,394 | 1999 |
| TMT | OOC | OOC | 929 | 2001 |
| Health | OOC | OOC | 1,858 | 1999 |
| TMT | OOC | NEW | 557 | 2003 |
| TMT | OOC | NEW | 13,935 | 2000 |
| TMT | OOC | NEW | 2,973 | 2000 |
| TMT | OOC | NEW | 650 | 2003 |
| TMT | OOC | OOC | 1,022 | 2004 |
| Financial | OOC | NEW | 3,344 | 2003 |
| Training | TC | TC | 2,508 | 2003 |
| Financial | TC | TC | 743 | 2004 |
| Financial | TC | TC | 1,115 | 2000 |
| Professional | TC | TC | 2,044 | 2002 |
| Building Mat. | TC | NEW | 557 | 2005 |
| Education | TC | TC | 2,230 | 2004 |
| Professional | TC | NEW | 836 | 2002 |
| Education | TC | TC | 2,137 | 2001 |
| Professional | TC | TC | 2,044 | 2000 |
| Professional | TC | OOC | 2,230 | 2004 |
| Utility | TC | NEW | 1,115 | 2003 |
| Utility | TC | TC | 7,432 | 2000 |

Source: Campbell Gordon Survey, September 2005

Many of the occupiers in this survey are household name overseas investors, or global leaders in their field. The table clearly demonstrates the need to offer a range of property options that can cater for the locational requirements of differing sectors, if the UK is not to lose these valuable investments to competing locations in central Europe or the Far East.

12. Do planning authorities have the skills and resources required to help promote sustainable economic development? If not, what is the best way to ensure that resources match the challenges the system faces? Are there ways to increase further efficiency of process?

There is a growing skills base in local planning authorities in relation to promoting sustainable economic development. However, it is rather patchy in coverage with some authorities being very advanced, while others are far behind.

Is there scope to get the energy industry to sponsor further training for local planning authorities on sustainable development and energy efficiency issues?

13. Are the new arrangements for stakeholder engagement in the plan-making process succeeding in engaging those representing economic interests, including SMEs? If not, what are the barriers to that engagement and how might they be addressed?

The new arrangements for stakeholder engagement are complex and typically involve several rounds of consultation varying in their formality and importance. For example, on LDF Core Strategies a local authority is likely to consult at the outset of the process on the broad issues to be addressed. This may be followed by consultation on a number of options, followed by further consultation on a preferred strategy. Following submission of the strategy there will then follow the formal consultation which will determine whether an inquiry is to be held and who is likely to be invited to attend. All of this can take a number of years and it is inevitable that consultation fatigue will set in during the process, particularly if there is a perception that submitted representations are not influencing the direction of the strategy under consideration. This would apply to all stakeholders and not just to those with economic interests.

There is also considerable variation between local authorities in terms of their approach to stakeholder engagement and the active pursuit of contributions from particular sectors of the population or those with a particular interest.

In an area with a strong economy such as the South East, and particularly the Western Corridor, the views of those representing economic interests have a tendency to be subjugated to those with environmental interests. It is almost taken for granted that the economy will remain strong and therefore the emphasis should be placed upon environmental protection and limiting growth.

In the context of the South East Plan those representing economic interests within the South East Regional Assembly are outnumbered by the local planning authorities; whilst they have a voice, they are unable to determine the direction of policy. On the issue of overall housing requirements for example, those representing economic interest sought higher rates of development to support economic growth but have been out-voted by local authority members seeking to limit the scale of new development.

- 14. Are there ways that the incentive structure for decision-makers and local communities can be improved so that a balance is achieved between local interests and the interests of the wider community regarding proposals for economic development?**

No comment.

- 15. Economic development can help achieve the regeneration and renaissance of urban and rural areas. Are there ways which planning could strengthen economic performance in regions, sub-regions (including city regions) and at the local level?**

The second part of our response to question 11 is relevant here. We reiterate that while we recognise the benefits that PPS6 has brought in terms of encouraging developers to focus more on brownfield land and town centres, the over-riding need is to assure that business locations work for businesses, and that development in general is directed towards sustainable locations, irrespective of whether these are in all cases genuinely brownfield or in town centres.

The focus of too much new development in existing urban agglomerations can lead to unexpected and detrimental effects such as town cramming, and difficulties in achieving a balance between open space and best use of land. Greenfield alternatives in genuinely sustainable locations (i.e. with good public transport links) may sometimes be a better choice. The prudential is promoting strategic developments in the wider Reading area which are not on brownfield sites, but would be designed to be highly sustainable, with major investments in public transport infrastructure, making use of high quality existing transport corridors and providing supporting community facilities and infrastructure.