

Paper for Council for Economic Renewal
Planning for Sustainable Economic Renewal

1. Purpose

1.1. This paper provides the Council for Economic Renewal with an update on improvements to the planning system to support economic renewal.

2. Action Required

2.1 The Council for Economic Renewal is asked to note the contents of this paper and provide feedback during the discussion on 6th July.

3. Background

3.1 The planning system has an important part to play in the Welsh Government response to the economic downturn. Work is progressing to improve the planning application process and develop new planning policy for economic development. A separate work stream will be taken forward to obtain a better understanding of the impact of national and local policies on development viability, building on the paper produced by the Housing Task and Finish Group (Paper Ref: CfER 02/3/11-07)

3.2 This work will contribute to fulfilling relevant Government planning commitments which include:

- *To implement and further integrate our economic, education, skills and **planning policies** across all relevant Welsh Government departments and other delivery bodies.*
- *Continue our efforts to regenerate our town centres through **planning policies** breathing new life in to towns by safer and better quality design, developing family friendly environments and mixed use developments*
- *Ensure that Local Development Plans (LDPs) and planning policy at a local level helps address the shortfall in homes;*
- *Establish a national infrastructure planning system for waste, energy and water helping ensure planning arrangements are streamlined and in line with Wales' national policy*

Planning Application Improvement Programme

3.3. The conclusions of the Study to Examine the Planning Application Process in Wales (June 2010) and the Assembly Government response to the recommendations were considered by Plenary in June last year. There was

cross-party support for the conclusions of the review and the Assembly Government's acceptance of them, including the commitment to review economic development planning policy. This commitment has also been picked up by 'Economic Renewal: a new direction' (July 2010).

3.4 The planning application process review concluded that a radical overhaul of the planning system is not required but improvement is needed in certain aspects. The study made 16 recommendations for improvement and these are being taken forward through a two year programme. An update position as at June 2011 with regard to this programme of improvement is provided at **Annex 1**.

3.5 Projects include improving the guidance provided for business and the introduction of a grant to assist local planning authorities in determining renewable energy and waste applications that raise technical difficulties so that expertise can be shared. Planning Surgeries will also be held for SMEs during July / August to provide information on how the planning system works, general guidance on individual planning issues and signposting to appropriate local planning authorities, agencies, references and services.

3.6 In support of our planning improvement ethos, researchers have been appointed to review the operation of the planning system in National Parks and Areas of Outstanding Natural Beauty which comprise about 30% of Wales. The purpose of the review is to consider how national planning policy is being implemented and suggest areas for improvement. FSB have agreed to join the steering group for this project.

4. Planning for Sustainable Economic Renewal Research Project

4.1 To inform the review of existing national planning policy and guidance for economic development, a research project was commissioned to evaluate the effectiveness of existing economic development planning policy, and to scope future planning policy and guidance requirements against the 'Economic Renewal: a new direction'.

4.2 The research study has been informed by:

- a research steering group of key stakeholders;
- a review of national policy, covering recent and current documents and related research;
- five local authority case studies from across Wales comprising an evaluation of development plans and supporting document as well as a sample of planning decisions in each authority;
- lessons learnt from England, Scotland and Northern Ireland; and,
- discussions with various stakeholders (including the business and development sector) at three workshop sessions held in north, mid and south Wales during January this year.

4.3 The research steering group that has informed the Study was made up of representatives from:

- CBI Wales
- Federation of Small Businesses in Wales
- Institute of Directors (Wales)
- RTPI Cymru
- Wales Environment Link
- Welsh Local Government Association
- Sustainable Development Commission

4.4 Drawing on the evidence, the research study concludes that local planning policies and decisions do not explicitly and effectively take forward the Welsh Government's economic development policies.

4.5 To address this, the research study makes six key recommendations, which are summarised below:

- To revise Chapter 7 'Supporting the Economy' of Planning Policy Wales (PPW) to provide greater clarity and guidance.
- The need for a new Technical Advice Note to support the revised policy in PPW and provide guidance on technical issues concerning economic development.
- To actively promote the revised national planning policy and new guidance through the programme of dissemination and training addressing both local authorities and the private sector.
- The need for land-use planning to be more closely linked to economic strategies and interventions at a local level is recommended, as well as the need for economic development teams of local authorities to play a greater role in land use planning.
- A need for new strategic planning arrangements to be positioned above local authority level.
- For greater consideration to be given to the impact of regulation and policy on the financial viability of development.

The research report can be viewed here

<http://wales.gov.uk/topics/planning/planningresearch/publishedresearch/suseconrenewal/?lang=en>

4.6 The research report also suggested that other policy and advice relating to economic land use should be reviewed. A review of planning policy for rural areas, including policies relating to rural and farm diversification was completed last year. Planning guidance in relation to tourist development is currently being finalised. Planning policy for retailing and town centres was reviewed in 2005. It is planned to re examine this policy to ensure that it helps to deliver the Government commitment to regenerate town centres.

4.7 A Cabinet Written Statement responding to the recommendations of the research report issued on the same day as the publication of the research study. The Statement formally accepts the recommendations made in the report and highlights that a consultation on revised economic development planning policy and a framework for an economic development TAN will be issued later this year. Discussions are ongoing with the Welsh Government to establish how best to take forward the remaining recommendations.

The Cabinet Written Statement can be viewed here

<http://wales.gov.uk/about/cabinet/cabinetstatements/2011/110607plan/?lang=en>

4.8 The Minister for Environment and Sustainable Development in a keynote speech to the Royal Town Planning Institute (7 June 2011) reaffirmed that the research report recommendations would be taken forward and stressed that the best way to improve the planning system is to ensure that Local Development Plans are put in place at the earliest opportunity. Where up to date development plans are not in place he stated his intention to amend 'Planning Policy Wales' at the earliest opportunity to introduce a presumption in favour of sustainable development where there is no adopted up-to-date development plan.

5. Addressing the shortfall of homes

5.1 The last Council considered a paper from the Home Provision Task and Finish Group. The paper evidenced the housing shortage across Wales and began a debate about the cumulative impact of regulation on development viability.

5.2 The Government is committed to ensure that LDPs and planning policy at a local level helps address the shortfall in homes. The Welsh Government scrutinises Local Development Plans (LDPs) through the formal statutory consultation process, commenting on their alignment with national planning policy. A key element of this scrutiny is assessing the scale of housing provision provided in the plan, including maximising affordable housing, against the Government's latest population and housing projections. Formal representations are made on LDPs where the evidence provided by a local authority to justify a deviation from the projections is not considered to be sufficiently robust, usually resulting in an under provision. The Welsh Government considers it essential that plans make sufficient provision to meet the identified needs of each respective plan area, taking into account all the available evidence.

5.6 Building on the Housing Task and Finish Group paper the Planning for Sustainable Economic Renewal Research Project has also identified a need for greater consideration to be given to the impact of regulation and policy on the financial viability of development. Research will be commissioned on the impact of regulation and policy on the financial viability of development.. The

research steering group will include representatives from the house building industry and development sector

6. National Infrastructure Plan

6.1 The Welsh Government recognises the importance of ensuring that infrastructure providers and financial institutions have confidence to invest in the infrastructure needed to support our way of life in the twenty first century. A national Infrastructure Plan will be brought forward, outlining our locational strategy for waste, water and energy.

Questions for the Council

1. Does the Council consider that the priority should be to improve the planning application process or new planning policy?
2. Can the Council provide specific examples and evidence of where the planning system could be improved?