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Local Development Orders: Impacts and Good Practice

Final Report

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This research was prepared for the Welsh Government by Peter Brett Associates.

Planning Division
Welsh Government
Cardiff
CF10 3NQ

E-mail: planning.division@wales.gsi.gov.uk
Planning web site: www.wales.gov.uk/planning

Peter Brett Associates
16 Brewhouse Yard
Clerkenwell
London
EC1V 4LJ

Tel: 020 7566 8600
E-mail: london@peterbrett.com
Web: www.peterbrett.com

CONTENTS

1	INTRODUCTION	1
	The study	1
	LDOs in the UK	1
2	CASE STUDIES	9
	High Wycombe town centre	9
	Victoria Road, Swindon	11
	Milton Park – Science Vale Enterprise Zone.....	14
	Tees Valley Enterprise Zone	19
3	IMPACTS	23
	Introduction.....	23
	User benefits	23
	Local economic development	26
	Democracy and control.....	26
	Workloads and complexity.....	27
	Local authority finances.....	27
4	GOOD PRACTICE	29
	Identifying opportunities for LDOs.....	29
	LDOs and other measures.....	30
	Joint working	30
	Preparing the LDO.....	30
	Duration.....	31
	Development permitted and conditions.....	31
	Pre-notification	32
5	CONCLUSION	33
	Impact of LDOs	33
	Good practice	34

APPENDIX CASE STUDY INTERVIEWS

1 INTRODUCTION

The study

- 1.1 Local Development Orders (LDOs) were introduced to the UK planning system in 2004. An LDO grants permission for certain types of development, in a specified area, subject to conditions and limitations, without the need for planning applications. In effect, it is a general planning consent, removing the need for planning applications. Local planning authorities (LPAs) may make LDOs at their discretion, to cover all or part of their areas. They may decide the content of these Orders to reflect local circumstances and priorities, subject to certain limitations relating to European environmental designations.
- 1.2 Both the UK and Welsh Governments have been encouraging LPAs to adopt LDOs, as part of wider programmes to streamline the planning system and lower barriers to development and growth. In England, LDOs have consequently become more widespread, including in Enterprise Zones (EZs). In Wales, the Welsh Government carried out a major consultation on LDOS (2010), gave LPAs discretion to introduce LDOs without Ministers' approval (2012), published a Circular on LDOs¹ and offered some funding to support LDO preparation through the Planning Improvement Fund (2012). It also encourages authorities to use LDOs, especially in EZs, including through the national policy document Planning Policy Wales. Nevertheless no LDOs have been made in Wales to date.
- 1.3 Therefore the Welsh Government has commissioned this report for the benefit of Welsh local planning authorities, with two objectives: to demonstrate the opportunities offered by LDOs and to provide practical guidance on designing and implementing LDOs. The study specification says that the report should be based on results achieved and lessons learnt in a selection of case study LDOs elsewhere in Britain; also that it should have regard to the Welsh planning context and focus particularly on the potential use of LDOs in EZs and town centres.
- 1.4 Accordingly this report is based on four case studies of LDOs in England (there are no LDOs in Scotland or Northern Ireland), of which two are in EZs and two in town centres. Chapter 2 below introduces the case studies, Chapter 3 analyses the impacts of LDOs, and Chapter 4 provides good practice guidance on using LDOs. But first, in the following two sections, we set the context with a short history of LDOs.

LDOs in the UK

Legislation

- 1.5 LDOs were originally introduced in the Planning and Compulsory Purchase Act (2004). At that stage, LPAs could only adopt an LDO through a policy in their development plan. In 2008, the Planning Act removed this requirement, allowing LPAs more discretion; but little progress was made as an outcome of this change. All this legislation applies to Wales as well as England, as explained in the Welsh Government Circular referred to earlier.

¹ Welsh Government, Circular number 003/2012, *Guidance on Using a Local Development Order*, 30 April 2012

The Killian Pretty Review

- 1.6 The Killian Pretty Review² of the planning application process in England (2008) considered LDOs among other possible routes to a faster and more responsive planning system. In consultations, the review found that a number of stakeholders were sceptical about the use of LDOs. Many local authorities felt that the LDO process would be complex and lead to a loss of control and income, outweighing any reduction in workload or wider benefits of LDOs.
- 1.7 Nonetheless, the review called for the greater use of LDOs. It suggested that LDOs could help remove nearly 40% of minor non-residential developments that are assessed as standard through full planning applications, saving over £30 million per year in administrative burdens.
- 1.8 Killian Pretty identified householder applications as another area where planning could be more efficient. It noted that many householder and minor developments had limited impact on neighbours, the street scene or interests of wider importance. In addition, 86% of householder applications and 83-89% of minor non-residential developments are approved. On this basis, the review advocates expanding permitted development rights and encouraging the use of LDOs.
- 1.9 The review recommended that the UK Government provide additional support for local authorities to increase permitted development opportunities locally, through the use of pilot LDOs for areas, such as large hospital or university sites, where greater flexibility regarding small scale development may be appropriate. This could provide a useful framework and learning resource which would help reduce development costs for other authorities.

The Entec study

- 1.10 The Planning Advisory Service (PAS) commissioned Entec to examine ‘the current and potential use [of], and support for, the introduction of LDOs’ in England.
- 1.11 The report, titled ‘Local Development Orders Stage 1 Research Report on Stakeholder views and Practice Issues’ was published in 2009. Its starting point was that LDOs have not proved popular:

‘Since their introduction in the Planning and Compulsory Purchase Act 2004 and their commencement following Circular 1/2006, Local Development Orders have not yet been successfully introduced into the English Planning System. For reasons which have not been clear... LDOs have had a muted or even hostile reception... Given the obvious lack of interest expressed by local authorities in LDOs, a start must be made by seeking to understand the reasons for the lack of support for LDOs.’
- 1.12 Accordingly the Entec study collected stakeholders’ views on LDOs through extensive surveys and consultations. Of the different groups consulted, it found that local authorities

2

<http://webarchive.nationalarchives.gov.uk/20120919132719/www.communities.gov.uk/publications/planningandbuilding/killianprettyfinal>

were the least supportive – owing to ‘negative views about the potential for LDOs, the preparation costs, the perceived benefits, the risks involved and member reactions’. However, in principle many authorities did see potential benefits from LDOs; and some suggested that more information and leadership from Government, together with financial support to cover the costs of LDOs, could encourage them to think more positively.

- 1.13 In contrast to local authorities, the businesses consulted by Entec generally took a favourable view of LDOs. ‘National planning stakeholders’ were also positive, stressing the potential of LDOs as ‘a pro-active tool to secure policy objectives by “pre-granting” permission for the sorts of developments we want to see’.
- 1.14 From its stakeholder consultations, Entec concluded:
- ‘Overall, there is clearly a job to do to demonstrate the benefits and practical parameters of LDOs. The current knowledge base is fairly poor and support a few pioneers could yield significant benefits in terms of widening understanding of LDOs.’*
- 1.15 Entec identified a number of areas of opportunity where LDOs could work, comprising:
- Education and hospital campuses
 - Schools
 - Town centres
 - Conservation areas
 - Minerals sites
 - Climate change
 - Waste
 - The Green Belt.
- 1.16 Chief among the report’s recommendations was the introduction of a pilot programme to explore the potential of LDOs.

Pilot LDOs and Enterprise Zones

- 1.17 The UK Government in 2009 commissioned the PAS to deliver this pilot programme, in which PAS worked with eight LPAs in England to develop 10 LDOs. The programme included a wide variety of places and objectives. Dacorum Borough Council’s LDO, for example, sought to permit small-scale renewable energy systems in its major business park; Cornwall Council’s allowed permitted development rights entitled to private airports at Newquay / Cornwall Airport; and Hertsmere’s LDO allowed rear and side extensions, new and replacement windows and entrance features for a sub-area in the district.
- 1.18 The UK Government further promoted LDOs as part of the EZ programme introduced in 2011. The EZ offer included a range of incentives to encourage growth and investment. Simplified planning was one of these. The EZ Prospectus³ (2011) noted:

³ <https://www.gov.uk/government/publications/enterprise-zone-prospectus>

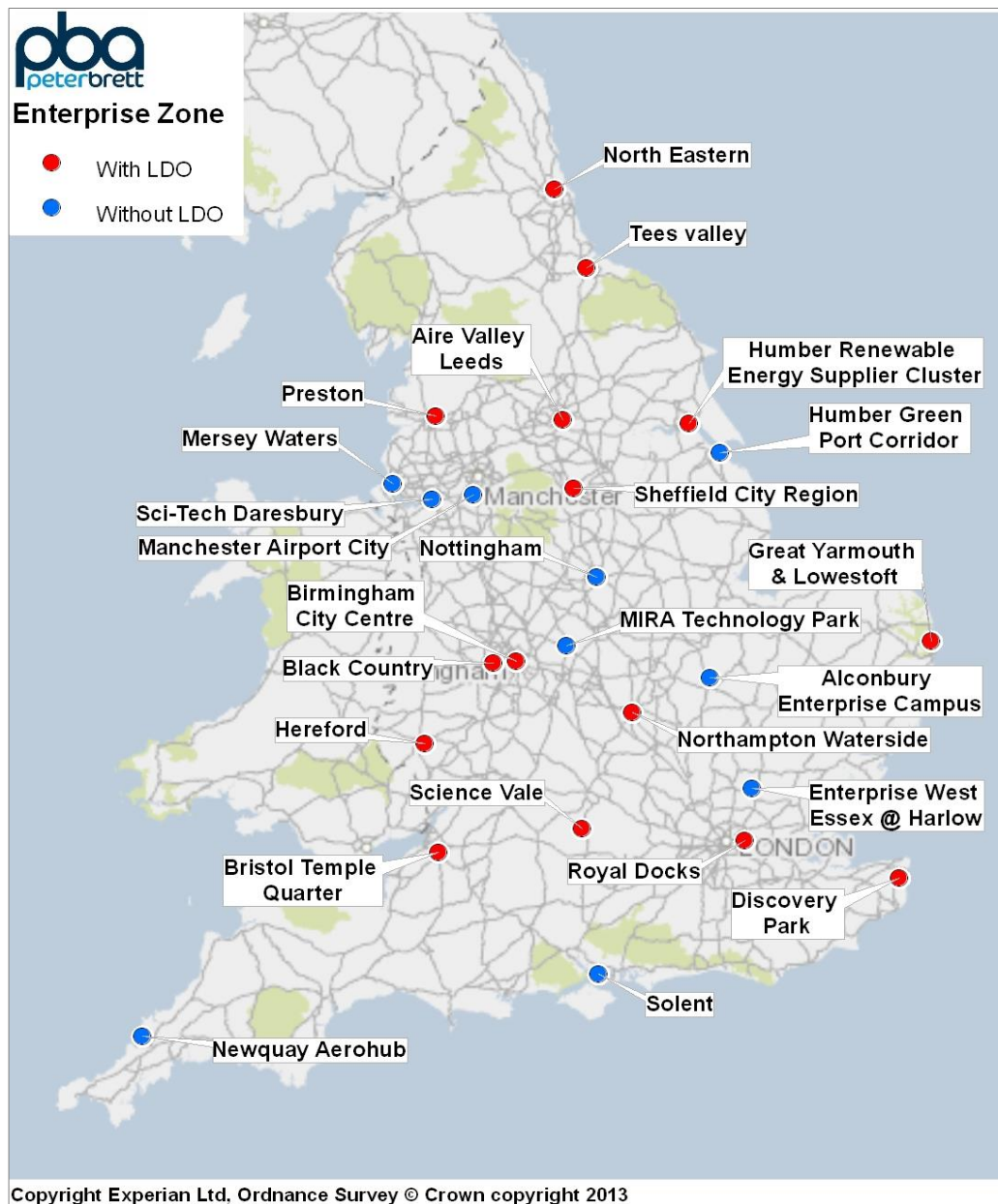
'Enterprise Zone status is conditional upon putting in place a genuinely simplified approach to planning... The heart of the Enterprise Zone offer is a desire to remove barriers to private sector growth through reduced burdens for businesses, particularly in terms of lower tax levels, planning and other regulatory and administrative burdens. The government see Local Development Orders as the most likely planning mechanism which can be used by local authorities to reduce planning control in Enterprise Zones.'

Local Development Orders will support growth: the delay and cost of obtaining planning permission for development of commercial buildings can be a disincentive to business and therefore inhibit growth. The uncertainty of the planning process is also often cited as a disincentive to develop – businesses can be reluctant to invest time and money in the planning process when there is no guarantee that planning permission will be forthcoming.'

- 1.19 The prospectus also called for Local Enterprise Partnerships (LEPs) – which in England are the main driver of EZs – to work with local authorities to identify places where greater freedom from planning control could benefit growth, to bring forward LDOs in these areas.
- 1.20 In the same year, the UK Government announced that it wanted all EZs to have LDOs in place by April 2012. Many LPAs responded promptly to this target date. By March 2013, 15 out of the 24 EZs had adopted LDOs, leaving nine EZs without⁴. In total, 47 LDOs had been adopted across England, of which 38 were in EZs (shown on the map below) and nine in areas outside EZs.

⁴ <http://m.planningresource.co.uk/article/1173979/third-enterprise-zones-without-simplified-planning-rules>

Enterprise Zones and LDOs in England, 2013



LDOs in Wales

- 1.21 In 2010 the Welsh Government consulted on LDOs, seeking to understand what users of the Welsh planning system thought of them. This was part of a commitment by the Welsh Government to simplify the planning process.
- 1.22 The consultation found that local planning authorities were generally negative about LDOs. Their concerns echo those discussed earlier in the Killian Pretty and Entec reports:
 - Local authorities who adopt LDOs lose income from planning fees.
 - They also incur costs in preparation and administration of LDOs, at a time when authorities are especially short of money.

- LDOs take time to prepare and adopt – possibly causing more delay than planning applications would.
- LDOs could add to the complexity of the planning system.
- They could lead to a democratic deficit, as the public would not have a say over development and planning authorities would lose control.
- There is not enough experience to learn from.

- 1.23 In Wales, as in England, the introduction of EZs in 2011 came with the intention of relaxed planning control. ‘Faster planning decisions’ is listed on the Welsh Government’s EZs Website⁵ as one of 10 reasons for businesses to locate in EZs. The site also states that some EZs will use LDOs to make planning simpler. However, in the Welsh EZs, unlike the English ones, LDOs are not a formal requirement. The Welsh Government decided on a more permissive approach, with EZs encouraged rather than required to introduce LDOs.
- 1.24 Following the consultation and introduction of EZs, local planning authorities in Wales were granted discretionary powers to make LDOs from 30 April 2012. With this came the Welsh Government Circular⁶ titled ‘Guidance on Using a Local Development Order’ in April 2012. It provides procedural guidance, as well as a summary of the good practice points from the Entec report. There is also encouragement for LDOs in Planning Policy Wales and some of the Technical Advice Notes that support it. And in 2012 the Welsh Government made LDOs eligible for some funding support via the Planning Improvement Fund, offering contributions towards LPAs’ work on preparation of LDOs. Despite these measures there are no adopted LDOs in Wales as yet. However LDO scoping has been undertaken at Rhondda Cynon Taf (project completed) and Flintshire (project currently in progress).
- 1.25 The Welsh Government is committed to streamlining the planning system, and is taking forward a simplification agenda through the forthcoming Planning Bill. But it also continues to promote LDOs, as a measure that can simplify planning without new legislation.

Conclusions

- 1.26 LDOs are promoted by the UK and Welsh Governments as an important tool to streamline the planning system and encourage growth and regeneration in priority areas, especially EZs. Research suggests that they can make a positive difference in a wide variety of places, helping to deliver a wide variety of policy objectives.
- 1.27 In England, recent years have seen considerable growth in LDOs, with 47 Orders adopted since 2009 - partly due to a Government-sponsored pilot programme, but mainly in response to the 2011 Government requirement that EZs should include LDOs.
- 1.28 By contrast, in Wales there are no adopted LDOs to date, although the Welsh Government has been encouraging authorities to introduce LDOs. Research and consultations show that LPAs’ reluctance to adopt LDOs is largely due to concerns about loss of control, loss of planning fees, delay and complication. They have no practical evidence to show if these

⁵ <http://enterprisezones.wales.gov.uk/enterprise-zone-benefits/support>

⁶ <http://wales.gov.uk/topics/planning/policy/circulars/welshgovcirculares/ldocircular/?lang=en>

concerns are well-founded. By the same token they have no evidence to demonstrate if LDOs produce real benefits, or to gauge the balance of benefits against any adverse impacts.

- 1.29 This report begins to address these issues, based on the evidence of our four case studies.

2 CASE STUDIES

- 2.1 In this section we briefly describe our four case study LDOs in their local context. A table at the end of each case study summarises key features, results to date and main lessons learnt. Our case study interviewees are listed at the end of the case studies. We thank these organisations and individuals. Without their generous help this study would not have been possible.

High Wycombe town centre

Context

- 2.2 Lying between London and Oxford, High Wycombe is the economic heart of Wycombe district. In recent years its town centre offer has expanded with the Eden Shopping Centre, a new bus station, the gateway building for Bucks New University and a new Sainsbury's. But in the late 2000s it was affected by the national economic downturn, as well as internet shopping, leading to increasing shop vacancies. With the opening of the Eden Shopping Centre, and the resulting westward shift of retail focus, the downturn impacted on the historic town centre. Footfall in the area therefore fell and the environment deteriorated.
- 2.3 To stop this decline, Wycombe Council started making plans for an LDO internally, and raised it in an early stage of consultation on their Delivery and Site Allocations Plan (DSA). But the consultation did not show much interest. It was not until Wycombe were accepted onto the PAS pilot scheme that the LDO gathered momentum.

Queen Street, High Wycombe



Source: Wycombe District Council

The LDO

- 2.4 The LDO covered four shopping streets in the historic town centre. Its objectives were to reduce vacancy and encourage business growth in the Church Street area of the town.
- 2.5 The LDO was adopted in July 2010 with a life of three years. The process took about 15 months from conception to adoption. PAS provided a grant of £10,000, as part of the UK Government's LDO pilot programme, to help pay for officer time, consultation and legal fees, and also practical support through workshops. Both kinds of help proved valuable.

- 2.6 The Council worked closely with the Town Centre Partnership, now called the High Wycombe BID (Business Improvement District), which provided advice and research support. The LDO's objectives were well aligned with the BID's areas of focus, which include managing the town centre, improving its offer and attracting / maintaining business.
- 2.7 The LDO allowed for change of use between all the A uses (shops, financial services, restaurants, cafes, pubs, takeaways), C1 (hotels), D1 (non-residential institutions) and D2 (assembly and leisure). The Council considered that allowing a broad range of uses would open up the area to new opportunities. The LDO allowed only change of use, so external alterations to buildings were not permitted. Any physical works would require a normal planning permission. This was a deliberately cautionary approach, primarily because the Council had seen no examples of relaxed planning controls and was worried about the potential impacts.
- 2.8 As the LDO only permitted change of use, there was no pre-notification form for developers to submit. However, the Council provided written confirmation of compliance for any cases of doubt. The fee for this was £50.

Issues

- 2.9 A complicated issue arose in relation to the listed buildings in the LDO area. The regulations state that 'a Local Development Order must not be made so as to grant planning permission for development affecting a listed building'. But the Council, having sought legal advice and consulted English Heritage, decided to include listed buildings in the Order, on the basis that it would only allow change of use to listed buildings. In addition, the LDO did not remove the requirement for listed building consent for physical or structural works / alterations. It considered that the potential benefit of the LDO would outweigh any slight risk to listed buildings, and removing the listed buildings from the LDO would affect the Order's overall coherence.

Review

- 2.10 Over the LDO period the Council found that vacancy in the area fell, but no changes of use took place. So, although the objective of reduced vacancy was achieved, this was not due to the LDO. The Council attributed this lack of take-up to the LDO not permitting frontage alterations. Also, the area has always traditionally been a retail area.
- 2.11 On reflection and with the benefit of hindsight, the Council felt that a less restrictive LDO might have delivered changes of use through the LDO. But it also suspected that a more flexible policy for shop fronts might have been a better alternative to the LDO. The recently adopted Delivery and Sites Allocations Plan (DSA) now provides this flexibility.
- 2.12 The LDO expired in July 2013. The Council decided not to renew it, because the new rules expanding the scope of permitted development would allow similar changes without planning permission. The Council takes a positive view of LDOs but has no immediate plans to introduce new ones.

Wycombe summary

Description	
<i>Type of LDO</i>	Town centre
<i>Purpose / objectives</i>	Reduced vacancy and general regeneration
<i>Geographical area</i>	Four streets in the town centre
<i>LDO timeframe</i>	July 2010 to July 2013
<i>Land ownership</i>	Multiple
<i>Organisations involved</i>	Wycombe District Council, High Wycombe Town Centre Partnership, PAS
<i>Time from conception to adoption</i>	15 months
<i>Any supporting studies</i>	None
<i>Direct cost – preparation, adoption, technical studies</i>	£10,000 (including officer time)
<i>Who paid</i>	The Council with PAS grant
<i>Permitted development & conditions</i>	Change of use across A1-A5, C1, and D1-D2 External alterations not covered.
<i>Pre-notification assessment period</i>	No assessment required
<i>Pre-notification cost</i>	£50 for written confirmation if required.
Review	
<i>Results</i>	Vacancy fell but unrelated to LDO
<i>Lessons learnt</i>	<ul style="list-style-type: none"> - Overly cautious restrictions limit the impact - Therefore LDOs may not suit highly sensitive areas - Work in partnership with relevant organisations – in this case the Town Centre Partnership
<i>Future LDOs</i>	Not for now but may help in future

Victoria Road, Swindon

Context

- 2.13 Swindon's town centre has struggled to compete with the economic success of the rest of the borough. It has a poor image and provides a restricted range of facilities.
- 2.14 Reflecting this general condition, the Victoria Road area had become run-down and neglected due to vacancy, with many of its buildings decaying. It is important to the image of the town, being a gateway for people arriving from the M4, and a link between the Old Town and the town centre.
- 2.15 The Council sought EU funding to help improve the road's environment and public realm. The bid failed, though a smaller amount of money was found from other sources. This was not enough to make wholesale changes, so the Council decided on an alternative approach, using an LDO to help reduce vacancy and regenerate the area.

Victoria Road, Swindon



Source: Swindon Borough Council

The LDO

- 2.16 The LDO's objectives are to reduce vacancy, increase footfall and to deliver a measurable improvement in the quality of the built environment covering the Victoria Road area.
- 2.17 The Council adopted the LDO in 2011 for three years. The Order took roughly 12 months from conception to adoption. The process was carried out by the local authority, with support from PAS under the LDO pilot programme. It included two rounds of public consultation – the first an informal exercise covering the future of the area generally, the second a statutory consultation focusing on the proposed Order. The Service Manager responsible comments that the process was straightforward, similar to preparing a simple Supplementary Planning Document (SPD). He adds that the LDO could have been adopted within four months if it were not for committee cycles and cabinet timetables.
- 2.18 Like Wycombe, Swindon found PAS's financial and practical support very helpful. The £15,000 grant paid for the costs of preparing and adopting the LDO.
- 2.19 The LDO covers most of Victoria Road. It permits a wide range of uses including A1-3 (shops, financial services, restaurants/cafes), C1-3 (hotels, residential), B1 (business uses) and D1 (non-residential institutions). Conditions restrict development other than change of use, but shop front changes are permitted.
- 2.20 To get permission to develop through the LDO, a self-certification form is required to be submitted to the Council. It costs £150, with £100 going towards environmental improvements in the area.

Review

- 2.21 Over the two years of the LDO occupancy levels have been maintained; the Council considers this a positive result, because comparable areas of the town saw rising vacancy in the recession. While the area is still run down, there are indications that the LDO is working to improve it. For example, agents report that more properties have been changing hands, and parts of the area are shifting to residential and service uses – which is a

positive development, as retail space is oversupplied. There is also more scaffolding along the road as owners are improving their properties.

- 2.22 On balance the LDO is having a positive effect, though on its own it cannot attempt to overcome the area's serious problem of vacancy and a run-down environment. Council officers consider that the LDO would have achieved more if public realm improvements had been delivered alongside the LDO. With the benefit of hindsight, they also feel that more dynamic promotion and public engagement could have spread the LDO message wider.
- 2.23 Within the planning department the LDO has saved time and effort on routine development management, freeing staff to work more productively on higher-priority tasks.
- 2.24 The LDO will be reviewed in 2014 and officers will recommend that it be renewed, with a longer time horizon. Various enhancements are under consideration, including more publicity and public engagement, a new user-friendly guide covering the new permitted development rights as well as the LDO. The Council may also widen the current boundary of the LDO. Adjoining the LDO area a retail and leisure complex is now under construction, which it is hoped will produce positive spin-offs for Victoria Road.
- 2.25 Inspired by their experience at Victoria Road, Swindon Council is developing 12 further LDOs, covering all the borough's main employment areas. The main objective is to encourage businesses to locate, expand and diversify in the borough. In the fiercely competitive market that is the M4 corridor, the Council hopes that the new LDOs will give Swindon's employment area an edge over alternative sites. In a cost-benefit analysis of the 12 areas, the Council estimated that LDOs would result in c £20,000 p.a. of lost planning fees. The calculations also suggested this would be more than offset by cost savings in development management (the fees for minor applications do not cover the officer time expended in processing them) and additional business rates – which, further to recent Government measures, will be retained by the authority.
- 2.26 A further objective is to streamline the Council's development management function, with staff spending less time on routine work. This effect is expected to be significant, because officers have noted that the great majority of applications in the employment areas are non-contentious – including those for minor developments such as car parking, cycle sheds and smoking shelters, and also for replacement units.

Swindon summary

Description

<i>Type of LDO</i>	Edge of town centre
<i>Purpose / objectives</i>	<ul style="list-style-type: none"> - Regenerate Victoria Road - Reduce vacancy
<i>Geographical area</i>	Victoria Road
<i>LDO timeframe</i>	2011 to 2014
<i>Land ownership</i>	Multiple
<i>Organisations involved</i>	Local authority; PAS
<i>Time from conception to adoption</i>	12 months
<i>Any supporting studies</i>	None
<i>Direct cost – preparation, adoption, technical studies</i>	£15,000 including officer time
<i>Who paid</i>	The Council, with PAS grant (£15,000)
<i>Permitted development & conditions</i>	Permits uses A1-3, B1, C1-3 and D1, and allows for installation, replacement or alterations to shop-fronts
<i>Pre-notification assessment period</i>	Between 1 and 2 weeks
<i>Pre-notification cost</i>	£150, of which £50 for administration costs and £100 for environmental improvements

Review

<i>Results</i>	Occupancy broadly similar to level when LDO was implemented. Similar areas without LDOs saw rising vacancy in the recession
<i>Lessons learnt</i>	<ul style="list-style-type: none"> - To produce real improvement, an LDO may need to be combined with other measures - LDOs can reduce routine work and free planners for more productive work
<i>Future LDOs</i>	12 further LDOs are now proposed, for the main employment areas in the borough

Milton Park – Science Vale Enterprise Zone

Context

- 2.27 Milton Park, close to Abingdon and Didcot in Oxfordshire, is one of Europe's largest business parks, accommodating over 200 businesses on a 90-hectare site and providing jobs for more than 6,800 people. Previously an MoD site, mainly developed for industrial / warehouse sheds, the estate has been transforming into a prestige office and technology park, with offices and labs replacing warehouses. Adopted and emerging development plans recognise Milton Park's value as an asset of international importance and support its growth and intensification as a key element of the district's development.

- 2.28 In 2011, the UK Government created an EZ in Science Vale – a wider area which incorporates five sites, of which one is Milton Park. The Vale of White Horse District Council worked closely with the landowner, MEPC, to progress an LDO.

Milton Park



Source: MEPC

The LDO

- 2.29 While EZ status is restricted to the undeveloped sites on Milton Park, the LDO covers the whole estate, a very much larger area. Its objective is generally to promote growth and development at Milton Park and specifically to facilitate the renewal and intensification of the estate as it transforms from a warehouse park to a premium location for offices and research.
- 2.30 An important part of the rationale – though not a formal objective – is that the LDO should make the park more competitive in the global inward investment market. MEPC felt that the estate was already strong in the regional market, and in the next phase of its development aims especially to target international businesses. In this wider market Milton Park is competing with places where the planning system may be much more permissive than in the UK. The LDO was especially designed to address this competition.
- 2.31 As well as new development and new occupiers, the LDO aims to facilitate extensions and alterations at existing sites, responding quickly to changing market requirements.
- 2.32 As the LDO covers a large area, and potentially will allow large-scale development, it required much more preparation than the town centre LDOs discussed earlier. MEPC funded technical studies (including transport, drainage, ecology, landscape and heritage), consultations, legal advice and the drafting of the Order, at a cost of some £200,000. A legal agreement was made to secure developer contributions to deal with the highway impacts of development permitted under the LDO.
- 2.33 The company considered this a worthwhile investment, for three main reasons:

- i The early investment would save money that would otherwise be spent on future planning applications and supporting studies etc. This frontloading would bring economies of scale, as one large flood risk assessment, for example, would likely cost less than a stream of smaller assessments for individual plots.
 - ii In this commercially buoyant part of the country, the company was (and is) confident that the scale and value of future development would be enough to justify this initial investment.
 - iii As both the sole developer and sole landowner on the estate, MEPC stands to collect a large share of the resulting benefit.
- 2.34 The process from conception to adoption took roughly a year, with the LDO adopted in December 2012. The planning consultants Terence O'Rourke, who managed the landowner's inputs to the process, comment that this is a reasonable timeframe for a large LDO, but could be speeded up if necessary.
- 2.35 The LDO's life is set to 15 years – equal to the length of many business leases on the estate and a message to occupiers that deregulation is for the long term. However development parameters, permitted uses and design guidance will be reviewed at 5 and 10 years after adoption, to ensure objectives are being achieved and to see if any of the technical studies need to be refreshed. Another safeguard is that under current legislation the local authority may amend or withdraw an LDO at any time if it is satisfied that it has failed to meet its stated objective. The Order undertakes that in this event the local authority would give 12 months' notice, and adds that under the legislation any development that has commenced lawfully would be allowed to complete.
- 2.36 The LDO allows building and change of use for all the business uses - B1, B2 and B8. Other economic uses, such as health services and car showrooms, are permitted in limited quantities on specific parts of the site. It requires that development follow a design guidance document, prepared on behalf of MEPC, which is appended to the Order. Among other things this guidance covers building design, quality, landscaping, materials, site layout and accessibility.
- 2.37 It is a central provision of the LDO that total floorspace at the site will not exceed 370,000 sq m; any development proposal above this ceiling would be subject to normal planning control (the park's current floorspace is around 250,000 sq m). This maximum floorspace was the basis of all technical studies – an efficient starting point, avoiding the need to test a range of alternative development scenarios.
- 2.38 Before undertaking development under the LDO the developer must submit a prior notification form. The Council is duty bound to respond within 10 days. The fee is £45.
- 2.39 In especially sensitive areas, which form a small proportion of the estate, the conditions in the LDO require the developer to provide further details, for example in relation to ecology impacts. In that case, a 'discharge of conditions' planning application is required together with the requisite application fee. The LPA aims to determine these applications within 21 days.

Issues

- 2.40 Much of the time in the adoption process was spent in dealing with the concerns of local communities. Before drafting the LDO the Council and MEPC carried out extensive local consultations, beginning with an exhibition and leaflet drops.
- 2.41 In these consultations local residents raised a range of issues. As the Council responded to these issues, opposition lessened, so at the formal consultation stage the LDO was largely uncontroversial. Three issues were particularly important:
- Residents were concerned about the impact of development on adjoining villages. The LDO accordingly sets up landscape buffers to protect adjoining uses, and sets additional height restrictions around boundaries with settlements.
 - There were concerns about the possible development of a greenfield site known as Kelaart's Field, which was designated as part of the estate but was valued locally as informal open space; it also includes a scheduled monument and an area of ecological interest. Accordingly the LDO protects part of Kelaart's Field from development and places specific conditions on the remaining part.
 - There were also concerns about land uses permitted under the LDO but lying outside the traditional employment (Class B) uses. These non-core uses include small-scale retail and leisure to serve the occupier businesses. They also include motor showrooms and private health care, allowed in limited quantities at limited locations as exceptions to Local Plan policies. The LDO places tight limits on all these uses.

Review

- 2.42 Since the LDO was adopted in December 2012 three pre-notifications have been received: one for alterations to existing buildings, one for roadbuilding and one for a 5,000 sq m new building. The landowner's representative comments that these are early days and much more development is to be expected in the future. They add that the LDO is working well as a marketing tool, attracting positive comments from potential occupiers. These business value the cost and time savings resulting from the LDO. Perhaps most of all, they value the increased certainty: for a development that complies with the LDO, there is no risk at all that authorisation will be refused.
- 2.43 From the landowner's perspective another kind of certainty is important: under the LDO they can be confident that there will be no development incompatible with the area's identity as a high-quality business park, for example unsightly industrial buildings or a waste incinerator. In similar vein, the Council notes that the LDO protects the area against unwelcome development such as a retail park, perhaps more strongly than the development plan itself.
- 2.44 As part of our case study we also consulted one user of the LDO - a commercial property consultant representing an occupier. This respondent commented that there was no need for technical studies, such as a flood risk assessment to support their proposal, because these had already been undertaken as part of the LDO preparation. Thus, all they had to submit was standard plans of the proposed scheme – a large saving in effort, time and money compared to a normal planning application.

2.45 Following its positive experience at Milton Park, MEPC decided to propose a Simplified Planning Zone (SPZ) at Hillingdon, Glasgow, another very large estate in its ownership (SPZs are a streamlined planning regime similar to LDOs). Council officers also consider that the LDO was a good experience and could be a useful tool in future – perhaps in other employment areas, albeit without the benefit of EZ status, or even on large housing sites.

Milton Park summary

Description	
<i>Type of LDO</i>	Enterprise Zone
<i>Purpose / objectives</i>	<ul style="list-style-type: none"> - Encourage large-scale development and intensification at strategic business park - Attract global inward investment in competition with less regulated countries - Facilitate extensions, alterations etc – quick response to market demand
<i>Geographical area</i>	Milton Park
<i>LDO timeframe</i>	2012 to 2027 with reviews at five and 10 years.
<i>Land ownership</i>	MEPC
<i>Organisations involved</i>	MEPC (landowner); Vale of White Horse Council; Terence O'Rourke (planning consultant to MEPC)
<i>Time from conception to adoption</i>	12 months
<i>Any supporting studies</i>	Several, including design guidance, flood risk assessment, heritage assessment, ecology, etc
<i>Direct cost – preparation, adoption, technical studies</i>	£200,000, excluding the time of local authority officers and MEPC staff
<i>Who paid</i>	MEPC; Vale of White Horse Council
<i>Permitted development & conditions</i>	B1, B2 and B8 including sui generis and D2
<i>Pre-notification assessment period</i>	10 working days
<i>Pre-notification cost</i>	£45
Review	
<i>Results</i>	<ul style="list-style-type: none"> - 3 pre-notifications - Generally positive market response
<i>Lessons learnt</i>	<ul style="list-style-type: none"> - Key user benefits of the LDO include certainty that development that meets the conditions will be allowed - A related benefit is the certainty that inappropriate development will not be allowed - To create this certainty, the LDO should be of long duration (15 years in this case) - Front-loaded investment in studies and preliminary consultations is essential
<i>Future LDOs</i>	<ul style="list-style-type: none"> - MEPC is proposing an SPZ (similar to an LDO) at Hillingdon (Glasgow) - The Council may consider further LDOs in the future

Tees Valley Enterprise Zone

Context

- 2.46 The Tees Valley, in north east England, is still struggling to deal with the decline of traditional industries and their legacy of environmental degradation. Obstacles to new development include contaminated brownfield sites and competition from other older industrial areas, which in some cases offer more generous incentives. Despite its problems, the area now provides a base for some of the world's leading chemical companies and is home to 58% of the UK petrochemical industry. It also features research and development in the fields of printable electronics, nanotechnology functional materials, low carbon energies such as fuel cells, and advanced biotechnology processes.
- 2.47 Like Science Vale, Tees Valley was granted EZ status in 2011. The EZ consists of 12 individual sites across the local authority areas of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton on Tees. Four of the five authorities in the area have adopted LDOs. The Enterprise Zone encompasses a wide range of sites, including existing business accommodation, large former industrial sites which have been cleared, and part of the operating port of Hartlepool.

Middlesbrough and Teesside, Tees Valley



Source: Google Earth. © Infoterra Ltd & Blue Sky

- 2.48 On those EZ sites where LDOs were not adopted, an alternative deregulation measure was used. Planning Performance Agreements (PPAs) are in place at the New Energy and Technology Park and Belasis Business Park in Stockton-on-Tees. PPAs are for sites whose future use is known at the outset. They are a contract between the LPA and a developer, committing both parties to the main details of a proposed scheme and timescales for reaching a decision. Like LDOs, they add certainty and speed up the planning process.

The LDOs

- 2.49 The objectives of the Tees Valley LDOs vary. But they are united by a common rationale, which is written into each Order:

'support existing industries – comprising petrochemical, process and engineering industries and the port of Hartlepool – and make them more sustainable and competitive, and to create an attractive platform to secure large-scale inward investment in these aforementioned industries. There is also the aim to support the emerging and fast growing digital sector.'

- 2.50 The LDOs were collectively adopted in April 2012, to meet the deadline set by the UK Government. They were prepared jointly by the LPAs and the Local Enterprise Board (LEP), Tees Valley Unlimited. The LEP was involved in identifying sites and areas where simplified planning may be of benefit. It was able to take a strategic view, matching the EZ sites against wider market opportunities.
- 2.51 The costs of developing the LDOs were met by the individual local authorities. The pace of work was challenging and did not allow for extensive technical studies to inform the LDO.
- 2.52 The LDOs have a life of three years. They generally allow construction and change of use in the B (employment) classes and in some cases the A uses (shops, restaurants). The cost of pre-notification varies between the local authorities, from zero to £85.
- 2.53 The pre-notification process at Tees Valley is generally more involved than at Milton Park. Depending on the proposed development, developers may be required to submit extensive technical studies and undertake consultations. At Oakesway, Queens Meadow and Hartlepool Port, for example, development proposals must be supported by a transport and flood risk assessment (for development over 1 ha and/or flood zones 2 or 3). To allow the authority to consider this material, the authorities normally have up to eight weeks to respond, and this period may be extended without a set limit – though after twelve weeks the fee will be refunded.

Issues

- 2.54 An imaginative way to overcome constraints was found at Hartlepool Port, where Natural England (NE) raised objection over potential development due to the site being actively used by birds at certain times of the year. NE advised that any loss of biodiversity that might occur as a result of development could be addressed in one of two ways: through setting aside land for an on-site habitat or alternatively through off-site mitigation, to enhance an existing roost island or at alternative locations.

Review

- 2.55 Although there have been developments in the EZ since it was designated, none have been in the LDO areas. The authorities comment that it is still early days, as the LDOs were only adopted in April 2012.
- 2.56 Tees Valley Unlimited report that the business rates discount is the main factor attracting businesses to the EZ, but the LDO is also a positive factor. Thus potential inward investors typically ask if there is an LDO in place – suggesting that the LDO is a significant part of the EZ offer. The consensus among our respondents is that LDOs on their own are not enough to overcome the area's inherited disadvantages. However, they emphasise LDOs form a

valuable part of the package of measures that are available in EZs to encourage investment.

Tees Valley summary

Description	
<i>Type of LDO</i>	Enterprise Zone
<i>Purpose / objectives</i>	<ul style="list-style-type: none"> - Support existing industries - Make them more sustainable and competitive - Attract large-scale investment in new development and new industries - Support the emerging digital sector
<i>Geographical area</i>	Six LDOs across Tees Valley area
<i>LDO timeframe</i>	April 2012 to April 2015
<i>Land ownership</i>	Varied across sites
<i>Organisations involved</i>	Local authorities and Tees Valley Unlimited (LEP)
<i>Time from conception to adoption</i>	Six months
<i>Any supporting studies</i>	None
<i>Direct cost – preparation, adoption, technical studies</i>	Officer time, unquantified
<i>Who paid</i>	Local authority
<i>Permitted development & conditions</i>	Varies between authorities; broadly developments within B uses and some A uses
<i>Pre-notification assessment period</i>	Maximum of eight weeks
<i>Pre-notification cost</i>	Varies, £0-£85
Review	
<i>Results</i>	No developments through LDOs so far
<i>Lessons learnt</i>	<ul style="list-style-type: none"> - LDOs can work as part of a package of measures to attract investment - On their own they cannot overcome lack of demand and difficult site condition
<i>Future LDOs</i>	LDOs will be reviewed in 2015

3 IMPACTS

Introduction

3.1 Before we consider how far LDOs are fulfilling their objectives, we need to understand these objectives clearly. Much discussion of LDOs focuses on local economic development objectives – encouraging growth and regeneration in priority locations, including EZs and town centres, which are the focus on this report. But LDOs have a wider rationale, which they share with other forms of deregulation. All deregulation aims to make the economy more efficient by lowering the costs – both financial and otherwise – of economic activity. If LDOs work as intended:

- Planning control should be easier, cheaper and faster, as developers do not need to make planning applications, pay application fees and wait for a decision.
- It should also be less risky, as a development which conforms to the LDO is certain to be allowed.
- The resulting benefits in the first instance accrue to the developer. Through the operation of market forces they will be shared with landowners, business occupiers and also consumers – who gain indirectly as the economy produces more, cheaper or better goods and services.
- There may also be cost savings in local authorities, as less effort and money are expended in processing planning applications. The resulting benefits would accrue to the community generally through lower rates / taxes, or else more effective administration if the resources saved are put to better uses.

3.2 As we have seen, Welsh local authorities in consultation were not convinced that these benefits would materialise in practice. They were also concerned that LDOs could produce negative impacts, of three kinds:

- A ‘democratic deficit’, in which elected representatives and local communities alike would lose control over development.
- Increased pressure on local authorities, with heavier workloads and increased complexity.
- Damage to local authority finances, as LDOs would reduce income from planning fees and give rise to extra costs in preparation and administration.

3.3 In this chapter we interrogate our case studies to see how far the above impacts, both good and bad, have materialised in practice. Our analysis is preliminary and partial, partly because LDOs are still at a very early stage and partly because we have not conducted in-depth research, such as formal user surveys or financial analysis.

User benefits

3.4 As noted earlier, the intention of LDOs is to make it easier, cheaper, faster, and less risky for developers to deal with planning control. Our case studies show real-life evidence of these benefits.

Time

- 3.5 Time savings are perhaps the most obvious user benefit of LDOs. As noted earlier, LDOs generally involve a pre-notification procedure, in which the authority confirms that a proposed development conforms to the Order and can go ahead. In our Swindon and Milton Park case studies, the authorities have committed to responding within two weeks or less (three weeks in some cases). In Wycombe there is no compulsory pre-notification at all. By contrast, statutory limits in England for determining planning applications are usually 8 or 13 weeks (16 weeks if an Environmental Impact Assessment is required). Therefore the LDO brings substantial time savings. Our case studies suggest that this time saving is valued by users.
- 3.6 In our Tees Valley case study, however, the LDO pre-notification assessment period is up to eight weeks. The likely reasons are that proposed developments may need detailed technical assessments and consultations, as many of the LDO sites are subject to complex planning issues, and it was not possible to carry out extensive technical assessments before the LDO was adopted. In these circumstances, the LDO may produce little or no time saving for the developer.

Cost and effort

- 3.7 Our case studies suggest that in most cases complying with an LDO is considerably cheaper and easier than making a planning application. While planning application fees are set nationally, local planning authorities decide whether pre-notification is required and how much to charge for it. In our case studies the maximum charge is £150 and one authority does not require pre-notification at all.
- 3.8 This means that LDOs can deliver significant savings for applicants, even in places where they only cover minor development. Thus, to pick an example at the bottom of the scale, the current fee in England for a change of use application is £385⁷. Under the Swindon LDO the applicant would spend £150 – a saving of £235. Under the Wycombe LDO they would have spent nothing or £50, depending on whether they needed a certificate – a saving of £385-£335.
- 3.9 In places where the LDO allows major development, such as Milton Park and the Tees Valley, savings will be very much greater. Thus, a full application to build a commercial building of 5,000 sq m in England would cost £20,966 in planning application fees, against an LDO pre-authorisation fee of £45 in Milton Park and £85 in Hartlepool. Larger developments would incur higher application fees, up to a maximum of £250,000, but the same pre-authorisation fee of £48 or £85.
- 3.10 A planning application may also need supporting material, including technical studies, consultations and legal advice. The costs of this material depend on the size and complexity of the scheme, and may far exceed the planning application fee.

⁷ The Welsh equivalent is £330.

- 3.11 Thus, where an LDO allows large or complex developments with significant impacts, developers stand to make large savings in the cost of planning applications and supporting material, including technical studies and consultations. However, to ensure that development is appropriate and sustainable this supporting material is still needed, and someone has to pay for it.
- 3.12 In Milton Park this role was taken by the landowner, MEPC. As discussed earlier (see paragraph 2.33), this was for three main reasons. Firstly, the upfront investment was offset against later savings on what would have been individual planning applications. Secondly, in a buoyant local market the company expected the upfront cost to be thinly spread over a large amount of development. Thirdly, as the sole developer as well as landowner MEPC stands to collect a high share of the benefits.
- 3.13 By contrast, in the Tees Valley less preparation was done beforehand. This may be because only six months were allowed to prepare the LDO. It may also be because technical issues are more complex than at Milton Park and vary more across sites, with less scope for economies of scale; because demand and property values are lower; and /or because there is not a single landowner. The result is that individual development proposals may need considerable supporting studies and consultations, which at the limit could involve as much money and effort as a planning application.
- 3.14 As well as developers, LDOs can save cost and effort for local authorities. We discuss this at paragraph 3.27 below.

Certainty

- 3.15 The planning system is plan-led, and planning law requires that applications for planning permission must be in accordance with the development plan, unless material considerations indicate otherwise. But, from a developer's perspective, this does not provide a cast-iron guarantee that any given development proposal will receive planning permission. There is always a chance – whether perceived or real - that permission may be refused, even in places where a developer and LPA may deem to be non-contentious in planning terms, like a business park.
- 3.16 In contrast, once an LDO is in place, and provided that the LDO is clear and unambiguous, any proposal that meets the conditions laid down is certain to be accepted. As we have seen in the Milton Park case study, this certainty is an important benefit for developers and occupiers.
- 3.17 An associated advantage for users is that the rules of the LDO are fixed at the outset and cannot change over the life of the Order. This advantage is most important when the LDO area is developed gradually over a number of years. Following the standard process, there might be an initial outline application followed by a series of reserved matters applications, or alternatively a number of separate full applications. Either way, each individual application could be subject to different requirements as laws, regulations and local policies evolve over time. Once an LDO is in place, the developer need not worry about such changing requirements.

Local economic development

- 3.18 It is of course too early to measure the local economic impacts of LDOs, either in our case studies or in general. But the case studies suggest that in the right circumstances LDOs do help make places more commercially attractive and more competitive. Thus, in Milton Park the landowner, MEPC, reports that business occupiers are responding positively to LDOs; MEPC itself has invested significant funds in the project and is now pursuing a similar project in Scotland. In the Tees Valley, although there has been no development on the designated sites yet, we know that potential developers are showing interest in the LDO. In Swindon, following its experience with Victoria Road, the Council has decided that 12 LDOs in its main employment areas would help attract business and development to the borough.
- 3.19 The economic development benefits of LDOs depend on the area's economic health. Where there is deficient demand, commercially unattractive sites or abnormal costs such as land reclamation, LDOs can enhance a package of measures to encourage economic development and regeneration. But an LDO cannot solve serious economic disadvantage on its own, as illustrated by the example of Tees Valley. This is one reason why, both in England and in Wales, Governments aim to combine LDOs with EZs – which offer financial incentives to business and property development.

Democracy and control

- 3.20 Where an LDO is in place, local authorities still exercise democratic control over development, but the method of control is different to traditional planning – using clear rules set out in advance, as opposed to case-by-case discretion.
- 3.21 This approach does not suit all areas or all types of development. But our case studies suggest that it can work well where development is uncontentious. This may be because it is minor development without significant impacts, which would be given planning permission anyway – such as minor alterations / extensions in an existing employment area. But LDOs can also deal with major developments that have large impacts – provided any difficult issues are resolved before the LDO is adopted, through the development plan, technical studies and consultations. Based on this front-loaded work, the necessary safeguards should be built into the LDO, to ensure that it does not result in inappropriate or unsustainable development. Milton Park is an example of this approach.
- 3.22 As we have seen, Welsh local authorities in consultations were concerned that elected members would lose their say over planning applications. But in our case studies elected members have responded positively to the real-life experience of LDOs. In all four case study authorities, elected members have been happy with LDOs. In Swindon, as we have seen, following their initial experience with one small-scale LDO they agreed to apply LDOs on a much larger scale. Nor have the case studies identified any instances of inappropriate development or enforcement action.
- 3.23 Like technical studies and local authority decision-making, under the LDO regime community engagement is front-loaded. It takes place in pre-adoption consultations, when local people have their say on what development should be permitted and what conditions

should be set to protect their environment and quality of life. In the right circumstances, this does not mean less control over development, but a different kind of control.

- 3.24 Overall, the LDO process is well aligned with the development management style of planning delivery. Development management is based on a positive and proactive approach to development proposals, where the LPA works closely with developers, stakeholders and local communities to facilitate development. It also emphasises the pre-application stage to identify issues early and help to avoid delays in the process. LDOs are based on the same principles.

Workloads and complexity

- 3.25 As we have seen, Welsh local authorities in consultation were concerned that LDOs could increase their workloads and add more layers of complexity to an already complicated system. Our case studies suggest that this is not the case. The local authority officers we consulted say that the preparation and adoption of LDOs were uncomplicated, and to date their administration has also been straightforward. Several add that their first LDO has been a positive learning experience, showing them the potential of LDOs and how they could be used fruitfully at other sites in future.
- 3.26 A further outcome of LDOs, which was emphasised in the Swindon case study especially, is that they can reduce workload in development management. Under an LDO, routine applications, which would have been approved anyway, no longer exist. Several of our respondents commented that this was a good thing - freeing staff for more meaningful work at a time when there is much meaningful work to be done, especially in producing development plans.

Local authority finances

- 3.27 LDOs of course reduce income from planning applications fees, because instead of an application developers only need to submit a pre-notification, for which they pay the Council a token sum (and in some cases pre-notification is not required or there is no charge). However, this reduced income should be balanced against reduced workload, and the net outcome may be positive, if – as in Swindon – minor applications cost more to process than they earn in fees. The officer time saved can be redirected to other tasks as suggested earlier, or alternatively the authority may need fewer staff than it would without the LDO – a good thing for ratepayers and taxpayers. It may be also that income lost in planning fees is recouped wholly or partly in increased business rates, though an individual authority will only benefit if it is able to retain these rates – which is the case in England but not in Wales.
- 3.28 A separate financial issue is the cost of preparing the LDO. As well as drafting the Order itself and statutory consultations, this may include preliminary initial consultations, technical studies and legal advice. Even in relation to small LDOs, where preparation costs are in the low tens of thousands, our case study authorities may not have embarked on the process without the incentive of a PAS grant. Where the LDO permits major development with substantial impacts, much more preparation is needed, including extensive technical studies. This work may be financed by a landowner, as was the case in Milton Park. Where

this is not practicable and there are no alternative sources of funds, an LDO may not be the right solution for the area.

4 GOOD PRACTICE

- 4.1 As well as evidence on the impact of LDOs, our case studies provide good practice lessons on when an LDO may be helpful and how LDOs should best be used. We list these lessons below, covering both general principles and practical suggestions. The list is intended to expand on the basic practical guidance provided in the Welsh Government Circular. Many of the points relate to LDOs in general, regardless of whether they are in EZs, town centres or other kinds of area. Where a piece of advice applies to town centres or EZs specifically, we point this out in the text.

Identifying opportunities for LDOs

Minor development

- 4.2 The key feature of LDOs is that they can smooth the way for uncontentious development, controlled by rigid, clear-cut rules which are established at the outset.
- 4.3 Therefore LDOs may be used in established built-up areas to facilitate a continuing stream of minor developments including change of use, alterations, extensions and infill.
- 4.4 To identify areas that may be suitable for an LDO, authorities might look for streams of minor applications which are routinely approved.
- 4.5 As well as the town centres and employment areas discussed in our case studies, examples could include housing areas and hospital or university campuses, as advised by the Killian Pretty report.

Major development

- 4.6 But uncontentious development does not have to be insignificant. LDOs can also facilitate large-scale development with significant impacts, in areas of change which will be gradually developed or redeveloped through a series of separate schemes or phases.
- 4.7 When dealing with such major development, if the LDO is to work well any difficult planning issues should be resolved before the Order is adopted. The big policy decisions for the area should have already been made in the development plan, but there will usually be a host of more detailed issues still to be resolved.
- 4.8 For a successful LDO, to resolve these issues will often require a large amount of work at the preparation stage - on technical studies, consultations, legal agreements and the like, as well as the drafting of the Order. If this work is not done at the initial stage, it will have to be done and agreed by the authority in relation to each individual development, the pre-notification process will become more like a normal planning application and the benefit of the LDO may be lost.
- 4.9 Where it is not possible to resolve any contentious planning issues at the LDO preparation stage, an LDO may not be the right solution for the area.

Land ownership

- 4.10 An LDO may work especially well in a development / redevelopment area controlled by a single owner, or perhaps multiple owners working in close partnership. Such owners will

stand to gain from the successful development of the area as a whole, and may consider it a worthwhile investment to pay for preparatory work. Similarly the landowner will have an incentive to enter into a legal agreement on future developer contributions.

Constraints

- 4.11 LDOs are of course easier to use in relatively unconstrained areas, away from sensitive environments and overloaded infrastructure. But experience suggests that LDOs can also work well in constrained and sensitive places, provided that there is good technical work and effective consultation at the early stages. In our case studies, this is illustrated by the imaginative solutions found by Wycombe and Hartlepool Councils, in relation to listed buildings and bird habitats respectively.

LDOs and other measures

- 4.12 For maximum impact in relation to local economic development and regeneration, LDOs can usefully complement other measures including financial incentives – both in EZs and other priority areas.
- 4.13 In town centres and high streets, LDOs may be combined with local initiatives such as environmental / public realm improvements and BIDs. They may also capitalise on major development such as new shopping centres, helping fringe areas take advantage of spin-off opportunities.

Joint working

- 4.14 As well as landowners, local authorities will benefit from working closely with economic development and property experts, both in-house and in other organisations. Professionals in these areas will have useful market intelligence and will make worthwhile contributions both to the choice of LDO areas and the content of the Order.
- 4.15 In town centres, useful partners include Town Centre Partnerships and Chambers of Commerce.
- 4.16 In relation to EZs and other strategic sites, regional economic forums should be able to bring a strategic view, matching sites to larger-than-local market opportunities. In England, this is the job of the LEPs, who have a leading role in taking forward the EZs generally. In Wales, the Enterprise Zone Boards should perform a similar function.
- 4.17 Where economic geography makes this appropriate, local authorities should consider forming cross-boundary partnerships to create, promote and manage LDOs.

Preparing the LDO

- 4.18 At an early stage in LDO preparation it will be helpful to consult communities, statutory consultees and other stakeholders, with the emphasis on the future of the area rather than the details of the LDO. This would be a voluntary consultation to help shape the LDO, separate from the statutory LDO consultation that will follow at a later stage.
- 4.19 Public engagement and commercial interest should be maximised through imaginative and dynamic promotion.

- 4.20 In most cases preparing the LDO, from initial idea to adoption, should take about one year. A shorter timescale is technically possible but may not be enough to gather the necessary support from Council members and local communities.
- 4.21 Where the preparation of the LDO cannot be funded commercially, Councils should seek to use public money, including if possible from EU programmes. As discussed at length earlier, if too little preparation is done the point of the LDO may be lost.

Duration

- 4.22 A too-short timescale will compromise success, because much of the point of an LDO is to create certainty and investor confidence. Where developer, landowners and occupiers have invested in the LDO area, they will expect a return on their investment over a period of years. Large-scale development may have a long gestation period as schemes are planned, infrastructure is provided and (for speculative schemes) occupiers are found. Once a development is completed and occupied, its financial value will depend on the quality of the surrounding area being maintained or improved. This will only happen if other investors have confidence in the area's future.
- 4.23 In Milton Park, the LDO has a 15-year life – a period partly chosen because it is a typical lease length on the estate. In our view this is a good model, certainly in places where major development is expected. 15 years should be long enough to sustain investor confidence, and the Council's interests are protected by reviews at five-year intervals and the statutory provision that the Order may be amended or revoked at any time for good reason. In many places the typical lease length may be considerably shorter than 15 years, especially following the recession; but the best-quality occupiers and schemes – which most LDOs will particularly aim to attract – leases will be longer than the average.
- 4.24 In our judgment, the three-year timeframes adopted in our other case study areas are too short. Even where the development expected is small-scale, as is in many town centre LDOs, it will likely take a number years for the market to respond - so the area improves visibly and confidence lifts, prompting further investment. Therefore we would suggest that the default life for a town centre LDO should also be 15 years, with five-year reviews.

Development permitted and conditions

- 4.25 It will often be helpful to use zoning, with different kinds of development allowed in different parts of an LDO site.
- 4.26 In a wider range of contexts, zoning can selectively protect sensitive parts of the LDO area.
- 4.27 In town centres, zoning may be used to prevent fractured and disjointed development, which may impact on vitality and viability. It may also purposefully encourage a shift to new uses, for example replacing unwanted retail space with residential use.
- 4.28 Too-cautious restrictions, such as Wycombe's decision to limit permitted development to change of use, may defeat the point of an LDO. If an area is so sensitive or so complex that planning control cannot be reduced to simple rules, it may not be the right place for an LDO.

- 4.29 As an alternative form of streamlined planning, Councils may consider PPAs, as used in the Tees Valley EZs. These agreements were set up for specific large-scale sites whose delivery needs careful management, involving a range of stakeholders over a set timetable.

Pre-notification

- 4.30 Local planning authorities should commit to respond to LDO pre-notification much faster than to planning applications, ideally within a fortnight, perhaps with slightly more time allowed in a minority of cases.
- 4.31 If significantly longer decision times are needed to ensure that development is appropriate and sustainable, the point of the LDO may be lost. The LDO may have been under-prepared, so too many issues were left open. Alternatively an LDO may not be the right option for the area.

5 CONCLUSION

Impact of LDOs

- 5.1 Our case studies show that LDOs can make it significantly faster, easier, cheaper and less risky to deal with planning control. In LDOs, local authorities in most cases have committed to respond to pre-notifications within two or three weeks, against the eight or 13 week deadline for planning applications in England. Planning application fees, which for the case studies ranged from £385 to hundreds of thousands, are replaced with a token pre-notification fee of up to £150, and developers may also save the cost of material to support applications, including technical studies. Once an LDO is in place, and provided that it sets out clear and unambiguous rules, a development proposal that meets the rules is certain to be accepted. Our case study research suggests that developers and business occupiers do understand and value these benefits.
- 5.2 LDOs can contribute to local economic development and regeneration, helping make places more attractive and more competitive. But they will not achieve economic or physical regeneration on their own. To overcome serious economic disadvantage LDOs need to be combined with other policy interventions. In EZs they complement financial incentives and infrastructure investment. In town centres they combine with environmental and public realm improvements.
- 5.3 Welsh local authorities in consultation were concerned that LDOs would lead to a loss of democratic control over development. Our case studies do not bear this out. Where an LDO is in place, local authorities still exercise democratic control over development, but the method of control is different to traditional planning – using clear rules set out in advance, as opposed to case-by-case discretion.
- 5.4 This approach does not suit all areas or all types of development. But our case studies suggest that it can work well where development is uncontentious. This may be because it is minor development without significant impacts, which would be given planning permission anyway. But LDOs can also deal with major developments that have large impacts – provided any difficult issues are resolved before the LDO is adopted, through the development plan, technical studies and consultations.
- 5.5 As we have seen, Welsh local authorities in consultations were concerned that elected members would lose their say over planning applications. But in our case studies elected members have responded positively to the real-life experience of LDOs. Members in the case study authorities have been happy with the LDOs; none of the councils we have consulted would rule out LDOs for the future, and one of them is currently progressing 12 further LDOs, to cover all that authority's main employment areas.
- 5.6 Nor have our case study LDOs reduced community engagement in the planning process. Like technical studies and local authority decision-making, under the LDO regime community engagement is front-loaded. It takes place in pre-adoption consultations, when local people have their say on what development should be permitted and what conditions should be set to protect their environment and quality of life. In the right circumstances, this does not mean less control over development, but a different kind of control.

- 5.7 Another concern of Welsh local authorities has been that LDOs would increase their workloads and add more layers of complexity to an already complicated system. Again, our case studies suggest that this is unfounded. Councils report that the preparation and adoption of LDOs were generally straightforward. Also LDOs reduce workload in development management, cutting out routine work on non-contentious applications. This may free staff for more productive work at a time when there is much to be done, especially on development plans.
- 5.8 LDOs of course reduce income from planning applications fees, because instead of an application developers only need to submit a pre-notification, for which they pay the Council a token sum. However, this reduced income should be balanced against reduced workload. The net outcome may be positive, if – as in Swindon – minor applications cost more to process than they earn in fees. It may be also that income lost in planning fees is recouped wholly or partly in increased business rates, though an individual authority will only benefit if it is able to retain these rates.
- 5.9 A separate financial issue is the cost of preparing the LDO. As well as drafting the Order itself and statutory consultations, this may include preliminary initial consultations, technical studies and legal advice. Where the LDO permits major development with substantial impacts, much more preparation is needed, including extensive technical studies. This work may be financed by a landowner, as was the case in our Milton Park case study. Where this is not practicable and there are no alternative sources of funds, an LDO may not be the right solution for the area.

Good practice

- 5.10 Chapter 3 above provides good practice advice for local authorities, suggesting in what circumstances an LDO may be helpful and how LDOs may best be used. A central point is that LDOs are useful and valuable in particular circumstances – to ease the way for uncontentious development, so that proposals which would be approved anyway are approved much faster, more easily and more cheaply.
- 5.11 This means that LDOs are well suited to support minor developments in less sensitive areas. In established employment areas or town centres an LDO can facilitate a stream of changes of use, alterations, extensions and infill developments, replacing many minor applications which are routinely approved.
- 5.12 But LDOs can also facilitate large-scale development with significant impacts, provided the process is front-loaded, with any difficult planning issues resolved before the Order is adopted. This may involve a large amount of work in LDO preparation - on technical studies, consultations and legal agreements as well as the drafting of the Order. If this work is not done at the initial stage, it will have to be done and agreed by the authority in relation to each individual development, the pre-notification process will become more like a normal planning application and the benefit of the LDO may be lost.
- 5.13 It may not be possible to resolve contentious planning issues at the LDO preparation stage, either due to the nature of the area, or because there is no money or time for front-loaded work. In that case an LDO may not be the right solution for the area. But if the front-loaded work is done successfully, LDOs can facilitate large-scale development and regeneration.

LDOs are well suited to areas of change, including EZs, which will be gradually developed or redeveloped over time through a series of separate schemes or phases.

APPENDIX

CASE STUDY INTERVIEWS

Case study interviews

High Wycombe Town Centre

David Dewar, Wycombe District Council

Victoria Road, Swindon

David Dewar, Swindon Borough Council

Milton Park – Science Vale Enterprise Zone

Toby Warren, Vale of White Horse

Philip Campbell, MEPC

Haydn Morris, Terence O'Rourke

Paul Semple, Meeson Williams Phillips

Tees Valley Enterprise Zone

Andrew Carter, Hartlepool Borough Council

Fergus Mitchell, Tees Valley Unlimited

Richard Dowson, Middlesbrough Council