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Insights

NEW INVESTMENT ZONES: THE PLANNING IMPLICATIONS

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SUMMARY

The Chancellor’s radical tax cutting 'mini-budget' on 23 September introduced the new government’s central agenda for growth. Whilst it was the fiscal announcements that have since dominated the headlines and market reaction, an announcement on the introduction of new Investment Zones and the details that followed has been cautiously welcomed by those in the development industry.

The new government wants to establish Investment Zones initially across England (with devolved administrations invited to deliver similar schemes) that will benefit from time-limited tax relief and liberalised planning rules to stimulate growth. Importantly, a mix of development, including housing, will be permitted within these zones and the government is already in preliminary discussions with 38 authority areas, including in Greater London.

DESIGNATION

A defined area may be designated as an Investment Zone if it meets qualifying criteria and if the Mayoral Combined Authority (MCA) or Upper Tier Local Authority (UTLA) (eg a County council) for that area submits a bid (an Expression of Interest) to the government that is then approved by agreement.

QUALIFYING CRITERIA AND CONSIDERATIONS

Details of the qualifying criteria are not yet published, but the ‘Growth Plan 2022’ and government’s guidance document published after the mini-budget indicates that an Expression of Interest will require confirmation of local consent.

During the assessment of the bid, the additional development that could be delivered if a designation is made, as well as the mix of both commercial and residential development will be considered. Sites that already benefit from a masterplan, local development order or outline planning permission or sites where planning consent is not yet in place may be included in a designation. Truss has indicated designations will be focussed on the parts of England ‘that are left behind,' so some form of socio-economic or other performance metric may also be considered prior to approval of a designation.

Once established, the relevant MCA or UTLA will then work in partnership with their relevant local authorities to deliver development.

RELAXATION OF PLANNING RULES

Planning rules will be relaxed within the Investment Zone boundary with the aim of accelerating development, but to what extent and through which legislative vehicle (eg amendments to the GPDO 2015, LDOs or another mechanism) is unknown at this stage. However, the government also announced a new Planning and Infrastructure Bill, the context of this seemingly to deliver changes to the major infrastructure planning regime, but the legislative changes to establish Investment Zones could be wrapped up in this.

The need for planning applications for land within Investment Zones is intended to be minimised and where planning applications remain necessary, they will be "radically streamlined" with:

- reduced consultation requirements,
- the removal of "burdensome EU requirements …. that do not necessarily protect the environment";
- key national and local policy requirements relaxed (but national polices on design, heritage, green belt, flooding and building safety retained); and
- developer contributions focussed on essential infrastructure requirements.

COMMENT

Relaxing planning laws within defined areas is not a novel or radical planning concept and has been used historically to stimulate development and investment in targeted areas with mixed success, for example through Simplified Planning Zones (eg in Slough), Local Development Orders (eg the London Gateway development) and Urban Development Corporations (eg Canary Wharf).

It is important to note that liberalisation of planning does not mean a total absence of planning restrictions. Planning rules will still apply within Investment Zones to define the limits within which development can take place and to impose conditions on development to mitigate adverse effects. From experience, these rules will not necessarily be simple, either for government to draft or for developers to navigate. Questions around how local plans, design codes, affordable housing, s106 and other environmental considerations will be applied within these zones and how protected land will be treated, will need resolution.

Concerns from campaign groups who fear environmental protections and considerations will be removed for development within Investment Zones have already been raised, with reassurance by Kwateng (through media interviews) that the government's focus is on changes to the process and not the environmental rules themselves. If in practice the changes amount to a lowering of existing environmental standards, they would be unlikely survive within parliament.

However, assuming the final details stem initial environmental concerns, the biggest potential obstacle for establishing an Investment Zone designation could be in achieving local support. Relinquishing planning controls can be unpopular at a local level, and with confirmation of local support a prerequisite for submission of a bid by an MCA or UTLA, getting over the first hurdle could be a challenge in some areas.

The government will no doubt have the 2024 election in the back of its mind and we imagine will be wary of igniting planning controversy. Striking an acceptable balance between its new growth agenda, environmental considerations and delivering sustainable growth will be critical.

For now though, the announcement of Investment Zones has been cautiously welcomed by the property industry, but we will review the details as they emerge over the coming weeks.

RELATED CAPABILITIES

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