

British Chambers of Commerce

# PLANNING FOR BUSINESS

Key principles to guide the Government's  
review of the planning system in England



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# Introduction



**Dr Adam Marshall**

Director General,  
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Commerce

**“At a time of uncertainty over Brexit, and slowing economic growth, the need to maintain a high quality environment in which communities and businesses can prosper together is of crucial importance.**

*Business needs a planning system that recognises the importance of sustainable economic growth and the social and environmental benefits it brings to local communities.*

*Access to affordable employment land and premises is essential for business innovation, expansion and long-term competitiveness. At the same time, we need more high quality and affordable homes, in places where people want to live and work, and supported by modern, integrated transport systems. This will help people access jobs and progress within the workforce, as well as ensuring firms can access the vital skills they need. Achieving the optimum balance of jobs and homes, supported by investment in local and national infrastructure, must be a key part of our long-term industrial strategy.*

*Bringing together a national panel of experts on planning, and supported by survey findings from over 900 businesses across the country, the BCC has examined how well the planning system is working for business five years on from the introduction of the National Planning Policy Framework.*

*The conclusions are worrying. Firms are finding it increasingly difficult to engage with the planning system and to find the land and premises they need. Alongside rising costs and complexity, the business voice is being lost as housing, green belt and neighbourhood plan issues dominate the planning system.*

*Our report identifies the main barriers facing business as they negotiate the planning system. It also sets out a number of suggestions as to how the system can be made to work better for businesses, to provide the freedom and flexibility firms need to innovate and grow. Chambers believe these principles must guide the Government’s review of land use policy and the planning system in England. They should be reflected in any revisions to the National Planning Policy Framework and other forms of planning guidance from central government.*

*While we recognise the strength of a development plan-led system, it must respond to prevailing economic, social and environmental challenges and do more to ensure the needs of business are on an equal footing with other stakeholders. We need Local Plan policies which recognise and implement the needs and aspirations of businesses. As well as better resourcing, local planning authorities also need expertise to promote an understanding of how business now operates in a global economic environment.*

*Planning for jobs and homes, together with up-front government investment in modern, smart infrastructure, will give businesses the platform to compete globally and the strategic certainty to make their own investment decisions.”*

# About The British Chambers of Commerce

**The mission of the British Chambers of Commerce (BCC) derives directly from the mission of its shareholders and customers – the accredited Chamber Network.**

The core mission of every accredited UK Chamber of Commerce is to:

- » Speak up for their business community, by providing a strong Voice;
- » Help firms succeed locally, nationally and globally through Trade;
- » Connect and support businesses in their area through Membership;
- » Improve the local business environment and build a better Place.

Chambers of Commerce bring together business communities rooted in places. Our Network's depth and strength at a local and regional level sets us apart from other business organisations.

The focus on place – both in government and business – is increasing, driven by devolution and decision making moving from Whitehall to the regions and nations. Against this background, Chambers' remain the pre-eminent champions of local and regional business communities and are key players in local economic development.

## **Background**

In 2017, the BCC convened a national expert panel to assess how the planning system is working for business, how it impacts on the delivery of housing, infrastructure and local economic growth, and where improvements can be made. The panel was drawn from Accredited Chambers of Commerce across England, where they were actively engaged in their local business communities. In June this year, the BCC also surveyed 944 businesses on their experience of the planning system, the results of which are included in this report.

Planning is a devolved matter in Scotland and Northern Ireland, and partially devolved in Wales. Chambers of Commerce in those areas are engaging with government and planning authorities to represent the views and needs of businesses. The following report reflects the views of businesses in relation to the planning system in England.





# Maintain the Correct Balance of Land for Homes and Businesses

## Access to Land and Premises

The government's renewed focus on house building is leading to increased pressure on the availability of land and premises for employment uses. While new house building creates opportunities for many sectors in the economy, and helps to provide homes in local communities for skilled employees, many businesses believe there is now a critical imbalance in the supply of land for jobs and homes. Firms are concerned about the impact this will have on future business investment, productivity and local growth.

In our 2017 Planning Survey\*, only 28% of businesses said they were able to access the land or premises they needed. The main barriers were a lack of sites and premises at affordable prices, sites in the wrong location, local opposition, and poor physical infrastructure.

A number of planning factors exacerbate the problem, including:

- » Poor alignment between housing and employment policy at a national and local level
- » Pressure on local planning authorities to provide an up-to-date 5-year land supply for housing without the need for an equivalent plan for quality employment land.
- » The constraints of green belt policy, alongside green belt release processes, which seems to favour housing over employment priorities.
- » Planning policy changes that have encouraged the conversion of vacant town and city centre spaces to residential uses, depleting the supply of commercial office space.

## Recommendations:

- » New housing must not come at the expense of employment. Councils need to objectively plan for employment land, and for a variety of employment types, to ensure that the imperative to meet demand for housing does not force out other uses and create problems for the future.
- » Councils should be required to maintain a 5-year quality employment land supply, in the right locations, to balance the supply of housing land. If it is necessary to release vacant employment land for housing, alternative quality employment sites must be identified and released.
- » Employment land and uses should be given equal priority to housing in all spatial planning, transport planning and area masterplanning.
- » Spatial planning at a city-regional level should be introduced on a statutory basis to help balance the need for jobs and homes and to provide a joined-up approach across a wider economic geography.
- » Councils need to ensure there is an adequate supply of commercial office space to mitigate the conversion to residential uses of vacant space in towns and city centres.

\* The 2017 planning survey was conducted online by the BCC in April 2017 and received 944 responses.

**28%** of businesses cannot access the land and premises that they require to service their business needs.

**Businesses said:**

*“There is an underestimation of land needed for employment and businesses uses in Local Plans. Brownfield land is being granted permission for housing to meet housing needs at the expense of employment.*

**- SME in East Midlands**

*The value of employment land is overpriced due to housing development potential.*

**- SME in East England**

*Unless more land is zoned for business use we are going to be in a never ended spiral leaving us short for land for business and jobs. As long as brownfield land is used for housing, there will be a shortage of employment land to grow the economy.”*

**- SME in West Midlands**

### **Brownfield and Greenfield**

In our survey, 66% of firms believed their area's development needs could be met in some way through the use of existing brownfield land, while a third (33%) felt a relaxation of green belt boundaries would help them to find the land and premises they needed.

### **Recommendation**

- » Business supports the need for green belt to prevent urban sprawl. However, there needs to be a structured and intelligent release of the green belt to increase land supply for housing in the areas where there is greatest need. The principle of green belt swaps should be considered as a means of minimising green belt loss whilst ensuring that much needed development is delivered.

### **Protecting Business Operations**

The imperative for housing is also leading to new homes being built too close to existing businesses, creating inevitable tensions between firms and residents. 13% of businesses we surveyed had been adversely affected by the planning proposals of others. The main impacts were disruption to operations (36%), constraint on growth or expansion (25%), lost productivity (18%) and other costs (22%).

### **Recommendation:**

- » Building houses on employment land adjacent to existing businesses has the potential to create problems for business and residents. Where businesses are, and should be, complying with environmental standards and imperatives, their legitimate operations and growth potential must not be restricted by the needs and expectations of new residents. The rights of existing business occupants must take precedence.

A third of businesses we surveyed felt a relaxation of green belt boundaries would help them to find the land and premises they needed.

**The expert panel said:**

*“Changes to the green belt boundaries will assist businesses in finding the premises or land that they need. Brownfield land in good urban locations is sought after by both employment and residential providers.”*

**Businesses said:**

*“Affordable premises with good access to road and rail network, car parking for staff and visitors is increasingly difficult.”*

**- SME in Yorkshire**

# Reduce Complexity and Provide Certainty

**Businesses welcomed the National Planning Policy Framework which sought to support growth and make the planning system less complex and more accessible. However, for many of our businesses, this is not their experience on a day-to-day basis. Five years on from the introduction of the NPPF, our survey reveals that only 15% of businesses believe the planning system is now easier to engage with, 20% say it is more difficult to deal with and 27% say there has been no change.**

The lack of an up-to-date Local Plan in many areas of the country makes it difficult for business to work with the planning system, creating uncertainty, increasing costs and slowing down the decision-making process. The over-complication and tiers of plan making has resulted in multiple layers of spatial plans, adding to the complexity, delay and cost.

Changes in national planning policy are taking too long to impact at the local level. Businesses have witnessed the failure of the Duty to Co-operate between authorities, and an increasing resistance to economic development in neighbourhood plans, aggravated by the undue weight given to them in planning decisions. In our survey, a quarter of firms (25%) said neighbourhood planning had a negative impact on the planning system in their local area, compared with 23% who thought it had a positive impact and 20% who were not familiar with Neighbourhood Planning.

These challenges are damaging business confidence, slowing the rate of local growth and denying communities the improved infrastructure and amenities that economic development can bring to their area.

Neighbourhood Planning which was introduced in the Localism Act 2011 aims to give **local people** a **greater say** in local planning matters.

Of the businesses surveyed, just over a **third** said that Neighbourhood Planning had/will have a **positive** impact in their local areas.

**The expert panel said:**

*“There needs to be greater business representation in the planning system. One way to address this would be for chambers to be prescribed consultees.”*

**Our recommendations:**

- » Changes introduced by the NPPF took several years to impact at a local level. Therefore, any further significant changes must be accompanied by clear guidance for business, councils and communities to ensure the benefits are realised quickly, to stimulate activity and to avoid creating further delays in the system.
- » There must be an up-to-date spatial plan in every council area to provide more certainty for businesses and communities. The timescales and stages for the preparation of such plans needs to be reviewed to help this process.
- » The failure of the Duty to Cooperate must be addressed. Strategic Economic Plans set by LEPs and the local plans set by councils must be properly aligned and should set more ambitious growth targets.
- » Government must reduce the complexity, duplication, layering and contradictory nature of plan making across the emerging economic geographies. Combined authorities need stronger powers over spatial planning to prevent fragmentation and enable the delivery of ambitious growth, new settlements and major infrastructure. To be effective, these combined authority spatial plans should be given development plan status.
- » To bring forward new housing and infrastructure development, the undue weight given to neighbourhood plans, especially in the early stages, needs to be revised. More positive messaging is required to help communities understand the economic benefits of development at a local level.



# Speed Up the Planning Process and Reduce Costs

The cost for business in dealing with the planning system continues to rise. With an increasingly complex system, few businesses are able to engage in the process without the support of professional expertise. In our survey, businesses who had used the planning system told us the major costs were incurred in obtaining professional advice (58%), specialist expertise covering a range of disciplines (39%), application preparation, management time (37%) and application fees (33%).

At the same time, businesses are witnessing a reduction in skills and resources in the planning departments of local authorities. This is impacting on the speed, quality and consistency of decision making and increasing the cost of engaging with the planning system.

The number, range and complexity of conditions attached to planning permissions, particularly pre-commencement conditions, are often disproportionate, contributing to increased costs and unacceptable delays. In our survey, around half of businesses (49%) had unexpected conditions added to their permissions by local planning authorities and, of these, 51% of businesses did not believe the conditions to be proportionate or reasonable.

Businesses perceive there to be a lack of prioritisation in the interests of economic development and growth. There are still unacceptable delays in the time taken for planning applications to be determined. Our survey revealed around a third (31%) of businesses who applied for planning permission did not have their application determined within statutory timescales. Of those who sought pre-application advice, over a third of businesses (35%) did not receive it within an acceptable timescale.

## The expert panel said:

*“Those involved in the planning system on a day-to-day basis, do not feel like it is getting any simpler or quicker. The scale and complexity of documentation required for a planning application has not reduced. Government policy needs to change the mindset, so that decisions on the principle of development can be made without companies needing to make a huge investment in technical documentation.”*



**Recommendations:**

- » Councils must have skilled, confident and experienced staff resources to reduce delay, improve the speed and quality of decision-making, and ensure consistency.
- » Council Planning Committee Members must have regular mandatory training, improve their understanding of the role and contribution of business and develop a more positive relationship with the private sector.
- » Conditions should be relevant, proportionate and streamlined to reduce cost and delay, provide confidence for developers around timescales, and enable development to be brought forward quickly.
- » Councils should have specialist expertise to enable economic considerations to be recognised in the same way, for example, that there is currently widespread expertise available in relation to the protection of environmental and heritage assets .
- » The delays and inconsistency in the appeal decisions system must be addressed as a priority and monitored to prevent recurrence. The Planning Inspectorate and relevant government departments need the resources and expertise to prioritise and manage the process effectively.



# Delivering Infrastructure

Businesses throughout the country rely on effective infrastructure to unlock sites for development, move people and goods, communicate with customers around the globe and provide homes and communities for their workforce and customers. However, a lack of coordination across planning authorities' boundaries, and other blockages in the planning system, can create uncertainty for business, discourage investment, and delay the delivery of essential infrastructure. In some parts of the country, the Community Infrastructure Levy mechanism has not brought forward sufficient funding for local infrastructure requirements. Proportionate spending on infrastructure across the country is vital to ensuring rebalanced economic growth.

## Recommendations

- » The delivery and coordination of infrastructure needs to be considered and co-ordinated across all levels of governance. The Government should introduce a requirement for plans to be cross boundary to illustrate how strategic economic infrastructure, including national infrastructure, is to be delivered. Plans must set ambitious targets and councils must meet their Duty to Cooperate. These plans are essential to properly address where future employment and housing sites should be located and developed.
- » There is a need to address concerns about the operation of the Community Infrastructure Levy regime in parts of the North and the Midlands arising from the limited viability of some forms of development. The government needs to review this one-size-fits-all policy, to ensure that infrastructure is delivered in all parts of the country.
- » The local business community must be fully engaged in the setting of CIL charging schedules as these will impact on the viability of housing and employment sites. The system needs to be more simple, transparent and accessible for firms to provide greater confidence and certainty.
- » Planning authorities need the expertise to ensure there is access to a ready supply of minerals required for the delivery of infrastructure projects.

**The expert panel said:**

“A co-ordinated and collaborative approach is required for the delivery of key infrastructure. We need government commitment over a number of economic cycles to the funding and delivery of major infrastructure schemes.”

# Support the Delivery of Housing

**Changes and improvements in policy can help ensure key employment and housing sites are identified, encourage smaller house builders into the market and help people to get on the housing ladder. But a shortage of skills will hold back the pace of delivery.**

To build the number of houses required, and provide affordable homes for a skilled workforce, the planning system needs to do more to encourage the development of skills as an integral part of new development schemes.

## Recommendations

- » More small sites should be released for house building to help encourage SMEs into the market and contribute to a varied housing stock, including self-build, custom build and innovative forms of new housing.
- » Greater clarity should be given in planning guidance surrounding the relationship between affordable housing and starter homes.
- » More awareness and understanding is needed through planning guidance of shared ownership and similar schemes relating to new development to enable them to reach their potential.
- » Partnering schemes, construction management plans and project delivery plans should contain policies to encourage greater investment in apprenticeships and local labour to help address skills shortages in the construction sector and ensure the positive impact of housing development is felt in local areas and communities.
- » Infrastructure projects should be encouraged to use local supply chains and generate apprenticeship opportunities.

**The expert panel said:**

“If the Government is going to meet its delivery of new homes, a step change in skills training is needed across the construction sector.”

“We welcome the broad approach to the delivery of housing, including new types of construction techniques.”

# BCC's Expert Panel

The BCC Planning and Infrastructure Panel comprises expert legal professionals and planning practitioners drawn from Chambers of Commerce across the country. They provide a national, regional and local perspective on how the planning system is working for business and local economies. Through the Chambers, Panel members are active in bringing together businesses and the public sector to plan for local growth, infrastructure delivery and economic development.

The panel consists of:



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Barton Willmore, Bristol.



**Stuart Irvine**

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**Stephen Ashworth**

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