

# BRIEFING



LOCAL GROWTH: REALISING EVERY PLACE'S POTENTIAL

29 Oct 2010

*(Published by the Department of Business, Innovation and Skills, 28 October 2010)*

## **Introduction**

This is the first major White Paper to be published by the coalition government. A full copy of the document can be downloaded from:

<http://www.bis.gov.uk/assets/biscore/corporate/docs/l/1068%20-%20local%20growth.pdf>

The overarching theme of this Paper is the shifting of power away from central government to local communities, citizens and independent providers. This will:

- enable places to tailor their approach to local circumstances;
- promote efficient and dynamic markets, in particular in the supply of land, and provide real and significant incentives for places that go for growth; and
- support investment in places and people to tackle the barriers to growth.

The proposed changes are focused on:

- promoting growth that is broad-based industrially and geographically;
- creating a business environment that competes with the best internationally; and
- ensuring everyone has access, including future generations, to the opportunities that growth brings.

The changes “will not only help produce a growing economy, but also heighten civic pride, with businesses and communities increasingly enabled to help themselves grow.”

Box 2.A draws attention to local authorities’ role of “supporting growth and development through ensuring a responsive supply of land that supports business growth and increases housing supply”

## **Application**

The majority of the document applies to England only since many of the policy areas within it are devolved in Scotland and Wales.

## **Local Enterprise Partnerships**

The paper confirms the winding down and abolition of Regional Development Agencies (by March 2010) and the establishment of 24 Local Enterprise Partnerships (LEPs). These are:

- Birmingham & Solihull with E. Staffordshire, Lichfield & Tamworth
- Cheshire and Warrington
- Coast to Capital (West Sussex to Croydon)
- Cornwall & the Isles of Scilly
- Coventry & Warwickshire
- Cumbria
- Greater Cambridge & Greater Peterborough
- Greater Manchester
- Hertfordshire
- Kent, Greater Essex & East Sussex
- Leeds City Region
- Leicester & Leicestershire
- Lincolnshire
- Liverpool City Region
- Nottingham, Nottinghamshire, Derby, & Derbyshire
- Oxfordshire City Region
- Sheffield City Region
- Solent
- South East Midlands
- Stoke-on-Trent & Staffordshire
- Tees Valley
- Thames Valley Berkshire
- The Marches
- West of England

Amongst their diverse roles LPAs “could take on ... strategic housing delivery, including pooling and alignment of funding streams to support this.”

## **Elected Mayors**

The Government intends to create directly elected mayors in the 12 largest English cities.

## **Changes to the Planning System**

Chapter 3 of the Paper deals with proposed changes to the planning system. It repeats previous rhetoric of the failure of “top down targets” and the opportunity for local ownership of the planning system. It reaffirms many of the principles set out in the Conservatives “Open Source Planning” and proposed actions include:

- introducing a national presumption in favour of sustainable development, which will apply to decisions on all planning applications;
- giving local communities new Right-to-Build powers;
- fundamentally reforming and streamlining national planning policy and guidance, presenting to Parliament a simple national planning framework; and
- placing a new statutory duty to cooperate on local authorities, public bodies and private bodies that are critical to plan-making, such as infrastructure providers.

At the heart of the new planning system will be neighbourhood plans “which will give local communities greater flexibility and the freedom to bring forward more development than set out in the local authority plan”. Local authorities will also be expected to produce local development plans under a simplified and streamlined procedure. Where neighbourhoods choose not to develop such a plan the local authority plan will be used to guide development.

The planning system should be “light-touch, fast and responsive and government will fundamentally reform and streamline national planning policy and guidance and are working to further implement recommendations of both the Killian Pretty Review and the Penfold Review of non-planning consents.

Local authorities, public bodies and private bodies such as infrastructure providers will be under a “duty to cooperate”. LEPs will be “free to work with partner authorities to develop strategic planning frameworks to address economic development and infrastructure issues”.

## **Incentives for Growth**

Government will create a framework of powerful incentives for local authorities to deliver sustainable economic development, including:

- the New Homes Bonus scheme, starting in 2011-12, match funding the additional council tax for each new home and property brought back into use, for each of the six years after that home is built. A consultation on the detail will be published shortly.

- considering options to enable councils to retain locally-raised business rates in the Local Government Resource Review; and
- bringing forward proposals that will enable local authorities to offer local discounts on business rates.

The Government proposes to introduce new borrowing powers to enable local authorities to carry out Tax Increment Financing although this will require legislation. Views on TIFs are to be sent to CLG by 1<sup>st</sup> December.

The economic benefits and the role of housebuilding to UK growth is specifically noted in Box 3.B.

### **Regional Growth Fund**

The Regional Growth Fund will be increased to £1.4bn and will run over 3 years. A separate bidding process is in place with first round bids closing in January 2011. The fund is to stimulate private sector growth primarily in areas that are currently dependant on the public sector (although all areas of the Country are eligible to bid).

#### Summary of Future Economic Development Delivery

Appendix B of the White Paper focuses on delivery and contains 4 paragraphs specifically on housing. These are reproduced in their entirety below:

### **Housing**

B.51 House building investment has for decades been constrained by the lack of land supply, over regulation, a volatile (and hence uncertain) market for builders that also encourages unhelpful land speculation, and the lack of house building-enabling infrastructure. It is no accident that investment in housing output in the UK is amongst the lowest in the developed world – at only 3.5 per cent of GDP (Germany 5.5 per cent, France 6.25 per cent).

B.52 Given the highly constrained position of housing supply in England, both by international and historic standards, policy reforms to relax these constraints and unleash investment, including from international investors, in housing output could result in significant dividends – using our economic resources more efficiently by allowing investment in the economy to rebalance to where the returns are highest.

B.53 The Government has therefore committed to establishing the right conditions to draw in that investment through its proposals for reforming the planning system; providing incentives

for local authorities and communities for unlocking land for development; de-regulation of the private rented sector, and supporting demand through support for the mortgage market.

B.54 The more strategic role for housing and planning at the level of local enterprise partnerships could also be an important part of the process to increase investment in housing output, and the Government will consider what role partnerships can play in maximising the UK's house building supply response to the wider economic recovery.

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