



BRITISH CHAMBERS OF COMMERCE

ECONOMIC GROWTH:

PLANNING FOR BUSINESS - 2023 AND BEYOND



**WHERE
BUSINESS
— BELONGS**



British Chambers of Commerce

We represent and campaign for business.

Our foundations are local, our influence is national and our reach is global.

Our unique perspective gives us unparalleled insight into British business communities – every sector, every size, everywhere.

They trust us to be their advocates, and we're passionate about helping them trade and grow.

Working together with Chambers, we drive change from the ground up – and our bottom line is helping companies, places and people achieve their potential.

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INTRODUCTION



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During the past 3 years, businesses have survived wave after wave of economic shocks. From Brexit and the Pandemic to the ensuing turbulence of skills shortages, soaring energy costs and inflation, the natural optimism and resilience of firms has been tested to the extreme. Now, more than ever, against a backdrop of uncertainty and sluggish growth, we need a business environment that underpins, unlocks and unleashes the potential of our firms.

The planning system has a major role to play in this - delivering the vital homes for our skilled workforce, along with the land and premises for our growing businesses. Crucially, it must also underpin the strategic development of our economic infrastructure - enabling new greener technologies and energy sources - that are essential for our people, planet and progress.

Chambers of Commerce across the country are working with businesses and strategic economic partners to boost investment, sustainable growth and new opportunities in local communities. The need to maintain a high-quality environment in which local communities and businesses can prosper together is of crucial importance. That's why we need a planning system that recognises the importance of economic growth and the social and environmental benefits it brings.

To unlock the planning system, we need better resourced Local Planning Authorities (LPAs), greater stability of planning policy, and more focus on the supply of land for business use. Given the strength of a development plan-led system, planning must respond to prevailing economic, social and environmental challenges and do more to balance the needs of business with other stakeholders.

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

In our Planning For Business policy document, we set out how a more effective and efficient planning system can boost business investment, sustainable economic growth and prosperity for all.

IMMEDIATE PRIORITIES

1. Council Resources

A shortage of trained and experienced people in LPAs is resulting in very slow, inconsistent, and poor decision making. This damages business confidence and holds back growth in local economies. LPAs need better resourcing. By simplifying the plan-making process, for example through digitisation and the use of development management policies produced at a national level, the government can help free-up council resources. But to be truly effective, these must then be reallocated from plan-making to development management.



2. Policy Stability

Constant tinkering and change in the planning system creates uncertainty, damages business confidence and can lead to investment plans being delayed or shelved. In recent times, multiple layers of proposed policy change have created instability, exacerbated delays, and left the business community struggling to keep track of the reform agenda. Businesses welcome change but it must lead to a more stable and efficient system. They need clarity on what reforms to expect, and when, and reassurance there will then be a lengthy period in which the system can operate unhindered.



3. Planning for Business Use

LPAs must do more to plan proactively for employment land and ensure they can respond to inward investment opportunities. Alongside the current focus on housing delivery, this deficit is putting pressure on land supply for business uses. Firms in many areas are struggling to find the land and premises they need to improve productivity, achieve their Net Zero goals and grow. More priority must be given to business' needs in the development management and plan-making process.



WHY PLANNING MATTERS TO BUSINESS

1. Economic Growth

The rational allocation of resources to projects and places is essential to developing an efficient economy. An efficient planning system allows places to maximise their growth and contribution to the nation's purse.

2. Infrastructure Investment

Delivery of efficient and effective infrastructure is needed to support the movement of people, goods and services, to ensure the availability of adequate water and energy supplies, and to minimise damage and destruction resulting from flooding.

3. Business Investment

Access to affordable accessible employment land and premises, and to energy supplies, is essential for business innovation, expansion and long-term competitiveness.

4. Access To Skills

Employers need a supply, and mix, of good quality housing and social infrastructure in their local area to enable access to a skilled workforce.

5. Supply Chain

New development generates a positive local economic stimulus, for example the need for construction materials, white goods, transportation and furnishings, that boosts local supply chain opportunities.



BARRIERS TO AN EFFICIENT PLANNING SYSTEM



An inefficient planning system holds back local economies and the business community at large. Firms are finding it increasingly difficult to use the planning system and 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.

What needs to be addressed:

- The system is slow to use, expensive, complex and inconsistent.
- A growing shortage of quality employment land and premises in the right locations is a barrier to investment and growth. This is largely due to the government's current focus on housing delivery, and inadequate incentives to encourage planning for employment land and inward investment opportunities.
- A shortage of trained and experienced people and resources in LPAs slows down the planning process and results in inconsistent, poor decision making that damages business confidence and holds back growth in local economies.
- Around 40% of Local Plans are years out of date and spatial plans are often not aligned to economic plans.
- The constant tinkering with the system means it has little time to bed down and prove workable before it is changed again.

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"There is a complete lack of cohesive planning for infrastructure for small businesses needing finance and premises"

Micro energy company in Herefordshire

Business Investment Is Worsening

Since the Covid-19 pandemic, most SMEs have not increased their investment.

In the BCC's Quarterly Economic Survey for Q2 2023 - the UK's largest and longest-running independent business survey of more than 5,000 businesses (96% of whom are SMEs) - showed that the percentage of respondents reporting an increase to investment in plant/equipment dropped to 23% from 25% in Q1. Over the last six years this measure has dropped as low as 9% of firms, at the start of the pandemic, but it has never gone higher than 28% (Q1 2018).

POLICY ASKS

1. Council Resources

LPAs need better resourcing to improve the speed and quality of decision making. By creating efficiencies and simplifying the plan-making process, government can help councils free-up resources that must then be reallocated from plan-making to development management.

A shortage of skilled and experienced people in LPAs is also creating delays in the planning process and resulting in very slow, inconsistent and poor decision making. This damages business confidence and holds back growth in local economies.

However good the planning system is, business will be stymied unless councils have sufficient resources to make quick and high quality decisions. Some firms have had their investment plans delayed by years as they wait for a planning decision.

Digitalising systems to improve efficiencies is welcomed, but LPAs will need change management resources and skills' training budgets to make the switch and maximise the benefits of these new technologies.

Similarly, we would welcome efficiencies arising from the standardisation of development management policies, providing that this follows robust consultation with business. However, any resources released through the achievement of efficiencies in LPAs must be reallocated from plan-making to development management, rather than leading to any reduction in overall capacity.

Statutory consultees must also be properly resourced to provide a quality and timely response. In addition, LPAs need access to relevant expertise to understand how business now operates in a global economic environment. An example is in the way they consult on heritage and other aspects, and Chambers of Commerce can facilitate this.

Business is prepared to pay more for planning services, through planning application fees and or planning performance agreements, if they get a demonstrably better service in terms of response times and quality. Any additional fees must be ring-fenced to improve planning services and access to officers.

2. Policy Certainty

Constant tinkering and change in the planning system creates uncertainty, damages business confidence and can lead to investment plans being delayed or shelved. It can also lead to inertia in LPAs which, in turn, creates poor decision making and further delays in the system.

In recent times, multiple layers of proposed policy change have created instability, exacerbated delays, and left the business community struggling to keep track of the reform agenda. Firms welcome change that leads to a more efficient system. However, they need clarity on what reforms to expect and when, why they are needed, and the opportunity to review and comment on proposals before they are finalised. It is vital this is then backed by reassurance there will be a period of stability in which the system can operate efficiently.

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"It's a hugely uncertain marketplace. Lots of red tape to jump through to do anything positive. A solar install that has to be downgraded because of planning, electric car charge points delayed due to new procedures. We're just trying to keep the business moving, be conscientious about our impact on the environment, but there are so many hurdles"

Small marketing firm in the East Midlands



3. Plan for Employment Land and Inward Investment

LPAs can do more to plan proactively for employment land and ensure they can respond positively to inward investment opportunities. The current focus on housing delivery is putting pressure on land supply for business uses. Businesses in many areas are struggling to find the land and premises they need to improve productivity, achieve their Net Zero goals and grow.

A growing shortage of quality employment land and premises is a barrier to investment and growth. More priority must be given to business needs in the development control and plan-making process.

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 strategy. Equally, the drive to Net Zero, the need for biodiversity net gain, and protecting our natural and cultural assets, are priorities for the economy and society, and must be at the heart of the planning system.

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.

- Employment land and uses should be given equal priority to housing in all spatial planning, transport planning and area master planning.

- 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 land for business uses must be identified and released.
- The Planning Inspectorate (PINS) needs a clearer role to scrutinise the employment land component of all local plans. The Planning Inspectorate should create dedicated employment land expertise to assess and scrutinise evidence and proposals, and allocate dedicated time at Examination hearings focusing on employment land issues.
- To help secure inward investment opportunities, DLUHC should provide guidance to LPAs on planning for inward investment. DLUHC should set a formal requirement for local plans to accommodate a level of additional employment land allocation to meet inward investment needs. PINS should consider evidence from the Department for Business and Trade (DBT) stating how many inward investment queries each LPA has turned down. This evidence should be a material consideration in assessing the soundness of the plan and the adequacy of the LPA's current and future employment land allocations. DIT should report annually on local authorities that have turned down inquiries, including details of the size and scale, to allow greater local scrutiny of local employment opportunities.

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"We are getting fewer visitors than last year as more now go abroad. We had planned to increase visitor attendance but this has been stalled by the planning department"

Micro hospitality firm in Somerset



- The Agent of Change principle must be upheld. Building houses on employment land adjacent to existing businesses has the potential to create problems for business and residents. Where businesses are 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.
- There should be stronger cross boundary strategic planning and economic development plans, to make sure these are better aligned.

4. Housing Growth

We need more high quality, well designed, and affordable homes, in places where people want to live and work, and this must be 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.

Any target for housing should aim to support ambition for growth. Local authorities should be expected to set out clear ambition in terms of additional economic growth over the timescale of the plan, the number of jobs to be generated and the link to homes and services provided alongside other new infrastructure.

There should be managed, nuanced and sensitive release of greenbelt in areas with high demand for both housing and business uses, together with some form of land value capture.

5. Ensure Up To Date Local Plans

Changes are needed in the preparation of local plans to reduce complexity, encourage greater engagement and speed up the plan-making process.

The introduction of National Development Management Policies would be helpful in ensuring a more robust, simplified and consistent planning regime.

There must be an up-to-date spatial plan covering every council area, produced jointly by neighbouring authorities where appropriate, to provide more certainty for businesses. Business must be properly consulted, and Local Plan policies must recognise and implement the needs and aspirations of businesses.

There must be better alignment with regional economic growth policies.

Digitalisation should be used to engage more people in the plan-making process, enable local plans to be updated more often, and lead to greater conformity between different planning areas.



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"No planning permissions equals no investment. National Government, and Local Government, has no proper policies for Rural Development for farmers trying to find alternative income in a declining industry"
Shropshire farmer

6. Reduce Complexity

Government must reduce the complexity, duplication, layering and contradictory nature of plan-making across 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, greater weight should be given to regional planning as a tool to distribute appropriate development and associated infrastructure. As part of this approach, consideration should be given to Combined Authority spatial plans being afforded development plan status. Where Combined Authorities have plan-making powers, government should agree with them the timescales for plan-making and publish these with annual updates to ensure prompt progress and action plans for intervention when delay is seen.

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"Excessive time that is taken to approve planning applications by all Local Planning Authorities causes delays in starting developments"

Small construction firm in the East Midlands

7. Duty to Cooperate

The failure of the Duty to Cooperate must be addressed. Local plans set by councils should set more ambitious growth targets and must be properly aligned with the Strategic Economic

Plans prepared by Combined Authorities and County Deal authorities. The option to produce a joint strategic plan is welcomed, but it needs to be strengthened to support more LPAs to reach agreement.

8. Infrastructure Levy

The imposition of the Infrastructure Levy should not prejudice the investment potential of brownfield regeneration sites as a result of development viability concerns. Any infrastructure levy system must be simple, clear, consistent, and fair.

9. Efficiency

The environmental assessment regime should be streamlined to improve efficiency and speed up the process, but the bar to prevent harm should not be lowered.

10. Supporting Net Zero

The planning system must support investment and delivery of renewable energies, energy efficiency in buildings and sustainable transport as an economic and environmental priority.

It must ensure we can deliver greater ambition around UK energy production and supply and be more encouraging of large-scale renewable energy such as on-and-offshore wind. Government should revisit the community consent principle for all energy production which has delayed delivery of domestic projects.

The planning system must also support the installation of low carbon technology retrofits to



buildings. It should create baseline environmental standards for construction, renovation and relicensing of all residential and commercial premises, constructed to an appropriate and economically achievable standard.

Given the increase in demand for access to energy across the UK, including the use of electric vehicles, the grid must be in a position to support future requirements. Therefore, the planning system should be reformed to make grid connectivity easier for infrastructure projects and new building developments. This should include planning provisions to prioritise connections for projects of significant importance (both nationally and locally) as well as considering the development of strategic capacity hubs, enabling a more coordinated and innovative approach to connections locally.

11. Appeals and Challenge System

The impact of inadequate resources in the planning system can lead to poor decision making. Therefore, maintaining a robust appeal and challenge system is essential to support business and the economy. Even more importantly, an adequately resourced planning system will make better decisions, more quickly, reducing the number of appeals and challenges and the associated costs and delays.

12. Guidance

Significant changes to the National Planning Policy Framework (NPPF) 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.





THE ROLE OF CHAMBERS

Across the UK, Chambers are proactively convening businesses, LPAs and economic stakeholders to plan for sustainable development and economic growth in local communities.

At a national level, the BCC's Planning Expert Panel engages with the government and a wide range of national economic development stakeholders to ensure the planning system supports sustainable growth and new opportunities for people in all regions of the country.



BCC PLANNING EXPERT PANEL

- **Amanda Beresford**, Schofield Sweeny, West & North Yorkshire Chamber of Commerce
- **Simon Neate**, WSP, London Chamber of Commerce and Industry
- **Stephen Hollowood**, Lichfields, Greater Birmingham Chambers of Commerce
- **Carl Copestake**, Knights, Staffordshire Chambers of Commerce
- **Dawn Coward**, Pad 20, Liverpool Chamber of Commerce
- **Justin Hancock**, Banks Group, North East England Chamber of Commerce
- **Margaret Bochel**, Aurora Planning, Aberdeen & Grampian Chamber of Commerce
- **Jonathan Cage**, Create Consulting, Norfolk Chamber of Commerce
- **Stuart Irvine**, Turley, Hampshire Chamber of Commerce
- **Gareth Ralphs**, Thames Valley Chamber of Commerce

In Memoriam

Panel member Stuart Irvine, Senior Director at Turley, sadly passed away before the publication of this report. We are enormously grateful for the contribution he made. Ross McNally, Chief Executive/Executive Chair at Hampshire Chamber of Commerce said "Stuart was a fantastic advocate and friend of the Chamber who worked tirelessly to support businesses in the Hampshire area."



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