



FIVE RADICAL IDEAS FOR A BETTER PLANNING SYSTEM

- 1 Planning should be about wellbeing not just growth**
- 2 Planning powers must be radically devolved**
- 3 The benefits of planning regulation should be recognised**
- 4 Land reform is essential, including local land ownership and land value capture**
- 5 The democratic deficit in planning must be tackled**

FIVE RADICAL IDEAS FOR A BETTER PLANNING SYSTEM

Why radical change is needed

Over the last five years, we have witnessed sweeping changes to the planning system. The regional tier has been stripped away, a new scale of planning introduced at the smallest 'neighbourhood' level, and a wide range of specialised central guidance reduced to a single National Planning Policy Framework (NPPF). At the same time, resources for local authority planning departments have been drastically cut. However, rather than resolve any problems, these reforms have created a fundamentally flawed system.

Central government has failed to provide a strong, coherent and relevant planning agenda. The NPPF is not a national plan but a statement of policy guidance. It fails to provide strong policy direction on major issues affecting society today and constituting significant risks for the future. Social inequality – across regions, within cities, in employment, housing and health – is largely ignored. Environmental sustainability – the urgent need to reduce carbon emissions and to plan for the impacts of climate change – is given scant attention. The lack of strategic direction means that there is little likelihood of progress being made against important policy goals. There is insufficient detail to guide local government plan-making and development decisions and its ambiguity offers the prospect of planning by appeal, with consequent uncertainty, delays and costs to the public purse.

The current planning system does not provide for adequate strategic planning at the sub-national scale. The removal of the regional tier of planning has meant that there is nowhere for progress on issues that demand consideration at this scale, such as major public infrastructure and housing need. As a result territorial injustice is not being addressed; the persistence and even growth of regional inequalities is testimony to this public policy failure. Furthermore, without regional planning, the local plan system is struggling. The statutory 'duty' upon local authorities to cooperate between themselves is not delivering strategy on a wider scale and the burden on the local plan, together with the lack of resources, means that local authorities find it difficult to keep their plans up to date.

Yet **there remains a democratic deficit within planning.** There is much to be welcomed in the idea of neighbourhood planning as a statutory basis for the involvement of local communities in planning processes. However, such engagement requires time, skills and resources to mobilise communities and resolve conflicts. Implementing neighbourhood planning in a time of financial cutbacks has created the false premise that planning can be done ‘on the cheap’. In addition, the new system may contribute to rather than redress social inequalities. Some local communities are able to draw on their own resources and benefit from the new system; others lack the capacity to create their own neighbourhood plan, a problem compounded by the cuts in local authority budgets. And, beyond the neighbourhood, there is a public accountability deficit at higher scales – at the level of the borough, the city, the region. Here planning discussions are often characterized by technocratic and professionalized debates and public apathy.

We lack the planning tools needed to deliver on public policy goals. There is too much reliance on an outmoded system of plan-making and the deregulation of planning decisions weakens the use of development control for policy purposes. In addition, the use of planning gain to meet community needs means that the planning system is too focused on promoting market-led urban development. The forms of development that result are profit-led and often do little for incumbent communities. A better set of planning tools and a much greater resource-base are needed to deliver against economic, social and environmental objectives.

There is an urgent need for a stronger planning system. Relative to cities in Germany, France and Scandinavia, most UK cities compare very poorly and demonstrate major problems in economic, social and environmental terms that demand attention. Here we set out five key ideas for radical improvement. These proposals for change sit within a clear and concise set of principles for planning, which guide our thinking on how the current system could be improved. We have also taken a number of topical issues and, in each case, shown how our proposals for change would lead to a different approach and, we would argue, better economic, social and environmental outcomes.

1 Planning should be for wellbeing not just growth

The pursuit of economic growth (usually measured by rising GDP) has become a core purpose of planning. This is premised on assumptions that there will be immediate increases in income and employment for the many and ‘trickle-down’ benefits for others. Public goods can then be funded through any surplus and all of this should improve collective wellbeing.

However, the evidence shows this model is not working. As GDP has doubled in the UK since the 1970s, we have seen rising inequality, soaring house prices, a growth in low-paid jobs, falling wages (as a % of GDP) and rising concerns about job security. Put simply, most of us have not enjoyed the benefits of this apparent economic success; the aggregate rise in GDP has been focussed on only a select few. Importantly, as wealth has increased overall, people’s satisfaction with life has hardly changed so that even those receiving increased income and wealth are not necessarily happier. Critically, this economic model is also causing increasing harm to our environment through pollution and loss of natural resources. In some cases, perversely, environmental degradation can actually contribute to GDP if it creates profitable economic opportunities.

The planning system is trapped in a reliance on promoting economic growth. The current model is that planning supports market-led urban development – often associated with localised gentrification – in order to generate profits that can pay for community benefits. Planners and locally-elected politicians, despite their best intentions, can find themselves supporting development that displaces existing local economic activity and threatens community infrastructure. And where there is insufficient economic demand for this model to work, the planning system is largely powerless.

Planning needs to rediscover its original purpose of delivering fairness and promoting collective wellbeing, a role that encompasses support for sustainable local economic growth. But it needs to delink from the narrow measure of GDP that gives no consideration to how rising income is shared out, where it came from, or the consequent negative environmental impacts.

What planning for wellbeing would mean for the planning of new Garden Cities

- The location of Garden Cities, or other forms of new settlements or urban extensions, would not be dictated by their contribution to economic activity or the ready availability of land through the market. Rather, locations should be determined by a range of factors such as the potential for sustainable living.
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- They would be a means of providing a high quality local environment in areas of housing need. They should be considered as suitable to low-growth regions as in the South East of England.
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- They would not be dominated by private sector housing developments but there would be an emphasis on providing for all sections of the community in terms of housing and other social needs.
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- Development would reflect urban designs promoting low carbon lifestyles, sustainable water management and enhanced provision for biodiversity.

2 Planning powers must be radically devolved

The governance of planning at the local and regional scale in England has been characterised by upheaval and uncertainty with negative effects on local growth and equity. The latest upheaval comes in the form of localism, a misnomer insofar as key powers in the planning system that affect local communities continue to be exercised by the Secretary of State. Centralisation and lack of transparency in planning make a major contribution to declining faith in the political system because the planning system is often an important point of contact with the state for the citizen. Ensuring the public legitimacy of the planning system is a pressing concern. A necessary condition for this is a genuine decentralisation of planning powers as part of a wider reinvigoration of direct, participative and representative democracy. The next government should commit to achieving a broad consensus for such a programme. This will involve a move away from the ad hoc deal-based system which characterises current central-local relationships and in the direction of enduring and stable frameworks based upon the principle of subsidiarity.

Such mechanisms should still recognise the need to set national frameworks for certain key issues. For example, England-wide spatial planning is required to create the conditions for a rebalanced economy and to deal with housing supply, national infrastructure and problems such as coastal management in an era of accelerating environmental change and rising sea levels.

But they should also recognise the democratic right for regions to shape their future directions. A major current weakness of the planning system is its inability to deal with 'larger than local' or strategic development issues. The Coalition government of 2010-2015 has argued that planning decisions should be made at the local scale and strategic issues should be addressed on the basis of inter-municipal co-operation and agreements. But there is mounting evidence that the 'Duty to Cooperate', introduced by the Localism Act 2011, is failing to fill the strategic void created by the abolition of Regional Spatial Strategies. Regional frameworks for strategic planning matters are needed, based on regional democratic control of decision-making.

Within such a context, the problems of cities can then be addressed. Effective spatial planning is needed especially in our major urban areas to reconcile land-use requirements in relation to employment, housing, transport, waste management and environmental protection. The recent Greater Manchester Agreement between local authorities and the UK government, which provides the basis for a statutory spatial plan and greater devolution of spending powers, represents an approach that should be extended to other parts of England by right. It would combine city-level strategic thinking with urban democracy.

What the radical devolution of planning would mean for green belts

- Communities would be able to consider how land in their regions and localities should be used to accommodate urban growth and change.
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- They would be able to allocate new land for protection from development if existing green belt is considered suitable for urban development.
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- While a national plan could contain a commitment to land being allocated to meet the functions of green belts, it would be left to regional and local planning forums to decide on specific land allocations. This would be based on full and open debate on land development needs and aspirations and on how open space provision could be met.
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- There would be a shift in emphasis away from protecting green belt land from development at all costs towards allocating land to meet a range of important regional and urban needs such as flood protection, urban and peri-urban agriculture, space for open-air leisure and habitats for wildlife conservation and woodland.

3 The benefits of planning regulation should be recognised

Regulation has become somewhat of a dirty word in recent years, as the emphasis has been on trimming back rules, ‘red tape’ and any perceived ‘barriers to growth’ or ‘enterprise’. Further deregulation appears to be in the pipeline. This has been linked to a wider push to change the perceived culture of planning – from control towards being proactive and concerned with the delivery of development. Much of this change has reduced the effectiveness of local planning and this must be reversed.

A good planning system certainly should be proactive in trying to deliver the right development and infrastructure in the right places, at the right time, and take a positive and engaging approach to producing a vision for the future. Yet planning also needs the power of regulation in order to be able to implement policies, prevent harm, control externalities, and maximise social and environmental benefit. Regulation is one of the mechanisms that make planning work. Without it, urban areas would be less attractive, less safe, more polluted and less well-planned to meet society’s needs. We can already see elements of these problems in our cities and urban areas.

A recent example of deregulation has been the increase in permitted development rights for change of use from office to residential purposes in England. The government has presented this as the solution to our housing crisis, but the relaxation of regulation has had a number of unintended consequences. In parts of London and the South East, established businesses are being evicted so that their buildings can be converted to higher-income-generating housing. The House of Commons Communities and Local Government Committee has recently called for this relaxation of the Use Classes Order to be revoked. Relaxed rules are similarly undermining the ability of local authorities to provide more affordable housing in high pressure areas and to deliver proper strategic plans for town centres.

In the housing market, in particular, there is a clear need for regulation alongside improved strategy and urban design. History shows that the private housing market cannot provide for all housing needs; the trickle-down effect just does not work. In some areas, such as London, the housing market is being hugely distorted by a

deluge of domestic and overseas investment, largely because housing has become a commodity and an investment asset. In this context, planning regulation to ensure the provision of affordable housing in all new urban development is essential. It cannot substitute for the provision of low rent housing by public sector bodies such as local councils; it should rather be seen as a complement to a renewed programme of council housebuilding. However, regulation for affordable housing has been shown to be able to provide a substantial quantity of below-market-cost housing to meet urgent housing needs. Current policies that allow developers to demand the renegotiation of affordable housing elements and to refrain from providing financial information for setting the amount of affordable housing should be replaced.

Planning regulation can also be used effectively to protect or re-provide SME business space. Small businesses as a result would be inspired to invest in their businesses and localities, in the knowledge that their contribution to the city and its citizens is valued and not subordinate to the twists and turns of the residential property market.

Planning regulations are not a barrier to economic growth. After all, in 2014, 88% of all planning applications were granted permission. Rather planning regulation is a publicly accessible system ensuring that developers meet certain agreed standards and empowering planners to negotiate improvements to schemes for the public benefit. It also allows for the preservation of amenities and the protection of the environment. We believe that the process of constantly reducing the ability of local planning authorities to control development and changes of use does more harm than good. Regulation – administered effectively and transparently – is what allows our planning system to perform its vital societal role. Through regulation, planning can help improve the quality of development.

What recognising the benefits of planning regulation would mean for tackling the housing crisis

- Local authorities would have a full toolkit at their disposal to ensure the provision of affordable housing in all new development.
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- Planners' ability to influence the nature of new development would be seen as a positive intervention, rather than a 'barrier to growth'.
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- Alongside a renewed programme of council housebuilding, this would allow local authorities to plan effectively to meet housing needs in their localities.
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- Developers would benefit from increased transparency, simplicity and certainty in the planning system arising from clear regulatory policies.
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- Planners would be able to set affordable housing targets on the basis of transparent information in the knowledge that these would not later be bargained away under pressure from developers.
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- Such regulation would be linked to new approaches to value capture.

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4 Land reform is essential, including local land ownership and land value capture

Who controls and benefits from the ownership of land is a major determinant of social opportunity and effective place-making. Land ownership bestows financial advantage on private individuals and organisations, and the private control of land can deprive communities of the opportunities needed to develop and thrive. In 1947, the development rights pertaining to private land were nationalised. Since then, the financial benefits of development have become increasingly concentrated in the hands of private landowners, and there has been a gradual erosion of public planning with many 'permitted development rights' returned to those same owners. The ambitions of 1947 have been all but lost – a system of planning that was known and renowned around the world is now effectively broken. In order to compensate, planning has involved itself in the indirect extraction of public goods through negotiation with landowners and developers. But 'planning gains' are always small compared to the unearned value increase enjoyed by private owners when land is sold and developed, limiting public benefit and making it difficult to service sites with necessary infrastructure.

Measures are possible that would rebalance the advantages shared by private owners and society as a whole. Firstly, there needs to be a reiteration of the collective ownership of development rights in the UK. Secondly, more effective and consistent mechanisms should be introduced to capture and share the benefits of land value uplift. And thirdly, land reform is needed to enable communities, to take direct control of local land assets for the purpose of community development.

Place development often stalls through failure to capture the land value uplift to fund adequate infrastructure investment, and assuage local concerns that existing services will be overloaded. One approach would be for land to be bought at existing use value, and then sold on after planning permission is granted, with the uplift in value used to fund infrastructure development. A similar system has been deployed in the Garden Cities and New Towns in the past and is currently used in Germany and the Netherlands. Currently, compulsory purchase is based on intended use value. This needs to change, with land purchased at current use value

plus an element of compensation to the landowner, as discussed by the Lyons Review. Wider social and economic investments and activity generate the uplift and, therefore, that uplift needs to be broadly shared.

Another complementary approach would be to introduce a land value tax as an annual levy on land ownership. There are already a number of ways of capturing changes in land values: rates, stamp duty, Capital Gains Tax and inheritance tax. But to support local planning, land value taxation could be deployed to capture the benefits of development and re-use them for local investment. For example in France, the Versement Transport operates as a local tax levied on businesses to support infrastructure investment. Such a mechanism for generating funds locally and spending this on local infrastructure priorities could be a welcome policy tool in areas of growth but this would need to be supplemented by mechanisms for investing in low land value areas where capturing land value uplift is not an option.

Land reform offers the possibility of giving communities more control over local development. Land reform has been happening in Scotland for more than a decade. The Land Reform (Scotland) Act 2003 inter alia allowed communities to register an interest in land and purchase it if it came onto the market, with funds set aside by the Scottish Government to allow this to happen. This provision is not unlike the 'right to bid' introduced by the Localism Act 2011 but with financial resourcing. What might land reform in England look like? The existing right to bid could be joined by a mediated sales mechanism, giving communities the right to purchase land at current use value, with a funding pool created from various sources, possibly including land sale receipts from other compulsorily purchased sites put into a Community Land Fund. Those funds should be made available to community trusts wishing purchase land and assets for community use. If we are serious about tackling the housing crisis and creating attractive and sustainable cities, we need to consider these types of financial mechanisms.

What land reform would mean for place-making and associated transport infrastructure

- They would create new opportunities for timely infrastructure investment and broader investment in place making, avoiding the problems of value capture through local negotiation.
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- There would be greater confidence and clarity over the shared benefits of development.
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- With greater control over land ownership at the local level and regional funds for public transport infrastructure (generated through value capture), there is greater potential for creating urban settlements that meet communities' transport and broader infrastructure needs while respecting the environment.
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- It would be possible to plan new urban development locations in relation to public transport infrastructure investment so as to enable more sustainable travel as well as socially successful residential settlements.
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- Local priorities, say for extensive and safe cycle routes or a broad range of community assets, would be adequately resourced under such a system.
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- Communities would have a considerably strengthened hand in shaping their own neighbourhoods.

5 The democratic deficit in planning must be tackled

The planning system – through spatial planning at national, regional and local scales, regulation of development proposals and proactive proposals for development – can only operate in the public interest if it is democratic. This means that it should allow and encourage the full involvement of local communities alongside inputs from key stakeholders and be fully transparent in its decision-making.

The public at present often have a low opinion of the planning system and its opportunities for consultation and participation. Planning needs to be re-enchanted with the democratic ethos. At all scales, planners should deploy greater creativity and resources should be made available for public engagement. Democratic involvement does not automatically happen; it has to be fostered. The potential of new communication technologies could be deployed to bring planning debates to a broader audience but political parties should also engage in a debate on planning issues that is more relevant to a wide range of community concerns. The lessons of past attempts to engage community organisations and representatives at the urban and regional scale could be drawn upon, as with the involvement of civil society organisations in Regional Assemblies.

The recent experience of neighbourhood planning highlights some important lessons. First, engaging communities requires skills, time, commitment and resources. Planning department budgets, community grants and the education of planners all have to reflect this. Second, there is a tendency for such neighbourhood planning only to benefit communities who already ‘have’ or ‘can’; the result is further inequality. Engagement strategies which actively give a voice to marginalised communities and, indeed, encourage a greater diversity of voices can help counter-balance such inequality. Third, there will always be conflicts between different local viewpoints and a democratic form of local planning has to find ways of responding to these in the public interest based on both participatory and representative democracy. Proactive mediation could be adopted on a regular basis. Fourth, there is scope for creativity in community engagement. Hubs such as cafes, workshop spaces and community centres can be foci for communities to gather together and can then be used to engage such communities in planning debates.

Above all, the planning system has to convince local communities of its ability to deliver urban change to their collective benefit. Enthusiasm for neighbourhood planning is highly dependent on communities feeling they have the ability to influence their locality, to command the resources to achieve the change they want and to resist plans for their area being imposed from above with little local input. Thus closing the democratic deficit in planning at local, city and regional scales is also dependent on the ability of the planning system to deliver and thus on the implementation of the other reforms discussed above.

What addressing the democratic deficit in planning would mean for neighbourhood planning

- Local governments would have access to a substantial and dedicated budget for supporting disadvantaged communities in preparing neighbourhood plans including available translation services, access to local centres for meetings and the support of facilitators with a good understanding of local community needs. Community engagement would be innovative and based on best-practice in the UK and abroad.
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- Neighbourhood planning would be able to rely on a planning system comprising strategic planning, infrastructure investment, land-ownership powers and transparent regulation in order to deliver on the vision of local communities, rather than having to rely on private-sector development to meet their needs in a very partial way.
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- Local politicians, community organisations and NGOs would have had the opportunity to engage in full and open discussion of development needs and aspirations at regional and local level; they would make themselves available for neighbourhood planning activities and be able to show how neighbourhood needs and aspirations could fit into planning at the higher scales.
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- Both professional bodies and planning educators would prioritise the development of skills necessary for supporting engagement with communities at all scales.

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This document has been prepared by the following members of the UCL Bartlett School of Planning in conversation with their colleagues and is the outcome of ongoing discussion and debate. It is our collective view that the future of the planning system is in need of urgent debate, conducted within and between political parties and across society as a whole. Only in this way, can disagreements on important issues be resolved. In such debate academic inputs of evidence, knowledge of international practices, evaluation of past policies and their impacts, and alternative framings and explanations all play a vital role. This is what we offer and propose.

<http://www.bartlett.ucl.ac.uk/planning/five-radical-ideas>

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