



BRIEFING

PLANNING AND ENTERPRISE AREAS

INTRODUCTION

1. This *Briefing* sets out how Scottish Government should use the planning system as a key means of supporting Enterprise Areas (EAs). This could deliver a more holistic and sustainable approach to attracting enterprise to an area. The paper sets out 7 ways in which the planning system can help to promote enterprise growth in specific areas. These are:
 - invest in **upfront masterplanning and development frameworks** setting out codes and regimes which establish what can and cannot be built in terms of design, layout and phasing
 - link the certainty provided through the masterplan and design codes with a **fast tracked approach to processing planning applications**
 - link planning of the EAs to resources and innovative **financing approaches and incentives**
 - build on Scottish Government's approach to **brokering solutions** to planning and development issues and put in place procedures and advice to support high quality and speedy development in EAs
 - use planning to **link opportunity and need** by ensuring that the benefits from EAs are connected to communities outside of their boundaries
 - use **strategic and local development plans** to identify specific areas for EAs and the links that need to be made to them

- in the medium to longer term identify the broad locations of any new EAs in the **National Planning Framework** so as to link them into future national development priorities

BACKGROUND

2. Scottish Government is committed to achieving sustainable economic growth and sees the role of infrastructure development and place as key to this. The *Government Economic Strategy*, published in September 2011 said:

“Our focus on Infrastructure Development and Place seeks to harness the strength and quality of our cities, towns and rural areas and to ensure that Scotland is positioned to take full advantage of the opportunities offered by the digital age. There is a critical role for government in capturing the opportunities that our geography provides, through the effective alignment of Scotland’s planning policy, development and funding frameworks and identifying clear priorities for investment in our physical and digital infrastructure.”¹

3. As part of this Scottish Government plans to introduce 4 EAs in Scotland. The *Government Economic Strategy* said that in order to support business growth it will *“Consider how best to introduce four Enterprise Areas in Scotland, including exploring the creation of sites with a particular focus on low carbon manufacturing opportunities so as to maximise their economic impact and attractiveness to investment.”²*

PREVIOUS APPROACHES

4. There have been evaluations of the predecessors to Enterprise Areas, Enterprise Zones (EZs). A paper³ published by the Centre for Cities highlighted that:
 - EZs were expensive: The cost per job of the 1980s EZs was £17,000 (1994-95 prices) or £26,000 (2010-11 prices).
 - EZs generated few additional jobs: The first two rounds of zones only generated 58,000 additional jobs, including intra-regional and national transfers.
 - There was a mismatch of goals and incentives - while the objectives of EZs were regeneration and employment growth, incentives may have encouraged capital/labour substitution.

¹ The Government Economic Strategy, Scottish Government, September 2011

² Ibid

³ What Would Maggie Do?, Centre for Cities, February 2011

- Land and property owners absorbed many benefits: Emphasis on capital subsidies meant that landowners accrued many of the benefits of EZs.
 - EZs were created in areas with limited chance of success - some zones were created in areas with limited economic potential, thus zones failed after benefits were withdrawn.
 - EZs pushed demand around the economy - area-based initiatives shift demand to less productive areas of the economy, likely reducing benefit of agglomeration economies.
5. Given this, it is clear that there is need to ensure that any future EAs take an approach which:
- is specific to Scottish needs
 - provides a context for investment in an area
 - allows for more sustainable EAs which have an impact in the longer term, rather than being a quick fix or sticking plaster
 - is planned and thought through to enable this to happen
 - is able to allow an area to be developed quickly
 - provide certainty for investors, businesses, developers and communities
6. A positive way of doing this is for EAs to embrace the planning system. Too often initiatives of this type have been seen as a means of 'skipping round' planning processes. The reality is that planning can improve predictability for investors, businesses and developers to allow them to create a sustainable and lasting legacy for communities. Previous approaches have been too focused on the areas within the boundary of the EZ and on trying to create quick fixes which have no long term impact.
7. This approach will require using planning in a very specific way so as to ensure that the EAs are given priority. Seven suggestions on how this could be made to work are set out below.

MASTERPLANS AND DEVELOPMENT FRAMEWORKS

Invest in upfront masterplanning and development frameworks setting out codes and regimes which establish what can and cannot be built in terms of design, layout and phasing

8. If EAs are to achieve truly sustainable economic growth it is essential that they provide medium to long term solutions. Producing masterplans for specific areas can provide a clear, long term vision for that place and can

help to establish how an area will develop over time through phasing development. Masterplans can provide predictability for investors and developers, which in turn gives them a sound basis for making decisions. For this to work the masterplan would need to be drawn up relatively quickly so that it provided the proactive vision for the site as early as possible.

9. An example of this approach is Adamstown in Dublin where the site was assembled by private interests who anticipated the area becoming ripe for development. In collaboration with the local authority (South Dublin County Council), Adamstown was designated as a Strategic Development Zone (SDZ) in 2001. A planning scheme for the designated land had to be produced within two years of designation. The SDZ is a partnership between public and private sectors, which requires the public sector to support private development with a simplified planning regime, with greater coordination of the public sector agencies and by ensuring the delivery of necessary elements of social infrastructure, such as schools and community facilities. The Planning Scheme specifies that public infrastructure must be delivered for each of the project's 15 phases. Adamstown's status as an SDZ affords it the privilege of having a specified Delivery Body (SDCC), a Planning Scheme and a simplified planning permission process - these factors all reduce uncertainty. The project shows how the delivery of quality development does not need a special delivery organisation if the local authority takes responsibility for liaising with all other public bodies and a private sector partner takes on a similar umbrella role with private firms⁴.

FAST TRACK PLANNING APPLICATIONS

Link the certainty provided through the masterplan and design codes with a fast tracked approach to processing planning applications

10. Masterplans, codes and regimes can provide more certainty for developers. These can be combined with a fast track approach to processing planning applications. This fast track approach can have two elements to it. Firstly, planning applications in the EA are given priority in terms of processing and / or are handled by a special team or planning officer who are able to pull together the various views and comments from statutory consultees such as Government Agencies. This could be supported through drawing up an agreement or concordat between the local planning authority and the agencies.
11. Secondly, the fact that regimes are already in place and promoted through the masterplanning should mean that the principles of development are clear. Given this, a process could be put in place which allows for a less rigorous examination of the planning application providing that it meets the criteria set out in the masterplan and associated codes.

⁴ Delivering Better Places, Scottish Government, March 2011

12. Fast track approaches have already been introduced in areas of major development. For example, Clyde Gateway Urban Regeneration Company is delivering regeneration within communities in the East End of Glasgow and parts of South Lanarkshire through using the local development plans to outline development criteria. These are then used to build up detailed masterplans. This has enabled a 'fast-track' process to be applied by the two local authorities and so speed up planning issues within the area.

RESOURCES AND FINANCE

Link planning of the EAs to resources and innovative financing approaches and incentives

13. EAs will depend upon developers and investors having the confidence to get involved in the areas. Planning can provide more predictability for developers and investors. Planning can also provide an indication of how the area will develop over time – a factor which is vital for many of the new financial models being promoted. For example, Tax Increment Finance (TIF) is based on the premise of borrowing against future business rates, working on the assumption that new development will increase the number of businesses within an area. This means that you need to have both a clear idea of how the area will develop over time and certainty that this will happen.
14. There is also the possibility to look at new, innovative incentives which may stimulate growth. For example, the UK Government will provide Scottish Government with funding for EAs as part of the 'Barnet Consequentials'. This could be used creatively through, for example, providing a 'planning fee holiday' in EAs where Scottish Government covered the costs.
15. There is also the opportunity to use EAs as the trailblazers for getting public sector organisations to make best use of their assets in a way which can help kick start development. Local Asset Backed Vehicles could be established in the EAs which include public sector owned land. This would allow public authorities to support development through, for example, deferring payment on land and entering into joint ventures to accrue benefits from this at a later stage.

BROKERAGE AND SUPPORT

Build on Scottish Government's approach to brokering solutions to planning and development issues and put in place procedures and advice to support high quality and speedy development in EAs

16. Scottish Government already plays a brokerage role where issues arise over important planning and development issues but there is scope for using this more proactively. For example, there is an important connection between central and local government in relation to planning major

developments and that relates to key infrastructure provision. The key agencies involved in infrastructure such as Transport Scotland, Scottish Water, SEPA and Scottish Natural Heritage, are all responsible directly to Scottish Ministers. However the brokerage role currently played by Directorate of the Built Environment in Scottish Government responds to issues as they are raised with Government, in an 'ad hoc' way. Given this, there may be scope to make this less 'ad hoc' by putting in place a brokerage team which works directly with key agencies to identify and resolve issues for EAs.

17. Advice and support could also be given to local planning authorities, investors, developers and businesses on how best to handle development in EAs. This could examine how best to develop and manage development frameworks for EAs. A general issue for large scale industrial and commercial development is that despite getting 'in principle approval' for the use on a site, it is often difficult for developers to know the exact requirements of occupiers prior to marketing. A properly developed development framework can help to outline what effectively is a 'best guess' but often this layout is only a guide and so there may be a need for flexibility to allow the developer to respond to market requirements and changing economic circumstances. If this can be made to work properly it could produce a speedy development timeline. It should also minimise any 'consultation deficit' given the development should be consulted upon before final approval and any planning applications will still involve the neighbour notification process.

LINK OPPORTUNITY AND NEED

Use planning to ensure that the benefits from EAs are connected to communities of need outside of their boundaries

18. Linking opportunity and need (LOAN) is an approach to capturing the interventions to enable disadvantaged individuals and communities to compete for and access the employment and training opportunities arising from regeneration investments. The concept, in its simplest form, is straightforward as it aims to connect opportunities on the demand side of the labour market to need on the supply side. LOAN tends to focus on employability interventions that are designed to link the employment opportunities of an investment to local unemployed residents, but can be extended to wider local economic development issues. The economic or employment legacy from investments in or close to disadvantaged areas has often been small or non-existent.
19. For LOAN to work there is a need to have a clear idea of what developments are happening when, so that you can synchronise the interventions with local people and communities to make them 'job ready' at the right time. Planning has a role to play in this through identifying the 'development pipeline' and sharing this with agencies responsible for employability.

DEVELOPMENT PLANS

Use strategic and local development plans to identify specific areas for EAs and the links that need to be made to them

20. The new planning system aims to push planning 'upstream' and create a plan-led system. This aims to provide more confidence and certainty for developers and investors. The development plan (at both a strategic and local level) can therefore be a useful tool to positively promote development in a specific area and could be used to create planning priority areas. Planning decisions must now be made in accordance with the development plan unless material considerations indicate otherwise. Using the development plan to identify future EAs would, therefore, help to create more certainty and predictability for development.
21. It should also be borne in mind that the success of EAs will not depend upon what goes on inside their boundary. If they are to be successful, it is vital that they have the right infrastructure in place, that they are properly connected to labour markets, suppliers and that they are connected to the markets and suppliers they depend upon. This relies in a range of organisations and agencies working together. The development plan is a perfect mechanism to allow for these to be brought together and to agree how best to support the EA.
22. The Scottish Government's report *Delivering Better Places*⁵, published in March 2011, showed how an experience in continental Europe had shown that up front provision of infrastructure had gone a long way to creating successful places.

NATIONAL PLANNING FRAMEWORK

In future there may be role for the National Planning Framework in helping to identify the broad locations of any new EAs so as to link them into future national development priorities

23. The *National Planning Framework* (NPF) is a strategy for the long-term development of Scotland's towns, cities and countryside. The NPF is about shaping Scotland's future and is concerned with how Scotland develops over the next 20 years and how to make that possible. It identifies key strategic infrastructure needs to ensure that each part of the country can develop to its full potential.
24. *National Planning Framework 2* (NPF2) was published on 25 June 2009. It sets the spatial strategy for Scotland's development to 2030, and designates 14 national developments of strategic importance to Scotland. The Planning etc. (Scotland) Act 2006 requires Scottish Ministers to prepare a national planning framework. It also requires planning

⁵ Delivering Better Places, Scottish Government, March 2011

authorities to take NPF2 into account in development plans and development management decisions.

25. The next version of the *National Planning Framework* (NPF3) is due to be published by June 2014, unless Scottish Government reports on why it feels a revision is not necessary. This presents future opportunities where:

- EAs to be considered as National Developments. This would mean that they would be seen as national priorities which would need to be incorporated in strategic and local development plans, and the development management process. This would help to bring additional certainty for investors and planning practitioners in Scotland
- consultation on the locations of future EAs to be discussed within the context of NPF3. The discussion around NPF3 in Parliament and the consultation exercise undertaken on it would allow for a debate to be had on the merits of locating EAs in specific areas.
- consideration of the Strategic Environmental Assessment for future EAs to take place within the context of the broader NPF3
- proposed EAs to be linked to other national priorities identified in NPF3 and future infrastructure investment

If you want to discuss this please contact Craig McLaren, National Director of RTPI Scotland on 0131 229 9628 or 07850 926881

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