

Planning Gain Supplement Consultation **Response from *pteg***

Introduction

pteg represents the seven Passenger Transport Executives (PTEs) of England and Scotland which between them serve more than thirteen million people in Strathclyde ('SPT'), Tyne and Wear ('Nexus'), West Yorkshire ('Metro'), South Yorkshire, Greater Manchester, Merseyside ('Merseytravel') and the West Midlands ('Centro').

Transport for London (TfL) is an associate member of *pteg*. The PTEs plan, procure, provide and promote public transport in some of Britain's city regions, with the aim of providing integrated public transport networks accessible to all. The PTEs have a combined budget of more than a billion pounds a year, and are funded by a combination of local council tax and grants from national government. They are responsible to Passenger Transport Authorities (PTAs), made up of representatives of local councils in the areas they serve.

Throughout their existence, but increasingly in recent years, PTEs have worked closely with local planning authorities to ensure that new developments are properly served by public transport in line with national guidance and local policies. Significant investment in public transport facilities both on and off site have been delivered, together with revenue funding to secure public transport (generally bus) services during the initial period of the development's life when demand was not able to support commercial provision. Furthermore PTEs have been active in promoting demand management measures through agreed Travel Plans to ensure that an appropriate balance between the use of different modes of transport is achieved.

General issues raised by the consultation

The proposed Planning Gain Supplement (PGS) is intended to ensure that increases in land value created by planning decisions are released more effectively to help finance the infrastructure needed to stimulate and service proposed housing growth and ensure that local communities better share in the benefits that housing growth brings. The current system for releasing uplifts in land value is based on obtaining planning obligations (section 106, Town and Country Planning Act 1990). The introduction of PGS will accompany the scaling back of planning obligations representing an additional stream of funding. However, we would raise the following general concerns that the intended outcomes may not be achieved:

- A uniform PGS may not reflect regional differences in economic performance, and may impact on the incentive to develop which could have significant implications for areas of low demand, particularly areas of housing market weakness.

- To ensure that incentive to develop is maintained, the draft states that PGS should only capture a modest proportion of the uplift. However, it also states that the rate would provide enough revenue to cover the estimated LA gain from s.106 contributions and provide resources to boost housing supply. We are concerned that both revenue streams plus the resource implications that the system may generate cannot all be satisfied from the new funding source created.
- PGS will have substantial implications for administrative resources, it is unclear how these will be funded.
- The PGS, if introduced, will not be implemented until 2008, which has raised concerns that this is too long a delay and developers may delay development in the hope of a change of government.
- The proposal to allow a smaller amount of PGS to be required for the development of brownfield land is supported, in principle, in terms of incentivising development of brownfield over greenfield. However, if there is a direct link between revenues generated and grants received, many Planning Authorities in poorer urban areas with high targets for brownfield development will find themselves with considerably less resources than under the current system of planning obligations.

We consider that the Government needs to look carefully again at these issues to ensure that the system will work to achieve objectives and that funding flows will be generated to enable at the same level of planning gain can be generated for local authorities to invest in local policies. If the above issues are not properly addressed in detail, it is inevitable that public transport infrastructure and services will suffer as a result of the proposed change.

Detailed response to consultation questions

The remainder of this response is restricted to detailed consultation questions that impact directly upon the remit of English Passenger Transport Executives. It should be read in conjunction with responses that may be submitted by individual PTEs and their District Planning Authorities.

Section 4

The guidance remains silent on the issue of the nature of developments that would be exempt from Planning Gain Supplement. It is essential that planning approvals for developments such as public transport infrastructure should not be liable for PGS.

Section 5

A significant element of PGS revenue will be allocated not directly to the LPA, but “to fund major infrastructure such as transport improvements”. There has to be concern that much of this funding could pass directly to the Highways Agency for road improvements and / or to the Regional Development Agency,

which again will be under pressure to concentrate primarily on highway construction. A transparent procedure must be established in order that sufficient emphasis is given to the provision of major infrastructure that promotes the use of modes of transport other than the private car.

There is a concern that there would be a requirement to bid for regional PGS funds to support large public transport schemes that would have previously been at least partly secured via the s106 process. The question arises as to how would a LPA condition planning approval to be subject to the provision of substantial off-site transport infrastructure that is to be funded via a process that may be largely out of the control of the LPA.

The Secretary of State will continue to have powers to specify Article 14 Directions that can require developers to fund improvements to trunk roads. It is not clear if this process would be incorporated within the PGS system through the regional major transport infrastructure fund process.

At the local level there is likely to be a general lack of transparency. Although there will be a relationship between PGS levied and the funding returned to the region, it will not be possible to identify that a particular development is providing a certain level of funding in order to provide a particular outcome. This may be beneficial in that it provides a certain level of flexibility in targeting funding where most effective. Certainly contributions from a number of smaller developments that would not normally enter into a s106 agreement would be a valuable addition to resources.

The consultation asks how the proposed approach should be made to fit with larger, phased developments. It is desirable that public transport facilities are in place early in any programme. This is a problem that is encountered in such developments at present. The availability of a pool of PGS funds could possibly help facilitate public transport improvements that may not have been achievable via the current process. The existence of such funds could facilitate the 'up front' provision of infrastructure and services.

It is proposed specifically that the provision of bus services be funded from PGS funding. Currently bus services specified within s106 agreements may be procured directly by the developer but commonly these services are procured and administered on behalf of the developer by the PTE, which may charge an administration fee. The question arises as to the administration of this procedure under a PGS regime. It is sensible in Metropolitan areas that the PTE be the relevant body. It is important therefore that PTEs are able to recover their costs in the administration of this process.

Developers / occupiers having paid their PGS levy may have unreasonable expectations for the provision of bus services, particularly after developments have been completed and occupied. However, the PGS system may provide a degree of flexibility that would enable services to be provided that are not necessarily identified at the time of planning approval.

It is not clear whether measures such as Travel Plans would fall within the new development –site environment approach to planning obligations. It is often more practical for a large site with its own management regime to appoint its own Travel Plan Manager. Conversely smaller sites would benefit from the services of a LA or PTE based Travel Planning service that could be funded by PGS revenues. It is suggested that PGS revenues be available for the provision of services such as Travel Planning. It remains unclear as to how an end user could be required to ensure so far as possible that the principles of Travel Planning are adopted in order to minimise the impact of the use of the private car generated by any approval. There is a case for retaining this objective within the scope of planning obligations.

Closing remarks

We trust these comments are helpful in informing the Government's development of its thinking about how a fair element of planning gain can best be secured and delivered through improved local infrastructure and services. We would be happy to elaborate further on these views if this would assist. Please contact Tim Lerner, Director, *pteg* Support Unit, if further elaboration of our views is required.

24 February 2006