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Invest to Grow

How Can Planning Support Inward Investment?

November 2016

Executive Summary

A combination of factors – including the UK's decision to leave the EU, the change in Government and development of a new Industrial Strategy – have placed a renewed focus on how localities position themselves for economic growth and ensuring that the country's planning system is 'fit-for-purpose' to secure future prosperity.

A world of uncertainty emphasises the need for Local Enterprise Partnerships (LEPs), Local Planning Authorities (LPAs) and other local policy makers to play a proactive role in preparing for the risks – and taking advantage of the potential opportunities – associated with Brexit, with the Referendum result already impacting on business decisions to invest and trade with the UK.

Both the NPPF and PPG require local areas to give careful consideration to future economic growth needs within their area and respond to this by identifying a portfolio of sites of the right type, in the right locations to meet economic needs.

Inward investment represents just one element of overall business needs, yet it remains one of the more challenging to quantify and plan for, given its 'footloose' nature. And it is a sector where there is significant scope for policy makers to achieve 'additionality' by capturing growth that would not otherwise locate in their areas.

Through a survey of Local Authorities and LEPs, this research explores the process of planning for inward investment in local areas and how local partners can be more pro-active in securing these opportunities. Our research found:

- 1. Work together:** A good level of awareness exists amongst LPAs and LEPs of the strategy for inward investment in their area and the important role that they can play in supporting local growth, but a third of LEPs and 60% of LPAs thought there was room for more collaboration between their respective organisations on planning for inward investment, suggesting significant scope for more effective, joined-up working between partners.
- 2. Growth begins at home:** 88% of LPA and 100% of LEP respondents thought working with existing businesses and investors is a particularly effective way of supporting and encouraging inward investment in a local area, underlining the wider trend and valuable role that domestic investors have been playing in expanding their existing presence within the UK.
- 3. Oven-ready sites are crucial:** The most significant barrier to attracting and securing inward investment comes from the basket of factors that hold up development, such as infrastructure costs required to make sites 'oven ready' for development which was cited as a significant barrier by 83% of LPAs and 100% of LEPs. Planning can have a role to play in shaping the strategy and funding mechanisms required to overcome these barriers and unlock development opportunities for investment.
- 4. Be clear on your inward investment strategy:** Drawing on best practice examples, we identify a series of critical success factors that local partners could use to shape appropriate planning policy responses to inward investment opportunities in their area. This distils the inward investment opportunity into three broad typologies ('Grow your own', 'Catch and steer' and 'Footloose and free') and provides a framework for helping planning to pro-actively facilitate the process of targeting and capturing inward investment.

Introduction

Providing land of the right type and in the right location is a fundamental part of planning for local economic growth. In drawing up Local Plans, Authorities are encouraged to be ambitious – yet realistic – in considering future land needs in order to ensure that they identify and support current and emerging growth opportunities. This includes, where appropriate, identifying strategic sites capable of accommodating inward investment and planning positively for clusters or networks of knowledge driven, creative or high technology industries.

In the aftermath of Brexit, the UK's ability to make itself attractive to inward investment and overseas investors is now more important than ever. The extent to which Local Planning Authorities (LPAs) actively plan for – and successfully capture – inward investment can vary considerably across the country. To what extent is the planning system effective in ensuring that the UK's land and premises offer to inward investors is fit-for-purpose? What are the key barriers (in planning terms) to inward investment encountered in local areas? And how could these be overcome?

In October 2016, NLP carried out a survey of Local Authorities and Local Enterprise Partnerships (LEPs) to explore the process of planning for inward investment in local areas, the extent to which Local Plans are viewed as effective and responsive when it comes to planning for inward investment and to identify some key success factors for LPAs and their sub-regional and national partners to consider in order to create a stronger platform for securing inward investment and growth.

This report presents the results from the survey and incorporates a series of conversations held with the Department for International Trade (DIT, formerly UKTI). It makes a number of recommendations on how the planning system can take account of, and proactively plan for, inward investment opportunities. Although the analysis focuses upon the planning system in England, the study findings are applicable to other areas across the UK.

Defining 'Inward Investment'

For the purposes of the research, 'inward investment' is defined as the injection of capital from an external source into a region or local area in order to enable a business to locate or develop an existing presence in the area. Inward investment can come from both domestic (UK-based) and foreign (non-UK based) business sources.

This research looks specifically at the process of planning for inward investment, and the role that the UK planning system can play in facilitating this process.

The Inward Investment Opportunity

Inward investment has long been regarded as an important source and driver of economic growth and development. Whilst clearly more footloose in nature, it often features alongside 'organic' business growth within strategies for delivering economic prosperity. Aside from the obvious benefits of capital investment and job creation within the recipient area, existing research also shows that inward investment can raise productivity, generally observed by an uplift in output and wages^{1, 2}.

It has also been found to bring indirect benefits, such as foreign know-how (both technological and managerial) that can be adopted by domestic firms to enhance an area's competitive advantage³ and demand for local raw materials, components and services (whereby developing supply chains). Inward investment can also play a crucial role in diversifying local economies, particularly those that have struggled to evolve following the decline of traditional industries.

Against the backdrop of Brexit (which is bound to play a key role in investment considerations) and the subdued track record in productivity⁴ and real wages⁵ growth in recent years, it is now more important than ever that the UK remains an attractive location for inward investment and that local areas place themselves in the strongest possible position to capitalise on future and existing opportunities.

Recent Performance

The UK's success in attracting inward investment has grown over recent years, with the country recording its highest ever number of inward investment (Foreign Direct Investment) projects in 2015/16⁶.

The bulk of these projects represented new investments to the UK, although expansion of existing UK-based business activity accounted for more than a third of successful projects in DIT's most recent reporting year (Table 1). Over half (52%) of FDI investors already had a base in the UK, with the remaining 48% 'new' to the UK.

Table 1: Type of Inward Investment Project Secured in UK

Type of investment	2015/16	% Increase (from 2014/15)
New investments	1,130	7%
Expansions	821	11%
Mergers and acquisitions (inc joint ventures)	262	38%
Total	2,213	11%

Source: Department for International Trade, *Inward Investment Results 2015/16* (September 2016)

The UK is the biggest destination for FDI in Europe⁷, and whilst investment is sourced from across the world, the largest single source market in 2015/16 was the United States, both in terms of the number of FDI projects and jobs created by this investment⁸. Other major source markets include China (including Hong Kong), the Nordic and Baltic regions and India.

Regional Variation

With the UK, the performance of individual regions in capturing inward investment over recent years varies considerably – in terms of the number of FDI projects and jobs created – with London, the South East, West Midlands and North West all recording the highest number of projects and jobs in 2015/16.



Sector Drivers

Certain sectors of the economy have a higher propensity for inward investment, and the latest data from DIT⁹ shows that financial and business services (FBS), creative industries, ICT and advanced manufacturing have represented the key driver of FDI to the UK in terms of number of projects and jobs created/safeguarded. On a 'jobs per project' indicator, FBS and advanced manufacturing score highest, with life sciences, creative industries and ICT and electronics and communications all generating much lower levels of jobs created/safeguarded per project.

As powers and budgets continue to be devolved to sub-regional and local areas to stimulate job creation and economic growth, local areas are encouraged to develop their strategies around sector strengths, clusters and USPs. Through a combination of LEPs, City Deals and Enterprise Zones, priority sectors and targeted 'offers' have been identified as a key means through which to attract inward investment at a sub-national level.

As shown overleaf, sectors facing the strongest competition for inward investment include advanced manufacturing/engineering, energy, pharmaceuticals, creative industries and ICT. Across a number of LEP areas in England, this sector approach is supported by the presence of Enterprise Zones and City Deal funding specifically targeted at these clusters of activity, some of which are already well established within the local area, while others are more embryonic.

A Co-ordinated Approach

The process of planning for inward investment, securing it and then working to embed investors within the economy involves a wide range of public and private sector partners and this landscape has changed over recent years, most notably – in England – with the abolition of Regional Development Agencies and the emergence of LEPs.

The Government's ambition for UK-based companies to succeed in the global economy is supported through the work of DIT, which also helps overseas companies bring their investment to the UK.

DIT offers a range of support services to 'new' and existing UK-based businesses to help companies compare the business environment in different/competitor countries, set up a businesses within the UK, and support existing companies to develop the relationships that enable expansion in the UK and exports to international markets. This includes providing guidance on the process of obtaining planning permission, identifying suitable sites and sector clusters.

In England, the introduction of the National Planning Policy Framework (NPPF) in 2012 was intended to help facilitate this process from a property and planning perspective, with its presumption in favour of sustainable development and its requirement (at para 21) for local planning authorities to set criteria, or identify strategic sites, for local and inward investment as part of the process of drawing up Local Plans. The intention was to simplify and speed-up the planning process to boost economic and business growth.

As part of the devolution of powers to drive growth at the local level, collaborative working between DIT and partners at the sub-national scale is crucial to enable the effective targeting and successful placement of FDI. DIT works with its partner organisations in the devolved administrations – Scottish Development International, the Welsh Government and Invest Northern Ireland – and with LEPs throughout England, to promote each region's particular strengths and expertise to overseas investors. In England, this takes place through a system of local partnership managers and both the LEPs and devolved administrations have access to DIT's global network of experts and connections.

Collaboration between LEPs and LPAs is just as critical, with responsibility for preparing Local Plans and approving development schemes ultimately resting with local government. Other organisations and stakeholders can play an important role in planning for inward investment (albeit with a less formalised remit in many cases) including local Chambers of Commerce, business support agencies, private sector partners and universities.

Targeting Inward Investment: Sector Clusters and Opportunities

	No. of City Deals	No. of Enterprise Zones	Local Enterprise Partnerships				
 Advanced Manufacturing / Engineering	3	20	28	 Low Carbon Industry	1	7	7
 Energy	2	13	18	 Aerospace	1	9	4
 Pharmaceuticals & Healthcare	6	1	16	 Retail & Logistics	1	4	6
 Creative Industries	6	6	17	 Transport	0	5	5
 ICT	2	9	16	 Construction inc. built environment	0	4	3
 AgriFood	2	4	15	 Industrial Biotechnology	1	4	2
 Automotive	0	7	13	 Chemicals	0	1	2
 Financial Services	2	3	14	 Environment & Water	0	0	3
 Business Services	2	7	8	 Security	0	1	2
				 Education	0	0	1

Source: Department for International Trade 2014 / NLP analysis
Data relates to England only

What did our Survey tell us?

As a mechanism to boost local growth and enterprise, inward investment offers significant potential and opportunity as long as it can be successfully attracted and embedded within a local economy. Success has varied across the country and by sector, suggesting that some locations have been better placed than others to respond to the opportunities available at the UK level.

Whilst the reasons for this will vary, what did our survey say about the extent to which the UK planning system is effective in enabling local areas to capture these opportunities? Is it perceived as being fit-for-purpose in ensuring the availability of the right sites in the right location to support the UK's inward investment proposition?

Key feedback is set out below by theme alongside some selected case studies to illustrate how local partners have pro-actively facilitated the process of planning for inward investment across the country.

Strong Foundations for Investment

Many areas find it useful to have a specific strategy in place to clarify the inward investment opportunity for their particular area, define target sectors, sites/locations, partner agencies and action plans setting out how the strategy will be achieved. Increasingly, this strategic role appears to fall within the remit of LEPs working across administrative boundaries; nearly all (90%) of those LEPs surveyed currently have an inward investment strategy in place. By contrast, less than half (43%) of Local Authorities have a strategy in place, although most tend to make use of other strategies (such as a LEP's).

Feedback from our survey also points to strong foundations across the UK in terms of in-house resources to plan for inward investment with two thirds (67%) of Local Authorities and nearly all (89%) LEPs having a dedicated inward investment function or team in place.

The majority (75%) of Local Authorities responding to the survey believe that their authority has played an active role in planning for inward investment opportunities over the past 10 years, and that opportunities have been successfully captured within their local area over this time (78%).

Feedback was similar amongst LEPs who generally felt that their LEP had positively influenced the process of planning for inward investment opportunities over the past 10 years.

Case Study: Thames Valley Chamber of Commerce – Maximising Existing Relationships

Inward investment activity within the Thames Valley is co-ordinated by the Thames Valley Chamber of Commerce, representing the key delivery partner working on the ground to provide support and services to both existing and new UK and Foreign Owned Companies looking to invest in the region. The Chamber works in partnership with DIT (with its network of over 100 global representatives) and the three Thames Valley LEPs (who take the lead in articulating the area's key global assets and competitive advantages) to provide soft-landing packages to new investors and access to a range of independent advice and support for prospective investors.

The Chamber uses its extensive membership base and unique relationships with some of the Thames Valley's largest companies and global brands to offer investors opportunities to meet potential partners, suppliers and customers through a combination of 1-2-1 meetings, regular forums, networking events and conferences. As the only region-wide inward investment service, it has established itself as a proven 'centre for excellence'.

Inward investment success is also driven by the Thames Valley's critical mass of innovative companies and truly global assets in sectors such as space and space related technology (at Harwell in Oxfordshire), life sciences and healthcare (at the heart of the 'Golden Triangle'), high-performance technology (Silverstone 'Motorsport Valley'), information technology and electronic communications (along Berkshire's M4 corridor) and creative industries (including Pinewood Film Studios in Buckinghamshire).



Encouragingly, this points to a general awareness amongst Local Authorities and LEPs of the strategy for inward investment in their area, and recognition of the important role that it can play in supporting local growth. This provides a good starting point, but as we go on to explore in this report, in practice delivering the strategy can prove more problematic.











Looking forward, there are positive signs that inward investment is seen as an important component of local growth, with all LEPs and 95% of Local Authority respondents stating that it will be important to achieving their Council's/LEP's economic growth ambitions over the next 5 to 10 years.

Priority Sectors

Reflecting local economic specialisms, most respondents have a clear view on which sectors offer the greatest potential in terms of attracting inward investment to their local area. Unsurprisingly this spanned a wide range of sectors, although Local Authorities and LEPs both agree that advanced manufacturing and engineering offers the greatest opportunity (Table 2). Creative industries also featured strongly, echoing wider national trends in sector prioritisation and illustrating the strong level of competition for particular 'target' sectors across many parts of the country.

From a planning perspective, the type and nature of inward investment being targeted will also have implications for the location, scale and characteristics of sites that will need to be identified and protected through the Local Plan. It also raises the question about whether all Local Authority areas genuinely have the sector specialisms in their existing local economy to compete effectively in these most 'popular' sectors.

Table 2: Which sectors do you consider to offer the greatest potential in terms of attracting inward investment to your local area?

Top 5 Sectors	
Local Authorities	LEPs
 69% Advanced Manufacturing / Engineering	 89% Advanced Manufacturing / Engineering
 62% Retail & Logistics	 78% Energy
 53% Business Services	 56% AgriFood
 53% Creative Industries	 56% Creative Industries
 49% ICT	 44% Aerospace

Source: NLP Survey 2016

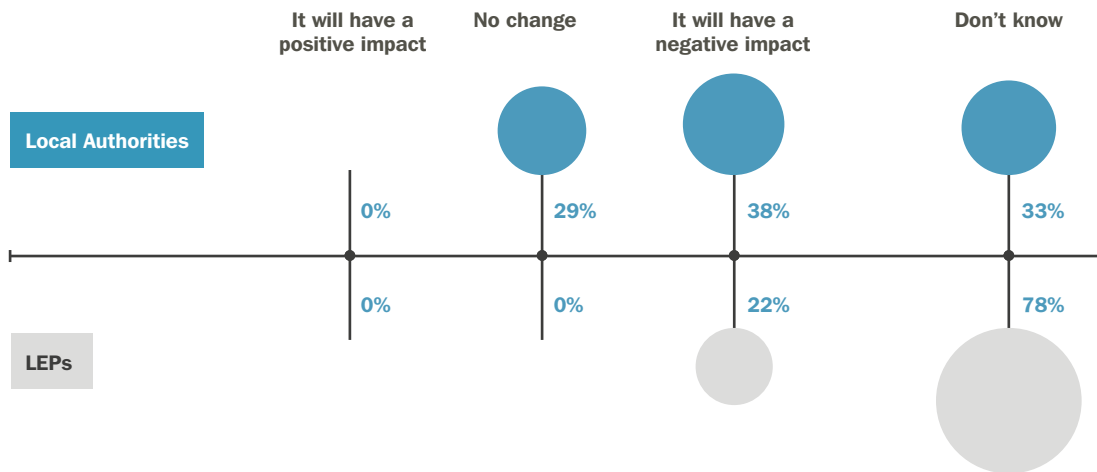
Life after Brexit

There has been much speculation about the implications of the Brexit vote. Against the backdrop of a long period of adjustment and uncertainty, there is potentially a big difference between how areas may be impacted as a result of the change. Understandably, many of our survey respondents were unsure how Brexit will impact upon their ability to plan effectively for inward investment, although Local Authority respondents were slightly more likely to take a pessimistic view. Only just under a third (29%) of Local Authority respondents did not think that Brexit would make any difference to their approach to planning for inward investment.

Either way, over the coming years, local partners will want to keep a close eye on investment activity within their area (both domestic and international) and review their existing strategies to reflect particular challenges or opportunities presented by the UK's post-Brexit trading relationships as these become clearer.



Figure 1: How do you think Brexit will impact upon your Local Authority/LEP's ability to plan effectively for inward investment?



Source: NLP Survey 2016

Working Together to Succeed

Effective planning for inward investment requires collaborative working to establish and maintain the support networks needed to secure inward investment: from the initial identification of opportunities, through to ensuring that suitable sites are available in the right locations to accommodate them. For many locations across the country, success can also come from nurturing existing business occupiers and helping them to grow.

Our survey found that there is generally at least some level of collaboration on planning for inward investment between LPAs, LEPs and key partner organisations such as DIT, other adjoining LPAs and existing businesses in their local area (Figure 2), although this varies considerably and there is significant scope to enhance it. These collaborations can be formal or informal in nature, although in some cases a lack of structure and accountability can lead to gaps in strategic delivery and confusion in the marketplace.

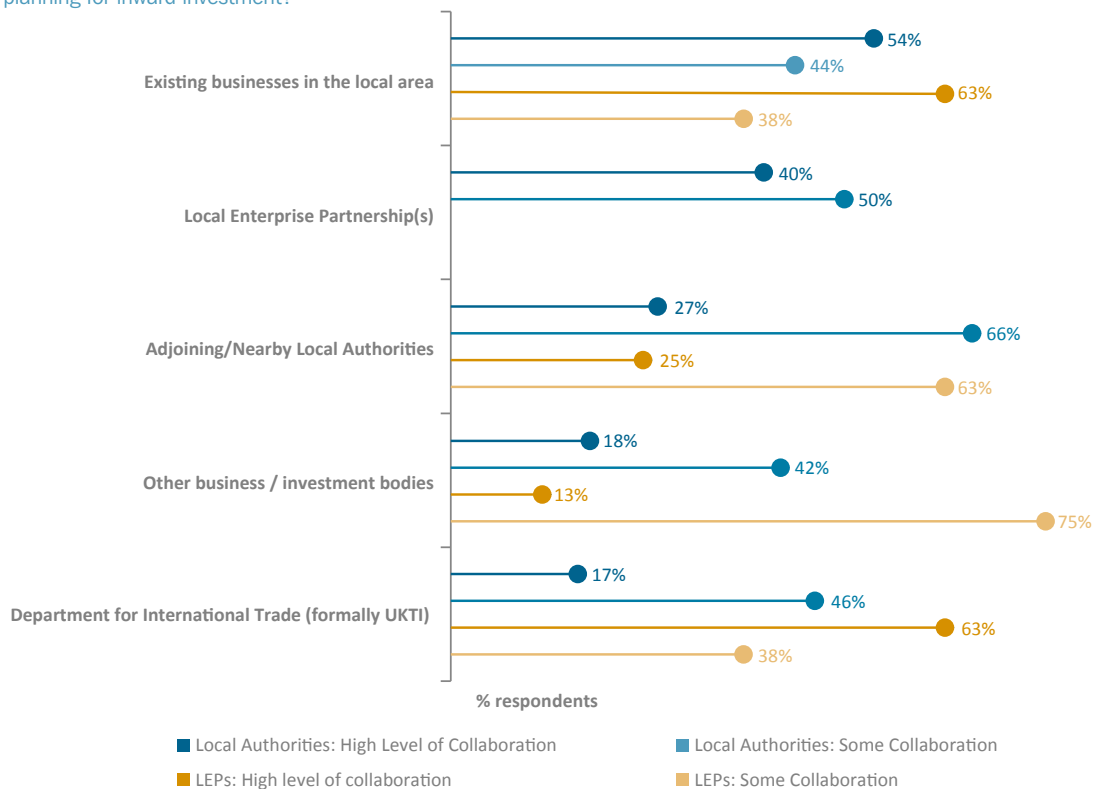
Collaboration with DIT is reported to be stronger amongst LEPs than with LPAs, and this is likely to reflect the current operational model whereby enquiries are 'funnelled' through DIT to relevant LEPs via a system of local partnership managers.

Survey respondents felt that collaboration is particularly strong with existing businesses in the local area (with 100% of LEPs and 98% of LPAs citing 'high' or 'some' level of collaboration), and these relationships can play an important role in attracting new investment and expansion opportunities in existing facilities and clusters. It would be interesting to see if this view is shared by businesses.

The survey results also point to the potential for more effective, joined-up and formalised working. This is particularly the case for LPAs and LEPs – with a third of LEPs and 60% of LPAs citing scope for more collaboration on planning for inward investment – but also with other business / investment bodies (such as local inward investment agencies, Chambers of Commerce and combined authorities) and adjoining/nearby Local Authorities.

Case study examples illustrate where Chambers of Commerce (e.g. in the Thames Valley – see page 6) and combined authorities (e.g. in the North East – see overleaf) have pro-actively worked with other partners, through a specific 'single point of contact' delivery model to simplify and enhance the approach to inward investment.

Figure 2: How would you describe your level of collaboration with the following organisations as part of your role in planning for inward investment?



Source: NLP Survey 2016

Case Study: Invest North East England – A Joined up Approach to Inward Investment

A stronger, more co-ordinated inward investment proposition for the North East region was identified as a priority by the North East LEP, its partners and the Government within the 2012 North East Independent Economic Review. In response, Invest North East England was established, run by the North East Combined Authority, co-funded by the LEP and supported by the region's local authorities.

Previously, the region lacked a single point of contact for inward investment activity, with each local authority engaging separately with UKTI and prospective investors. Invest North East England provides greater co-ordination on inward investment, bringing together individuals brokering inward investment deals on a day-to-day basis and providing up-to-date information about key development opportunities and sites via its website.

Whilst initial work ensured that appropriate reactive structures were in place to plan more effectively for inward investment opportunities, the focus has now shifted to identifying priority sectors where the region's inward investment proposition is strongest and using this to more proactively market the region to domestic and international investors.



Unlocking Investment Opportunities

In addition to a clear, targeted strategy – that ideally focuses upon the key sectors that have greatest potential to attract inward investment – there is a wide range of planning-related tools available to local areas to promote their international profile and in turn provide necessary planning certainty to overseas investors that their area offers deliverable development opportunities. Within this wider agenda, the planning system has a role to play and our survey shows that LPAs and LEPs have used a range of approaches as part of their role in planning for and capturing inward investment opportunities (Figure 3).

Unsurprisingly, the effectiveness of these approaches can vary, with survey respondents highlighting the most effective approaches as follows:

- **Funding key infrastructure** to open up development opportunities – this might include upfront funds to pay for access and spine roads, utilities or flood relief schemes, which can often represent ‘showstopper’ barriers to speculative development and investment. By providing this key infrastructure upfront, planning risk and obligations can reduce, enabling development to come forward quicker than it would ordinarily do (indeed if at all).
- **Securing Government funding** to unlock development and investment opportunities, most commonly through the provision of essential infrastructure. Devolved funding streams accessed by survey respondents include Growth Deals, Regional Growth Fund and Growing Places Fund, much of which is secured and administered via LEPs.
- **Working with existing businesses and investors** in the local area to understand their growth aspirations, help them put down ‘roots’ in the local economy, and ‘steer’ them through the planning system if and when required. The aim is to encourage them to expand and invest further.

This feedback underlines the valuable role that UK-based investors have been playing in expanding their existing presence here. It echoes national FDI trends and successes in recent years and has implications for the way in which local planning responses are framed (which may differ to those for genuinely new firms to the UK). This is considered in further detail later in this report.

Use of Enterprise Zones varied considerably amongst survey respondents; around half of LPAs hadn't had experience of securing Enterprise Zone status for key sites, and those that had done so reported mixed results (Figure 3).

LEP respondents – who cover a wider area – were obviously most likely to have made use of Enterprise Zones as part of their role in planning for inward investment, and were generally more positive about their effectiveness (albeit their role and remit will differ from LPAs who retain statutory planning responsibilities for their day-to-day operation).

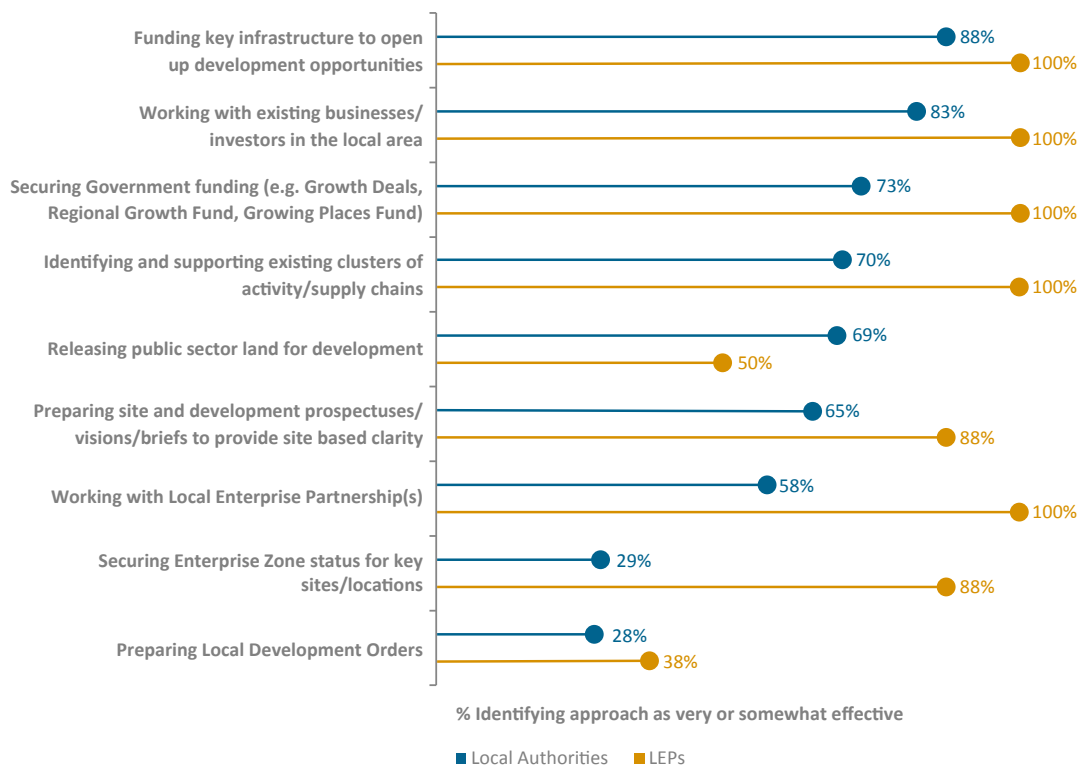
A similar picture exists for Local Development Orders (LDOs) which allow specific types of development within defined employment areas without the need to obtain planning permission. LDOs have the potential to speed up delivery, provide greater certainty around outcomes and reduce developer costs, yet just a third of survey respondents have found them to be an effective tool in facilitating inward investment. On their own, LDOs are unlikely to prove particularly effective, but can be useful as part of a wider inward investment strategy. A similar approach has been adopted by Rochdale Metropolitan Borough Council to implement a Simplified Planning Zone (SPZ) for its Heywood Distribution Park (see case study to the right) in order to improve the Park’s attractiveness to developers by providing planning certainty and confidence.

Case Study: Heywood Distribution Park, Rochdale – Planning Certainty to Boost Investor Confidence

A Simplified Planning Zone (SPZ) was implemented for Heywood Distribution Park by Rochdale Metropolitan Borough Council in 2010 in order to improve the Park’s attractiveness to businesses, having been in need of redevelopment for a number of years. The SPZ is credited for accelerating the Park’s redevelopment and provides certainty and confidence to developers with planning permission granted in advance for B1, B2, B8 uses and supporting ancillary development (such as lorry parks and cafes).

Businesses are now attracted to the Park by the flexibility and speed of development assured by the SPZ. This has strengthened the marketability of the Park to both domestic and international investors, with the SPZ particularly attractive to the distribution sector that requires speedy investment decisions. Just under £20m of Greater Manchester Growth Deal funding was also secured for a new link road from M62 junction 19 to unlock access to the Distribution Park and maximise the investment opportunities afforded by the SPZ.

Figure 3: How effective have the following approaches been in planning for inward investment?



Source: NLP Survey 2016

Case Study: Hemel Hempstead Business Ambassadors – Collective Advocacy

Established in 2015, the Hemel Hempstead Business Ambassadors scheme brings together the knowledge, networks and influence of local businesses, organisations and individuals to promote the town and wider Borough of Dacorum and the opportunities it offers to other businesses and investors.

The scheme currently has 47 Ambassadors that represent a network of 'economic champions' who want to see Hemel Hempstead succeed and are enthusiastic about being part of making that happen. They support the wider work of Dacorum Borough Council and Hertfordshire LEP in planning for inward investment into the area, which is at an all-time high since the scheme's launch. Recent investment has been channelled into the town centre (including Marlowes Shopping Centre), the Maylands Business Park and regeneration of the Bourne End Mills business area, to name just a few examples.



Critical Success Factors

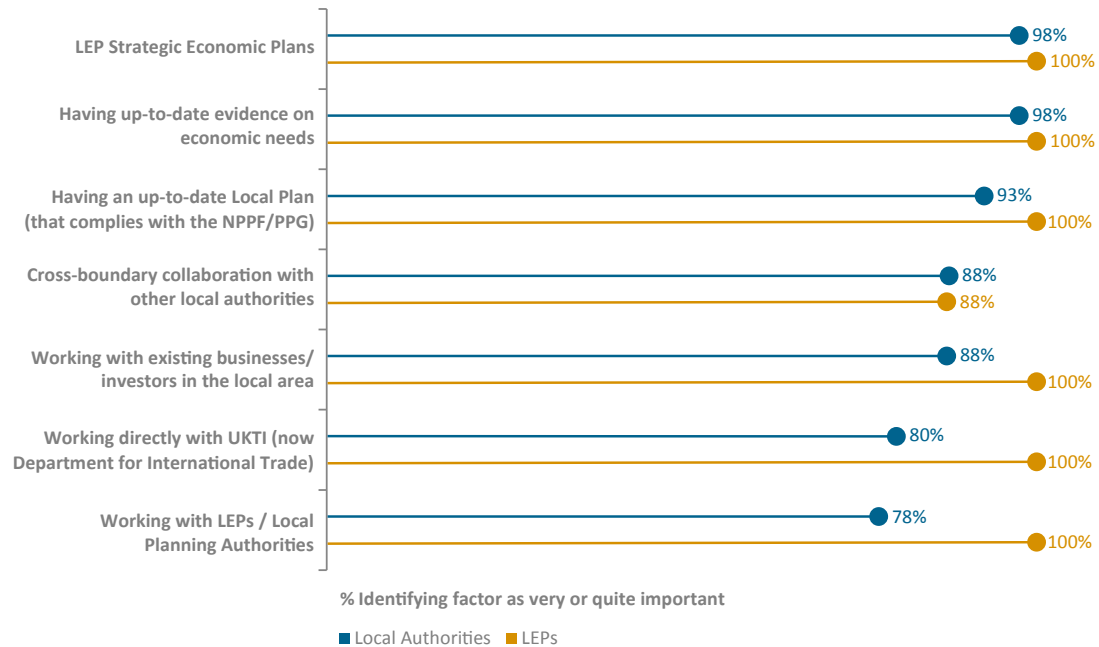
Working with existing businesses and investors in the local area was highlighted by LPAs and LEPs as one of the most critical success factors when it comes to planning for inward investment, with 88% of LPA and 100% of LEP respondents considering this to be very or quite important (Figure 4). This underlines the importance placed by local partners upon supporting their indigenous business base to expand their existing facilities and attract new investment.

Respondents also saw having up-to-date evidence on economic needs and supply of land for business in their local area as being of significant importance (accounting for 98% of LPA and 100% of LEP respondents), for example through a recent study such as an Economic Development Needs Assessment or Employment Land Review. Ideally this would provide an objective assessment of economic need considered across relevant Functional Economic Market Area(s) since business investment decisions rarely take account of administrative boundaries.

Whilst this can provide valuable intelligence on how much employment land to plan for and where, it can be difficult to accurately plan for inward investment opportunities within a local area particularly where such opportunities (or capturing them) would represent a step-change in previous economic performance and would not typically be reflected in trend-based econometric models. Flexible land allocations could provide one solution in areas without a constrained land supply, alongside stricter protection of strategic sites that are specifically designed to accommodate inward investment.

A range of other factors were also cited as being important within the context of planning for inward investment, including having an up-to-date Local Plan that complies with the NPPF/PPG, and cross-boundary collaboration with other local authorities, an example of which (for two North East authorities) is provided overleaf. In this regard, it is significant that as at September 2016, just a third of local authorities in England outside London have an up-to-date strategic-level Local Plan¹⁰.

Figure 4: To what extent do you think that the following factors are important in terms of planning for inward investment?



Source: NLP Survey 2016

Case Study: International Advanced Manufacturing Park – Cross Boundary Planning

The need for additional land within close proximity to the A19 and Nissan manufacturing plant has been identified as a key priority to support growth in the automotive and advanced manufacturing sectors in Sunderland and South Tyneside. Historically, key barriers to delivery included land/site availability, greenbelt constraints, infrastructure costs and viability challenges.

In response, a joint project was developed between Sunderland City Council and South Tyneside Council, in partnership with the North East LEP, to release approximately 100ha of greenbelt land for the International Advanced Manufacturing Park – as an internationally recognised location for automotive and other advanced manufacturing, engineering and related distribution businesses, maximising links with Nissan and other high value automotive industries in the area.

The site is expected to deliver up to 5,200 new jobs and attract over £300 million of private sector investment into the region.

Viability challenges have been addressed, in part, through the joint City Deal which supports the detailed planning, design and assembly of the site including the provision of infrastructure to unlock development. The site also benefits from Enterprise Zone status, in recognition of its potential to support employment growth and an Area Action Plan is currently being prepared to guide delivery.

Joint working between Sunderland City Council and South Tyneside Council has played a key role in supporting the development proposals to date and in demonstrating the wider strategic need for greenbelt release. The two Councils are currently preparing a Nationally Significant Infrastructure Project development consent order application as part of their respective Local Plans to take the project forward.



Barriers to Inward Investment

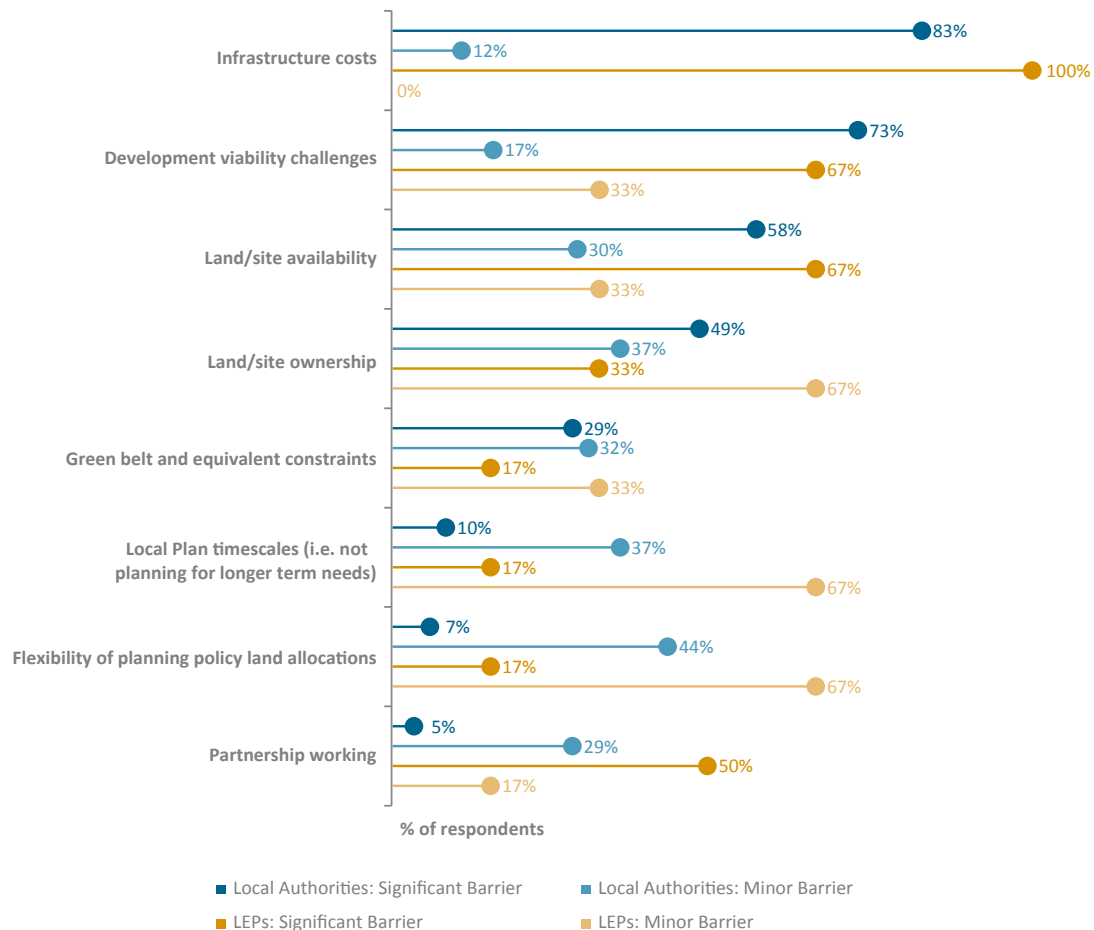
Planning is often cited as a barrier to economic growth with regards to the perceived delay, cost and uncertainty surrounding new development, despite various attempts by the Government over the past few years to ‘speed-up’ the planning system and remove barriers to growth through a series of measures including the publication of the NPPF and Localism Act.

Yet our survey shows that a wider set of issues surrounding development are considered to provide the most significant barriers and obstacles to being able to effectively plan for inward investment in local areas, including infrastructure costs associated with unlocking sites for development (cited as a significant barrier by 83% of LPAs and 100% of LEPs) and more general challenges surrounding the viability of new development (cited as a significant barrier by 73% of LPAs and 67% of LEPs) (Figure 5).

While some of these issues inevitably fall beyond the remit and scope of the planning system, the NPPF is clear that LPAs have a responsibility to identify and address infrastructure and viability barriers to business investment and work alongside their partners to overcome market failure where this has the potential to deliver development.

Availability of appropriate land and sites to accommodate new development is also cited as a significant barrier by both LPAs (58%) and LEPs (67%), but overall this feedback suggests that planning – whilst relevant – is only half the story. Indeed, Local Plan timescales (i.e. not planning for longer term needs) and flexibility of planning policy land allocations are considered to be much less of a barrier to planning for inward investment amongst survey respondents, although views did vary with LEPs generally perceiving these issues to present more of a barrier than LPAs themselves. As noted earlier, partnership working tends to be functioning well, albeit with scope for improvement, particularly between LPAs and LEPs.

Figure 5: To what extent do you consider the following factors to represent a barrier to planning for inward investment in your area?



Source: NLP Survey 2016

Case Study: Manor Royal, Crawley – Pragmatically Planning for Growth

Manor Royal represents Crawley's premier business location and one of the largest employment areas within the South East. It is home to approximately 30,000 employees and 500 businesses with occupiers including Virgin Atlantic, Siemens and Grant Thornton. Land supply is very limited and a combination of spatial and access constraints (including Gatwick Airport Safeguarding) limit the potential for large scale future expansion beyond Manor Royal's current footprint. Recent economic evidence prepared for the Council concluded that in absence of additional space being made available, there is a risk that the Borough will become increasingly unable to compete for and capture economic and inward investment opportunities as and when they arise.

In response to these land supply constraints, the Council have adopted a strategy – through their new Local Plan ('Crawley 2030') – to carefully allow appropriate and comprehensively planned minor extensions to Manor Royal outside of the built up area boundary. This has already attracted investment in a new industrial development at Jersey Farm and provides the Local Planning Authority with an element of flexibility to plan for economic growth within a highly constrained, but successful business location.





Conclusions and Implications

Planning for inward investment looks different depending on location, reflecting the intrinsic characteristics, strengths and weaknesses unique to individual places. This can make it a difficult sector for which to plan, particularly as the global market for inward investment (and the UK's role within it) is constantly evolving.

This research suggests that the extent to which local areas actively plan for inward investment – both within and outside of the statutory planning process – and are successful in capturing it varies considerably across the country. Where an authority has a track record of success in relation to inward investment, the process can be more straightforward. However, where local areas are seeking to deliver a step change in economic performance, or capitalise on a competitive advantage in an emerging sector, the absence of a proactive, forward-facing Local Plan that provides a choice of employment sites and development opportunities could constrain their ability to support inward investment and, in turn, growth potential.

Our survey suggests that land availability is a barrier to attracting inward investment. But the planning system in isolation is not perceived to be the sole factor; the research points to a broader range of issues and barriers relating to development in its wider sense, such as infrastructure costs required to unlock sites to make them 'oven ready' for development and viability challenges associated with certain types of new development. Although planning in itself cannot address all of these challenges, planners (alongside their partners) have a role to play within the wider development ecosystem to enable and facilitate sustainable development, overcome market failure where this has the potential to deliver development, and monitor the effectiveness of particular policies and economic objectives including those designed to encourage investment and growth.

Our research identified significant scope for improvement, but also plenty of examples of best practice in providing a positive, well-evidenced planning framework that pro-actively targets, and effectively responds to, investment and growth opportunities.

Drawing on these, we have identified a series of critical success factors that LEPs, LPAs and their partners could use to shape policy responses to inward investment opportunities. We suggest the best way to consider this is to group inward

investment opportunities in three broad typologies or categories, each representing different stages of the economic lifecycle relevant to a local or sub-regional area's competitiveness globally and within the UK:

- **'Grow your own'**: companies that already have a UK base and have scope to expand their operations either in the same location and/or elsewhere across the country. Some may already be well established here, while others may require support to become more embedded within their local economy.
- **'Catch and steer'**: firms that have already decided to bring their investment to the UK or a particular region and are exploring their location, site and premises options. The opportunity is likely to align with a particular sector and for this reason, businesses may have a preference for a particular location or existing cluster. In some cases, a firm may split its operations functionally between two locations – for example Nissan's design centre in London and its manufacturing plant in Sunderland.
- **'Footloose and free'**: these firms and their activity tend not to be tied to any particular location or country; operating within a global marketplace, they can (re)locate across national borders in response to changing economic conditions.

This provides a useful way of thinking about how the planning system can pro-actively facilitate the process of targeting and capturing inward investment within the overall ambit of planning for growth (see table overleaf).

Each category requires a different planning approach or response, based upon the nature, spatial requirements and timescales associated with the targeted investment. Some areas will be well placed to pursue all three typologies of inward investment opportunity, while others will prefer a more targeted approach, for example around developing an existing sector cluster.

Collaboration between partners will be required under all typology scenarios, although the nature of this may change, for example with a greater degree of partnership working with DIT inevitable when targeting 'footloose and free' investment opportunities.

Approaches to Consider

	Local Planning Authorities	Local Enterprise Partnerships	Government
Inward Investment Opportunity	<p>'Grow your own'</p> <ul style="list-style-type: none"> Economic evidence to identify growth sectors and indigenous growth potential Ongoing engagement with local businesses to understand premises/ site needs and expansion requirements Maintain up-to-date intelligence on local business community and origin of ownership 	<ul style="list-style-type: none"> Develop sector intelligence and strategy to understand where strengths and USPs lie Signpost to business support and other LEP funded business engagement activity Use of Enterprise Zones to encourage firms to develop their existing base in the area 	<ul style="list-style-type: none"> Linking existing firms to innovation support for new products and services Support expansion plans into other UK markets or capture other functions, particularly those further up the value chain Assistance with export opportunities
	<p>'Catch and steer'</p> <ul style="list-style-type: none"> Provide planning certainty on key sites (through for example an Enterprise Zone, Simplified Planning Zone, Local Development Order etc) Ongoing monitoring of what sites are available and where (e.g. through a site delivery trajectory) Maintain up-to-date intelligence on site related barriers, issues and 'showstoppers' that need resolving 	<ul style="list-style-type: none"> Facilitate a single sub-regional 'hub' or point of contact for inward investment enquiries and activity Collective agreement on a clear offer and proposition to investors Secure devolved funding to open up sites for development Making the economic case for devolved funding to unlock development opportunities 	<ul style="list-style-type: none"> Signpost to sector specialists and linking up with relevant LEPs Guidance on the UK planning system and procedures, including Nationally Significant Infrastructure Planning and general applications Site location and sector cluster support
	<p>'Footloose and free'</p> <ul style="list-style-type: none"> Can the case be made to identify strategic sites for inward investment? <ul style="list-style-type: none"> How are these differentiated (in planning terms) from sites required to meet indigenous demand? How can sites be protected for longer term opportunities? 	<ul style="list-style-type: none"> Co-ordinating cross-border inward investment activity and enquiries and developing a LEP wide proposition Site based investment framework/prospectus promoting best opportunities and available incentives 	<ul style="list-style-type: none"> Guidance on the UK planning system and procedures, including Nationally Significant Infrastructure Planning and general applications Site location support

Source: NLP analysis

Endnotes

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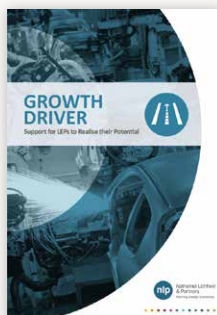
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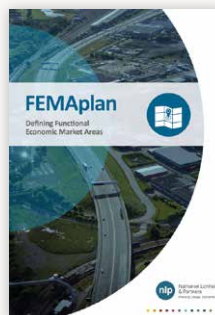
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