

# How you could embed Natural Capital into the new Planning System

## Introduction

In August 2020, the Government issued a White Paper, 'Planning for the Future', and consulted on a package of proposals for the reform of the planning system in England. The proposals included measures to streamline and modernise the planning process, improve outcomes on design and sustainability, and reform developer contributions. As part of our study into how you can apply a Natural Capital approach to planning policies (found online at [www.oxcamlncp.org.uk](http://www.oxcamlncp.org.uk)) we also looked at how the integration into planning reforms of this approach, and the use of Natural Capital and Ecosystem Services (NCES) data, would support these outcomes and benefit the natural environment.

The White Paper has a number of implications for the natural environment. It proposes planning for growth, renewal and protection areas, in addition to sign-posting environmental recovery, for example through Local Nature Recover Strategies (LNRS). Some proposals in the White Paper present an opportunity to better integrate the natural environment into the planning system.

For this research planning specialists reviewed the proposals in the White Paper in light of the concept of taking a Natural Capital approach and a number of recommendations were made on how a Natural Capital approach could potentially integrate with and influence the new planning system. The recommendations have not been made in response to the planning consultation or in relation to any previous response from Defra in respect of the White Paper, but are designed to offer a practical way forwards with regards to embedding Natural Capital and Ecosystems Services into the future planning system.

## Embedding Natural Capital and Ecosystem Services into the Planning System

The points below present a high-level summary of how a natural capital approach could potentially integrate with, and influence, the new planning system flowing from the Proposals in the 'Planning for the Future' White Paper (2020).

**“Proposal 1: The role of land use plans should be simplified. We propose that Local Plans should identify three types of land – *Growth* areas suitable for substantial development, *Renewal* areas suitable for development, and areas that are *Protected*.”**

The National Planning Policy Framework (NPPF) currently recognises the importance of Natural Capital and Ecosystem Services in establishing planning policy and decision making and recognises the need to plan for enhancement at a catchment or landscape scale across boundaries (paragraph 170-171), but to strengthen it, this would need to require a definition and enhancement of Opportunity Areas. This information would benefit protection and enhancement in all three types of land proposed by the White Paper.

**Our recommendations:** An output from a Natural Capital approach is the identification of Natural Capital Opportunity Areas where Natural Capital and Ecosystem Services assets can be enhanced, increased or improved in other ways, e.g. improved connectivity. Our recommendation is that where these opportunity areas can be spatially defined and offer multiple benefits to Ecosystem Services that they are designated as one of the 'Areas that are Protected'. The definition in the NPPF would need to be expanded to capture Natural Capital Opportunity Areas with a requirement for these to be established at a local level using a Natural Capital approach and for these to be shown on the Local Plan maps.

**“Proposal 2: Development management policies established at national scale and an altered role for Local Plans.” And “Proposal 11: To make design expectations more visual and predictable, we will expect design guidance and codes to be prepared locally with community involvement, and ensure that codes are more binding on decisions about development.”**

Current environmental design, including green and blue spaces around buildings, could better be better linked to local opportunities and aspirations to enhance Natural Capital and Ecosystem Services. The planning system can incorporate Natural Capital into development management policies, design and engagement with communities in the process.

**Our recommendations:** The idea that design guides and codes should be set at a local or neighbourhood level and that decision making flows from these local priorities is supported. The emphasis in the White Paper is on controlling the quality of the built environment. We would encourage a wider perspective on this, incorporating environmental design of the green and blue spaces around the buildings to be captured in design guidance too. The Natural Capital Opportunity Areas, and, in the future, the LNRS, should be used to steer development of the local design codes.

Where relevant to local communities, they could be engaged on the evolution of design codes at the same time as LNRS, thereby bringing the built and natural environments into the same conversation.

**“Proposal 3: Local Plans should be subject to a single statutory “sustainable development” test, replacing the existing tests of soundness.”**

A Natural Capital approach can be built into the plan making process early and can be applied at all levels from local parishes to developers and Local Authorities, including cross boundary working. Risks include whether the Sustainability Appraisal (SA) process (which offers an avenue for NCES) continues to be applied and whether a Natural Capital approach will be required to be incorporated into any future “sustainability test” replacing SA. If a SA process is retained, the use of a data-led, Natural Capital approach could make the process more efficient, which is one of Government’s aims for the planning system.

**Our recommendations:** We do not offer any view on the abolition of the SA system or the ‘Duty to Cooperate’ but we would encourage policy makers to review the findings of the South West Partnership for Environment and Economic Prosperity (SWEEP) recent report, *‘Applying the Natural Capital approach to Sustainability Appraisal’* and consider their recommendations in any policy outputs (<https://sweep.ac.uk/applying-the-natural-capital-approach-to-sustainability-appraisal-report/>).

The other element of Proposal 3 that we offer an observation on is the consideration given to future cross-boundary working initiatives. In this matter, one of the outputs from our county level research indicates that a Natural Capital approach can be a positive starting point for cross boundary discussions and, as it comes early in the plan making process, could set a positive tone for other discussions. Consensus can usually be built around environmental priorities and opportunities to seek investment from the private sector.

**“Proposal 6: Decision-making should be faster and more certain, with firm deadlines, and make greater use of digital technology.” And “Proposal 7: Local Plans should be visual and map-based, standardised, based on the latest digital technology, and supported by a new template.”**

While there are substantial gains to be made in relation to efficiency, access to data and cross-border working, a number of risks in the use of data were raised as part of our study into how you apply a Natural Capital approach and data to planning policy including issues around incompatible data sets, licensing of data, spatial scale of application, usability and training, cost of management and updates.

**Our recommendations:** Proposal 6 is fully supported and we wish to offer up some insight into barriers that Local Authorities have been relaying to us in our recent research:

1. There are difficulties in sharing data between neighbouring authorities where different, sometimes incompatible software packages are used
2. Different licensing arrangements can lead to environmental datasets being unable to be shared between different tiers of local government
3. The level of detail needs to be appropriate to the particular plan or code that is being produced

What is apparent is that there is a willingness to share datasets and for these to be kept as live documents that both the public and private sectors can add to and extract data from. In order to ensure that environmental considerations are at the heart of the planning system, Defra and the Ministry of Housing Communities and Local Government should be working together to ensure cross boundary software compatibility that works at multiple tiers of the planning system.

**“Proposal 15: We intend to amend the National Planning Policy Framework to ensure that it targets those areas where a reformed planning system can most effectively play a role in mitigating and adapting to climate change and maximising environmental benefits.”**

The White Paper wants the reform to play a role in promoting environmental recovery and recognises the role of LNRS to be introduced by the Environment Bill. The use of a Biodiversity Net Gain metric has meant a standardised approach to calculating net gain from development to aid decision-making in the planning system. A similar approach for Environment Net Gain would support a standardised and quantitative approach to calculating other environmental benefits, including Ecosystem Services which help mitigate climate change.

**Our recommendations:** In amending the NPPF, consideration should be given to the 25 Year Environment Plan with a specific focus on the role that a Natural Capital approach can make to targeting opportunities for climate change mitigation and adaptation. Further, the application of this approach to Biodiversity Net Gain metrics supports an Environment Net Gain approach. We are anticipating further advice on this in the forthcoming Environment Bill, but would encourage all of this to be brought together in a single Environment Net Gain metric that can be applied to development proposals.

**“Proposal 16: We intend to design a quicker, simpler framework for assessing environmental impacts and enhancement opportunities, that speeds up the process while protecting and enhancing the most valuable and important habitats and species in England.”**

The barriers to use of Natural Capital data set out above at Proposal 6 & 7, also apply to Environment Impact Assessments. There are also opportunities to fund data management through making it chargeable for developers. From the developer perspective there are benefits in terms of savings when compared with funding their own data collection and also greater assurance by stakeholders in the quality of data. The use of digital information has the potential to deliver a much more efficient planning system, including assessment of options, improving decision-making, increased transparency and identification of environmental impacts, mitigation and enhancements.

**Our recommendations:** An environmental, data-driven Natural Capital approach could lead to a digital transformation of the planning system that would be more accessible to all stakeholders, including the public, and lead to more informed decision-making. This would involve making data accessible through a central environmental datahub at the regional level, potentially hosted through Local Environmental Recording Centres. This could involve use of existing environmental data, including habitat mapping, and analyses of wildlife corridors for landscape-scale habitat connectivity. Data would be freely accessible to Local Authorities and chargeable for developers. This data would also underpin the LNRS.

**“Proposal 19: The Community Infrastructure Levy should be reformed to be charged as a fixed proportion of the development value above a threshold, with a mandatory nationally-set rate or rates and the current system of planning obligations abolished.”**

Risks associated with this approach are largely associated with the adoption of a levy, its acceptability to developers and adoption of any standardised approach. If these are overcome as part of planning reforms, then integration of funding Natural Capital enhancement would support Environment Net Gain in Local Authority areas.

**Our recommendations:** We would encourage the consideration of a percentage of any infrastructure levy to be given towards ‘enhancing Natural Capital Opportunity Areas’ in the local area. This should be a standardised item on the infrastructure levy. Contributions could also be made by developers ‘in kind’ but only where they specifically relate to the Natural Capital Opportunity Areas.