

Economic Role of National Highways

Role 3: Planning and Placemaking



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1. Introduction

The right development in the right places: National Highways influences placemaking to support future housing and business needs. We proactively collaborate with local planning authorities about the location and design of sustainable places through spatial planning and decision taking, aligning this with the current and future needs of the SRN.

Planning and placemaking is one of the four fundamental economic roles¹ of National Highways. The SRN generates widespread social value and boosts prosperity by supporting employment growth and business investment across England.

New housing is central to meeting the nation's economic development and productivity growth needs. Delivery of new housing:

- Facilitates labour supply and mobility by attracting and accommodating skilled workers in the places with good access to employers and employment centres.
- Supports the vibrancy and viability of local and town centres through the generation of spending which sustains jobs in retail and other critical, day-to-day services.

Space for business and employment-generating activities directly supports job growth and helps drive productivity improvements and innovation. The Government considers that there are economic benefits in supporting investment to drive the co-location of people, business and finance which can generate positive spillovers, or agglomeration effects which generate rising returns through the larger scale, scope and clustering of activities².

Construction itself is a vital part of the economy: on its own, it directly contributes £98.8bn³ of GVA, but the indirect and induced impacts are greater still: housebuilding contributes £104bn of GVA each year, supporting 1.2m jobs and generating £3.1bn of tax income, with £7bn in contributions (through Section 106 and Community Infrastructure payments) to help fund infrastructure, social housing and open spaces⁴ whilst capital investment in commercial property amounts to £26bn of GVA and 0.37m jobs⁵.

Having a planning system that meets development needs in the most sustainable way – consistent with net zero carbon goals – is critical to national prosperity. The ability of development to connect with, and use but not undermine the SRN, is a vital core role of National Highways.

¹ Alongside Role 1: SRN reliant sectors, Role 2: strategic connectivity; Role 4: social value and prosperity

² UK Government: Levelling Up the United Kingdom: White Paper, 2022, HMSO

³ ONS Regional gross value added (balanced) by industry: Construction industry figure for England 2021

⁴ Figures drawn from analysis in February 2023 produced by Lichfields, drawing on HBF, *The Economic Footprint of Housebuilding* (2018) and its 'Evaluate' economic impact framework, utilising data from Experian, CEBR and ONS. Applied to 2021 new build housing supply (excl. conversions/permitted development rights).

⁵ BPF, *UK Commercial Real Estate Economic Footprint*, April 2022

2. Development and the SRN

The SRN connects places which perform central roles in the wider economy. It provides people with access to jobs, homes, services and leisure. It allows businesses to access labour, suppliers and markets. Much of the SRN runs between, into and through the hearts of busy urban areas, and its intersections can be hubs from which goods are distributed across whole country. The SRN is therefore part of how places, old and new, function.

As a consequence, land adjacent to the SRN can be highly sought after by the development market as a location to meet existing and future business and housing demand. As demonstrated in our work which underpins National Highways role in supporting SRN-reliant sectors (Role 1), the SRN is a critical factor in determining location decisions for major developments whether that be for new communities and major extensions to existing settlements, large scale town and city centre regeneration, warehousing and logistics, modern industrial plants, HGV facilities, multimodal hubs and business & science parks.

Although the world is changing, including moving towards net zero – and local plans must look ahead a minimum of 15 years – the SRN is an important factor in servicing existing development patterns as well as how the country goes about planning for the future. This is because:

- Planning deals with development that will happen now given how Britain relies on roads today – roads and cars are an integral part of our transport system.
- Road travel will decarbonise fast – while road travel represents a higher carbon way to travel in the UK today, this is changing fast.
- A net zero Britain will still significantly travel by road in 2050 – while we support investment in all zero carbon transport options, investment in other forms of transport, such as rail, will make only a limited impact on how Britain moves.

Paragraph 7 of the Department for Transport (DfT) Circular 01/2022 ⁶establishes three overarching objectives for National Highways when engaging in the planning system:

- To enable the delivery of sustainable development.
- To support the needs of the freight and logistics sector.
- To mitigate the impact of growth on the natural environment.

In exercising our function as a statutory consultee in the planning system, we must cooperate as reasonably practicable with other parties with regards to highways or planning⁷. We must also have regard to the environment and the safety of our road users. Consequently, as set out in 'Planning for the future' we are obliged to consider all proposals received and to provide appropriate, timely and substantive responses to the local planning authority as the decision maker⁸.

⁶ Strategic road network and the delivery of sustainable development, Department for Transport Circular 01/2022, updated December 2022 - [Strategic road network and the delivery of sustainable development - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/circular-economy/strategic-road-network-and-the-delivery-of-sustainable-development).

⁷ Section 5 of the Infrastructure Act 2015

⁸ [Planning for the future - A guide to working with National Highways on planning matters](#)

National Highways is therefore the arbiter over the ability of the SRN to operate effectively alongside new development and a critical input to decisions made by local planning authorities (LPAs) over the scale, location and form of development they seek to accommodate in their areas.

These assessments are generally carried out through two formal processes: 1) local plan making; and 2) determination of planning applications. Further consideration of these issues occurs in wider investment planning and in spatial strategy preparation for area-based regeneration.

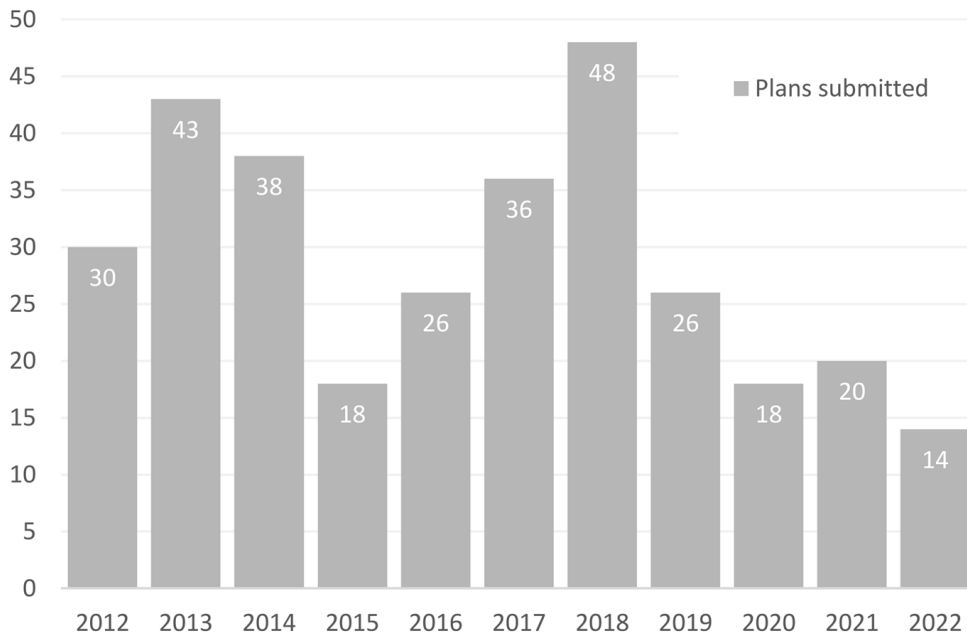
We will actively invite and seek to achieve early engagement with local authorities to collaboratively agree and support the delivery of new strategic development in the most suitable and sustainable locations relative to overall need. In doing so and where relevant, we are keen to help shape the planning of new development through the Local Plan process. In circumstances where this has not been achieved, we will seek to collaborate with the local authority during the pre-application stages.

The primary focus of engagement is intended to be through the prism of local plan making. The National Planning Policy Framework (NPPF)⁹ states that:
“The planning system should be genuinely plan-led. Succinct and up-to-date plans should provide a positive vision for the future of each area; a framework for addressing housing needs and other economic, social and environmental priorities; and a platform for local people to shape their surroundings.”

Securing national coverage of Local Plans has been a consistent Government policy objective. Since 2012, each year up to 50 Local Plans have been prepared in draft for consultation and then submitted for examination by a Planning Inspector¹⁰.

⁹ The NPPF was first produced in 2012 and is periodically updated. The most recent iteration was published on 19th December 2023 and available at: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

¹⁰ Planning Inspector Monitoring Data for Local Plans with Strategic Policies.



Source: Planning Inspectorate 2023. Lichfields analysis

National Highways will engage with the LPAs and statutory highway authorities over whether spatial strategy is consistent with the operation of the SRN and what infrastructure investment might be required. We will participate via our own evidence base founded on *Connecting the Country* (our long-term strategic plan to 2050) and Route Strategies (our spatial plans for the SRN) and will comment or provide formal advice on the evidence and infrastructure funding statements produced by LPAs¹¹.

Our focus is on matters relating to:

- Impacts including the way in which the size, type and location of the development proposed impacts on the safe operation of the SRN, including cumulative and residual impacts.
- The sustainability of policies including how they have addressed the principles of sustainable development and support a place-based vision-led approach.
- The economic, social, and environmental benefits of development plan policies and proposed site allocations.
- Integration with other plans and strategies, including proposed works to the transport network, NH investment priorities, the consistency between policy and underlying evidence.
- The robustness and consistency of the evidence base that has informed the plan and accessibility of sites that are proposed for development allocations.

¹¹ [Connecting the country: our long-term strategic plan to 2050 - National Highways](#)

The intention is that Local Plans are prepared and then reviewed at least every five years. However, the pace of plan production has not been sufficient and currently only around 35% of LPAs have an up-to-date local plan¹².

This means that the development needs of many parts of England are not reflected in the statutory development plan and the principle of development is thus more likely to be tested through speculative planning applications, , and with the applicant seeking to have its merits determined against the ‘presumption in favour of sustainable development’ in the NPPF¹³.

As a consequence, in responding to development, National Highways inputs in recent times have been more at the back end of the planning system; NH is consulted on and responds to more than 3,500 planning applications every year where there is considered to be a potential impact on the operation on the SRN from new development. We respond speedily and positively¹⁴.

We are also a statutory consultee in respect of Nationally Significant Infrastructure Projects (NSIPs) and the promoters of such developments are required to consult with us where their proposals are likely to affect road or transport operations and/or planning on roads for which we are the highway authority.

We will support funding under section 278 of the Highways Act to secure third party investment into transport and highways schemes that enable sustainable development.

¹² DLUHC, *Levelling-up and Regeneration Bill: consultation on implementation of plan-making reforms*, July 2023

¹³ NPPF Para 11 d) which states that: “where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting permission [for the proposed development] unless: i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.”

¹⁴ NH provides a 97.4% response within statutory deadlines; average first response rate of 12 days. In 2022/23 only 12 applications (0.3%) were recommended for non-approval, with 14% approved with conditions.

3. Engaging with the new planning system

However, National Highway's contribution to planning and placemaking will generate most value when it is involved at the earliest stages of the formulation of strategic and local plan policies and its investment is aligned to spatial strategies and complementary public investment.

The next few years will see renewed efforts on local plan making focused on boosting housing supply and securing economic growth. From September 2024, the new system of digital local plan making under the Levelling Up and Regeneration Act (LURA) 2023 will begin implementation. Under the LURA, there will be a stronger presumption that development in an area comes forward in line with the proposals of a local plan. Government is proposing that LPAs are grouped into successive 'waves' and their local plans formulated, consulted on and adopted in a targeted 4+30 month programme¹⁵. Under current proposals, LPAs may be grouped into 'waves' based on particular geographies; but in any event, there will be ongoing requirements for neighbouring areas to work together over strategic planning issues.

Under the current Planning Practice Guidance, strategic policy-making authorities preparing local plans are expected to work alongside infrastructure providers and service delivery organisations like National Highways. A collaborative approach is expected to be taken to identifying infrastructure deficits and requirements, and opportunities for addressing them. In doing so LPAs and National Highways will need to:

- assess the quality and capacity of infrastructure, and its ability to meet forecast demands. Where deficiencies are identified, plan makers and infrastructure providers should set out how those deficiencies will be addressed; and
- take account of the need for strategic infrastructure, including nationally significant infrastructure, within their areas, including upgrades to the SRN.

National Highways is committed to working positively, constructively and collaboratively with local authorities in each 'wave' to help plan for the needs of people and businesses in the future in a way that optimises the potential of the SRN to help meet both transport and growth ambitions and facilitate the 'right development in the right places' consistent with a genuinely plan-led system. Indeed, DfT through Circular 01/2022 (as referenced above) supports National Highways in working collaboratively with local authorities to collectively '*...start with a vision of what the development is seeking to achieve and then test a set of scenarios to determine the optimum design and transport infrastructure to realise this vision*'¹⁶.

Our genuinely strategic outlook on plan making is crystallised through its Route Strategies which can help provide LPAs with a clear perspective on the SRN – its capacity, constraints, and opportunities to change either in association with or separate to new development. In turn, this can inform our funding plans and priorities through future Road Investment Strategies (RIS).

¹⁵ Proposals for this are outlined in its July 2023 Consultation on implementation of plan-making reforms

¹⁶ Para 48, Circular 01/2022.

The RIS programme is the Government's primary means of investing significantly in the SRN. It provides 5-year programmes of funding to enable National Highways to operate, maintain and enhance the SRN in the context of the key priorities set out in each RIS. Route strategies are one of the key steps of initial research in the development of a RIS and have been produced since 2015 to guide the vision, performance expectations and investment plans for the SRN. In developing the latest route strategies, we set out:

- A planned set of future requirements for the network that is responsive to environmental needs that accounts for the performance of today as well as the challenges and opportunities of the future.
- Actions and investment that improve the performance of our roads for future road periods that are grounded in evidence and informed by interested parties and road user input.
- Opportunities for investment and integrated interventions that benefit the performance of our roads and meet wider connectivity needs of communities and economies.

4. Conclusions & priorities for action

Our engagement with planning and placemaking is intended to create a positive cycle whereby an integrated planning process is used to horizon scan and influence with the following outcomes:

. Evidencing - National Highways will develop an evidence base of future growth and development opportunities and their potential impacts on the SRN.

Collaborating - National Highways will work with local authorities and the wider development community to understand and influence future plans for development through route strategies.

Operating - National Highways will continue to embed DfT Circular 01/2022 and develop the practical application of vision led planning through our role as a statutory consultee, ensuring consistency across all our regions.

Investing - National Highways will explore opportunities in future RIS periods to unlock third party funding and planning contributions.

Catalysing - National Highways will work with local authorities and the development community to develop and embed vision led planning.

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