

**DOES ENGLAND NEED
A NATIONAL VISION?**

“England is not poor - it is just badly managed!”

(TCPA)

Today, England is facing an increasing challenge as to the way we plan for growth. Following the Brexit vote, our economic path will need to change. We need a plan that enables us to compete and maintain our economic vitality on the world stage. Devolution, changes in the way infrastructure is funded, ongoing changes to the planning system and an ever growing housing crisis are all challenges that require coordination.

We need to:

- Link locations of growth to infrastructure investment
- Link economic growth strategies to education
- Link population change to health provision and strategy
- Link our environmental vulnerability (eg. flooding) to housing provision.

These are national issues - they cannot be ignored or planned for at the local level! Other countries tackle these issues head on, so what makes us any different?

What happens if we do not address these issues?

- Our investment in key infrastructure won't deliver the economic benefits they aim to
- Our communities won't have the right skills in the right areas
- Investors will simply relocate overseas
- We will miss out on opportunities for growth
- The cost to the public purse will be even greater, plunging us into greater debt
- Millions of people could be left with homes in areas they can't live in, but with nowhere to go.

Simply put: other countries will do it better!

We believe we are at an important point in our history, where clear direction and coordination of our ambitions and future as a nation is essential if we are to address these issues.

The step to appoint Lord Adonis and the National Infrastructure Commission is a welcome one, but with housing 'off-limits' how effective can this plan be in driving England's future economic growth? Whilst we recognise the Government's commitment to localism and planning for housing at the local level, we believe excluding the link between population change/ housing need, economic growth and infrastructure need will undermine the effectiveness of the National Infrastructure Plan. The lack of a coordinated plan also undermines our ability to plan for a smart and sustainable future as a country.

Working within planning and design across the UK and beyond, we are acutely aware of the process development of any type or scale needs to navigate before it can be built and operational on site.

Why do we think a National Vision is needed?

Aim

We need a Vision for England which will assist us in:

- 1. Maximising the benefits from infrastructure investment including unlocking housing, business and spin off investments**
- 2. Addressing the key issues this country faces**
- 3. Making us more attractive, competitive and influential on the world stage.**

Challenge

We need to achieve the above within the Localism and Devolution agenda.

Decentralisation policy has evolved over the past six years, since the announcement of the Localism agenda, LEPs, NPPF and other initiatives. Michael Heseltine's report '*No Stone Unturned in Pursuit of Growth*' in 2012, called for funding streams to be simplified and amalgamated, and for more responsibility to be given over to local areas. We have now seen 39 LEPs established, alongside multiple funding streams and a further 38 applications for devolution deals and combined authorities who will also seek to take the lead in planning and investment.

However, none of these are joined up, meaning that the bigger issues and opportunities are simply missed. They fall between the cracks of devolved authorities and Government.

In addition, Government has made significant commitments to delivering sustainable growth through policy and investment. Some major infrastructure projects are now delivering, with their next phases planned, which could have a huge potential in unlocking economic growth, but only if the benefits can be planned for (eg. Crossrail 2: the economic benefits can only be secured by planning across administrative sectoral boundaries).

Through all of this however, there have remained two constants: the housing crisis and a deficit in infrastructure investment. We need to address both to enable the UK to be competitive.

The success of many infrastructure projects depends on a coordinated approach across sub-regions and local authorities, which we believe does not currently exist, meaning that many of the benefits from this investment will simply not transpire.

We need to ensure that there is the greatest “bang for our buck” for every pound that is spent on infrastructure – why wouldn’t we? After all, it’s what many of our international competitors do!

We believe there is a need for a high level Vision for England that can perform this role. A set of principles which sets out the country’s direction of travel and ambitions for coming years.

A vision could:

- Set out key ambitions in terms of economic growth but also unite infrastructure, planning, education, health and investment to provide focus at a national level
- Empower and guide Local Authorities, Local Enterprise Partnership and Devolved regions, all of whom play a key role in securing the distribution of growth and opportunity across the country
- Make England more attractive for investment
- Answer the questions our communities are asking.

Without this we believe localism and devolution is working with one arm tied behind their backs, and we are unable to provide the required certainty for investors, in all aspects of our economy.

Who else does this?

National level of planning of this type is nothing new. This approach is used across many of the G7 nations, including Japan, Germany, the Netherlands and Australia. In all but one of the National level planning documents are described as a flexible set of guidelines, outlining a set of choices for local decision making.

All are based on collaboration and negotiation and many seem to be used to drive inter-Governmental/Agency coordination.

Will this not feel like it’s the Government “telling” the local areas what to do? No! It’s just giving them the facts so they make the right decisions.

The facts...

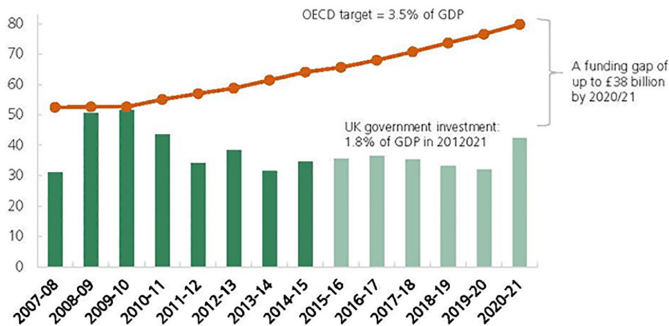
Here we have set out some of the key economic and development challenges we face as a nation.

We have a significant infrastructure gap...

England currently has a major infrastructure projects pipeline of £426 billion of investment. Spread across 602 projects, some of which will not complete until 2030 (updated in April 2016). This

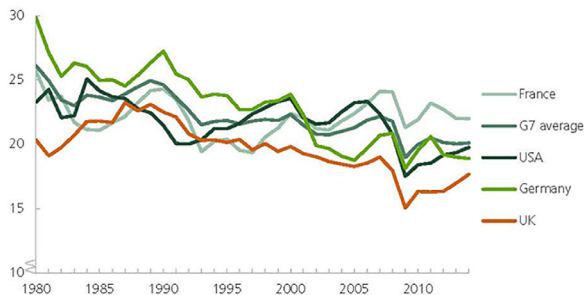
sounds total investment, as a percentage of GDP, is significantly lower than the average for G7 economies – **17.6% compared to an average of 20.1% in 2014** – and this gap is widening!

GOVERNMENT SPENDING ON INFRASTRUCTURE AND IDEAL SPENDING



Source: Infrastructure Policy Briefing Paper, Chris Rhodes, October 2015

TOTAL INFRASTRUCTURE INVESTMENT AS A % OF GDP



Source: Infrastructure Policy Briefing Paper, Chris Rhodes, October 2015

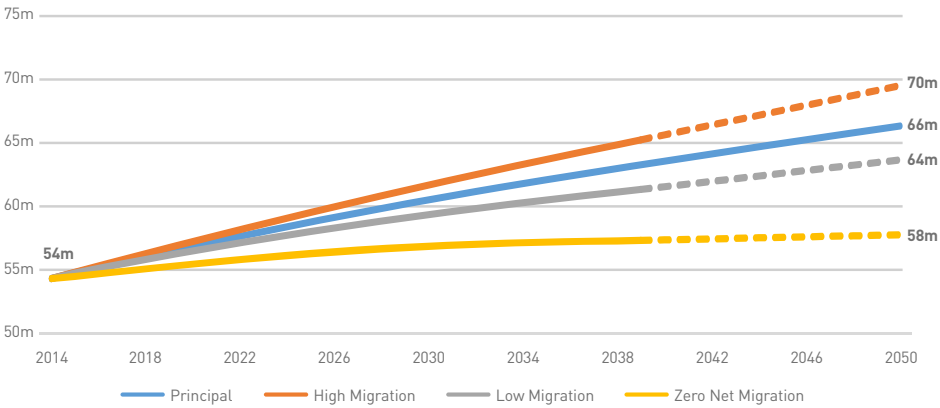
Compared to other countries we spend far less on infrastructure, and our lack of coordination means we don't capture the benefits either.

We have a growing (and aging) population...

By 2050, with low level migration we could still have a population of 64,000,000 people. With high migration we could have 70,000,000 population and over 2.8 million

more people of employable status. **Will we, without immigration, have the working people or tax income this country needs to survive?**

HOW LARGE COULD OUR POPULATION BE IN 2050?



Source: ONS 2014-based National Population Projections

We have a growing net debt...

Under a low migration strategy our current net Public Debt levels would exceed 100% of GDP by 2050. With high migration, because many migrants are working age, debt would remain below current (80%) levels.

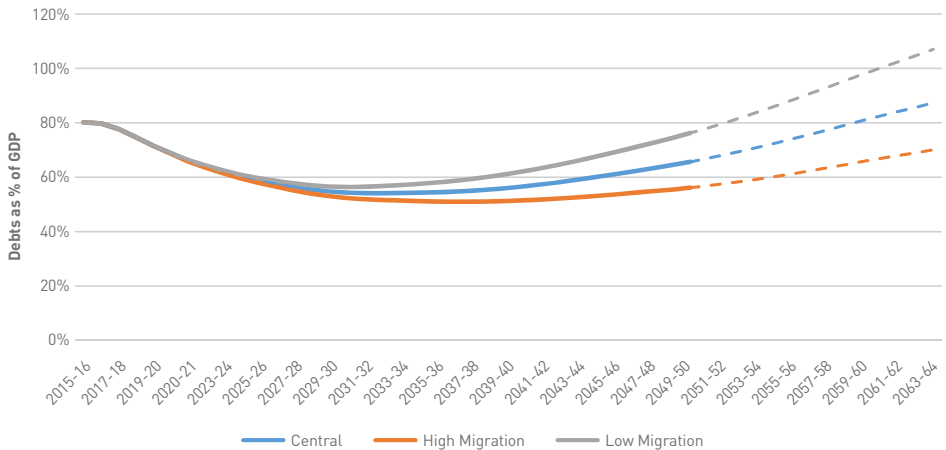
But the picture of taxes raised vs expenditure differs hugely across the UK.

Could a strong Vision for England improve the contributions some of our regions are able to make?

How do we get every area of England to contribute to England plc?

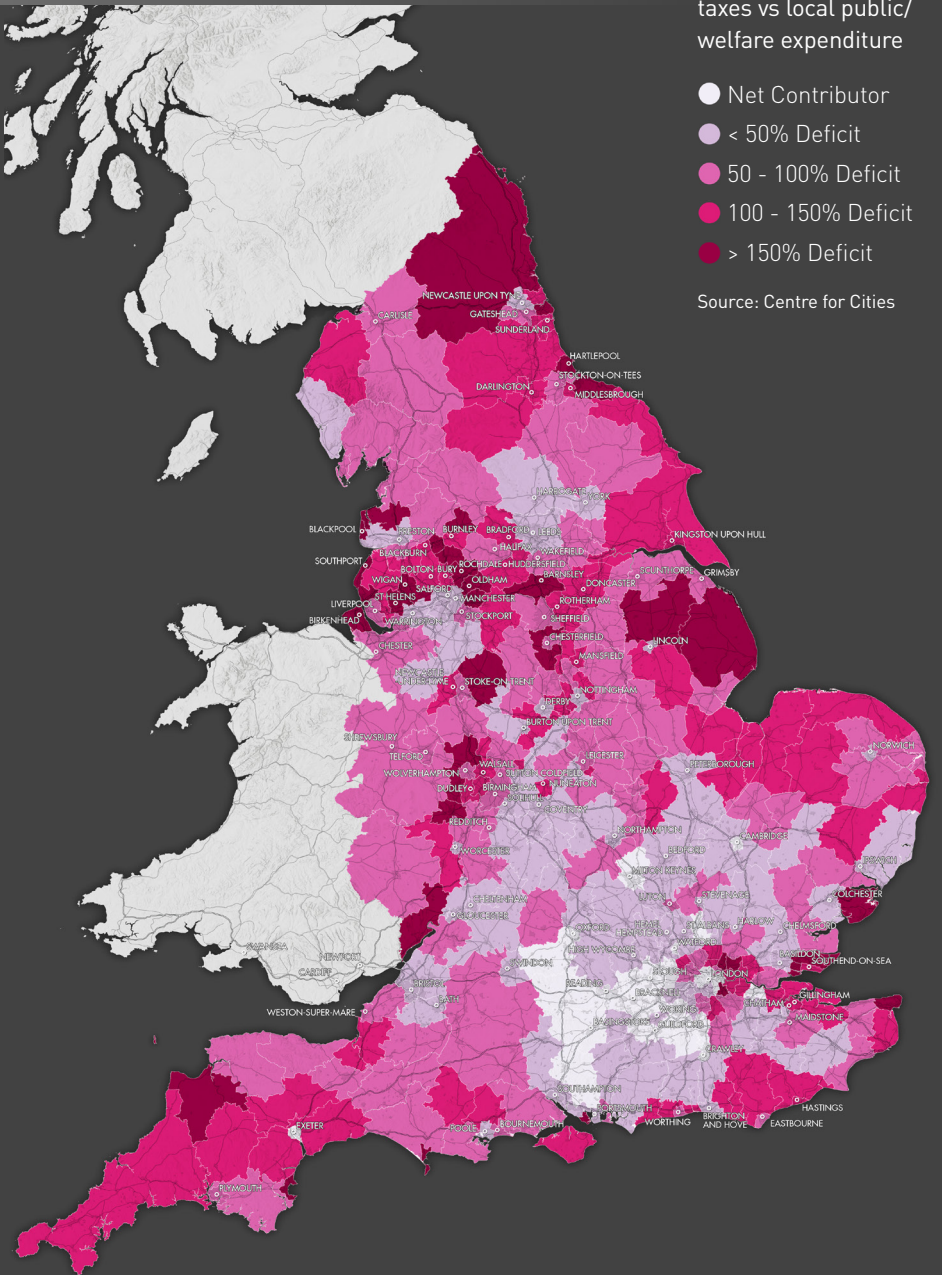
With an aging population this becomes an increasing problem.

NET PUBLIC DEBT



Source: OBR Fiscal Sustainability Report 2015

TAXES RAISED VS EXPENDITURE



We have a deepening housing crisis...

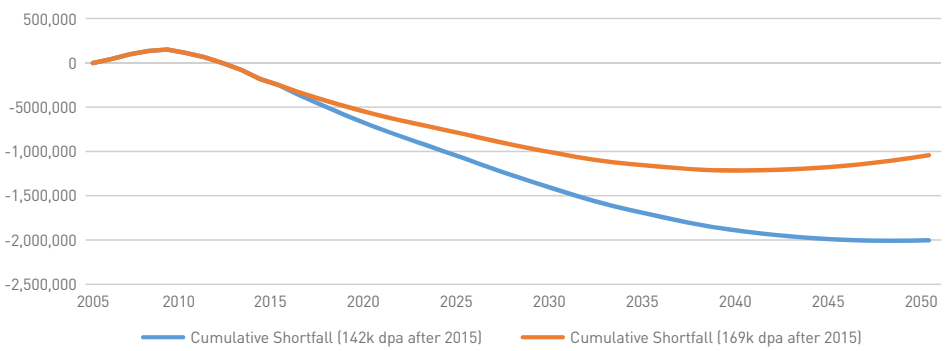
The widely talked about housing crisis needs an urgent coordinated response, to deliver homes in the most sustainable locations. Following the current trend of delivery (142,000dpa) by 2050, we would have a cumulative shortfall of two million homes. The impact of this shortfall is being felt most acutely in the south east, where today there is already over 30% shortfall in

delivery vs household projections. London's housing needs remain unplanned for.

Could a strong Vision for England improve the distribution of housing demand and speed of delivery and maximise the benefits of infrastructure investment?

Housing at the local level currently has little relationship to infrastructure investment.

DEEPENING HOUSING CRISIS



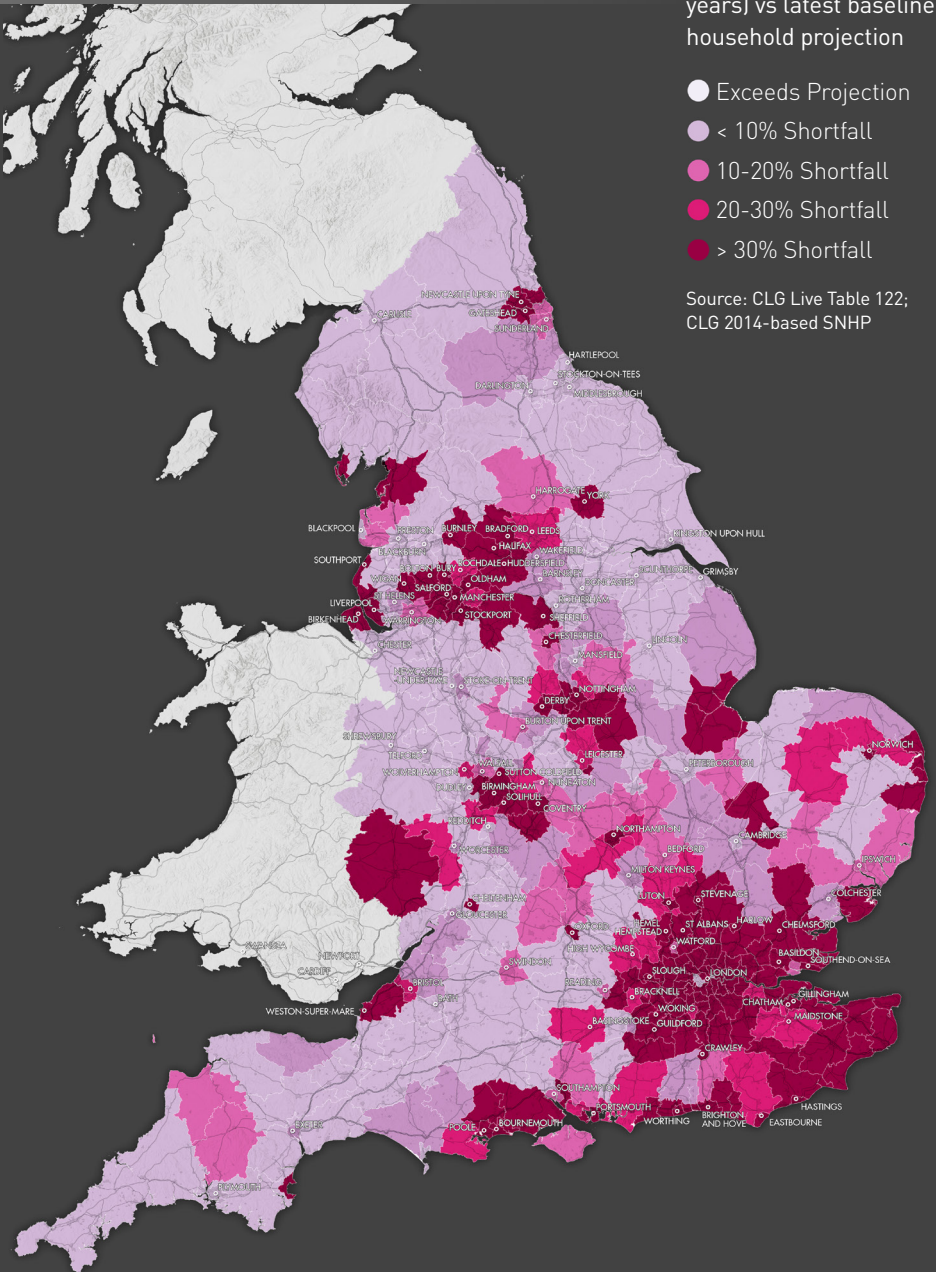
Source: DCLG, Barton Willmore Analysis

THE SHORTFALL IN HOUSING

Recent Delivery (last 5 years) vs latest baseline household projection

- Exceeds Projection
- < 10% Shortfall
- 10-20% Shortfall
- 20-30% Shortfall
- > 30% Shortfall

Source: CLG Live Table 122;
CLG 2014-based SNHP



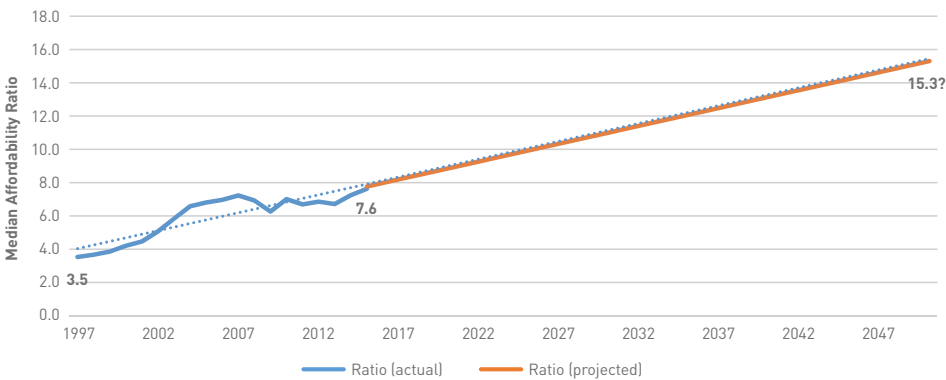
We have a widening affordability gap...

If affordability trends continue in the same manner observed since 1997, it could result in an average house prices across England costing more than **15 times the average salary**, bringing the UK average price of a home to a similar level as those in Surrey today. This is not however a

generic picture countrywide. The map shows how this measure varies nationally.

Could a strong Vision for England, by improving delivery of homes in sustainable locations, maximising infrastructure opportunities, and aiding affordability?

WORSENING AFFORDABILITY



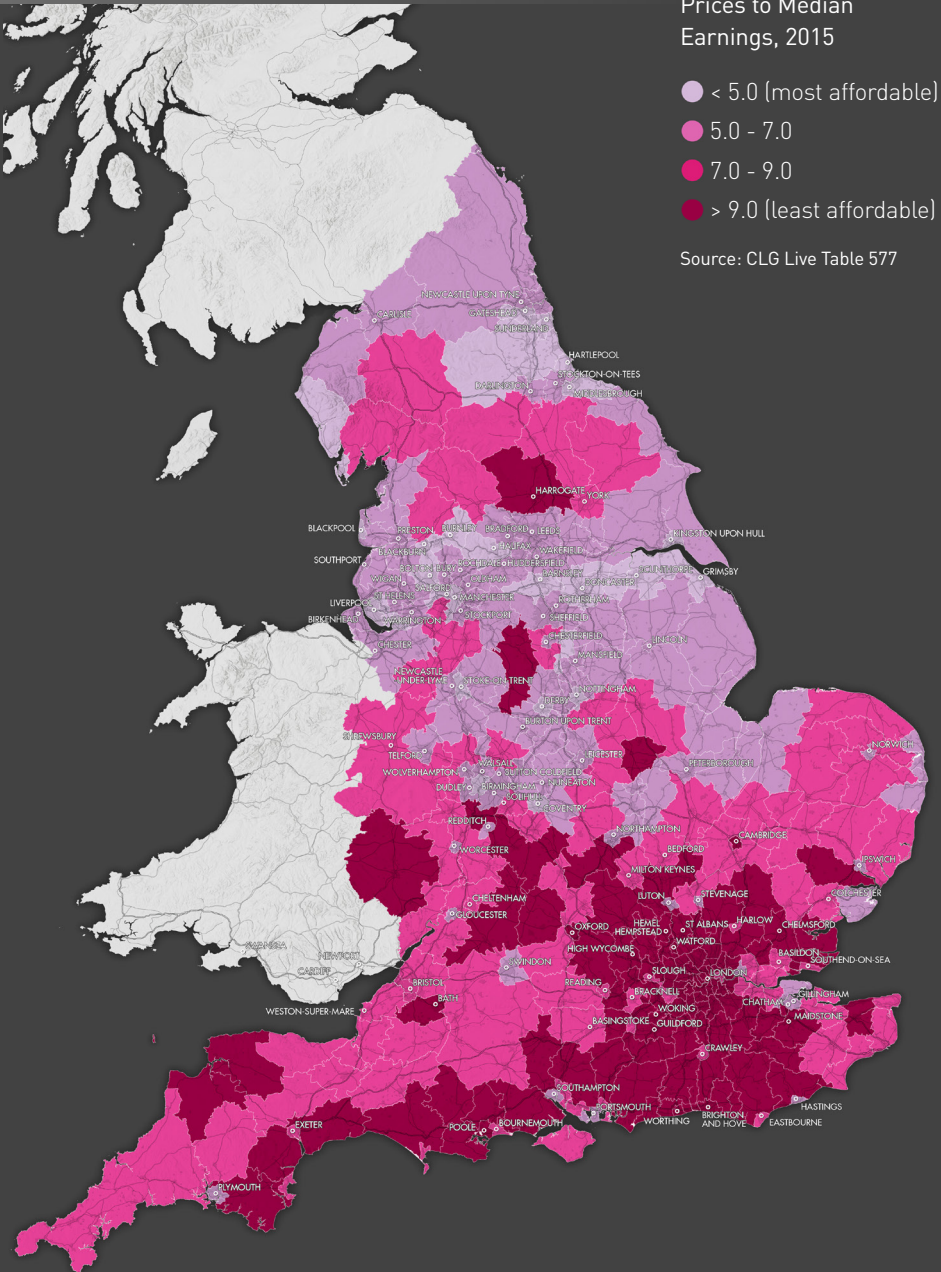
Source: DCLG, Barton Willmore Analysis

AFFORDABILITY OF HOUSES

Ratio of Median House Prices to Median Earnings, 2015

- < 5.0 (most affordable)
- 5.0 - 7.0
- 7.0 - 9.0
- > 9.0 (least affordable)

Source: CLG Live Table 577

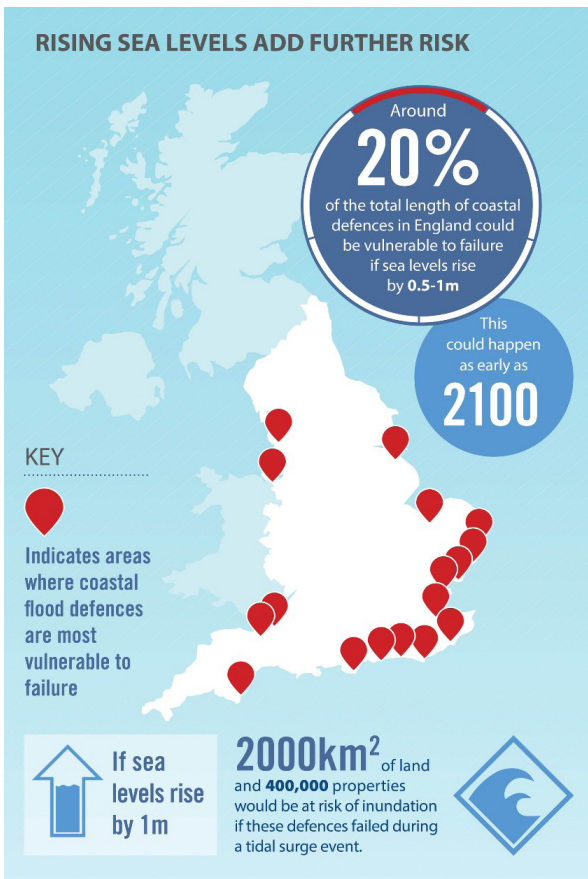


We have coastal areas at serious risk...

Around 20% of the total length of coastal defences in England are vulnerable to failure as sea levels rise by 0.5-1m. This could happen as early as 2100.

Should we be thinking about coordinated solutions to this now? Strategies will take decades to develop and even more time to deliver. They will need to be integrated and aligned with other key economic decisions.

- Where will the millions of people relocate to?
- What will this cost the economy?
- Could a National Vision provide the coordinated framework for local areas to plan for climate change more effectively?

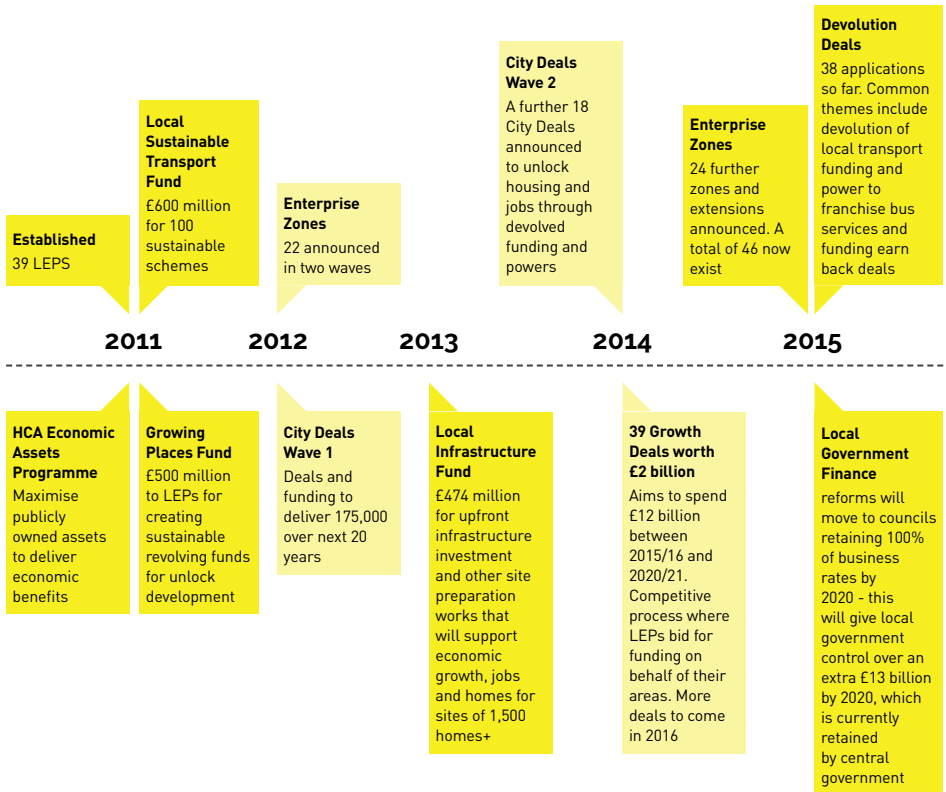


Source: Committee on Climate Change

We have a range of national initiatives

Since the 2010 election, many initiatives and policies have been embarked upon in the move towards Localism,

decentralisation and the Big Society agenda. What kind of initiative might do something similar to drive the national agenda?



But, who is addressing the issues that affect a wider area?

- Who is coordinating the local initiatives to “join the dots”?

- If local areas don’t understand the bigger issues, how can they plan/invest effectively?
- Investment opportunities, leveraging on infrastructure investment are being missed as a consequence.

What does the industry think?

To investigate others opinions within the property and infrastructure industry we hosted a focused think tank, to explore the issues further.

We were joined by representatives from leading professional organisations, property investors, developers, legal and socio-economic consultants to debate the need and potential focus of just such a Vision Document. Below we set out an overview of conclusions from this discussion and the topics we would like to take forward for further discussion with a far broader audience. Attendees confirmed:

"...accessing information about where investments are being made across sectors is extremely difficult."

- Their belief that there is a need for integration across sectors and a breakdown of silos both between Government departments and sectors more widely.
- That accessing information about where investments are being made across sectors is extremely difficult.
- That understanding issues at a national level is difficult due to a lack of accessible data sources, an issue we had similarly found when collating the information for the Think Tank to set the national context.
- That the blindfold needed to be removed for those seeking to participate in devolution. Attendees had direct involvement in bids and found experiences of a lack of clarity as to what were the key national objectives that they were supposed to work towards in their area.

"...understanding issues at a national level is difficult."

- That devolution bids frequently requested more coordination across sectors to assist local areas in delivering growth. This signals a need for more clarity and understanding nationally.
- That a National Vision that provides a set of objectives and a framework of principles would provide an opportunity to provide encouragement and support to manage transformation.
- That clarity and information could help breed confidence across all scales and sectors.
- That a National Vision isn't contrary to localism; it actually provides much needed understanding to make local decisions better.

We, here at Barton Willmore, and those on our Think Tank are not alone in our belief that something of this nature is required.

We have seen this emerging as a recurring theme at numerous industry conferences as an issue that needs tackling. Most recently was the BCSC conference where there was a panel to discuss whether we are making the most of the opportunities infrastructure provides. The conclusion of the panel and discussion was that we were not and that a strategic plan that tackles more than infrastructure in a silo was needed. We have therefore barely scraped the surface, in terms of opinion.

"...National Vision isn't contrary to localism."

So, what could a National Vision achieve?

- Be ambitious across sectors
- Be truly long term and establish priorities and objectives for the nation for the next 30 years
- Break down the silos of Government to ensure national growth is fully supported by all departments and sectors – Health, social welfare, education, etc.
- Provide information and guidance to support key policy decisions at national and local levels to leverage the greatest economic, social and environmental benefits and provide the highest returns for the economy
- Increase clarity and certainty in the economy, attracting greater national and international investment
- Provide coordination and support for the implementation of devolved powers making local decisions and plans better and more effective
- Save the public purse in the short and longer term
- Capture the greatest “bang for your buck” for infrastructure and public investment
- Avoid the chaos and missed opportunities of an uncoordinated and unplanned England.

What Now?

We believe there is much more to be done to understand what a National Vision could offer and how it could best fit within our wider landscape of economic and strategic planning as a nation. We have issued this document to spark conversation.

Over the coming months, we hope to provoke this debate with people at many levels, engaging with those within the property and infrastructure industry as well as those operating in Government and the public sector to understand what they feel is needed and how this might work.

Add your voice:

Visit www.bartonwillmore.co.uk/england2050

Tweet - @bartonwillmore #england2050

For further information or to participate in further discussions on this topic in coming months please contact us via the website enquiry form.

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