

Connecting England

A Framework for Regional Development

**Final Report of the TCPA-Appointed
Hetherington Commission on the
Future Development Needs and Priorities of England**

TCPA

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The Town and Country Planning Association (TCPA) is an independent charity working to improve the art and science of town and country planning. The TCPA puts social justice and the environment at the heart of policy debate and inspires government, industry and campaigners to take a fresh perspective on major issues, including planning policy, housing, regeneration and climate change.

The TCPA's objectives are:

- To secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.
- To empower people and communities to influence decisions that affect them.
- To improve the planning system in accordance with the principles of sustainable development.

Connecting England – A Framework for Regional Development

Final Report of the TCPA-Appointed Hetherington Commission on the Future Development Needs and Priorities of England

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Preface

by the Chair of the Commission



England isn't working to its full potential. Without a strategy to guide key infrastructure projects and national programmes and to set priorities – on rail and road investment, on the location of ports and airports, and on the allocation of university research funding on an equitable basis – the country will simply drift directionless, reinforcing a belief, real or imagined, that the winner takes all.

That's why the TCPA and a number of concerned individuals from all parties and all walks of life – business, academia, journalism, local government, planning – came together in 2004 to try to develop the outline of a planning strategy that might help to guide England in a more equitable direction.

We all recognised that life had moved on considerably since the era of national planning in the 1960s and 1970s. We all welcomed many initiatives already taken, such as the Government's Sustainable Communities Plan of 2002 and the various offshoots that sprung from it, such as the Northern and Midland Ways. We acknowledged that regional assemblies and regional development agencies (RDAs) had produced regional economic strategies. But the sum of their parts didn't add up to a national framework similar to the spatial strategies which are taking root in mainland Europe, the Republic of Ireland, Scotland and Wales. Local communities, cities and regions, even when they act collectively, cannot have confidence that their plans, strategies and aspirations can be delivered unless they are given greater certainty that they are consistent with (and connected to) a wider framework for England.

The driving force for this initiative was probably a TCPA fringe meeting at a Labour Party conference – in 2003, I seem to remember. A conscientious and eminently decent Minister spoke passionately about the Sustainable Communities Plan, but barely mentioned England apart from the Greater South East. Frustrated by this omission, I ventured to ask: '*What about growth areas in the North?*' To be fair, he said he'd take up the issue with his boss, John Prescott. By accident, or design, the Northern Way growth area emerged.

Over a drink or two, key members of the TCPA and I wondered how we could take up the issue as well. The TCPA's innovative and energetic Director, Gideon Amos, knew that the Royal Town Planning Institute was thinking along similar lines – and so a Commission, titled 'A Vision for England's Future', was born, with the help of Vincent Goodstadt (a Past-

President of the RTPI and the Commission's Vice-Chair) and Professor Sir Peter Hall, the advisor and mentor to the project.

We began with a series of public meetings around the country – Birmingham, York, Manchester, London, Truro (and let's not forget that Cornwall is the country's poorest county as well as, ironically, an appendage of the London housing market!) and Newcastle upon Tyne – to hear evidence from a variety of local stakeholders and take questions from the public. For inspiration, one of the first sessions in London was addressed by a senior official from the Federal Republic of Germany's Transport and Planning Ministry.

For good measure, we also held a fringe meeting, packed to the rafters, at the Office of the Deputy Prime Minister's Sustainable Communities Summit in Manchester in 2005. That convinced us we were touching a sympathetic nerve throughout the country.

From the outset, we went out of our way to stress what we were *not* about – namely attempting to re-invent a centralist, neo-command economy, with the State (and a few of us can still remember the late George Brown's Department of Economic Affairs!) deciding where industry should be sited, and preventing development in areas deemed to be already well favoured.

We favoured a more informal planning outline, a Development Framework for England – henceforth known as a DFE – which would be dedicated, above all, to *creating* rather than *influencing* markets. As this report shows, we are advocating nothing new: after all, any big company or PLC, from retailer to energy giant, has such a strategy. Our aim is simply to make the market work better, while recognising that just as local democracy and devolution to the lowest level is desirable, so too nationally-elected government has a vital role to play in determining – say – infrastructure projects vital to the national economy.

The absence of a national ports strategy puts this into sharp focus. Without damaging the Greater South East or London, think how the development of Teesport, Hull and Liverpool could revive flagging regional economies – and relieve congestion on routes to ports on the south and the east coasts. At another level, think how a fast TGV-style rail route through the Midlands to the North and Scotland could further spur growth – let alone a better east-west route from Newcastle to Liverpool, and a faster link to Cornwall and the South West.

Finally, I have to stress that we are neither pro-North, nor anti-South. We are pro-England. We want to engage with the Government, and all stakeholders, not mindlessly criticise. We hope that this will be a major contribution in stimulating the debate about – and, yes, creating the vision for – a strategy that truly connects England.

After a project of this scale, it's the duty of any chairman to thank the people behind the scenes for their tireless work. In this case – honestly – it's heartfelt. The TCPA, under the leadership of Gideon, is blessed with a wonderful staff – Rachel Walmsley, Nancy Parry and many more. I'd also like to thank my fellow Commissioners, far more expert than myself, for their dedication and hard work.

Peter Hetherington

The Commissioners



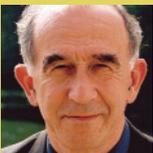
Commission Chair **Peter Hetherington** recently retired as Regional Affairs Editor of *The Guardian*. He still writes for *Society Guardian* and other publications, and is a steering board member of the ODPM's Academy for Sustainable Communities. He was a member of the ODPM's former urban sounding board. He is Visiting Professor at the Centre for Urban and Regional Development Studies, University of Newcastle upon Tyne, and has chaired a cross-party Commission on Local Governance.



Commission Vice-Chair **Vincent Goodstadt** is an RTPI Past-President whose experience includes responsibility for the Glasgow and Clyde Valley Metropolitan Plan and the implementation of strategic urban renewal, heritage conservation and countryside projects. He has had experience with a range of English authorities. He is an advisor to diverse organisations and sectors, such as the OECD and the forestry industry, and lead partner in best practice benchmarking of European metropolitan planning regions.



Pam Alexander is Chief Executive of the South East England Development Agency (SEEDA). She is an economic geographer who has been involved in regeneration for 30 years, as Chief Executive of English Heritage, Deputy Chief Executive of the Housing Corporation and in the Department of the Environment. She is Chair of the Peabody Trust, an Advisor to the Joseph Rowntree Foundation and an Associate of the New Economics Foundation.



Ken Bartlett OBE is an Anglican priest and was founder Director of Paddington Churches Housing Association 1966-1979. He was a Trustee and Chairman of Shelter, 1971-74, Deputy Director of the National Federation of Housing Associations, 1975-1978, and Policy Director and Assistant Chief Executive at the Housing Corporation, 1979-1992. He has been an Advisor to the Joseph Rowntree Foundation since 1992, and is Chairman of the Hanover Housing Group, Chairman of Employment Focus, and a Trustee of The Building Exploratory.



Sir Jeremy Beecham is a former Leader of Newcastle City Council and has served as Chairman of the Association of Metropolitan Authorities, and the Local Government Association, of which he is now Vice-Chairman. He has a long-standing interest in regional policy and regeneration, having served as Vice-Chairman of the Northern Regional Councils' Association, Chairman of Newcastle's Development Committee, and as a Commissioner of English Heritage. He is President of the British Urban Regeneration Association.



Graeme Bell is a Chartered Surveyor and Town Planner. In a career of over 30 years in local government he served as County Planning Officer for Lancashire, 1993-1998. He is a Past-President of the Planning Officers Society and a former Director of the TCPA, and he recently stood down as Secretary of the National Planning Forum. He is Chair of the Neighbourhood Initiatives Foundation and writes and lectures about environmental planning both in the UK and abroad.



Rod Bull qualified as a solicitor in 1978 and became a Partner at Eversheds in May 1996. He specialises in planning and environmental law, and has extensive experience in advocacy at public inquiries; minerals and waste planning; compulsory purchase law and advocacy; the legal implications of contaminated land; and planning and infrastructure agreements. He is a member of the Law Society's Planning Panel, a Legal Associate of the RTPI and an Associate of the Institute of Quarrying.



Sir Ken Collins is Chairman of the Scottish Environment Protection Agency (SEPA). He was a Member of the European Parliament, 1979-1999, chairing the Environment Committee from 1979 to 1984 and from 1989 to 1999. Among positions held, he is a board member of the Institute for European Environmental Policy and Honorary Fellow of the Chartered Institution of Water and Environmental Management. He has been Chairman of SEPA since 1999.



Andrew George was a charity worker before first being elected in 1997 as Liberal Democrat MP for West Cornwall and the Isles of Scilly. A Cornishman, he attended local state schools and studied at Sussex and Oxford Universities. An author, he has produced a *Guide to the Planning System* (1987) and *Affordable Housing* (1994). He has held Liberal Democrat Shadow Cabinet positions on Rural Affairs and International Development and was re-elected for a second time in 2005 with a majority of 11,000.



The Right Honourable John Gummer MP was a Conservative Minister for 16 years, including Minister for Agriculture, Fisheries and Food, and Secretary of State for the Environment. He is currently Chairman of The Sancroft Group, Valpak Ltd., the Association of Independent Financial Advisors, Veolia UK Ltd. and the Quality of Life Commission.



Nigel Hugill is CEO, Development at Lend Lease, where he heads the European development business and leads the delivery of major new regeneration projects. He was Managing Director of Chelsfield plc, 1992-2005, during which time Chelsfield developed key regeneration projects such as Paddington Basin, White City and Stratford in London, and replanned the emerging Brierley Hill town centre, based around the Merry Hill regional retail facility in the West Midlands. He was closely involved in the successful London Olympic bid.



David Lock is Chairman and Managing Director of David Lock Associates Ltd (planners and urban designers in Milton Keynes and Melbourne, Australia), Chairman of DLA Architects Practice Ltd, and a Director of Integrated Transport Planning Ltd. He was Chief Planning Advisor (half-time) to the Department of the Environment, 1994-1997; and is Visiting Professor in the Centre of Planning Studies, University of Reading, Chair of the TCPA, and Chair of the environmental education charity City Discovery in Milton Keynes.



Robyn Pyle is the Head of Urban Community Development at Land Securities, responsible for the company's major urban regeneration projects. He joined Land Securities in April 2001 and is currently Vice-Chair of the Kent and Medway Economic Board and a member of the Kent Partnership, Ashford's Future Board and the Kent Thameside Delivery Board. He is a Fellow of the Royal Institution of Chartered Surveyors.



Peter Roberts OBE is currently Professor of Sustainable Spatial Development at the University of Leeds. He also advises Addleshaw Goddard on planning matters. His interest in regional and spatial planning is reflected in his research and publications, including work on national and regional spatial strategies, sustainable communities and regional governance. He is a Vice-President of the TCPA and Chair of the Planning Exchange Foundation.



Howard Sheppard is Planning Advisor to the Canary Wharf Group and has worked in the public and private sectors in London, Scotland and North America. He is a Member of the RTPI, holds an MSc in environmental conservation, and is a Registered Architect and Member of the Royal Institute of British Architects. Currently he is a member of the Planning Technical Committee of the British Property Federation and a member of a number of business and other organisations in London's East End.



Lee Shostak is a founder Director of Shared Intelligence, a consultancy specialising in urban regeneration, economic development and scenario planning. He recently prepared *Moving Forward: the Northern Way*, a growth strategy for the North of England, and the Black Country Study. He is leading an ODPM-based team preparing the Strategic Framework for the Thames Gateway. Prior to establishing Shared Intelligence, he was a founder Director of EDAW, and was Planning Director of the Milton Keynes Development Corporation.



Brian Tisdall is a Chartered Surveyor with over 30 years' experience, and is Property Portfolio Manager for the BP Pension Fund. He has dealt with the management and development of large mixed-use urban estates and is currently involved with the BP Pension Fund's proposals for a major extension to Harlow in Essex.

Advisor to the Commission



Sir Peter Hall is Professor of Planning and Regeneration at the Bartlett School of Planning, UCL. From 1991 to 1994 he was Special Advisor on Strategic Planning to the Secretary of State for the Environment. He was a member of the Deputy Prime Minister's Urban Task Force, 1998-1999. He has received the Founder's Medal of the Royal Geographical Society for distinction in research. He is a Fellow of the British Academy and an Honorary Member of the RTPI. He was a founder Member of the Regional Studies Association and is President of the TCPA.

Secretary

Gideon Amos Director, Town and Country Planning Association

Staff

Project Manager **Rachel Walmsley** Planner (Projects), Town and Country Planning Association
 Consultant **Dr Nick Green** University of Manchester
 Consultant **Nick Sharman** Amey plc

In addition the Commission was supported in its work by all members of the TCPA staff team and by the helpfulness and assistance of many witnesses and speakers.

Composition and Remit of the TCPA Commission

In the 21st century major economic and social inequalities still divide England, both between our regions and within them. Many in our workforce are denied the chance either to contribute to our economic prosperity or to benefit from it. Key infrastructure improvements, vital to help resolve these divisions, suffer repeated delays. Delays of this kind provoke doubts about our capacity to deliver national programmes for growth and regeneration.

The Board of the TCPA (a body elected by members of the Association) therefore set up a Commission in October 2004 to examine these issues, with the remit: to consider what decisions need to be taken at a national level to support the strategies and aspirations of the individual regions; and, in particular, to consider the need for a Development Framework for England (DFE), its possible form and content, and the process by which it would be prepared.

The Commission was set up under the independent Chairmanship of Peter Hetherington, Regional Affairs Editor of *The Guardian* and a member of the TCPA. Sixteen other Commissioners were appointed, as listed on the preceding pages, representing the three main political parties, as well as from the public and private sectors, to provide expertise in the subjects concerned and to bring experience from across all regions of the country and from abroad.

The Commissioners took verbal and written evidence from a wide range of individuals and organisations. The inquiry was structured into four categories: (a) jobs and the regions, (b) transport, energy and communications infrastructure, (c) growth and environmental impact, and (d) social needs and the environment. Individuals and organisations were invited to make submissions in writing on one or more of these topics.

Verbal evidence was gathered from invited speakers and members of the audience, and considered by the Commissioners, through events and meetings held in Birmingham, London, Manchester, Newcastle upon Tyne, Truro and York. The proceedings of the public seminars are available, along with all the evidence received, at <http://www.tcpa.org.uk>. To supplement the findings and help Commissioners to answer key questions that arose from their discussions, a variety of work was commissioned (also listed among the evidence). This was supplemented further by specific meetings with the Treasury, the English Regions Network, the regional development agencies (RDAs), the Office of the Deputy Prime Minister and the Royal Town Planning Institute.

This final report is in six parts.

First, it identifies the nature and scale of the challenges to the future well-being and prosperity of England and the English population.

Secondly, it analyses the causes of these challenges, in particular the deep structural forces in our economy, seeking to identify those challenges that need to be addressed at the national level. It goes on, in the third, fourth and fifth parts, to consider current policies and their limits, and then to set out some of the country's development needs and priorities and the lessons from elsewhere on how to address development issues of national significance.

Finally, this report explains how a Development Framework for England could take forward the agenda for action contained in the recommendations, which are summarised on pages 8-10 and explained throughout the report.

In addition to the specific recommendations, the report includes panels showing in more detail the kinds of key projects that Commissioners believe are worthy of consideration in the context of any Development Framework for England being contemplated. Other panels contain excerpts from evidence submitted to the Commission.

The Commissioners are not presenting a fully detailed Development Framework for England but are setting out some of the key issues in the country's development that the Government and others need to address, whether or not a national framework is employed to assist in taking the actions forward. These, like the basic recommendations, are for wider consideration and debate. The Commission hopes that they may usefully inform other related work, in particular by the English Regions Network, the RDAs network, the Royal Town Planning Institute and the National Planning Forum.

Recommendations

in Summary

A Development Framework for England

The Commission recommends the development of a Development Framework for England (DFE) that would:

- create a shared national infrastructure framework – of ports, flows and networks, including education and skills networks, on which all regions depend;
- manage the inter-regional impacts of ‘local’ decisions and region-proof government investment decisions;
- enable confident decision-making based on evidence at national, regional and local levels;
- demonstrate joined-up government spending and investment;
- ensure best value from the current level of government expenditure, reduce duplication, and show how investments made in different sectors can reinforce each other;
- avoid the enormous time delays and costs in delivering major projects that arise because of the lack of an agreed national framework and priorities; and
- demonstrate how local and sectoral programmes of action add up to the required scales and directions of change sought by national policies for economic growth, social justice and the environment.

The development of a Development Framework for England according to the multi-level model set out in this report is the principal recommendation of the Commission.

In addition the Commission recommends the following stand-alone actions to ensure the successful and sustainable development of the country. The Commission believes these actions must be addressed whether a DFE comes into being or not.

Key Recommendations

University research: The Department of Trade and Industry’s Science and Innovation Strategy should consider the wider economic role of universities in promoting the competitiveness of England alongside the accepted priority of funding by excellence and opportunity. This would be significant in releasing untapped potential in universities in the North, the Midlands and the South West, particularly at a time when the Government is encouraging the growth of urban centres with more devolved governance.

Region-proofing: Planning decisions on nationally significant research facilities should be region-proofed as part of a public process to ensure that their regional development implications

are highlighted and the benefits to regional development objectives are optimised. Such an approach could be developed through a planning policy statement (PPS) on major education and research facilities. The approach, if successful, could be widened to apply to any major development of truly national significance.

Homes and jobs: A direct policy link should be forged in all development plans between the numbers of homes and the numbers of jobs for which plans make provision. This does not require a direct numerical match between the two but an argued rationale explaining why more homes than jobs, or vice versa, are to be provided.

Airports: Northern airports, particularly Manchester (already the third biggest in the UK), should be given greater encouragement to expand, to take the pressure off Heathrow and Gatwick. Growth away from London would help relieve congestion in the South East and would potentially create more employment in under-performing parts of England.

Ports: A ports strategy should be developed to provide a framework for determining how much further growth should be accommodated at southern ports (such as Felixstowe and Southampton) and to encourage the accommodation of growth at northern ports with spare capacity, such as Liverpool, Teesport and Hull.

Local government and the regions: Government, in the interests of equity, should give major unitary authorities, such as in Greater Manchester, West Yorkshire and the West Midlands, the same transport powers (and ultimately the same planning and regional development powers) as the Greater London Authority (GLA). These powers should also be transferred to directly-elected local government wherever significant regional-scale authorities are created.

Rail: Government must commit itself to either new or vastly improved north-south and trans-Pennine rail routes, improve journey times to the far South West, and implement Crossrail urgently as four of the major contributions to 'connecting England'.

Sustainable communities and housing: In the context of ongoing planning reform and the welcome introduction of the Sustainable Communities programme, the Government should appoint a review to focus upon increasing housing supply in the subsidised sector – principally that delivered by registered social landlords, but extending to cover the contribution that could be made by local authorities, self-builders and others. This review should also consider the contribution of social housing to the creation of sustainable communities.

Relocation: The Lyons Review recommendation that 20,000 Civil Service posts be relocated to areas in need of investment and regeneration (with a significant majority to be located in the North and far South West) should be fulfilled. Also, local government should be encouraged to examine the business and community case for collectively locating some of their functions in regeneration areas. The Commission also recommends that Civil Service relocations be reviewed and extended beyond the 20,000 target.

Statutory obligation: A statutory duty should be placed upon UK Government institutions to promote development in regions and sub-regions that fall below average levels of national income.

Constitutional safeguards: In any future significant constitutional reforms (such as the reform of the second chamber of the UK Parliament), legislators should be mindful of the need to give

local and (where it already exists) regional government a stronger voice within the democratic process.

Participatory planning process: There should be a multi-level process for establishing a DFE, initially working up from existing regional strategies (as shown in the model detailed in this report). Further work on participatory and process matters should be carried out by interested bodies. Ultimately, to have weight, a DFE must be exposed to some form of Parliamentary scrutiny and adopted by national government.

Criteria-based projects assessment: A strict, criteria-based approach should be used to assess and determine the right projects and policies that would be expressed and prioritised through a DFE (as shown in the regional development agencies' *Surface Infrastructure of National Economic Importance* report referred to in these pages).

The Commissioners would expect a DFE to address as many of these recommendations as are relevant to an England-wide agenda for setting development needs and priorities.

1

The Challenge



After 70 years of policies intended to address the overall environmental, social and economic state of England, the country remains deeply divided economically and socially.

These divisions are evident both between regions, in particular in the North-South division observable since the 1930s, but also more subtly within regions. The Commission considers that these divisions, if sustained, will fatally compromise the Government's agenda for economic growth and productivity, social justice and environmental sustainability. The key challenges are:

- inequality between regions;
- inequality within regions;
- threats to the growth and productivity of the Golden Arc;
- inequalities in housing;
- the challenge of sustainable communities;
- rural development;
- the transport system; and
- energy, water and waste.

1.1 Inequality Between Regions

England is quite literally like nowhere else in Europe. It industrialised first, and has a large and concentrated population, which dominates a geographically small island. London, which

attracts record levels of private sector investment, contains one of the three most significant financial service powerhouses in the world. London is often the first place where people who make money elsewhere in the world chose to buy property, partly because high-quality housing is available (to those who can afford it) and partly because of its cultural and social attractions. London has now demonstrated an extraordinary 20-year performance in consolidating its role as a World City. The consequences of such extremes of performance help to exacerbate differences of wealth in the landscape of regional development across England.

Major disparities in income, employment and performance exist across the country. One county with a bigger population than many of the core cities, Cornwall, which defines itself as a region in its own right, is both the poorest and the most isolated in terms of journey times and accessibility to the rest of the country. In 2001, the Department for Trade and Industry and the Treasury published their report *Productivity in the UK 3: The Regional Dimension*. It showed that economic disparities in the UK are increasing. The gap between London and the North has grown by more than 30 per cent since 1997. But importantly the report points to the fact that this is not simply a North-South divide. The further one travels away from London, the greater the decline in prosperity.

Caution needs to be exercised in comparing disparities between the English regions with disparities between the regions of, say, Germany, given the prominence of London's financial markets in distorting the English picture. It is undoubted that many German cities would be keen to possess equivalent financial centres even if this were to exacerbate regional disparities in income prevailing across the regions as a whole. With bonuses in London's financial centres perhaps totalling £6 billion in 2006 it is entirely unsurprising that disparities of wealth between the English regions are maintained. Even if London's financial market and the emphasis this gives to regional inequalities were removed, substantial differences in wealth, productivity and income levels between regions would remain. In addition to this, the trends in absolute performance of regions such as the North East remain of concern and must matter to any nation whose objective is to support the sustainable development of its economy, society and environment within every region. Connecting England, therefore, and connecting areas that could benefit from and contribute to the current areas of growth (principally in the South East but also elsewhere) has never been more important.

Regional disparities are even more apparent in skills – the key factor in future prosperity. London's working age population contains almost three times as many graduates as that of the North East. Participation rates in full-time education range from over 60 per cent in London and the South East to fewer than 50 per cent in the North East.¹

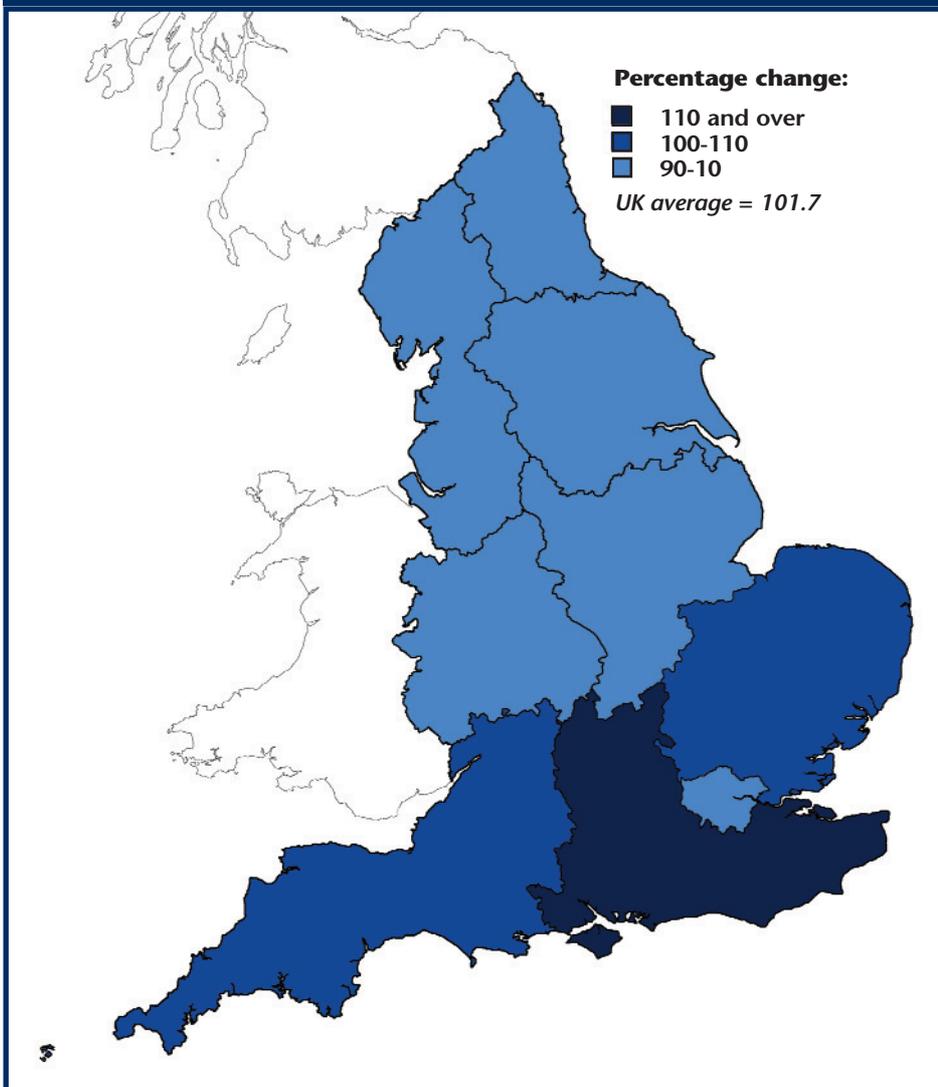
The Treasury/Department of Trade and Industry's *Regional Competitiveness and the State of the Regions Report* (April 2005) shows that, between 1989 and 2003, across England gross value added (GVA) per head increased most in the three southern regions – the East, the South West and the South East (although not in London) (see Fig. 1.1 above right). More positively, it shows steep falls in unemployment in regions such as the North East and the North West and a greater proportion of overseas investment in the northern regions – indicating that for many investors the North of England is a good place to do business. There is little evidence that the gap between the three southern regions and the North or the far South West is narrowing. Key indicators – business start-ups, health inequalities and educational attainment, for example – show the North lagging behind the South. The Northern Way report quantified the productivity

¹ HM Treasury and Department of Trade and Industry (2001) *Productivity in the UK: 3 – The Regional Dimension*. London: HM Treasury

Fig. 1.1 Changes in workplace-based GVA per head, 1989-2003

Source: Regional Accounts, ONS. DTI, 2005

Based on Map 1(a) at www.dtistats.net/sd/rci/RCSORApril2005all.pdf



gap at no less than £29 billion, concluding that regional disparities will widen over the next 25 years unless suitable forms of intervention are found.

Inequalities of this kind, resulting in concentrations of growth in some regions at the expense of others, have significant environmental impacts. Since this inquiry has consistently focused throughout upon an agenda for regional development, equally it has had to consider an agenda to address underlying environmental imperatives. Environmentally sustainable development has been a primary motivation for all Commissioners and has significantly shaped the outputs of this project.

1.2 Inequality Within Regions

Regional inequalities are made more acute because parts of the North and the Midlands share an additional problem not experienced in the South: that of large-scale housing market collapse, blighting whole neighbourhoods, where the scourge of negative equity still exists. The regional

disparities above are therefore reinforced by acute internal polarities as a result of which whole local and sub-regional communities (for example Knowsley, South Yorkshire) suffer severe deprivation.

The differences are, however, not just a matter of South East versus South West or North versus South. Inequalities are found within regions as well as between them. The Commission received evidence of major quality of life inequalities within all regions. There are prosperous communities in the North and deprivation in the South. London not only has the highest GDP per head but also some of the most deprived communities in the country. A recent assessment of employment rates in the UK indicates that London has five areas with unemployment rates above 10 per cent.²

This economic divergence is associated with disparities in mortality, housing conditions, health, poverty and educational attainment, which are increasingly polarised between areas within the same region. As stated in the Regional Economic Strategy for the South East of England:

'The generally high employment rate of the region masks pockets of exclusion, low pay and under utilisation of the workforce. Parts of the population are effectively excluded from work. It is not acceptable that in a generally well educated region we have one million people unable to achieve basic skills in reading, writing and numeracy.'

This picture is mirrored in all regions. Even within the so-called prosperous areas, social exclusion must be tackled by improved access to education and training, as well as better transport. This has been reflected in the Pathfinder areas, the work of the Neighbourhood Renewal Unit and a range of other Government priority areas.

In the North of England, the basic geography – to use the term of the French urbanist Pierre Veltz – is an archipelago economy:³ the increasingly successful core cities and a few other towns form isolated islands, barely masking the fact that other areas, such as nearby former industrial towns, and more distant rural and coastal areas, are suffering from deprivation and population decline, arising from poor accessibility and locational disadvantage. Some sub-regions, such as West Yorkshire and Greater Manchester, have successfully developed financial and business services. Even within these successful sub-regions there are major pockets of poor economic performance and deprivation (for example Tameside and Rochdale in Greater Manchester). Outside these core areas, others have struggled to find a replacement for their manufacturing base. In particular, secondary cities with less favourable urban environments – Stoke, Hull, Wolverhampton – are falling behind. They have attracted relatively few graduates other than those needed to run education, health and other public services.

The English Regions Network (ERN) study, *Regional Futures: England's Regions in 2030*,⁴ underscored this point:

'Over the long term the attractiveness of a city or a region, as a place to remain in or migrate to, will depend upon its underlying economy... Unless there is employment growth to replace manufacturing jobs, population in many inner urban areas in the Midlands and Northern regions will continue to decline.'

Knowledge, research and skills development are perhaps the single most important set of qualities needed for a successful regional economy in 21st century England. The concern is over whether investment patterns in these areas reflect the needs of regional development in England.

2 S. Briscoe (2005) 'Big differences in employment levels discovered'. *Financial Times*, 29 Sept. 2005

3 P. Veltz (2000) *Mondialisation Villes et Territoires: L'Économie d'Archipel*. Third edition. Paris: Presses Universitaires de France

4 Ove Arup & Partners, Regional Forecasts and Oxford Economic Forecasting (2005) *Regional Futures: England's Regions in 2030*. Report for the English Regions Network, RDA Planning Leads Group, Office of the Deputy Prime Minister and Department for Transport

1.3 Threats to Growth and Productivity in the Golden Arc and Beyond

Viewed more closely, the real basic fault line in the English economy is not between North and South or East and West. It is between the real powerhouse of the English economy – London and its surrounding ‘Golden Arc’ from Bournemouth-Poole through Swindon-Oxford, Milton Keynes-Northampton, Bedford-Kettering, and Cambridge-Peterborough to Colchester-Ipswich – and the rest of the country.

Some commentators, such as Dorling and Thomas,⁵ argue that Greater London now extends from Penzance in the west to Gainsborough in the north, and speak of the ‘*world metropolis of London*’ and the ‘*provincial archipelago*’. The core cities have in many ways been successful in exploiting this (and more indigenous) growth to good effect and city centre renaissance is a self-evident feature of the city centres of Birmingham, Manchester and Leeds and will soon be a greater feature of Liverpool. This is built in part upon connectivity between these cities and centres of growth within the Golden Arc of England but also (through airports) internationally. To what degree this effect can be exploited and the extent to which renaissance can extend beyond these core city centres and into the inner suburbs (the doughnuts of deprivation) are key to the conclusions of this report.

The Golden Arc has developed over the 20th century through a variety of causes: London’s role as a leading world financial centre; the high formation rate of technology companies in the South East of England; preferential public investment in key areas of economic growth such as defence research and development; and increased internal migration of young people into London. With a consequential demand for skills, innovation, investment, enterprise and competition, ‘*London, the South East and the East have been described as a ‘winners circle’ where success breeds success*’.⁶ The patterns of public procurement, for example in terms of defence spending, have contributed to this. The ERN report highlights the fact that 81 per cent of the net additional jobs created between 1971 and 2004 have been in the southern regions of England, where 52 per cent of the population live. This has reinforced the growth of the Golden Arc.

The Golden Arc has higher productivity than anywhere else in the UK: as recent research shows, it is a global mega city-region that has become a magnet for global businesses. No other UK city matches London; there is therefore genuine concern about whether a failure to invest or spend in London could result in such businesses relocating outside the UK completely, unless detached centres such as Greater Manchester are better integrated. The ESPON (European Spatial Planning Observatory Network)⁷ work presented to the Commission illustrated that while the rest of Europe was shrinking because each European country was growing closer together, this was not the case for northern and western cities and regions.

London is also the focus of one-off major investment projects typified by the Olympics and Paralympics 2012. The 2012 project is likely to play a major part in balancing the historic pattern of growth in the west of London (including in the M4 Corridor) with new foci of growth in the more deprived Thames Gateway to the east. This project represents a major investment of public money in the South East of England, however, and Commissioners recognise the challenge of ensuring that this delivers for the UK nations and regions as a whole. This key priority will only be deliverable with a connected approach that begins to realise and spread the potential UK plc type benefits. This is one of the most vital English challenges and needs to be addressed in any framework for regional development.

5 D. Dorling and B. Thomas (2004) *People and Place 2001: A Census Atlas*. Bristol: Policy Press, p.183

6 ODP: Housing, Planning, Local Government and the Regions Committee (2003) *Reducing Regional Disparities in Prosperity*. Ninth Report of Session 2002-03. London: The Stationery Office

7 See <http://www.espon.org.uk/>

Evidence: The 'South Easternisation' of Britain?

In 1985 the author of the *South Easternisation of Britain* saw the South East of England as a place of 'congestion, long journeys to work, high house prices, small homes and gardens, pollution, loss of open land and serious inequalities between rich and poor'. Chris Shepley, in his submission to the Commission, reports that 'all of this, in the 20 years that have passed since that was written, has got much worse. Congestion continues to increase and the journey to work gets more desperately frustrating. Open space is lost within and on the edges of urban areas, often in an unstructured and ad hoc fashion, and houses and gardens continue to get more crowded and smaller. The effect of high house prices has reached a crisis, and all kinds of expensive and improvised solutions have to be cobbled together to ensure a reasonable supply of labour to keep the region functioning. Many service industries, in particular, are heavily reliant on immigrant workers.'

Chris Shepley, Evidence to the Commission, also published in *Town & Country Planning* ('A National Spatial Planning Framework for England? Parts I and II, Sept. and Oct. 2005)

The ERN report also confirms that the growth of the regions cannot be achieved through stifling growth in London. And the dynamism of the economy of London and the Golden Arc has spread out in ever-greater waves across southern England, re-concentrating in some 50 dynamic towns up to 100 miles away, highly networked in a polycentric mega city-region.

This dynamism has helped to produce very significant levels of private sector investment. This contrasts with the problems of funding today's major transport and other public infrastructure projects, which can at times appear insoluble. Recent information technology investment by the private sector in England would dwarf the costs of many transport projects. The centre of Manchester and the quayside in Newcastle upon Tyne are unrecognisable from ten years ago, largely as a result of private sector investment. The Commissioners' views about a framework for regional development are as much about providing certainty to further encourage private investment as they are about the need for public sector investment.

But the unique role of the Golden Arc is threatened by the pressure that its own success places on its physical and social infrastructure, and by the consequences of 50 years of under-investment – especially in its transport infrastructure. Given the long lead times to deliver major projects, investment needs to begin now. If it does not, the capacity constraints of the transport network will result in losses to both the South East economy and the UK economy as a whole. For instance, failure to invest in Crossrail is estimated to cost the GDP more than £19 billion.⁸ Outside London, the highway system is increasingly overloaded as investment has failed to keep pace with traffic growth, and orbital rail links are poor or non-existent. Ultimately parts of the Golden Arc could reach a tipping point where the pressures may come to outweigh the benefits for increasingly globally mobile workers, investment and capital.

One of the defining features of growth and development within London and the Golden Arc has been a business-led trend towards ever greater and closer concentrations or clusters of related business activities and face-to-face relationships. In an age where remote- and home-working has been made possible for many through improved internet accessibility, the communication medium of choice – face-to-face communication – has gained a premium as we move towards a creative economy; a strategic framework is central to the task of providing public transport and co-locating land uses effectively, thus enabling this kind of interaction to happen. The role of public transport (and the need to plan for and deliver this) assumes even greater importance within major business clusters since the sheer number of people congregating for business and

⁸ See http://www.london.gov.uk/mayor/case_for_london/docs/foreword&exec_sumamry.pdf (sic)

related purposes makes mass-transit public transport (as against travel via the private car) the only realistic transport option. Examples of this more concentrated pattern of business activities within cities can be seen in the quarters of Birmingham city centre but also and very widely in London at sites such as Paddington Basin and Canary Wharf. While these greater concentrations of employment served almost exclusively by public transport are particularly evident in London, frameworks to facilitate such public-transport-based business clusters are likely to be vital to the future of country as a whole.

1.4 Inequalities in Housing

Increasing longevity, shrinking household sizes (as more people choose to live alone), rising divorce rates, and to a lesser extent immigration are the key drivers producing unprecedented growth in household numbers. As people live longer in their family homes, this will place increasing pressure on housing supply. Yet this has been met with a decline in the rate of house-building. This results in two unacceptable trends, which bring major social, environmental and economic costs to the nation. First, there has been a rise in house prices⁹ and a crisis of affordability. Secondly, there is increasing long-distance commuting as people have moved out farther and farther from their jobs in search of housing they can afford.

The Final Report of the Barker Review of Housing Supply has shown that upwards of 200,000 new homes per year are needed in England as a whole, to address the existing backlog and meet future need: a third more than are currently being built. The Government has accepted this challenge and says that it will deliver this number.

But this problem too has a regional dimension. The shortage of new homes presents problems of affordability most acutely in the South West (with Cornwall the poorest county in England judged by average incomes). A particular problem in rural areas, especially in scenically attractive areas, is the invasion by second-home-owners, as the Commission heard at its seminar in Truro (an issue returned to below). In the Golden Arc of the South East the immediate problem is funding infrastructure and social facilities to support the new development in the Government's Sustainable Communities Plan. Cambridge, for example, has been earmarked for 60 per cent more homes, but there are no plans to expand rail capacity.

⁹ Figures from the Halifax say that average house prices during the last 20 years have risen by 306 per cent (from £29,993 in 1983 to £121,742 at the end of 2002)



Evidence: Affordable Housing in the South West

Increases in population and more small households are driving up demand for housing in many areas across the country and supply cannot keep up. The situation in the South West provides an example of the problems faced in many other parts of the country.

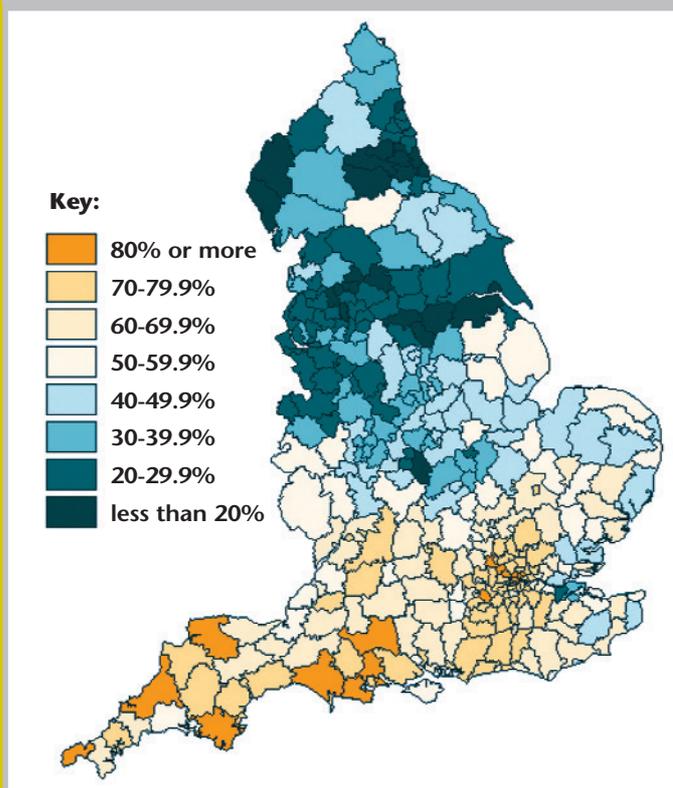
The acute shortage of housing in the South West means that it is difficult, even for those families on average incomes, to buy a home in the region. Recent research reveals that of the 22 local authority areas least affordable for home ownership, 12 are in the South West.[#] The research shows that the problem of housing affordability is not confined to those on the lowest incomes, but affects many people on average or above-average salaries: more than half of all young working families cannot afford the average price of even the cheapest 25 per cent of houses. In some areas of the South West, relatively high incomes are accompanied by even higher house prices, which have risen proportionately faster than in other parts of the country. In other parts of the region, lack of affordability results from a higher demand for housing and relatively low levels of income for working households. Many of the areas worst effected in the region are rural, and authorities are concerned that the concentration of resources and public policy focus is on addressing housing demand in urban areas. The South West faces additional pressures as a result of inward migration of retired and older people and the high demand for second homes. These factors force house prices up even further, putting more of them out of the reach of many people living and working in both urban and rural areas of the region.

The lack of housing affordable to buy puts additional pressure on social and private rented and intermediate housing markets. This amounts to a serious lack of suitable housing for people needed to support local economies and to work in education, health and other public services, and therefore has very significant implications for social and economic sustainability of communities in the region.

*There is a need to build substantially more homes of all types affordable to those who need them across the country if the 'Sustainable Communities' agenda is to be delivered. Local authority members are elected by their communities to represent their interests and make the social, economic and environmental judgments that secure their well-being, and therefore should have a significant role in steering spending on housing and communities in their area. Government policy needs to ensure that appropriate mechanisms are in place and sufficient resources available to enable local authorities to support the provision of housing affordable to those who need it in **all** communities.*

Caroline Green at the Local Government Association, Evidence to the Commission

Fig. 1.2 Working households unable to buy at modest house prices
Source: S. Wilcox (2003) *Can Work, Can't Buy*. York: Joseph Rowntree Foundation



[#] S. Wilcox (2003) *Can Work, Can't Buy*. York: Joseph Rowntree Foundation

The 2004 Spending Review announced a £220 million Community Infrastructure Fund to support transport investment and enable faster housing development in the growth areas, including the one in the North and those in the South East,¹⁰ but this does not reflect the scale of action required to provide support from transport, leisure, health and other such services. A report from Roger Tym & Partners¹¹ estimates the funding gap at £1,900 million in the South East and £6,012 million in the East of England region.

Although housing shortages, spiralling prices and affordability problems are to be found in locations within every English region, the North of England is differentiated by disproportionate levels of housing abandonment and areas in need of regeneration, as recognised by the Government's Housing Market Renewal programme or 'Pathfinder' areas noted above and as shown in the Table 1.1 below.¹² The challenge for any agenda for national action is how to inspire economic (and thereby housing) renewal in these areas that interacts successfully with foci of growth in the South, and indeed in the places they occur throughout the country. The importance of connectivity as a theme for policy interventions here could not be clearer.

Crude attempts to relocate large numbers of households from one part of England to another are not supported by the Commissioners. However, based on the evidence presented from Ireland, there is a strong case for encouraging reverse-migration of those with 'attachments' to areas. The Commissioners were therefore encouraged by initiatives taken in the UK to encourage immigration – often international immigration – where this is needed and desirable for economic or other reasons: 'Fresh Talent for Scotland' is a good example.

1.5 The Challenge of Sustainable Communities

The creation of sustainable communities is much more than the building of homes, be it through establishing new neighbourhoods or through the regeneration of failing areas. As the Office of the Deputy Prime Minister's Sustainable Communities Plan intended, the aim is to

10 J. Foley, N. Sansom and T. Grayling (2005) *Keeping the South East Moving*. Commission on Sustainable Development in the South East. Working Paper 3. London: Institute for Public Policy Research

11 Roger Tym & Partners (2005) *The Costs and Funding of Growth in South East England*. For SEERA. London: Roger Tym & Partners

12 The table shows a higher vacancy rate in the North of England compared with the South

Table 1.1 Vacant registered social landlord (RSL) properties, by region, from 1994

Source: Office of the Deputy Prime Minister (2005). ODPM Housing Statistics. Table 613: Vacants: RSL vacants, by region, from 1994 (General needs housing) http://www.odpm.gov.uk/pub/26/Table613Excel30Kb_id1156026.xls

	Total vacant dwellings (on 31 March)											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
North East	1,095	1,341	1,501	1,833	2,060	2,032	2,104	1,952	2,792	2,944	3,466	3,593
North West	2,822	3,214	4,023	4,835	5,851	7,636	10,447	10,899	10,308	13,362	11,808	9,499
Yorkshire & The Humber	1,011	1,262	1,365	1,978	2,455	2,573	2,426	2,948	3,283	4,535	4,309	4,239
East Midlands	1,198	1,051	1,570	1,672	2,001	2,198	2,579	2,448	2,567	2,723	2,469	1,538
West Midlands	1,636	2,092	2,153	2,662	3,112	3,065	4,399	5,460	5,576	6,579	5,972	5,111
East of England	1,432	1,404	1,793	1,759	1,706	2,057	1,899	1,761	1,779	1,912	2,087	1,533
London	7,894	7,263	6,558	6,570	6,433	6,952	7,306	7,630	7,374	6,414	6,805	5,140
South East	2,279	2,117	3,124	3,600	3,654	3,858	3,627	3,763	3,634	3,886	4,016	2,907
South West	986	1,060	1,481	1,763	1,926	2,302	2,675	2,438	2,419	2,425	2,353	1,487
England	20,353	20,804	23,568	26,672	29,198	32,673	37,462	39,299	39,732	44,780	43,285	35,047

create places which 'offer people a decent home that they can afford, a community in which they want to live and work, the choice to develop their skills and interests, access to public and excellent services and the chance to get engaged in their community and make a difference'.¹³ Implementing the Sustainable Communities Plan requires spatial investment decisions to be taken at various levels from the national to the neighbourhood on a range of matters, including transport, economic development and settlement planning.

Although it cannot stand alone from the 'Sustainable Communities' objectives, a matter of particular concern is ensuring the provision of sufficient fit and affordable housing. At present almost a third of all housing falls below the decent homes standard and 1.5 million households live in social homes that are not decent. In addition more than 1 million vulnerable households, especially those comprising older people, live in privately-owned homes that are not decent, putting their health at risk.

This is especially, but not exclusively, a problem of the northern towns and cities. Here are found large surviving numbers of so-called by-law terraced housing from the era 1870-1914, which no longer meet 21st century aspirations. Here too are found large concentrations of social housing from the great rebuild of the 1960s. These have not worn well and increasingly are rejected by tenants who have a choice. In the North West, in particular, large numbers of people have moved out of the cities into new estates in the countryside, leaving huge tracts of abandoned land and sometimes abandoned housing. The Government's nine Pathfinder areas, all in the North or the Midlands – Newcastle-Gateshead, Hull and East Riding, South Yorkshire, Birmingham-Sandwell, North Staffordshire, Manchester-Salford, Merseyside, Oldham-Rochdale, East Lancashire – are attempting to address this problem through judicious local combinations of demolition, rebuilding and rehabilitation, in a programme with a budget that will treble from £150 million in 2004/05 to over £450 million in 2007/08.

The 2001 English House Condition Survey identified a clear demand from the public for higher-quality homes and neighbourhoods. A large majority of people did not consider that current housing developments were well designed. As a result, according to the New Homes Marketing Board, only 36 per cent of the population will even consider new housing as an option. This, combined with the poor phasing of related infrastructure and social and community facilities, merely tends to reinforce and institutionalise NIMBY attitudes against new housing development on greenfield land outside the cities.

1.6 Rural Development

Rural England may appear idyllic to the casual weekend visitor or holiday-maker. But it too is experiencing cataclysmic change: 'The economies of rural areas are increasingly dependent on regional, national and global business links rather than traditional patterns of rural trades.'¹⁴ These areas are experiencing a decline in the traditional primary sector and an expansion of the service sector. They suffer from only small pools of appropriate labour, poor communications and accessibility, and a lack of critical mass for business support. Public spending on bus services in rural areas is typically about a third less in shire counties than in urban areas; people living in rural areas experience the most pressing problems of access to public and private services and facilities compared with those in urban areas.

But simultaneously rural areas are increasingly affected by migration from urban areas, sometimes over very long distances, associated with new lifestyle patterns among affluent

13 Office of the Deputy Prime Minister (2005) *Sustainable Communities: People, Places and Property*. London: The Stationery Office

14 Countryside Agency (2004) *Review of Countryside Issues in England*. Cheltenham: Countryside Agency

urbanites – weekend life with a partner and children in the countryside, a *pied-à-terre* in town. Such migrants, with their multi-vehicle ownership, have no worries about mobility. They compete with locals in the housing market, reproducing the same problem already noted in the South West around every major city and town. It should be noted that Commissioners were sceptical of attempts to define new regions solely in terms of major cities and conurbations; there is a parallel need to identify strong, regional-scale local authorities that cover broadly rural parts of the country. It is very likely for example that some English counties, where their population size justifies it, could and therefore should support as significant a devolution of powers as considered for the much discussed ‘city-regions’. Rural and regional housing needs are returned to in the next chapter.

1.7 The Transport System

England’s inadequate transport system is simultaneously a burden on our economic development and damaging to our environment. Its critical importance for the economy has been highlighted in the joint report from the English RDAs, *Surface Infrastructure of National Economic Importance (SINEI)* (January 2004). Analysis by the European Centre for Infrastructure concluded that the UK strategic road network was less well developed than those of its European neighbours, and that it is underperforming relative to them (see Fig. 1.3 below).

In March 2005 the CBI stated that ‘*compared with other countries our transport system is less reliable, suffering much longer periods of congestion... Our extensive air and sea connections are being threatened by capacity constraints and congestion on road and rail access routes*’. There is concern that these conditions are expected to worsen. In the short term, journey times from London to

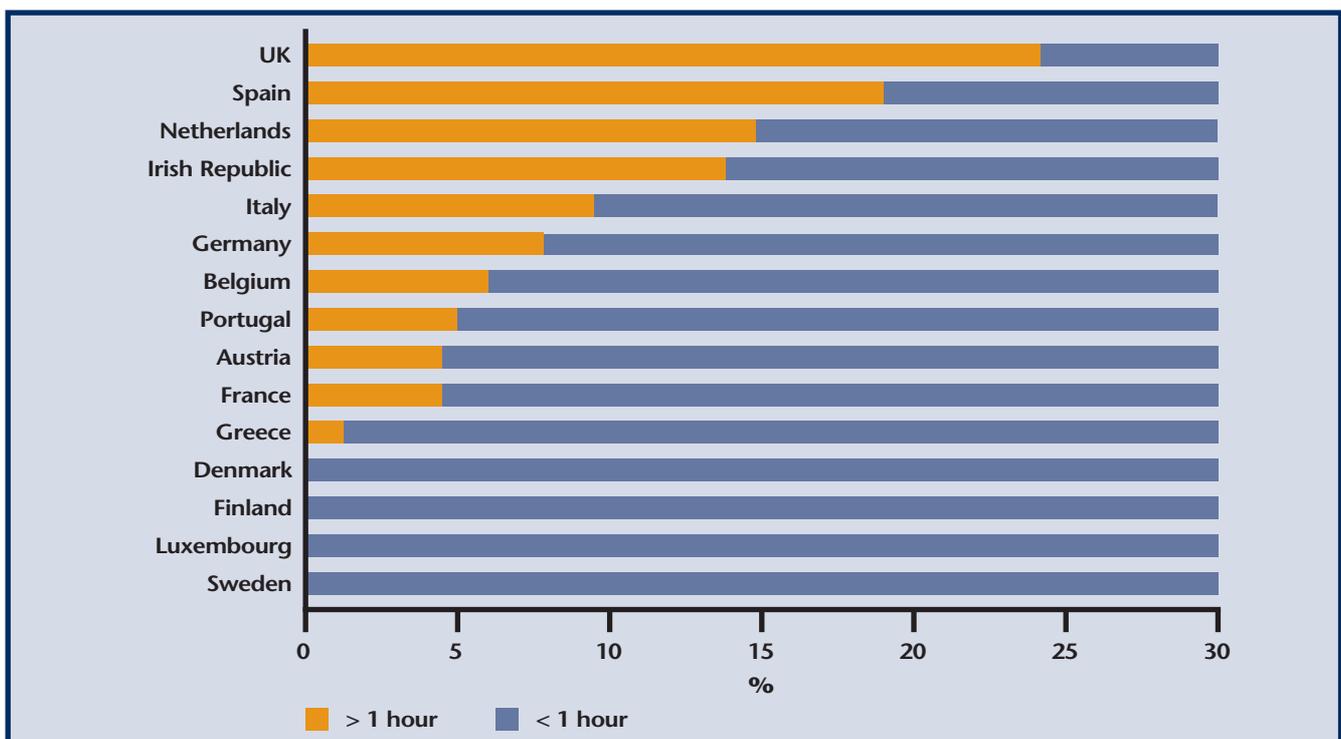


Fig. 1.3 Percentage of motorway links suffering congestion

Source: *Surface Infrastructure of National Economic Importance (SINEI). A Study for England’s Regional Development Agencies.*
<http://www.advantagewm.co.uk/downloads/sinei—surface-infrastructure-of-national-economic-importance.pdf>



Leeds or from Birmingham to Bristol, for example, are predicted to increase by about 14 per cent between 2002 and 2006. The current forecasts are that road congestion will continue to increase with journey times, with speeds falling significantly over the next 15 years.

The same issues apply to England's external connections. The national airports strategy, set out in the recent Airports White Paper, has been fiercely criticised for its heavy emphasis on extending the capacity of the London airports compared with modest proposals for the regions. But there are equally critical capacity issues at deep-sea container ports, which are diverting trade to continental ports like Le Havre and Hamburg, thus making the goods we buy more expensive. There is, however, no equivalent national ports strategy.

These problems reinforce the regional divisions in England. The far South West and the northern cities are beset by poor communications both internally and between the North and South or East and West (in the case of cross-Pennine routes), and are not well connected to London. This raises concern that the competitiveness of the regions will be inhibited and the regional economic strategies will fail owing to poor infrastructure and connectivity. This is in stark contrast to mainland Europe, where the gap between capitals and other cities is far less pronounced – arguably because much stronger steps have been taken, at a policy level nationally, to create a level economic playing field by investing substantially in communications. Such cities, it should be acknowledged, also enjoy substantial freedoms, fiscally and politically, to compete effectively across Europe.

1.8 Energy, Water and Waste

Recent UK energy policy has been influenced by two main factors: the Government's 2003 White Paper, which favours gas and renewable sources of energy; and Ofgem, which tightly regulates the gas and electricity industry, mainly in terms of price and service.¹⁵ But rising gas prices are already impacting on the profitability of Britain's manufacturing base, and there is concern that this trend will continue as imports fail to meet demand. Over the next 15 years the UK will depend on imported gas for 90 per cent of its supply.¹⁶

The Government's target for 10 per cent renewable energy by 2010 will be difficult to achieve given planning difficulties in approving schemes. England could therefore become even more dependent on imported energy supplies unless there is a radical re-appraisal of energy policy, including consideration of a major programme of energy conservation, new power stations, combined heat and power (CHP) systems, inter-connectors, ports or pipelines, and the nuclear option, although the existing legacy of nuclear waste must be addressed when considering nuclear power. The Commission welcomes the Prime Minister's recent initiative to open a national debate, which is a critical element in any development framework for England. The recent explosion at the Buncefield Oil Depot will undoubtedly raise further concerns about the location of major energy installations and may make delivery of a whole range of installations even more difficult without the benefit of an agreed national framework.

Fundamental to a coherent approach to energy and water conservation is the need to reduce waste. Whether through reducing the need to travel, the application of more stringent standards of building insulation or by minimising packaging and increasing recycling, England, like the rest of the UK, lags behind much of the developed world. While national policies are urgently required, the reduction of waste should be a fundamental component of any development framework.

1.9 Summary – the Challenge of England at a Turning Point

For nearly a century, English society and politics have been dominated by the long de-industrialisation of our towns and cities and consequently by their shrinking populations. But there are clear signs that at last this long process is over. The last decade has seen a revival of economic fortunes to varying degrees almost everywhere, driven by the new service economy that now generates nine in ten jobs. There is a real prospect of continued renewal and regeneration if this growth is sustained.

But there are two concerns. The first is that the revival of growth is still too uneven, both as between people and as between places. There is concern that we do not have the appropriate framework to guide market-led growth into the places that would yield the greatest economic and social benefit.

The second is that even if economic growth is sustained it will not deliver an equivalent quality of life, whether in terms of the affordability of homes, ease of travel, access to opportunity or the delight in the places where we work, sleep and play. In our towns and cities, particularly, there is a growing stratum of our society, especially among young people and ethnic minorities, alienated from the common good. Too many have to live in conditions that are a disgrace to a civilised society in terms of housing, education, health, poverty and safety. These people and these communities need to share in the general growth of the economy.

¹⁵ Institution of Civil Engineers (2005) *The State of the Nation 2005*. London: Institution of Civil Engineers

¹⁶ *Ibid.*

2

The Causes

Underlying the challenges considered in the preceding section are deep structural forces in our economy and the economies of all other advanced economies. Understanding them is essential if we are to devise robust and enduring solutions. In particular, we need to understand what forces are subject to national or regional leverage, and what forces are outside their possible scope.

2.1 Skills Development – the Principal Cause Behind the Globalised Economy

The success or failure of the economy of England – and of the UK – is affected by global and structural trends over which government does not have direct control. The pressures of globalisation and the free movement of capital have led to the freeing up of a whole range of markets in England and more widely across the world.

As a result our place in the global economy has undergone a profound shift – at least as great as in the first industrial revolution 200 years ago. Emerging economies in China and India – and soon in other parts of the world – are far outperforming Britain in traditional manufacturing and also in routine services because of lower labour costs and communication technologies that shrink geographical space. We are forced to move away from traditional manufacturing towards high-value niche manufacturing and advanced services such as finance and business services, design services, research and development, education and health services, and cultural services, collectively labelled the ‘knowledge economy’. Our knowledge and our skills represent our only remaining raw materials.

Speaking to the Sustainable Communities Summit in Manchester in February 2005, the Chancellor of the Exchequer explained that:

‘production need no longer be based where the raw materials or ports are but where there are skilled, adaptable, flexible labour markets. And that is where it is local attention to skills, enterprise, business creation, innovation and investment that will bring the most jobs, wealth and prosperity.’

This, he argued, demanded a new policy of ‘local indigenous creativity’ far removed from ‘the top down centralised systems of regional and urban policy – the dirigiste systems of the mid twentieth century’. The way now was through the regional development agencies, given responsibility to promote enterprise, employment, skills and regeneration in their regions within a single budget.

There is a parallel emergence of mobile consumption. The historic narrow geographic ranges within which people searched for goods and services are dramatically widening. Loyalty to

traditional local centres is breaking down, resulting in the growth of polycentric patterns of activity cutting across boundaries and breaking down localised market areas. New markets for such activities as travel, retailing and leisure are being created. Economies are increasingly driven by or being promoted on the basis of mobile consumers – for example in higher education, health services, leisure and tourism. Increasingly, people shop for such services on a global scale. Today they take holidays in Thailand or China; before long they will have operations there or take language courses there.

In all this, despite the much vaunted ‘death of distance’, place continues to matter. England is not an even spatial surface: some places have economic advantages over others, while ‘spatial exclusion’ is increasingly recognised as key to understanding the patterns of inequality in England. The comparative advantage of regions and places is increasingly determined by place-marketing to attract skilled labour.¹⁷ Differential housing costs are driving economic change rather than merely reflecting it. This collectively reduces the level of self-containment within which policy-making can take place at a local or even regional level. This has led governments in Scotland and the Irish Republic to promote reverse international migration.

The marked counter-urbanisation trend of the 1970s onwards, in which economic development focused on small towns and rural locations, has been persistent.¹⁸ It has, however, also been partially reversed by growth focused on ‘urban’ or ‘consumer’ service sectors, particularly in London but also in key provincial metropolitan centres such as Manchester and Leeds. These form the cores of emerging mega-city-regions, not only in the Golden Arc but also along the M62 Corridor and in the Midlands: regions, defined as areas within which people live, work and shop, begin to merge and coalesce. A similar growth of super-city-regions has been observed in the USA.¹⁹

These trends can be influenced by policy. If macro-economic policies are to succeed, they will need to be mediated through spatial or territorial management policies at both national and regional scales.

There is ample justification for such policy intervention. Globalisation has arguably provided wider choice and better value for consumers. But equally it has produced patterns of behaviour and development that have been imperfect in both the economic and everyday senses. In housing, a globalised banking system has raised permitted lending over 20 years from three-and-a-half times salary to ten times salary. Equity in housing thus exaggerates inequality of income. Many are unable to afford homes while others accumulate substantial equity value, which in turn fuels consumer spending, increasing volatility in the economy as a whole. So it has become necessary for government to step in to champion increased supply and to tackle the poor design quality of the product. In retailing, the Government is having to intervene to protect the consumer from the concentration of retail trade that has come through megastore development. In transport, the Railtrack fiasco forced the Government in effect to re-nationalise rail infrastructure.

2.2 The Global Environment as a Causal Factor

The environment is now recognised as central, not just in its own terms but also because of its increasing impact on national competitiveness. The UK’s 2005 Sustainable Development Strategy, *Securing the Future – The UK Government Sustainable Development Strategy*, sets out four

17 R. Florida (2002) *The Rise of the Creative Class*. New York: Basic Books

18 M. Breheny (Ed.) (1999) *The People – Where Will They Work?* London: TCPA

19 Lincoln Institute of Land Policy, Regional Plan Association, and University of Pennsylvania City Planning Studio (2004) *Toward an American Spatial Development Perspective. A Policy Roundtable on the Federal Role in Metropolitan Development*. New York, USA: Regional Plan Association. <http://www.america2050.org/pdf/ADSPfinalsm.pdf>

key priorities: putting limits on consumption (demand management), combating climate change, protecting and enhancing natural resources, and creating sustainable communities. These demand national and international programmes of action. Local strategies, although important, are insufficient.

The environmental resources we seek to sustain depend on trans-regional, even trans-national, ecosystems. Biodiversity depends on species which are controlled internationally. More importantly for the work of the Commission, the habitats upon which all species (including humans) depend are inter-related, whether they are part of local watersheds or drainage catchment areas, or more especially the seas, atmosphere or climate, which serve us all. Inevitably, the changes threatening the future of these habitats and ecosystems are equally trans-regional, including the consumption of energy, land or water, and the associated waste by-products.

Globalisation is also reflected in international sharing of powers and acceptance of responsibilities. There is an emerging framework of global governance networks, reflected in formal agreements and informal co-operation determined by national governments, which variously either constrain or empower local communities. The urban agenda is becoming central to many of these international debates, as in the European Union's Bristol Accord (December 2005) and the World Urban Forum (Habitat Conference in Vancouver, 2006).

2.3 Responding to the Casual Factors

There is an established and growing role for territorial governance and management, linking spatial environmental and economic strategies and integrating sectoral policies and programmes. Within the UK this has in part driven the new 'regional agenda' of the Government and, internationally, it is reflected in the OECD's territorial development programmes/initiatives.

The new global context means that such management is not open to 'direction' by government: the economic 'cake' can no longer be divided up or allocated at the whim of government. Historic interventionist policies are no longer relevant. Other mechanisms and programmes have to take their place.

The Government has responded to this challenge in a number of initiatives, which are described in Section 3. The Commission has sought to assess whether these action programmes are sufficient or whether they need to be complemented by the preparation of an integrated Development Framework for England (DFE). In the following sections therefore, this report first assesses the current policies and their outcomes (Section 3) and then seeks to address the issues identified (Section 4).

It should be remembered that a 'housing-only' approach to the regional development challenge identified is unlikely to be successful. Constraining housing development in the South East, for example, does not produce economic growth at the other end of the country. Some of the least successful attempts to address regional disparities have relied on crude marshalling of housing numbers to try to achieve economic outcomes. While attractive living environments are a key element in economic success, this report focuses upon inspiring growth in the regions; and if this is successful, the people and the increased demand for homes in those regions will follow.

3

Current Policies and their Limits

To determine whether current action programmes are sufficient or whether they need to be complemented by the preparation of an integrated DFE, it is first necessary to assess current policies and their outcomes.

3.1 The Current Framework for Regional Development

In recent years the Government has developed a whole series of initiatives at both national and other levels with the focus of addressing the need for regional development in England. Collectively these constitute a powerful battery of spatial development strategies:

- the United Kingdom Sustainable Development Strategy;
- public service agreement (PSA) targets;
- leadership on the climate change agenda;
- the Sustainable Communities Plan and the related Barker Review of Housing Supply;
- institutional capacity being created within the regions through the regional assemblies and the RDAs, and their related strategies – the regional spatial strategies (RSSs) and regional economic strategies (RESSs);
- the Transport Ten Year Plan;
- the Lyons Independent Review of Public Sector Relocation;
- the Neighbourhood Renewal Unit programme; and
- the ‘regionalisation’ of government executive functions.

The Government is also seeking to extend this portfolio of national policy frameworks – for example through the current debates on energy policy and climate change. Various economic decentralisation initiatives have been given a further degree of policy coherence through a series of joint inter-departmental papers on regional and local economic policy from the Treasury, the Office of the Deputy Prime Minister (ODPM) and the Department of Trade and Industry (DTI), which link the main strands of national macro-economic policy with policy proposals for intervention at regional and local level.²⁰

These proposals mark an important development in economic policy-making and give some reality to the Government’s aspiration to ‘join up’ policy between different departments and levels of government. Their aim, following an analysis of the UK economy’s performance within an international context, is to provide for a range of interventions at national, regional and local levels. These include the devolution of a range of investment powers and strategic funding decisions to the regional level. The proposals revolve around a set of overall national priorities relating to productivity and participation.

²⁰ HM Treasury (2005) *Regional Funding Allocations: Guidance on Preparing Advice*. London: HM Treasury

A potentially powerful institutional capacity in several key areas has therefore been created:

- **Fiscal and formal arrangements:**
 - the use of fiscal mechanisms for redistributing wealth, notably through European Community Structural Funds;
 - regional and trans-regional oriented programmes (for example the Northern Way, the Lyons Review to decentralise government functions); and
 - sectoral/departmental programmes (for example led by the DTI, the Department for Education and Skills, the Office of Science and Technology).
- **Governance:**
 - intra-departmental co-ordination (for example PSAs and the Regional Co-ordination Unit);
 - regional networks and co-operations (for example the Northern Way, the Midlands Way, the Core Cities Group, regional planning bodies and regional assemblies); and
 - voluntary sector networks.
- **Spatial planning:**
 - influencing sectoral policy by offering rules, services and information (through PPGs (planning policy guidance notes)/PPSs (planning policy statements), the Academy for Sustainable Communities etc.);
 - the designation of pathfinder, enterprise and other priority areas; and
 - the identification of growth areas.

These moves towards more regional- and local-level decision-making represent a development in the UK's traditionally pragmatic approach to economic policy-making and are welcomed by the Commission. This is particularly important in developing more effective governance structures within England, being the largest territory in the EU where planning powers lie essentially with the national government. The importance of the regional and sub-regional (i.e. the county) dimension is particularly important because it shows sensitivity to the functional areas within which people work, live and invest.

Sometimes the outcome has amounted to little more than a scattering of unrelated initiatives in different fields (training, investment support, infrastructure development etc.) which react to immediate economic problems or to short-term political pressures. The Commission heard evidence in Cornwall that there were a bewildering array of more than 100 different regional bodies and strategies for the area. Entrenched professional silos and institutional rivalry have often reinforced this fragmented approach. But it is accepted that the changes made to date have yet to have their full impact. In particular, the institutional mechanisms have yet to take effect.

3.2 Regional Development and Productivity – Current Targets

The aspiration towards higher levels of productivity across the regions is currently articulated by the Treasury and by the PSAs between itself and the other Government departments. The Government has acknowledged that the UK has suffered poor levels of investment essential to the delivery of a growing economy. Through its Public Service Agreement 2 (PSA2) (2004) the ODPM stresses the role that the English regions should play in advancing levels of economic growth. Its aim is to:

'Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006.'

The RDAs are principally tasked with addressing this objective. The importance of local quality of life in supporting regional development is recognised.

Different approaches are taken to housing markets in the North compared with the South of the country. In an attempt to address regional disparities and combat the shortfall in housing supply the Government has therefore devised a variety of regeneration and housing market renewal schemes. The Government's Sustainable Communities programme is seeking to increase housing supply in the South while also, through the Housing Market Renewal programme, improving housing and environmental standards in the English Midlands and the North.

In addition to this in 2001 the Government announced 20 national pathfinder schemes responsible for co-ordinating solutions to specific problems, such as crime, poor health, low skills and unemployment, low education attainment, housing and environment issues. Regeneration is bringing people back into the cities and helping to meet the need for housing.

Nevertheless, the pathfinder programmes are not tackling the inner-urban areas and former industrial towns that suffer severe deprivation in some parts of the country. Some of the most deprived wards are in the inner areas of conurbations and smaller former industrial towns of the Midlands, the North and Cornwall (the poorest area within the South West Objective 1 zone). They also exist in many coastal towns in the North.²¹

3.3 Limits to Present Policies

Nonetheless, there is a more basic criticism. These initiatives are essentially sectoral and project based, and do not amount to a coherent strategy to guide the future of England.

Without an explicit mechanism to arbitrate the tough choices involved in determining questions of regional investment, there can be no confidence that the separate projects and programmes are consistent or co-ordinated, or that collectively they will deliver the scale of change required. Nor do they fully address the key cross-cutting issues that threaten the effectiveness of regional development initiatives.

The sustainable development of England as a whole can only be addressed properly at an England-wide level of intervention.

The Commission received many criticisms of the current system, suggesting that there are still skill and culture gaps which make the current rounds of RSSs and RESs less effective than they might be. There is a plethora of regional and other strategies (local government representatives in a study by the TCPA supported by the ODPM described 40 different regional strategies in the South West alone²²).

There are, however, two central and interlinked concerns. First, there is a need for much better integration between the various strategies: for example RSSs and RESs. In particular, there is a need for them to be truly spatial: to understand and relate to the dynamic spatial inter-relationships between people, jobs and places.

Secondly, regional governance is not yet fully effective. The current approach emphasises joint processes which, although valuable, fall short of delivering joint outcomes on the ground.

21 Ove Arup & Partners, Regional Forecasts and Oxford Economic Forecasting (2005) *Regional Futures: England's Regions in 2030*. For the English Regions Network, RDA Planning Leads Group, Office of the Deputy Prime Minister and Department for Transport

22 M. Baker, P. Roberts and R. Shaw (2003) *Stakeholder Involvement in Regional Planning*. London: TCPA

4

Development Priorities

The disjunction between planning for homes and planning for jobs, and the consequences of these different regional policy decisions, are not addressed for the country as a whole. Nor does the current system address national-scale development needs in a joined-up way.

The weakness of a fragmented approach to forward planning was recently demonstrated during the Government's consultation exercise on national air transport policy. This exercise failed either to consider the whole of UK air transport in a single strategy or, more crucially, to link air options to other transport modes to provide an integrated and more sustainable approach.

There is therefore a strong argument that the preparation of a DFE would give clarity and confidence to a very complex system, by demonstrating the relationships between developments of national significance and their combined local or regional impacts. In effect this would be a very practical means of demonstrating the coincidence of policies in terms of their relevance to any specific local area. The remit of the Commission was not, however, to evaluate all possible national initiatives but rather to identify some of the key actions that it believed would be necessary to resolve the challenges set out at the outset of this report. The development of a DFE would provide an opportunity to further debate these issues.

The Commission has identified the following obstacles to advancing national plans for better regional development: the sectoral nature of current policy initiatives; the barriers caused by arbitrary administrative boundaries; and crucially the missing link between planning and delivery of nationally significant infrastructure and other regional development outcomes. These barriers inform the Commissioners' conclusions concerning key areas to tackle in an agenda that seeks to address 'the country's development needs and priorities'.

4.1 Skills, Research and Innovation

We are not investing sufficiently in the research and skills base of the regions outside the Golden Arc, nor are we considering universities in terms of their wider economic role in promoting competitiveness.

Some encouraging improvements, however, are in evidence here. The Northwest Regional Development Agency, for example, has invested heavily in the University of Manchester. The opening of a £1 million facility at the University by the Chancellor of the Exchequer in 2005 is an example of science and economic development objectives coming together in support of regional development.

By contrast, two major research investment decisions with regional implications have hit the headlines in recent years. First is the decision by the Government to fund the replacement synchrotron facility not in Daresbury in Cheshire but at the Rutherford Appleton Laboratory near Oxford. (The existing synchrotron facility was reaching the end of its life, where it formed part of a long established and successful cluster of activities.)

The decision to locate the National Institute for Research into Aquatic Habitats (NIRAH) in Bedfordshire, as opposed to in Liverpool, was a blow to Merseyside and seemed to have been made with regard to neither established scientific strengths nor regional development impacts. Nevertheless the development of NIRAH anywhere in the UK is of course a boost to much needed skills development initiatives (see the panel below).

If research, skills and innovation are key to building regional economies, then a more co-ordinated approach is vital. In order to be globally competitive and attract high-knowledge researchers and workers, centres of international excellence should be developed. These global research centres offer opportunities for national and regional networks and collaboration between universities and businesses across the UK. These links and their potential to support regional development objectives should be better understood and supported.

Commissioners therefore **recommend** that the DTI's Science and Innovation Strategy should consider the wider economic role of universities in promoting the competitiveness of England

Case Study: National Institute for Research into Aquatic Habitats

'The National Institute for Research into Aquatic Habitats or NIRAH will enable a multitude of marine related studies creating an unparalleled learning resource for bio-scientists and educational institutions around the world. The two bio-domes will be used to recreate the natural habitats of thousands of species of freshwater fish, amphibians and reptiles ranging from crater-lake sharks to rainforest tree frogs.'

'The Secretary for Trade and Industry has now given approval for EEDA to provide loans to the NIRAH team. These loans will enable the next level of research and feasibility studies to produce the business plan which will be necessary to raise capital from city investors. The November [2005] deadline for the production of the business plan will also lead to the submission of a planning application to Bedfordshire County Council, which is the next step towards realising this ambitious project.'

'The fact that NIRAH is coming to Bedfordshire is a major coup for the county and brings numerous advantages not just to Bedfordshire but also the East of England and the UK. The work to be carried out at the facility will be of enormous value to the international bio-scientific community and will enable detailed studies that will further mankind's knowledge of this subject.'

'The centre, funded by the revenue from scientific research and development as well as visitor income, will boost understanding of the earth's freshwater system and the animals that rely on it. The team also expects to direct their efforts to develop therapeutic drugs from the bioactive secretions gathered non-invasively from some of the rare species and build a substantial library of intellectual property rights. The impact to the local economy is hugely significant in many ways including job creation and boosting tourism within the county, which already contributes more than £430 million each year.'

Source: <http://www.discoverbedfordshire.co.uk/article.php?issueopen=6&id=49>

alongside the accepted priority of funding by excellence and opportunity. This would be significant in releasing untapped potential in universities in the North, the Midlands and the South West, particularly at a time when the Government is encouraging the growth of urban centres with more devolved governance. The Commission noted that cities/regions in mainland Europe, where economic growth is generally more evenly spread across countries, have benefited from substantial investment in research and education.

To support this approach the Government could take a range of actions – for example, expand student numbers in (non-South East) major universities by 50 per cent over the next decade; regionalise the Higher Education Funding Council for England, and encourage sub-campuses in less favoured sectors of cities (for example, North East Manchester and South East Leeds).

The research councils could be encouraged to establish new research centres with 10-15 years' funding in key scientific and technological research areas attached to the major universities in the North, the Midlands and the North West, either in university precincts/quarters, in new sub-campuses or in nearby locations. Specialist clusters might be created around the following research areas: nanotechnology, neural computing, stem cell research, and new energy sources. These should be supported by prestigious new positions, to attract top scientists from the 'Golden Triangle' of London-Oxford-Cambridge and abroad.

The Commissioners were concerned that regional priorities do not feature enough in decisions about planning for and investing in major new research facilities. The Commission therefore **recommends** that planning decisions on nationally significant research facilities should be region-proofed as part of a public process to ensure that their regional development implications are highlighted and the benefits to regional development objectives are optimised. Such an approach could be developed through a planning policy statement (PPS) on major education

Case Study: Rural Proofing – a Model for 'Region-Proofing'

'Rural Proofing is a commitment by Government to ensure that all its domestic policies take account of rural circumstances and needs (Rural White Paper, 2000).

'It is a mandatory part of the policy process, which means that, as policies are developed, policy makers should systematically:

- *consider whether their policy is likely to have a different impact in rural areas, because of particular rural circumstances or needs;*
- *make proper assessment of those impacts, if these are likely to be significant;*
- *adjust the policy, where appropriate, with solutions to meet rural needs and circumstances.*

'Rural Proofing applies to all policies, programmes and initiatives and it applies to both design and delivery stages.

'It also has a reporting requirement. Government Departments and Government Offices for the Regions are required to report annually on how their policies have been rural proofed. The Countryside Agency also publishes an annual assessment of the rural proofing of central Departments and Government Offices for the Regions.'

Source: <http://www.countryside.gov.uk/EssentialServices/ruralProofing/index.asp>

and research facilities. The approach, if successful, could be widened to apply to any major development of truly national significance. Various planning tools have been developed to inform locational investment decisions, including sequential testing at the more local level, which prioritises town centre sites over out-of-town sites for retail and other development. Commissioners were mindful of this approach but noted that it could directly contradict the objective of investment according to research excellence. Instead the rural proofing model developed by the Countryside Agency (see the panel below, left) offers the basis for a new region-proofing approach that, without necessarily overriding other objectives, would need to be developed by the relevant Government departments with the full involvement of the RDAs.

The idea of region-proofing was raised by Professor John Tomaney from the University of Newcastle in evidence to the House of Commons ODPM: Housing, Planning, Local Government and the Regions Committee:

*'Many government policy decisions are made without an assessment, evaluation or even awareness of the likely regional impacts. This is likely to have a bearing on the prospects for meeting the government's target. In England prospects for development in lagging regions are partly dependent on decisions made by a plethora of national government bodies, which spend large amounts of public money but whose activities are rarely coordinated at the regional level. On the contrary, these organisations have an explicitly national mission, which can conflict with regional priorities. There is a case for much stronger region proofing of policies.'*²³

For the Commission, the effect would not be to direct investment to inappropriate places but rather to ensure that central and local government (and regional bodies) were able to offer clear and co-ordinated support for agreed regional development outcomes, as opposed to region competing with region. A DFE would make regional priorities for such investments clearer and more explicit.

4.2 Sustainable Development and Climate Change

We are not optimising resource use in housing and urban development.

The overarching nature of the 2005 Sustainable Development Strategy, *Securing the Future*, ought to provide the principles necessary to guide all other sectoral policies of Government, including the Communities Plan. However, there is no clear relationship between them, leaving the current national policy open to criticism.

A number of environmental bodies have raised concerns about the concentration of development in particular regions. Of particular concern to Friends of the Earth was the risk that South East economic growth might become more damaging to the environment if this was reinforced by additional housing growth (see the panel on the following page).

On the more specific issue of tackling climate change, the Commissioners feel that a key priority must be to take up opportunities to minimise further carbon emissions through more optimal use of under-used housing stock and infrastructure across England: in short through connecting England and supporting stronger development in the regions. The eco-footprint of development in each region and the collective impact this has nationally features almost nowhere in decisions about regional investment and development (currently taken either by central government departments such as the Department for Transport or through RESs and RSSs). This should and

²³ J. Tomaney, A. Pike and P. Bennenworth (2003) *Memorandum to ODPM: Housing, Planning, Local Government and the Regions Committee Inquiry on Reducing Regional Disparities in Prosperity*. London: House of Commons

Evidence: An Environmentalist Case

'Government spatial policy, exemplified by the Sustainable Communities Plan, is essentially a reflection of a market driven macro economic model which assumes that the growth should continue to be concentrated in the broader South-East of England. Such a policy will reinforce significant regional inequalities. The recommendations of the Barker Report would exacerbate these trends by removing vital controls over built development which offer important mechanisms for achieving a more balanced and sustainable development of the nation.'

Friends of the Earth is concerned that *'the government shows little sign of implementing the kind of strategic frameworks which would deal with the drivers of these inequalities at the levels required'*.

Friends of the Earth believes that *'this issue must be addressed not just for reasons of social equity and environmental protection but because focusing growth in limited geographic areas will ultimately be economically inefficient'*.

Friends of the Earth, Evidence to the Commission

can only be assessed at an England-wide level. This would also allow a more systematic approach to demand management, inevitably involving fiscal measures such as those currently applied to waste management and potentially to congestion.

4.3 Balance of Jobs and Workers

We are not yet sufficiently locating homes where there are jobs, nor creating jobs where there are homes.

The TCPA report *Strategic Planning for Regional Development* (1992) drew attention to the fact that *'we are planning for more jobs in some places but for no more homes nearby and vice versa'*. It is still unclear how the Government's identified growth and renewal areas (including the Northern Way growth area) will interact with existing plans and strategies and indeed whether they will successfully address the targets set out in PSA2.

Commissioners were specifically concerned about the disjunction between plans for homes and for jobs in many regions of England. To get beyond the uninformed debates about quantity rather than quality of outcomes, therefore, the Commissioners **recommend** the forging of a direct policy link in all development plans between the numbers of homes and the numbers of jobs for which plans make provision. This does not require a direct numerical match between the two but an argued rationale explaining why more homes than jobs, or vice versa, are to be provided.

4.4 Regional Issues and Spanning Boundaries

It is right that any emerging pan-regional or national strategies should be linked to the nine regions (including the Greater London Authority). They provide a ready link to existing governance structures. It is also recognised that no system of administration is satisfactory since no region in England is self-contained. A DFE would, however, provide a wider context within

which issues posed by the current administrative arrangements could be addressed more effectively. In addition, investment strategies or spatial plans are needed that cross regional and administrative boundaries, dealing with inter-regional issues.

As already seen, despite the wide range of EU and UK regional assistance programmes, regional disparities in the UK are increasing. The RDA-led Northern Way helps (and perhaps future versions of Midlands and South Western 'Ways' might also help) to overcome this by promoting renaissance, connectivity and productivity and therefore increasing economic growth and sustainable communities. While in general this may help to reduce the divide between the North and the South of England, it is unlikely to help many remote or detached areas. The ex-industrial towns in the West and East Midlands, the South West, the North West, Yorkshire and the North East continue to struggle to find a replacement in the service sector for their old industrial base. The *Regional Futures* report²⁴ emphasises that the gap will not be closed in the next 10-15 years.

The boundaries of the administrative regions bear little relationship to the prevailing social and economic geography of England. They do not correspond to the areas over which people search for jobs or houses or seek to invest in business enterprises. This is recognised in recent policy initiatives – particularly the Northern, Midland and South West Way studies. It is also reflected in the increasing debate about new city-regions and their more rural counterparts. Cross-regional strategies where these have statutory weight (such as Regional Planning Guidance 9a for the Thames Gateway) have added significantly to certainty for investors in those areas and are needed particularly to serve the larger of the Government's growth and renewal areas. Link towns (such as Swindon), where these are placed at the edge of two or three regions, can also play a constructive role in bridging different regional strategies.

The Commission has not attempted the task of defining the right administrative boundaries for English regions, this falling well outside its terms of reference. The Commissioners noted, however, that currently defined regional boundaries are derived from zones determined by central government and that these frequently fail to reflect the places that people identify as their community, a point made strongly to general acclaim by the Right Honourable John Gummer MP when he addressed the Commission's public seminar in London. Commissioners also generally agreed with the view expressed by another Commissioner, the Member of Parliament for St Ives and the Isles of Scilly (Andrew George MP), that in the context of deciding the right size of community or entity for regional devolution '*there is a [wider] debate to be had about what is interpreted as regionalism and what is interpreted as devolution and decentralisation*'.²⁵

The importance of a more analytical approach to regions was highlighted by the POLYNET²⁶ study and the work of the German Federal Government, presented to the Commission by Manfred Sinz, Deputy Director General, German Federal Ministry of Transport and Planning.

However, these current arrangements in the UK do not deal with the cross-boundary issues fully. First there are other areas which require recognition at a national level but have none, for example the estuarine development areas of the Severn and Solway. There is also, however, a wider and more significant issue: the need to assess and resolve the inter-relationship – indirect as well as direct – of what may be competing or inconsistent bottom-up regional strategies, a task with which a DFE may help but which also requires greater support for more effective regional governance and policy-making.

24 Ove Arup & Partners, Regional Forecasts and Oxford Economic Forecasting (2005) *Regional Futures: England's Regions in 2030*. Report for the English Regions Network, RDA Planning Leads Group, Office of the Deputy Prime Minister and Department for Transport

25 Westminster Hall Debate: 'Local and Regional Government'. *Hansard*, 23 Nov. 2005, Column 451WH

26 P. Hall and K. Pain (2006) *The Polycentric Metropolis: Learning from Mega-City-Regions in Europe*. London: Earthscan

For example, the costs of servicing London, whether in terms of physical and social infrastructure, or the demands placed upon environmental resources, make significant demands on the Exchequer, and by implication on the ability to service the needs of the rest of the country. At present there is no mechanism to debate this. Similarly the promotion of the east coast ports in the Northern Way strategy is inextricably linked to the issue of the share of freight transport passing through the South of England, but at present there is no effective mechanism for debate on this to take place.

But spanning boundaries is equally important when it comes to joining up across Government departments. The shared objectives set out in a range of other PSAs form part of the background for this discussion of regional development in England. The ODPM's PSA5 on housing, however, might be better met if regional housing availability more closely matched existing patterns of regional economic development, while PSA6 on sustainable development outcomes could only benefit from a clear expression of what might constitute the sustainable development of England as a whole. Finally, a strategy for key pieces of national transport infrastructure could help to meet the Department for Transport's PSA3 target, for example, as well as contributing to the productivity of the nation as whole.

It is for this reason and others that the Commissioners concluded that there was a need for a Development Framework for England that would at once provide the opportunity to span administrative boundaries, address regional disparities and better support regional policy-making.

Case Study: Peripherality and Newquay Cornwall Airport

A recent report from Halcrow, *London to South West and South Wales Multi Modal Study. SWWARMMS Final Report (2002)*, was cited in evidence received by the Commission in which the far South West was described as suffering from 'economic peripherality'. Cornwall has retained Objective I status for a further period, but European Union expansion is very likely to result in financial support migrating to Eastern Europe.

Despite considerable success for the 'Connecting Cornwall' initiative, the future commercial expansion of Newquay Airport was cited as an example of a lack of 'joined-up' policy-making to the detriment of the far South West. Newquay Cornwall Airport, a former RAF airfield and Ministry of Defence base, is now one of the fastest growing regional airports in the UK. Scheduled flights now connect Newquay to Gatwick and several other UK regional airports. In the absence of adequate funding to pay for airport expansion, the operators introduced an Airport Development Fee (ADF) of £5 in October 2005 for every passenger departing, an arrangement unique in England.

The proposition made to the Commission at Truro was that airport expansion was occurring in a policy vacuum, yet the development of Newquay Cornwall Airport could improve the social and economic well-being of society in the far South West.

Commissioners were encouraged to the view that a development framework which was informed by and itself informing a national airports strategy would quickly crystallise the importance of Newquay Cornwall Airport to the far South West and outline a way forward which would maximise local benefits. In the other peripheral regions, similar scenarios are familiar; however, it is in the far South West that the situation is seen in sharpest focus.



4.5 Ports and Airports

We have no ports strategy and our airports strategy makes insufficient attempts to support regional development.

The need for an integrated approach to transport has been highlighted by the CBI.²⁷ This has been demonstrated in the airports debate and recent port development proposals. This issue would be overcome by having a government vision for the future transport network which included, among other things, measures to better link increased capacity at our international gateways of ports and airports to national networks through road and rail access.

Much could be done, the Commissioners believe, to encourage greater use of rail in place of short-haul air journeys in England. Better rail links with and between airports would focus residual airport use or expansion in the North and West of England, which are well placed to serve the country more widely than they currently do. A priority here is to reduce the dependency on internal flights, which only increase congestion at major international airports, and to replace such flights with high-speed rail links, as has been demonstrated very successfully in France. The TCPA is a keen advocate of this policy. The Commission **recommends** that northern airports, particularly Manchester (already the third biggest in the UK), should be given greater encouragement to expand, to take the pressure off Heathrow and Gatwick. Growth away from London would help relieve congestion in the South East and would potentially create more employment in under-performing parts of England.

Nothing better underlines the absence of a national strategy than the Government's recent decision that it was 'minded to approve' the Bathside Bay port project in Harwich – following a similar decision last August over plans for a new container port at Shell Haven at Thurrock, Essex. If approved, it is estimated that these two ports could handle half the UK's container traffic – yet

²⁷ CBI (2005) *Transport Policy and the Needs of the UK Economy*. London: CBI

the Government's decision undermines (fatally, according to the operators of Teesport, in the North East) the Government-sponsored Northern Way project, which is supposed to breathe new life into northern cities and potential growth areas/corridors. The views of PD Ports, operators of Teesport, are worth noting – that the Government has been unable to take a strategic view of the ports industry and therefore assess its potential impact on regional economies, the roads network, and regeneration needs. This case also illustrates the dangers inherent in a freight strategy that depends on increased road haul to potential (and actual) bottlenecks.

In the Commission's view, the absence of any national port strategy makes the case for a DFE all the more essential, and indeed necessary, to ensure that a ports strategy is developed. By simply taking a longer-term, more holistic view of the country and planning rationally, the Government could, the Commission believes, create new markets – with minimal, if any, investment from the State while at the same time making a substantial impact on the wider environment. By contrast, approving extra port capacity in the East and the South will add to road congestion and lead to demands for road investment to serve the new/expanded ports, while excellent facilities in the North, already served by good transport links, remain under-used. Does it make sense to increase capacity in the South, particularly with the prospect of a new container port on the Thames (at Shell Haven) – when northern ports (and possibly western ports such as the natural harbour at Falmouth) could take some of the strain off the South East, thus helping to reduce congestion fuelled by trucks heading to and from southern ports? While the Commission does not necessarily advocate removing capacity from the South, there is clearly a strong case for encouraging major growth in port traffic and investment away from the South. This case is given additional weight by the rising cost of fuel.

The Commission therefore **recommends** that a ports strategy should be developed to provide a framework for determining how much further growth should be accommodated at southern ports (such as Felixstowe and Southampton) and to encourage the accommodation of growth at northern ports with spare capacity, such as Liverpool, Teesport and Hull.

4.6 Transport Infrastructure, Integration and Land Use

We are not allowing our major cities, or the regions, to create the transport systems they need. Nor are we integrating transport plans with the need for an England-wide strategy for sustainable regional development.

It is virtually certain that congestion will intensify and become an increasing burden so long as there is no agreed mechanism to manage the overall demand for travel, whether in the form of road-pricing or similar measures. It is, however, considered unlikely that – except in very special circumstances – purely local solutions will be introduced, as emphasised to the Commission in the evidence of Professor David Banister (see the panel above right).

Commissioners were impressed with the evidence from Philip Igoe of the Carplus Trust that a national network of car clubs could offer a major contribution towards easing congestion problems for the nation as a whole, as well as addressing the transport and economic disadvantages faced by non-car-owners. Commissioners noted and generally supported the recommendation made by the Institute for Public Policy Research (in its report *Keeping the South East Moving*) to take this idea forward.²⁸

28 J. Foley, N. Sansom and T. Grayling (2005) *Keeping the South East Moving*. Commission on Sustainable Development in the South East. Working Paper 3. London: Institute for Public Policy Research, p.27

Evidence: Transport and Communications Infrastructure

Professor David Banister presented evidence arguing that *'transport, energy and communications infrastructure is just one part of the task [of the Commission], but as in other sectors, we have to move away from demand based forecasts and futures, and explore the huge potential for demand management'*. He argued that we need to... think more radically, seeking to meet not just environmental (for example climate change) and social (for example inclusive society) objectives but establish what the desirable future is for England. *'This challenge needs to be placed within the context of sustainable urban development, which in turn must address the issues of environmental and social justice.'*

We must decide how we can make better use of existing infrastructure, for example through *'pricing, access control, new operating systems at airports, and rapid turnaround at container terminals etc.'* In the short term we need to reinvest in the existing network, refurbishing and upgrading the road and rail systems to make it more suitable for current use. In the longer term, transport should be seen as part of the wider development process: *'solutions to development questions should include transport options, and solutions to transport problems should include development options. The two are inseparable.... Action is required at international, national, regional and local levels.'*

David Banister, Professor of Transport Planning, University College London, Evidence to the Commission.
See also D. Banister (2005) *Unsustainable Transport: City Transport in the New Century*. London: Spon

The issue of managing car use and congestion is inextricably linked to the provision of additional mass transit capacity on the public transport network. These tools for developing a sustainable transport strategy can only be fully resolved with a multi-level approach including both regional and national policy. In England (in contrast to the continent) major local mass transit expenditure cannot be set locally, while road-charging raises issues of competition and conflicting national and local priorities. This has been demonstrated most recently by the failure of the Edinburgh referendum on road-charging and the rejection by the Department for Transport of the major tram schemes for Liverpool and Leeds, all of which are considered essential by those cities to promote urban regeneration. But cities and conurbations away from London have one big disadvantage: they have no equivalent of the Mayor's transport body, Transport for London, to regulate buses (and light rail/metro systems). While bus usage in the capital is rising substantially and the burden of funding light rail is proving difficult to bear (let alone the difficulty of getting approval from the Government for more light rail or tram systems), bus use is still falling alarmingly in other conurbations. The Commission **recommends** that the Government, in the interests of equity, give major unitary authorities, such as in Greater Manchester, West Yorkshire and the West Midlands, the same transport powers (and ultimately the same planning and regional development powers) as the Greater London Authority (GLA). These powers should also be transferred to directly-elected local government wherever significant regional-scale authorities are created. It is surely an anachronism that major cities, such as Birmingham, Leeds and Manchester, should be denied similar powers to the Greater London Authority at a time when they are being encouraged by the Government to grow, both economically and in population terms.

The issue most consistently raised in respect of transport policies was the need for better priority setting. The CBI has, for example, expressed serious concern about the clarity and coherence of regional policy and the linkage with transport policy, including the need for the co-ordination of different bodies and strategies. There is also a risk that the delegation of funding to the regional level currently taking place will lead to inadequate funding of projects of national significance.

This is illustrated by the fact that schemes as nationally important as A3 Hindhead and A303 Stonehenge have been relegated to 'regional' status. Of particular importance to the Commission is the need for better north-south rail and trans-Pennine links. The Commission believes that a DFE must resolve priority rail investment schemes of this kind

With both East and West Coast Main Lines and trains often at full capacity, on a rail system experiencing faster growth than elsewhere in Europe, it is vital for the prosperity and the cohesion of England to build on what will be the undoubted success of the Channel Tunnel Rail Link, which ends, lest we forget, at St Pancras. At the same time, east-west links – notably the trans-Pennine link from York to Leeds, Manchester and Liverpool – need substantial investment to connect the North's great cities more effectively and help relieve the heavily congested M62 motorway.

Furthermore, better transport links need to be made between the South West of England and the rest of the country. Commissioners were generally supportive of the initiative presented by Mark Jones and Nigel Blackler of Cornwall County Council 'Connecting Cornwall – Regeneration through Better Communication' (2004). This initiative seeks to address peripherality and the growing perception of Cornwall as a difficult place to get to. Among a range of objectives, it lobbies for '*support for key strategic infrastructure improvements which promote the interests of Cornwall and link with wider regeneration initiatives*'.



Case Study: A Lancashire and Yorkshire Railway

A potential major infrastructure project to enhance east-west rail links in the North would be to finance Network Rail to construct a partially new, partially upgraded, new east-west electrified high-speed trunk line, with two branches in the west, from Preston and Liverpool, via Manchester Victoria, Huddersfield and Leeds, connecting to two branches in the east, to Hull and York, duplicating and relieving existing lines. This would operate at 200 kilometres/hour (125 mph) on the upgraded branches (which will involve four-tracking Liverpool-Manchester and Leeds-Micklefield Junction) and at 350 kilometres/hour (218 mph) on the newly constructed Manchester-Leeds section, which could re-use extensive sections of abandoned railway between Huddersfield and Leeds. The line would connect in Central Manchester to the high-speed north-south line from Sheffield via a re-opened Woodhead Tunnel.

The Commission **recommends** that the Government must commit itself to either new or vastly improved north-south and trans-Pennine rail routes, improve journey times to the far South West, and implement Crossrail urgently as four of the major contributions to 'connecting England'.

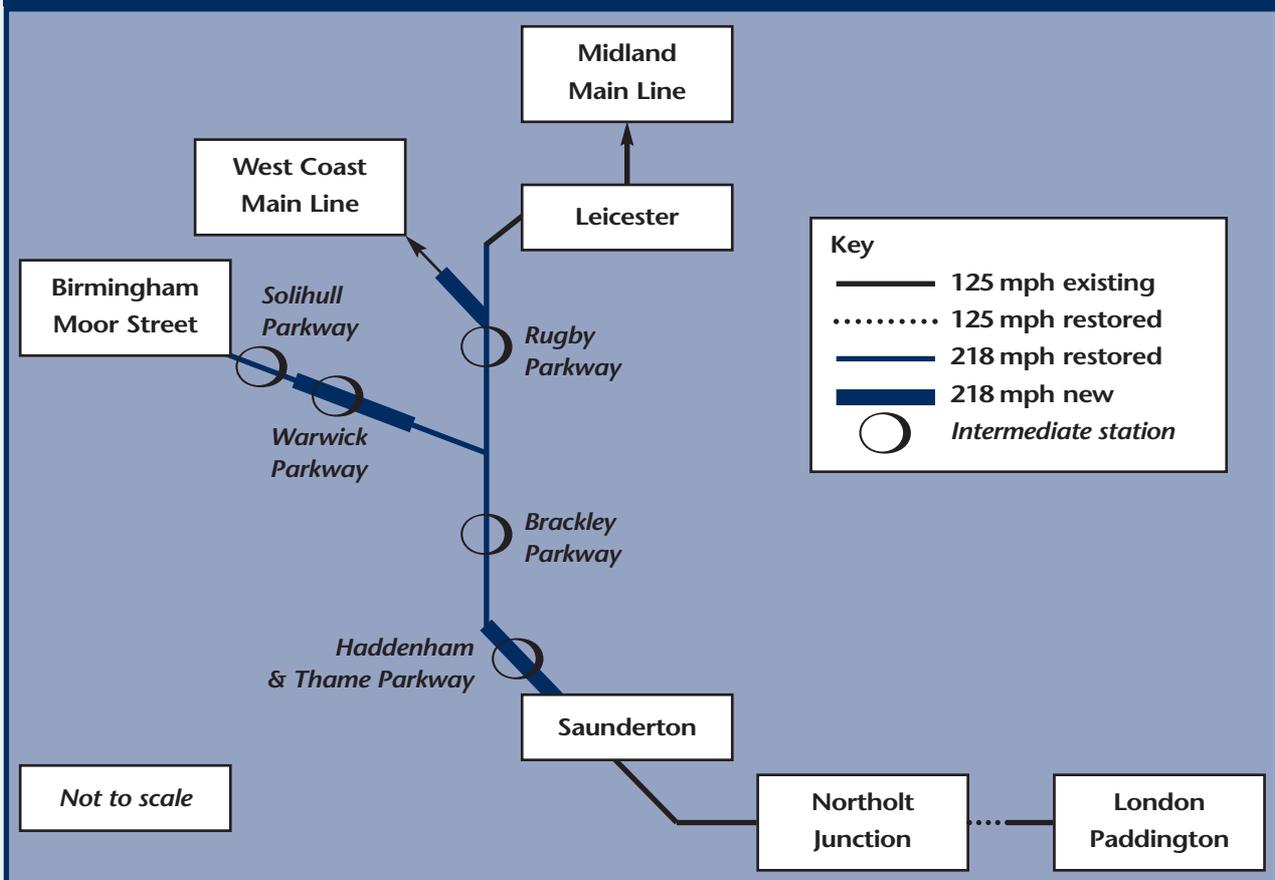
Case Study: A New North-South High-Speed Network

One way of achieving a new north-south rail route would be through financing Network Rail to begin a staged construction of a new high-speed line (built to the French TGV standard of 350 kilometres/hour, 218mph), using the surviving right of way of the old Great Central Railway, abandoned in the 1960s. There would be four phases to such a project:

- *Stage One:* Paddington - Princes Risborough (Saunderton) - Rugby - Leicester, with branches to Birmingham Snow Hill, Birmingham New Street, the West Coast Main Line and Midland Main Line (see Fig. 4.1).
- *Stage Two:* Leicester - Sheffield - Manchester, with branches to Nottingham, Derby and Leeds.
- *Stage Three:* Liverpool Street - Stansted - Cambridge - Peterborough - Nottingham.
- *Stage Four:* Leeds - York - Darlington - Newcastle.

Fig 4.1 Possible route of a new high-speed rail link between London and the North

Source: Peter Hall (2005) in *Town & Country Planning*, Feb. 2005



The line would be connected in London, via a new tunnel, to the West Coast Main Line, and thus directly to the Channel Tunnel Rail Link for through-train operation from northern cities to mainland Europe. Paddington and Liverpool Street stations could be linked in through the proposed Crossrail project.

Source: P. Hall (2005) 'A low-cost high-speed rail line for the North'. *Town & Country Planning*, Feb.

Case Study: National Plans and Local Impacts – the Crossrail Example

Crossrail provides an excellent example of the importance of national infrastructure projects to development and regeneration on the ground in local areas. Crossrail is expected to make travelling in London and the South East easier and quicker. A greater number of trains are expected to run through London, starting in 2013. Trains are expected to travel faster and be supported by existing rail, bus and airline services to create an integrated transport network.

As well as developing a new railway, Crossrail will help to improve services and facilities along its route. Major changes are planned in Maidenhead, for example. Plans include a re-arranged forecourt, a new pedestrian underpass, improved access to the railway platforms and a new ticket hall. Sixteen bridges between Burnham station and the Stockley Flyover will be upgraded and seven new underground stations will be built to make travelling more convenient and easier.

Crossrail will also help with the redevelopment of Whitechapel station. New ticket halls are proposed, as well as improved interchange facilities and a revised station building. In the east, Crossrail will run services through into the Thames Gateway.

Further information can be found at <http://www.crossrail.co.uk>

Commissioners believe that simply devising a list of potential '*grands projets*' to somehow cure the nation's ills in one fell swoop would be unwise. Cited examples aim to illustrate the potentially necessary elements in any agenda for national action on regional development and to stimulate debate about which projects to take forward. Decisions on this report's recommendations and on other major projects need to be subjected to rigorous debate as part of the process of building a national strategy, before being adopted. As shown in this report, however, there is a need for projects and programmes of national significance – such as major transport schemes – to support local initiatives on the ground if we are to create the context for successful local indigenous growth. Nowhere can the potential successes of this approach be seen more clearly than in the example of Crossrail in East London (see the panel above), where a major transport project of national significance is having regenerative local impacts. Such impacts need to be planned nationally so that regeneration can be grown locally.

The Commission also considers that without a common horizon for strategic planning and investment it is not possible to be confident that sectoral programmes will join up.

4.7 Housing and Affordability

While policies are being devised to increase the quantity of affordable housing through the market, we are not doing enough to increase the provision of affordable homes in the social sector.

The Commission believes that the delivery of sufficient homes at affordable prices and which meet necessary sustainability and design quality criteria is an important priority for the country. Groups as diverse as Shelter, the CBI, Unison and the Disability Rights Commission (see the panel above right) share a concern to increase the supply of homes in this way. Commissioners recognised the significant recommendations on social and affordable housing made by the Barker Review of Housing Supply. However, they also noted that the proceeds of planning gain

Evidence: Disabled People and the Need for Housing

'Disabled people make up around one-fifth of the working-age population and a far greater proportion of older people (two-thirds of people over the age of 65 have a disability or long-term illness). Since we will be witnessing very significant growth in the numbers of older people over the next 20 years, it is vital that sufficient housing provision is made, particularly in regions such as the South East, where strong regional concentrations of older people exist. If the full provision as set out in the Government's Sustainable Communities Plan does not materialise, it is likely that disabled people will be among the first to lose out in the increasingly fierce competition for homes.'

'However, as well as a sufficient quantity of housing, the right quality of development is also needed. This means housing that is accessible and easily adaptable (i.e. that meets the Lifetime Homes Standards) and is set in 'inclusive communities'.'

'In recent research, 48 per cent of disabled people surveyed reported that their choice of job was limited by transport – rising to 62 per cent of wheelchair users and 86 per cent of those with a visual impairment (J. Campion et al. (2003) Mind the Gap. London: Leonard Cheshire). This places a high importance on the need for socially-excluded areas to be better joined up by accessible transport, both to local centres and to the national transport network to which disabled people need access as much as anyone else.'

Bert Massie CBE, Chairman of the Disability Rights Commission, Evidence to the Commission

(under current and/or proposed arrangements) will generate only around 20 per cent of the affordable and key worker housing needed to be supplied through registered social landlords (RSLs). Commissioners did not believe the Barker Review went far enough in identifying ways in which a country-wide increase in the availability of affordable and key worker housing could be brought about by RSLs. However, it was not for this inquiry to take on such a major and important undertaking.

The Commissioners therefore welcome the introduction of the sustainable communities approach and note the considerable reform of the planning system and the newly-appointed Barker Review of Land Use Planning. In parallel with this, the Commission **recommends** that Government should appoint a review to focus upon increasing housing supply in the subsidised sector – principally that delivered by RSLs, but extending to cover the contribution that could be made by local authorities, self-builders and others. This review should also consider the contribution of social housing to the creation of sustainable communities.

4.8 National 'Procurement' Decisions

We are not yet fully realising the gains of relocating public sector functions.

The scale of government expenditure itself has the capacity to affect the spatial patterns of development. This has been highlighted by Sir Michael Lyons' Independent Review of Public Sector Relocation and by his evidence to the Commission (see the panel on the following page).

Sir Michael's evidence gave support to the TCPA view that the decentralisation of central government activities can contribute significantly to reducing the overheating of the economy of London and the South East and can assist in promoting economic development elsewhere in the country. The Commissioners recognise that relocation is potentially a major undertaking for any

Evidence: Relocation and Regional Development

'It has been particularly heartening to see that some key elements of relocation (20,000 civil service posts were recommended for relocation in my report) are now being done, in part encouraged by the efficiency drives demanded by the Gershon Review. The Office of Government Commerce is doing excellent work in actively co-ordinating the implementation and pattern of movement associated with my recommendations.'

'There are two big headline issues however that need to be taken forward. The first is that I have recommended to Government that it ought to develop a spatial strategy about where it is going to concentrate activities; this is in part to ensure its locational decisions do not do damage to important skill hubs. In order to take account of my recommendation on resilience we need a spatial strategy that considers the country as a whole. Such a strategy should be 'business led' efficiency based guidance on preferred locations for public sector government activities. The developing notion of Growth Areas (in the Sustainable Communities Plan) is particularly welcome but Government has not developed a business led spatial strategy for its own activities that corresponds with its Communities Plan.'

'Second, having seen the evidence suggesting that Government departments are beginning to relocate I am now confident the full 20,000 relocation target will be met with the added possibility that some extra functions might also be relocated. It is now time therefore to consider when it might be appropriate to move forward to the next stage of a more radical review of the nature of headquarters of Government departments. There is no unbreakable chain that demands that a Minister's office right down to all his 4,000 officials must all be confined to central London.'

Sir Michael Lyons, Evidence to the Commission

civil servant concerned and urges a voluntary rather than a compulsory approach to secure the desired outcomes. However, such a pattern of relocation has been possible and often welcomed in the past in the UK and in other EU nations, and provides a good example of a national policy framework delivering local jobs for neighbourhood regeneration outcomes on the ground.

Extending the principle of relocation from central government functions to shared local government functions was suggested to the Commission. It was noted that some London boroughs had outsourced some of their functions to cities in the North of England. Commissioners **recommend** that at a minimum the Lyons Review recommendation that 20,000 Civil Service posts be relocated to areas in need of investment and regeneration (with a significant majority to be located in the North and far South West) should be fulfilled. Also, local government should be encouraged to examine the business and community case for collectively locating some of their functions in regeneration areas. The Commission also recommends that Civil Service relocations be reviewed and extended beyond the 20,000 target.

4.9 Delivery and Timescales

We are not identifying infrastructure needs sufficiently far ahead of plans for growth and development.

As noted above, the Commission is concerned that the Sustainable Communities Plan is at risk because of an inadequate government commitment to provide the basis of an adequate infrastructure network. This is not just a question of the scale of resources (a subject beyond the

remit of this Commission) and the lack of integrated programmes between differing agencies; it also concerns the process by which infrastructure is commissioned, financed and operated.

The Commission believes that these issues relate not just to transport or publicly-funded schemes but to all strategic or 'deep' infrastructure frameworks. Without resolution there will be continued delay, wasted efforts or uncertainty for private investors in airports, ports and rail schemes – as has been evidenced in the Heathrow Terminal 5, Dibden Bay port and Central Rail Line projects, respectively. It is also anticipated to arise in future with water supplies and energy projects. The DFE therefore needs to help guarantee certainty in the setting and delivery of key infrastructure proposals in England. Needs should be established and agreed in advance before there is any commitment to expensive and lengthy public inquiry processes. A DFE would help to speed such processes by reference to clearly available government policies and priorities from the start.

5 Lessons from Elsewhere

The issues that a DFE would address – under-performing economies, regional development, and the delivery of major infrastructure – are not unique to England. The Commission therefore considered the relevance of experience elsewhere, both in other countries and in global corporations. The conclusions are summarised below.

5.1 Trans-National and National Spatial Strategies

The European Spatial Development Perspective (ESDP) represented a fundamental shift in recognising the need for wider spatial perspectives to underpin European social and economic

Fig. 5.1 National Planning Framework for Scotland: Strategy map

Source: Scottish Executive (2004) National Planning Framework

<http://www.scotland.gov.uk/library5/planning/npf04-28.asp>

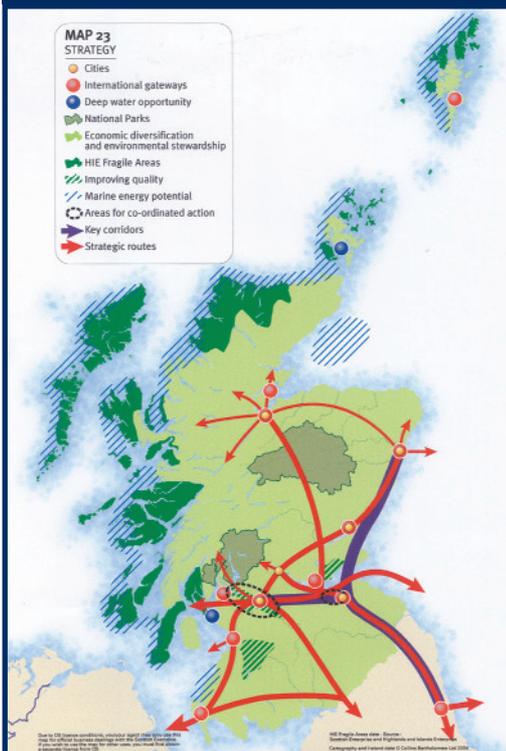


Fig. 5.2 National Spatial Planning in Wales: Spatial vision map

Source: The Welsh Assembly (2004) *People Places, Futures – The Wales Spatial Plan*.

<http://www.wales.gov.uk/themesspatialplan/content/spatial-plan-e.htm>

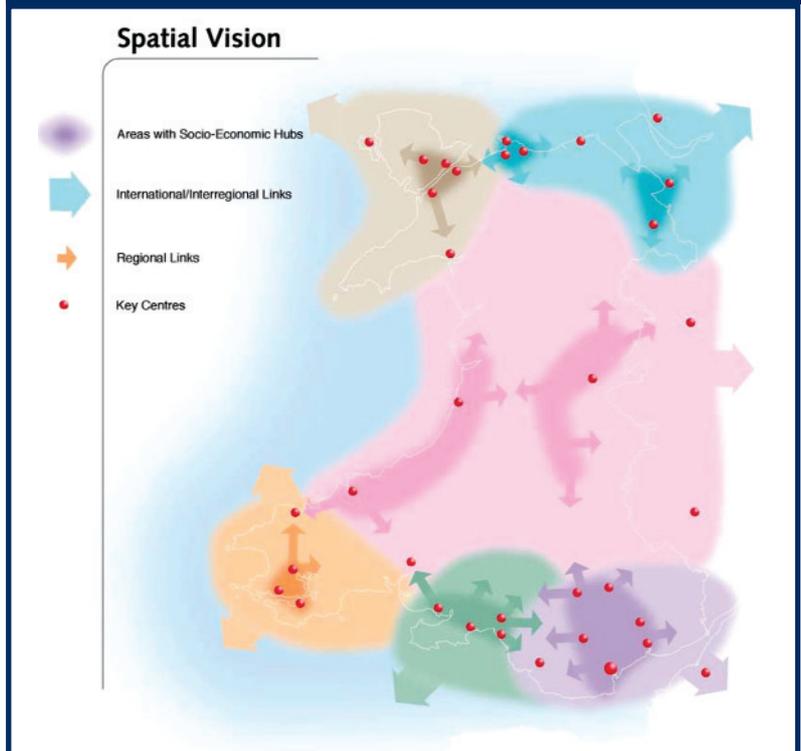
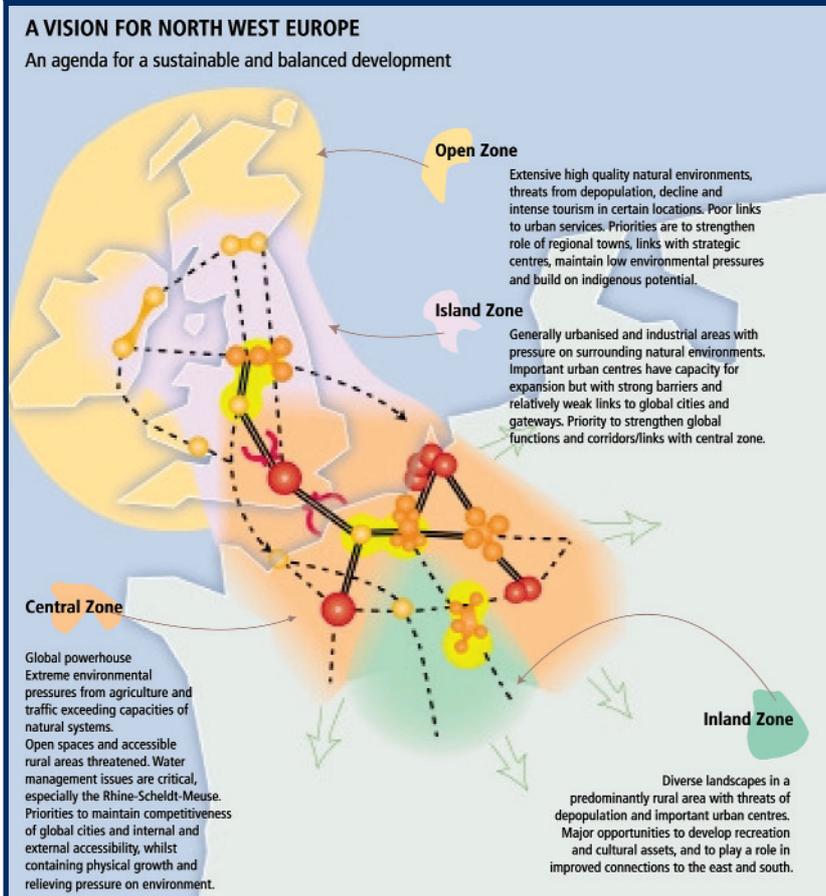


Fig. 5.3 Vision for North West Europe

Source: North West Europe Programme (2000) *Spatial Vision Reference Document*. http://www.nweurope.org/upload/documents/spatial_vision/1069.Spatial_Vision_eng.pdf



policy. This is also reflected in other recent international policy frameworks – for example the UN Habitat agenda. These represent a paradigm shift in macro-economic policy development, whereby spatial planning or territorial management has become a key tool in the effective management of national economies. National spatial strategies have been prepared for many EU nations and regions, including the Republic of Ireland and the UK Celtic nations – for example the Wales Spatial Plan and the Scottish National Planning Framework.

There is an argument as to why England should be the odd one out and remain the only country in Western Europe without a framework for its development at the national scale. It is true that some of the examples given here serve populations similar to that of an English region. However, the range of functions and the degree of interface with both European strategies and with national government in both the Welsh and Scottish cases make them far more than regional planning documents. The detailed format of the frameworks in Wales and Scotland means that they do not offer a direct model for application to a nation as large and complex as England. However, they do demonstrate the value of an explicit spatial framework of national priorities for economic or social development, environmental resources, infrastructure and connectivity.

A number of witnesses, including Professor Jim Walsh and Professor Peter Roberts, presented evidence that the emergence of the ESDP had given a new impetus to regional and national strategic planning (see Fig. 5.3 on the Vision for North West Europe, a key element of the ESDP).

Case Study: Promoting Major Surface Infrastructure – the SINEI Report

A commissioned study of *Surface Infrastructure of National Economic Importance* for the English RDAs looked at how the role of transport infrastructure can enable or underpin economic performance. The study identifies ‘a consensus view that the UK lacks a means of systematically identifying surface transport infrastructure and interventions that are of national economic significance in the first place’. It was felt that ‘unlike a number of other European countries we do not have an overall national view that integrates the regional and national picture’.

The study goes on to recommend a framework to help fill this gap. In summary this involves establishing a set of criteria for identifying surface infrastructure of national economic performance (SINEI). These criteria are summarised as follows:

- access between each and every region;
- access to/from each region to international gateways;
- access to appropriate sources of labour;
- access to/from the Global City functions of London;
- cities and regions to play a role in the wider European and international context; and
- new national economic development areas to be integrated into the national transport network.

These criteria are then developed in more detail to give a series of transport requirements at both national and inter-regional levels, to underpin and complement the economic development of the regions in the context of the ODPM’s PSA2.

These requirements can then be used to:

- appraise any candidate scheme or transport intervention to understand how and to what extent it supports national economic objectives; and
- identify the type of infrastructure or transport intervention most likely to support such objectives.

This framework is illustrated using a case study example. In this example the report highlights that ‘the existing, largely London-centric, network should be expanded to form a national grid with stronger east-west links’.

The report recommends that ‘the [framework] approach be developed further by the Department for Transport, with other partners, as a means of systematically identifying Surface Infrastructure of National Economic Importance’.

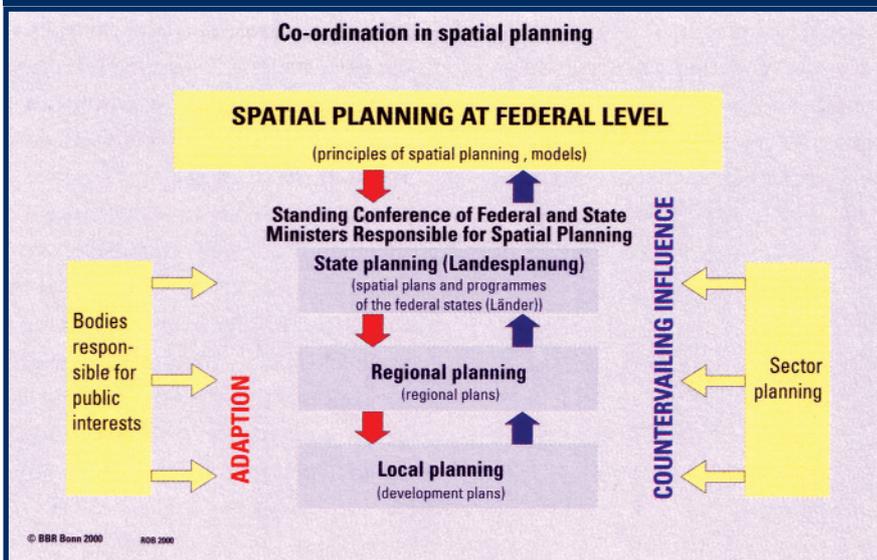
Source: Faber Maunsell and ECOTEC (2004) *Surface Infrastructure of National Economic Importance (SINEI). A Study for England’s Regional Development Agencies*. <http://www.advantagewm.co.uk/downloads/sinei—surface-infrastructure-of-national-economic-importance.pdf>

Drawing on evidence from reviews of the situation in the UK Celtic nations and elsewhere, it is evident that the ESDP process has inspired similar activities across EU member states, including in Northern Ireland, where:

‘One important consideration that helped to stimulate the production of the RDS [Northern Ireland’s Regional Development Strategy] was the knowledge that the Republic of Ireland was engaged in the preparation of a National Spatial Strategy (NSS)... there is substantial evidence of the adoption of an ESDP ‘Europe without frontiers’ approach to both the analysis of problems and opportunities, and the formulation of strategy.’²⁹

Fig. 5.4 National Spatial Planning in Germany

Source: Federal Office for Building and Regional Planning (2001) *Spatial Development and Spatial Planning in Germany*, p. 44



The ESDP is also notable for the close relationship it has with, and the impact it has had upon, policies for determining EU Structural Fund allocations for Objective 1 and 2 areas. In this way, international planning strategies have led to funding and physical development outcomes throughout Europe. There is also concern that that such national and regional strategies are gradually being adopted in England without the context of a coherent vision for the country as a whole. This has been specifically addressed in the strategy for Wales, but there are clear limitations on how far such relationships can be developed within the current approaches. The Royal Town Planning Institute, like the TCPA, has argued the need for a national strategy for the UK as a whole. This Commission, however, has been tasked with the necessary step of addressing England's disparate regions as a whole.

The *SINEI* report for the English RDAs also evaluated international comparators. This highlighted that the 'most important fact' was that each approach makes an explicit (national) recognition of spatial issues. In contrast to the UK, in the Netherlands, Germany and France these are expressed either as high-level national spatial objectives and/or captured as spatial impacts in the appraisal process. The report concluded that given existing conditions and likely growth over the next 30 years, the need to take a national view of transport networks is becoming 'ever more pressing'.³⁰ The nations of mainland Europe are increasingly developing national spatial strategies. Some of these have a long-established tradition going back decades; for example in the Netherlands. Others have long-term sectoral policies particularly for infrastructure development, as with the French approach to the development of the TGV.

The Commission was particularly impressed by the German Federal model (see Fig. 5.4). This was supported by a constitutional obligation upon the Federal and *Länder* governments to seek income equalisation across the regions of the nation. Although no parallel constitutional position exists in the UK, Commissioners found the evidence presented from Germany compelling. The Federal Government has therefore sought to promote co-operative action across mega-regions. Although this approach may appear to have parallels with the Northern and Midland Ways, it evidently has a much stronger evidence base than in England, and is based on functional rather than arbitrary administrative regions.

29 P. Roberts and A. Beresford (2003) 'European spatial planning and development policy: implications for strategic planning in the UK'. *Journal of Planning & Environmental Law*, 31, pp.15-26

30 Faber Maunsell and ECOTEC (2004) *Surface Infrastructure of National Economic Importance (SINEI). A Study for England's Regional Development Agencies*. <http://www.advantagewm.co.uk/downloads/sinei-surface-infrastructure-of-national-economic-importance.pdf>

Other overarching Government commitments have been recently expressed in primary legislation; the commitment to sustainable development, for example, in the Planning and Compulsory Purchase Act 2005, which places an obligation in Section 39(2) on statutory bodies to carry out their functions *'with a view to the achievement of sustainable development'*. The Commission therefore **recommends** that a similar statutory duty be placed upon UK Government institutions to promote regional development in regions and sub-regions that fall below average levels of national income.

The Commission also **recommends** that in any future significant constitutional reforms (such as the reform of the second chamber of the UK Parliament), legislators should be mindful of the need to give local and (where it already exists) regional government a stronger voice within the democratic process.

5.2 Providing Certainty for Corporate Investment Strategies

The Commission also saw parallels between a DFE and the corporate strategies of global corporations to co-ordinate their operations more effectively. Thus the activities undertaken in

Case Study: BP – a Private Sector Strategic Development Framework

The primary objective of BP's corporate strategy is to *'deliver sustainable growth in free cash flow'*. To achieve this BP has three targets:

- *to underpin growth by a focus on performance, particularly on returns, investing at a rate appropriate for long-term growth;*
- *to increase the dividend per share in light of our policy; and*
- *to return to shareholders all free cash flows in excess of investment and dividend needs, all other things being appropriate.'*

To achieve these targets a five-point business plan seeks to:

- *grow production by about 4 per cent a year to 2010 in a \$40/bbl price environment. Given the quality and magnitude of the resource base, we expect to continue our track record of strong production growth beyond 2010;*
- *keep a sharp focus on cost control, aiming for cash costs growing at less than general inflation;*
- *deliver further improvements in Return On Average Capital Employed, relative to our peer group;*
- *maintain the total organic capital spend to around \$15 billion in 2006 and grow it at about \$0.5 billion a year to 2008, absent any change in the rate of sector-specific cost inflation or one-off investment opportunities; and*
- *continue to high grade our portfolio, with divestments at an expected rate of around \$3 billion a year.'*

Each business segment has a strategy for the development of its business. Key to this business plan are a series of major projects in profit centres across the world. The map on the right shows those major projects in the North Sea.



BP's publicly available corporate strategy demonstrate a clear focus for the group as a whole on specific locations for development, key projects and other investments (see the panel below left).

When it comes to investment strategies (including infrastructure), it could be argued that the private sector is now more advanced in strategic planning than the established planning systems of the UK government sector. This may be thanks to their less complex organisational goals and mission statements. The key transferable lesson is the corporate approach based on central frameworks allowing local discretion. Freedoms need frameworks.

In some cases the private sector has responded to create some of the best examples of public-private collaboration in development. This has been achieved where strong governmental-sector plans have been established, backed by the investment and political will to see them through. While the British New Towns suffer many of the same defects as 'old' towns, Milton Keynes has developed into one of the fastest-growing local economies in the country. This provides an undisputed example of how clear, transparent and long-term planning can enliven the private sector into delivering significant development outcomes that realise a healthy return to the Exchequer.³¹

In addition, a DFE could provide much needed certainty when it comes to the lengthy debates that occur in relation to major infrastructure projects. One of the reasons given for the length of the Heathrow Terminal 5 Inquiry was the absence of any published government strategy for national airport development at the time. Similar policy gaps exist in relation to other forms of national infrastructure. The Commissioners therefore believe that a DFE would speed the progress of decisions on these kinds of major infrastructure project.

5.3 The English Dimension

Despite these lessons, it is necessary to stress the specific spatial dimensions of a DFE. No other European country has the same concentration of development. The Netherlands and the Rhine-Ruhr corridor are similar in density but their scales are more related to the three south-eastern regions of England. Countries like Germany, France and Italy, which are of a similar scale, do not have the same pattern of continuous overlapping metropolitan areas and emergent super-cities. Their city-regions are more discrete.

It is also important to recognise that there are particular issues for England in the balance between its primary and secondary cities. There is a wide chasm between the global role of London and the rest of the other city-regions in terms of their global competitiveness – wider than in other European countries. This has created what might be described as a twin-track economy, a central policy conundrum for Commissioners: is it inevitable that the primacy of London will result in the large disparities between the south-eastern and other regions of England? Three northern academics³² who have conducted research for the ODPM have argued that our only effective city-regional policy is the implicit development strategy for the London super-city, driven by huge investments in infrastructure, housing growth areas, sports facilities and world-class universities.

The English situation is also characterised by problems that are the result of having urbanised at least 50 years in advance of any other country, without the benefit of post-war reconstruction. The infrastructure of England is therefore constrained by its age and by networks that were developed for a totally different economic structure and geography. As a result, even more effort is required to redress this situation.

31 F. Osborn and A. Whittick (1969) *The New Towns: The Answer to Megalopolis*. London: Leonard Hill; and P. Hackett (Ed.) (2005) *Financing the Future*. London: Smith Institute

32 Professor Simon Marvin, Professor Alan Harding and Professor Brian Robson

The *English dimension*, however, strengthens the case for a DFE. The intensity of interactions between the English metropolitan regions, and their overlapping nature, require a clear framework to manage them. It is also important to recognise that England could gain an important opportunity to ‘get ahead’. No other European country has the same concentration of development... England, truly, stands out as a country with a strong capital and a series of under-performing second-tier cities – Manchester, Leeds, Birmingham, Sheffield, Newcastle-Gateshead, for instance – punching well below their weight. There is, however, evidence that two super-city networks are emerging in the Midlands and the Trans-Pennine area which provide a context for a promoting the international competitiveness of England.

5.4 The Need for a Multi-Level Spatial Model of Subsidiarity

Given the existing and overlapping nature of planning in England and in the UK generally, how do we propose that planning at the England-wide level should fit in?

The Commission heard evidence in all regions of England reinforcing the need for a bottom-up approach to planning and development. However, the result to date is RSS in some regions which is not fully fit for purpose. Within this context the Commission concluded that that role of central or national government or Parliament must initially be light in touch. The important subject of the kind of participatory process needed to develop a DFE is worthy of a separate study and Commissioners **recommend** that this matter is considered further by interested bodies. However, the extent to which any national planning should intervene in existing plans was examined in several pieces of submitted evidence and considered carefully by the Commission. At its core is the tension between taking decisions at the lowest or most locally-based possible level, versus the most effective level. A DFE would provide a means of clarifying these relationships.

The establishment of PSAs and of RDAs forms part of a welcome trend of devolving decision-making and social programmes from the central to regional and local – and, in the Neighbourhood Renewal Unit, to neighbourhood – levels. This maps a way to real sustainable communities across the country. It was also clear from the evidence submitted that some key issues will be most effectively addressed at the regional or local level. For example, Professor David Banister demonstrated that low-income groups and those without access to a car benefit from investments in local transport networks for cyclists and pedestrians, and in bus services. But the effectiveness of strategies based on the subsidiarity principle is limited unless complemented and supported by coherent national policies.

In his evidence to the Commission (*Regional and Local Foundations for a National Spatial Strategy*, 2005), Nick Sharman set out a model for decision-making for national, regional and local planning as the basis upon which any development perspective for England should be developed. He argued that:

‘The failure to create a top down national spatial strategy since the immediate post war period can then be seen, not as a failure of political will, but as inevitable in the context of a local government supply chain which cannot be easily and reliably controlled from the centre and where local and consumer driven political pressures are increasingly strong. An alternative approach is now becoming feasible with the development of strong regional machinery able to act as a bridge between overall national priorities and relatively weak local government. In this model economic (and by extension spatial) planning begins by establishing a range of overall national priorities (for example, those set in the regional PSA target). Within these general priorities a

locality based regional 'survey-analysis-plan' process rooted in local and region level consultation establishes a series of interlocking plans which draw in a range of partners and resources.'

In this context priorities for any DFE will arise from local government and the regions upwards, to be debated and determined at national level. A good example of this 'regions-upward' approach is the Faber Maunsell and ECOTEC study for the RDAs, *Surface Infrastructure of National Economic Importance* (2004). As noted above, this concluded that there was a 'consensus view that we lack a means of systematically identifying surface transport infrastructure and interventions that are of national significance'. It also noted that 'unlike a number of other European countries we do not have an overall national view that integrates the regional and national picture'. The Commissioners' approach reflects similar criteria (the importance of PSA2, for example) to that used in the *SINEI* report and they therefore recommend below a criteria-based policy-making process for a DFE that reflects the *SINEI* model.

5.5 Towards a Process for the Development of a DFE

The process by which a DFE would be established has not been the focus of this inquiry, which has focused instead on the 'development needs and priorities' of the country. However, in beginning to answer this challenge and learning from the lessons above, the Commission **recommends** that the multi-level spatial model of subsidiarity outlined in the panel below be used as part of a participatory (local government upwards) process for developing a DFE. The Commission also **recommends** that the strict, criteria-based approach in the RDAs' *SINEI* report be used to assess and determine the right projects and policies that would be expressed and prioritised through a DFE. Ultimately, to have weight, a DFE must be exposed to some form of Parliamentary scrutiny and adopted by national government.

The Multi-Level Spatial Model of Subsidiarity

In such a model a DFE would classify functions to be performed at different levels of governance as follows:

1 National:

- national investment and social policies and priorities;
- development frameworks (for example the Sustainable Communities Plan, economic intervention frameworks, overall transport priorities); and
- overall resource allocation decisions.

2 Regional and sub-regional:

- region-level strategies: joining spatial and economic plans;
- regional inputs to national policy agenda (for example Regional Emphasis documents input to the Spending Review);
- integration of public sector agencies' corporate planning; and
- focus for design of implementation and delivery vehicles.

3 Local:

- local authorities and local strategic partners operating within a broader, supportive context of sub-regional and regional plans and action; and
- sub-regional frameworks, targets and partnerships.

Behind this model lies the principle of subsidiarity, which seeks to ensure that activities and responsibilities are discharged at the appropriate level for effective action.

6

The Framework

The report so far has discussed the development needs and priorities for England and has argued for a Development Framework for England. It has not been the intention of the Commission to propose a definitive framework for adoption; rather, it has attempted to define what a framework will do and what it could look like. This section discusses this framework in more detail, encompassing the recommendations already discussed and summarised on pages 8-10.

The Commission recommends the development of a Development Framework for England (DFE) that would:

- create a shared national infrastructure framework – of ports, flows and networks, including education and skills networks, on which all regions depend;
- manage the inter-regional impacts of ‘local’ decisions and region-proof government investment decisions;
- enable confident decision-making based on evidence at national, regional and local levels;
- demonstrate joined-up government spending and investment;
- ensure best value from the current level of government expenditure, reduce duplication, and show how investments made in different sectors can reinforce each other;
- avoid the enormous time delays and costs in delivering major projects that arise because of the lack of an agreed national framework and priorities; and
- demonstrate how local and sectoral programmes of action add up to the required scales and directions of change sought by national policies for economic growth, social justice and the environment.

6.1 Principles

In addition to focusing on decisions that can only be effectively taken at a national level, any DFE must be based upon the following key principles:

- A DFE should set a ‘corporate planning’ framework for development to be rolled out in the mainstream programmes and policies of central and local government. It would focus exclusively on matters that require a national spatial or investment perspective, and on the key development issues, rather than seeking to be comprehensive.
- A DFE would be based on setting out a long-term infrastructure programme and linking sectoral policies and investment programmes.
- The globalisation of the world economy means that a DFE, except for publicly-funded schemes, must be based upon creating markets, not determining them. The approach to planning in general needs to be – and largely has become – more sophisticated in dealing with free markets. Economic

conditions are today entirely different from those that applied in the immediate post-war period, for example, and strategic planning and economic policy-making today recognises this.

- A DFE needs to be developed as an English model. Lessons learned from other countries with contrasting administrative, cultural and legal systems counsel against a formulaic approach. The departments of government are well placed to develop sectoral strategies for their individual functions, but these must be spatially aligned to avoid investing and planning in silos. The common perspective of an DFE would greatly reduce this risk.

- A DFE, although focused on England, should demonstrate the linkages to the national spatial strategies that already exist (either in draft or in final form) in the other devolved nations of the UK and in surrounding European nations.

- A DFE must be light in touch, rather than a set of comprehensive and detailed policies, leaving as many decisions as possible to local and regional governance. This requires the DFE to be focused on those key overarching issues that cannot be addressed through the regional or departmental structures. The sheer complexity of development across England makes a flexible and responsive document desirable. The framework would seek to open up opportunities rather than be prescriptive and close them down. It would therefore be a material consideration in decision-making and not a statutory development plan.

- The DFE should be developed on an incremental basis, a process that has already begun through the development of existing policies and programmes. These must be brought together and given spatial expression at an early stage in any new DFE process.

- The DFE must be complemented by a sound regional- and local-level analysis of problems, priorities and proposals, coupled with a commitment to consultation at regional and local level.

6.2 Spatial Issues and Policy Approach

The evidence taken by the Commission has confirmed that the following seven key issues need resolution at a national scale:

- the emergence of new linked metropolitan areas forming trans-regional development zones, with the critical mass to compete with similar emerging networks of cities in North America, mainland Europe and Asia;
- the need to enhance capacity in the nation's transportation and other infrastructure systems for growth and improved global competitiveness;
- the need to counter regional and sub-regional social and economic disparities which are growing and becoming more deeply entrenched.
- the need to reduce waste and promote less land-consuming and more energy-sensitive patterns of growth;
- the need to protect and enhance important nationally-significant natural resource systems;
- the need to provide resiliency (and capacity) in the nation's infrastructure; and
- the need to respond to potential national security needs.

These key issues are illustrative and can be expressed in terms of potential scenarios that face England. These are illustrated as potential themes for a DFE in the panel on the following page. We make no attempt to integrate these themes at this stage, although they are clearly interlinked.

In terms of a policy approach to the difficult issues there is little disagreement on the need to tackle inter- and intra-regional disparities in wealth and opportunity through regional development. The most perceptible gap is that between the 'Golden Arc' in the South East and

Potential Themes for a Development Framework for a Sustainable England to 2050

COMPETITIVE ENGLAND

Identifying 'national economic development areas' – the economic drivers of change and growth in the UK in terms of their scale, capacity and relative role (for example city centres, airport-related areas, freight terminals and other growth areas). Aim to understand their share of GDP and potential capacity for UK growth.

RENEWED ENGLAND

Identifying the scale of change required in terms of a range of social conditions against normative standards or government targets, and the critical interventions in spatial development and investment needed to effect change.

CONNECTED ENGLAND

Identifying the current and changing pattern of accessibility within the UK in terms of mode and relative importance (for example linkage to the growth poles); this is important in identifying priorities for investment and their potential impacts. The transport investments that have been made have in effect shrunk the UK, increasing centralisation and the ability of the Greater South East to serve the rest of Britain.

CONNECTING ENGLAND

Identifying the likely future scale and distribution of external trade, relative to the capacity of the terminals and the shape of the 2050 network. Internal accessibility – the converse of the external links to England – declines at west coast ports and ferries, increasing pressure on road and rail links to ports in the South East. Looking at the long-term prospects for air travel, including the quality and capacity of the 'gateways' to England and their role in economic competitiveness.

NETWORKING ENGLAND

Identifying the new energy and communications infrastructures needed to meet the needs of a new economy and society based upon new forms of energy generation – often at community renewable level – and new forms of information transfer.

PRUDENT ENGLAND

Identifying action required at the sub-regional level to reduce waste, increase recycling and reduce the use of natural resources, including land, water, air and raw materials; this is critical if the 'ecological footprint' of England is to be reduced. Much is already built into the UK Sustainable Development Strategy. Related to this is the need to identify those locations which represent the core areas for the sustainable use of natural resources. The long-term future of England is endowed with a relatively rich natural inheritance in terms of energy, water, minerals and productive land (as well as clean air); the priorities for exploiting these resources represent a key opportunity. There needs to be a clear definition of the relative role of the different regions of England.

SUPPORTING ENGLAND

Identifying the investment and regional or spatial implications of the major public and consumer services, including education, research, health, sport and leisure facilities (integrated with the nations and regions strategy for the Olympics 2012).

SUSTAINABLE ENGLAND

Identifying the most effective means of implementing the aims and objectives of sustainable communities policy at all spatial levels from national to the neighbourhood.

the rest of the country. The Commission agreed on the need to support regional development by raising the performance of the country's economy as a whole, sometimes described as 'growing the cake'. However, the Commission suggests that 'responsible growth', with appropriate kinds of growth for each region (as described to us in evidence from the RDAs), is also highly important. The Commission suggests therefore that managing national resources and quality of life is at least as important and could be argued to be more important to people than the actual level of economic growth.

A DFE therefore needs to resolve this key tension between environmental, economic and social goals in current debates about the need for sustained economic growth and national threats to the environmental goals and the quality of life of communities. Debate is hampered by lack of agreement about whether the 'two economies' of the UK represent an inevitable geographic divide between the Golden Arc and the rest. Even if it is, a DFE would enable this paradigm to be addressed as follows:

- Issues of the rate of economic growth could be separated out from the issue of quality of life. This would enable a DFE to set a context for regional development based on equalising access to lifestyle opportunities, and would imply freeing each region to pursue a distinct role rather than aspiring to such goals as 'international' economic status or reaching the 'national average' level of GVA or GDP per head.
- A DFE could consider how to expand the global role of the financial and business services, traditionally based in the City of London, freeing them from the geographic constraint of the South East. This might argue for an archipelago concept for the UK's global economic functions, which if properly linked, could result in a limited number of other centres (for example Bristol, Birmingham, Leeds, Manchester and Edinburgh) that would be as well or better integrated with the City as any part of the south-eastern regions.
- A DFE could also help to provide a framework for resolving the environmental impacts of the inevitable concentration of development in certain growth points both within and outwith the Golden Arc. There are variations in the relative ecological footprint of the English regions. The current approach of critical *ad hoc* assessment of growth area proposals as they come forward does not provide a vehicle for consideration of effective alternatives and cumulative impacts.

6.3 Spatial Data Requirements for a DFE

A critical issue at the core of preparing a DFE is how we describe England in economic, social and environmental terms. Although the existing regions may, for administrative reasons, be the form in which the final spatial strategy (or components of it) are expressed, they should not necessarily form the basis for analysis.

Spatial data will need to relate to the emerging policy statements. These are most simply expressed in terms of the economic drivers of the economy; affected communities; and the relevant environmental systems.

A key question therefore is how best to express these issues spatially. In principle it would appear best to use 'horses for courses', with some matters being expressed locationally and others in terms of sub-regions – sub-regions being dependent upon the issue (natural zones often, but not always, being different from socio-economic ones, and administrative units often relating to neither). An early useful task would be to show the relationship between the various spatial units that are currently used. For example, planning areas of analysis do not always make

sense in terms of housing markets; the environmental regions have proved to be too broad for analysis; RDA areas do not relate to labour markets; and the health board areas are not related to any of these. There are in fact a series of sub-regional areas that can be used as the basis for analysis.

While these are obviously inter-related, we examine the following for ease of reference:

■ **Economic drivers:**

- distribution – in terms of scale as a proportion of the UK's GDP and rate of change;
- export hubs/the gateways to the UK – location and scale of activity and spare capacity relative to growth of trade throughput;
- national interchange facilities – for example road/rail trans-shipment points;
- core infrastructure networks – their distribution and capacity (base year and 30+-year perspective); and
- if possible, the centres of cluster activities and their networks.

■ **Communities of interest:**

- labour markets – in terms of journey to work, labour catchments and black spots;
- housing markets – extent and scale of opportunities within, and broad long-term demand;
- regional centres – spheres of influence for provision of regional services; and
- quality of life index – nationally, and relative to each planning region.

■ **Environmental tracts/zones:**

- definition of capital – profiled by biodiversity and rates of change; and
- environmental condition – degraded/under-used.

These might be associated with an indicative diagram.

6.4 DFE Content

The Commission's recommendations outline the proposed content of a DFE. These are illustrative and not comprehensive. They are based on the need for a DFE to focus on decisions which can be effectively taken only at a national level. They can be grouped and listed as follows and are discussed thereafter:

- national outcome requirements (for example economic clusters or scales of housing);
- regional balances (for example North-South or central cities to surrounding regions);
- spatial integration issues (for example trans-regional development corridors); and
- national priorities (for example core infrastructure or flagship initiatives).

6.5 National Outcome Requirements

A DFE would set out the *national development 'balance sheet'* in terms of the directions and scales of change that are actually occurring, to provide a consistent context for disparate sectoral and regional programmes. This would also provide the basis for setting out targets for the scale of shift that is required in the rates of development, urban renewal, reduction in regional disparities and environmental renewal and infrastructure capacity.

It would also be essential to identify new directions of development to serve market demands and policy. This would help to answer a range of questions which are left unanswered in the

current fragmented approaches and can be a major cause of delay when *ad hoc* debate about them is left to the examination in public of a public inquiry into major projects:

- What 'international' centres of growth are feasible in terms of the development of economic clusters?
- What is the aggregate national housing renewal requirement?
- Should the Northern Way base its future on only reaching the current average level of GVA?
- When will areas hit the buffers in terms of water supplies?
- What is the performance of the transport network in terms of journey times?

6.6 National Functional Areas

A DFE would set the framework of spatial co-operation based upon functional and not administrative areas. This would overcome the limitations of current regional administrative units, which are hampered by their lack of social, economic and physical coherence and are confused by the move to city-regions. Current joint regional exercises such as the Thames Gateway and Milton Keynes areas set a good example. These identify regions in terms of a range of functions such as market areas for labour, business and industrial property or housing, and natural catchments and watersheds. It is recognised that the different functional areas will not necessarily coincide, and will have a level of overlap. Understanding these relationships is, however, key to effective strategic planning, and can help to relate regional policy (whether economic, transport or housing) to areas over which people search for homes, jobs or services. The identification of functional areas, without substituting for the boundaries of democratic governance, would therefore strengthen the potential for a market area approach to housing and to labour issues. Examples of these functional areas are:

- trans-regional development zones (for example M4 West, North Staffordshire-South Cheshire); and
- the estuaries (for example Severn, Mersey and Solway).

6.7 National Spatial Priorities

The above factors provide a context for establishing specific national spatial priorities in keeping with the principles set out in this report, and so providing a framework for focusing on decisions which can only effectively be taken at a national level. These relate to three themes:

- a radical and visionary approach to the renewal or re-engineering of the core infrastructure which provides the frame on which regional and metropolitan strategies can be developed and implemented with confidence;
- the key development corridors and areas which will drive the national strategy for economic growth and for achieving social inclusion; and
- the framework of existing and potential environmental resources that will support and provide a context for social and economic change.

The *re-engineering of the nation* is necessary to redress not merely underinvestment in infrastructure but to face up to the fact that much of the Victorian infrastructure on which we depend is inappropriate or insufficient for the new socio-economic geography of Britain. The backbone of the nation depends on setting out a clear linked *framework of ports, flows and networks*.

Four key forms of ports need to be recognised – air, sea, rail and knowledge. Deregulation and private ownership impede the ability to set national priorities, but it is imperative that priorities between these modes relate and do not compete as currently is the case.

National flow and network priorities would focus on tackling the pinch points in capacity – whether in transport, water or power networks. In addition and most critically there is the need to set clear transport priorities in terms of the primary inter-regional links. These priorities include the need for early decisions on fast links between the core cities areas and London.

The *drivers of growth* which are critical to the economic repositioning and community restructuring of the England must be considered. Issues such as where major development can take place and thrive, and the long-term drivers of national economic and social development, must be addressed. These would include the *inter-regional development corridors* of linked metropolitan areas, several of which are emerging from the work on RSSs/RESs, such as the Trans-Pennine Corridor and the South Coast Metropole. In addition, there are the *networked development or metro-zones*, giving recognition to key areas which do not lie at the heart of the emerging megalopolitan areas, such as existing city-regions like Newcastle and Plymouth, or the new city-region being promoted in the East of England growth area.

The *green infrastructure of the nation*, necessary to create quality places and to harness the economic potential of the sustainable use of natural resources (for example priorities for renewable energy and water supply), must be recognised. This would allow the repositioning of existing environmental programmes at the heart of development strategies (for example recognising the Peak District National Park as the ‘green heart’ to the emerging Trans-Pennine region) or in the creation of new landscapes across the whole country, as is being promoted in the Thames Gateway and in the Newlands project in the North West region.

6.8 Implications – a National Action Plan

The Commission is concerned only with plans that lead to outcomes. It has therefore identified three national spatial priorities that provide a framework for the actions that must follow any effective DFE. These are:

■ **National flagship initiatives:** These are distinguished by their transformational nature as central to repositioning or re-engineering England: they require longer-term multi-agency commitment, dedicated resources and special delivery mechanisms. Several of these have already been identified in the Communities Plan and other Government initiatives. However, they need to be pulled together, broadly costed and linked to delivery. The following list illustrates existing commitments and potential future flagships:

Type	Existing flagship	Potential flagship
<i>Corridors to growth:</i>	Thames Gateway MK Corridor	Trans-Pennine Corridor
<i>Infrastructure priorities:</i>	High-speed rail link to the North West	High-speed links Northern ports Mass/inter-urban transit
<i>Green infrastructure:</i>	Peak District National Park	National urban parks

■ **Area priorities:** These are distinguished by their aggregate contribution to achieving multiple goals. In social terms, for example, they represent the core priority areas that underpin the health, housing, policing and other sectoral programmes to promote inclusion. They would be limited in number (i.e. not a dump of all possible areas of need). It would also be appropriate to differentiate urban, rural and environmental priority areas, to avoid the problem of comparing apples and pears. There may be additional areas within the more narrow confines of departmental or agency programmes, but at the level of a DFE those areas would be identified which underpin them all. They could, in some way, be at the core of national community planning partnerships. The urban areas are already largely identified, although a DFE would update and roll them forward.

■ **Thematic programmes:** These relate to those policies and programmes of partner agencies aimed at tackling certain key issues affecting the whole nation. They are distinguished from the general raft of sectoral programmes of action by government departments by their cross-cutting and transformational nature or their critical role in delivering the wider growth agenda. They would be restricted in number and could include the following examples:

- a national strategy for the introduction of congestion charging;
- a national programme for the delivery of more affordable homes per year;
- mainstreaming climate change in development;
- decentralisation of government functions (the Lyons agenda);
- a PPS on social issues; and
- a SINEI system for infrastructure.

Annex I

Terms of Reference

The Commission addressed the following questions:

- **Jobs and the regions:** What levels of economic growth in the regions of England would be environmentally and socially sustainable? What kinds of disparities of economic growth or wealth should be addressed at a national level? What measures – investment incentives, development, transport or other infrastructure measures, for example – that are not already being taken need to be taken at an England-wide level to address these disparities?
- **Transport, energy and communications infrastructure for England:** If an England-wide infrastructure framework were established (to cover issues such as the location of railways, airports and ports and/or energy distribution networks, for example), what guiding principles should determine this framework? What specific proposals – of an England-wide/national significance – should such a framework include?
- **Growth and environmental impact:** What measures – that need to be taken at a national level – should be taken to address the climate change and other environmental risks posed by current and future levels of economic activity in England?
- **Social needs and the environment:** What measures need to be taken at an England-wide level to ensure that social objectives – such as the need to provide a decent home for all – are integrated with environmental objectives? Should social considerations be compromised, and if so what sort of infringements upon housing or other development-related choices should be allowed?

Annex II

Witnesses and Submissions

Roger Levett, Levett-Therivel Sustainability Consultants
Mark Jones & Nigel Blackler, Cornwall County Council
Philip Igoe, Carplus Trust
Nathan Sansom, IPPR
Gary Cox, NHS London Healthy Urban Development Unit
Anna Bloomfield, Aviation Awareness Council
Tony Roche, Cornwall County Council
Jo Russell, The Countryside Agency
Ed Chorlton, Devon County Council
Jiggy Lloyd, AWG Plc
Mike Gwilliam, SEERA
Nicholas Falk, URBED
Rowena Broomfield, National Grid Transco
Neal Jillings
Ray Green, Chartered Town Planner
Simon March, RSPB
Malcolm Tungatt, Sport England
Tony Burley, Gloucestershire County Council
Professor Peter Townroe, Norfolk
Martin Stott, Warwickshire County Council
Derek Love, FRICS of Lichfield
George Morran, Campaign for the English Regions
Faber Maunsell & ECOTEC Research and Consulting – *Surface Infrastructure of National Importance (SINEI)*
Eamon Boylan, Manchester City Council
Professor Jim Walsh, National Institute for Regional and Spatial Analysis & Department of Geography, National University of Ireland, Maynooth
Dr Grant Duncan, Welsh Assembly
Bill Morrison, Planning Consultant
Paul Finch, Dickinson Dees
Nick Sharman, Amey Infrastructure Services Ltd
Joe Ravetz, Centre for Urban and Regional Ecology, Manchester University
Chris Shepley, Chris Shepley Planning
Professor David Banister, University of London
Tom Bridges, ARUP
Andrew Pritchard, EMRA
Dr Hugh Ellis, Friends of the Earth

Manfred Sinz, German Federal Ministry of Transport and Planning
English Regions Network

Alan Clarke, One NorthEast

Julie Cowans, Joseph Rowntree Foundation

Professor David Charles, University of Newcastle Upon Tyne

Sir Michael Lyons, University of Birmingham

Ben Jackson, Shelter

Andrew Shipley, Disability Rights Commission

Tim Williams, CPR Regeneration

Commissioners also met with officials from HM Treasury and the ODPM.



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