

## Inclusive Growth Analysis Unit

# Planning for Inclusive Growth: From an urban to a social entrepreneurialism

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### Key points

- To deliver a society that works for everyone we argue that we now need a profound reconsideration and revisit of the social purposes of planning.
- Neighbourhood planning can play a role in creating market demand, 'a place with a plan is a place with a future'.
- The Mayor need to utilise and sharpen the new planning toolkit to deliver inclusive growth outcomes.

### Introduction

The economy has not worked for everyone for a long time. Austerity has resulted in poverty and hardship becoming more entrenched in pockets of our city region, with gaps between certain communities getting larger, and some neighbourhoods going backwards. The 'inclusive growth' agenda provides an opportunity to develop more active policy interventions which are penetrative in targeting priority groups in relation to poverty and labour market disadvantage. Skills development and transport and accessibility will be important aspects of creating more inclusive growth, providing people with access to opportunity. In realising this inclusive growth however, policies will need to be spatially directed and cognisant of the role of place, directing and managing the risks and rewards of economic growth. Spatial planning has a clear role to play here, but it has become increasingly disconnected from social policy objectives. Devolution and the election of a Metro Mayor offers an opportunity to re-examine the role of planning in delivering an economy and society that works for everyone.

The elected Mayor will be given significant new powers around spatial planning which can be used to implement a range of regulatory, fiscal and incentive based instruments as inclusive growth management tools. Manchester and Salford have over the past 30 years developed a solid understanding of how planning and development can reshape a place, and this will be valuable in now expanding outwards to a reshaping of the city region.

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## Greater Manchester situation

Greater Manchester's approach to planning has been defined by its urban entrepreneurialism, an approach traced back to the dissolution of the city region's government in 1986. The abolishment of the Greater Manchester County Council forced a pragmatic approach to local economic development and planning, with the pursuit of a new investment model which redefined the role of the city (Manchester and Salford) in relation to the global market. This drew investment into the key central areas of the city region.

The remaking of the city has been significant, from a deindustrialised city suffering from deep cuts to the public sector, mass unemployment (20%) and the decimation of its manufacturing industry, urban entrepreneurialism has driven a turnaround sometimes referred to as the "Manchester miracle". However the focus on the urban centre has resulted in a growing disconnect between the central districts and the (especially northern) peripheral districts.<sup>1</sup> There has been a strategy of investment in the city centre and growth hubs (e.g. the airport, media city)<sup>2</sup> and the benefits of this approach have largely accrued to the centre and south of the conurbation. While investment in the Metrolink has increased access to the city, 'bringing people to jobs, rather than jobs to people' has reinforced a process of economic agglomeration.<sup>3</sup>

Greater Manchester's jobs growth up until the 2008 financial crisis was driven by growth in public sector employment, with the national government focus on health and education creating publicly funded employment, accounting for 51% of net job creation. The urban core has disproportionately benefited from its concentration of hospital, university and administrative employment while outer boroughs such as Rochdale and Bolton saw little benefit from increasing public spending in this period.<sup>4</sup> Post 2008, when public sector employment began to be cut back, and the private sector failed to compensate, only Manchester and Trafford have displayed significant positive jobs growth. Examining Greater Manchester's jobs growth in the long run, the 200,000 new jobs created over the past 25 years match the increase in working age population, but just 3 boroughs, Manchester, Salford and Trafford captured 73% of this,<sup>5</sup> supported by an explosion of city centre apartments and a revitalisation of city centre living, while a number of outer towns suffered from disinvestment and declining high streets.

The Greater Manchester Strategy 'Stronger Together'<sup>6</sup> states that "by 2020, the Greater Manchester city region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener city region where all our residents are able to contribute to and benefit from sustained prosperity and enjoy a good quality of life". For Greater Manchester's new generation of leaders, the Greater Manchester Spatial Framework (GMSF) presents an opportunity to shape a new approach to planning and frame a set of physical planning interventions and policies, that could start to deliver a more inclusive growth trajectory going forward, redefining the 'Greater' Manchester investment model, and moving from an urban to a social entrepreneurialism.

<sup>1</sup> GVA per head in the south of Greater Manchester has consistently exceeded the average for the UK, highlighting the wealth that resides, while in the north of Greater Manchester, GVA per head is some 40% lower and has not increased since the global financial crisis.

<sup>2</sup> Manchester Independent Economic Review, <http://www.manchester-review.org.uk/>

<sup>3</sup> Folkman et al (2016) Manchester Transformed: Why we need a reset of city region policy, Centre for Research on Socio-cultural Change, available online at: <http://www.cresc.ac.uk/medialibrary/research/ManchesterTransformed.pdf>

<sup>4</sup> Ibid.

<sup>5</sup> Nomis – official labour market statistics, <https://www.nomisweb.co.uk/>

<sup>6</sup> GMCA (2013) Stronger Together - Greater Manchester Strategy, GMCA, [https://www.greatermanchester-ca.gov.uk/info/20067/greater\\_manchester\\_strategy](https://www.greatermanchester-ca.gov.uk/info/20067/greater_manchester_strategy)

<sup>7</sup> Hugh Ellis & Kate Henderson (2014) Rebuilding Britain: Planning for a better future, Policy Press

<sup>8</sup> Inclusive Growth Commission, <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/inclusive-growth-commission>

<sup>9</sup> Hugh Ellis & Kate Henderson (2014) Rebuilding Britain: Planning for a better future, Policy Press

<sup>10</sup> Grange, K (2014) In search of radical democracy: the ideological character of current political advocacies for culture change in planning, Environment and Planning A 2014, volume 46, pages 2670 – 2685

## Planning for social outcomes

The National Planning Policy Framework (NPPF) in England, first published in 2012 aimed to present to a simple and consolidated national planning framework with a simpler and more accessible approach to planning policy. However, in the process national planning policy has replaced an explicit emphasis on social justice and equity with a much broader concern with 'wellbeing'.<sup>7</sup> Planning in England has suffered through the period of austerity, with planning department personnel reduced by 37% while budgets have been cut by 46%. Planning as a result has been reduced to a technical role, increasingly abstracted from the real life of communities on the ground, making it more difficult for planners to see their decisions through the lens of social outcomes. If we are serious about delivering more inclusive growth, then the purpose of planning should be supported with a legal definition setting out the objectives of planning to ensure sustainable development encompasses explicit social objectives.

A number of countries have a more explicit focus on social outcomes embedded in their planning systems, and following devolution to Scotland, Wales and Ireland there has been greater scope to diverge from the UK planning regime. In Scotland, following the 2014 independence referendum, the Scottish National Party set out a belief in the value of planning as a positive means of steering spatial development and contributing to a fairer Scotland, with a Fairer Scotland Action Plan committing government to addressing poverty and disadvantage. In Wales, the Planning (Wales) Act combined with the Well-being of Future Generations (Wales) Act 2015 requires all policy to improve the social, economic, environmental and cultural well-being of Wales, while in Northern Ireland, the bulk of planning functions have been devolved to the 11 councils with the creation of a new local planning system requiring new roles, responsibilities and relationships for all those involved in the planning process. National rhetoric in England around 'a society that works for everyone' needs to be backed up with a commitment to delivering inclusive growth and the recent RSA Inclusive Growth Commission has offered a wide range of recommendations for making our economy work for everyone.<sup>8</sup>

In Germany, the Federal Building Code details the statutory purpose of the land use planning system, requiring land use plans to safeguard sustainable urban development and a socially equitable utilisation of land for the general good of the community.<sup>9</sup> Much can be learnt from our Nordic cousins which typically have more equal societies. Denmark, Iceland, Norway and Sweden have strong spatial planning competences concentrated at the sub-national level, and Denmark, for example, has recently undergone similar sub regional governance changes following reforms in 2007, with a realisation that planning should not be a task reserved solely for the planning profession.<sup>10</sup> In Norway there is much greater focus on the outcomes and the impacts of planning decisions on people and places with both a social element (samfunnsdel) and a land-use element (arealdel) to Municipal plans.

### Spatial planning in Norway<sup>11</sup>

In Norwegian spatial planning the Planning and Building Act sets out that each municipality must have an overall municipal plan with both a social element (samfunnsdel) and a land-use element (arealdel). The social element includes the strategic priorities for development of society as a whole in relation to a spatial development policy. Through its work on the social element of the municipal master plan, the municipality is expected to emphasise important challenges relating to social development and highlight its strategic choices in relation to public health, children and young people, integration, business and industry policy etc. The social element forms the basis for overriding priorities in the land use element of the plan and should describe and assess alternative strategies for social development and describe the connection between long-term goals and strategies and their physical consequences.

By placing inclusive growth at the heart of the spatial framework, Greater Manchester can strengthen its current tag line of 'a place with a plan, is a place with a future', to something with a decisively 'inclusive growth' bent, allowing the city region to move forward with a spatial system designed to deliver a fairer places for all.

The Mayor can actively promote Greater Manchester as a fairer city for all, with a focus on social planning for foundational policy around housing, health and employment linked to the use of land and natural resources, with an opportunity to carve out a post-Brexit, post-austerity identity and a 'collective territorial imagination'<sup>12</sup> through a refreshed Greater Manchester strategy. In doing this, the final draft of the GMSF needs to be more explicit about the synergies and trade-offs between growth and inclusion and set strategic priorities for development of society as a whole. Within the Integrated Assessment framework of the GMSF, a full Equalities Impact Assessment (EqIA) has not been undertaken, and moving to the final draft the GMSF could adopt an Equalities and Poverty Impact Assessment framework, as used in Scotland and Ireland that would start a process of relating social development and land use planning in the city region.<sup>13</sup> Specifically the GMSF could examine the advance of 'equality of opportunity' under the Equality Act 2010, completing the stage 2 assessment.

Through the Housing White Paper, 'Fixing our broken housing market'<sup>14</sup> the national government is placing a focus on new approaches to the standardising of planning methodologies, requiring better plans made quicker, however there is little to address the lost capacity and skills in planning departments. Increased planning fees (20% from July 2017) may raise additional funds in areas of high demand, but may in areas of low demand make marginally viable sites less attractive, with higher barriers to entry for the diversified housing provider market that is sought.

While the resourcing of planning departments is to be kept under review, there is little expectation of a reversal of austerity, and therefore Combined Authorities should look to a more radical pooling of planning resources in the city region and bid for funding that can support planning departments.<sup>15</sup> GMCA should consider how departmental structures support or impede innovation and leadership in planning, reviewing the relationships between planning, economic development, inward investment and housing development and pool and share staff, skills and resources in order to be able to draw on the broadest range of skills. GMCA should also look to develop a broader set of performance measures for planning, (moving beyond performance judged on how fast decisions are made and plans are produced) related to inclusive growth indicators, so that the impacts of planning decisions on people and places are considered holistically.

## Neighbourhood planning for more inclusive growth

The Localism Act 2011 sought to shift power back to communities with the introduction of Neighbourhood Planning. Following the Act, local communities have been able to initiate and produce plans that will form part of the Local Development Framework for their neighbourhood area. As Neighbourhood Plans can only be proposed by Parish/Town Councils or Neighbourhood Forums (which must be constituted groups), take up has naturally been higher in rural areas and areas with strong community networks. Neighbourhood planning has therefore had limited influence and take up in more deprived and urban areas, where forming a constituted neighbourhood forum may require significant upfront investment in community capacity building.

<sup>11</sup> The social element of the municipal master plan, <https://www.regjeringen.no/en/topics/planning-housing-and-property/plan--og-bygningsloven/planning/engelsk-test---planning-in-norway/engelsk-test----3/id710311/>

<sup>12</sup> Peel, D & Lloyd, G. (2007) Civic formation and the new vocabulary for national planning, *International Planning Studies*, 12(4), 391-411.

Beechwood on the Wirral Peninsula, ranked in the top 1% of deprived communities in England was selected as one of six pilot communities for a Department for Communities and Local Government (DCLG) funded Neighbourhood Planning Support programme and the Beechwood Community Trust (BCT), a charity based on the estate, received a grant to help them engage residents about neighbourhood planning and what it could achieve for the area. The estate is now benefiting from £1 million in Big Lottery funding over ten years to support resident-owned and led initiatives to make the community a better place to live. The Neighbourhood Planning Support programme, funded by DCLG is currently funded until 2018, and provides support for communities in creating a neighbourhood plan; with up to £15,000 of funding and technical support for priority groups including deprived areas. The Neighbourhood Planning Act 2017 requires local authorities to set out how they will help neighbourhood planning groups and further funding is to be made available from 2018-2020.

### **Abergele Place Plan (APP) - Delivering Local Need<sup>16</sup>**

The Planning Wales Act 2015 seeks to encourage greater community involvement in local planning and 'Place Plans' are planning documents prepared and led by communities to enable residents to have a greater say on developments within their local area. The idea is to begin the planning process from a local level and moving up, and by understanding local priorities, Local Authorities in Wales can ensure they provide adequate resources appropriately. In the case of Abergele, one of six pilot areas, the place plan has provided an opportunity to understand how land use allocations relate to new housing and employment needs. The place plan will be key to how section 106 monies are directed in the future to support local projects. There has been a strong focus on engagement through a series of open, public events and the use of digital forums using 'planning for real' type approaches, which has promoted participant understanding of how planning can deliver changes in a place like Abergele, with an objective of understanding the role of people in place.

Neighbourhood plans can capture and maximise the benefits of growth locally. However, across Greater Manchester only 6 neighbourhood plans are in development, covering in the main commercial centres and wealthy suburbs. The Mayor can reinvigorate neighbourhood planning by committing to support the most deprived communities to develop a plan, living up to the current GMSF tagline of 'a place with a plan is a place with a future'. Neighbourhood planning can also build the capacity of local communities, strengthen local community networks and build resilience. The process of building local capacity to engage in a formal process would be expected to empower communities to grasp other opportunities for delivering inclusive growth locally. The Mayor could instigate a programme of Community Investment Districts, much like Business Improvement Districts (BIDs), where communities and the social sector can take a lead in improving conditions and attracting investment, funded via planning gain these Community Investment Districts could focus on scaling up social innovation while planning for a future more integrated into the success of the wider city region.

<sup>13</sup> The Integrated Assessment found that the draft GMSF was unlikely to have negative effects on protected characteristics or persons identified under the Equality Act 2010 and, as a result, a full Equalities impact assessment (EqIA) was not carried out. See the Integrated Assessment of the Greater Manchester Spatial Framework here: <http://gmsf-consult.objective.co.uk/portal/2016consultation/ia2016>

<sup>14</sup> See <https://www.gov.uk/government/collections/housing-white-paper>

<sup>15</sup> The Housing White Paper promises £25m of new funding to help ambitious authorities in areas of high housing need to plan for new homes and infrastructure.

<sup>16</sup> Place Plans - Delivering Local Need, <http://www.chrisjonesregeneration.co.uk/news/?post=place-plans-delivering-local-need>



## The Mayor's planning 'toolkit'

Greater Manchester's devolution agreement sees the elected Mayor gain a range of new powers and planning tools. This Mayor's 'toolkit' comes with several planning tools which have been successfully used in London. The Mayoral Community Infrastructure Levy (MCIL) for example has helped to finance Crossrail in London from developer contributions levied on additional floor space created. In London charges range from £50 per sqm in Zone 1 to £20 per sqm in Zone 3, however London's land markets are significantly different to those in Greater Manchester, where only a few authorities<sup>17</sup> have so far chosen to adopt CIL given challenges with development viability. While it is questionable how broadly an MCIL could be applied across Greater Manchester's land market, backed by a fairer city narrative, the Mayor could make an argument for allocating the proceeds towards policy areas which may have a greater direct and immediate social value for more people (housing, health and employment) which will require the Mayor to lobby for a relaxation of Regulation 123 rules (the published list of infrastructure projects or types of infrastructure that may be funded by CIL) which currently exclude investment in the provision of employment and training or 'affordable' housing for example.

Additional charges may serve as a barrier to development in areas of low demand, therefore we should look more fundamentally at how we can use fiscal instruments to incentivise the development we need. Split-rate property tax is used in many OECD countries including France, Australia, US, Denmark and Finland. As its description suggests, it splits property into its two component parts: the land and the buildings/improvements on the land. Shifting the balance, it seeks to reduce the tax on the buildings and improvements (reducing the tax burden on the occupier) while increasing the tax on the land (increasing the burden on the owner). The taxing authority can configure the 'split' in areas where it wishes to encourage investment and development, combat land speculation, bring vacant land into productive use and promote investment in better quality buildings, and over time can move the split towards land, creating a land value tax.<sup>18</sup>

The Mayor should co-ordinate with the Mayor of London who has called for a pilot of a land value tax. Greater Manchester, at the forefront of devolution can present itself as a centre for devolution experimentation, making the argument that devolved responsibility for planning and shaping the form of the city in special planning areas such as MDC's should logically be supported with the devolution of land and property taxes. The Mayor can use soft power to lobby national government to explore how a Land Value Tax could be used to address issues of viability in low demand areas and stimulate more productive use of land in disadvantaged areas.

The Mayor will also have the power to create Mayoral Development Corporations (MDCs) and in Greater London two have been established to date. The MDCs operate in much the same way as the flagship of Conservative urban policy, the Urban Development Corporations (UDCs) did in the 1980s and 1990s, with an emphasis on property-led regeneration as the basis for the economic and social restructuring of cities.<sup>19</sup> The UDCs however were criticised by all sides, for incurring huge infrastructure and land costs, for by-passing local government and the local planning system and for a failure to involve local communities.<sup>20</sup>

The Mayor will have the power to establish MDCs, which may be a natural fit for strategic locations and gateways identified in the GMSF and new compulsory purchase powers should be used early and decisively to set a precedent and send a signal to the market. However, a more creative use of the MDC model may be used to designate whole small towns on the northern edge of the city, shifting development focus from the greenbelt and the city centre. While the brief of an MDC is as wide as that of the New Town Development Corporations (NTDCs), 'to do anything it considers appropriate

for the regeneration of the area' the NTDCs had 30-year life spans rather than the shorter 10 years of the UDC's. The government has said it will back the creation of locally-led urban development corporations to drive the construction of new garden towns and villages, but perhaps what we need is an Existing Town Development Corporation (ETDC) which can focus on re-visioning, regeneration and redevelopment of our towns over a longer period of time.

By designating an entire town (or several towns) as Mayoral Development Corporations, a new locally owned approach to planning can be developed, built up from neighbourhood plans and Community Investment Districts, a proactive, place focused approach can attract new investment, new jobs and new homes, making our towns more attractive places to live and work and part of a polycentric urban region, well connected but less dependent on its core.

### Whole town regeneration - Barry regeneration Area<sup>21</sup>

Barry, the largest town in Wales with a population of just over 50,000, and is key urban centre in the Cardiff Capital region. Just eight miles from the city of Cardiff, the town was suffering from high rates of social and economic exclusion. Its regeneration over recent years offers an insight into how a whole-town approach to regeneration can work, even when attention appears focussed on its neighbouring vibrant city. The Barry Regeneration Area programme was launched by the Welsh Government in March 2010 and has taken a holistic approach, focusing on improving health and opportunities, driving up education standards and providing access to jobs through training and development. S106 funding has been used to improve health and lifestyle through enhancements to parks, active travel facilities and a water sports centre. Town centre initiatives have enhanced the public realm and brought back empty buildings into beneficial use, including the historic pumphouse. Alongside this, a renewal scheme has led to improvements in physical appearance and energy efficiency for hundreds of properties, while 2,000 new houses, a retail development and a new school are being developed on brownfield land. The Barry Regeneration Area programme has been shortlisted by The RTPI and RTPI Cymru for a range of planning awards over the past few years.

A broad base of stakeholders including residents, the social sector, local businesses of all sizes, anchor institutions, and the public sector collectively should shape outcomes at all levels, from the organisational governance of the MDC to the development plans, so that they address the needs of local people. Opportunities from re-development (e.g. through employment and skills development) must be captured locally but also sustained in the revitalised town through genuinely affordable homes to buy and homes to rent, with suitable long term employment opportunities and accessible business start-up space.

<sup>17</sup> Only Bolton & Trafford have so far implemented a Community Infrastructure Levy.

<sup>18</sup> The 2010 Mirrlees Review of British taxation concluded that the property tax system was not fit for purpose and came out strongly in favour of a Land Value Tax. See here for more information on the Mirrlees Review, <https://www.ifs.org.uk/publications/mirrleesreview/>

<sup>19</sup> The Central Manchester Development Corporation and transformed Castlefield, while the Trafford Park Development Corporation developed a large area of derelict former industrial estate for new offices and factories.

<sup>20</sup> Imrie, R (1992) Beyond the urban development corporations?, *Local Economy*, Vol 6, Issue 4, 1992, available online at <http://journals.sagepub.com/doi/pdf/10.1080/02690949208726119>

<sup>21</sup> Whole town regeneration is putting Barry back on the map, <https://newstartmag.co.uk/good-city-economies/barry-whole-town-regeneration-for-a-key-player-in-the-capital-region/>

In this there needs to be re-visioning of the role of our town centres in the 21st century, with a re-assessment of the function of town centres, planning for greater live-work-play spaces at higher density which may in some instances involve a reduction in under-utilised retail space. Increased density may be driven by a re-examination of underutilised town centre land, such as low rise retail and open car parking land and our town centres should be redeveloped along transit orientated development principles. The Mayor can use compulsory purchase powers inside an MDC to acquire private rented sector residential property which does not meet basic standards and deliver quality housing for younger groups and first time buyers to build a life and career in these revitalised towns.

## What could the mayor do?

The role of Mayor brings an opportunity to build a Greater Manchester wide collective territorial imagination, one of a fairer city region where equality of opportunity is central. There is lots of evidence to suggest things can be done differently. We need to make it abundantly clear that the entrenched inequalities within and between neighbourhoods act as a drag on the very economic growth we seek, and if we want an economy that works for all, we will need to plan for it, and we should start by placing a greater focus on the outcomes we desire in our planning system. Steps in this direction may include

- Strengthen current tag lines for the Manchester Strategy and GMSF to something with a decisively 'inclusive growth' bent;
- Conduct a full Equalities Impact Assessment (EqIA) of the refreshed GMSF;
- Look to a more radical pooling of planning resources in the city region and develop a broader set of performance measures for planning, related to inclusive growth indicators;
- Reinvigorate neighbourhood planning by committing to support the most deprived communities to develop a plan with a programme of Community Investment Districts;
- Explore opportunities for a GM MCIL and lobby for a relaxation of Regulation 123 rules;
- Explore the potential for designating whole small towns on the northern edge of the city as MDCs;
- Call for a pilot of a land value tax in special planning areas such as MDCs;
- Lead a bottom up re-visioning of the role of our town centres in the 21st century.

## About CLES

This briefing was commissioned by IGAU and written by CLES, the UK's leading, independent think and do tank realising progressive economics for people and place. CLES aim to achieve social justice, good local economies and effective public services for everyone, everywhere. Visit [cles.org.uk](https://cles.org.uk) for more information.

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