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# Delivering the Value of Planning

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# DELIVERING THE VALUE OF PLANNING

## Executive Summary

### Introduction

Much recent planning policy has been informed by the view that planning inhibits economic growth. This report, based on research conducted by The University of Glasgow, The University of Sheffield and the RTPI, follows previous work on the economic value of planning, published in 2014. It demonstrates how good planning can deliver sustainable economic growth and housing, but also suggests why in the UK we are not consistently realising the value of planning in practice, especially compared to parts of continental Europe.

### Who should read this?

This report will be of interest to policy-makers, decision-makers and practitioners in planning in the UK and internationally, and researchers and commentators interested in planning and growth. The report adopts a broad understanding of planning and is widely applicable across the whole of the UK (and indeed internationally), despite the divergence between statutory planning processes across different nations. Where the argument specifically refers to one part of the UK, this is made explicit.

### Key messages for policy and practice

Planning can produce significant benefits for society, including delivering more and better housing development. In the UK, these benefits are not being consistently realised, in part because of decades of almost continual changes to planning policy and regulation.

Planning is critical to providing clarity and confidence for investments by markets so that they are able to deliver good development. Planning can improve the quantity and quality of land for development, ready land for construction (for example, by treating contaminated land), resolve ownership constraints (where there are many different owners), and bring forward investment by ensuring that the right infrastructure (such as transport and public amenities) are in place. In these and other ways, planning can lower the overall cost of new development, and open-up opportunities for development.

This report includes five award-winning developments in the UK that demonstrate how planning can deliver good housing and economic growth, namely:

- Cranbrook in East Devon – a new community created by proactive planning that could provide more than 7,500 homes over the next 20 years.
- Brindleyplace in Birmingham – a large-scale carefully planned urban renewal which has preserved the area’s heritage whilst revitalising it to attract new business and leisure uses.
- Upton in Northampton – a high quality urban extension comprising 1,350 homes, with a commitment to exemplary urban design and environmental sustainability.
- Norwich Riverside – a large regeneration project which has transformed a former industrial site into a successful major residential, retail and leisure development.
- Fairfield Park in Bedfordshire – where the local authority has played a crucial role in shaping a high quality, attractive development with a strong sense of community and good facilities.

Effective and proactive planning can contribute to the creation of successful places, which in turn can produce considerable economic, social and environmental benefits for society over a long-term.

However, thirty years of almost continual changes in planning policy and regulation, and failure of policy to recognise and support the potential of planning, has left the UK incapable of consistently delivering these types of good quality new places.

Many changes have been informed by the flawed notion that planning has held back an otherwise efficient, self-regulating market that, if increasingly freed from its constraints, would be able to more rapidly deliver development. This has not proven to be the case, as the current crisis in housing affordability in parts of the UK demonstrates.

Serious cuts in local government budgets, combined with the impact of these changes, have increasingly limited the ability of local planning authorities to ensure more and better development. It is unsurprising then, according to a survey of RTPI members in England, that:

- nearly three-quarters (73 per cent) think that constant changes to planning have hindered their ability to deliver good places;
- more than half (53 per cent) think that these changes have hindered housing development;
- nearly 70 per cent think that they are less able to deliver the benefits of planning compared to 10 years ago.

This situation is in contrast with parts of continental Europe, where planning is better able to promote growth and development because it is proactive, strategic, and properly resourced. In these contexts, more homes have been built.

Much change has been premised on flawed (too narrow and partial) evidence and analysis and, as a result, has led us further in the wrong direction. In response to those who see the failure of recent changes as an argument for even more 'reform' and deregulation, this will merely perpetuate the failure to properly diagnose the weaknesses in our current systems.

In England in particular, constant change is producing a planning system that is more complicated and more uncertain, with less local autonomy, consultation and accountability (neighbourhood planning notwithstanding), a reduced ability to ensure that development is well-planned and connected, and a narrower range and number of affordable housing to rent or buy (irrespective of local need). This could well increase long-term development costs through the sporadic release of land in locations poorly served by transport and other facilities.

It is time to recognise that successive waves of change mean that we now have planning systems which struggle to deliver widely-shared economic, social and environmental goals. There is an urgent need to take stock of the planning systems we have now, what they can deliver, and to debate alternative futures for planning that might produce much better results.

The UK's repeated failure to build the required number and range of housing shows the need for a change of direction. Public sector-led developments should play a stronger role. Instead of stripping power from planning, governments need to maximise the potential of planning and ensure that planners have the powers and resources to deliver positive, proactive planning.

Put simply, three main things need to be done.

1. Planners themselves need to talk much more about how better economic as well as social and environmental outcomes can be delivered through well-planned development, and less about planning procedures and processes.
2. National and local government need to consider the particular powers, resources and expertise that planning services and agencies require to ensure that better outcomes are consistently delivered.
3. In both research and policy, the value of planning needs to be analysed on the extent to which it delivers the economic, social and environmental benefits it so demonstrably can, and what needs to be done to ensure these outcomes might be maximized in practice.

We also need much stronger leadership in planning across the public and private sectors, and by communities, in the following key ways:

Public sector leadership, including:

- Thinking about places first, by bringing together agencies, government bodies and service providers to identify and deliver the best long-term outcomes across different policy areas.
- Making local plans and other strategies genuinely long-term visions, by using tools such as horizon scanning, as in the UK Government's Foresight programme.
- 'Place-making' through the public management of land supply (as demonstrated by the historical experience of creating new towns).

Private sector leadership, including:

- Learning the lessons from Urban Regeneration Companies, Urban Development Corporations, Enterprise Zones and other private-led partnerships, which demonstrate some of the ways in which barriers to development can be removed to facilitate development.
- Opening-up large-scale developments to market forces within the context of appropriate masterplanning frameworks. On these sites, private developers could be given the freedom to deliver new homes, by competing on quality, building and design standards, and price.

Community leadership, including:

- Building on the tradition of local community efforts to stimulate growth, manage development and create new settlements, through models such as Community Land Trusts, Community Development Corporations (as in the United States), and garden cities.

The combination of the long-term planning of new places combined with organisations concerned with their ongoing management could be a powerful means of creating sustainable communities as well as delivering new development. A key issue to be addressed here would be land value capture, whether compulsory purchase is required to enable this or whether other mechanisms of allocating land in plans for community-based ownership could generate similar returns.

Ultimately, changes that have narrowed the focus of planning and in particular restricted its ability to respond positively to pressures for urban development have served to damage, rather than enhance, long-term economic prosperity, let alone environmental sustainability and social cohesion. It is time to think again from first principles exactly how the benefits of planning can best be realised. If the full benefits of planning are to be realised, we need reforms that exploit its true potential to reconcile economic, social and environmental challenges through positive and collective action, and which confront those sectoral interests that seek only short-term, self-interested solutions.



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## INTRODUCTION

The UK's planning systems, especially in England, and often the very notion of urban planning itself, have been under sustained scrutiny for a considerable period of time. Critics have pointed to the speed of decision-making, the perceived regulatory burden imposed by planning systems, and a lack of local involvement in plan-making and planning decisions as three key reasons why 'planning needs to change'. Since the early 1980s, these concerns have driven numerous high profile reviews of these systems, further reviews of aspects of these systems, and the direction of much planning policy and regulatory change.

This impetus for almost continuous change in planning systems seems inexhaustible. For example, in England, despite the introduction of the National Planning Policy Framework (NPPF) and the localism agenda, calls for further change have continued and even intensified.

In July 2015, the UK Government published its plan for productivity, entitled *Fixing the Foundations*. This announced the latest set of measures designed to tackle "a planning system [in England] regarded by many as one of the most significant constraints facing the economy, bringing delay and inflexibility" (HM Treasury, 2015, p.41). Many of these measures were subsequently included in the Housing and Planning Act 2016. They include 'permission in principle' for development (in various respects), a potentially significant centralisation of powers and decision-making, and establishing pilots in which 'alternative providers' may make recommendations on planning applications in place of providers chosen by local planning authorities.

As a wide range of commentators have noted, these changes risk producing a planning system in England that is more complicated and more uncertain, with less local decision-making, consultation and accountability, a reduced ability to ensure that development is well-planned and connected, a narrower range of affordable housing to rent or buy (irrespective of local need), and without addressing the significant under-resourcing of local planning authorities.

Regrettably, many of these changes derive from a familiar perspective. To varying degrees, the rhetoric of the planning system as a 'problem' inhibiting economic growth and the delivery of housing might have been produced by any UK government of the last thirty-five years. As so often in the past, a central preoccupation of these proposals has been speeding-up the planning process to ensure efficient and effective delivery of plans and decisions. The claim that planning is a barrier, imposing costly delays and artificially distorting land and property markets, has been central to the arguments used to justify the changes in planning systems in the UK and beyond (as critiqued in Adams and Watkins, 2014).

The policy debate around planning in Scotland, Wales and Northern Ireland has generally been more positive and constructive, but even in these contexts planning in many ways remains under valued, under resourced and under used as a positive enabler and facilitator for development (see for example the proposals included in RTPI Scotland's submission to the Independent Review of the Scottish Planning System, RTPI Scotland, 2015b). In Wales, Lesley Griffiths AM, Cabinet Secretary for Environment and Rural Affairs, has recently set out five 'asks' of the planning system and those involved in delivering it, including the importance of recognising the value of planning and making the case for investment in the planning service (Griffiths, 2016).

To this end, this report suggests that what we really need is a more wide-ranging re-evaluation and re-interpretation of planning. This should involve a more balanced debate about what society wants and needs from its planning systems. To enable us to build more homes and better places, we need to broaden the focus beyond 'faster decisions' and less 'red tape'. We can either properly equip

planning to deliver more homes and create better settlements, or continue to push further in the same direction with predictably disappointing results.

As a result of the changes made to planning policy and regulation over the last three decades, we now have planning systems which struggle to deliver the sorts of greener, fairer and more prosperous places that society desires. There is an urgent need to properly take stock of what sort of planning systems we have now, what our current planning systems can deliver, and to debate alternative futures for planning that might produce much better results.

In defending the idea and potential benefits of planning, this report does not seek to defend every aspect of current planning systems in the UK, nor does it argue for a return to a supposed golden era of planning that may never have existed. Rather, in sections one and two, we explore the evolution of the system(s) and offer a critique of the direction of planning policy in the last three decades or so. This analysis shows that we now have planning systems which struggle to deliver widely-shared economic, social and environmental goals. This has important implications for what we might realistically hope to deliver through planning, even with (or because of) continued change.

In section three, we seek to explore where we are now. It is very clear that planning systems, as they now operate, have strengths and weaknesses. Planning, broadly defined, has wide ranging and complex impacts on social, economic and environmental outcomes. There is a voluminous literature that attempts to demonstrate the costs of the current planning regime (see Cheshire et al., 2014). A few others have sought to highlight the benefits, with Adams and Watkins (2014), for instance, showing how planning enhances economic performance and social equity by shaping markets, regulating markets, stimulating markets, and capacity building. In our view, planning has considerable potential to increase economic growth while at the same time ensuring a longer-term perspective on environmental sustainability and a much broader perspective on equality and democracy. However, as we explain below, the current tendency to focus the debate narrowly on the need to reduce state involvement and to further tinker with delivery mechanisms in pursuit of 'efficiency' seems highly unlikely to realise the potential value of planning in practice.

In section four, we argue that it may take more than incremental advancements in this direction to ensure that we have planning systems that are fit for purpose and able to meet contemporary challenges such as climate change and the current housing crisis. Our report sets out some initial thoughts that, we hope, might help frame further discussion about alternative futures for planning.

As noted, the arguments in this report are broadly applicable, despite the increasing divergence in statutory planning processes and policy directions between the different nations within the UK (hence why we sometimes refer to 'the planning system' to make a broader point about the status or operation of planning across the UK). Where the argument specifically refers to one part of the UK, this is made explicit.



## SECTION 1. PLANNING IN CONTEXT

### 1.1 Introduction

To proponents, planning can help to produce great places, including accessible healthcare, schools, jobs, public transport, green spaces, and affordable homes, in a politically accountable manner.

This section looks at the basis for this assertion. Firstly, it seeks to remind us of why we have planning systems and what they might achieve – indeed, more broadly, why as a society we undertake urban planning. Secondly, it charts how these systems have evolved over time. Thirdly, it begins to reflect on the extent to which the most recent waves of change have produced their intended outcomes. It concludes by posing the question of whether the recent direction of travel in planning policy made a material difference to our ability to deliver more homes, or whether the debate about planning might be too narrow and too focused on the wrong issues.

### 1.2 The role of planning in a contemporary context

The purpose and practice of planning has changed significantly in the last 30 years, reflecting broader shifts in the economy and political-economic thinking. Throughout this period, the need for planning systems where the state (at various levels) regulates land development has remained, but planning has increasingly become caught up in a debate over the proper role of the state – somewhat inevitably, given the profound changes in the British economy and society since the end of the Second World War.

Despite this, it remains the case that planning is critical to the functioning of capitalist economies, for example, controlling ‘externalities’ such as pollution, and humanising and democratising urban spaces (see for example Foglesong, 1986).

Moreover, planning is essential in creating a beneficial framework that allows markets to operate effectively. This is the argument that runs through this report. For the moment, we can note that this includes, but is far from limited to, protecting the rights of existing property owners while acting as a democratically-legitimate means of ensuring social and environmental benefits that society deems worthy of protection or promotion.

Some commentators thus see planning as compatible even with contemporary ideas of ‘market freedom’ (Klosterman, 1985; Adams and Watkins, 2014). This is not the same as saying that planners should succumb to the market. Rather, planning can be *market enabling* since planners help to constitute and shape markets (Adams and Tiesdell, 2010). Even in this context, it is possible to achieve progressive and profitable planning solutions (Campbell et al., 2014). So, helping to deliver development need not involve short-circuiting planning processes toward fast approvals, irrespective of whether they produce poor economic as well as social and environmental outcomes for society. This perspective is critical to the arguments in this report.

This perspective on planning also echoes some contemporary understandings of the role of the state in the economy which have garnered considerable attention in academic and policy circles over the past few years. For example, Mariana Mazzucato (2013) has pointed to four serious consequences of thinking that the only role of the state is to correct ‘market failure’: it allows all of the direction setting in policy to be solely the role of the private sector; it makes it difficult to measure the real value of government activity; it severely limits the capacity of public sector institutions and limits useful public-private partnership; and it prevents a fairer distribution of the risks and rewards of economic activities (this latter point is a serious issue in the area of land ownership and rent seeking,

for example.) All of these drawbacks reduce the innovative and productive capacity of the economy as a whole (Mazzucato, 2015).

### 1.3 The evolution of planning

Overall, in the UK planning's regulatory function has remained relatively stable since 1947 (the year of the foundational Town and Country Planning Act), even though there has never been a time when all interest groups and policy-makers have been entirely happy with the planning system. Subsequent changes to planning largely derive from broader political debates between a typically more interventionist left and a less interventionist right around the role of planning in regulating a market economy (Ward, 2004).

Yet, rather than being purely ideological, change has tended to emerge from the state of the economy at the time, and flowed from one government to another with a traceable lineage between each. This is important to understanding how planning has continually been affected and shaped by the political and economic contexts in which it operates. Five key phases of evolution in the history of UK planning can be identified. Recognising these helps us to understand how we have ended-up with the planning systems and practices we have today.

#### *Pre-War planning*

What we now consider to be 'urban planning' grew out of various housing and public health acts and local byelaws of the mid- to late-nineteenth and early twentieth centuries. These were largely aimed at improving living conditions in urban areas for the working class. As well as having a moral rationale, these interventions reflected evidence that unsanitary conditions and the poor health of a large portion of the working population resulted in significant economic and social costs. There were also fears that such conditions could lead to serious social disorder.

By the early twentieth century there were growing public calls to control urban sprawl and to improve the aesthetics and amenity of urban development. There was a need to deal with a housing crisis, to build a stronger national infrastructure, and to boost Britain's industries particularly in declining industrial regions. It became accepted that these critical social, economic and environmental concerns at the local and national levels required a stronger form of government intervention to secure the benefits of planning.

#### *Post-War consensus (1947-1979)*

After the Second World War, Keynesian macroeconomic management successfully challenged the laissez-faire basis of the prolonged depression of the 1930s. The planning system created in 1947 set about tackling the issues of urban and regional development through two key interventions: nationalising private development rights (creating development plans and requirements for planning permission); and through creating a betterment tax to ensure that the uplift in the value of land allocated for development could be invested in public infrastructure. These were accompanied by other interventions such as the New Towns Act 1946 (which allowed the government to designate areas as new towns and pass development control functions to a Development Corporation), slum clearance and a large-scale housebuilding programme.

The 1951 election of the Conservatives saw a move towards a mixed market economy and abandonment of what had been a problematic betterment tax component. The deeper issue of distributing the value that is created by public control of land allocation and development between the landowner/developers and the public was left unresolved. No political consensus on betterment

tax was ever achieved, with later attempts by Labour Governments to establish a nationally-based taxation system in 1967 and 1974 both subsequently abolished by successor Conservative Governments. Ever greater reliance on the pragmatic solution of 'planning gain' to capture value uplift added significant complexity to the planning system and aggravated conflict between planning authorities, developers and landowners.

From the mid-1950s through to the mid-1970s, the planning system was part of a mixed economy with a strong welfare state that enjoyed sustained economic growth and was generally accepted as beneficial. The 1950s' social and political consensus was for housing, employment and social security for all. The Conservatives were committed to meeting housing needs by large public housing development schemes as well as through private development. This pragmatic form of Conservatism (McKay and Cox, 1979) laid the foundation for the promotion of the Conservative ideal of a 'property-owning democracy' (Pinto-Duschinsky, 1970).

The Labour Governments of the 1960s pursued a positive role for land use and economic planning. They continued with the approach of a mixed economy based upon the popular pursuit of private affluence and increasing property ownership. The system was geared towards the public sector planning positively with developers, marrying profitable development with good planning (Ward, 2004). Private and public sector housing development levels were high and city redevelopment and new town developments continued.

However, by the mid-1960s the planning system was being criticised for delays in the preparation of plans and the eventual quality and social consequences of its results (Prior, 2005). The redevelopment of the inner cities, in particular, led to calls for greater public participation in the planning process. As a result, changes to the system in 1968 introduced local and structure plans requiring public consultation.

There were varying claims from industry that planning was overly bureaucratic (Ward, 2004) and a rising critique from the left that it was undemocratic and primarily served the needs of industry (Hall, 1988). In a landmark study into the effects of urban containment, planning was judged to have become socially and environmentally regressive with urban containment in particular serving the interests of existing property owners and creating unsustainable 'leapfrog' development patterns (Hall et al., 1973). Rather than a 'golden age' for planning, this could be considered as a period of 'fragile consensus' between the private and public sectors, where planning's intervention in private development rights was conditional on a growing economy (Ward, 2004). Planning aligned with government investment helped deliver vastly improved living conditions for the working class and protect the property rights of the middle class in particular, yet planning overall perhaps failed to capture the public imagination Ward (2004).

This fragile consensus would leave planning open to attack. The real economic story of the period was that Britain's economy grew but growth and productivity were still inferior to those of its competitors (including those with strong social democratic planning systems). The 1973 oil price shock triggered a destabilising of the world economy and the collapse of Keynesian economic approaches. For Britain, the effects of this were amplified by deeper structural problems including relatively low productivity and business investment as well as poor industrial relations. The Labour Government of 1974-79 began to move away from Keynesianism. Planning's 1970s 'malaise' (Allmendinger, 2001) and its association with a strong role for the state meant that it was particularly susceptible to the emergence of Margaret Thatcher's radical governments.

### *'Entrepreneurial planning' (1979-1990)*

The period of the Thatcher Governments is synonymous with the reinterpretation of classical liberal economics and a move towards a more residual welfare state. Economic and strategic planning were largely abandoned and replaced by area-based initiatives. Planners were seen as part of a 'regulatory state' that was holding back enterprise.

The planning system was affected in tangible ways (Thornley, 1991). It was modified through the relaxation of regulatory controls, at other times it was bypassed (for example Urban Development Corporations and Enterprise Zones were created outside of local authority control), the role of structure plans (county-level plans) was downgraded (although the role of local plans was enhanced), and all this occurred in a context of local government funding cuts. Despite this, planning did not disappear. Power was redirected towards central government and new quasi-public agencies with the aim of speeding up economic growth, and towards very many district councils. Also, towards the end of the 1980s 'planning by appeal' became persistent, thereby (and seemingly paradoxically) strongly increasing the central state's role in decision-making. However, the role and structure of the original 1947 planning system itself remained largely intact (Davies, 1998).

There are various reasons for the adaptation and eventual survival of planning at this time, despite intense criticism. Government had to re-think regionalism (or the lack of it) as it looked to Europe for regional funds to support economic development. The emergence of the environmental agenda throughout the 1980s also proved impossible to ignore. Political factors were influential as well, as the anti-planning instincts of Thatcherism eventually had to give way to the traditional Conservative vote in the urban peripheries where there were backlashes against planning deregulation and the lack of co-ordination of large-scale growth. Importantly, there were economic reasons too. As the effects of deregulation took hold, industry began to call for a more joined-up approach to government and for the planning system to provide greater certainty to investors and developers.

However, planning was affected by the changing economic role of the state. Industries and public utilities were privatised, public services were subject to cuts in funding and privatisation, and local government was restructured and its powers limited. This occurred alongside the rapid decline of heavy industry and the growth of the service sector in the economy. These were important changes to the political and economic structures of the UK, and planning and the public sector moved away from providing and investing directly, increasingly taking on a steering role, working alongside the private sector. Public sector housebuilding declined severely and from this point on, the private sector was tasked with meeting the UK's housing supply and demand (a task it has never adequately fulfilled).

This broader move away from a strong role for the public sector made planning a more complex task. The social ideals of planning became marginalised and were divorced from the state's (reduced) regional and economic development function. Most importantly, this meant that in the 1980s and 1990s the emphasis of planning was changed (or re-characterised), with its role in market shaping downgraded. Planning became mainly about determining planning applications made by the private sector, rather than setting out in advance how cities and counties would grow and develop. In reality, however, government intervention was still required to allow land and property markets to operate effectively. For example, planning remained essential in guiding public and private investment and funding infrastructure provision, particularly in major urban projects such as London's Docklands.

### *Planning for sustainable development (1991-2010)*

In the 1980s, as planning was increasingly marginalised in the UK, the concept of sustainable development emerged globally. This has since become a policy goal which the planning systems of the UK nations are variously designed to achieve, at least in principle.

The Brundtland Commission (Brundtland et al., 1987) defined 'sustainable development' as "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs." It is a malleable concept that has been subject to differing interpretations in terms of how public policy attempts to achieve the balance between economic growth, environmental protection and social and inter-generational justice.

The Conservatives made moves towards an environmental understanding of sustainable development, within the confines of a pro-market approach. New Labour eventually attempted to merge this pro-market approach with sustainable development as part of a 'Third Way' approach to planning and public policy overall.

From the early 2000s onwards, as a result of the Labour Government's intentions for passing power to administrations in Scotland, Wales and Northern Ireland, the experience of planning began to diverge in different UK nations. For example, since its inception the National Assembly for Wales has had a legal duty with respect of sustainable development. The latest development of this is the Well-being of Future Generations Act 2016; this places a legal duty on all public bodies to put sustainable development as their central organising principle and will have significant implications for the planning system in Wales. In Scotland, this saw planning acts in 1997 and 2006 which introduced new thinking and the National Planning Framework as well as Strategic Development Plans.

Devolution was intended to recognise the importance of English regions as well as UK nations. However, in England planning was 'modernised' in the mould of a regional institutional framework that never really developed (Tewdwr-Jones, 2012). Regional plans without immediate democratic accountability found little popular or political support, at least in the southern regions where housing numbers were most contested.

Planning changes under New Labour were intended to resolve critical issues including housing supply and infrastructure development. The broad aim was to facilitate economic growth and a competitive national economy, while at the same time allowing for greater and more meaningful public participation (Peel and Lloyd, 2006). This meant that planning was (supposed) to become key to joining-up the fragmented British state that consisted of various public, private and quasi-public organisations (Tewdwr-Jones, 2012). Attempts to make development more sustainable and provide faster and more inclusive planning to meet housing and infrastructure needs proved difficult. One of the reasons for this was that the fundamental drivers behind the behaviour of councils, developers and the public (not to mention different parts of government) were rarely addressed.

Looking at the broad outcomes from the period of New Labour Governments, this was largely one of strong economic growth where a changing planning system in England eventually began to help to increase housing and infrastructure delivery, but against a background of increasing house prices and diverging access to housing. It is impossible to know how this might have developed, as the global financial crisis of 2008 led to a sustained downturn in development activity, followed by a new administration. While the actual experience of planning at the time was one of on-going change, the vagueness of New Labour's interpretation of 'sustainable development' was reflected in a planning system that emerged from its low point of the 1980s and 1990s but failed to develop into the dynamic form of spatial governance that some had hoped for.

### *Austerity, localism and economic growth (2010-present)*

In 2010, the Coalition-led reorganisation of planning in England saw a continuation of the rhetoric of planning as a constraint on growth, alongside deep spending cuts to public services. The growth narrative has been pursued, although in reality many of the changes proposed under the banner of 'reform' are directed more at homeowners, potential new homeowners and housebuilding firms rather than supporting industrial and commercial growth per se. The RTPI has, among others, argued that it is important to ensure that the economy is not held back by insufficient and affordable housing in areas of growth potential, and is concerned to monitor where and how sustainable this development is (RTPI/Bilfinger GVA, 2016).

Within a wider public policy context the UK Government has pursued devolution to city regions through city, growth and devolution deals. These would seem to offer the opportunity to seek some closer integration of the public sector within 'places'. However, the links between devolution and urban planning have tended to be less well developed. In effect, despite devolution there has tended to be a continuation of strong central control within English planning – albeit there has been the promotion of planning activity at neighbourhood level.

In Scotland, Wales and Northern Ireland there has been a less ideological debate around planning, and at present the national, city-regional and local approach to planning developed in recent decades broadly remains in favour. However, the future of planning in all the nations remains precarious in an era of public sector funding cuts (RTPI/Arup, 2015; RTPI Scotland, 2015a), and in a context where public (or more accurately, policy) mistrust of the value of planning remains marked. The influence of UK-wide media also spreads messages about England and the political rhetoric around planning to the other UK nations.

This leaves the potential of planning hampered and largely misunderstood and threatened with further erosion. Neglecting the potential benefits of planning is of particular concern in the current era when governments and communities across the globe are attempting to deal with the threat of climate change and the impacts of globalisation, among other major challenges (RTPI, 2014).

However, in England especially, the sustainability agenda has become focused on short-term understandings of economic growth which planning is seen as impeding. While national and local governments elsewhere are turning to planning to improve the liveability and competitiveness of their cities and regions recognising the long term economic, social and environmental benefits this can bring, UK governments seem not to understand the positive contribution of planning to improved urban futures.

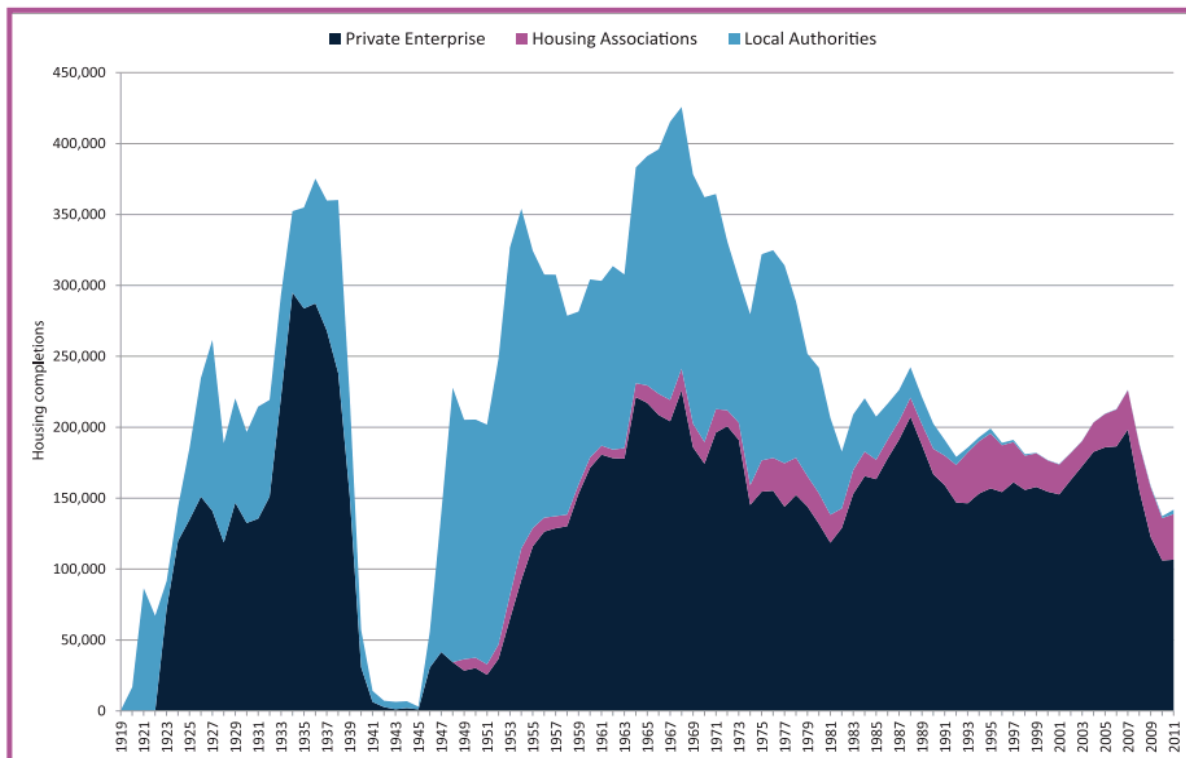
#### 1.4 The limits to recent change: Planning and housing

The current critique of planning (especially in England) is focused on the issue of housing supply, and subsequently housing affordability (as illustrated by Bingham, 2014). However, some commentators argue that, given market structure, skills shortages and a myriad of other factors, it should be no surprise that changes made to planning systems in the recent past have had little impact on the delivery of new housing, as opposed to simply granting more planning permissions (Adams and Watkins, 2014; Challis, 2015). All the same, rising house prices are still regularly framed by many commentators as solely or largely a consequence of 'planning regulation', rather than its effective undermining.

However, as the chart below suggests (Figure 1), one of the outcomes of this planning 'reform' agenda with its reliance on private sector developers is that when left to the market, housing

completions have fallen significantly behind required levels of 240,000 per year in the UK (Barker, 2004). The current reliance on the private sector to meet long-term demand has been undermined by the financial imperative in the housebuilding industry (dominated as it is by large volume builders) to limit output according to the needs of their own business models.

**Figure 1: UK housing completions from 1919 to 2011**



Source: RTPI (2013).

In this context, it is apparent that at times when demand increases, private-sector housebuilders tend to increase prices rather than speed-up construction on sites that already have planning approval and are under development (Adams et al., 2009). Conversely, when demand falls, housebuilders will deploy a variety of incentives to encourage sales, rather than reduce output. As this suggests, housebuilders generally prefer to keep production and sales at a steady rate rather than alter output levels in response to changing market demand. For example, very few of the housebuilders interviewed by Adams et al. (2009), felt that production rates would change even if it was known that a planning authority intended to allocate significantly more land for housing development. As this suggests, corporate strategies within the housebuilding industry may be as, if not more, important than planning policies in determining actual outputs level (see Payne, 2015).

In place of a much broader understanding of what is holding back development (for example see Lloyd, 2013), 'planning' is sometimes blamed for restricting the supply of new housing, resulting in developers paying too much for land and providing a product that does not offer value for money to the eventual buyer (Cheshire et al., 2014). However, this argument ignores the operation of the UK's planning systems and the way they work with land markets and the housebuilding industry. Often, as argued through this report, proactive planning is essential to avoid under-development (see the box-out below).

### **Why pro-active planning is essential to avoid under-development**

It is believed that over a quarter of all brownfield land in England has been vacant or derelict for at least nine years. In Scotland, where more data is available, over 40% of the 11,000 hectares of vacant and derelict land officially recorded in 2013 had been in the same condition for at least 22 years. The continued disuse of so-called 'hardcore vacancy' brownfield sites – land which has been vacant or derelict for more than nine years – can threaten the economic competitiveness of cities, impair the tax base, impede job creation, damage the quality of life and undermine efforts to tackle contamination. Such sites tend to be clustered in older industrial areas and disproportionately affect more deprived communities.

Why these sites remain undeveloped has been insufficiently studied, but the available research suggests that this is due as much to 'institutional' factors (for example, who owns land and the structure of land and property markets) as economic or physical ones (Adams, 2015a; Adams, 2015b; also Hutchison and Disberry, 2015). Indeed, economic and physical barriers to the re-use of vacant land (for example, the presence of contamination) can be interpreted as a subset of institutional ones, for example whether developers are willing to pay to clean-up land may be a function of their typical business strategies. Among the most problematic of these institutional factors are unrealistic expectations by owners of what their land is worth, especially when reinforced by conventional valuation practices (this is one reason why land and housing differ greatly from other markets). Paradoxically then, economic upturns can exacerbate hardcore vacancy by encouraging an even greater sense of unreality among owners and developers about what returns are achievable.

Nottingham Eastside is one such example of how these issues can inhibit development; over a 25-year period, property developers and investors have come and gone, none of four masterplans have been implemented, decontamination and infrastructure provision has never been completed, and most of the land is still vacant. Planning deregulation does nothing to solve such problems and can often make them worse. Instead, through proactive planning, local authorities should aim to provide the essential place leadership needed to de-risk large-scale private development and enable such sites to be brought back into use.



*Picture credit: Oxymoron.*



In this vein, a study by Shelter and KPMG (Jeffreys and Lloyd, 2015) usefully frames the causes of the current housing crisis as emerging from three intertwined themes that have dominated housing supply for the last thirty years:

1. The market has been unable to deliver a socially optimum number of homes even if developers wanted to;
2. The state has withdrawn from housebuilding and the gap has not been filled;
3. Political incentives focus on increasing demand, rather than supply.

This analysis points to a number of complex and interwoven explanations for the housing supply crisis (see also Lloyd, 2013). Interestingly, in terms of delivering the appropriate number and quality of houses through planning, the authors argue for stronger, well-funded, more inclusive, truly strategic plan-making processes, rather than less planning or simply imposing larger housing allocations in plans. This willingness to consider alternative futures for planning is a theme we return to later in the report.

It is clear that planning systems across the UK have experienced several significant waves of change, which have limited their focus and mode of operation. The last thirty years has seen a fairly consistent direction of travel, explored further in the next section. However, the changes introduced in this period have not delivered the intended outcomes. This is particularly evident when we look at the delivery of new homes. One (often prevalent) analysis in policy circles seems to suggest that these changes have not gone far enough. Here we instead argue that changes have been premised on flawed analysis and, as such, are leading us further in the wrong direction.

## SECTION 2. PLANNING PROCESSES, DELIVERY AND CREATING PUBLIC VALUE

### 2.1 Introduction

As we note in Section 1, some policymakers' statements on planning continue to be replete with the language of 'delay', including the UK Government's productivity plan published in July 2015 (HM Treasury, 2015) and in the accompanying material to the 'alternative providers' pilots in England. This delay is regarded as costly to a range of actors – in particular the developer or applicant, and broadly the economy as a whole. Michael Heseltine's infamous quote of 1979 ("...there are countless jobs tied up in the filing cabinets of the planning regime") was still deemed relevant by him in his 2012 report *No Stone Unturned* (Heseltine, 2012).

Three principal outcomes are identified regarding planning and delay. Firstly, slow planning decision-making is seen to hinder our ability to respond to pressing societal concerns, most recently promoting economic growth and the delivery of new housing. Secondly, and related to this, slow planning processes are viewed as stopping businesses responding to rapidly changing markets and opportunities – they are deemed to be a brake on entrepreneurial activity. Thirdly, delay is cast as a result of 'labyrinthine' planning processes which are viewed as financially costly, not only for businesses who have to negotiate this system, but also for the state in employing planners to police such a system. Planning is therefore characterised in some quarters as slow and bureaucratic – though critiques often tend to downplay the complexities of making long-term, democratic decisions about the future of places involving myriad actors, stakeholders, and interest groups.

Having set out the way in which the planning system has evolved, this section looks in more detail at the practical impact of the current critique of planning, with its focus on delivery and process efficiency. We move on to explore the wider context in which debates on speed and efficiency have been cast, particularly focusing on the dominant ways in which the language of 'delivery' has been used to limit the scope and contribution of planning.

In doing so, we do not claim that delivery, and the speed of delivery, are unimportant. On the contrary, delivery matters a great deal. While speed is only one factor on which planning performance should be evaluated and targets can indeed be counter-productive, it is also the case that some local planning authorities seem to be better organised, better-led or better resourced than others and that decision-making processes can be speeded up without any negative impact on quality (Morphet, 2015). For this reason, the RTPI has argued both for more investment in local planning services, alongside urging local planning authorities to learn from each other and share good practice (RTPI/Arup, 2015).

Rather, our argument here is there have been frequent attempts over many years to speed up decision-making in planning and that these have not necessarily been successful, perhaps because they have focused on the wrong indicators – simple targets rather than management processes more generally, and speed alone rather than speed *and* quality. Instead, we should adopt a better understanding of the complexity of designing fair processes that deliver good, publically-supported development and high quality settlements, and recognise how this serves to challenge rather than support prevailing understandings of the 'problem of planning' by placing it in a much broader context.

In this section we consider how planning might be revalued as a way of delivering public value to society, over and above the myriad, uncoordinated decisions that private development actors are likely to achieve if entrusted with the prime responsibility for place-making.

## 2.2 The speed and regulation of planning processes

Concerns for the speed of planning decisions are not new and have been around since the 1930s (for example, two months was determined as the decision-making time in the 1932 Town and Country Planning Act; see also Booth, 2002). But despite a succession of changes to the ways in which decisions are taken (for example, the introduction of ‘minor’ and ‘major’ applications as a means to introduce different targets for decision-making in the early 1980s), these concerns have not died away. This is evidenced by numerous enquiries, notably that of George Dobry in 1974, the House of Commons Expenditure Committee in 1977-8, and more recently the Killian-Prety Review of 2008. Overall, the broad thrust of these changes has been based on the assumption that ‘slow’ planning decisions are costly, and that the quicker the decision, the better the outcome. This is a point on which we will reflect when we discuss below broader notions of delivery and public value.

The framing of delay as a cost arises from an economic position that factors time as a major component of market decisions. This has been particularly influenced through theories based on transaction costs, often in direct contradiction to theories of welfare economics that tend to focus on outcomes (welfare economics seeks to evaluate wellbeing at an economy-wide level). For example, the work of Ronald Coase attempted to show that externalities could be taken into account by markets if transaction costs were reduced to zero (see Chung, 1994). Despite there being no means of reducing transaction costs to zero, many have drawn on Coase’s work to argue for reduced government intervention in the control of externalities. Such arguments tend to view the state as an institution *only* acting as a regulator of spatial decision-making, in a process that necessarily introduces increased uncertainty and temporal delay, and thus further transaction costs, into the development process.

It is important to note three things about this argument. Firstly, the ‘transaction’ that takes place is defined narrowly in terms of the developer and the space that is to be transformed, not a wider negotiation of *public value* – broadly, the wider benefits to society (this is a point that the RTPi has made recently in relation to the UK Government’s proposal to pilot ‘alternative providers’ to process planning applications in England, see RTPi, 2016a). Secondly, viewed from this perspective, the very existence of a planning system becomes an obstacle that inevitably inhibits the transaction (in the next section however we also note that transaction cost analysis can be used to *support* planning). Thirdly, since delay is characterised as *the* problem, this excludes consideration of longer-term costs outside the transaction. Pushed to its extreme, this becomes an argument against any kind of planning, or indeed any state regulation.

This is also reflected in Hayekian and new institutional approaches to understanding planning (see section 3.4), with their focus on the inefficiencies of government regulation compared to ‘more efficient’ market regulation. Ultimately, this leads to the time taken for planning decisions to be considered as the *primary cause* of inefficiency in housing markets. For example, Michael Ball argues:

“...planning delays play an important role in generating poor housing supply responsiveness, because it takes a long and uncertain time to gain approval for building, even when projects conform to planning guidelines.” (Ball, 2011, p.360)

A key criticism of many studies of delay such as this, is the narrow focus on timescales of decision-making with little appreciation of how other aspects of the market can contribute to slow performance (such as the supply of credit, developer behaviour and structure, and broader land market operations). They take the highly theoretical view that markets are inherently efficient, and are only made inefficient due to state intervention. However, it is very difficult to identify the precise

costs of planning delay, due to the problem of defining 'delay', measuring it and accounting for other factors inhibiting development (Keogh and Evans, 1992). Indeed, some elements of the planning process which formally are viewed as a delay might actually speed the ultimate decision:

"...proposals that involve extensive negotiations after they are submitted may, as a result of that process, lead to the grant of permission rather than refusal. The period taken to obtain permission may be longer than would otherwise be the case, but the developer has avoided the need either to go to appeal, which would involve even larger delay costs, or to submit an alternative proposal." (Keogh and Evans, 1992, p.688)

Another serious weakness in this line of thinking is the assumption that the wider state itself has no role in land and development. Even in periods of reductions in public spending, the state, its arms length bodies and regulated companies obviously exert enormous influence in land markets, for example in building and operating roads and utilities, railways, surgeries, hospitals and schools.

It can be argued then that simple estimates of the economic cost of delay do not represent either the complex reasons for delay, nor factor in the social, environmental and economic *benefits* of planning. A number of studies have sought to counter this narrow view of market performance with broader analyses of market failure (see for example Burgess et al., 2014).

In unpacking debates on the speed of planning and the nature of the planning process, we need to explore the origins of the idea that delay is a major failure. The first point to note here is that there is no widely agreed hard and fast definition of 'delay'. Philip Booth notes that when the House of Commons Expenditure Committee investigated this issue in 1977: "There was ...no attempt to define what was actually meant by delay" (Booth, 2002, p.315).

The best proxy for a definition of 'delay' are the targets for making decisions (dominant in development management, not yet as significant in plan-making, but emerging), which set goals for local planning authorities against which they can be measured, rewarded and punished. These targets have become dominant features of planning life in local authorities, cemented through Best Value Performance Indicators introduced in the 1990s (Hull, 2000). The targets recognise that all planning applications and development plans require some time to collect and consider relevant evidence upon which decisions will be made, otherwise crucial elements might be missed, leading to poor decisions and a long-term legacy of low quality development. Nonetheless, targets and timescales are viewed by some as useful, as evident in this quote from a council planning director:

"Actually lots of [development control] decisions are not straightforward – you have to ruminate, consult somebody, check something and the tendency in your life is because you are always too busy to put things to one side – something comes in tomorrow that is more urgent and so you get side-tracked – so for me, the great benefits of those targets is that it keeps the teams sensitized to not putting them on that par for too long but coming back to them so you don't see things drift." (Council director, quoted in Tait, 2011, p.162)

Despite the value of targets as a behavioural incentive (see section 4), it is difficult for different parties to agree upon a satisfactory timescale for decision-making. For example, the applicant seeking planning permission may want a quick decision, but a community group trying to organise a response may wish for longer. A long-standing critique of targets and 'target culture' is their tendency to produce perverse outcomes and attempts to 'game the system'. Refusing applications without entering negotiation, and asking applicants to withdraw their applications and then re-

apply, have all been cited as behaviours encouraged by time-based targets (Audit Commission, 2006).

This raises a second issue: that time may not be the only factor driving decision-making. A key consideration may be the outcome of the decision rather than the process taken to reach it. This is a concern for a public process such as planning, which may deny individuals permission to build, even if the decision has been reached quickly:

“The danger about going for upper quartile [performance] slavishly is that you can end up doing a number of things. You can take bad decisions inevitably. You can do premature refusals. What does the applicant value? Consent— well you can’t always have it!” (Senior officer, quoted in Tait, 2011, p.162)

Furthermore, the notion of ‘bad decisions’ raises the question of the quality of the built environment that is regulated through planning processes. Speedy administrative decisions may lead to poor quality environments, which in turn incur longer-term costs (Carmona and Sieh, 2004). In contrast, high quality environments can save or reduce some of these costs, to take one example, how planning and regeneration have been used to deliver economic benefits to the residents of The Gorbals in South Glasgow (RTPI, 2015a).

In practice, performance management regimes have become a central part of the wider cultural transformation of local government and the public sector, and many public sector planners have come to accept the imposition of various forms of ‘delivery’ targets. However, researchers and professional bodies have also regularly pointed to the limitations of attempts to measure the performance of planning systems purely or largely in terms of the speed of decision-making or the quantity of outputs. As a result there have been recurrent (but perhaps so far largely ineffective) attempts to find more holistic ways of measuring performance (for example Wong et al., 2008). In Scotland, for example, the Planning Performance Framework developed for the Scottish Government by Heads of Planning Scotland contains a range of qualitative and quantitative data which to some extent creates a broader basis for evaluating performance.

### 2.3 Broader reflections on delay and process inefficiencies

One of the hallmarks of debates about delay in planning is the narrow definition of the actors affected by planning. Most discussions tend to focus on the developer or applicant for planning permission and the planner as the key actors in the process of decision-making and therefore the key ‘customer’ of the planning system. However, this too narrowly confines the scope of debate about the wide range of people and organisations with a stake in planning decisions.

Ultimately, the transaction cost analyses discussed above tend to focus on a restricted range of factors that determine the timing of decisions, rather than fully exploring the underlying reasons for delays. Where these reasons are explored, a narrow range of theories is frequently used. A common presumption drawn upon in many government accounts relates to the bureaucratic nature of decision-making in planning and the economic cost this creates.

The conflation of bureaucracy with inefficiency has a very long tradition, particularly amongst those who have sought the liberalisation of markets from state intervention. In the latter half of the twentieth century, this criticism was given theoretical grounding in the work of Friedrich Hayek, and subsequently public choice theorists. Hayek writing about planning argued that:

“...the suspension of the mechanism of competition and the tendency of any centrally directed development to ossify are bound to obstruct the attainment of the desirable and technically not impossible goal – a substantial and progressive reduction of the costs at which all the housing needs can be met.” (Hayek, 1960 [2011], p.472)

Such ossification is seen by public choice theorists as an inevitable consequence of state decision-making, arguing that bureaucracies tend to reward stasis (Pennington, 2000). Furthermore, bureaucracies, with their supposed ‘impartiality’, also fail to capture the needs of those with the most pressing claims. Within the field of planning, this might be deemed those with most to lose from a planning decision, which is often narrowly interpreted as the applicant for a planning permission. In this (new public management) view, planning is a service with distinct, narrowly-defined customers to be served. The rhetoric of ‘delay’ builds on this view of local and national government as the provider of services to the applicant (a householder, business or developer) as the customer, with these customers seeking speedy responses, and with an attendant proliferation of targets and indicators to police this system. This points to a wider set of questions that ask what, and for whom, is planning seeking to deliver, and what role should the state play in this delivery. It also operates within a very narrow view of the local state, which is certainly not accepted in many other countries, and has not always been accepted in England either.

#### 2.4 The role of planning in delivering development

The concerns noted above about the speed of decisions have tended to pitch the planning system against the concept of an efficient, self-regulating market that, if freed from its constraints, would be able to more rapidly deliver development. The repeated use by UK Government of the somewhat dated figure of £3 billion as the ‘cost’ of planning indicates such a line of thinking, as it is solely derived from an analysis of the time taken by decision-making. Yet planners themselves have often argued that a central part of their expertise is the knowledge of how to actually *get things done* so that plans don’t just sit on shelves (Thomas, 1998). We therefore want to move on to discuss how a discourse of ‘delivery’ has more recently become closely connected with attempts to change planning. We argue that the rhetoric and reality of ‘delivery’ reveals the limitations of a narrow managerial concern for delay.

This is not to argue against the importance of delivery, but to suggest that it has been misinterpreted and misused in relation to planning, and that recognising planning’s proactive and creative role can allow us to once again understand ‘delivery’ properly.

As argued above, for many years governments have viewed the key role of planning systems being to ensure the delivery of a sufficient supply of land to allow the market to function with minimum distortion or disruption. When the language of delivery is used in this regard it is usually doing at least one of two jobs. Firstly, it functions as part of the critique of the failure of planning to deliver enough quick decisions. Secondly, it works as a way of managing how we think about and carry out ‘planning’, allowing the setting of targets against which delivery can be measured and in relation to which various incentives can be designed to foster improvement.

In both cases, the assumption is that it is relatively easy to understand what the planning system can and should deliver, reflecting and reinforcing a narrow view of planning as a regulatory activity whose chief purpose is to enable a relatively unfettered free market to generate economic growth and meet society’s need for different types of development.

This has been most striking in relation to debates about housing supply in England, with planning dominated by a preoccupation with the speedy delivery of the 'housing numbers' required to tackle shortages of supply. As we go on to explore below however, there has typically been much less debate about the *quality* of the development that is subsequently produced or its contribution to promoting high quality, economically, socially and environmentally sustainable settlements (though occasional initiatives such as the Scottish Government's place agenda have arguably sought to ask some of these questions, see for example Adams et al., 2010). Nor has there been any discussion around the location of development, despite this being one of the fundamental reasons for having a planning system in the first place (which is to say, to channel development rather than 'ration' it). To counter this, the RTPi has recently examined the location of planning permissions in England (RTPi/Bilfinger GVA, 2016). In the next two sections we therefore consider what is actually involved in ensuring the 'delivery' of development, arguing that this is far more complicated than its narrow managerial uses allow.

## 2.5 The challenge of delivery

As described above, the contemporary politics of delivery tends to be based on the assumption that the timely grant of 'planning permission = development = growth = the public interest'. There are undoubtedly some situations where this logic holds true, but it relies on an undifferentiated and simplistic equation of both development and growth with the public interest.

The managerial discourse of delivery has become prominent at a time when the challenges of coordinating delivery of most of the infrastructure and services that society requires have become much more acute. In an era when market freedoms are understood by some as the most effective path to prosperity, successive waves of state restructuring have outsourced, privatised, and deregulated the provision of public goods and services. As the box on the following page illustrates, these changes mean that power and responsibility for addressing many complex social challenges has become increasingly fragmented, requiring new forms of coordination between actors arrayed across the public and private sectors and in civil society (including professional planners located in an increased variety of different institutional settings).

This complexity has been recognised in extensive debates about the decentring of the state and the emergence of new forms of so-called 'networked governance' (Newman, 2001). Whilst planned delivery of public goods like housing has always been to some extent networked, these shifts have challenged the role of the state to move from the role of provider towards that of an 'enabler', coordinating or steering the actions of others to help shape desired outcomes.

Despite this seeming fragmentation of capacity however, there continues to be an expectation that the state can and should ensure the delivery of public goods and services. Indeed one of the key consequences of the dominance of liberal economic thinking has been that the politics of responsibility (and attendant blame) for delivery and the realities of the actual power to deliver have diverged, often in ways that further undermine confidence in the capacity of the state (including the planning system) to control what is actually delivered.

### **Planning for waste: A complex and uncertain activity**

Traditionally, dealing with waste (whether from households, industry, or elsewhere) has been a matter for local authorities. Planning for waste treatment up to the 1990s consisted largely of finding landfill sites, often in ex-quarries – described by Davoudi and Strange as a ‘filling holes in the ground’ approach (2005 p.494).

However, the introduction of EU waste regulations and rising concerns for the sustainability of burying waste meant increasing concern for reducing, reusing, or recycling materials. The new approach to dealing with waste involved more complex decisions about how it was to be treated and where treatment was to take place. This raised difficult spatial planning questions about regional self-sufficiency and how to treat waste closest to source. In particular, waste management involves difficult regional and sub-regional decisions between net waste exporting and importing local authorities. Alongside this, the management of waste treatment was becoming increasingly outsourced to large private companies who were seeking to fund new infrastructure, but increasingly through nationally-decided PFI credits (Marshall, 2013).

Planning within this context therefore involved a multiplicity of private and public actors, European, local, regional and national authorities, all taking decisions about highly contentious local proposals, such as waste incinerators. Davoudi and Strange (2005) argued that ‘controlling or even steering the complex, fragmented, and often competing interests is increasingly beyond the capacity of the state as an agent of authority’ (p.497).

Nonetheless, attempts were made through regional planning bodies from the early 2000s to provide some coordination, though this was frequently patchy and still left significant decisions to be made at the local level (Marshall, 2013). In England, the abolition of regional assemblies and other regional planning bodies from 2010 further fragmented a complex picture, with waste strategy solely made at a local level in waste local plans.

Coordination across borders is now required through the ‘duty-to-cooperate’, though the evidence as to how effective this is in resolving contentious disputes about strategic planning issues is thin (see Boddy and Hickman, 2015, for a review with respect to housing growth). New national planning policy has been released, providing a slightly clearer policy context, but one in which many local decisions are still made in an unclear and often politically contentious context.

The current public-private system of waste management remains not only complex, but also frequently sub-optimal. Whilst rates of disposing waste in landfill have dropped over the past 25 years, much of this drop is due to increased investment in incineration, rather than significant rises in recycling. Indeed, recent research has indicated that the financial requirement to have a supply of waste to incinerators over their lifetime may be stalling efforts to reduce, reuse, and recycle waste (Farmer et al., 2015).



What might be a more productive approach to ‘delivery’? Places are the outcome of multiple decisions made by various actors about where to invest, develop, live, work, rest and so on. Good places manage to combine these functions in ways that people value and which allow them to live well. Good planning should therefore include enhancing the qualities that people value about places (Healey, 2010).

Planning systems exist to provide society with a space in which to debate and determine what kinds of development and growth should be pursued in the public interest. In place of focusing on narrow measures of speed, the value of planning should be measured by its ability to improve the quality of development and to bring forward more development in the right places, thereby creating the conditions for socially responsible and sustainable forms of growth (Adams and Watkins, 2014).

However, there is rarely agreement about what this entails and how it should be done. Different actors have different interests and levels of power to influence how settlements change. Planning is therefore necessarily political. As a result, good planning seeks to create inclusive processes within which the value of development and its contribution to the future of places can be evaluated, alongside increasing the benefits and reducing the costs of such development. In situations where those futures or the consequences of development are contested, planning processes might also be part of a process of social and democratic learning (Healey, 2010).

It is critical that the intrinsic value of planning as a space for this kind of debate (and indeed, increasing the inclusiveness of this debate) is not lost in an instrumental search for ‘delivery’. This requires robust political and democratic processes that are able to manage the deeply-held views and entrenched interests that often characterise debates about place, land and property.

Coordinating and sustaining the provision of place-based infrastructure and services is inevitably a complex challenge, particularly in an era of sectoral fragmentation where many organisations do not take responsibility for the spatial impacts of their strategic decisions (for example, employers, health care and schools providers and so on). This was explicitly recognised in the RTPI’s advocacy of a spatial planning approach during the 2000s, which sought to revive ideas of planning as a force for integrating the place-based impacts of public and private sector decision-making (RTPI, 2001; RTPI, 2007; Tewdwr-Jones, 2004).

Subsequent and sometimes contradictory shifts in political direction have undermined this agenda in England in particular, preventing it from becoming widely established in practice. Serious cuts in local government budgets combined with the effects of further changes have also increasingly limited the capacity of local planning authorities in England to contribute to anything other than the maintenance of statutory services, reducing their ability to take on a more expansive role in local place-shaping (RTPI/Arup, 2015), although it can also be recognised that city and city-regional devolution now offers some significant new opportunities for spatial planning.

It is unsurprising then, according to a survey of RTPI members in England, that:

- nearly three-quarters (73 per cent) think that constant changes to planning have hindered their ability to deliver good places;
- more than half (53 per cent) think that these changes have hindered housing development;
- nearly 70 per cent think that they are less able to deliver the benefits of planning compared to 10 years ago.<sup>1</sup>

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<sup>1</sup> Online survey of RTPI members conducted 29<sup>th</sup> June to 1<sup>st</sup> August 2016; 420 respondents.

It is also important to acknowledge that good places come at a price. The provision and maintenance of various forms of infrastructure and services including housing, schools, transportation networks, access to employment, open and green spaces, sports and leisure facilities, retail and so on can be expensive and require both capital investment and ongoing servicing (Edwards, 2015). Good places are also designed to adapt to future economic, social and perhaps above all environmental change, often requiring additional up-front costs (see for example the case study of Cranbrook below). But investing properly in places from the start saves money in the long-term and will tend to create higher long-term property values and more sustainable forms of development (see RICS, 2016; RTPI, 2015b).

### **Case study: Cranbrook, East Devon**

Cranbrook is one of the major projects that form the Exeter and East Devon Growth Point. It is a new community being developed to potentially accommodate over 7,500 new homes over the next 20 years. Over 1,000 homes have been built and are occupied, and outline planning permission has been granted for 3,500 further homes. Cranbrook is an infrastructure-led project, with a programme of improved transport infrastructure including new roads, a railway station, bus routes and cycle paths, as well as district heating, new schools, health centre, shops and a community centre being delivered at the earliest stage possible to enable the settlement to develop as a community from the outset.

Proactive planning has enabled sustainability to be put at the heart of the project. The South West Regional Infrastructure Fund (RIF) set up by the then South West Regional Development Agency as a fund for infrastructure provision. The principle was to help provide forward funding for infrastructure provision that would unlock projects and realise development potential in the South West. The fund worked highly successfully in combination with the Exeter and East Devon Growth Point Partnership. While the partnership brought together a delivery team of private, public and civil society interests, the RIF helped to forward fund three critical pieces of infrastructure: the main access road, a new by-pass, and the first primary school. The funds are then repaid on a roof-tax basis.

Cranbrook demonstrates the role that the public sector can play as a risk-minimiser to kick start key developments. Its current rate of construction and sales outpaces many comparable developments. The partnership is another example of how public and private sector interests are more likely to achieve their aims by working together and improving the efficiency of development. Cranbrook was shortlisted for the RTPI Awards for Planning Excellence 2015, in the Delivering Infrastructure category.



*Picture credit: East Devon District Council.*

The model of development in the UK, however, tends not to account (willingly) for the cost of the additional infrastructure and services required to produce high quality places and may also struggle to provide much infrastructure at all, except as a result of some quite long-winded negotiations. In the case of housing, the model typically involves private developers securing finance to construct new dwellings in order to immediately sell them on the open market (Edwards, 2015; Adams and Tiesdell, 2013; Colenutt et al., forthcoming).

In the past, the state would often seek to meet the costs of infrastructure. However, in recent decades public resources have been restricted and this has become less common. As a result, attempts to extract contributions from developers have become a key means of delivering the infrastructure required. The result of this process has often been development that misses opportunities to enhance place qualities or to ensure that the needs and interests of all in society are met. This raises issues of equity. Those who occupy existing homes have their needs provided for, but people moving into new homes have to meet their own needs though higher prices. In practice this is complicated by the fact that the price of new homes is determined by the price of second hand homes which do not carry infrastructure costs (but perhaps should). The scope for developers to finance infrastructure is quite limited, unless some action can be taken on land prices.

Even in designated growth areas such as Milton Keynes and the South Midlands, it can be unrealistic to rely too much on private housebuilders to pay for advance infrastructure (Cochrane et al., 2013). According to one local authority officer interviewed for Cochrane et al.'s research, against a target contribution of £38,000 needed from each dwelling to provide the necessary infrastructure, developers were reluctant to contribute any more than £20,000 per dwelling even before the 2008 downturn. The study found that: "The consequences of relying upon receipts from sales of new market housing were serious, particularly for the creation of affordable housing, and for 'quality' issues in general ...housebuilders were increasingly seen to be reluctant to contribute to the provision of the infrastructure required to deliver the sustainable development set out in core strategic documents" (Cochrane et al., 2013a, pp.793-794).

There are wider questions around the infrastructure issue. Supporters of limited developer contributions often argue that infrastructure spending is really a minor matter compared to land price per dwelling. Another line taken is that there would be no problem granting a great deal more housing permissions because the land value realised would easily pay for infrastructure. This cannot be guaranteed.

There is also a further aspect: how the land values generated by better quality development is generated and distributed over time (see also section four). Up-front investment in higher quality and more sustainable places enhances the long-term financial value of development (Barnes, 2013). However, at present much of this uplift in value is realised diffusely by subsequent owners and occupiers and does not accrue to the developer. As a result, there is a need to rethink the ways we as a society invest in and develop the built environment.

## 2.6 Delivering public value

We urgently need new and innovative methods to assess the *public* value of better places, and determine what role the state should play in delivering this wider concept of value. The role of public goods and services in underpinning the *economic* value of good places (expressed through higher prices) is however widely acknowledged – good public schools, transport networks and attractive open spaces for example have significant impacts on local property values. Finding better ways to measure this should be a priority for research.

Work on the downstream healthcare savings that can be made from up-front or ‘preventative’ investment in healthier built environments also point towards strong arguments for taking seriously public investment in the planned production and maintenance of better quality built and natural environments (Marmot, 2010) and also in ensuring that development happens in health-friendly locations which encourage and permit active travel and transit use (RTPI/Bilfinger GVA, 2016). A similar argument can be advanced for dealing with the spatial consequences of other major societal challenges, including for example the future impacts of climate change (Stern, 2006) and escalating inequality (Wilkinson and Pickett, 2009).

At present however, the capacity of the public sector to generate long-term value through up-front investment in the built environment is not widely enough understood or accepted (Adams and Watkins, 2014). Where such value is generated it tends to be regressively redistributed to those private households able to exercise choice in the market. Meanwhile, negative externalities that are generated from failure to invest in high quality places are subsequently borne by the public purse (for example through higher healthcare costs) and those households unable to afford to choose (a number that is increasing substantially in some parts of the UK as the price of land and property rises, generating serious challenges for the maintenance of a productive economy, see for example Edwards, 2015).

### *Alternative ways of delivering public value*

One means of countering the narrow conception of market actors has been to view planning as serving a far broader array of stakeholders. In particular, ‘collaborative planning’ (Healey, 2006) has sought to identify who has a stake in a place and include them in planning processes. This has moved planning to a more positive role, not as an arbiter between customer and state but as an activity that creates spaces in which the multiple future wishes of those involved in a place get resolved. This has the potential to draw out the multiple timescales to which different actors operate, and open up discussion of the future of places we are planning. For example, the timescale to which a small business seeking to expand its premises may be significantly different from an infrastructure provider or large landowner with long-term plans for investment.

Further, infrastructure provision often works most effectively when guided by clear, strategic planning (Marshall, 2012) – a position seemingly at odds with the analysis of those advocating the diminution of planning as a ‘cost to business’. Therefore, collaborative planning seeks to enable a broader understanding of place-shaping as a complex set of interactions that unfolds over time, and in so doing it draws on one of the principal concepts of sustainable development: that it is future-oriented, with a clear focus on the needs of future generations (Campbell, 1996).

The principle of sustainable development enables us to place our immediate concerns and needs into a longer-term perspective, and thus has significant potential to shift debates on planning. Nonetheless, whilst the language of planning is full of references to sustainable development,

discussion tends not to engage critically with its future dimension, seeking instead narrow and static conceptions of balance between the economic, social, and environmental.

Nonetheless, collaborative planning has tended to start from the assumption that its fundamental role is to set out a process for decision-making, with less appetite to agree in advance certain foundational values. This has been deemed by some to leave collaborative planning open to the play of power, and its planning processes subject to capture by powerful players who set the terms of debate (Flyvbjerg, 1998).

Others have criticised collaborative planning for its lack of concern for societal goals such as justice and consequent non-communicative processes such as the redistribution of wealth (Fainstein, 2010). However, of more relevance to this section is the difficulty of factoring in future generations' needs within immediate collaborative and deliberative exercises, leading some to argue that a concern for more foundational values that should guide planning is required if environmental and social gains are not to be short-term and symbolic (Hajer, 1995; Earle and Cvetkovich, 1995). Finally, of more practical relevance is the difficulty of generating meaningful public debate on proposed developments on unoccupied land, as illustrated by analysis of developments in Stratford, East London, and Zuidhus, Amsterdam (Fainstein, 2010):


“Both Stratford and Amsterdam Zuidas pointed to the difficulty of gaining citizen involvement in planning when the project did not impinge directly on people's lives and when the future occupants of the site were as yet unknown.” (Fainstein, 2010, p.162)

This points to a need for planning to account for future needs, within a framework that is not merely based on technical forecasts, but that generates public debate about the impact of decisions taken now, both on a wide range of groups and over a long timescale.

This section has argued that planning should play an important role in helping society to deliver better places. However, we have also shown how a narrow and problematic focus on 'delivery' has been used to alter decision-making processes in the hope that this might tackle the perceived problem of delay. By highlighting the complexity of delivering high quality settlements, particularly in the face of a development model that is not set up to support such efforts, we have presented an alternative to this narrow rhetoric of delivery, suggesting that society has much to gain from re-considering the various ways in which planning systems might help to underpin the delivery of public value.

We have argued that there are thorny problems associated with developing better processes for long-term planning of new development. The crux of the problem arises from tensions between public and community-based planning and private decision-making. The private ownership of land and assets traded on an open market has formed the bedrock of development in the UK, and since the 1970s has been strongly supported by governments reticent to interfere in market processes. This has led planning to become residualised as an arbiter of private and sectional interests, seeking to balance developer and community desires, with the aim being to do so in an 'efficient' manner that does not hinder the broader functioning of the market. The focus on the speed of decision-making in planning further reduces it to a regulatory burden, rather than recognising its role in the long-term development of places.

As we discuss later however, there are means by which a more positive role for planning might be developed. Some of these identify ways in which the state, either at national or city and county level, can develop better ways of securing long-term public benefit – from more far-sighted policy-



making, to undertaking its own development. However, communities may also be regarded as having the long-term interests of places at their heart, and mechanisms such as neighbourhood planning, Community Land Trusts and garden city style development may generate more equitable, sustainable communities. Public, private and community-led models of planning offer different options based on competing account of human action – whether it is better to trust the aggregation of individual decisions in a market to fulfil human needs, or whether rational endeavour and ultimately careful planning (done either by the state or community) can better produce environments that meet the needs of all in society. We will return to these issues in section four, after first exploring how planning processes can and do add public value.

## SECTION 3. REALISING THE VALUE OF PLANNING

### 3.1 Introduction

As a result of its methodological limitations, much of the prominent economic analysis of the impact of planning needs to be treated with caution (Adams and Watkins, 2014). Furthermore, these limitations are exacerbated by the tendency of these studies to view planning as a very narrow set of regulatory activities. When we combine more pluralist modes of economic analysis with a broader conception of planning, the resultant analysis has the potential to reveal numerous important ways in which planning has the potential to help generate valuable social and economic outcomes.

This section builds on that contribution by seeking to elaborate the ways in which different modes of analysis reveal how planning helps to realise value. Specifically, we seek to show how planning influences demand and supply in complex but positive ways, helps secure welfare benefits, can reduce transaction costs, shape behaviour to realise positive societal outcomes, and can modify (by reconstituting) markets to enhance the capacity of actors to operate in the public interest. In short, how planning can deliver better development.

### 3.2 Enhancing supply and demand through planning

Mainstream economic analysis tends to focus on the interaction of supply and demand. In theory, this provides fertile territory in which to assess the costs and benefits of planning. Unfortunately, much of the economic debate around planning has concentrated almost exclusively on a very limited interpretation of the costs of planning's impact on the supply-side and has tended to ignore other supply-side effects, let alone the important impact of planning on the demand side.

It is high time this bias was corrected with a more rounded view of what mainstream economic analysis can offer in accurately assessing the costs and benefits of planning. This section therefore first investigates a broader range of supply-side influences, before seeking to unpick what is meant by 'demand' and how it is affected by planning activities.

#### *Supply-side influences*

The planning system has put final decisions on the use of land within a democratic context. This means there may be less development than would otherwise take place in certain localities where society has decided that development would be inappropriate or should be managed. It also means there may be more development in places (such as where there is sufficient infrastructure, where landscape quality is poorer or where city land can be reused).

However, it is not sufficient to describe the constraining activity in relation to designated places simply as the 'costs of planning'. It also reflects important democratic choices around societal values. Thus, while for example the eight restrictive corridors intended to protect views of St. Paul's Cathedral in London have been charged with increasing the costs of development (Cheshire and Hilber, 2008), "An alternative reading is that such 'costs' are in fact the 'benefits' of living in a society where unwanted developments can be contested in public rather than dictated by politicians and developers" (Haughton et al., 2014, p.286). Focussing solely on 'constrained places' also fails to take account of the places where planning has *promoted* development.

We therefore need to move the debate beyond artificial pigeonholing of the costs of planning, however seemingly sophisticated the econometric calculations, and attempt some serious analysis



of the comparative balance between the costs and benefits of planning and of how this might impact differently on different groups in society.

Unfortunately, for over a decade little work has been undertaken on measuring the social benefits of steering and facilitating development in some places alongside and steering it away from others. Some studies (for example Willis, 1982; and more recently Eftec and Entec, 2002) used contingent valuation methods (CVM) to discover people's 'willingness to pay' to keep land undeveloped. On this basis, such work estimates the present per hectare value of a city park at £10.8 million, compared to £177,000 for green belt in the urban fringe and only £20,000 for intensive agricultural land (Eftec and Entec, 2002).

However, CVM estimates need to be interpreted with care (Barker, 2006a), even though data problems and bias in results do not necessarily explain the large differences in valuation between different types of open land. They may not capture other important economic benefits derived, for example, from reductions in commuting or the protection of high-quality agricultural land. We urgently need up-to-date estimates of the social benefits of keeping land undeveloped, but based on a broader methodology than CVM able to take account of a fuller range of factors.

The supply of land can be as much constrained by locational or physical factors as by planning restrictions. It can also be constrained by lack of transport infrastructure or insufficient transport capacity. In neoclassical location theory, the highest and best use will gravitate towards the point of maximum accessibility, which was originally seen as the central business district, but might today be considered to be an important motorway junction at the urban periphery. Accessibility is then often created and enhanced by planning actions.

Moreover, when planning acts to improve spatial arrangements at points of maximum accessibility, for example through promoting city centre redevelopment that enables greater or more efficiently-arranged floor space to be created at locations in high demand, it will produce direct financial benefits to local and national economies.

As Whitehead and Monk (2006) argue, where planning successfully improves the spatial organisation of economic activity in places where land is in short supply, it will enhance resource allocation, thus producing increased demand and higher land prices. A similar impact may result where planning restricts or even removes uses that have harmful effects on their neighbours, such as scrapyards located next to residential development. As this suggests, planning has much potential to improve the overall quantity and quality of development land, and any fair assessment of the supply-side impact on planning would acknowledge this. Unfortunately though, some critics neglect to measure the net welfare impact of the planning system (see for example Hilber and Vermeulen, 2016, p.391).

Following this, development projects can be impeded by other critical supply-side constraints well beyond planning. Contamination and other physical constraints, for example, can be especially significant in regeneration areas. Once planning is properly defined to include stimulus actions as well as regulatory ones, its contribution to bringing brownfield land back into use through remediation and other forms of treatment has undoubtedly been very significant.

The detrimental impact of ownership constraints on land supply has also been widely studied (Adams et al., 2001). Supply, even over the longer term, can be impeded by owners who keep hold of land as a kind of option because of uncertainty over the future, who have a particular attachment to the land or who speculate on future price rises (Evans, 1996).

In some cases it might be difficult for owners to ascertain what might be a fair value for their land; sites can be unique and there can be a limited number of comparable transactions to go on. Further, in a surprisingly high number of cases, land with permission for (further) development may be in the control of firms that are not builders, such as owner-occupiers, investment funds or historic land owners (Molior London/Greater London Authority, 2012). More broadly then, as has been suggested (by Lloyd, 2013, p.26):

“Blaming planning exclusively for land scarcity ignores the fact of concentrated land ownership in some areas, and the incentives landowners have to hold on to sites, hoping for a change or reversal in planning policy. Ultimately, this approach misunderstands the nature of land markets: we have a planning system because the right bits of land are inherently scarce, not the other way round.”

There is however evidence of the capacity of planning to promote development through resolving such supply-side ownership constraints. For example, in 2014 the City of London Corporation authorised compulsory purchase action under planning powers to enable a 39,000m<sup>2</sup> new office development to proceed at Fenchurch Street “after the leasehold owner of one of the properties on the site, occupied by the Elephant pub and offices above, demanded ‘twice the appropriate’ price to sell up, throwing the scheme ...into jeopardy” (CoStar, 2014). As shown in many of the case studies included in this report, planning is capable of, and should, open-up development opportunities. To reduce supply-side constraints to regulatory planning restrictions on new housing at the urban fringe constitutes an almost deliberately misleading analysis of how planning as a whole potentially influences land supply.

#### *Demand-side influences*

Turning to the demand side in mainstream economic analysis, it is important to consider the impact of planning on the source and nature of demand as well as on the product demanded. Specifically, as far as property is concerned, demand differs between the user and investor markets by both source and nature.

So in office and retail user markets for example, business occupiers provide the source of demand which by nature is strongly focused on immediate use value. But in office and retail investment markets, the source of demand comes primarily from financial institutions whose interest is in long-term investment value. Occupiers and investors may see different costs and benefits in planning, especially as use and investment value do not necessarily move in sequence. For example, there is evidence that investors rather than business occupiers may experience the most benefit from proactive town centre policies since they help reinforce long-term investment value (Jackson and Watkins, 2007).

As residential investment markets mature, similar differences may well emerge. However, in owner-occupied residential markets, where the user is also the investor, the costs and benefits of planning may be viewed differently in different locations and by different people depending on whether they are looking to enter the market for the first time, move on through it, or remain in their current property. Since planning may thus impact differentially on different market participants, neoclassical analysis could usefully accord greater attention to the distribution of planning costs and benefits between different social groups.

An important related research challenge for neoclassical analysis lies in its conceptualisation of the ‘product’ demanded. Econometric modelling reduces this to units that can be readily priced, such as houses or plots of land. But people do not buy a house in complete isolation, rather they look at the

quality of the neighbourhoods, the proximity of shops, parks and so on. Such factors are often rolled up into what modellers call 'amenity value', which has been shown through hedonic analysis to be an important component of overall property value.

But a major problem with such analyses is that once the product demanded is conceptualised as a place rather than simply a house, it becomes much too simplistic to attribute price rises wholly to the costs of planning (rather, the lack of amenities in some areas, which is also to say the lack of planning, likely contributes to price rises in more desirable areas, since the latter are in shorter supply).

Further as government has itself long understood, place is an important public good in its own right:


"...the business environment which places offer can increase the productivity of businesses, while the residential environment attracts the skilled workers they need. Place is becoming increasingly important in a globalising world of mobile investment and people, where business is increasingly locating functions in the place where they can be done best." (DCLG, 2007, p.25)

One of the most important tasks for planning is to fashion places as a whole, to make them more attractive, efficient and workable (for example, the case study of Brindleyplace further below). Such activity can underpin values in particular locations, or indeed right across the city, but has so far not been the focus of detailed econometric modelling, presumably because of the technical difficulty involved. Such benefits should not be ignored simply because they have yet to be measured in this way. In this context, CABE's case studies of large scale urban design from France, Germany, the Netherlands and Switzerland, as well as the UK, emphasised the role of planned interventions in facilitating economic growth since: "Increasingly, competitiveness of places depends on attracting and retaining the right people, which in turn is dependent on providing a distinctive and high quality living and working environment" (CABE, 2010, p.8).

Whilst we would argue for the importance of ensuring that planned interventions benefit all people, what might be modelled as 'amenity value' clearly overlaps with the important objective of any planning system today in promoting place quality: "Planning plays a crucial role in the design, performance and appearance of cities, towns and villages. Good design in planning attracts people, investment and activity to places" (Barker, 2006b, p.132). From a real estate perspective: "Place making is not predominantly about aesthetic quality. Successful places need long term investment, management, stewardship to maintain and enhance asset value" (Tolson, 2011, p.11) – see for example the case study of Upton (further below).

This has an important economic benefit: "Planning over long-term investment periods enables lower cost delivery of new homes, retail and commercial sites based around existing transport capacity" (RSA City Growth Commission, 2014, p.7). This is one reason why, where 'planning systems' have been strongest, in the sense of local planning authorities and public agencies being able to shape and stimulate markets, more homes have been built (Aubrey, 2015; Lord et al., 2015).

Unfortunately, one of the core weaknesses of some recent critiques of planning is that they do not seem able to grasp, let alone analyse, this place dimension. For example, some critiques appear to believe in a false dichotomy between 'people' and 'place', arguing that "one of my repeated policy 'prescriptions' is to remember that ultimately we care about people not places" (Overman, 2015, p.246). Too often, results from econometric analysis are over-dependent on an individualistic analysis that ignore the collective benefits associated with place (see for example RTPI, 2016b; and RTPI, 2015a) and on narrowing the conception of planning simply to market regulation, so ignoring



its broader contribution to shaping and stimulating markets through planning strategies and direct interventions (Lord et al., 2015).

As a result, it becomes all too easy to emphasise costs without properly acknowledging how the benefits of good planning help create demand for and add value to places, thereby reinforcing property prices. Ironically, such limited analysis could well increase long-term development costs were it to lead to the sporadic release of land in locations poorly served by transport and other facilities. While neoclassical analysis can indeed provide a useful framework within which to measure the full range of planning impacts across both the supply and demand sides, this challenging research task seems impeded at present by what appears to be undue obsession with the costs of some narrowed conception of planning activities.

### Case study: Brindleyplace, Birmingham and Gunwharf Quays, Portsmouth

Brindleyplace is a seven hectare redevelopment on the west side of Birmingham – the UK's largest such project. This carefully planned urban renewal has preserved and enhanced the area's canal heritage whilst revitalising it to attract new business and leisure uses. The project has depended on inventive land assembly and creative funding approaches in the context of changing property-market conditions. Masterplanning ensured the effective use of public space and a mix of uses. Birmingham City Council's proactive City Centre Strategy has promoted strong partnerships and demonstrated how a commitment to high quality design can be realised in commercially viable, privately-funded regeneration. Broad Street and Brindleyplace are now home to 300 businesses, providing 12,000 jobs.

Dixon and Marston's (2003) detailed evaluation of Brindleyplace, and also Gunwharf Quays in Portsmouth, demonstrates planning's ability to enhance development products and achieve more varied, better designed places. Both schemes were embedded within longer-term visions for city regenerations that created investor confidence through holistic planning. Both also brought significant economic benefits to their cities, attracting new visitors and businesses.

According to Dixon and Marston (2003: 63), the Portsmouth case study shows "how careful planning of such redevelopment can result in good quality successful places", while in Birmingham, the developer Argent LLP "attribute[s] part of the success of the Brindleyplace scheme to investing in a 'quality public realm' from the outset" (Dixon and Marston, 2003, p.65). As Dixon and Marston (2003, p.65) also suggest, in the absence of strong city planning: "Piecemeal development would not have transformed these areas in the same way."



### **Case study: Upton, Northampton**

It is relatively unusual these days for the public sector to take the lead in developing a new settlement or major urban extension. However, this is what happened at Upton on the edge of Northampton, where from the late 1990s English Partnerships (now part of the Homes and Communities Agency) promoted the development of a sustainable and high quality urban extension comprising 1,350 homes, primary school, community facilities and retail/commercial development.

As landowner and master developer, English Partnerships invested £24.6 million in advance infrastructure before splitting the area into eight development parcels. These were marketed competitively to different housebuilders on a two-stage selection process, involving a judgement first on design and environmental quality and then on financial criteria.

The development has been criticised over the rigidity of the original planning brief, viability and time taken for it to feel complete, but an early evaluation of what well-planned development of this type can achieve found that: "Upton has been particularly innovative in terms of engagement through Enquiry by Design, the large-scale use of a design code and the implementation of a sustainable urban drainage system (SUDS). It also combines traditional urbanism principles – such as traditional streets and a clear front/back distinction – and advanced sustainability principles, with all new homes having to achieve EcoHomes 'Excellent' standard" (Adams et al., 2010, p.161).

This research also found that housebuilders were keen to participate in an exemplar development, both to enhance their own corporate reputations and to benefit from the learning experience offered by the innovative approach taken to development.



*Picture credit: Steve Tiesdell Legacy Collection.*

### 3.3 The welfare benefits of planning

Welfare economists have long explored the potential of planning to overcome market failure, often seen as rife within land and property markets and urban areas more generally. The particular urban focus of welfare economics reached its heyday in the 1970s and 1980s with important contributions made by such writers as Stewart (1973), Oxley (1975), Harrison (1977), Walker (1980), and Willis (1980) (according to Evans, 2003). They sought to establish what actions ought or ought not to be taken through the planning system to increase overall welfare.

This scholarly interest came to an end around the beginning of the 1980s (according to Evans), partly because welfare economics never seemed to be taken seriously by those in planning practice. Nevertheless, important contributions, including those of Klosterman (1985), Oxley (2004), and Whitehead and Monk (2006) have continued to set out a strong case that urban planning interventions can potentially yield significant welfare benefits. These arguments were reflected, to a degree, in Kate Barker's (2006a and 2006b) *Review of Land Use Planning* for the then Labour Government, although they appeared to have less influence on the recommendations than might have been hoped.

A common picture generally emerges from these accounts highlights the potentially significant benefits that planning can realise in reducing negative externalities, promoting positive ones, ensuring the provision of public goods, overcoming 'the prisoner's dilemma' and tackling adverse distributional effects (see Adams and Tiesdell, 2013, for detailed examples). Increasingly however, market failures are regarded as a subset of broader co-ordination failures (Bowles, 2012). As a result, planning is expected to enhance economic welfare by integrating and co-ordinating development to a much greater extent than would happen if left entirely to the private sector. Such benefits can arise within a plan-led system because "it ensures that development is brought forward in a co-ordinated manner. It provides for infrastructure to be planned in a way that facilitates development and for planned infrastructure to be used optimally" (according to Barker, 2006b, p.18).

Here, Cochrane et al.'s (2013a, p.794) study of recent major housing growth around Milton Keynes and Northampton is again instructive, revealing the reluctance of major housebuilders to contribute to broader infrastructure costs created by their development. This surprised local planners who had rather naively and optimistically expected "that sustainability would be delivered by rising land values." In a separate paper, the authors highlight the complexity of delivering major urban extensions that typically require land assembly, land reclamation, costly infrastructure (roads, schools, public transport, open space, local labour schemes and so on); they cannot be simply bolted on to existing settlements. They also require long planning timescales – masterplans, consultations, design briefs for individual sites, involvement with other partners both public and private, and establishment of area management vehicles. The fact that they have been designated sustainable extensions implies higher standards and more complex co-ordination of agencies and financing (Cochrane et al., 2015, p.7).

The authors argue for strategic planning to be well connected to the co-ordinated delivery of major development, if ever significant increases in housebuilding are to be achieved. The most important welfare benefits to be gained from planning today are thus likely to be produced from effective co-ordination and integration of major development, in which the traditional welfare economics concerns with externalities, public goods, the prisoner's dilemma, and distribution impacts can all be subsumed. Crucially, while welfare gains from planning are often expressed in increased social benefits and reduced social costs, they often also increase private benefits and reduce private costs, whether for producers or consumers of the built environment.

Nevertheless, welfare economics remains more of a theoretical than practical influence on professional planning work (as Evans, 2003, intimated). An important reason for this is that there are few readily available tools to enable planners easily to measure social costs and benefits in particular circumstances. Alongside this, the theoretical implication that net social benefits should be taxed, at least where evident as 'betterment' created by urban development, has given way to the more pragmatic and arguably less efficient solutions of planning gain and infrastructure levies.

Without easily applicable methods of measurement, planning is often left to assert that it produces significant welfare benefits, but is unable to evidence this. This needs to be tackled to enable a more explicit focus on welfare benefits achievable through planning. To date, these benefits appear to have significantly under-valued and arguably have not been realised to the extent that might be possible. This is surely the crux of the future research agenda around the value of planning.

### 3.4 Reducing transaction costs

New institutional economics provides a framework within which to enquire whether and how planning might increase or reduce the transaction costs of development. New institutional economics is best applied to help identify the type of planning approach that "is least costly and in that sense efficient (rather than deal in theoretical optimising ideals)" (Gibb 2012, p.136-137). But even here, since the purpose of planning is usually seen by its practitioners as the pursuit of the public interest, rather than necessarily to achieve this with low transaction costs, some might suggest that enhanced spatial quality or broader community participation in decision-making are benefits that well outweigh any transaction costs incurred (Buitelaar, 2007).

As discussed in Sections 2.2 and 2.3, transaction cost economics is often used to critique planning, but it can equally well be deployed to support the case for planning. Innovative research by Webster and Wu (2001) puts transaction cost economics to good effect in comparing likely outcomes from different ways of allocating the property rights to development. They contend that "the institutions of a legal planning system emerge in response to the transaction costs of solving land-use problems outside a formal constitution" in the same way as Coase (1937) saw "firms emerging in response to excessive transaction costs between unincorporated agents" Webster and Wu (2001, p.2040). Using cellular automata (CA) simulation, they contrast what is likely to result from a theoretical simplification of the British-style development control system, where development rights are assigned to the community, with an alternative approach, where landowners retain development rights but are willing to accept compensatory payments from the community to achieve socially optimal land-use patterns and densities. Their results show that "the stylised British development control process acts like a decentralised locational pricing system and, by definition, yields a superior land-use pattern than any other style of planning system ...The total social product in the urban land economy is greater when the community holds rights over development (Webster and Wu, 2001, p.2040).

Although exploratory in nature, Webster and Wu's work demonstrates how new institutional economics can be used to evaluate planning outcomes as well as planning processes. Alexander (2001) also emphasises that, by assigning development rights, planning helps create a more stable institutional environment for real estate markets. He points to planning's potential to reduce the transaction costs of development by managing neighbourhood effects and bestowing greater certainty about the future. Barker (2006b) too emphasised the positive economic outcomes that planning can deliver through offering investors greater certainty.

In this context, Webster and Lai (2003) contrast markets as institutions that potentially reduce individual transaction costs with government policies and regulations that potentially reduce



collective transaction costs. They argue that while the transactions costs of managing land use through government intervention can be high, doing so primarily through markets is certainly not costless. As a test, Webster and Lai (2003, p.11) propose what they call 'the combination rule'. This states that: "Property rights will be combined if the transaction costs of co-ordinating resource use via organisation and planning is less than the costs of co-ordination via market transactions." They subsequently deploy the combination rule to argue that the 'orderly consumption of congested public space', for example, is most efficiently achieved through collective action. In such circumstances, the benefits of planned intervention may be just as evident through new institutional economics as through welfare economics.

If some of the most innovative work in the new institutional economics tradition clearly supports the case for the collective management of land use, with development rights vested in the community, this could equally well be achieved under the greater certainty of a European or North American rule-based system rather than under the greater flexibility of a UK discretionary system. According to Farrell (2014, p.71), one of the main weaknesses what he describes as the UK 'free-for-all' planning system is that "everything is at stake each and every time a planning application is made." Community groups, who have fought long and hard to protect land from development and successfully have prevented its allocation for housing in a local plan, might well be delighted with a rule-based system that would prevent any challenge to such a decision until the plan was next reviewed in at least five years' time. But even if developers gained the advantage of certainty in knowing that planning allocations established the principle of development without the need for subsequent applications, would they be prepared to sacrifice flexibility through their current ability to challenge adopted plans, almost before the ink is dry? These are important questions and they deserve thorough research and proper debate.

### 3.5 Shaping behaviour and enhancing capacity

Development is a highly complex process, with many different actors often involved in the pursuit of an uncertain outcome. Planning seeks to intervene within or manage this process to achieve greater public benefit. This often involves substantial negotiations with developers, landowners and others across the public and private sectors, whose behaviour according to an extensive body of research may be neither rational nor predictable.

As noted in section 3.2, landowners, for example, may not necessarily sell to the highest (or any) bidder, but sometimes retain land without development for their own rational reasons. Developers have been known to follow fashion and adopt herd-like behaviour, which serves to exacerbate market volatility (Gibb, 2012). At particular times, the ready availability of credit may be a far more important driver of development, than immediate user demand. All these factors exemplify behavioural deviations from what might be predicted by standard economics models. With its strong interest in seemingly non-rational behaviour, it may be behavioural economics offers as valuable an insight into the benefits of planning as the other approaches discussed so far.

One important concept in behavioural economics of relevance to planning is that of 'anchoring' transactions through setting a reference point that influences the behaviour of market participants. Asking prices for property advertised for sale may fulfil this function, by signalling what kind of bidding behaviour may or may not be considered acceptable. Planning documents may serve to achieve similar purposes both in a direct financial sense and in a broader policy sense. Financially, speculative bidding behaviour will be discouraged on land that is clearly well off limits for development. If farmland comes up for sale in national parks, for example, there is likely to little or no interest from volume housebuilders, whose market behaviour has been anchored by the restrictive planning policy. This keeps prices at agricultural levels and encourages farming to

continue. But this more interesting and potentially more important form of anchoring occurs in a broader policy sense.

Let's say a planning authority decides it wishes to improve the quality of urban design in its locality. It hires new design staff, publishes new design guidance, starts to refuse applications it considers not up-to-scratch, and wins appeals against developers. It can be said from a behavioural economics perspective that a new 'anchor point' has been established. Developers have the choice to look elsewhere or respond by improving the design quality of schemes they wish to build in that area. In weaker markets they may choose the former, but in stronger markets they are likely to opt for the latter.

This was certainly the experience of Chelmsford Borough Council which adopted a much stronger residential design policy from the late 1990s. According to Hall (2011), this changed the behaviour of developers who adapted to the new guidance once it was clear and explicit. Applications were determined much faster and from 2001 onwards, almost no appeals were submitted on design grounds. Hall claims that no developer produced the slightest evidence of any real net increases in cost as a result of the more demanding policy, presumably because they all had used the policy anchor to signal to landowners that they could afford less in bidding for land. He argues that any initial reluctance by developers to comply with the new policy guidance was based more on human and organisational factors than financial ones.

Behavioural economics opens up a planning research agenda that is still largely unexplored. Development plans and the development control process may actually be quite efficient in signalling potential outcomes to market participants. Their behavioural effect might be positive as well as negative, creating anchors that encourage greater interest among developers in potential opportunities as well as deterring wasted expenditure in pursuing projects unlikely to meet with approval. If the case for democratic management of land use is accepted in principle, then it can be argued that an effective planning system conserves resources by advancing signalling of likely outcomes. This argument depends of course on the clarity of that signalling and the extent to which those actors whose behaviour it is intended to influence see value in 'betting against' the system. Such questions will not be resolved without detailed empirical research, but the subtle impact of the planning system on actor behaviour is certainly worthy of such research.

### 3.6 Shaping markets

Some of the most innovative work on real estate markets demonstrates how they are socially constructed by powerful market actors and highly responsive to human devised rules, norms and regulations (see, for example, Smith et al., 2006). From this perspective, it is "entirely false" to view governments and markets as distinctly separate, or to consider that markets are inherently superior to governments, or conversely even to believe that collective ownership is always better than private ownership, since such inflexible thinking "leads to equally false prescriptions" (Oxley, 2004, p.57).

Just as governments are constantly making and re-making markets, so planners should "see themselves essentially as 'market actors' intricately involved in framing and re-framing local land and property markets and hence operating as a significant constitutive element of such markets" (Adams and Tiesdell, 2010, p.188). However, as Adams and Tiesdell argue, if planners are to operate successfully as markets actors and achieve real market transformation, they will require market-rich information and knowledge, market-relevant skills, and in many cases, better connectivity with market networks.

Of course, in many regeneration areas, planning has long been at the forefront of what Healey (1992) describes as the activity of 'creating markets' through strategic development or regeneration frameworks that use public sector vision and investment to rescue weak local property markets, so breeding confidence and co-ordination among private landowners and developers. Here, the state can also re-balance market power and influence the way in which the value and benefits of development are distributed. One of the main weaknesses of econometric forms of analysis that reduce planning to development regulation in order to measure just its costs is that they fail to pick up on this broader activity and thus seem unable to acknowledge some of the real benefits of planning. It is scant defence to argue that much of this activity falls beyond whatever constitutes the currently statutory or legal definition of planning, when conceptually market stimulus is as much part of planning activity as market regulation or market shaping.

An important further benefit of planning lies in its potential to change cultural attitudes and approaches to development, whether from communities or developers. In 2010, for example, the former UK Government Secretary of State for Communities and Local Government, Greg Clark MP, wisely commented that: "When people know that they will get proper support to cope with the demands of new development; when they have a proper say over what new homes will look like; and when they can influence where those homes go, they have reasons to say 'yes' to growth" (quoted in Quartermain, 2010).

### Case study: Development of Norwich Riverside

The development of Norwich Riverside provides an excellent case study of a 'culture of partnership' between a local authority and developer based on mutual objectives and commercial pragmatism (David Simmonds Consultancy, 2004). The partners effectively worked as an integrated team to transform a contaminated former industrial site of some 17 hectares into a major residential, retail and leisure development with associated public realm and infrastructure development.

This was an ambitious comprehensive mixed use brownfield regeneration project on the largest and most significant site that had become available for redevelopment in the central part of the city in recent years. The site was seen as an opportunity for a major expansion of the city centre, but was also regarded as containing a great deal of commercial and investment risk. The project value was around £75 million. The area now accommodates affordable housing, a cinema, restaurants and bars, a major swimming and recreation centre, improved road, rail, pedestrian and cycling infrastructure, and a landscaped riverside promenade.

The project depended on clear but flexible planning policies that carefully balanced the ideals of mixed use redevelopment and planning obligations in a historical city with the scheme's commercial viability. The mix of uses, together with the prominence of the site and the extensive and attractive river frontage, has ensured that the redevelopment has had a major impact on the character and appearance of the city and how it functions. Riverside represents a major new leisure quarter that complements the city centre, with existing public transport infrastructure improved by a new interchange for buses, taxis and cyclists. The development has helped to boost the city's evening economy; its leisure and retail elements are now viewed as a commercial success with operators reporting trade exceeding targets.

This project can be seen as an exercise in both market-making and cultural transformation achieved through a broad range of planning actions – market shaping through a development brief prepared jointly with the developer, market stimulus through compulsory purchase action and public investment in road infrastructure, and market regulation through development control.



*Picture credit: Mark Boyer.*

In contrast, those who naively believe that the current housing crisis will be solved simply by releasing large areas of land for speculative development at the urban periphery seem not to understand that major new development is unlikely to prove acceptable to articulate and politically-engaged local people unless it is carefully managed to produce the necessary infrastructure, services and high quality development. The potential of planning to achieve this is one of the key benefits of planning.

At Norwich Riverside for example (see preceding page), a shared culture of trust and compromise was achieved through a joint commitment to making the development work within the context of commercial viability. This is far removed from the narrow conceptualisations of planning as portrayed by some commentators. The Norwich experience very effectively highlights some of the real benefits of planning and prompts the question of why such action is not more commonplace in the UK, and what can be done to translate some of these positive principles for planning to different contexts.

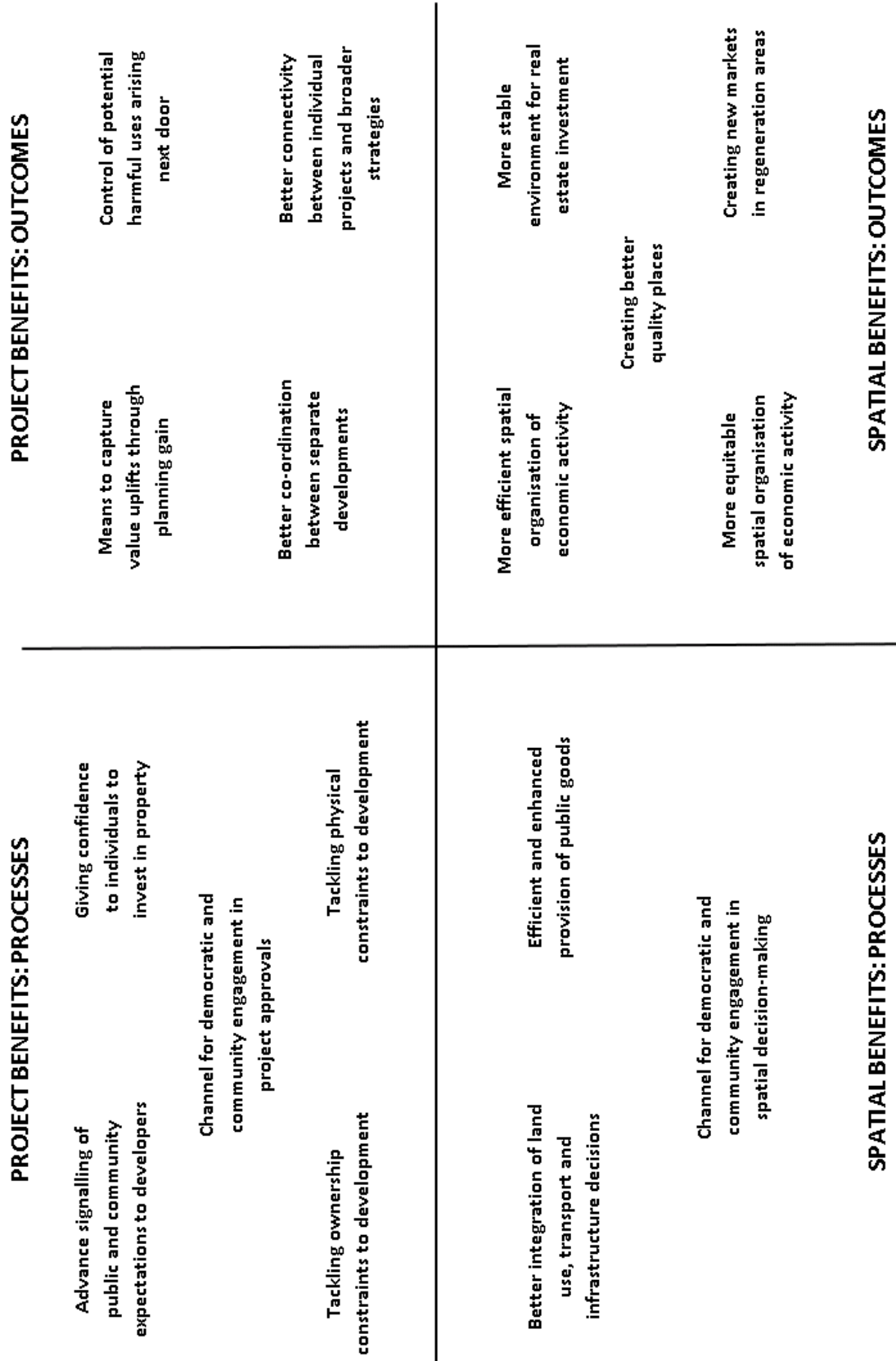
### 3.7 Summarising the benefits of planning

Figure 2 (on the following page) sketches out the potential benefits of better planning at both the project and spatial levels. As noted in this section in particular, some of these benefits have begun to be captured in research, others have not yet been rigorously considered but need to be as a matter of urgency if we are to establish a balanced account of the value of planning.

Whether or not these benefits are actually produced in practice depends on the particular circumstances of the place and planning in question. The diagram is based on a conceptualisation of planning as a broad activity that shapes, regulates and stimulates markets, while building the necessary capacity to do so.

These potential benefits are divided into four quadrants. The upper two quadrants show the 'project' benefits that primarily apply to particular developments or sites. The lower two quadrants show the 'spatial' benefits that primarily apply across the city as a whole, or to particular parts of the city. The left-hand quadrants focus on 'process' benefits of planning, in other words on the gains to be achieved while plans or development projects are in preparation. The right-hand quadrants focus on the 'outcome' benefits of planning, in other words on the longer-term legacy of planning actions.

Figure 2. The benefits of better planning



### 3.8 Conclusions

As we noted earlier, those that have sought to quantify the costs of planning have estimated the burden caused by delays to be around £3 billion and have indicated that the regulatory costs are 'very substantial'. There has been no sustained attempt to estimate the benefits, other than in relation to specific instruments. Crook et al. (2015) indicate that planning obligations have contributed around £10 billion per annum by securing infrastructure, affordable housing and other contributions that markets typically fail to deliver.

The more substantial value that might be attached to planning 'great places' is, of course, methodologically much more difficult to capture, even through the number that might be arrived at is undoubtedly also a very substantial one. As this section has shown, whatever economic perspective is taken, it is not difficult to begin to identify significant benefits from planning. It is thus time for a more rounded debate of the varied impacts of planning, properly defined.

The challenge is to rediscover that type of planning which most enables potential benefits to be realised and costs to be contained. This requires genuine intellectual engagement that is willing to put aside ideologically-motivated and one-sided critiques of planning as a 'cost' without making any real attempts to consider its benefits.

## SECTION 4. THE WAY FORWARD

### 4.1 Introduction

Planning across the UK now stands at a crossroads, between those who wish to continue with more of the same changes that have failed to work (in the apparent belief that these changes have not gone far enough), and those who see the potential of a re-energised, positive, proactive planning that is able to create better places where people want to live and work and businesses want to invest.

It is clear from Sir Terry Farrell's (2014) seminal review of Architecture and the Built Environment in England, commissioned by the UK Government's Minister for Culture, Communications and Creative Industries, exactly where he stands. Farrell argues that since the late 1960s "we have progressively lost our ability to plan" leaving an essentially "reactive planning system" managed by "under resourced planning departments" that offers a "very poor way of ensuring planning and design quality" leaving "random private interests to shape the place in which we live" and "the predictable result, just as half a century ago is a huge mess."

Farrell is also very clear that we now need "to bring about a revolution in support of proactive planning in this country." This means "setting out a vision for a place, not simply controlling development applications." Indeed, "it is only through proactive planning that we can shape our built environment in a big-picture way to meet the social, environmental and economic needs of future generations." By doing so "you save an enormous amount of time otherwise wasted on negativity and criticism of developers" and "ensure that energy and thought go into planning and design in the first place."

In this vein, the core message of this report is that planning in its broadest sense can produce significant benefits, socially, environmentally and economically, but that, at least in the UK, these are not being consistently realised.

The main reason for this, echoing Farrell, is that over the past few decades planning in the UK (and especially England) has been narrowed and under-resourced to such an extent that it has become equated all too often only with the regulation of development projects (important though this is). This reflects the dominance of 'free market' thinking in economics, which has driven wave after wave of planning change. Alongside the weakening of local government in England in particular, this has reduced the potential for a proactive role for the local state, including in local spatial management, and made it much harder to realise the very significant benefits offered by planning. (In contrast, and against a different historical background, Northern Ireland is investing in local government and particularly its planning function with the transfer of planning powers to 11 new councils, though these will still be affected by the general pressures on public sector funding).

However, as we have argued, these changes have failed to achieve the results we want, whether in new housing developments or the economic productivity of our cities and towns, let alone in relation to the health and wellbeing of the public or in preparing for major challenges such as climate change. It is time to recognise that successive waves of change mean that we now have planning systems which struggle to deliver widely-shared economic, social and environmental goals. Indeed, by increasing the complexity of these planning systems and undermining public sector leadership, recent changes have reduced the capacity of planning to deliver, exacerbating the very problem that some policymakers say they want to correct.



The argument in this section is that planning needs to re-focus far more clearly on producing the benefits of which it is capable, and that concerns with process should always be seen as supportive of the main purposes of planning rather than an end in itself. Such a re-focussing will require three fundamental changes of orientation:

1. Planners themselves need to talk much more about how better economic as well as social and environmental outcomes can be delivered through well-planned development, and less about various planning procedures and processes. For example, in explaining what development plans are all about, planners must have the confidence to focus more on how and why these will change spatial patterns of development from what might otherwise have occurred if markets had been left to their own devices, and less on the various statutory procedures that need to be signed off before such plans can be officially adopted.
2. National and local government need to consider the particular powers, resources and expertise that planning services and agencies require to ensure that better outcomes are consistently delivered.
3. In both research and policy, the value of planning needs to be analysed not on the basis of narrow measures of 'efficiency', but on the extent to which planning is delivering the economic, social and environmental value it so demonstrably can and how this might be maximised.

The section proceeds in two parts. Firstly, we extend our argument that current planning systems have become too fragmented and narrowly focused to deliver the full benefits of planning. This has contributed both to increasing the costs of planning to various actors, and to reducing the level of resource available to planning in the broader sense of the word. We do this by highlighting key requirements of an effective planning system, summarising the ways in which existing planning powers might be rethought as tools for realising public value, and suggesting some key ways in which they might be extended and strengthened in order to realise this goal.

Our aim here is to explain that the system needs to be sufficiently flexible to support different solutions in different circumstances. As we note in section 3, there are some circumstances where planning needs to be light touch and private enterprise should be allowed to move apace. In other cases however, the public sector and community interests need to be given scope to play a more significant role.

Secondly, this leads us to a discussion of the sorts of enhanced mechanisms that might need to be deployed to realise greater societal benefits than is currently the case. This is not intended to be an attempt to specify fully what the planning system should look like moving forward. Rather, our goals are more modest. We hope that these tentative suggestions serve to promote a more nuanced and constructive debate about alternative planning futures than has characterised much recent critique and analysis.

#### 4.2 Reviewing planning's powers to deliver public value

In this section we draw on key insights emerging from, amongst others, studies by Adams et al. (2010), Adams and Tiesdell (2013), Adams and Watkins (2014) and Hall and Falk (2013) to suggest some key ways of rethinking the power of planning to deliver public value. These include both ways of rethinking the value of existing powers and further powers that we argue are required to help planning deliver better. The points made below also echo the principles put forward by RTPI Scotland to the Independent Review of the Scottish Planning System (RTPI Scotland, 2015b), that:

the planning system must be both delivery and outcome focussed; planning must be more of a corporate function within local authorities and Scottish Government; the planning system must be more proactive and 'frontloaded' (with earlier community and stakeholder engagement); and the planning system must be resourced to add value (with the funding, systems and skills it requires).

#### *The power of plans to frame and steer action*

When they achieve the right level of political support, plans and strategies have the power to generate shared frames of understanding that can shape the subsequent expectations and behaviour of a wide range of actors across the public and private sectors and in civil society (Healey, 2007). Democratically determined plans with well-organised opportunities for public debate and involvement do so with particular legitimacy.

Generating local political agreement around the goals of a plan or strategy can be time-consuming and difficult. Planners, politicians, developers and the public have all regularly expressed frustration that the legal-bureaucratic complexity of aspects of the plan-making process makes the task even harder. This has led the RTPI and others to express concern about the gradual residualisation of planning services and the profession within local government, highlighting how the statutory planning system has come to be seen as overly-complex and has therefore been regularly by-passed in the development of, for example, major regeneration initiatives (LGA, 2000; RTPI, 2001; RTPI 2016b). It should also be noted that plans in themselves offer no guarantee of successful delivery.

However, if some form of agreement can be reached plans can be an effective way of directly and indirectly shaping outcomes. Such local level agreements can require considerable expenditure of time and energy, particularly in reconciling local needs and aspirations with the often-contrasting requirements of national policy prescriptions (see for example Inch, 2012).

Both the South Worcestershire and Cambridge case studies on the following pages illustrate this in different ways.

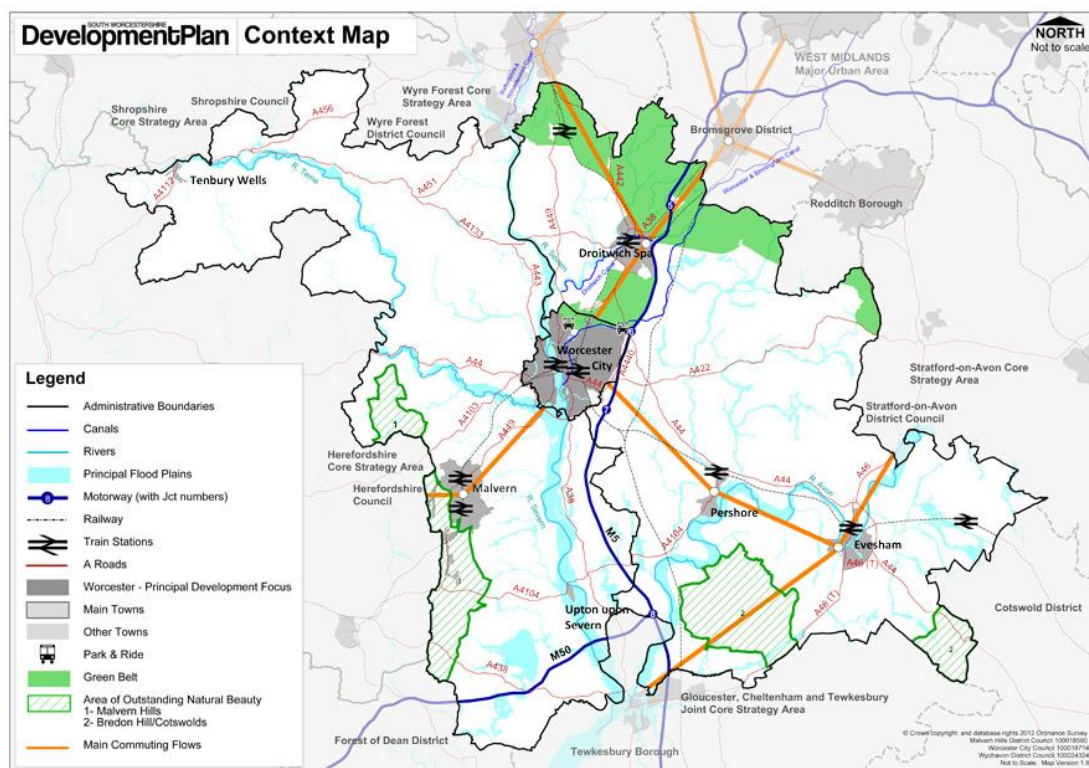
## Case study: South Worcestershire

South Worcestershire offers a good case study of where a high quality environment, including the upland areas of the Cotswolds and Malvern Hills Areas of Outstanding Natural Beauty as well as the Avon, Severn and Teme valleys, might easily have been spoiled by widespread sporadic development in the countryside.

The nature of some small-scale housebuilding where it takes place on greenfield sites is that it can be sporadic and uncoordinated. The significance of a well-resourced and effective development management system is thus of crucial importance in meeting broader aims of sustainable development.

Instead, the South Worcestershire Development Plan has altered development locations by concentrating new housebuilding on strategic sites across the area and by achieving very high levels of brownfield development in Worcester itself (CPRE, 2014). Such redirection of development will undoubtedly have had important market consequences, raising house and land prices in some locations. Planners need to be aware of these outcome implications, and consider them in devising planning strategies.

The broader reflection here is that it is time that econometric modelling moved beyond its tendency to label such market changes simply as the 'costs of planning', and offered a more holistic form of analysis that also tries to measure commensurate social benefits, including as in this case avoiding sporadic, uncoordinated development and protecting attractive countryside.



Picture credit: Malvern Hills, Worcester City and Wychavon Councils.

### **Case study: The Cambridge experience**

A well-established example of strategic spatial planning being used to build and sustain a local level agreement is Cambridge. Importantly, this is also an example which challenges prevailing perceptions that planning is a barrier to economic growth (see for example Monk and Whitehead, 1999; While et al., 2004; Healey, 2007; Hickman and Boddy, 2015).

The so-called 'Cambridge Phenomenon' has been widely lauded as a model of the kind of high-tech economic development that could drive a productive new economy in the UK. Emerging from the 1960s onwards as a result of 'spin off' entrepreneurial activity centred on the city's university, the expansion of economic activity in the sub-region raised a series of spatial challenges as high land and property values, congestion and in-commuting threatened to limit potential growth.

In response, from the mid-1990s onwards a coalition of local actors from across the public and private sectors came together to promote proactive strategic planning responses to these challenges. This led to the reversal of a long-standing commitment to restrain the growth of Cambridge in favour of selective release of green belt land to facilitate the 'sustainable' expansion of Cambridge City into surrounding local authority areas.

This coalition won over local opposition to development by arguing that the sub-region's national and international economic competitiveness could be sustained whilst also maintaining the area's quality of life and highly valued semi-rural landscape. By lobbying national and regional levels of government they ensured that the principle of managed growth was supported in strategic planning policy and could be used to make a strong case for funding to tackle an infrastructure investment gap. High-level and sustained political support for a growth strategy, backed up by various strategies, including statutory development plans, therefore provided a seemingly resilient framework to guide growth pressures and allow local authorities to manage its impacts.

The effective loss of strategic planning under the 2010-2015 Coalition Government, allied with reductions in infrastructure spending have, however, created uncertainty about the future of this local growth compact (Hickman and Boddy, 2015). A further difficulty has been the high price paid for certain sites (including some public land and also some sites purchased at the peak of the market), and consequently the limited remaining scope to fund infrastructure.

Under the right circumstances such settlements can prove very resilient, however where there is a lack of clear political agreement they can also be fragile in the face of countervailing forces. National level policy changes can, for example, be a destabilising factor. It is telling that even recent attempts to renew the Cambridge settlement through the production of local plans for Cambridge City and South Cambridge District have been suspended in the face of doubts about their commitment to the levels of growth now required by revised national policy.

Recognising that the persuasive power of plans and strategies can generate significant and lasting momentum reinforces the importance of ensuring that there are adequate opportunities to democratically challenge and contest the force and influence of local agreements. Balancing the value of good process with the often considerable pressures to deliver new development is an important task in its own right and should not be undervalued.

#### *The power to regulate land-use and development*

Following the nationalisation of development rights, the statutory power to grant or refuse permission to develop is probably the most significant direct means by which UK planning systems can deliver public value. At the same time, development control/management has been generally unappreciated; as the regulatory end of the planning system it has been the key target of changes, despite its central role in implementing the policies and strategies discussed above (Booth, 2003).

Development control powers are reactive and rely on the discretion to determine whether proposals fit with a given local planning authority's agreed definition of where the public interest lies in the use and development of land. The unusual level of flexibility created by the fact that "other material considerations" can outweigh the development plan allows local authorities to take into account a wide range of considerations, and to respond to new challenges and opportunities. It also creates room to negotiate how proposed development might be improved. Equally however, this discretion is often viewed as a cause of uncertainty by both developers and communities.

It is often hard to determine how development management and control add value. This requires tracing what would have happened to places if proposals that were refused had been granted permission, or what impacts would have been generated had proposals not been modified through negotiation, the imposition of modifying conditions or the securing of public benefits through developer contributions. In a plan-led system it would also involve determining what types of development market-actors might have pursued in the absence of planning control. Here the South Worcestershire case study (above) is instructive.

It is important however to begin to demonstrate the value of planning regulation in this way. The protection of key place qualities, for example, is often highly prized but not fully appreciated until it is threatened. In other ways too, a commitment to positive regulation can play a key role in ensuring high quality development. The failure of recent governments to secure adequate space standards or environmental performance from new development, for example, will have substantial negative impacts on people's lives and unnecessarily exacerbate the challenge of responding to future climate change.

Of course, it matters how this regulatory function is operated and it matters that it does deliver these kinds of benefit. Regulation needs to be proportional and efficient, but it also needs to be re-valued for how effectively it can deliver the outcomes agreed in plans. All of this is easier to achieve in a context where there is a political commitment to resourcing regulation to deliver public value. It is also important that all such negotiations are transparent and inclusive. This can be both complex and time consuming. However, it needs to be recognised that it can be time well spent when it results in better development outcomes (particularly when the likely life span of new development is taken into account).

#### *The power to leverage public value from private investment*

A third and related means by which planning processes seek to deliver public value is by capturing a share of the value of private development to pay for key public infrastructure or services. This has

become a vital means of ensuring delivery of the new infrastructure required to mitigate the impacts of development and to ensure that it is properly serviced.

The current system for capturing development value evolved from the 1980s onwards and has expanded to become a key means by which local authorities seek to ensure the provision of affordable housing in particular. In a strong economic climate, negotiated agreements came to be broadly tolerated by both developers and public authorities, despite concerns about a lack of transparency and certainty. Even during these periods however, the levels of obligations did not cover the costs of new infrastructure, and certainly not in areas where lower market values made it less possible to secure valuable agreements. Subsequent changes have sought to introduce greater certainty in England, but changed economic circumstances have also led government to reduce the power of planning authorities in England to successfully impose obligations on developers.

The somewhat ad hoc evolution of the system for collecting 'planning gain' has arguably forestalled any debate about the wider principle of betterment: the principle that since development rights are nationalised, any increase in land value stemming from the grant of such rights is publicly generated and should therefore be recouped, at least in part, for public purposes. As described above, three post-War attempts to introduce a comprehensive system for collecting betterment were all repealed (Cox, 1984). At present the majority of this increase is simply gifted back to the landowner and developer. It is interesting to speculate on the total value of betterment generated since the late 1990s and to wonder what percentage has been captured for public purposes.

A planning system with only weak powers to collect betterment is considerably constrained in its capacity to deliver the infrastructure and services required to sustain high quality settlements or to proactively address challenges that markets cannot address.

#### *The power to leverage private investment from public action*

An alternative mode of leverage involves using public sector land, assets or finance to draw private investment into areas where market-demand is low. A variety of regeneration initiatives in the 1990s and 2000s used public resources in this way to target support to deprived areas. In principle, public investment can help to reduce risk and increase incentives for private developers. There has however been some criticism of the terms under which such 'partnership' agreements have operated directly or indirectly to subsidise the private sector without offering guaranteed or meaningful returns on the levels of public investment involved. It is also important that potential unintended consequences of such intervention are acknowledged, including the displacement of existing uses and users if land values increase.

#### *The power to shape market-action and delivery*

Running through each of the powers described above is the argument that planners could deliver substantially better outcomes through a better understanding of the ways in which planning can and do shape markets (see also Adams and Tiesdell, 2013; Campbell et al., 2014).

As discussed in section 3, different ways of conceptualising markets open-up different possibilities for re-thinking how better development can be delivered. Starting from the premise that markets are socially constructed and that planning systems play an important part in the development process, opens up the prospect that planning can play a part in shaping the kind of markets needed to deliver better development.

Rightly or wrongly, the current structure of the housebuilding industry in the UK today, for example, is frequently described as a perverse effect of the nature of planning regulation. The high cost of land has led to the emergence of large companies that trade not on the quality or quantity of the housing that they produce but on underlying land holdings that they strategically develop and dispose of to ensure a balance between risk and profit (see Payne, 2014). As described above, this is often ill-suited to the production of high quality settlements (Colenutt et al., 2015).

The challenge then is to think how planning powers could more effectively work to influence the delivery of more and better development by private actors. Historical and international experience, all underline the importance of generating patterns of long-term investment in the development of places (Adams and Tiesdell, 2013; Hall and Falk, 2013). Continental northern European models of public sector land assembly provide instructive examples of ways to pay for and guarantee delivery of high quality infrastructure and development, creating the conditions for long-term stewardship of settlements (Hall and Falk, 2013). Lower levels of 'standard' housing developer profits in many northern European nations, alongside higher quality space and environmental standards, also suggest the potential benefits that could be gained by shifting developer interests away from high-risk speculation in land and towards a focus on producing high quality homes (c.f. Edwards, 2015). However, this may well require acceptance of a much higher level of land allocation in general, to reach the levels more commonly seen in comparator countries.

#### *Enhanced powers to overcome the limits of market-led delivery*

As Rydin (2011, 2013) argues, the planning powers described above are typically premised on reactively securing public value from private development activity. They therefore rely on being able to create opportunities for profitable development and success is typically associated with increased land values. This however leaves the planning system relatively powerless in contexts where opportunities for profitable development are limited. It also means that the planning system struggles to respond to the needs of those who have little purchasing power in the market (Challis, 2015). In some areas this can mean that lower value uses are displaced as a result of development. In other contexts it means that there are few means available to improve place qualities or create new opportunity for excluded communities (TCPA, 2013).

Any attempt to overcome these limitations will require public sector resources to be thought about in very different ways, creatively redeploying assets to target support and opportunity in particular areas. Subsidies offered as part of regeneration partnerships as described above offer one model, but have not always ensured good public return on investment. If public assets have regularly been used to try and lever in private investment, there has been much less experimentation with their use to support community-led development. Coin Street in London provides an example of how successful such an approach can be in securing lasting community benefits (Brindley et al., 2006). Support for community energy schemes likewise suggests alternative means of productively using public assets to support alternative, sustainable local economies. An appropriate planning response may be to protect land uses that might not generate highest land values but play an important public role (for example community leisure facilities), particularly to those unable to afford access to privately-provided facilities.

#### *Re-organising delivery?*

One final consideration is how the organisation of delivery might be re-thought to strengthen planning's ability to use these powers. Neoclassical economics and the managerial version of delivery are both typically deeply suspicious of the 'irrational', distorting effects of politics and are therefore prone to argue that local democratic control should be 'tempered' by economic logics.

Professional planners often share similar concerns about the consequences of plans and decisions becoming politicised. This might lead to a tendency to side-line participatory and representative democratic control over the use and development of land.

The argument we have presented here however is that democratic steering of spatial change should be central to the planning project. Democratic processes need to work across different geographical scales to account for the varied impacts of decisions. Strong local authorities working to generate a compelling vision for the future of their locality should be valued as a key element of effective planning. In this regard it is important to promote experimentation with various deliberative techniques to explore how the democratic legitimacy of plans and decisions can be enhanced.

Working within the basic framework of a commitment to local democratic accountability however, other delivery models might be deemed appropriate in particular circumstances. For example, where substantial development is proposed single purpose delivery vehicles have often been created to exercise wide-ranging planning powers, including compulsory purchase, land assembly and disposal. This was the case for the development of the New Towns. Evaluations suggest the new towns represented good value for money and in some cases were highly profitable, showing the capacity for public investment to be used to create future returns whilst also developing fully functioning settlements (DCLG, 2006). Subsequent incarnations, including Urban Development Corporations were, however, criticised for their lack of democratic accountability and capture by private development interests, highlighting again the need to carefully balance the imperatives of delivery with full democratic involvement and steering (Imrie and Thomas, 1999).

Underpinning all of these modes of delivery is an argument that effective planning can generate considerable public value by intervening to shape the various actions and decisions that determine how places develop and change in the long-term. Central to this, however, needs to be a stronger argument about the ways in which value is realised, captured and distributed through planning processes. In particular, proactive planning that contributes to the creation of successful places requires the ability to generate up-front investment in order to realise lasting long-term value. In the final part of the section we go on to explore some potential alternative futures for planning in the UK.

### 4.3 Alternative futures

The preceding sections sought to highlight that we need a less fragmented and less-process oriented planning system if we are to fully realise the potential benefits from better planning. This section sets out to identify a number of means by which planners might work to integrate longer-term perspectives into planning decisions. We have divided these alternatives into three categories: one largely focused on state-led approaches to addressing future needs; another that is focused on community-led approaches to developing places; and one which that has a greater private sector orientation. Within these, the role of planning (seen as a broad set of shared place-based organising activities) is fundamental to achieving long-term, sustainable change.

#### 4.3.1 Public sector leadership

##### *Policy integration and prevention*

It has been widely recognised that much government activity in Western liberal democracies tends towards short-term management of pressing needs, often driven by a lack of integration across different fields of intervention. Immediate political priorities, a perceived need to respond to media stories, the relatively short cycle of elections, alongside 'silo' thinking have all been identified as



contributing to governance failure (see for example Boivard and Löffler, 2009). One response to this has been noted above, that of new public management with its attempt to make government more 'customer-focussed'. We have also discussed its shortcomings, most particularly in relation to its focus on short-term goals.

An alternative (or perhaps variant) approach to new public management, which is of relevance to planning, revolves around ideas of policy integration and prevention. This approach seeks to move from managing inputs and policy-making processes towards identifying goals, outputs, and impacts of policy intervention. Different service providers, agencies, and government bodies come together to identify shared goals, which they will then seek to achieve. In particular, the focus is on targeting resources to achieve the best long-term outcomes, rather than managing resources to minimise current spending. This focuses attention towards an investment approach, in which spending now yields long-term benefits, or at least minimises later problems from arising. A clear example is spending money on public health campaigns that will only slowly change behaviours, but which yield significant savings for health services over the long-term.

One of the most high-profile attempts to move towards a 'prevention' approach has been in Scotland through its 'preventative spend' programme, implemented by a range of organisations including the Scottish Government, local authorities, and other agencies working in Community Planning Partnerships (see Matthews, 2014). A key goal has been to identify how early intervention might minimise the chances of problems developing over the longer term. In England, this has been taken up (in part) through the government-funded Total Place, an initiative undertaken before 2010 that sought a 'whole place' approach to delivering services, and worked to meet planned outcomes (identified by communities) rather than managing discrete initiatives and projects. The role of planners within these initiatives has been relatively small, with much focus on health outcomes. Nonetheless, there are clear opportunities for planners as much of this work requires expertise in developing long-term plans that view places in their totality, drawing on emerging work to re-link public health and planning (RTPI, 2014b). Further, housing, a traditional planning area of activity, is widely viewed as critical in health outcomes (for example, Marmot, 2010).

Nevertheless, the design of such 'prevention' initiatives is complex and has been fraught with problems in some locations due to difficulties including: defining appropriate long-term outcomes; measuring the impact of current spending on long-term societal outcomes; having to prioritise certain communities and groups for spending; and securing political agreement beyond electoral cycles (Cairney and St Denny, 2015). As Blyth (2014) has shown, preventative approaches also suffer from the double challenge of requiring not only flexibility of budgets between sectors, but also effectively between generations. The devolution of NHS spending in Greater Manchester, for example, theoretically offers opportunities within a city region to try to address preventative spend; this will be a big challenge due to the reasons noted, but enabling decisions to be made closer to people provide the best context in which to try this.

#### *Long-term public institutions*

Many of the difficulties noted above of implementing prevention policies revolve around how institutions are designed to deal with short-term rather than long-term priorities. This raises the possibility of new forms of institution that are able to embed long-term concerns, moving beyond the timescales of election cycles. At the simplest end of the spectrum is the setting-up of programmes and projects that engage in forward-thinking or horizon scanning. In the UK, this has been dominated by the Foresight initiative, which has produced reports on *Land Use Futures* (Foresight Land Use Futures Project, 2010) and is currently investigating the future of cities.

However, such initiatives tend to produce one-off statements about the future, rather than engaging with topics over time.

An initiative which has sought to develop long-term thinking on a topic was the Royal Commission on Environmental Pollution, which was set up in 1970 but closed in 2011 and produced 29 reports over this period, tracking how governments, business, and civil society have contributed to, and addressed, pollution. In addition, it stimulated policy changes and new legislation. Susan Owens notes that one of the key features of the Commission was its ability to develop “a collective identity and an institutional memory, so that the Commission acquired a purpose as *a Commission*, and an agency that could endure over time” (2012, p.19, emphasis in original). Nonetheless, Owens also notes the challenges of sustaining the meaningful impact of such commissions in an increasingly fragmented policy making environment, a point also made in the Oxford Martin Commission for Future Generations (2013).

This raises clear challenges and opportunities in the field of planning for creating new institutional forms that are both able to respond to a complex, changing world, but also sustain a long-term focus on delivering sustainable development. In particular, linking future thinking and horizon scanning projects to tangible strategies with clear implementation strategies has been challenging, but may also hold a role for planning as an activity that is inevitably concerned with the future of places, yet also has a statutory and institutional framework in which plans can be implemented. Whilst much has been written on the difficulties of implementing plans and strategies (and some of the failures in the field of planning, see Hall, 1980; also Healey, 1983), opportunities also arise in viewing plans as more broadly ‘social’, rather than land use documents, potentially enabling a wide range of actors, from health services to community groups, to focus their energies on shared activities to change places.

This requires plans to be more broadly framed than they often are. There is some evidence that local plans have become narrower mechanisms for identifying land for housing over a five year period, rather than long-term, integrative documents that identify the conditions and actions required for achievement of long-term vision. Such elements of plans, when they are produced, are less likely to undergo rigorous testing than housing site allocations which form the main reason for these documents to be found ‘unsound’ (NLP, 2015).

#### *Place-making through public management of land supply*

A final public led approach to long-term planning involves the building of new towns. The state’s land holdings (or ability to buy land) coupled with its ability to raise finance, plan, procure and manage development can make it an effective developer. However, the critical advantage that the state holds in long-term place making is its engagement in the ongoing management of places, through service provision, and management of spaces, facilities, and infrastructure.

One significant example has been the 32 new towns in the UK, which sought to develop successful settlements over the long-term. These now house over 2.7 million people in the UK, equal to 4.5 per cent of the UK population, being promoted, developed and managed by a unique, long-term, single purpose New Town Development Corporation. Most were funded through Treasury loans used to purchase land, with profits from sales of housing and rental income ploughed back into community facilities and further development, as well as repaying Treasury loans. In this way, an element of land-value capture was possible (see TCPA, 2014), and for the early (Mark 1) new towns the purchase of land at near existing use value and leasing at higher, developed use values enabled them to repay the Treasury loans quickly, and thereby generate surpluses for government. Later (Mark 2

and 3) new towns were not as quick at repaying loans, but nonetheless the whole £4.75 billion Treasury loan book was repaid in 1999 (ibid).

The ongoing management of new towns was perhaps not as successful, as the individual New Town Development Corporations were wound up on the completion of physical development and passed assets to the Commission for New Towns. Subsequently, assets were also passed to local authorities and housing associations, and re-investment in maintenance and community facilities was not always prioritised, squandering some of the long-term benefits that might have accrued from reinvesting surpluses in the new towns themselves (ibid). Nonetheless, the new towns proved that long-term planning (over a 40-50 year period) and setting up institutional arrangements for ongoing management could develop significant numbers of houses in a sustainable and people-focused manner. Whilst a programme on the scale of the post-War new towns may not be politically or economically feasible, this experience does raise the possibility of learning how publically-owned land might be better utilised over the long-term.

#### 4.3.2 Private sector leadership

There are undoubtedly circumstances where the private sector ought to be supported to lead on large-scale development. We are not advocating that large tracts of land are given over to volume builders to deliver the sorts of bland, modern new build developments that many critics rail against. However, running through this report is the idea that public regulation and powers can and should be used to shape and reward more progressive and responsible developers, and to discourage short-termist or speculative practices. There are useful lessons from initiatives such as Urban Regeneration Companies, Urban Development Corporations and Enterprise Zones that demonstrate some of the ways in which barriers to development can be removed in order to facilitate market activity. Indeed, there may well be circumstances where large-scale development sites are treated in a manner that has parallels with other major infrastructure. To date, the UK has not yet explored the full potential of a variety of different private-led partnership models.

### Case study: Fairfield Park

Fairfield Park in Bedfordshire is a former NHS hospital with extensive grounds, where ten different housebuilders have created a new residential community of 1,200 new homes. Unlike so many similar developments where large sites are split up between different builders, Fairfield Park appears as an integrated development, with common 'Victorian-style' design, well-planned roads and pathways, primary school, retail store, recreational areas and extensive landscaping. The development has a strong sense of community, and houses command a premium above similar properties nearby.

From the start, the local authority, Central Bedfordshire Council, insisted on a masterplan and design code, which were both crucial in shaping the development. Two lead developers then established a joint-venture company, Fairfield Redevelopment Ltd, which took responsibility for infrastructure provision, before selling serviced parcels to individual developers, who built houses in accordance with the design code developed by Tetlow King Planning. Among other awards, one of the developers, Linden Homes, has been recognised for its work at Fairfield with a Building for Life Gold Standard award.

The individual developers knew that the price they had paid for their respective parcels included what equated to a membership fee to cover their fair share of the infrastructure costs. House purchasers pay an annual service charge for the maintenance of the public realm to a management company, the ownership of which will be transferred to the residents once the whole development is complete. The institutional framework thus involved private contractual action by which individual housebuilders (and eventually house purchasers) shared the cost of infrastructure, with incoming residents taking long-term contractual responsibility for the maintenance of common areas (see Adams, Croudace and Tiesdell, 2011).



*Picture credit: Steve Tiesdell.*

### *Establishing competitive markets*

There are a wide-range of different possible models for private sector-led initiatives. At one extreme, there are considerable possible benefits to be realised where, within the context of an appropriate masterplanning framework, large-scale development sites could be opened up to market forces. Here, the development of the site would be subject to a different planning process where, for instance, planning issues are addressed not via development control but much earlier in the preparation of the masterplan that effectively assembles land, zones or creates covenants to develop. On these sites, which are most likely to be in parts of the country where there is high demand and acute housing shortages, private developers could be allowed the freedom to deliver new homes, by competing on quality, building and design standards, and price. Some thought would of course need to be given to how we might ensure that supply is not constrained by the slow build-out rates widely observed prior to the last downturn (see Adams et al., 2008) or to anti-competitive practices that shift the market focus from building to land trading (Adams et al., 2011).

### *The use of public land*

As noted in section 4, there is also considerable potential for private sector-led solutions in more fragile markets. There is some potential for partnership working where the public sector contributes land to help de-risk market creation. In this context, there may be variants on the land readjustment model used in the Netherlands (see Lord et al., 2015) that could support private development.

### *Funding partnerships*

There is also scope to explore new public-private funding models, perhaps based on commercial real estate practices (see Guy and Henneberry, 2005), as a mechanism for market stimulation. Some of the successes from urban renewal experiments in the UK and internationally seem to have been forgotten. For instance, Jones and Watkins (2005) provide an interesting account of how public sector grants and subsidies were instrumental in creating a vibrant and self-sustaining owner occupied housing market in the Merchant City area in Glasgow.

The RTPi (2013) has argued that joint ventures between land owners, developers and local authorities might enable land to come forward faster. If land owners can retain an interest in land throughout a development project, effectively receiving parts of their capital payment over time, they might be more prepared to let land enter the development process early, secure in the knowledge they will benefit from future house prices rises.

#### 4.3.3 Community leadership

### *Communities as long-term custodians of place*

Whilst state-led approaches to planning and development have tended to dominate the UK experience, there is also a long history of communities seeking to plan for and build places. Much debate about planning in the UK pitches developers against 'NIMBY' communities opposing all development. This lends a simplistic notion to debates, and tends to present local communities as holding back economic growth. The reality is somewhat more complex, and there is a long tradition of local community organised efforts to stimulate growth, manage redevelopment of their areas, and build new settlements. This has, to an extent, been encouraged by the Coalition and subsequent Conservative Governments' commitment to localism.

It has been argued that communities of residents, local businesses and organisations are often more concerned with the long-term future of a place than government bodies and large corporations, and that simply labelling them as 'NIMBYS' denies more productive narratives about local political engagement (McClymont and O'Hare, 2008). To live in a place implies some form of commitment to it, often framed through ideas such as 'place attachment' as a long-term engagement. This may prove to be fertile ground for ongoing management and care of places to be organised by communities through local, democratic institutions. The following illustrate some of the ways in which local community-based organisations have engaged in long-term planning of a place.

### *Community Land Trusts*

One model for organising management and development of a place is the Community Land Trust. This has a long tradition, emanating from trust-based ownership of land in the nineteenth century, but more recently promoted in the US and the UK.

The basis of most Community Land Trusts are that they hold land and assets for the long term, with ownership predicated on meeting a public purpose or common good. Most frequently, this has involved holding land and developing affordable housing, meeting particular needs. Some Community Land Trusts in the US have become sizeable (for example Champlain Housing Trust in Burlington, Vermont owns over 2,000 homes), but most are fairly small and local, with a preponderance in rural areas (see Moore and McKee, 2012). Housing is often offered at 30-50 per cent of median income, with some element of shared equity, meaning that resale values can be capped, but that residents have some form of financial stake in their home and therefore their community.

Urban examples of Community Land Trusts are relatively uncommon, but there are increasing numbers, for example Homebaked and Granby 4 Streets Community Land Trusts in Liverpool. Distinct challenges of gaining land ownership, buying land at an affordable rate and working with infrastructure providers arise in urban settings, and have typically limited the size of trusts.

A key feature of a Community Land Trust is some form of democratic management of the trust and its assets, which might be structured through a variety of legal mechanisms. All these seek to build long-term commitment from shareholders and trustees, whilst also ensuring that Trusts are responsive to community needs. One challenge that has been noted in the US is the extent to which a widely drawn and democratic engagement is realised through Trusts, and the danger of them working to exclude certain communities and to narrow eligibility criteria for access to affordable housing. For example, evidence from the US has noted that some Trusts have developed housing to be offered to individuals earning above median income levels (Moore and McKie, 2012). Although there are currently around 170 Community Land Trusts registered with the National Community Land Trust Network, most hold fairly small stocks of land and housing, with a key challenge existing around how they can be scaled up, if not in individual size, then at least in number, and furthermore, how wider scale planning of communities might be carried out under the auspices of Community Land Trusts.

### *Community Development Corporations*

The model of Community Development Corporations (CDC) in the US could offer a further alternative, particularly for supporting deprived localities. There are now more than 4,600 CDCs working across the US. Whilst engaged in a range of different activities, many CDCs act as major local developers and in 2010 they produced 96,000 housing units and some 7.41 million square feet of commercial floor space (community-wealth.org, 2015). Initially publicly funded, cuts in federal

grants have led to an increasing diversity of approaches, including more entrepreneurial business models. This has led to some criticism, including of a potential lack of democratic accountability (Gittel and Wilder, 1999). With increased interest in localism, neighbourhood planning and community rights in the UK, resourcing of CDCs could be an alternative means of channelling public assets into projects that generate real and sustained public value that is responsive to the needs of deprived communities (see also TCPA, 2013).

### *Garden cities*

One model that may provide a means of scaling up community-led ownership along the lines of Community Development Corporations, is the garden city. Whilst plans for new garden cities have recently been publicised, notably for Ebbsfleet in Kent, these have not been centrally structured around mechanisms for long-term planning and land value capture. In this sense, garden cities are used as shorthand for a certain type of urban design, one that draws on a long history of garden suburbs, such as Hampstead, which do not have institutions dedicated to their long-term planning.

The original intention of the garden city was for them to be developed through the Garden City Companies who would re-invest profits made from betterment as development occurred, and some mechanism of land value capture still remains at the heart of garden city ideas. This would allow consistent investment in the building of new towns to the approximate 32,000 population that Ebenezer Howard envisaged, and provide a mechanism for subsequent reinvestment in maintenance, development of community facilities and so on. Where the original idea of garden cities diverges from new towns is the lack of compulsory purchase powers to acquire (agricultural) land at current use value, thus requiring land acquisition through commercial negotiation (see however the case study of the proposed Uxcester garden city on the following page). Secondly, Letchworth and Welwyn Garden City were partly reliant on commercial loans, rather than Treasury loans, meaning shorter term repayment. Ultimately, this led to the collapse of the Letchworth 'First Garden City Company' in 1962 (TCPA, 2014) and long-term interests being vested in a public organisation.

Nonetheless, the successor organisations have made considerable profits that have been reinvested in the garden city. The combination of long-term planning of a new settlement combined with organisations concerned with their ongoing management could be a powerful means of creating sustainable communities. The key issue to be addressed is land value capture, whether compulsory purchase is required to enable this, or whether other mechanisms of allocating land in plans for community-based ownership could generate similar returns. Such a mechanism would, ultimately, require a high level of long-term political commitment and potentially universal coverage (or universal betterment tax), if landowners are not to hold back land for sale in good locations for development.

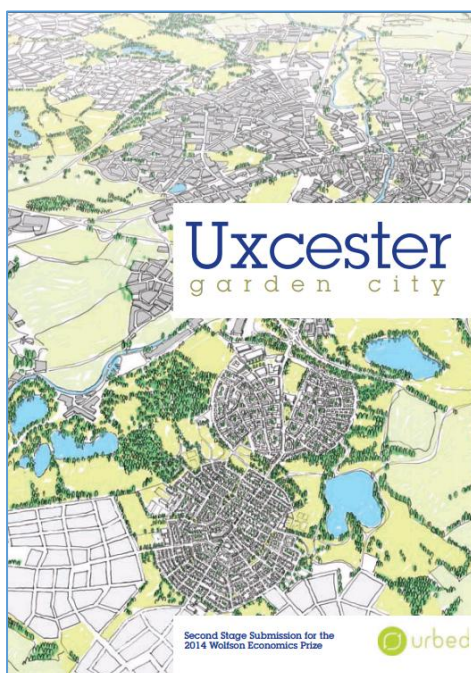
### Case study: Uxcester garden city

Uxcester garden city was the winning proposal entered for the Wolfson Economics Prize 2014. It was developed by URBED, with the proposal led by David Rudlin with Nicholas Falk (URBED, 2014). The plan proposes a garden city of almost 400,000 people, by doubling the size of an existing city. Uxcester is a fictional place, an amalgam of a number of actual cities across the UK, although the proposal is also applied to the city of Oxford.

URBED's proposal is based on the analysis that the quality of what we build is fundamentally an *economic* rather than a design issue. The proposal notes how major housing schemes in Northern Europe consistently produce better quality, larger housing, with higher environmental standards, in greater quantities and with far greater spending on infrastructure than we do in the UK – primarily because they operate with a different economic and regulatory framework. This includes the workings of the housebuilding industry, the economics of housing production, the problems in land markets and yes, the functioning of the planning system, especially in contrast to the Dutch and German systems which allow the value generated by development to be invested in infrastructure rather than to residualise in land prices.

The plan adds three substantial urban extensions within 10km of an existing city centre, each housing around 50,000 people and served by a tram system. A new Garden City Act would be needed to provide powers to acquire land for the garden city frozen at its existing use value plus compensation. The sale of this land pays for the required investment in infrastructure, hence no public subsidy is required.

Each city following this model would establish a Garden City Foundation as a partnership between the local authorities, the Local Economic Partnership, the community and other partners. This would be responsible for masterplanning, acquiring the land and acting as the planning authority. The land would be vested in a Garden City Land Company, the majority shareholder of which would be the Foundation but with a minority shareholding sold to investors.



The plan also rests on a 'Social Contract' with city residents to ensure that the benefits of the garden city are spread across the whole population. For every acre of land developed for housing, residents would get back an acre of publicly accessible green space. The new development would fund the tram system, the upgrade and expansion of existing services and facilities, increase the range and affordability of housing, and pay generous compensation for those directly affected. Acceptance would also depend on a wider development deal: rather than grafting development on to every existing suburb and village around the city, the large urban extension approach would set a 30 year vision that takes the pressure off these places and concentrates it on low-impact, undeveloped land between existing settlements.

Picture credit: URBED.



#### 4.4 Conclusion

This final chapter has shown how the benefits of planning, as a form of collective action in coordinating development and making great places, are potentially very substantive. Changes that have narrowed the focus of planning and in particular restricted its ability to respond positively to pressures for urban change have served to damage, rather than enhance, long-term economic prosperity, let alone environmental sustainability and social cohesion. It is time to think again from first principles exactly how the benefits of planning can best be realised. In doing so, we need not only to learn from the best practice of the past, but to look for different and innovative ways to manage spatial change in the future. While this is likely to involve a range of different solutions for different places, the importance of bringing actors together and working for the common good should never be underestimated. If the full benefits of planning are truly to be realised, we need reforms that exploit its true potential to reconcile economic, social and environmental challenges through positive and collective action, and which confront those sectoral interests that seek only short-term, self-interested solutions.

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## About the research

This report is based on research conducted by Michael Harris from the RTPI, Professor David Adams and Michael O'Sullivan at The University of Glasgow, and Dr Andy Inch, Professor Malcolm Tait and Professor Craig Watkins at The University of Sheffield.

## Further information

The report is available on the RTPI website at: [www.rtpi.org.uk/valueofplanning](http://www.rtpi.org.uk/valueofplanning)

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