

## PART I

### Introduction

1. In December 2003, the Chancellor of the Exchequer told the CBI's *Planning and Productivity* Conference that, "The planning system plays a crucial role in our national life - a vital tool in the process of change and renewal as well as conservation and environmental care, vital to our national prosperity. The planning system is at the heart of our shared national goals to raise productivity and ensure full employment; to encourage and foster strong vital communities, to help give everyone the opportunity of a decent home, and to achieve truly balanced and sustainable development and growth in every region and nation across the UK."
2. The evidence to the Barker Review of Land Use Planning by the Royal Town Planning Institute (RTPI) builds on that statement to demonstrate the central role that spatial planning plays in contributing to the economic growth and the prosperity of the nation and suggests ways in both Government policy making and planning may be further improved to make planning even more effective in playing its central role in delivering the sustainable economic growth and prosperity, the sustainable development and communities and the inclusive society that this, and past, Governments have required.

### Key Points

3. The key points made in the RTPI evidence are summarised below:
  - The Barker Review will not be effective in its recommendations on planning if it takes an outdated view of planning as simply dealing with the allocation and control of land and of its development.
  - The Review needs to have a holistic understanding of the components of the new spatial planning system if it is to make recommendations as to its efficacy
  - The key to understanding planning's role is that it can stimulate, shape and regulate markets and build a capacity for change – rather than being seen simply as a block to enterprise. If spatial planning did not exist, the market would have to invent it.
  - The RTPI believes that the short term costs of planning to business are outweighed by the longer term financial benefit as well as the overall economic, social and environmental benefits accruing to the locality and to the nation that are derived from spatial planning.
  - The ability of spatial planning to deliver the Government's agendas for economic growth and prosperity is seriously hampered by the fact that those agendas are not clearly and comprehensively stated in a way that is related to the spatial development of this country...A clear statement of national policy is needed.
  - It is not the role of planning to mediate between the different objectives of sustainability and to offset the gains from one against the underachievement of another but to seek to achieve all the elements of sustainability in each decision and policy it makes.
  - It is the responsibility of the development industry and all those promoting economic development to spell out the benefits of development for communities and not simply to criticise the planning system when those benefits are either not apparent or have not been made clear.
  - If we wish to make land and property markets more efficient, we need to improve the effectiveness of the regulatory framework. Conversely, if we wish to make them less efficient, we should dispense with the regulatory framework.
  - We need to develop better and more evidence based means of assessing the effectiveness and timeliness of planning systems and decision makers and of assessing the quality of their outputs rather than relying on process based targets.

- Unless planning is related to real market areas, the true range of planning choices cannot be considered and local decisions can be externalised or undermined by external decisions.
- National sustainable growth cannot be maximised until, at a minimum, there are clear analyses, statements, integration and prioritisation of national investment patterns and policies which have spatial impact.
- The strengthening of the forward planning frameworks promised by implementation of the 2004 Planning and Compulsory Purchase Act will make the processes of development control and management much more effective and efficient (if they are fully supported at national, regional and local levels). Political commitment and support are essential to this process and the Government must give clear leadership.
- For all these reasons, the RTPI urges the Review not to put forward proposals for further statutory or regulatory changes to the system, which is only now being brought into effect.

## Spatial Planning

4. It should be noted that the RTPI's evidence refers to spatial planning as opposed to land use planning. This is not a matter of semantics. The introduction of the concept and practice of spatial development and spatial planning in the 2004 Planning and Compulsory Purchase Act heralded a fundamental change in approach to planning which, *inter alia*, will make it better able to contribute to the achievement of local regional and national economic objectives and policies. There is a note on spatial planning at the end of this evidence. This lists its key characteristics as being the integration of policy horizontally and vertically, a more dynamic relationship with investment and infrastructure and an approach to the management of development which is more positive and creative than the older style of development control.
5. Through the new spatial planning processes of Regional Spatial Strategies and Local Development Frameworks and the parallel process for consulting the community, all vested and other relevant interests are taken into account when planning for future development needs. The principles of the Sustainable Communities Plan, a mixture of growth and housing market renewal areas in mixed use, mixed tenure, eco friendly communities epitomise good planning practice. Planning provides a secure basis for public intervention and private investment. The planning system provides the optimum process for assessing and ameliorating development impact, sharing the benefits of growth and providing a framework for planning contributions and a share in land value uplift arising from the granting of planning consent.
6. The Barker Review will not be effective in its recommendations on planning if it takes an outdated view of planning as simply dealing with the allocation and control of the use of land.

## Economic Policy and Planning

7. In order to fulfil the key purpose of the Barker Review – to 'consider how planning policy and procedures can better deliver economic growth and prosperity alongside other sustainable development goals' - it is first necessary to establish the ways in which planning does deliver the Government's economic agenda. Later paragraphs in this evidence will consider the extent to which that agenda is explicitly stated and will consider economic objectives alongside other elements of sustainable development and communities.
8. Planning contributes to the achievement of economic growth and prosperity in the following ways.
 

**Acting as a moderator of outcomes**

  - By forming the sole statutory public forum through which economic, environmental and social objectives are together addressed and met.
  - By seeking to maximize 'net community benefit'.

- By seeking to deliver long term sustainable development, having regard to the social and economic needs of current and future generations and to the operation of natural (physical and ecological) systems.

### ***Shaping the investment decision environment***

- By using planning tools with market signals to promote the release of land. Monitoring of rates of development, employment and demand for sites and premises is embedded within the planning system and reflected in development frameworks. The allocation of sites can be sufficient to trigger developer interest while in some areas the identification of sites, coordination of infrastructure provision and the potential to utilise compulsory purchase will encourage land owners to bring forward land which otherwise they may choose to retain.
- By enabling development in areas which the market would ignore. This is achieved through plans promoting regeneration and land assembly aided by compulsory purchase.
- By adding to the information base and hence reducing levels of risk against which investment decisions are made.
- By providing a higher degree of certainty as to development outcomes and their inter-relationships, thus creating a clearer climate within which investment decisions are made.

### ***Proving public goods and infrastructures***

- By ensuring the appropriate and timely provision of public goods and infrastructures associated with development, through the use development guidance and the imposition of conditions and planning obligations. Examples include roads, public transport, environmental improvements and community facilities, either alone or as integrated 'place based' responses such as at Brindley Place in Birmingham and Greenwich Millennium Village.
- By identifying the need for, and guiding investment in infrastructure, recognizing infrastructure development as a key spatial driver of urban change and growth.

### ***Enhancing amenity and environmental quality***

- By identifying and responding to the externalities created by development: reducing their impact and by making these a wider public – rather than individual private – responsibility.
- By identifying and internalising the social costs of development such as noise, pollution and amenity detriment to surrounding uses of land. Development management has proved to be an effective mechanism for tackling these issues. Because of its very existence only about 10% of planning applications need to be refused.
- By increasing real and perceived value through planning for and coordinating the provision of public goods such as green space and community facilities.
- By raising the quality of developments and, thus, by raising values and improving the enjoyment and stimulation given by the places that are created. This function is argued to sustain and enhance the long term attractiveness and economic competitiveness of places.

### ***Managing resources***

- By conserving non-renewable economic resources such as mineral deposits, and environments of historic or ecological quality. The planning system has effective controls that operate through the identification of buildings, habitats and landscapes of importance in planning documents and the prescription and prioritisation of responses to these.
- By ensuring that policy tools and outcomes such as density regulation and mixed use development minimize the wasteful use of resources, whether they be land or such goods as travel time.

### ***Delivering spatial responses***

- By providing a spatial integration and expression of the policies, proposals and investment plans of many bodies.
- By planning the availability of the workforce through allocating land for housing and other uses in relation to centres of employment.

- By identifying and addressing oversupply in, for example, low demand areas.
  - By positively planning for clusters of knowledge, skills or suppliers through site identification, infrastructure co-ordination and land use control.
  - By enabling competitive responses by and between places, based on the provision of factors of attraction for investment such as infrastructures or environmental qualities.
  - By setting out a shared vision for an area that has evolved from involving all parts of the community and against which investment decisions can be made;
9. It is shown by the list above that the key to understanding planning's role is that it can stimulate, shape and regulate markets and build a capacity for change. This is demonstrated clearly in a recent paper<sup>1</sup> by Philip Allmendinger and Neil Dunse in which they set out these roles of planning.

### ***Market Shaping***

Market shaping policies are contained in development plans providing the overarching context within which market actions and transactions occur. The planning system offers a variety of different tools that provide that context from Circulars and PPS at the national level, RSS at the regional level and LDF documents at the local. The fact that some LDF documents are part of the development plan and others might be Supplementary Planning Documents provides a significant amount of flexibility in the timing, extent and content of guidance.

### ***Market Regulation***

Market regulation is achieved through the use of tools that seek to regulate and control market actions and transactions ensuring that some consideration of externalities and/or some consideration of public interest is made. This is operated through the development control process including the application of planning obligations. Development control decisions and associated agreements have to be supported by policies in the development plan. Consequently the application of development control powers, market regulation, is also the main means by which the market shaping policies are implemented. In other words these are two inextricably linked functions of planning.

### ***Market Stimulation***

Market stimulation as described by Allmendinger and Dunse includes tools that seek to make the market work better or facilitate the market by having a direct financial impact, for example grants, tax breaks and financial penalties. Such tools are rarely available to local planning authorities but may be used by development corporations, regeneration companies and other delivery vehicles which have planning powers. The compulsory purchase powers of LPAs which can be exercised in relation to adopted plans are also a powerful weapon in stimulating markets and property development.

### ***Capacity Building***

The capacity for new development is dependent on the capacity of infrastructure, which is planned at regional and local levels and delivered as a consequence of planning gain which enables development to go ahead. Planning is capable of building capacity among developers and others engaged in local property development markets. Some examples of this include information gathering and monitoring, engaging with stakeholders such as local businesses and communities through planning processes such as Area Action Plans, Parish or Neighbourhood Plans,

10. In all of the above ways planning compensates for market failure, in particular the market's short-termism, its failure to treat land as a unique and irreplaceable resource or to adequately value environmental stock. It also stimulates and supports the land and property market by protecting investment value, ensuring efficient use of public infrastructure and by bringing land forward to the market. If spatial planning didn't exist the market would have to invent it.

11. Such an assertion is borne out by previous studies into planning and economic development. These show that the benefits that planning brings in respect of economic policy are, in general, recognised by the business community – although, as will be seen below, they are harder to quantify. In 2003, the ODPM: Housing, Planning, Local Government and the Regions Committee published a report on *Planning, Competitiveness and Productivity*<sup>2</sup>. This stated that: ‘Much of the evidence which we received began by saying how valuable and beneficial the planning system was, overall, even including those who had previously attributed to it significant adverse effects on business. The benefits of the planning system have always been difficult to pinpoint in economic terms, but contributors were keen to align themselves with the benefits in principle, such as allocating land for economic activity, the provision of housing and infrastructure, certainty, the creation of a level playing field for developers, correcting for market failures and externalities and creating attractive environments in which to live and do business.’
12. The case for planning has been made succinctly in a recent ODPM consultation<sup>3</sup>. ‘It could be argued that removing all planning constraints would allow the market to deliver wherever there is pressure for new housing. However, having no planning would risk development going ahead in some areas without adequate account taken of social and environmental impacts. Furthermore, the absence of any certainty, particularly in terms of infrastructure provision may act as a block on development. So it is clear that planning, and in particular the allocation of land in plans, is critical to providing certainty.’
13. A study undertaken by the then DETR in 1998<sup>4</sup> confirmed that ‘business, along with the general public, developers and other parties, broadly accept the need for a land use planning system. They recognise that England is a crowded country, ... hence it is unexceptional that development is subject to restriction. .... For these reasons there are few objections to a system of land use regulation, such as that which has been operating in the UK now for 50 years.’
14. The RTPI recognises, however, that the planning system does have costs for business. A study for the ODPM and others makes this clear. The planning system can also generate costs. These can come from two sources: effectiveness (the system may get the allocation of land wrong) and efficiency (the system may impose costs if it is slow or lacks transparency). If the system results in too little land being developed, then the price of available land and the price of developed land may rise excessively. Also, high prices might in turn cause an outflow of labour or investment, and consequently, a fall in economic performance in the area, leading to lower rates of economic activity and development. A key issue for regional economic performance, therefore, is ensuring the planning system is getting the balance right between development and constraint.<sup>5</sup>
15. The RTPI would add that a key issue is to ensure that the short term costs, in terms of time spent, fees, interest paid and profit foregone during the application period are outweighed by the longer term financial benefit of increased return on investment over time and increase in portfolio values as well as the overall economic, social and environmental benefits accruing to the locality and to the nation that are derived from a spatial planning system. Whilst the RTPI believes this to be true, we point to the need for further research on this.
16. We note the conclusions of the ODPM Select Committee in their inquiry into *Planning, Competitiveness and Productivity* that: ‘It is not possible to derive a balance sheet of the costs and benefits of planning. The implication of this is not for ‘more research’ to add up the costs and benefits of planning, but rather to be more discerning in our approach to the relationship between planning and business-what can planning do for business? On the implementation and delivery side (which is what those submitting evidence are primarily interested in), how can improvements be made to planning practice and effectiveness, without losing the benefits that planning brings?’<sup>6</sup>. Whilst we agree with the final sentence, we do see the need to gain a clearer understanding of costs and benefits.

## The Government's Sustainable Economic Development Objectives

17. The Barker Review is to 'assess the extent to which the Government's sustainable economic development objectives are reflected in planning policies and procedures.' In order to do this, first the Government's sustainable development objectives need to be determined and, second, they need to be set in the framework of wider stated objectives. This is not as straightforward a task as it should be, because Government policy is not stated clearly and transparently; because, rightly, it is difficult separate the Government's economic objectives from those relating to social and, in particular, environmental policy; and because current guidance for planners is, in part, seriously out of date.
18. The ability of spatial planning to deliver the Government's agendas for economic growth and prosperity is seriously hampered by the fact that those agendas are not clearly and comprehensively stated in a way that is related to the spatial development of this country. Planning can deliver where the objectives are clear.
19. Current Government policy is most directly expressed through the range of aims, objectives and public service agreement targets set out for each Government department following the 2004 Spending Review (SR). The most relevant to the context of this Review are the aims of HM Treasury, which is to 'Raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all' and that of the DTI and HM Treasury which is to 'Demonstrate progress by 2008 on the Government's long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with our major industrial competitors.'
20. The joint HM Treasury, ODPM and DTI PSA Target 2 provides a spatial element to these overall aims in requiring these Departments to 'Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006 ....'
21. As the Review's terms of reference make clear, however, the Government's economic objectives need to be read within the context of its wider objectives for sustainable development and sustainable communities. The key ODPM PSA Target for 2005 – 2008 for planning itself is for: 'The planning system to deliver sustainable development outcomes at national, regional and local levels through efficient and high quality planning and development management processes, including through achievement of best value standards for planning by 2008'.
22. This focus on sustainable development reflects the statutory purpose of planning embodied in the 2004 Planning and Compulsory Purchase Act – 'The person or body must exercise the function with a view to contributing to the achievement of sustainable development.'. (38[2]). *The UK Government Sustainable Development Strategy*<sup>7</sup> (SDS) set out four priorities for the Government – 'Sustainable Consumption and Production<sup>8</sup>, Climate Change and Energy, Natural Resource Protection and Environmental Enhancement, and Sustainable Communities'. All of these priorities set an important context for the focus of the Barker Review and it is a key role of planning to seek to contribute towards the achievement of this range of complex targets.
23. The complexity of the interrelationships between different elements of sustainable development is shown by the fact that one of HM Treasury's own objectives (VIII) is to 'Protect and improve the environment by using instruments that will deliver efficient and sustainable outcomes through evidence-based policies.' This complexity and potential for conflict becomes even more apparent when one considers Government and official messages as to the roles of planning in terms of environmental sustainability and the delivery of sustainable communities.

24. The Royal Commission on Environmental Pollution's 2002 study of *Environmental Planning* placed town and country planning (as it called it) firmly in the arena of delivering the Government's agenda for environmental sustainability and called for improvements to the system to enable it to do so. (It should be borne in mind that this report pre-dated the current system). We have considered the requirements for environmental sustainability. We have concluded that present planning procedures in the UK do not have the coherence and effectiveness needed to meet those requirements. Dramatic changes in land use are in prospect in the countryside. Much needs to be done to reinvigorate urban areas. To reduce emissions of greenhouse gases, radical changes will be needed in the ways the UK obtains and uses energy. At the same time, extensive adaptations are likely to be necessary to cope with the changes in weather patterns and rises in sea level which now appear inevitable. It will be necessary to find more efficient ways of using other natural resources, especially water and minerals. The solutions to these problems will require new policies in many fields, and will certainly pose major challenges for the planning and regulation of land use. The town and country planning system needs to be modified and extended so that it can facilitate successful responses to a changing world ....'
25. The recent Government announcement that there is to be 'a new planning policy statement setting out how the Government expects participants in the planning process to work towards the reduction of carbon emissions in the location, siting and design of new development with the creation of exemplar sustainable settlements in growth areas'<sup>9</sup> demonstrates the role of planning in the key global – and Governmental - agenda of climate change.
26. With reference to sustainable communities, as the newly published ODPM Sustainable Development Action Plan<sup>10</sup> states, 'Sustainable development is a broad concept which may apply equally at any level, from global to local. Delivering sustainable communities is a more specific goal relating to practical decision-making at the level of individual communities, with regard to the wider and longer-term impacts.' Recent work on sustainable communities, following on from the publication of the Sustainable Communities Plan, has defined such places as being 'well run, well connected, well served, environmentally sensitive, thriving, well designed and built, fair for everyone, active, inclusive and safe.' This list attributes sets planning's remit far wider than any one aspect of sustainability.
27. As a recent study for the ODPM on *Planning for Economic Development* stated, 'Planning for economic development is not undertaken in isolation. The planning system contributes to a number of policy objectives including economic development. National guidance does not currently set out one set of objectives for the planning system, although the Government has recently re-affirmed that sustainable development is the policy outcome the system should be seeking to deliver.'<sup>11</sup>
28. Overall, the Governments objectives for the planning system are perhaps best summed up in the ODPM's Planning Policy statement 1<sup>12</sup> as delivering: 'a sustainable, innovative and productive economy that delivers high levels of employment, and a just society that promotes social inclusion, sustainable communities and personal well being, in ways that protect and enhance the physical environment and optimise resource and energy use.'
29. Research commissioned from Roger Tym and Partners for the House of Commons Select Committee Inquiry into Planning Competitiveness and Productivity<sup>13</sup>, attempted to find a line between these varied objectives: '... it is not the sole objective of land-use planning to maximise competitiveness, or wealth creation. Rather, planning is a referee, aiming to strike a balance between different objectives, which at times will conflict. It is important to bear this in mind when considering the impact of planning on competitiveness. If planning does have some adverse effects on competitiveness, this is not necessarily a bad thing; these may be offset by positive effects on distribution, the environment or the welfare of future generations.'

30. Such statements open up a key question for this Review – to what extent should spatial planning temper the achievement of economic growth and prosperity in order to achieve the other traditional elements of sustainability – social and environmental. There is a growing understanding within planning – to which the RTPI subscribes – that it is not the role of planning to mediate between the different objectives of sustainability and to offset the gains from one against the underachievement of another but to seek to achieve all the elements in each decision.
31. This is clearly stated in work commissioned by the RTPI from Dr Richard Cowell of Cardiff University<sup>14</sup> to examine the relationships between spatial planning and sustainability. ‘The crux of the challenge is to have a policy system able to compare and deliberate the importance and malleability of different streams of GDP (between sectors and locations), including our willingness to reduce the ‘environmental impact intensity’ of growth, against the importance and negotiability of environmental and social values that growth-generating activities may threaten. Justice to present and future generations requires explicit attention to such questions, not simply a balancing exercise that assumes each dimension is equally substitutable.’
32. Dr Cowell’s work for the RTPI stressed the pivotal role of planning in acting at the interface between differing policy drivers. ‘A major contribution to sustainability has arisen from the very existence of the planning *system*, open to a wide range of social inputs, at the very point where abstract development trends and policies become visible land use changes. This has made it a key arena for the clash of divergent interpretations of sustainability, sometimes widening the range of what is thinkable and leading to more fundamental shifts in policy.’

### **Community involvement**

33. Another important and related Government agenda is that of public involvement in decision making. This is being taken forward by, in particular, the Minister for Communities and Local Government at the ODPM in recent statements focusing on civic renewal, ‘the new localism’ and ‘double devolution’ down to lower tier bodies and to the individual. The statutory planning system and its practice have had a clear focus on community involvement since its inception and the current Government agendas re-inforce that focus. PPS1<sup>15</sup> states that ‘Plans should be drawn up with community involvement and present a shared vision and strategy of how the area should develop to achieve more sustainable patterns of development.’ and that ‘Community involvement in planning should not be a reactive, tick-box, process. It should enable the local community to say what sort of place they want to live in at a stage when this can make a difference.’
34. A successful and prosperous economy requires competition but also a secure investment environment. There are risks in seeking planning consent but statutory plan making and the consideration of planning applications offers a democratic, publicly accountable process for creating value. It also brings with it an equitable basis for securing planning contributions, the opportunity to capture value and redistribute or reinvest it to the wider community benefit.
35. Planning Aid, Planning for Real, Statements of Community Involvement and neighbour and other consultations provide the most equitable basis for involving the community in development matters that impact upon them. The planning process seeks to ensure that issues of ethnic diversity and gender difference are properly addressed in the consultation process. Accessing less often heard groups and capacity building processes are aligned with the planning process to seek to ensure that all interests are properly considered. Applicants are also embracing communication strategies to engage the community in the planning and development process because they are often the *customers* for the development, i.e. there is a commercial, as well as other imperatives for good planning.

36. It needs to be stressed that, ultimately, planning decisions are rightly made through a political process which is designed to represent the views of communities about the development of their area. If these views are anti-development, then it is the responsibility of the development industry and all those promoting economic development to spell out the benefits of that development for communities and not simply to criticise the planning system when those benefits are either not apparent or have not been made clear.

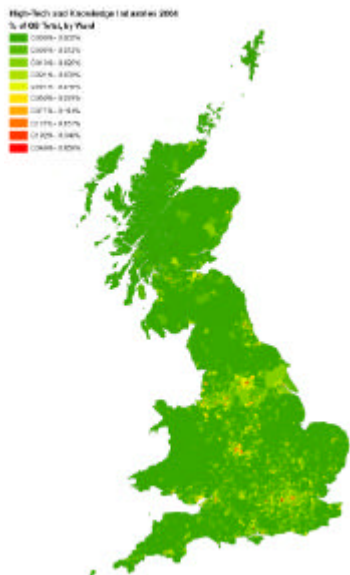
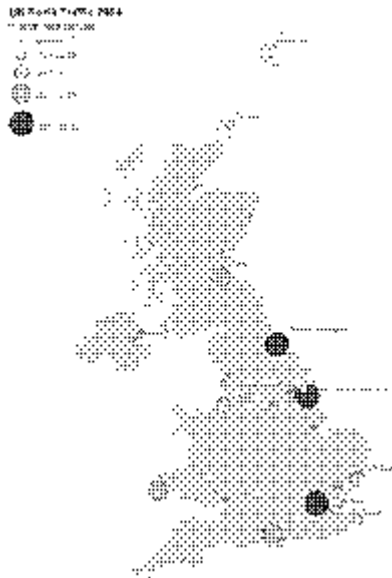
## **PART II: SPECIFIC ISSUES**

### **Planning and the Drivers of Prosperity**

37. The Chancellor has defined 'the new drivers of prosperity in a modern economy as enterprise, innovation, skills, investment and employment.'<sup>16</sup> The first section of this RTPI evidence has demonstrated the ways in which spatial planning can contribute towards strengthening the operation of these drivers. However, if spatial planning is to play an even more effective role, there must be a much clearer recognition by Government of the more specific spatially related drivers of change and development. This evidence has already demonstrated that there is a confusion in the policy messages emanating from Government as to the objectives which planning needs to address. There is also a confusion in understanding the relationships between generic policy drivers and responses and their relationship to spatial action and impact.

38. As part of its developmental work on national spatial planning, the RTPI commissioned the University of Liverpool to undertake research<sup>17</sup> to provide a better understanding of the spatial structure and driving forces behind the spatial development of different parts of the UK. This research was based on the development of maps of key indicators of the drivers of spatial change. This research, which is not yet published, provides a new understanding of spatial dynamics within the UK and a new focus on those spatial – as opposed to generic – factors that drive change. It also, relevantly, demonstrated the paucity of valid spatially applicable statistical information on certain key spatial drivers.

39. The work is best illustrated through four maps from this study. These demonstrate the spatial distribution and striking imbalances between four key economic drivers in the UK: ports, airports, knowledge industries and research capacity. The report highlights the potential to analyse these drivers and their interactions. The failure to drive forward this type of analysis at a national level seriously constrains the Government's capacity to support long-term economic stability and both public and private investment. For instance, the Northern Way Growth Strategy (2004) has identified the urgent importance of a UK-wide National Ports Strategy to enable the realisation of the full economic contribution of the North-East ports. Investors in the North-East need to know that this is a national-level objective. To implement this objective, the linkages with other transport and distribution infrastructures will be of key importance and will release new and innovative opportunities for growth linked to high technology and knowledge industries, education and quality of life.



## Planning, Land Policy and Investment

40. A key part of the Review's remit is to analyse the relationship between planning and productivity. It has proved difficult for previous studies to establish the nature of that relationship. Many commentators will see that relationship simply in terms of planning control rather than in terms of the wider roles for planning spelt out at the beginning of this evidence. This is short sighted and focuses on just one aspect of spatial planning. The Barker Review needs to have a holistic understanding of the components of the spatial planning system if it is to make recommendations as to its efficacy.
41. Spatial planning is essentially a form of intervention in land and property markets, and specifically in the land and property development process. These markets operate in a characteristically different manner from capital and labour markets<sup>18</sup>. This means that whereas deregulation tends to make capital and labour markets more efficient, land and property markets operate efficiently only within a properly regulated framework. If we wish to make land and property markets more efficient, we need to improve the effectiveness of the regulatory framework. Conversely, if we wish to make them less efficient, we should dispense with the regulatory framework.

42. It follows that a planning system is most likely to contribute to economic growth and prosperity if it is conceived and constructed explicitly to promote market efficiency alongside the already accepted goals of greater equity and environmental sustainability. This cannot be achieved by a narrow reliance on land use regulation alone. It requires an integrated and more holistic form of intervention, characterised by the term spatial planning, which seeks to bring together all the various policy tools intended to shape, regulate and stimulate market activities, while building the capacity to achieve this.
43. While land use planning can claim many achievements over the past 60 or so years, its conceptual basis as a governance process rather than a form of market intervention and its restricted focus on regulation have hampered its potential to improve the competitiveness of land and property markets and development processes. As an example of this, the fact that every piece of land not only has a use but an owner and a value has tended to be ignored by the planning system, at least until recently. To ensure its fullest potential contribution to future economic growth and prosperity, statutory land use planning needs to be reconceived and reconstructed as spatial planning, with an integrated emphasis as much on shaping and stimulating market activities as on merely regulating them. For this to be achieved, it will be necessary to ensure that the proper range of environmental, social and economic considerations are material to planning decisions. It will also be necessary to develop clearly articulated environmental, social and economic objectives at a national level, against which success is measured.
44. A recent study by Philip Allmendinger stated that: 'The first step in such an holistic understanding is a more complete perception of the lessons, experiences and implications of the relations between land and property markets and the various forms of planning. Such an understanding would seek to deconstruct dominant, largely simplistic views of the planning-market relationship based on, for example, the idea of planning as a supply-side constraint or the justification for planning intervention based on market failure and externalities. This research is predicated upon the notion that planning controls are not homogenous and, instead, can be seen as a variety of 'tools' or mechanisms with different influences and impacts upon land and property markets. Development plans, legal agreements and financial inducements all come under the title 'planning controls' but all have different roles and impacts.'
45. The evidence to establish the relationship between planning, investment and wider benefits is harder to establish. Simply in terms of control, it can generally be assumed that 'The price of some land will be higher than it otherwise would be, and the price of some other land will be lower than it otherwise would be. Predominantly the effect [of planning control] will be to raise the price of land however.'<sup>19</sup>
46. However, more synoptically, the RTPI agrees with a recent study of *Regional Growth* that: 'The planning system can yield substantial benefits for society. However, there is sometimes a lack of robust economic evidence, both centrally and regionally, regarding both the development of policy and the impact of the planning system on economic development – it is therefore very difficult to draw any firm, evidence based, conclusions regarding whether the planning system is achieving the correct balance, and hence identifying the impact it is having on regional economic performance. Our key recommendation is that greater attention should be given both to developing evidence to support policy, and to developing an understanding of the impacts of policy once it has been implemented. With this evidence in place one can then identify whether planning is in fact striking the right balance between development and restraint.'<sup>20</sup>

## The Levels of Planning

47. Planning operates at supra-national, national, regional, local, neighbourhood and site levels. There is the need for clearer articulation of the relationships between policy making at these different levels. The case for a national spatial strategy is made later on this evidence but this does form the key to a transparent system in which both the interrelationships between spatial policy and investment and the 'cascade' of policy and implementation through the different levels are clear and effective.
48. Another key is to work out the interrelationships between elements of policy making at each level. At the regional level, policy relating to planning and economic growth is split primarily between the new regional Spatial Strategies and the Regional Economic Strategies (RES) with regional housing, transport, skills and sustainability strategies also playing a key role. Early studies of RESs criticised them for being too broadly stated and there are still serious concerns about the lack of regional sensitivity in their aspirations (including the number that wish to be 'world class regions'), policies and implementation proposals. There is some evidence of improvements to RES but, whatever their quality, there is still the need for far greater integration of regional economic and spatial policies. It is relevant to note in this context that the former Minister for Planning and Housing, Tony McNulty, told an ODPM Select Committee inquiry that: 'I think the Regional Spatial Strategies will end up predominating and getting broader in terms of what they do. They are intended to be fairly all incumbent and far more than simply local plans. They are pretty all-incumbent documents already and they will lead the process. The RPPs will work very closely with the RDAs and other regional authorities, some elected and some not subsequently, to drive the process forward in terms of a planning regime, an economic development regime and broader strategies for each week.' Such aspirations for RSSs are still to be realised.
49. The RTPI welcomes the new emphasis on sub-regional planning and, in particular, on city regions as a new focus for spatial planning. There is also need to recognise that markets operate on a range of spatial levels which normally cut administrative boundaries within which planning has to work and as such is a major constraint on the planning system. The key markets that need to be considered in the planning system relate to: labour and housing markets, business investment, retail catchments, and economic clusters. Unless planning is related to real market areas, the true range of planning choices cannot be considered and local decisions can be externalised or undermined by external decisions (i.e. decisions by those who lie outside the administrative area but lie within the relevant market area). The RTPI will be doing further work on this issue.
50. Critically for the RTPI, it is also now timely to progress further research to bolster the research methodology used in assessing the effectiveness of the balance of development and restraint inherent in the planning system. Such improvements should lead to a better and more soundly evidence-based appreciation of the economic effects of the planning system (together with associated social and environmental effects). The need for this is highlighted in the English regions network Report on Regional Futures which gives two contrasting views of the effects of spatial planning. First that: 'Current [spatial planning] policies are restricting the growth potential of the South. The precise mechanisms are complex and are disputed, but current levels of transport investment and policies against greenfield housing development are contributing to low rates of housebuilding. This is leading to the increasingly high cost of housing in all sectors of the private housing market in most parts of London's commuter hinterland. Continuing restraint is likely to exert an increasingly damaging effect on national economic growth potential. Secondly that: 'As well as planning for growth in the South, in the long term spatial planning policies can contribute to the competitiveness of the North, Midlands and parts of the South West through making its cities and conurbations increasingly attractive places to live and work.'<sup>21</sup>

## Planning and the Business Community

51. The Government's view of the needs of business in relation to planning is spelt out in *Devolving decision making: Meeting the regional economic challenge: The importance of cities to regional growth*, published by HM Treasury on 22<sup>nd</sup> March as part of the 2006 Budget package. This report states that: 'Business ... requires a planning system that is value for money, speedy and transparent, in order to minimise the transaction costs associated with gaining planning permission to ensure that the investment potential of new business opportunities is realised, and to provide increased certainty for investment decisions. Delays and lack of transparency not only cause microeconomic costs to individual businesses, they can also have negative macroeconomic impacts through lost positive investment spillover effects. Planning can also have an impact on the cost to businesses that arise from the development of clusters and urban agglomerations – including cities – such as congestion, which can negatively impact on business and investment location decisions.'
52. This focus on process and time is reflected in, for example the ODPM Select Committee inquiry and its supporting evidence which stated that: 'Businesses are, on the whole, more concerned with the efficiency of the present system, and to its perceived cost than with abolishing it, or substituting an alternative.' As the Committee reported, 'Hardly any evidence at all was presented on the adverse strategic effects of the planning system on the macro-economic environment in which business operates: the concerns expressed were almost entirely about day-to-day operational issues such as delays, direct costs to firms, and uncertainty.'
53. Two factors need to be taken into account when considering the relationship between the planning system – notably development management – and the business sector. First that the ODPM's own statistics show that planning control for business is both positive and timely. The 2004/05 development control statistics<sup>22</sup> show that there were 7,800 applications for major office (less than 0.2 per cent of total applications), industrial and retail and distribution and other developments (excluding housing) in that year. 6,800 of these (87.2 per cent) were granted permission with 60 per cent of decisions being made within 13 weeks (this is the Government's target). These statistics also show that there were 22,900 applications (less than 3.5 per cent of total applications) for minor office, industrial and retail and distribution and other developments (excluding housing). 19,600 of these (85.6 per cent) were granted permission with 73 per cent of decisions being made within 8 weeks (the Government's target is 65 per cent).
54. Secondly, the great majority of businesses will rarely, if ever, encounter planning through the application process. Research carried out by the then Department for the Environment, Transport and the Regions<sup>23</sup>, 'found that the average business does not come into direct contact with the planning system very often. Taking planning applications as an approximate measure for contact, there are not more than 100,000 or so applications by business in England per year (excluding minor applications for advertisements and the like), but an estimated 1.5 million businesses. Moreover, many of these are concentrated in the development sector where planning tends to have its strongest impact.'
55. In quoting these statistics, the RTPI is not seeking to deny that the planning system can, on occasion, take a significant time in deciding on applications – many of which are very complex. It is worth considering whether the practice adopted by some local authorities in setting up major application teams, and the example of English Partnerships ATLAS team for major housing applications, should be extended to set up new arrangements for dealing with those applications which have a truly national and international effects. In Scotland, it is proposed to identify such applications through the national planning process and there are lessons here for practice in England.

56. A future area of concern in this context is the proposals for Planning Gain Supplement. The RTPI has made a full response<sup>24</sup> to the Government's consultation paper on this subject in which we fully welcome the principles behind this move but express significant doubts about the efficacy of the system proposed. It is not intended to repeat these views in the evidence.

### **Recommendations for More Effective Delivery**

57. This evidence has demonstrated that planning has a key role to play in contributing to the achievement of economic growth and prosperity. However, there are a number of important issues that need to be addressed to enable the system to continuously improve and to ensure that the economic effects of spatial planning strategies and development management decisions are to be more fully understood and more effective.

58. The RTPI has identified these as:

- extending the scope of spatial planning and placing it within a wider context of actions intervening in markets, this has been covered in the section on Planning, Land Policy and Investment, above;
- redefining the process-based target culture that pervades planning;
- improving decision making for major infrastructure proposals;
- rectifying the lack of transparent statements of national spatial investment planning policy;
- placing greater emphasis on the further integration of strategies and investment patterns;
- improving public/private joint working;
- devoting more resources to planning; and
- improving specific skills available to it.

### ***Redefining the process-based target culture***

59. The existing planning system has tended to be unduly driven by the application of a process-based target culture, in which the success of the system has been evaluated in terms of simple measures such as the precise timeliness of decisions. By failing to develop and deploy more sophisticated measures of system performance, the system has tended not to have any well founded basis for determining that (for example), any one decision before it has optimised outcomes sought against a relevant range of social, environmental and economic objectives.

60. It is also necessary to observe that planning should be an enabling system, in which the cost of system engagement should remain proportional to the social, economic and environmental costs and benefits of the policies that are being developed and the proposals that are being assessed within it. The application of 'one size fits all' processes in the system can burden it with significant volumes of small scale and low impact work, which in turn tend to give rise to workplace cultures in which the meeting of simple process-based targets become more important than the addressing of more significant social, environmental and economic objectives.

61. This does not represent a plea for the removal of systems and structures that are rightly focussed towards timely and efficient decision making. Very much the reverse. In contrast, it seeks to achieve the following:

- the thresholds at which 'low impact' uses and developments are deemed to be granted planning permission should be carefully reviewed, to ensure that the system does not contain an unduly large caseload of matters where the decisions taken will be of relatively little consequence to the achievement of wider objectives;
- a commensurate reduction in the unit cost of system participation, potentially for a significant number of stakeholders;
- a liberation of system resources to enable targeted and efficient responses to the more significant policies and proposals that the system must address; and

- the development of better and more appropriate means of assessing the effectiveness and timeliness of planning systems and decision makers in making planning decisions and of assessing the quality of their outputs.

### ***Improving decision making for major infrastructure proposals***

62. It has been seen that a major area of concern about the efficacy of planning is related to the role of planning in dealing with major infrastructure proposals (MIPs). For example, Sir Rod Eddington, who is undertaking the review of the links between transport and the UK's economic productivity, growth and stability, told the Transport Select Committee that: 'The feedback I get, which is pretty crisp on this, is that the current planning regime is too complicated, too long, too expensive, contains too much uncertainty and that it hinders the running of our transport nodes, it hinders intelligent upgrading of those facilities and the building of new facilities, where appropriate, and we need to do much better.' He went on to say that, "I think it is very important that the planning process is thorough, but there are plenty of examples in the last decade, Dibden Bay is probably the most recent one, where the planning process took several years, costs tens of millions of pounds and the answer was no. The key stakeholders in those circumstances say, "Well, we accept that sometimes the answer will be no, but it should not take four years and cost us £45 million to get a no".<sup>25</sup>

63. The RTPI would add that the case of Dibden Bay provides a perfect example of decision making without the benefit of a national strategy – in this case for ports.

64. The handling of MIPs has been a contentious issue in planning at least since the major road inquiries of the 1970s, and the airports and the nuclear power inquiries in the 1980s. The Government has made proposals for the reform of this aspect of the planning system but, unlike other aspects of the system, has not carried through reform. One of the daughter documents to the planning green paper dealt with MIPS and recommended, for example, the use of Parliamentary debate and procedures. In 2002 the Government introduced a package<sup>26</sup> of reform which was not based on the Green Paper ideas but which included:

- up-to-date statements of Government policy before major infrastructure projects are considered in the planning system to help reduce inquiry time spent on debating the policy;
- an improved regional framework which will assist consideration of individual projects (e.g. through the revised arrangements for Regional Planning Guidance);
- improved inquiry procedures for major infrastructure projects through provision in the Planning and Compulsory Purchase Act 2004 which enables the use of concurrent inquiry sessions to consider a major infrastructure project; (finally set out in August 2005 in ODPM Circular 07/2005, *Planning Inquiries into Major Infrastructure Projects: Procedures*)
- improved arrangements for compulsory purchase and compensation.

65. The provisions in the 2004 Planning and Compulsory Purchase Act relating to MIPs do not represent radical reform. A renewed focus on this issue is now urgent given, for example, the current energy review which may well give rise to major – and contentious - generating projects and the continuing pressure on the capacity of transport infrastructure, including airports, railways and roads.

### ***Creating a new system of national and regional spatial investment planning***

66. The RTPI has long argued for a national spatial development framework. There is a growing consensus that nationally expressed spatial policy is needed. For example, a recent study of *Surface Infrastructure of National Economic Importance* found that: The UK has a well-developed and established approach to the detailed appraisal of transport schemes once they have been identified (The New Approach To Appraisal (NATA)). However, this study has identified a consensus view that we lack a means of systematically identifying surface

transport infrastructure and interventions that are of national economic significance in the first place. Unlike a number of other European countries we do not have an overall national view that integrates the regional and national picture.<sup>127</sup>

67. Even more recently, the *State of the English Cities*<sup>28</sup> Report found that the ‘Government has adopted a variety of goals, approaches and instruments since 1997. Many have met with approval. However, there is still a need for government to provide greater clarity about what it wants to do, how, where and when. It would be better to have greater clarity in a national strategy, which specified some clear spatial goals and some simple policy instruments.’
68. The work that the RTPI is currently undertaking is covered earlier in this evidence. This has reinforced the fact that national sustainable growth cannot be maximised until, at a minimum, there are clear analyses, statements, integration and prioritisation of national investment patterns and policies which have spatial impact – and there are very few that do not.
69. The case for such a national strategy will be made even more clearly when the TCPA publishes the results of its work on this subject in May 2006 and the RTPI publishes the Liverpool University Study.

### ***Better integration of strategies and investment patterns***

70. The Globalisation of the world economy means that planning, except for public funded schemes, must be based upon creating markets not determining them. The approach to planning in general needs to be – and largely has become - more sophisticated in dealing with free markets. Economic conditions are today entirely different from those that applied in the immediate post-war period for example and strategic planning and economic policy making today recognises this.
71. There are however two central issues that are posed by this paradigm shift. First, there is naturally clear evidence of market failure – where the market itself is working inefficiently. Derelict and vacant land is the most obvious example however there are others. The short term approach of many economic decisions means that there is a tendency of investors to seek to asset strip the nation’s economic capital and in consequence undermine the very basis of the investment decision. The most frequent example of this is the desire to locate business where it taps into ‘spare’ capacity on the transport systems or infrastructure networks but then in effect producing overload on them.
72. Secondly, these market led decisions do not deal with the inherent conflict / tensions between economic decisions and social and environmental objectives. As a result there is a need for:
- the integration of social and economic strategies – which would address the people work balance in the UK – epitomised by the north south divide;
  - the integration of environmental and economic strategies – which would address the demand upon natural resources from economic activity in the UK – epitomised by the energy debate;
  - the integration of social and environmental strategies – which would address for example the need for changed behaviour if such issues as road congestion are to be tackled; and
  - a core infrastructure framework – which would address the mismatch between needs, aspirations , available resources and timescales for delivery transport, education, water, energy, ICT and other key infrastructure.
73. If we are to deal with these issues effectively there is a need for market interventions that deal with both supply-side (land-use) and demand-side (demand management and fiscal) issues. On the supply-side – the pathfinder Programme has sought to tackle this in terms of housing markets but in a way that is detached from the economic conditions that underlie them and define the aggregate level of demand fro new housing. Key however to the creation of

markets is the timely provision of social infrastructure (e.g. schools), deep infrastructure (e.g. PT) and creating valued environments (i.e. the Green Infrastructure).

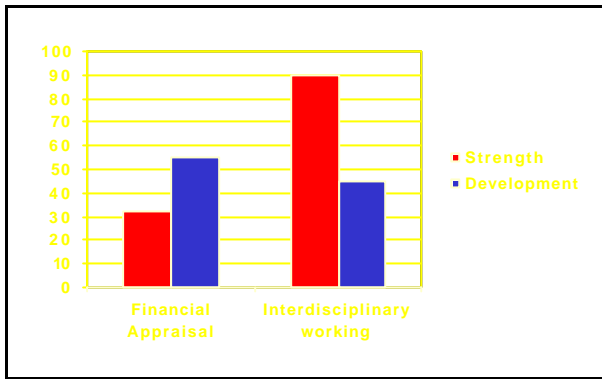
74. On the demand-side – this has yet to be fully developed but is most typified by the need for a national approach to road pricing, but applies to the need for market interventions on housing and water charges.

### ***Devoting more resources to planning***

75. Issues arising from the threshold of discretion in the planning system have already been addressed above. A review is already underway of the exercise of discretion over minor changes of use and development with a view to reducing the caseload of matters where the decisions taken will be of relatively little consequence to the achievement of wider planning objectives. It is argued that this will better balance the resources currently within the planning system, to ensure a greater focus on the making and application of policy and on the assessment of more significant, substantial and/or potentially impactful proposals.
76. That being said, the planning system must provide well considered and timely responses to those matters that remain within the scope of planning discretion. The costs of system engagement by proponents and third party stakeholders must not be unduly high. Decision uncertainty and delay can be significant sources of cost to stakeholders. By resourcing decision making processes in a way that is proportional to the scale and significance of matters under consideration, higher quality and more timely decisions can be delivered.
77. The RTPI has very much welcomed the introduction of the Planning Development Grant and the additional resources that this has brought to planning. However, a number of studies have shown there to be more deep seated resource issues for planning. For example, a LGA study showed that only 51% of planning officer posts are filled satisfactorily on first advertisement and that 31% of London Borough planning staff are long-term agency workers.<sup>29</sup> An earlier DTLR study estimated that, to achieve the equivalent 1996/97 levels of gross expenditure on planning, would require increases on the 2000/01 levels of gross expenditure of 37% for unitary and districts and that to restore the number of applications per development control staff to the levels in 1996 would require a 27% increase in the number of DC staff.<sup>30</sup> The RTPI will continue to make the case for additional resources to be made available. We accept that such an approach will result in a devotion of additional resources to the planning system. However, it considers that the resultant improvements in decision timing and quality will result in a positive balance of community benefit from this additional investment.

### ***Improving specific skills available to planning***

78. Following the progressive work undertaken by its Education Commission<sup>31</sup>, the RTPI has developed a number of initiatives to further develop the skills base for planning including the introduction of a one-year Masters degree in planning, with bursaries funded by the ODPM, the development of an on-line learning service ([www.planningmatters.co.uk](http://www.planningmatters.co.uk)), the issuing of practice guidance, the introduction of the assessment of professional competence (APC) and work with the Academy for Sustainable Communities (ASC) on how professionals learn in practice.
79. It is acknowledged that there is the need for the development of particular skills. The chart below shows, for example, planners' own perceptions of their strengths and development needs in two particular skills areas and it is clear from this, as it was from the Egan Review of Skills for Sustainable Communities that there is the need to further develop skills around development finance. The RTPI is already working with the Planning Advisory service, the British property federation and the ASC on a learning module on this and will extend this work.



### The Lack of an Evidence Base

80. In parallel with these actions, it is clear that there is not only a lack of an evidence base on the interrelationships between planning, land and investment, but that Government policy may be being made on the basis of conjecture or misunderstanding. There is the need for a more rigorous approach to understanding this relationship than is evident from current government statements. Additionally, there is the need to have a greater understanding of the role played by spatial planning within the context of a number of policy initiatives which affect the use of land and the efficiency with which it is used.

The RTPI intends to develop the work undertaken in preparing this evidence to produce a fuller report on planning and sustainable economic growth. This report will contain case studies to illustrate the points made. The three case studies below provide an example of these.

**CASE STUDY**

**Development Management supporting London’s role as a global city**

The key contributor to the United Kingdom’s competitiveness in a global market lies in the role of London as a truly global financial market place. Given this, it is valuable to look at the performance of planning not only in terms of the overall benefits outlined at the start of this evidence but also in terms of development management. The London Development Agency carries out a regular London Office Policy Review (LPOR). This has found that: ‘A recurring theme of the LOPR series has been the “elasticity” of response to market conditions of the office development industry in central London. This is in no small measure due to the fact that the planning system has been highly effective in maintaining a pipeline ready to respond to almost any level of construction that the development industry deems appropriate. Figure 6 compares starts with year-end permissions from 1985 to 2003. The development industry has “turned off the tap” very rapidly in this cycle, with only about 4 million sq ft of starts in both 2002 and 2003.’<sup>32</sup>



**CASE STUDY**

**Generating confidence and unlocking land through a design framework**

A development brief or planning brief is a key tool for unlocking sites. An example of this is East High Street in Chelmsford. This vacant scrub land site was in complex multiple ownerships and had been derelict for 25 years but it was in the heart of the town centre and on a prime river frontage. A key part of unlocking the site was the Council’s role in identifying the different owners. The development of the site had also been hampered by unrealistic planning aims in the Local Plan. It was not possible to get enough development on the site to pay for all the land purchase and planning gain required in planning policy. The urban design team started with the objective of developing a new urban space, set out a framework, set of principles and form that related this aspiration to the land ownership. Through this process it was possible to identify potential phasing for the development. This process brought developer confidence into play by reducing the unknowns and with this the risks. The landowners also knew what was planned for the land. The combined effect was that land assembly only took 18 months.

## **CASE STUDY**

### ***Positive planning for bio-technology***

South Cambridgeshire District Council and Cambridgeshire County Council agreed what was known as the 'Hinxton' local plan policy, which reflected the Secretary of State's findings that an expansion of 27,000 square metres would be permissible in the location. Detailed discussions took place between the Councils and the Trust not only as to the content and planning of the project, but as to how local people would be involved in all aspects of the development, and in the construction phase. The level of public engagement and close liaison with the district council resulted in the outline planning application being approved, virtually unopposed, in April 2002, closely followed by detailed approval in August 2002. The project started on site in December 2002 with Phase 1 completion in April 2005.

RTPI 2005 Planning Award for Planning for Business: The Wellcome Trust Genome Campus Extension, Hinxton: NAI Fuller Peiser

## **Annex 2**

### **A Note on Spatial Planning**

- i The 2004 Planning and Compulsory Purchase Act introduced the concept of 'spatial planning' as opposed to 'land-use planning'. The introduction of spatial planning marks a distinct change in the practice and culture of planning. The defining characteristic of spatial planning is that it is designed to integrate policy both vertically and horizontally. Vertical policy integration concerns the coherent relationship of policies at different levels of governance such that international and national policies are interpreted consistently at a regional or local level. For example European directives on Strategic Environmental Assessment have been translated nationally into requirements for Sustainability Appraisal at the regional and local levels of development plan document. Similarly expressions of national policy contained in PPS and PPG, such as housing policy, should be reflected in local development documents subject to appropriate variations reflecting local circumstances.
- ii The concept of horizontal integration of policy has both a sectoral and a geographic dimension to it. Spatial Plans should integrate policies across all areas of public provision. The relationship between planning, housing and transport has been well accepted for many years but the recognition that policies for health and education provision have a spatial dimension is less well understood. Spatial plans are intended to provide an effective means of integrating policies for social and physical infrastructure and thereby supporting social and economic activity.
- iii The other aspect of horizontal integration concerns the cooperative working of adjoining or overlapping constituencies of planning bodies. Too frequently in the past have plans been devised which are strictly confined by their geographic boundaries and consequently fail to capitalise on the cross-border strengths of investment or recognise the implications of policy in one area on the other. One of the consequences of a more spatial approach would be greater frequency of joint working between organisations in plan making.<sup>33</sup>
- iv It is also worth noting that the term "Development Management" has also been recently introduced to replace the notion of Development Control. It is intended that this should be more than just a cosmetic change, but should signal a more creative and positive approach in line with spatial thinking. It is also a better reflection of reality as the overwhelming proportion of planning applications are approved and the main impact of the planning system is to make applications conceived in terms of personal or corporate interests more beneficial to the community that grants approval.

## Notes and References

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- <sup>1</sup> Philip Allmendinger and Neil Dunse, *Perspectives on the Role of UK Planning in Land and Property Markets* University of Reading Working Papers in Real Estate and Planning 14/05, 2005. See also David Adams, Craig Watkins and Michael White, *Planning, Public Policy & Property Markets*, Blackwell, 2005
- <sup>2</sup> ODPM: Housing, Planning, Local Government and the Regions Committee Fourth Report, *Planning, Competitiveness and Productivity*, February 2003 – <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmmodpm/114/114.pdf>
- <sup>3</sup> ODPM, *Planning for Housing Provision*, Consultation Paper, ODPM, July 2005
- <sup>4</sup> DETR: *The Economic Consequences Of Planning To The Business Sector*, 1998 <http://www.odpm.gov.uk/index.asp?id=1143395>
- <sup>5</sup> Frontier Economics, *Regional Growth: A Report Prepared For The ODPM, HM Treasury and DTI*, September 2004
- <sup>6</sup> ODPM: Housing, Planning, Local Government and the Regions Committee Fourth Report, *Planning, Competitiveness and Productivity*
- <sup>7</sup> Secretary of State for Environment, Food and Rural Affairs, *The UK Government Sustainable Development Strategy*, Cm 6467, March 2005
- <sup>8</sup> According to the SDS, 'Sustainable consumption and production is about achieving more with less. This means not only looking at how goods and services are produced, but also the impacts of products and materials across their whole lifecycle and building on people's awareness of social and environmental concerns. This includes reducing the inefficient use of resources which are a drag on the economy, so helping boost business competitiveness and to break the link between economic growth and environmental degradation.'
- <sup>9</sup> DEFRA, 28.03.06 - <http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=193134&NewsAreaID=2>
- <sup>10</sup> The Office of the Deputy Prime Minister, *Sustainable Development Action Plan: Securing the future - delivering UK sustainable development strategy*, ODPM, 2006
- <sup>11</sup> ECOTEC Research and Consulting Limited, Roger Tym and Partners, *Planning for Economic Development*, Office of the Deputy Prime Minister, May 2004
- <sup>12</sup> ODPM, PPS1, *Delivering Sustainable Development*, 2005
- <sup>13</sup> Published 13 December 2002 - HC 114-III - ISBN 0 21 500692 5 <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmmodpm/114-iii/114m01.htm>
- <sup>14</sup> Richard Cowell, Department of City and Regional Planning, Cardiff University *Sustainability and Planning: The Long and Winding Road*, A Briefing Note for the RTPI General Assembly, 20th October 2004 - <http://www.rtpi.org.uk/resources/policy-statements/cowell.pdf>
- <sup>15</sup> ODPM, PPS1, *Delivering Sustainable Development*, 2005
- <sup>16</sup> Local Government Association Conference 2003
- <sup>17</sup> Policy Evaluation and Analysis Research Laboratory, The University of Liverpool, *Developing a UK-Wide Spatial Planning Framework: Spatial Structure and Key Drivers In The UK*, Final report submitted to the Royal Town Planning Institute, March 2006 – unpublished as at date
- <sup>18</sup> The physical and legal characteristics of land make it distinctive as a commodity. Real property is locationally specific and generally immovable. This can put sellers in a monopoly position relative to buyers. For example, manufacturing firms wishing to expand may be constrained not only by an aggregate shortage of available urban land but also by the determination of adjacent owners to exploit their monopoly position.  
Land ownership in strict legal terms refers not to land but rather to property rights in land, known as estates and interests. These rights exist as 'bundles', the ownership of which may be divided, even for a single parcel, between different individuals or organisations. In such cases, development may be unable to proceed until the bundle of rights is united under the control of a single owner.  
In a perfectly competitive market, rapid changes in price balance the quantity demanded with the quantity supplied and ensure equilibrium. The conditions of perfect competition are extensively breached in land and property markets. Development land is heterogenous not homogenous. It is traded infrequently in a series of linked sub-markets. Transaction costs limit the ease of market entry and exit and aggravate liquidity.

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Although market imperfections occur when the conditions of perfect competition are violated within the market, if market operations are distorted by external influences, market failure can arise. Externalities, public goods and lost opportunities all provide examples of such distortions within land and property markets

- <sup>19</sup> Evans, A, 'Planning and the Land Market', pp. 75 – 87 in Evans, A, *Economics and Land Use Planning*, Blackwell, 2004 p. 207
- <sup>20</sup> Frontier Economics, *Regional Growth: A Report Prepared For The ODPM, HM Treasury and DTI*, September 2004
- <sup>21</sup> English Regions Network, RDA Planning Leads Group, Office of the Deputy Prime Minister, Department for Transport, *Regional Futures: England's Regions in 2030*, Final Report, English Regions Network, January 2005
- <sup>22</sup> <http://www.odpm.gov.uk/index.asp?id=1146537>
- <sup>23</sup> DETR: *The Economic Consequences Of Planning To The Business Sector*, DETR, 1998  
<http://www.odpm.gov.uk/index.asp?id=1143395>
- <sup>24</sup> <http://www.rtpi.org.uk/resources/policy-statements/2006/feb/pol20060209.pdf>
- <sup>25</sup> Oral evidence taken before the Transport Committee on Wednesday 30 November 2005
- <sup>26</sup> The Town and Country Planning (Major Infrastructure Project Inquiries Procedure) (England) Rules 2002 (SI 2002/1223) and DTLR Circular 02/2002
- <sup>27</sup> Faber Maunsell and Ecotec, *Surface Infrastructure of National Economic Importance (SINEI): A Study for England's Regional Development Agencies* January 2004
- <sup>28</sup> para. 14.6.10 in Professor Michael Parkinson, et al, *State of the English Cities: A Research Study*, Office of the Deputy Prime Minister: March 2006
- <sup>29</sup> *Skills Base in the Planning System*, LGA/ODPM, November 2004
- <sup>30</sup> *Resourcing of Local Planning Authorities*, DTLR 2002
- <sup>31</sup> <http://www.rtpi.org.uk/resources/publications/education-commission/>
- <sup>32</sup> David Chippendale, Geoff Marsh, Tanaji Chakrabarty, Damian Harrington, Rob Harris, Christina Howick, *London Office Policy Review 2004: A Review of Office Market Trends in 2003/4 and their Implications for Strategic Planning Policy*, London Development Agency, August 2004
- <sup>33</sup> A useful summary of the implications of spatial planning is contained in the paper "The Role and Scope of Spatial Planning - A Summary for Practitioners (March 2006)" produced for the ODPM Spatial Plans in Practice project.