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CONSUMER CITY

a question of balance

cities, planning and the Barker Review

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Abstract

The Barker Review of Land Use Planning has been widely attacked as bad for cities: loosening the green belt, damaging town centres and undermining local democracy. But others felt the Review should have gone a lot further. Who is right? This paper assesses Barker, exploring the role of planning in urban growth. It finds a case for managed reviews to green belts. But the jury is out on reforming the 'town centre first' approach, and proposals for planning major infrastructure need further work. The forthcoming Planning White Paper should take forward Barker's more sensible proposals. But the Government must tread carefully, improving local planners' capacity before it introduces any major reforms.

Introduction

'I predict riots in the streets of Britain,' Jilly Cooper wrote recently in the *Daily Telegraph*. 'There is a great rage in the country and I can feel it prowling like an animal.' And what will trigger complete social breakdown? 'Building on green belt land will be the final straw.'

Land use planning is usually one of the least exciting areas of urban policy. Planners are supposed to sit in dusty offices, sorting out disputes between neighbours about hedges. The glamorous stuff gets left to super-architects, developers or high-powered city leaders.

Last month, however, Kate Barker's Review of Land Use Planning put planners – and the planning system – firmly in the spotlight. The Review provoked a huge amount of criticism, most of it hostile. Columnists, pressure groups and former ministers lined up to denounce the findings as 'Armageddon for small towns', 'undoing the urban renaissance', 'devastating' and 'complete lunacy'. In the *Guardian*, Simon Jenkins expressed horror at 'a nightmare vision of our countryside vanishing in a splurge of warehouses and hypermarkets' (Jenkins 2006). The *Sunday Times* even labelled Barker 'Britain's most dangerous woman' (Woods 2006).

Others took the opposite line. The Policy Exchange think tank criticised Barker for 'not going far enough' (Evans and Hartwich 2007). Many commentators were expecting a Treasury-backed review to rip up the planning system, and were surprised at the modesty of the proposals.

So who is right? Does the planning system need radical change, or has Barker already gone too far? This paper takes a hard look at cities and planning. How does the planning system shape urban growth? What – if anything – needs to change?

Most importantly, what should happen next? The Government is now moving forward with recommendations from Barker, the Eddington Transport Study and the 2006 Energy Review in a Planning White Paper slated for the Spring. What should be in it?

"Planning matters, but the evidence base linking planning to urban or macro-economic performance is not as good as we would like"

Planning and cities

Planning is about place shaping. It is one of our principal tools for balancing economic, social and environmental goals. Planners must also balance protection and progress. As Paul Cheshire and others point out, most people have a natural tendency to resist development. Households generally feel the costs of development directly, but the benefits tend to be longer term and spread more thinly (Cheshire and Hilber 2006). Because of these balancing functions, the planning system is inherently complex.

Planning is an important tool in urban policy, and for city leaders. It is one of the main forces shaping patterns of urban growth and change. Most recently, changes to planning rules have led to more developments on brownfield land, and at higher densities. In 2004, for instance, 70 per cent of new development was on brownfield land, up from 57 per cent in 1997. New homes are now built at around 40 dwellings per hectare (dph), compared to 25 dph before 2002 (ODPM/ONS 2005). This has helped encourage a wave of new city centre apartments and offices (Nathan and Urwin 2006).

How does planning affect urban economic performance? Some free-market voices suggest that planning constrains economic growth (Evans and Hartwich 2007). Others argue that it is an essential tool, making markets work better, improving the distribution of economic activity, and creating a sense of place (Shostak 2006). Both sides overstate the case. Planning, intuitively, matters, but the evidence base linking planning to urban or macroeconomic performance is not as good as we would like (Barker 2006b). And planning is one of many factors affecting urban economic outcomes. This means that the planning function – and planning decisions – must be integrated with other elements of cities' economic development toolkits.

The Barker Review is the second major look at the planning system in five years. In 2004, the Planning and Compulsory Purchase Act set out a number of reforms to make planning more strategic and more flexible. The Act introduced a three-level system:

- National Planning Policy Statements (PPS, replacing the previous Planning Policy Guidance system)
- Regional Spatial Strategies (RSS) drawn up by Regional Assemblies
- Local Development Frameworks (LDFs), drawn up by local authorities.

It is too early to tell what impact these reforms have had. Overall, they seem to have made the job of planning tougher, and more demanding. The new system is very time-consuming, with many local authorities still putting their first LDFs together.[1] And too many LDFs are of low quality (Kelly 2006).

What Barker says

Overall, the Review argues that planning should give more weight to economic issues, become more responsive, and be faster and more transparent (Barker 2006a). For Barker, the balance of evidence suggests that aspects of the planning system:

> *'…tend to have a negative impact on the five drivers of productivity, contributing to the UK's productivity gap'.* (ibid)

But what follows is less radical than many predicted. Any early appetite for tearing up

1. Stakeholder interviews, July 2006

the rules seems to have largely dissipated.[2] Instead, the Review stresses that there are no silver bullets in reforming the system. The main proposals are set out in the box below and discussed in detail later.

Major changes *More building on green belt land*	• Long-term economic, demographic pressures on land supply • Local and regional planners should revisit green belt boundaries
Modify 'town centre first' approach	• Maintain town centre first objectives • Local planners should not determine individual market need • Remove 'needs test', replace with market share test
New system for major infrastructure projects	• Three-stage process for major infrastructure – transport, energy, water, waste • Independent Planning Commission takes decisions
Emphasise economic role of planning	• New PPS4 outlining economic role of planning system • Presumption in favour of development – where local plans are 'indeterminate', approve applications unless strong reasons against them
Minor changes *Promote brownfield/empty land use*	• Fiscal incentives to promote use of brownfield land, empty buildings • Fine landowners for non-use
Speed up local planning system	• Remove range of household/domestic planning decisions from planning system • Share local planning resources across authorities • Upgrade Planning Inspectorate • Greater use of private planning
New economic incentives for local authorities	• Local authorities need stronger incentive to link planning decisions and economic growth • Range of options trailed, including Tax Increment Financing

2. Stakeholder interviews, March, October and November 2006

"Over the past 60 years the green belt has achieved totemic status, like the NHS or A-Levels"

The rest of the paper considers the main proposals. Three have a major impact on cities: reforms to the green belt, out of town versus town centre development, and the new system for planning major infrastructure.

Loosening the green belt?

The green belt is designed to place a ring around our major cities, holding back sprawl and protecting the countryside. Over the past 60 years it has achieved totemic status, like the NHS or A-Levels. Introduced in 1944, there are now 14 green belts covering around 13 per cent of England (Wales and Scotland have their own policies). The biggest of these belts surround Greater London and big cities including Liverpool, Manchester and Birmingham.

Local authorities already have the power to allow building on green belt land, and over the past 20 years, universities, business parks and housing estates have nibbled away at it (Vidal 2006). The Sustainable Communities Plan set out four Growth Areas across the South East – leading to reviews of several green belt boundaries. But local resistance, and cautious Whitehall guidance, prevents most green belt being built on.

"By encouraging people and businesses to cluster together, green belts have arguably helped to grow urban economies"

Green belt policy has had many successes. British cities lack the sprawling patterns of American 'exurbs', or low-density outer suburbs (Berube *et al* 2006, Nathan and Marshall 2006). Over time, they have been widely copied elsewhere – even in the US, where 'wild west' planning regimes are now very rare (Pendall *et al* 2006). Importantly, by encouraging people and businesses to cluster together, green belts have arguably helped to grow urban economies. There are clear relationships between density and proximity, city size and productivity (Graham 2005, Rice and Venables 2004). Doubling a city's size increases labour productivity by 3 to 8 per cent (Rosenthal and Strange 2004). Relatively compact cities encourage agglomeration effects, which help firms become more efficient and make markets work better.

So planners need to manage the long-term relationship between city size and city density: promoting proximity while preventing cramming, and ensuring cities have room to grow.

Have we got the balance right? Barker urges change. She points out that around 13 per cent of England is classified as developed land. But green belt aside, another 31 per cent of the country is classified as Areas of Outstanding Natural Beauty, National Parks or similar (Barker 2006a). Given the long-term need for land – particularly for affordable housing – she encourages local and regional planners to review green belt boundaries 'to ensure they remain relevant and appropriate'.

The weight of evidence supports Barker's argument. Those sceptical about the green belt's merits make three telling points:

- First, public support for the green belt is based on misunderstandings. In a poll commissioned for the Review, 60 per cent of respondents believed green belts were to protect wildlife, and 46 per cent thought they preserved areas of natural beauty (Ipsos MORI 2006). In fact, these two types of land are protected separately. Significantly, only 17 per cent thought 'land on the edge of cities' was the most important to protect against development. Green belt land sometimes has little visual or environmental value, and little public access. Meanwhile, urban green space – which is highly valued by the public – is shrinking (Barker 2006a).
- Second, not building on the green belt may be counterproductive. In fast-growing cities like Oxford and Cambridge, development has increasingly leapfrogged into the countryside proper (DTI 1999). The result is a greater amount of commuting, congestion and pollution than might have occurred through relaxing green belt restrictions. This is partly the result of neighbouring authorities being happy to take development refused by others. Coordinated reviews of green belt boundaries would manage this better.
- Third, constraining land supply raises its cost. Analysis by Paul Cheshire and

Christian Hilber (commissioned by Barker) suggests that through planning restrictions, the UK pays a substantial 'regulatory tax' on office space (Cheshire and Hilber 2006). Of course, the wider benefits of containment may outweigh these economic costs. But their sheer size suggests some adjustment is needed.

"The challenge for Whitehall is to encourage people into the 'city edge' as far as possible, before turning to green belt land"

Most of all, preferences are key. The Urban Task Force model of urban development – as advocated by Richard Rogers and others – emphasises high-density apartment living (Urban Task Force 2005). Manhattan and Barcelona are held up as ideals. But this model only takes us so far. Urban renaissance has seen thousands of people returning to British city centres to live in flats (Nathan and Urwin 2006). These new communities contain a good mix of ethnicity, income and tenure – but most residents are students and young, childless singles. And most people aspire to move out to suburbia after a few years (Nathan and Unsworth 2006). This is not the kind of sustainable community the Government would like to see.

Most Britons want to live in houses with gardens (CABE/MORI 2004). This uses up stocks of brownfield land, putting green belts under pressure. Household growth and housing shortages have put nearly 1.5m people on waiting lists. In the Greater South East, ippr's analysis suggests a further 200,000 homes are needed by 2016 over and above the Government's existing plans (Bennett *et al* 2006). Similarly, since the mid 1990s big British cities have been in economic and social recovery mode (ODPM 2006). They will increasingly need room to grow.

"It is better to allow managed expansion than unplanned leapfrogging or sprawl"

The challenge for Whitehall – and city leaders – is to encourage people into the 'city edge' as far as possible, before turning to green belt land (Nathan and Unsworth 2006). Ministers need to get city centre living in perspective – and keep pushing for a broader range of housing types. And while green belts are valuable, we cannot preserve them intact forever. It is better to allow managed expansion than unplanned leapfrogging or sprawl.

Recommendations for policymakers

- Government should encourage managed, belt-loosening in the Planning White Paper and subsequent national guidance.
- Cities should embrace green belt review as part of 'smart growth' approaches.
- Strategies should involve building up and out – a mix of taller buildings in city centres, developing brownfield land in the 'city edge', and allowing managed green belt development where necessary. This will vary between places.
- Communication is a key challenge. Any policy change will be controversial, and needs to be clearly set out and explained.
- The White Paper should also set very clear guidance about the rationale and tests for green belt boundary changes.
- The Government should sequence reform – building up local capacity before changing the rules. Many local planning authorities, especially in smaller towns and cities, lack the capacity to review green belts in strategic fashion. There is a real risk that planners will get rolled over by private sector interests if green belts are loosened immediately.

In or out of town?

For cities, developers and retailers alike, out of town shopping is a huge issue. In the 1980s and early 1990s, a wave of big shopping centres and retail parks – like Sheffield's Meadowhall, and Merry Hill, outside Birmingham – hit traditional high streets hard. They were cheap to build and popular with shoppers, but there was concern that town and city centres were being damaged beyond repair.

In 1993, planning rules were changed, introducing a much tighter 'town centre first' approach which aimed to safeguard town centres and aid urban recovery. The latest version of the rules – PPS6 – sets out a sequence of tests that any large out of town development must pass (see Box 1).

Overall, this approach has helped town

Box 1. 'Town centre first' planning: the sequential approach

- Needs test – does the development meet a shortfall in existing capacity? Does the development deal with other shortfalls in the current offer – for example, by improving car parking space or reducing queuing?
- Sequential test – can the development be put in an available town centre site, or edge of centre location?
- Impact assessment – what will be the development's impact on existing town centre locations?
- Scale and access tests – is the development of an appropriate scale, and is it accessible?

The needs test allows local authorities to refuse big out of town developments if there is no 'need' for them. Local need is calculated by assessing likely future demand for retail/leisure floorspace, and comparing this against population levels and spending patterns.

PPS6 also encourages planners to 'factor in' regeneration and employment gains from locating stores in deprived areas outside town centres.

Source: ODPM 2005

"What is the case for change, or against it? The economic evidence is complex – and unclear"

centres to recover. Between 1993 and 2003, high street sales dropped just 2 per cent (Accessible Retail 2006). Similarly, town centres' share of total retail floorspace rose from 25 per cent in the mid 1990s, to 34 per cent in 2003/4 (Barker 2006a).

Overall, Barker supports town centre first objectives. But she has objections to PPS6 in its current form, particularly the needs test.

A single large supermarket will usually meet an area's requirements for some years. So in the retail sector, the presence of incumbents is a block on new arrivals: in effect, it has become fairly easy for many local authorities to stop new development (CB Hillier Parker and Cardiff University 2004). And the rest of PPS6 – particularly the Impact Assessment – is underused. Many local planning authorities lack the capacity to put it into practice.[3]

Barker argues that on principle, local planners should stay out of determining individual cases of market need. She also suggests that in practice, the needs test may restrict local competition and consumer choice, and may also hurt productivity in the retail sector.

Barker recommends that the needs test is abolished and replaced by a market share test – which would protect against local monopolies and encourage competition between retailers.[4] She leaves final recommendations to the Competition Commission, which is looking at market conditions in the retail grocery sector – including the potentially restrictive role of planning (Competition Commission 2007).

These changes should reduce market distortions, but will also lead to more out of town development. So Barker's proposals are meeting with strong resistance. What is the case for change, or against it? The economic evidence is complex – and unclear (see Box 2 for a summary).

Opponents of change argue that the wider benefits of town centre first planning outweigh the economic costs. First, city-centric policies have important economic and regeneration benefits (ODPM 2006). And there is a clear environmental argument for town centre first – shorter journeys on public transport reduce carbon footprints.

Second, planning restrictions may not damage retail productivity in the way Barker suggests. Other studies cast doubt on the

3. Stakeholder interviews, December 2006 and January 2007
4. It is worth noting that the Review's interim report stated that 'it is too early to assess the impact of PPS6 on allocation of sites and development control' (Barker 2006b)

Box 2. The economics of 'town centre first' planning

The case for 'town centre first'

- Planners should balance market need against wider welfare issues
- PPS6 has helped cities' recovery
- Space restrictions may encourage business innovation
- PPS6 is not a constraint – two thirds of new retail development is still out of town

The case against

- The market, not planners, should determine economic need
- Space restrictions raise rents, and may help indirectly create 'clone towns'
- Many regeneration sites are outside town centres.

"There is some evidence that misuse of the planning system, particularly land holding, is restricting retail competition"

existence of a 'retail productivity gap', suggesting the sector is highly innovative (Burt and Sparks 2003, DTI Retail Strategy Group 2004, OIRM 2004). With locations restricted, UK retailers are highly space-efficient – and are forced to innovate around technology, logistics and store formats.[5]

Third, planners argue that determining need is an important part of planning's balancing function.[6] Planning has a critical role to play in housing supply, for example – anticipating future patterns of demand, and applying rules and incentives to shape supply. And some market transactions may need close regulation.

Most importantly, PPS6 still allows a great deal of out of town development to happen. Between 1999 and 2005, 32 per cent of new retail floorspace was in town centres – in other words, more than two thirds of new development was out of town. For the supermarket sector, just 23 per cent of new stores were built in town (British Council of Shopping Centres 2006). Similarly, the Competition Commission suggests that PPS6 itself may not block new supermarkets.[7] For example, Scotland – which lacks a needs test – is building fewer hypermarkets than Wales, which has one (Competition Commission 2007).

But there is also a case for reform. By restricting development to town centres, restrictions may have inadvertently encouraged 'clone towns' by jacking up rents and pushing out independent operators (APPG on Small Shops 2006, CB Hillier Parker and Cardiff University 2004, NEF 2004). There is some evidence that misuse of the planning system, particularly land holding, is restricting retail competition (Competition Commission 2007). And some commentators feel that the needs test is a step too far.[8] They argue that planning should influence broad economic trends, but individual market decisions should be left to businesses and consumers.

Tellingly, there are mixed messages from those on the sharp end of policy. Many private sector players support the town centre first approach. Developers and businesses have got used to investing in city centres, and are unhappy about potential disruption.[9] Tesco, for example, says it is able to 'work with the grain of the planning regime' (Tesco 2006). But others – notably ASDA – feel restricted by the system and want it reformed (ASDA 2006). Last year, IKEA announced plans for 10 high street stores, saying that planning rules left it with no other choice (Milne 2006).

Certainly, current rules may have made some regeneration tasks harder. Policy has yet

5. Stakeholder interviews, October and November 2006
6. Stakeholder interview, December 2006
7. However, if supermarkets and convenience stores represent separate markets, PPS6 may restrict competition if it unduly constrains either one of them. The Competition Commission's final report will clarify this.
8. Stakeholder interview, December 2006
9. Stakeholder interviews, October and November 2006

to have a major impact on smaller cities and towns (CB Hillier Parker and Cardiff University 2004). And there are some worries that PPS6 is too inflexible – or not worded well enough – to encourage 'retail-led regeneration' in deprived communities outside town centres.[10] These schemes have created hundreds of jobs, although their net impact is less clear (Carley *et al* 2001). A key issue is the way land is zoned for planning – 'retail' is not currently considered a prime 'employment' use. Barker – sensibly – suggests changing this.

Recommendations for policymakers

"For many people, the proposals sound like a centraliser's charter – taking local people entirely out of the picture"

- The White Paper should pause any change to PPS6 until the Competition Commission Inquiry concludes.
- Reform should not unravel the wider achievements of urban policy. Competition concerns alone should not determine patterns of development.
- The evidence suggests the needs test is not working well – but that many local planners lack the capacity to use the rest of PPS6 effectively.
- The needs test could be replaced by a beefed-up Impact Assessment – covering market share, access, effects on local firms, regeneration potential and environmental sustainability.
- The Government must improve capacity in local planning authorities, and provide simple impact assessment tools – before any changes to PPS6 are introduced.
- The Government should provide clearer encouragement for out of centre 'regeneration' developments. Retail should be categorised as an 'employment' use of land.
- Local planners will need to build capacity to use a reformed PPS6. More broadly, they will need to be more proactive in identifying sites for future commercial development, in town centres and edge of centre locations.

Planning for major infrastructure

Planners have to balance competing interests, and this means some planning decisions can take time. However, major infrastructure of national significance – such as the Crossrail scheme in London, or airport expansions – can take decades to get the go-ahead. Local authorities and the private sector both complain about lack of speed and lack of certainty – which increases risk and can make investment less likely (Marshall and Finch 2006). As one developer involved in the regeneration of King's Cross recently said:

> *'When we were selected as developer for this, I had hair, I wasn't married, I had no children, I had a father, two brothers and a sister. I now have no hair, I'm married, I have two children, I've lost my father, I've lost a brother and we still haven't got planning permission.'* (quoted in Goodman 2006)

The Barker and Eddington Reviews suggest a new system to take the politics and wrangling out of major infrastructure planning (MIP). The Government is now developing these proposals further (see Box 3).

The Government recognises that these proposals are draft, and need further development.[11] It also stresses that local people would be consulted throughout the new system. But for many people, this sounds like a centraliser's charter – taking local people entirely out of the picture (CPRE 2006, Evans and Hartwich 2007). So what are the arguments for and against?

In some ways, this system would be an improvement.[12] Most major planning decisions are not decided locally. For example, Uttlesford District Council recently refused

10. Stakeholder interviews, November 2006
11. Stakeholder interviews, December 2006
12. Stakeholder interviews, December 2006

Box 3. A new approach to planning major infrastructure

- *Strategic stage:* Government departments will draw up National Planning Statements (NPS) for key infrastructure (for example, transport and energy).
- *Scheme development stage:* public agencies and private sectors draw up proposals.
- *Development stage:* a new Independent Planning Commission (IPC), staffed by experts, rules on specific projects – balancing economic, social and environmental concerns, and using relevant NPS for guidance.
- *Consultation and challenge:* consultation at all three stages, with possibility of challenge to NPS and IPC through the courts.

"Barker does endorse executive Mayors – but there are clear tensions between the Government's objectives of efficiency and local democracy"

permission to expand Stansted Airport.[13] But this decision has already been appealed, and is likely be called in by Ministers. In these cases Whitehall or a planning inspector has the final say – not local people. By making arrangements tidier and more transparent, the new arrangements would improve speed and certainty.

However, the proposal appears to go against the grain of recent government policy, which has been to devolve powers and responsibility downwards to the most appropriate level (DCLG 2006). The proposals risk being seen as 'devolving up' to an unelected quango. Barker herself encourages local authorities to work across boundaries, and suggests extending the 'London model' of planning governance – where the Mayor has strategic control of the planning function – to other major cities (Barker 2006a). Barker does endorse executive Mayors – but there are clear tensions between the Government's objectives of efficiency and local democracy. The forthcoming Review of Sub-National Economic Development needs to spell out how some of these will be resolved.

There are also questions about how the new system would operate. What exactly is the remit of the new Commission, and how will it be aligned across different policy areas?

Barker suggests that planning decisions are taken where spillovers are felt. But spillovers are often felt at more than one level, so 'strategic' decisions are not straightforward to define. Should decisions about expanding Manchester Airport be taken at local, city-regional or national level, for example? The airport is one of the primary drivers of the Greater Manchester economy and the North West – as well as a key node in the UK airport network. Accountability is also a factor here. In the Stansted example, there is only the Regional Assembly between the local council and the Independent Planning Commission. In the Manchester case, there could soon be new city-regional arrangements.

More broadly, how will these proposals relate to the rest of the planning system? For example, how will National Planning Statements relate to existing PPSs, and to strategic documents like White Papers? And how will Section 106 agreements be made?

Recommendations for policymakers

- The White Paper should set out clear, visible lines of accountability for MIPs – with a framework for public consultation, and fixed timetables for NPS review.
- The IPC should not have a small fixed membership – unlike the Monetary Policy Committee. Instead, it should have a small core team and a much larger pool of experts, from which decision teams are drawn. This pool should include city and regional stakeholders.
- City and regional voices need to be

13. Uttlesford DC is Kate Barker's local council – perhaps not a coincidence

heard. Local authorities and Regional Assemblies should have a statutory 'advisory' function, with a right to give written and verbal evidence to the IPC, and to the NPS drafting process.
- The White Paper should clearly define the set of developments that fall within the Independent Planning Commission's remit. Thresholds for 'strategic' decisions need to be defined carefully.
- The IPC should aim to take a limited number of decisions. Targets could be expressed as a percentage range of total planning applications for each NPS. Both targets and performance should be monitored annually/bi-annually.
- National Planning Statements should look and feel similar to existing national planning guidance, and embody principles and objectives enshrined in other strategic government documents, such as Acts and White Papers.
- The NPS process should be overseen by Ministers, but the statements – like other national planning documents – should be drafted by civil servants.

"Barker proposes stronger incentives for local authorities to link planning decisions to economic development. Current tools are working poorly, so this is good news"

Other reforms

Barker's other ideas focus on speeding up the planning system, particularly at local level – and incentivising planners' and business behaviour. Barker proposes a package of measures to speed up local planning, including:

- Cutting delivery time for Local Development Frameworks to 18 to 24 months, from the current 3 to 4 years.
- Tailored Planning Delivery Agreements between local authorities and developers.
- A new planning mediation service to speed up appeals.
- Removing small developments from the planning system altogether – conservatories and extensions to shops, for example.

These changes are welcome – particularly if they improve local capacity to deal with more difficult or strategic issues (see below).

"Overall, we give the Review a cautious welcome. There is plenty of good news for cities"

Although the system has been getting faster, around one third of local authorities are not meeting targets. The appeals system has got 'substantially' slower in recent years (Barker 2006b).

Barker also proposes greater use of privatised planning. This is more controversial. Some councils like Salford have already outsourced some planning (Audit Commission 2006). However, many are sceptical about whether the private sector will be interested, and worry about managing conflicts of interest (Barnard 2006).

Barker also proposes stronger incentives for local authorities to link planning decisions to economic development. Current tools are working poorly, so this is good news (Marshall and Finch 2006). A better-structured, city-regional growth incentive should be on the policy menu, as should Tax Increment Financing – if it can be supported by a larger, more secure local revenue base to borrow against.

Barker also proposes penalising owners of vacant or derelict land. Again, this is sensible – but local authorities should also have the power to set the level of the penalty. Short-term costs of development can vary widely – according to local demand for brownfield land, local planning regimes and the specific costs of development. The experience of Planning Gain Supplement (PGS) proposals also suggests local authorities value the power to set local bargains with developers. As such, local flexibilities should be popular, and the proposal relatively easy to implement.

Getting the balance right

Planning is a difficult, complex business – but it is something that touches all our lives. So has 'the most dangerous woman in Britain' got it right?

Overall, we give the Review a cautious welcome. There is plenty of good news for cities:

- The Review has a welcome focus on urban areas and economic development.
- It supports smart growth for Britain's big cities.

- It backs town centre first development and urban regeneration.
- It should give urban planners more time, capacity and resources to focus on strategic decision-making.

However, there are also areas of major concern:

- The overall evidence linking planning to productivity and growth is not clear cut.
- Many planning authorities in small cities and towns lack the capacity to deal effectively with Barker's reforms.

The forthcoming Planning White Paper should push ahead with managed loosening of the green belt, but move much more cautiously on out of town development and planning for major infrastructure. On top of this, it needs to consider three key cross-cutting issues for cities.

"The Government should push through the little changes, and resist the temptation to start any riots"

- **Capacity** – the White Paper needs to take steps to improve local planning capacity – ahead of other reforms. Many local authorities are not ready for Barker's proposals, and are having trouble adapting to the increasingly strategic role of planning. 'Big Bang' implementation may undermine wider planning objectives – particularly around the green belt and town centre development. In particular, the proposed presumption in favour of development could open the flood-gates for new building, since so many local plans are still unfinished.

  The Review contains measures to improve capacity at local authority level. The Government should implement these first, and look for ways to promote joined-up working within local authorities.

- **Incentives** – the White Paper should improve cities' planning incentives. It should take forward proposals to penalise non-use of brownfield land, and should work with Lyons to take forward reform of Local Authority Business Growth Incentives (LABGI). Lyons should explore the case for Tax Increment Financing, as part of an expanded financial toolkit for local authorities.

- **Governance** – when it comes to efficiency and democracy, the White Paper needs to square the circle. Specifically, the Governments needs to become a lot clearer on major infrastructure planning and devolution towards cities. The new MIP system should be aligned with empowering cities and city-regional working, either through informal partnerships or new city-regional bodies (Marshall and Finch 2006).

What next? The politics of planning reform will be very difficult. Ministers appear to differ over some of the key issues, particularly the green belt (Kelly 2006). And both opposition parties are likely to come out against the major infrastructure proposals. A Brown administration may need to make some quick political trade-offs to move proposals into law.

Planning reform need not be the end of the world. But it will not be an easy sell. And delivering it the wrong way could do far more harm than good. The Government should push through the little changes, and resist the temptation to start any riots.

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