strategic planning – a bright future ahead?

An EU regulation agreed in December 2013 and becoming practically operational in 2015 is likely to have a major impact on the way that sub-regional strategic planning is carried out in the UK, as elsewhere within the European Union, as Janice Morphet explains.

When the Coalition Government announced the abolition of Regional Strategies soon after the general election in 2010, there was an assumption that the processes and institutions that supported strategic planning in England had been swept away in a tide of localism. At the same time, local authorities, together with business partners, were invited to form Local Enterprise Partnerships (LEPs) for functional economic areas, creating new sub-regions across England.

Local Enterprise Partnerships

The initial assumption, made by many local authorities, that LEPs would only be recognised by the Government in areas of economic stress was short-lived. In practice, the pressure was in the other direction – as local authorities reluctant to join LEPs soon found.

Initially, LEPs were criticised as soft or fuzzy spaces, with indeterminate accountabilities. They were formed as non-accountable business-led organisations with self-appointed boards. Their role was not to replace the Regional Development Agencies but rather to develop local priorities for European Union and local growth plans and programmes. They had no strategic planning role. Local authorities were members of the LEPs. The central organisations of LEPs were kept minimal through small funding allocations, although a national network was quickly established to share information and experience. Each LEP had a senior civil servant who acted as a contact for liaison with central government.

As the LEPs developed their roles, focusing on transport and skills, the issue of democratic accountability remained a concern for local authorities. Although planning appeared to be off the LEP agenda, housing soon emerged as an element of economic infrastructure, as part of the LEP growth programmes – including indications of volume and location. The National Planning Policy Framework (NPPF), issued in 2012, identified the need for local authorities to work collaboratively with LEPs in the preparation and delivery of their Local Plans, although LEPs had no formal role within the English planning system.

Since their formation, LEPs have been developing horizontal integration between neighbouring localities. The Government has also developed City Deals that devolve powers to local authorities and boost their role in the democratic leadership of the new sub-regions. City Deals act as vertical contracts between central and local government that commit both to achieve defined targets. City Deal areas may include more than one local authority if the boundaries of the functional economic area suggest that this is appropriate.

Although LEPs are included as part of the City Deal stakeholder group, City Deals are contracts between democratically accountable bodies. They bring with them incentives through funding, freedoms and flexibilities for the local authorities concerned. Reviewing the range of these City Deal freedoms and flexibilities provides a means of assessing the likely expanded future scope of local authorities within the state – which includes greater powers in skills and training delivery, transport, and housing, and the introduction of single integrated investment pots across local and central government.
Combined authorities
An emerging response by local authorities to the institutional indeterminacy of LEPs has been a shift towards the creation of combined authorities (CAs). These were enabled by the Local Democracy, Economic Development and Construction Act 2009. CAs provide a legislative underpinning to what had been achieved before through joint committees set up using powers provided by the 1972 Local Government Act. In both CAs and joint committees, local authorities agree to pool specific powers with each other; and decisions on issues considered under these powers can then only be taken by all the local authorities together, and they are binding on all members.

CAs were initially considered as an approach for a few local authorities but are now being pursued actively by groups of local authorities throughout England. This interest has been partly driven by the scale of devolution that the Government has so far been prepared to deliver to the ‘model’ CA, Greater Manchester. Proposals here include the devolution of the whole of the NHS England budget of £6 billion from 2016. This will be added to the £2 billion of devolved funds already agreed through Growth and City Deals.

This makes CAs attractive to many other local authorities trying to solve financial conundrums, including balancing priorities for personal health and care services and investing in economic growth. However, even these devolved budgets are said to reflect only one third of central government spending in Greater Manchester. Further devolution would be required to move the UK closer to EU averages of devolved funding.

Strategic planning and the new sub-regional governance space
In 2015, the sub-regional economic governance space thus comprises LEPs, CAs and City Deals, with individual local authorities within each of them. While these new institutions are working together in interlocking arrangements and overlapping memberships, it is the CA that is likely to emerge as the overarching governance structure within which the LEPs and City Deals will sit. Furthermore, Economic Prosperity Boards (EPBs), an unused provision in the 2009 Local Democracy, Economic Development and Construction Act, could take on economic development functions similar to those of a LEP, but on a democratic basis. Like City Deals, CAs are also developing their own agenda for strategic infrastructure and managing transport systems. Groups of CAs are also starting to work together to secure major infrastructure investment.

But what of strategic planning in these new arrangements? It appears to be a silent presence in these changes – it is difficult to imagine preparing an infrastructure or growth strategy without a spatial plan and without using the tools that planning provides to deliver its outcomes.

Since 2010, planning has been focused on the local level, including the new neighbourhood planning system introduced in 2011. Although the planning system established in 2004 included strategic planning through Regional Spatial Strategies (RSSs), these were quickly captured by central government agendas and dominated by new housing provision. The pressure to prepare Local Plans within a constantly moving and potentially destabilising central government framework has continued. Local authority planners have had their attention focused, and perhaps distracted, towards the local and neighbourhood levels rather than the strategic scale.

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In a parallel governance space, LEPs have published strategic economic plans (SEPs) and European Structural and Investment Fund (ESIF) programmes in 2013. SEPs and ESIF programmes have been prepared within frameworks of government guidance set out by the Department for Business, Innovation and Skills. The SEP guidance, published in 2013, has focused LEPs on their bidding role for central government Growth Funds. SEPs are also intended to act as integration and delivery plans for other funding from a variety of sources, including bonds, the private sector, the local authority’s own resources (including assets), housing associations, other government funding for transport, and further education as well as EU funding.

SEPs and ESIF programmes have been developed outside the planning system in England and are untested by the Planning Inspectorate. Yet although prepared by unaccountable bodies, their priorities and programmes are spatial. Furthermore, the priorities and programmes in SEPs are emerging as key issues to be considered in examinations of Local Plans and in planning appeals, without any overt identification of their status.

While the new sub-regional arrangements in England have been associated with the Coalition
Government since 2010, it is possible to reflect that the Labour Government was also undertaking a similar programme of reform before this. The Review of Sub-national Economic Development and Regeneration\(^1\) led to a rescaling between the former regional and emergent sub-regional levels. Contractual relationships at the sub-regional level were created through Multi-Area Agreements (MAAs) between 2008 and 2010. The Local Democracy, Economic Development and Construction Act 2009 abolished RSSs, replacing them with Regional Strategies, and reformed political processes for strategic governance: regional planning teams were already being wound up by the time of the 2010 general election.

Although the process of establishing LEPs has been regarded as an English initiative, it is possible to see parallels in the other nations of the UK. The Scottish Strategic Development Plan (SDP) system was introduced in the Planning etc. (Scotland) Act 2006. This created sub-regional planning areas around Dundee, Edinburgh, Glasgow and Aberdeen. Unlike the LEPs, these SDP areas are placed under boards that are cross-sectoral and led by local authorities. In 2014, a City Deal was agreed between the UK Government and Glasgow.

In Wales, the Wales Spatial Plan (published in 2004) created six sub-regions with their own boards, each led by an Assembly Member. Unlike the SDPs in Scotland, these boards have never developed into strategic planning or programming bodies. Instead, Wales has adopted city-regions and the City Deal approach as in England, with three designated cities in Cardiff-Newport, Swansea, and North Wales. These are similar place-based contracts between central government, the Welsh Government, local authorities and stakeholders.

In Northern Ireland, the Regional Development Strategy (RDS) (published in 2002) established key sub-regions, and the strategic approach has been taken through the reform of local government, implemented in 2015.

All these sub-regional arrangements in the UK nations have been a long time in development and stretch back to the implementation of the devolution process in 1999.

How far are these new sub-regional strategies emerging across the UK contextualised by national and state spatial plans? Since devolution, spatial plans have been prepared for Scotland, Wales and Northern Ireland. There is no plan for England.
Furthermore, there is no strategic spatial plan for the UK. The only plan for the UK as a whole is the National Infrastructure Plan, which has been updated regularly since 2011. The latest version, published in 2014, remains a compendium of sector-led projects with no national spatial strategy.

A changing landscape for strategic planning

So how might the landscape for strategic planning change during the 2015-20 period? Are there any underlying principles that help identify the future direction of travel, particularly for this new sub-regional level?

What seems clear is that the objections to a lack of accountability in the LEPs will be overcome by the democratic leadership of the CAs as they are established. It also seems likely that there will be a policy reset for strategic plans for these CAs, integrating them into the wider planning framework, and that these strategic plans will be undertaken in ways that are similar to current local planning methodologies, but with differences and with a greater focus on delivery. The contractual relationships for cities are likely to be extended into more rural areas. In the emerging contractual arrangements, each governance scale will work with the others as appropriate to support and deliver projects, not least as the devolved funds increase as a proportion of the whole available.

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These futures are predictable – at least until 2020. How do we know this? The answer lies in the submerged but underpinning policies and legislation agreed by the UK within the EU. EU Regulation (1303/2013), which was finally agreed in December 2013 and came into effect from 1 January 2014, sets out the objectives, institutions, funding and methodologies for this sub-state integrated planning system for the period 2014-20. The role of this Regulation is easily ascertained by consulting EU and other member state websites – and in the UK the information provided for the Northern Ireland Assembly is the most accessible (see, for example, the Northern Ireland Department of Finance and Personnel website and the Northern Ireland Assembly Briefing Paper by Eleanor Murphy 2013). Although implemented in 2014, this Regulation has been in discussion and negotiation since at least 2000. When the European Spatial Development Perspective (ESDP) was published in 1999 by an informal Ministerial Council of the EU, some concluded that this marked the end of any attempt to develop a spatial policy for Europe.

The informal approach to preparing the ESDP had been adopted following some uncertainty about the role of the European Commission (EC) in territorial and spatial policy when work started in 1993. This concern was raised primarily by the UK Government. However, while the work on the ESDP proceeded to publication in 1999, the EC developed a legal solution that would remove this uncertainty: a new territorial principle was to be inserted within the EU’s existing core objectives of social and economic cohesion. This would be achieved through the means of the next available EU treaty negotiation.

The treaty negotiations that started in 2001 took longer than anticipated and were not agreed until 2007, in the form of the Lisbon Treaty, implemented in 2009. From this point, territorial cohesion became an objective and principle of the EU. The EU’s Cohesion Policy is implemented through seven-year programmes which set out the priorities and the funding programmes that support their delivery at sub-state level, including Structural Funds. The Lisbon Treaty agreement came too late to be implemented through the 2006-13 programme, but it did allow more preparation to be made before the start of the next programme for 2014-20.

This longer period of policy development began with the Barca Report (published in 2009), which set out a future for EU Cohesion Policy as spatial, integrated and contractual across all governance scales. This approach reflected the completion of the application of the principle of subsidiarity to sub-state levels, also set out in the Lisbon Treaty. This principle was also reflected in the use of the term ‘territory’ – territorialisation in French is equivalent to devolution in English.

While the new approach to territorial cohesion was conceived at a time of economic growth, the global economic crisis in 2007 led the EU to review its own approach to managing its economic policies. Europe 2020, which was adopted in 2010, set out the priorities for this period, concentrating on infrastructure, energy, and reforms of the single market. Implementation of this policy programme was agreed through a growth and stability pact which set out the specific reform programmes that would be required for each member state to reach these 2020 objectives. In the UK the priorities set were reforms in infrastructure, planning, housing, and youth training policies. These overall objectives and the specific reform programme for each member state was also to be carried forward in the
new Cohesion Regulation and to be incorporated within specific delivery objectives.

The inclusion of territory within the cohesion principle launched a number of new approaches. It has shifted the EU’s territorial interests from places that were lagging behind EU social and economic averages. Cohesion programmes were formerly focused on areas where these conditions predominated (usually identified by their eligibility for Structural Funds) and on cross-border areas. The addition of the principle of territorial cohesion has extended cohesion objectives and policies to all of the EU’s geography, in an edge-to-edge rather than selected-place approach.

Territorial cohesion has also started to change the focus of EU policies and programmes. These have traditionally been organised on a sectoral basis, reflected through the internal structures of the EC Directorates-General (DGs) and Commissioners. Each DG operates defined programmes, but these have not been aligned with each other. Territorial cohesion has meant a reconsideration of these programmes and their relationships with each other as they are delivered together in a spatial context.

This has started to generate change across the EC’s institutions, policies and programmes towards integration. The focus of policies and programmes has started to shift from sector to place.

These reforms have been implemented in a number of ways. First, from 2015, EU Commissioners have been given a wider range of roles. Portfolios have been changed and some Commissioners have roles in overarching EU policy integration and delivery. The Cohesion Regulation 1303/2013 is another element of this implementation strategy and, unlike a Directive, has to be implemented by each member state as written.

Another key component of integration is that between budgets. In the past, cohesion programmes have been seen as a means of focusing EU funding. The new approach is concerned with how public sector funds are used across the whole of the EU’s geography. This includes funding from central and local government and utilities, which are defined as public bodies within EU legislation.

A further approach to integration has been to consider a territorial focus across scales of governance. Where projects are commissioned, they frequently require agreements between different democratic organisations. This multi-government contractual approach is expected to be extended from agreement on a vertical alignment of commitments to projects to horizontal agreements across boundaries and borders.

Cohesion Regulation Partnership Agreements

Following the adoption of the Cohesion Regulation in December 2013, each member state was required to submit a Partnership Agreement by April 2014, setting out how they intended to implement the Regulation. Once submitted, the Partnership Agreements were assessed by the EC for their alignment and compliance with the EU legislation, including the implementation of policies to support Europe 2020. The Partnership Agreements were approved before implementation in 2015.

The requirements for the strategy and content of individual Partnership Agreements were set out in Regulation 1303/2013, in which it is stated that ‘Member States shall... ensure complementarity between Union policies and instruments and national,
regional and local interventions’ (Annex 1, para. 4.1). In preparing their Partnership Agreement and programmes, member states and regions are required (as set out in Annex 1, para. 6.4) to undertake:

‘(a) an analysis of the Member State’s or region’s characteristics, development potential and capacity, particularly in relation to the key challenges identified in the Union strategy for smart, sustainable and inclusive growth, the National Reform Programmes, where appropriate, relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and in relevant Council recommendations adopted in accordance with Article 148(4) TFEU;

(b) an assessment of the major challenges to be addressed by the region or Member State, the identification of the bottlenecks and missing links, and innovation gaps, including the lack of planning and implementation capacity, that inhibit the long-term potential for growth and jobs. This shall form the basis for the identification of the possible fields and activities for policy prioritisation, intervention and concentration;

(d) identification of steps to achieve improved co-ordination across different territorial levels, taking account of the appropriate territorial scale and context for policy design… and sources of funding to deliver an integrated approach linking the Union strategy for smart, sustainable and inclusive growth with regional and local actors.’

The Regulation (in Article 15, para. 2) sets out how these integrated approaches are to be combined at the local level. This makes the link to two institutional frameworks – Integrated Territorial Investment (ITI) strategies and programmes for the strategic level, and Community Led Local Development (CLLD) partnerships at the local scale that can be included within ITI strategies and programmes (CLLD is one of the ESF investment priorities under the promoting social inclusion and combating poverty thematic objective of the new ESIF). While CLLD programmes are entirely local, ITI strategies and programmes are developed between the state and the functional economic area or sub-region.

ITI strategies and programmes represent a new form of strategic planning, and the Regulation includes a set of thematic objectives that must be addressed in an integrated way (as set out in Article 36). They provide a means of prioritisation using criteria-based assessment of plan and programme outcomes, using defined objectives as follows (as set out in Article 9):

1 strengthening research, technological development and innovation;

2 enhancing access to, and use and quality of, ICT;

3 enhancing the competitiveness of SMEs, of the [agricultural, fishery and aquaculture sectors];

4 supporting the shift towards a low-carbon economy in all sectors;

5 promoting climate change adaptation, risk prevention and management;

6 preserving and protecting the environment and promoting resource efficiency;

7 promoting sustainable transport and removing bottlenecks in key network infrastructures;

8 promoting sustainable and quality employment and supporting labour mobility;

9 promoting social inclusion, combating poverty and any discrimination;

10 investing in education, training and vocational training for skills and lifelong learning;

11 enhancing institutional capacity of public authorities and stakeholders and efficient public administration.’

In terms of strategic planning methodology, the approach identified for preparing an ITI strategy or programme is systematic. The Regulation sets out the key elements of ITI:

● a designated territory and an integrated territorial development strategy;

● a package of actions to be implemented; and

● governance arrangements to manage the ITI strategy or programme.

ITI strategies and programmes can be adopted for a major urban area, a sub-region, or across sub-regions or borders. They are contracts between central and sub-regional scales of governance. In terms of governance, they are the responsibility of democratically accountable bodies, although some or all of the management can be delegated to other bodies. In the English case, this would place combined authorities in the governance role, and they may delegate their responsibilities all or in part to LEPs or EPBs.

The second element of delivery is through a local development strategy prepared within the CLLD provisions of the Regulation and subsequent guidance.7 In the past, CLLD strategies have only been used in rural locations but they can now be adopted everywhere. As the EC stresses, CLLD strategies must be prepared from the bottom up. They can form part of the ITI strategy or programme, which may be prepared from the bottom up or top down. Article 33 states that a CLLD strategy shall contain at least the following elements:

‘(a) the definition of the area and population covered by the strategy;

(b) an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats;
How are ITI and CLLD arrangements to be applied in the UK? The draft Partnership Agreement submitted by the Government in April 2014 was finally approved in October 2014. In the initial submission, the UK indicated that it had no intention of using ITI, while CLLD would only be used in rural areas.8 Instead, UK Government departments were identified as the managing authorities and delivery was to be through LEPs. The version approved by the EC differs from this. There is a positive statement that there would be an ITI for Cornwall and that ITI could be used elsewhere if local authorities wished9 – marking a major shift away from LEPs and opening the way to devolved and integrated programmes to be developed and delivered. This suggests that there may be a need to review the form and content of LEP strategic economic plans to bring them into clear alignment with the objectives set out in the Regulation and the UK’s 2020 reform programme.

Looking beyond 2020

What direction might strategic planning take in the period beyond 2020? As most of Europe is discussing the delivery of the 2014-20 programme, the EC is now starting work on the programme for 2021-27. Already there have been some significant moves in spatial planning. The first has been through the linked spatial planning policy agendas adopted by the Italian, Latvian, Luxembourg and Dutch EU Presidencies, 2014-16. Each has chosen to focus on a different spatial scale – Italy, functional economic areas; Latvia, smaller polycentric communities; and for Luxembourg there will be a major initiative to start discussions on a “Territorial Vision 2050” for Europe, to be completed by 2020. This latter initiative appears to be a major review and replacement of the ESDP and this time it will go beyond the informal status of its predecessor. It will also be a significant component of Cohesion Policy post-2020.

This suggests that the UK will need to firm up its own priorities and objectives for its spatial strategy for the future. The UK has been identified as the only EU member without a strategic spatial plan for the state.10 As a consequence, discussions on Europe’s Territorial Vision 2050 may be difficult. The UK Government could rely on the strategic National Policy Statements for infrastructure, but these are not spatial. The UK National Infrastructure Plan remains a grouping of sectoral plans that do not make much reference to each other and do not work as an integrated whole.

Unlike the ESDP, the new territorial approach is likely to have an important role in identifying locations for investment in infrastructure. This has started with the Juncker Investment Plan from the new President of the EC, announced in 2014. Within an emerging EU long-term policy and investment process that is privileging the spatial, a state strategy that is sector-led may be at a disadvantage.

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The core Ten-T Transport network, also revised and agreed in December 2013,11 is to be supplemented by an in-filling comprehensive network by 2030. The locations of these routes, nodes and hubs could have a significant effect on growth in the longer term. The current discussion on TEN-E (priority corridors for energy infrastructure) as part of the EU’s Energy Union strategy will have a significant effect on the locations and types of investment.

One way of developing a strategic spatial plan for the UK could be through Sir John Armitt’s proposed Infrastructure Commission.12 The establishment of the Infrastructure Commission may attract cross-party support, not least as Ed Balls, the Shadow Chancellor, has proposed widening its remit from the identification, integration and delivery of world-class infrastructure for the UK to include new towns and settlements. The work of the proposed Infrastructure Commission could feed into the development of the EU Territorial Vision 2050, although it would need to overcome its lack of a spatial framework.

At the local level, a CLLD strategy will be an important component in the ITI programme for communities ranging between 10,000 and 150,000 population.7 There is guidance on the methods of preparation for local development strategies,7 including an eight-step approach to address the EU-wide objectives within a locally led setting. In England, for example, these could include neighbourhood plans. But where do Local Development Plans made under the 2004 Act fit in? Are they an imperilled species? The focus on
combined authorities, ITI and CLLD suggests that combined authorities and neighbourhoods will be the new and predominant scales.

The increasing destabilisation of the local planning system, together with increasing Ministerial criticism, may see Local Plans becoming casualties of these strategic and neighbourhood approaches. ITI and CLLD strategies are plans developed through business planning methods focused on investment and delivery. These strategies are accompanied by delivery programmes for the budgets allocated through the spatial plans, similar to an extended version of the infrastructure delivery plans that most local authorities already have.

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So the future appears to lie in democratically accountable strategic and neighbourhood plans, already in legislation and set within a spatial plan for the UK and the EU. In England, strategic planning may become a combined authority function or may at least operate at this scale. Spatial planning, with its emphasis on delivery, may not have been lost in 2010, but may emerge stronger and more powerful than before.

In many ways, this reflects a return to the intention of the 1947 Planning Act. Planning is not just a matter of policy and regulation but is fundamentally concerned with delivery, based on social, economic and environmental principles. There were mistakes in implementing the 1947 Act, including delay, blight and an over-centralised approach to the redevelopment of urban areas. However, a greater role for local authorities as patient developers for housing, commercial and other infrastructure fits well with practices in other countries. Rather than its demise, all this might herald a bright future for strategic spatial planning.

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Notes