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<table>
<thead>
<tr>
<th></th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Literature Review</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Case Studies</td>
<td>24</td>
</tr>
<tr>
<td>4</td>
<td>Research Findings</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>References</td>
<td>40</td>
</tr>
</tbody>
</table>
The Scottish Government's Research Brief

1.1 The Building Standards Division of the Scottish Government, on behalf of the Planning and Architecture Division, commissioned consultants Ryden LLP to deliver a literature review and case studies of planning, economy and place.

1.2 The research project seeks to explore through publications and case studies:

a) how planning can support the economy, and

b) how the economy can support creating great places.

The brief is wide-ranging. A diverse range of literature has been reviewed. In particular, reports which themselves assess multiple research studies have been reviewed. Readers wishing to explore particular themes in detail are directed to the reference section of this report, and for specific research evidence to the citations within those reference documents.

Report Structure

1.3 The remainder of this section introduces planning and planning reform in Scotland. Section 2 then provides an extensive literature review of planning, economy and place. References are annotated in the text and collated as end notes to the report.

1.4 Section 3 presents and summarises four case studies:

- The Borders Railway, Edinburgh/ Midlothian/ Scottish Borders
- Pennywell, Edinburgh
- Clyde Gateway, Glasgow / South Lanarkshire
- Stromness, Orkney Islands

1.5 Section 4 summarises the research findings in the context of the Scottish Government’s brief, and draws conclusions.
1.6 The Town and Country Planning (Scotland) Act 1947 provided for “planning the development and use of land and for other powers of control over the use of land”. Its effect was to leave landowners with their existing use rights, while removing their rights to change that use without planning permission. The Act made all development subject to the permission of local or central government, including certain powers to acquire and develop land.

1.7 Currently in Scotland, the 2006 Planning Act makes provisions for the National Planning Framework, including the objective of contributing to sustainable development. That objective has positive economic and place implications.

1.8 The Scottish Government’s central purpose, as set out in its economic strategy, is to increase the country’s sustainable economic growth. The benefits of delivering this include:

“creating a supportive business environment, achieving a low carbon economy, tackling health and social problems, maintaining a high-quality environment and passing on a sustainable legacy for future generations.”

1.9 In terms of planning, the economic strategy highlights effective development planning, decision-making and development solutions as key to delivering sustainable economic growth. The strategy recognises the role of place and the individual contributions of Scotland’s places to quality of life. Planning, economy and place are therefore mutually supportive at the highest level of policy in Scotland.

1.10 This central purpose of supporting sustainable economic growth flows into the planning system via The National Planning Framework (NPF) and Scottish Planning Policy (SPP). The current planning framework, NPF3, is in effect the spatial expression of Scotland’s economic strategy and guides the preparation of strategic and local development plans. SPP directs that the planning system should support economically, environmentally and socially sustainable places. This is to be achieved through the enabling of development which balances long run costs and benefits. Again, planning, economy and place are mutually supportive. This theme is returned to in the Section 2 literature review below.

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1 “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Brundtland Report (Our Common Future, UN, 1987)
1.11 SPP defines ‘place’ as:

“The environment in which we live; the people that inhabit these spaces; and the quality of life that comes from the interaction of people and their surroundings. Architecture, public space and landscape are central to this.”

It sets out the six key qualities of successful places as:

- Distinctive
- Safe and pleasant
- Easy to move around
- Welcoming
- Adaptable
- Resource efficient

Place-making is described as a creative, collaborative process that includes design, development, renewal or regeneration.

1.12 This is amplified in Creating Places vii, the Scottish Government’s policy statement on architecture and place. The policy statement sets out the role of places in supporting healthy, sustainable lifestyles, identity, community, efficient public services, environmental goals and in attracting people and investment. The long run importance of appealing and well-functioning places is highlighted.

1.13 Consultations for the Scottish Government into Scotland’s planning policy reveals broad support, but also a range of different views about how best to deliver planning’s outcomes. An analysis of consultation responses for NPF3 viii found a concern that the economic growth theme could become diluted. For SPP, the strongest consultation ix support for sustainable economic growth came from public bodies and businesses, while the greatest concern was expressed by the third sector, individuals, local authorities and professionals. Local authorities had a particular concern over attaching significant weight to the economic benefit of development proposals within the planning system.

Planning Reform

1.14 A 2017 position statement x by the Minister, cited in an article on inclusive growth in the Scottish Planner, sets a broad core purpose for planning, noting:-

“The quality of the places where we live can support health and wellbeing, help to overcome inequality, create jobs and stimulate investment, whilst ensuring that we minimise and adapt to the long term impacts of climate change. A stronger focus on planning and place can add value to all areas of policy making.”
1.15 During the initial consultation call for evidence on current planning reform \(^{xi}\), the developer and economic community sought a more ‘streamlined’ planning system. That community prefers an embedded presumption in favour of sustainable economic development (our underline), as opposed to simply sustainable development. By contrast, civil society groups sought a definition of the purpose of the planning system which would promote democracy above economic development. There were concerns about the speed and delivery of development, and a cautionary desire to see plans focus more on (good quality) place-making. There was a call for local authorities to have a stronger planning ‘place leadership’ role as a driver of sustainable economic development.

1.16 Responses \(^{xii}\) to the Scottish Government’s January 2017 consultation publication Places, People and Planning \(^{xiii}\) recognised the focus of planning reform in promoting both economic development and place-making. There was however some concern within the development industry that the current reforms were more biased towards community engagement at the expense of sustainable economic growth. Following on from this consultation, the Scottish Government’s position statement in June 2017 \(^{xiv}\) attracted a smaller response \(^{xv}\) and a broad range of opinions, even within sectors.

1.17 This current and emerging policy direction and these consultation responses highlight the need to consider the balancing of different priorities within sustainable economic growth, and thus within planning, economy and place.

\(^{2}\) The number of responses analysed for the three consultations stages reviewed at 1.15 and 1.16 were:
- 391 responses to the call for evidence
- 474 responses to Places, People and Planning
- 122 responses to the June 2017 position statement
2. Literature Review

Introduction

2.1 This section provides a literature review of planning, economy and place. Planning is multi-dimensional, and those actors in the ‘planning universe’ do not necessarily share the same aims, customs or cultures. Thus the literature review not only summarises the main themes within the broad topic, but also seeks to generate some inter-disciplinary challenge and explores some of the tensions.

Land Economics

2.2 Land economics considers that planning allocates land as a scarce resource – one of the three factors of production alongside labour and capital.

2.3 Harvey and Jowsey note that this resource allocation brings (private) benefits and costs to the parties directly concerned, but also to others, in the form of externalities. They contend that the spatial nature of land “gives rise to considerable ‘spillover’ costs and benefits”. Despite these external effects, the arguments for planning control over land are however “incomplete” in their views, as economic appraisals are typically of decisions, rather than forming part of the process. The authors view that process-based analysis would consider both the benefits and the costs of land use. They note that the market economy may be, under certain conditions, more efficient at allocating land than the planning system. However, it is recognised that planning controls can obtain positive benefits for the community as a whole by offsetting “defects in the price mechanism”. The authors model a number of specific economic impacts arising from planning controls, including capping development density (and thus marginal gains). That approach might increase individual land values by restricting supply, but could potentially decrease aggregate land values if the allocation to different uses is not efficient.

2.4 Balchin et al agree that land values can be increased or decreased by planning. They also observe that market-determined values frequently ignore social needs and often yield monopoly or ‘windfall’ gains for the landowner. In rationing development land, real estate markets are noted to be an imperfect economic mechanism, as they may disregard social uses and maintain inequalities. Planning, it is noted, can increase private value by promoting complementarity of land uses while separating conflicting uses. More proactively, planning can ensure that where market mechanisms would fail, public authorities could evaluate social considerations using cost-benefit analysis and act accordingly.

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3 The authors offer the example of a hypothetical greenbelt which improves the environment and keeps land in agricultural use (conferring environmental and economic benefits), but prevents land being used for its highest economic value of housing and extends the journeys to work of those who live beyond it (opportunity costs). This cost-benefit balance is not, their view, a frequent part of the planning process.
2.5 Jones xviii observes that the roots of planning are diffuse and intersect with other disciplines. The economic argument for planning rests on regulation for the public good by addressing potential market failures. Economic theory provides a strong but rather general justification for undertaking planning. Planning policymaking is a value-driven activity and thus can take different approaches to the relationship between planning and market forces. Jones notes that the major debates in the field are not about the principal of undertaking land use planning, but rather are about how policy delivers social goals or financial values.

Property Markets

2.6 Turning to the property markets, rationing of scarce development land via planning is often cited as a reason for high house prices across the UK, including in Scotland. This argument makes economic sense, by constraining supply at a level below the demand for housing. It is more difficult though to separate out the wider effects of the housing system and mortgage finance from the effects of planning or other constraints such as infrastructure upon supply and price. For example, government policies pre-2008 5 sought to increase supply as a means to make housing more affordable; when with hindsight it is now clear that easy availability of mortgage finance was also a factor in propelling prices upwards.

2.7 From a commercial property investment perspective, Fraser xix identifies that the supply elasticity of different commercial property types affects their rents and rental growth. Thus industrial property is found in many locations and delivers the lowest rents and growth in values. Offices are more selective – found in urban centres and business parks – and deliver higher growth. Retail is most selective of all and delivers the highest growth. The planning system’s rationing of scarce land for these uses aligns with the market and supports this hierarchy of values.

Development outputs

2.8 Planning consents the development of land. The outputs from this are housing, commercial, employment and community land uses, plus supporting infrastructure such as transport and energy. These outputs can be readily modelled, using traditional economic approaches and widely-available data. Recent development output studies in Scotland have found:

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4 This is a neoclassical construct. Jones also notes an alternative, “property rights” economic theory which sees planning as an action in the collective self-interest.

5 For example in Firm Foundations: The Future of Housing in Scotland (Scottish Government, 2007), the first challenge identified was to increase housing supply in order to counter high house prices and thus improve affordability.
2.8.1 In 2016, the industry body Homes for Scotland commissioned a report looking at the economic and social benefits of home building in Scotland. The report found that the home building sector contributes to Gross Value Added (GVA) economic output through development and its extensive supply chains and networks which then generate additional output, employment and spending. The report suggests a £3.2 billion contribution at that time to the economy including direct, indirect and induced GVA. Increased local expenditure was estimated at £334 million, as residents buy goods and services. The report also suggests an £84 million contribution in Section 75 agreements via the planning system. According to the report, housing also provides a range of social benefits linked to health and educational attainment and skills.

2.8.2 A comparable analysis for the commercial property sector was very recently launched by the industry body for that sector, the Scottish Property Federation. The report suggests that the sector contributes almost £4.8 billion to the Scottish economy and supports more than 92,000 jobs. Around half of the economic impact is direct and half is the ‘spill over’ effects of the industry (ie. the supply chain and spending noted above for the home building industry).

2.8.3 No fully comparable analysis of public sector investment in schools, healthcare and public buildings is readily available. As a very broad guide, Scottish Futures Trust’s Hub delivery programme currently has £0.794 billion of projects under construction. Not all will complete in a single year, but equally this does not record all public sector development activity, nor the multiplier effects from that economic activity (which in the commercial case above doubled the economic impact).

2.8.4 The combined annual GVA output from housing, commercial and public sector development in Scotland is therefore tentatively estimated at around £10 billion.

2.8.5 Planning contributes to these activities though planning for and consenting to development, and can therefore make some claim on the economic outputs. This claim would of course be made along with the myriad market actors who deliver infrastructure and development across Scotland. A fuller assessment of planning outputs could also include investment in affordable homes by social landlords, and in infrastructure, public spaces, rural and marine activities, and primary industries.

2.9 However, this ‘development output’ approach provides only a narrow view of the activity which the planning system supports. It considers short run development and investment, not the substantial effects of long run use, including wider socio-economic benefits (and costs).

\[\text{Contracts where a developer contributes to schools, transport, public realm and affordable housing.}\]
2.10 In this context, the Scottish Government’s draft planning advice on net economic benefits xxiii is also mainly a ‘development outputs’ approach. The guidance focuses upon economic outputs (including long term employment) as potential material considerations for proposals in “finely balanced” planning decisions.

**Investors**

2.11 The majority of development in the UK and Scotland is now delivered by private sector developers and investors xxiv. Their investment requirements will vary considerably, around the general aim to generate a target rate of return at an acceptable level of risk.

2.12 Since the Global Financial Crisis in 2008, there has however been clear risk aversion by development markets in the UK. The consequence is that developers and investors typically seek proven housing markets, or committed (pre-let or pre-sold) commercial developments which are mainly found in larger cities. Private house builders operate a build-and-sell model which is dependent on development viability. Commercial developers often seek an early ‘exit’ through sale of a completed and occupied building.

2.13 For longer term investors however there is a growing research base on the value of development (eg. British Council for Offices xxv, Savills xxvi). However this tends to focus on long run financial returns from high value markets and major cities rather, than development more generally (a symbiotic relationship between wider long run values and “prestige” markets is also found by CABE, below). Longer term investors include social housing landlords, pension funds, life assurance companies, some private landlords and ‘patient’ capital in the form of multi-generational estates.

2.14 There is an established range of publications on what commercial investors seek when considering places and markets. Again these focus on the deep and resurgent market demand found in larger cities. These publications are typically produced as ‘rankings’ by consultancy firms – EY, Mercer, JLL et al – as a guide for investors considering where to place capital. As such, they may be highly informative for investment decision-making but do not explore planning, economy and place in any sophisticated fashion.

2.15 A recent publication by the Centre for Cities xxvii takes a more rounded view of what investors seek. That report identifies the importance of: a strong city economy with growth potential; an excellent transport system which can keep up with economic expansion; consistent and pro-investment leadership; and a **focus on delivery within a responsive, pro-investment planning system** (our bold). The city in question must then develop opportunities and have a strong profile among investors. In terms of planning, the report also notes the importance to investors of strategic thinking, regional spatial planning and responsive planning. This assessment of investor requirements clearly points to interdependencies within planning, economy and place.
Economic outcomes

2.16 A broader economic approach to planning considers ‘outcomes’ rather than simply development outputs.

2.17 For example, the Royal Town Planning Institute (RTPI) has researched ways in which the quality of the built environment influences the economic success of places. An assessment of Glasgow’s Gorbals regeneration xxviii provides a positive example of where investment in the stewardship of place over time has contributed to improved economic outcomes at the Crown Street Regeneration Project. The paper provides an example of an evaluation of the economic impact of a specific, geographically-bounded planning intervention. Although the report acknowledges that measuring the benefits of regeneration projects is difficult due to the wide range of variables affecting outcomes, it identified a 21% decrease in the percentage of population who were ‘income deprived’. This suggests a link between planning activity and positive economic outcomes. The authors recognise that some of the regeneration benefits may have derived from gentrification, but note that a significant amount of social housing stock was retained in the area, 90% of which was allocated to re-locating tenants from other public housing in the Gorbals.

2.18 As implied by the Gorbals example, housing is a linchpin of economic development, and is particularly prominent in regeneration projects. Housing can enhance economic performance and place competitiveness, but can also lead to segregation and spatial concentrations of poverty.

2.19 In a report for The Centre for Cities, Glossop xxix explored how area-based interventions linked improvements in housing to economic performance. The report concluded that although valuable lessons can be learnt, housing-led projects alone will be unable to drive economic regeneration. It also explores economic development challenges arising from growth.

2.20 In a suite of research projects for the London School of Economics which sought to identify the true economic effects of land-use planning, Cheshire xxx considered the nature and policy implications of planning restrictions on housing supply. He argues that planning is fundamentally an economic activity, but allocates a scarce resource independently of prices or market information. Cheshire broadly concludes that planning restrictions increase prices, reduce quality, reduce productivity and increase market volatility, but notes that there continue to be good reasons for regulating most markets through planning.

2.21 Cheshire et al xxxi also evaluated the effects of ‘town centre first’ planning policies on the retail sector. The work considered the effects of planning restrictiveness on stores within a supermarket group. Using the variation generated in planning policies between England, Wales, Scotland and Northern Ireland, it found that planning policy directly depressed productivity by reducing store sizes and forcing retailers onto less productive sites. Since the 1980s, planning policies have imposed a loss of total factor productivity of around 25% in the retailing industry. However, the research cannot discriminate rigorously between the impacts of direct constraints and other costs.
2.22 Jones (2014, op cit), proposes that there is a “vacuum in the debate” about the relationships between planning policies and market forces. The paper contrasts a range of evidence and outcomes, which range in the author’s view from successful New Towns, through variably successful 1980s urban regeneration, to less successful retail policy which has led to “decentralisation in a rather unsystematic way” (working with the retail market’s spatial preferences rather than imposing strict constraints may have been preferable, in the author’s view).

2.23 In 2008, the RTPI and Department for Communities and Local Government (DCLG) xxxii in England explored how indicators can be used to improve the contribution of spatial planning to the delivery of sustainable development. The report contends that ascertaining the outcomes of spatial planning is difficult. This is due to the potential breadth of desired planning objectives, the lack of precision surrounding their definition and the complex institutional environment.

Wider values

2.24 The Value of Planning xxxiii, authored by Adams and Watkins and published by the RTPI in 2014, is a significant milestone for this literature review. The report develops a research framework to move from an understanding of planning as a ‘regulatory’ activity, to its role in ‘shaping markets’, and thus directly into planning, economy and place.

2.25 The research assesses in detail not only what is currently understood about planning and its effects, but also what is not understood. Despite extensive planning reform across the UK, it appears to be the only report of its type. Much of the report is relevant to this research; a broad summary is provided below:

2.25.1 The report considers the financial and economic value of planning, while recognising broader social and environmental value. It notes that work elsewhere – some of it cited in this literature review - may be “informed by the view that planning inhibits growth”. It proposes that planning is much broader than simply a regulatory activity, rather it shapes places, and shapes and stimulates markets. Adding value through planning in these ways can create stronger economic growth and enhanced viability; whereas poor planning has costs in “negative externalities” 7. As a cautionary note however, the authors report that we “do not always know why” planning works very well and adds value in some places, but not in others.

7 A negative externality is a cost to a third party, i.e. not the producer or consumer, for example a neighbouring interest or the wider public good.
2.25.2 Six types of value that can be enhanced by planning are noted by the authors: price; use; social; environmental; image and cultural. The first two reflect economic value. In promoting sustainable development, the report notes that planning requires to take a triple bottom line approach: social, economic and environmental. Barker xxxiv is cited as observing that land use planning should not prioritise economic objectives above the other sustainable development goals. This can involve trade-offs, with the planning system “central to resolving these conflicts”, as markets “left to pursue a narrow conception of economic growth…. might generate unwelcome outcomes”. In addressing externalities, resolving self-interests with wider interests, helping to deliver infrastructure and dealing with distributional effects, planning has a sound economic basis and “a very clear pro-growth element”.

2.25.3 Different stakeholders experience their own costs and benefits of planning, colouring their views of ‘value’. A wide range of 25 stakeholders is depicted by the report under the principal headings of developers, landowners, politicians/ communities/ interest groups, investors and occupiers.

2.25.4 Existing economic evidence around planning is found to be “thin”. Cheshire et al at 2.20 and 2.21 above is found to be quantitative and neo-classical in approach, ignoring behavioural and social influences such as industry structures and imperfect markets (although his retail example was found to be more convincing). By focusing on regulation, such research fails to account for planning’s role in promoting broader value and helping to eliminate aggregate costs. In summary “Planning impacts are highly complex and do not simply act as a regulatory drag on the flow of supply”.

2.25.5 The RTPI report coins the term “plan-shaped markets”, as a shorthand for more efficient and equitable markets. These embed sustainable aims by making it ‘worth it’ for market actors by creating added and wider value. The main instruments for achieving this are plans and policies, (reform of) property rights, and market transformation (direct intervention). The report suggests that plan-shaped markets can add value to real estate outcomes by altering: locations (promoting more compact development); products (more variety); quality (longer-lasting); developments that sustain (rather than exhaust) places; efficiency (renewable sources); horizons (lengthening); consumers (to include communities not just customers); and production (to reduce shortages).

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8 Oddly, while encouraging planners to recognize themselves as ‘market actors’, the report does not include them among planning’s stakeholders.
2.25.6 This market-shaping joins-up decisions which might otherwise happen in isolation: between sites; between the public and private realms; between use and development; between infrastructure and development; and between the present and future. Crucially, these joined-up decisions are not solely focused on social outcomes, but can moreover “enhance private benefits and reduce private costs”, by providing certainty. This approach requires evidence, rationale, a persuasive plan-maker, high level endorsement, the capacity to marshal wider resources, attractive communication, stakeholder engagement and community support.

2.25.7 The report considers that much of the UK has retreated to a regulatory approach to planning. This mean that it is “left with half a planning system, still able to restrict development, but with only limited power to initiate development.” (our bold) More positively though, planners in Scotland are recognised as being encouraged to work in partnership with developers, agencies and departments “to support and influence good development in the right places.”

2.25.8 Dispiritingly, the RTPI report concludes that research on the impact and value of planning is little further on than in 2003, when the House of Commons rejected an accusation that planning regulation drags on UK productivity, finding instead that the “‘cost/benefit’ approach to planning has… tended to focus on the easier to measure costs”.

2.25.9 The RTPI report concludes that a ‘pluralist’ approach is required – beyond standard economics to include welfare, institutional, behavioural and social models.

2.26 Commenting on this approach to market-shaping, Jones (2014, op cit) acknowledges the role of planners in shaping, regulation and stimulating markets, but cautions that this is simplistic if it ignores market constraints on policy. He cites research evidence for the “ineffectiveness of a specific policy when market forces are clearly set against it.” The requirement to engage with the land use markets is seen by Jones as the “one constant” within the shifting focus of planning policy.

2.27 Developing the theme of the value of planning, the RTPI has commissioned work in Wales, supported by the Welsh Government. The brief for the project seeks to develop and test a model or framework for capturing the economic, social and environmental value delivered by local authority planning in Wales. The project is currently ongoing and is understood to be due to report later in 2018.

9 The report notes that discounted cash flows prioritise present returns over future ones, especially at high interest rates. As a coda to that point, the “social time preference” discount rate provided by HM Treasury in its Green Book is much lower than commercial rates, reflecting the longer horizons required to fully appraise and ‘value’ socio-economic impacts – as planning seeks to do.

International Research

2.28 Internationally, there have been examples of how planning can be used to stimulate economic growth. A 2015 research report \textsuperscript{xxxvii} charts the proactive role of China’s planning system in strengthening the economy as well as shaping the market to the needs of society. The system operates in such a way that private developers rely on the government and its planners to spearhead any large scale developments and reduce risks. The report provides examples of how planning can be used to create new housing catering to various population groups as well as offering employment opportunities in new satellite towns. While Cheshire’s work reviewed at 2.20 and 2.21 highlights planning as a regulatory constraint, Wu Zhang and Wang provide evidence that the regulatory nature of planning does not necessarily inhibit economic performance, at least within the particular market structure which prevails in China.

2.29 Closer to home, Lord et al \textsuperscript{xxxviii} explored how planning is used to stimulate development in Germany, France and The Netherlands, and what the UK can learn from these countries. The report found that planning stimulates positive economic outcomes where planners have an understanding of risk within the development process. This allows public and private sector actions to be more effectively combined across multiple stakeholders and coalitions. Using this wider international perspective, the authors suggest that the kind of outcomes that will enhance economic performance through the creation of great places may require more planning, not less.

2.30 A review \textsuperscript{xxxix} of European planning systems and house building considered Ireland, Spain, Germany, France and the Netherlands. The evidence suggested that a more permissive planning system alone will not necessarily deliver higher levels of house building, but rather that delivery is linked to wider land market and housing issues. A connected and collaborative approach which considers planning, infrastructure finance and provision, land supply and housing development at a local level appears to be what underpins successful delivery.

Emerging Trends

2.31 Looking forward, the RTPI’s Planning Horizons Project considers the major economic trends that will shape societies in the 21st century and how planning can play a critical role. The programme explores \textsuperscript{xii} the complex interplay between the changing global economy and sustainable economic growth. The paper advocates a broader approach to economic development, moving away from narrow measurements such as GDP and GVA, and instead adopting a long term view which focuses on major economic trends such as population change, globalisation and competition, technological change, inequality and social cohesion and climate change.
2.32 A 2018 paper xii notes that planning’s focus on the economy is relatively recent, tracing this to the “neoliberal turn”11 of policy. The paper expands the theme along the lines of the RTPI 2014 report, to note that planning can seek to achieve integration across the various conflicts - such as resources and property rights - inherent in social, environmental and economic objectives. However, comparatively little is known about social equity within such models.

2.33 These themes are also reviewed by Campbell xiii, who notes that the drive towards achieving sustainable development means that planners must work within the tensions generated by the competing goals of environmental protection, economic development and social equity, with nothing in the (planning) discipline inherently steering them towards any of the three. Campbell describes this as the ‘planners’ triangle’, with the competing goals connected by the “property conflict”, “development conflict” and “resource conflict”. This cautionary note for the triple bottom line approach sees competing interests as well as mutual benefit in inclusive planning.

Evolution of Place

2.34 Approaches to place-making can be seen in the blue print approach of comprehensive urban development of late 19th and early 20th century. Influential thinkers in planning and place-making included Patrick Geddes (1854-1932) and Ebenezer Howard (1850-1928). Each brought an interdisciplinary approach to planning and place making and tried to balance the three conflicts evident in the planner’s triangle noted above; economic development, social equity and environmental protection.

2.35 In his pioneering approach to place, Geddes xliii brought together economics, geography and anthropology in an understanding of urban development rooted in ‘Place, Work, Folk’. This holistic approach to place creation incorporates physical geography as well as socio-economic opportunities and challenges into planning decisions. The approach could be seen in practice in Geddes’ opposition to the slum clearances in Edinburgh’s Old Town. Geddes famously observed that:

‘town planning is not mere place-planning, nor even work planning. If it is to be successful it must be folk planning’.

2.36 The idea of ‘folk planning’ was echoed by Howard in his garden cities xliv movement, where he considered the balance between the economy and the environment in the well-being of residents. Howard recommended that no more than 30,000 people should live in a town and that it should be surrounded by a green belt in order to achieve this balance.

2.37 However, while both approaches had a clear focus on people and place, their methods for creating better places rarely involved the participation of those ‘folk’ they were planning for. Both approaches fuelled the rise of the rational-comprehensive model of urban development; the idea that there would be a survey of a region, followed by an analysis, and the preparation of a plan.

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11 in the UK that would place it in the 1980s
2.38 The second half of the 20th century saw the rise of community participation and
neighbourhood activism as a challenge to the comprehensive model of place-
making, notably Jane Jacobs xlv in the city of New York. Following the publication
of the Skeffington Report xlvii in 1969, public consultation on place-making
became required components of the planning system and this has developed
into innovative methods of engaging different sectors of the public in the place-
making agenda.

2.39 While this means that participation in place-making has opened up to the public,
it has also seen the rise of a plethora of agendas on place-creation, rather than a
focus on seminal works such as those of Geddes and Howard. Examples include
‘New Urbanism’ in the 1970s, the regeneration agenda and Urban Task Force of
the 1980s and 1990s 12 and the city sector-focused marketing of such as ‘the
creative city’ and the ‘knowledge city’ of the current era.

Place-based approaches

2.40 ‘Place’ can be an elusive concept. Some authors xlvii distinguish between ‘space’
and ‘place’. The starting point for planners is that places are much more than
simply physical locations, but that they gain social significance through the
activities and practices people perform in them and thus the ‘humanisation of
space’. For planning, this happens through a diverse range of factors such as
physical features, air and water, environmental quality, neighbourhood socio-
cultural characteristics, provision of services and reputation xlviii.

2.41 McInroy and Longlands (2010) xlix view that “place policy is economic policy” (our
underline). While policy has been focused on economic growth, the economic
crisis of 2008 created a cross roads in UK localities. The authors argue that
instead of focusing upon ‘hard economies’ such as small business start-ups,
investment and land supply, policy should focus on the ‘softer’ aspects of place
such as neighbourhood renewal, environmental sustainability and community
empowerment and participation. They contend that places should be understood
in terms of ‘resilience’, not purely economic growth. They test ten ‘resilience
factors’ which embrace change, flexibility and the composition and influence of
the social, public and commercial economies and the relationships between
these. Place resilience is found to be most effective where a local authority
brokers relationships between different parts of the private, public and social
economies, and where there is a closer integration of land use planning with
economic development.

12 In 1999, The Urban Task Force report, Towards an Urban Renaissance, marked a change in UK urban
policy and practice. Making the case against suburbanisation and sprawl, the Task Force promoted a
holistic vision of compact multi-centred cities, re-use of brownfield land, design-led housing renewal and
coordinated transport infrastructure.
Matthews et al. suggest that a more holistic approach can make a difference in the quality of neighbourhoods, as improvements in one outcome can lead to indirect improvements in other outcomes (such as neighbourhood perception, well-being, confidence and social capital). They argue that the greatest positive outcome is physical renewal to make a neighbourhood more attractive to new residents. Similarly, based on research in England, Bailey claims that place-based approaches have led to positive outcomes in community engagement and service delivery. However, once funding ends, services are often unsustainable as the root cause of problems lie beyond the neighbourhood level. Bailey also notes the difficulty of proving that neighbourhoods would have become more deprived without a place-based intervention.

**Place-making**

In 2012, the United Nations set out ten strategies for transforming cities and public spaces through place-making. The UN argued that in order to jump-start economic development through place-making, specific actions are required:

- Improve streets as places
- Create squares and parks as multi use destinations
- Build local economies through markets
- Design buildings to support places
- Link a public health agenda to a public space agenda
- Reinvent community planning
- Achieving a critical mass of 10 good places in a neighbourhood
- Create a comprehensive public space agenda
- Start small and experiment, using a “lighter, quicker, cheaper” approach
- Restructure government to support public places

A 2014 paper suggests how effective planning can help with uncertainty in creating future visions for places. It highlights the unique role that planning plays in bringing a cross-disciplinary perspective of thinking spatially, including across administrative boundaries. It advocates bringing planners to the forefront of a broader approach to place development. This will require planners to have a better understanding of local markets. The paper makes recommendations to devolve the growth agenda and integrate land use planning with other policy areas.

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13 The challenge of establishing the counterfactual – what would have happened without the project - is common to economic and social research
Following on from its publication of Creating Places, the Scottish Government commissioned research in 2014 into the value of design in the built environment. The research sought to explore how ‘value’ is handled in the development process in Scotland. It identified that while design is always part of the development process, it is only sometimes part of the early decision making. While case studies provided positive empirical evidence of design value, consultations raised concerns over public procurement and developers’ requirement for clear monetary value. Well-designed buildings and places are not valued on a consistent basis; indeed ‘value’ and ‘design’ can be loaded terms subject to individual perceptions. Property market ‘value’ for example may or may not meet triple bottom-line aims. The report proposed nine measures to consider in constructing a more holistic value assessment tool.

In the early 2000s, the UK’s Commission for Architecture and the Built Environment (CABE) published research and essays on the value of good urban design and the costs of bad design. The characteristics of good design were reported as character, continuity and enclosure, quality of the public realm, ease of movement, legibility, adaptability and diversity; environmental sustainability was added to the list by CABE. Through analysis of selected commercial developments, good design was found to add economic, social and environmental value. Good design did not necessarily take longer or cost more, but delivered high investor returns and benefits to all stakeholders. The report considered that this concern for value could be extended “beyond prestige markets” including into the public sector. CABE’s “obverse” report on bad design noted that long term costs are not borne by developers, or by the public sector procurers, but by those using and affected by buildings and places.

Delivering Places

A research stream has emerged into planning’s role in not simply shaping and guiding activity, but in actually delivering places.

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14 Some of the literature on place focuses into the specific topic of place competitiveness, particularly cities, then sets out the components of competitiveness and ‘how to’ smart cities, knowledge cities, et cetera. Notable researchers in this area include the UK’s Centre for Cities and the writer Richard Florida. This review treats city competitiveness as a separate economic development research and policy area.
2.48 The RTPI’s 2016 report Delivering the Value of Planning \textsuperscript{lvii} discusses how the planning process can be improved to achieve this. It uses the examples of Cranbrook in East Devon, Brindleyplace in Birmingham, Upton in Northampton, Norwich Riverside and Fairfield Park in Bedfordshire to illustrate how proactive planning can contribute to successful places. The report makes three recommendations: that there should be a conversation among planners about how better social, economic and environmental outcomes can be delivered; that government should be involved in this by considering the powers, resources and expertise that planning services require; and that research and policy should analyse the value of planning so that outcomes can be maximised. The report also advocates stronger public sector leadership through local plans with longer term visions and the public management of land supply. This leadership should also be extended into the private sector with lessons being learnt from Urban Regeneration Companies (see case studies in Section 3), Urban Development Corporations and Enterprise Zones.

2.49 Delivering Better Places in Scotland \textsuperscript{lviii} investigated eight case studies in the UK and Europe. These provided valuable lessons about the process of delivering better places and informed a framework for action. The report concludes that Scotland can “do much better in making places” through a “radical change in thinking” within both the public and private sector.

2.50 A subsequent report \textsuperscript{lix} on creating and delivering great places to live set out 10 propositions for Scotland. The report highlighted a paucity of places actually being created and delivered in Scotland, and that the quality of those which were being delivered, with few exceptions, ranged “from poor to indifferent”. The report called for a radical upgrade of place-making in Scotland through introducing three essential components into place-making; leadership, place making skills and stewardship (these are shared with the 2010 report at 2.49). The report concluded that the missing ingredient in place-making in Scotland is place stewardship, and highlights that “creating and delivering better places will require long term commitment to place-quality rather than just the short term approach of conventional speculative development”.

2.51 Building upon delivery, Huerkens et al \textsuperscript{lx} unpack planning’s roles. By using market information obtained through partnering activities with market actors (capacity building), planners can readjust policies, plans and frameworks (shaping), identify financial conditions (stimulating) and plan development conditions (regulating) to align with market needs. In the regeneration projects studied, planners shaped the conditions for development by setting a broad context for developers. In Bristol for example, planners influenced the £325 million Harbourside project (completed in 2012) by shaping development decisions through a framework and specific conditions (while allowing flexibility around densities), regulating the provision of affordable housing, conservation of buildings and public realm, stimulating development through public investment then market incentives, and capacity building through partnership.
Communities

2.52 At a local level, the 2015 community empowerment Act \(^{15}\) brought into focus how communities in Scotland could be encouraged to influence their local places. To help promote this, the Scottish Government in partnership with Architecture and Design Scotland and NHS Scotland launched the Place Standard Tool \(^{15}\) and The Understanding Scottish Places (USP) \(^{16}\) platform. The Place Standard Tool aims to promote public participation in considering 14 diverse indicators of place quality including identity and belonging, housing and community, work, transport and natural space. USP offers a mechanism for understanding the similarity of places across Scotland using socio-economic data. These initiatives promote a common language and shared, accessible research base for the sometimes abstract concept of ‘place’.

2.53 One emerging field in Scotland is public interest development \(^{lxii}\). This sees a role for the public sector in acting as a ‘prime mover’ using its own assets, and acting as the patient (long term) investor to create value from land and development, and thus achieve policy objectives. This is similar to the models of place delivery sourced from wider European examples cited above. The paper notes planning’s “switch” from delivery to a more regulatory function during the 1980s, as described above, and positions its approach as a response to that.

2.54 Place has also been considered in the context of effective delivery of planning as a service. The Improvement Service \(^{lxiii}\) assessed the current (2016) landscape of place-based approaches to joint planning, resourcing and delivery across Local Authority Areas. It is based on a literature review and interviews with 27 (of 32) Local Authorities in Scotland. Place-based approaches were predominantly planned and delivered by public and third sector services working with local communities and community planners (rather than the private sector). There were various challenges identified in place-based working such as data gathering and sharing, resources and capacity community engagement, culture and defining localities. It was noted that most of the projects assessed were still at an early stage therefore it was difficult to judge their impacts.

Monitoring Planning’s Outcomes

2.55 Finally, the Scottish Government has commissioned research into monitoring the outcomes of planning. The research is to “identify how place-based outcomes from planning could be monitored to demonstrate the value added during the planning process and how the final development has resulted in an improved place”. The interim report \(^{lxiv}\) locates an indicator-based approach within the wider outcomes of a performance management framework. This approach could consider the purpose of the planning system, what success “looks like”, policy instruments and administrative processes, long term outcomes, and monitoring

\(^{15}\) https://www.placestandard.scot/

\(^{16}\) https://www.usp.scot/
and evaluation. The work is still developing but there are clear parallels with the emerging interest in the wider values of planning which has been noted here.

**Context for Case Studies**

2.56 The next section of the report provides four short, focused case studies of ongoing projects. The literature review presented above indicates that the case studies should be framed and considered in terms of:

- Planning, economy and place being **mutually supportive** from policy into practice, echoing and embedding sustainable growth within project design and delivery.

- Planning **enabling** the development markets and leveraging investment; **unlocking and adding value** while **balancing** long run social, economic and environmental costs and benefits.

- A sufficiently broad approach that considers **outcomes** rather than simply development outputs, across a range private and public/community interests.

These are intended as general guidance only, and the case studies are presented as summary illustrations rather than project evaluations.
3 Case Studies

Introduction

3.1 The Scottish Government’s study brief requested four case studies that could provide examples to illustrate the research around investment and development, and quality of place, drawing out a clear narrative on the planning system’s role.

3.2 The case studies are presented as short, focused summaries, highlighting the key features of planning, economy and place. Links to full project details and supporting documents are provided within each case study.

3.3 Each of the selected projects is transformative for its location. The examples have all been planned and commenced, allowing some comment on early economy and place outcomes. Each remains ‘live’ as it has not yet been fully completed and can be further reviewed in future.

3.4 The case studies are:

- **The Borders Railway.** The reinstatement of the railway from Edinburgh via Midlothian to central Scottish Borders which opened in September 2015.

- **Pennywell, Edinburgh.** The ongoing major housing-led regeneration project as part of City of Edinburgh Council’s 21st Century Homes programme.

- **Clyde Gateway.** The live Urban Regeneration Company project covering eastern Glasgow and the northern part of South Lanarkshire.

- **Stromness, Orkney.** The multi-faceted regeneration and development of the town based upon a clear framework and facilitated by collaborative working.
The Borders Railway

Following the Beeching cuts to UK railways, the Waverley Route from Edinburgh to Carlisle through central Borders closed in 1969 after operating for 107 years. Over time the social and economic disconnection caused by this closure became apparent. Between 2001 and 2011 for example, the working age population growth in Midlothian and Scottish Borders was only 2-3%, compared with double figure growth in better connected neighbouring council areas.

The 2006 Waverley Railway (Scotland) Act triggered major investment and support from Scottish Government, Transport Scotland, local authorities, Scottish Enterprise and the rail industry, resulting in part of this historic line reopening in September 2015, renewing the connection between Edinburgh, Midlothian and central Borders.

The Borders Railway has been supported by a cascade of planning policy. NPF3 recognises the railway’s role in supporting sustainable development and opening up new development sites in the central Borders. This flows into the Strategic Development Plans, which incorporate the railway as a key component of their spatial strategies. At a local level, planning policy has guided the development of the railway through spatial strategies set out in Local Development Plans across the three local authorities – Edinburgh (2016), Midlothian (2017) and Scottish Borders (2016) - which allocate business and housing sites around the route. This is supported by Supplementary Guidance, Planning Briefs and individual area designations. Area-based masterplans have been produced for Newtongrange, Galashiels and Tweedbank.
An example of local planning support is Scottish Borders Council’s Supplementary Guidance for the Central Borders Business Park, Tweedbank, Galashiels. The guidance promotes a development vision based on place-making and design principles, opportunities and constraints. To maximise the impact of the railway, the Business Park has been allocated Simplified Planning Zone (SPZ) status to encourage investment through employment-led redevelopment and quick delivery.

In a process evaluation of the Borders Railway \textsuperscript{bxi}, the key success to the delivery of the project was identified as effective communication and relationship building between the three local authorities, Transport Scotland and Network Rail. This was facilitated through named points of contact, informal communication via a co-location facility at Newtongrange and formal communication through a Joint Committee and a Project Delivery Group.

To deliver economic growth objectives, the Borders Railway Blueprint was established, around the themes of great locations for working and investing, living and learning, and visiting \textsuperscript{17}. Public consultation was extensive but as with any consultation process some communities felt less engaged. The evaluation recommends acknowledgement early in the process of planning’s role in seeking high(er) standards of proposals.

The infrastructure investment involved 30 miles of new railway track, seven new stations and construction or upgrade of 137 bridges or viaducts. Assessing the economic outcomes is limited by the railway only having been operational for less than three years. Many of the project’s impacts through planning will be long term and related to the masterplanning activity reported above and below, as well as spillover benefits. Economic opportunities supported by the railway include helping to stimulate the growth of new communities at Shawfield and Redheugh, and securing funding commitment of £15 million from the Edinburgh City Region Deal to support the Central Borders Business Park. A new transport and business hubs was created in Galashiels and station buildings in Newtongrange and Stow are being considered for the provision of further business hubs. The current, early value of investments associated with the new railway is reported as £17 million.

Although not directly attributed to the railway, there has been an initial 27% rise in visitor nights and 11% increase in day visitors in Scottish Borders, and related growth in expenditure and employment. Midlothian experienced a 12% rise in visitor nights and 7% rise in day visitors \textsuperscript{18}. New employment in specific ICT, food & drink and energy companies is also attributed to the railway. Prevention of population decline is supported by access to Edinburgh’s labour market, with over 50% of users who had moved house and 80% who have moved job cited the railway as a factor in this decision \textsuperscript{19}.

\textsuperscript{17} \url{http://www.bordersrailway.co.uk/media/2660/borders-railway-blueprint-pdf.pdf}

\textsuperscript{18} Scottish Tourism Economic Assessment Monitor

\textsuperscript{19} Borders Railway, Year 1 Evaluation, June 2017, Transport Scotland
The railway and its stations are a fixed infrastructure, creating clear, spatial **place** effects and opportunities. The planned Great Tapestry of Scotland Visitor Centre in Galashiels will highlight the importance of the textile industry to the Scottish Borders and target 50,000 visitors per year, as well as providing the catalyst for wider business initiatives, extension of Market Square and identification of new hotel sites.

Planning Aid Scotland has launched a 4-year ‘Bridging the Gap’ partnership with Galashiels Academy using the Place Standard Tool and matching pupils with practitioners to promote inter-generational cooperation around place planning.

To the south of Galashiels, the Tweedbank masterplan focuses on residential (400 units) and mixed use (75,000 sq.m.) development on the Lowood Estate and Central Borders Business Park.\textsuperscript{lxxvii}

In Midlothian, the local authority in partnership with the Borders Railway Blueprint Programme is completing masterplans for redevelopment of Newtongrange town centre and the neighbouring Stobhill and Lady Victoria sites to provide residential and commercial development adjacent to existing employment, leisure and tourist facilities.

A southern extension of the Borders Railway via Hawick to Carlisle, reinstating the whole line, is shown in the 2016 Scottish Borders LDP. This demonstrates continued planning for long term economic investment and place making.

**Summary**

The planning process for the reinstated Borders Railway supported not only the core infrastructure investment but also, crucially, created the framework to realise long run economic and social potential through a cascade of guidance and interventions, capitalising upon both the service and its halo effects around the new railway stations.
**Pennywell, Edinburgh**

Pennywell was a large Council housing estate in North Edinburgh, developed immediately after WW2. The rectangular site contains a number of local facilities such as neighbourhood shops, a small supermarket, a public house, schools, churches, a local library, a health centre and the North Edinburgh Arts centre.

Despite this scale and mix, a design review found that the “housing and non-housing facilities are unplanned and unattractive” and “there is no single place in the area that feels a pleasant public space” 20. Lack of legible routes, poor internal and external connectivity, lack of attractive open or private / semi-private space, and lack of a sense of place were perceived challenges of the area.

Regeneration proposals were launched during the early 2000s and Pennywell is now the largest of City of Edinburgh Councils’ 21st Century Homes development projects.

At a strategic planning level, NPF3 recognises the continuing need for regeneration as a priority in Edinburgh. At a local level, the Edinburgh LDP 2016 supports large scale regeneration of Pennywell and protects the local centre for retail use.

A planning application for redevelopment to provide around 700 new mixed-tenure homes, open space, public realm and new streets was approved in 2009. The regeneration is supported by a masterplan (pictured) and a design guide which promotes social inclusion, holistic design of housing and the public realm, safe and secure spaces and environmentally sensitive design.

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20 Pennywell/Muirhouse Design Guide
Further planning applications were submitted in 2010 for 750 new homes and in 2012 a further 250 homes plus redeveloped shopping centre and health centre. In 2017 a masterplan was submitted and approved for a new town centre/civic centre. Purchase by the Council of the dilapidated shopping centre between these masterplans was key to unlocking the full site and delivering more homes, while retaining retail and employment in the local centre.

The planning process at Pennywell includes a “you said, we did” partnership with the local community. The group has been running for almost 10 years and has guided place-making, for example by resolving tensions over building heights and inclusion of community uses.

The economic investment at Pennywell is substantial. City of Edinburgh Council procured developers Urban Union to deliver the new housing; Phase 1 is completed and Phase 2 comprising 170 new homes is now being marketed. Proximity and access to the Edinburgh city economy features strongly in Urban Union’s marketing under the banner ‘Pennywell Living’. An 8-year build programme is envisaged and a reported £150 million of public and private money has been invested to date. The Council’s purchase of the shopping centre secured local services and employment and the Scottish Government’s funding of £1.5 million contributed to a new public square. A new £12 million NHS-led North West Edinburgh Partnership Centre opened April 2018 in the local centre.

The masterplan, design documents and community engagement support the creation of a strong sense of place around the physical regeneration at Pennywell. The new homes provide a mix of family housing and flats with a maximum height of four storeys. Social integration is encouraged through tenure blind design in a 50:50 mix of mid-market/social rent and 50% for sale. There are also 96 home for older people, promoting mixed communities and helping to ease isolation.

Notable community assets include a social enterprise business which operates as café during the day and a restaurant at night, and the new public square with seating areas and a community events space. Designing the square to change the dynamic of the area has been crucial to promoting active use and designing-out anti-social behaviour. A nursery and upgrading of the library will help to create and sustain a mix of uses. Promotion of health and well-being is encouraged through working with SUStrans to map out cycling and walking routes in the area. The de-dualling of Pennywell Road is being considered to reduce barriers between communities.
Summary

The planning focus upon area-wide housing-led regeneration and the failing local centre were critical for Pennywell. Consecutive masterplans and design guidance have steered collaborative working between communities, the developer and public authorities. A broad and substantial mix of public and private investment and place-creation is now emerging at Pennywell.
Clyde Gateway, Glasgow and South Lanarkshire

Clyde Gateway\(^{21}\) is an 840-hectare former area of heavy industry in east Glasgow and Rutherglen. Over the period 2008-2028, Scotland’s largest regeneration project is revitalising this post-industrial landscape, including some of the country’s most disadvantaged communities.

Clyde Gateway is supported and delivered through interlocking, evolving **planning policy**. The area is a priority in consecutive National Planning Frameworks. A 2004 masterplan (above) guides development and informs the Glasgow City Development Plans and Strategic Development Plans. Policies support mixed use regeneration and designate a Strategic Economic Investment Location (SEIL) for employment uses. Masterplans for core areas including Shawfield and Dalmarnock were produced in 2011. The *Clyde Gateway Character and Values* book sets our core principles. Together these support a long term strategy to tackle ingrained social and economic problems, by providing a framework for informed, evidence-based decisions and for physical regeneration.

\(^{21}\) [http://www.clydegateway.com/](http://www.clydegateway.com/)
Economic regeneration of Clyde Gateway is driven by the Urban Regeneration Company (URC), a partnership form between Glasgow City Council, South Lanarkshire Council, Scottish Enterprise and the Scottish Government. The URC was established in 2008 following partnership activity 2004-07 and a commitment to physical, social and environmental regeneration which was made as a part of the Commonwealth Games bid. URC activity was initially adversely affected by the 2008/09 global financial crisis.

Major infrastructure projects have included the M74 Motorway completion, East End Regeneration Route, public transport projects, bridging of the River Clyde and major land remediation. Detailed infrastructure planning and engagement with agencies is critical in a regeneration area. Long run targets are for 10,000 new homes – in market-led formats - and for 0.4 million sq.m. of business space which is now 16% complete. Projects include new housing at the Commonwealth Games Athletes' Village, social rented housing in Bridgeton, and business space in Bridgeton, Clyde Gateway East and Police Scotland’s headquarters. A wide range of interventions and funding sources has been used, although activity is now increasingly private sector-led, including institutional investment in completed development at Clyde Gateway East.

As a local example, the Shawfield area required ground-breaking chromium remediation then a 2012 masterplan for 65 hectares for a new national business district targeting 10,000 jobs. This was Scotland’s largest planning application. Phase 1 pedestrian walkways and a bridge have been completed alongside streamlined planning consents for Class 4 and ancillary uses. A first new building at Shawfield, Red Tree Business Suites at Magenta Business Park (pictured) opened in 2018 and has significant occupier interest.

Place-making is embedded in Clyde Gateway through the suite of planning documents, in particular by ‘the book’ defining the area’s four characters – river, crossings, history and density – and nine values. Delivery of place-making is via infrastructure-first and partnership working. Between 2008 and 2017, 239 hectares of land was remediated, local environmental projects were delivered and notable buildings re-purposed. Cunnigar Loop (pictured) is a new woodland area on the banks of the River Clyde delivered by the URC and Forestry Commission Scotland. For the URC, good design and place-making works in tandem with securing development activity and should not create barriers.

22 https://scotland.forestry.gov.uk/visit/cuningar-loop
Community engagement has been critical in Clyde Gateway. The strongest community interest is in tangible matters such as employment opportunities, positive changes to localities, and local services such as shops and schools. Clear benefits delivered include working with schools to match pupils to contractors and securing apprenticeships at Magenta Business Park. More than one-quarter of 5,100 new jobs have gone to local people. Two thousand people have participated in employability programmes, and nearly 5,000 in community engagement events. Embedding benefits in these ways is shown to support planning activity much better than simply consulting to seek views.

Summary

Clyde Gateway is a major city area which required comprehensive social, physical and environmental regeneration following the collapse of heavy industry. That regeneration is now being delivered by the URC and via excellent partnership working, and, increasingly, by the development industry. The quality and range of investment and places now emerging in Clyde Gateway testify that starting from huge disadvantage need not be a ‘path dependency’, and can be addressed through a long term, consistent, coordinated, plan-led programme.

23 http://www.clydegateway.com/CYDEGATEWAYANNUALREPORT201617%20WEB.pdf
The Orkney Islands are recognised in national planning policy as a significant asset. A series of planning policy initiatives and interventions since the early 2000s have focused on Stromness, one of two towns on the Mainland (the other being Kirkwall).

The Stromness Urban Design Framework (SUDF, extract pictured) was adopted as supplementary planning guidance in the 2011 Proposed Orkney Local Development Plan (LDP). The SUDF incorporates site specific development briefs and economic appraisals which establish core design principles, a spatial framework and incorporated community aspirations within a place-based strategy. Projects included Stromness Townscape Heritage Initiative (THI), Pierhead Regeneration, Stromness Primary School, Coop/Mart site redevelopment, Ness Battery and Orkney Research Campus.

The Orkney Local Development Plan 2017 identifies and supports Stromness town centre for retail, commercial, leisure, office, community and cultural facilities, and allocates and safeguards specific sites. It makes provision for the SUDF to be reviewed and approved as supplementary guidance. Development briefs are again required for a number of sites.

This suite of documents provides plan-led guidance for development to follow. The SUDF was crucial as it created a design framework for local planning policy, land allocations and site specific guidance, allowing urban design principles to lead decision-making. The SUDF set out existing green space, urban links, green links and important places and focal points, supported by the views of the community.
Collaborative working was promoted through Team Stromness. This initiative was coordinated by the Council’s Regeneration and Development Planning teams and was made up of senior officials, elected members and managers of key Council departments. Planning professionals were key in leadership and delivering outcomes.

Community engagement was led by the Stromness Town Centre Partnership through public consultation, events and information-gathering. These helped to catalyse to a number of projects, and led to the commissioning of the SUDF. Community input then informed the SUDF and the design process.

Economic activity supported by planning include redevelopment of the former Commercial Hotel to create new commercial floorspace in the town centre and the former Stromness Auction Mart being redeveloped to include retail. Additional amenities delivered include the New Stromness Primary School (pictured) developed on the waterfront and new council housing developments. Regeneration has encouraged visitors and brought jobs, culminating in a multi-million pound investment to create the Orkney Research Innovation Campus.

Place making was delivered not only through the SUDF and development briefs, but also the Stromness Townscape Heritage Initiative (THI, 2009 and 2014). This aimed to “deliver community aspirations for an economically successful place”, through restoration of the town’s historic fabric including a grant-assisted Conservation Area Regeneration Scheme and a Conservation Area Management Plan. The project was also delivered by Team Stromness, funded by £3.5 million largely from the Heritage Lottery Fund, Historic Scotland and Orkney Islands Council. In 2014 the Listed Buildings and Orkney Local List Supplementary Guidance won a Scottish Award for Quality in Planning.

New civic space was also created at the Pierhead with public art and a performance stage as well as public buildings such as a public library and community service point.

Summary

The award-winning planning process incorporating the Stromness Urban Development Framework and the related collaboration and community engagement around a town-wide place making strategy were instrumental in delivering economy and place outcomes for the town and the Islands.

Since the research for this case study was undertaken, Stromness has won the RTPI’s Silver Jubilee Cup for 2018’s outstanding project across thirteen UK categories.
4.1  This section summarises the research findings based upon the literature review and illustrated by the case studies. The research findings articulate the role of planning in supporting and shaping economic development, investment and place making. The research may inform work being undertaken to support planning reform in Scotland and the evidence base for future National Planning Frameworks. It may also help in formulating new approaches to measure added value through planning and judge successful outcomes. The research findings presented below are the author’s interpretation of the work presented in this report.

4.2  The literature review considered more than fifty high quality references on planning, economy, place – and the inter-relationships between those.

4.3  The research found that planning, economy and place are often considered separately. At their most reductive:

- planning is seen merely as a regulatory activity;
- economy is recognised as evidence-based (even if disputed); and,
- place is seen as architecture and urban design, rather than function or feel.

Each, however, has far greater scope and interaction than those narrow perspectives would suggest.

4.4  Some authors note that the planning legislation in 1947 provided tools, but not a defined role. Others presume a core function for planning, which is then tested for effectiveness. This is often against economic yardsticks rather than wider considerations.

4.5  Planning has been adaptable to changes in external objectives. From time-to-time these objectives may include: regulation or deregulation; market intervention or a laissez-faire approach; planning merely as land use allocations or in delivery; place-making prioritised or submerged; and a focus on achieving narrow economic targets, or on long run, triple bottom-line sustainable economic growth. Current Scottish Planning Policy specifically defines the objective of planning as to contribute to sustainable development.

4.6  The neoclassical consensus\(^\text{25}\) since the early 1900s has given economics the substance and gloss of quantitative, evidence-based research. The rise of neoliberalism during and after the 1980s has further elevated economics’ preferential position. A countervailing trend since the 2008 Global Financial Crisis may

\(^{25}\)Neo-classicism is the orthodox view. Heterodox views also exist, such as Marxian economics.
however be challenging that consensus, particularly where market-led development alone is difficult to achieve or is inadequate to deliver wider outcomes.

4.7 Irrespective of the political landscape, land and property markets are, due to their spatial nature, particularly prone to failures between the individual site and wider interests. These effects includes: externalities, or costs which someone else bears; under-provision of public goods (spaces, services and infrastructure); and lost opportunities. Despite these known effects, the standard economics approach focuses on narrow development and economic outputs. As shown in Section 2, planning might claim a role in supporting a very approximate £10 billion in annual economic output from development and related sectors.

4.8 This approach however makes planning binary; where planning consent is ‘good’ or ‘bad’ according to individual perspective, and the planner is merely the referee. Thus planning, through its adaptability, regulatory focus, reduced interventions, and agency for investment, may have conspired with neoliberal markets in this ‘good cop / bad cop’ view of its role and purpose. At its simplest level, a narrow market approach fails to fully understand what it is that planning is allocating. That approach views planning as the arbiter of short term transactional values, rather than long term land use costs and benefits.

4.9 A more considered economics perspective of planning’s regulatory role is that it creates certainty and promotes financial value and wider benefits, but also brings economic and social costs, some of which can be redressed by planning. However, even this wider recognition fails to provide a consistent approach, or cost-benefit or socio-economic analyses of the long run implications of land use. Thus the evidence base for planning’s wider roles and relationships is thin.

4.10 Moreover, by relegating planning to a merely regulatory role, its potential to shape markets is overlooked. Land economics literature typically views planning as a ‘day one’ allocation of scarce land resources, to be exploited later and by others; rather than planning having the potential to reach further and more widely into markets, or indeed to stimulate Adams & Watkins “plan-shaped markets”.

4.11 The increasing policy focus on place post-1990 might suggest this is a recent idea, perhaps in response to urban decline and post-industrial regeneration. On the contrary, place has strong antecedents in Howard, Geddes et al. ‘Place’ is, though, a less formalised discipline than economics. To become evidence-based, ‘place’ borrows methodologies from economics, social and environmental sciences. This lack of an empirical underpinning, and the rise of market economics post-1980, have potentially made it difficult for place-making to be

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26 Pre-1980, the Scottish public sector planned for and provided more than half of housing, most employment property and most infrastructure. It is probable that public sector withdrawal from these arenas has compounded the idea of planning as merely regulatory upon private sector activity.

27 Although New Lanark, founded in 1786, may be Scotland’s earliest modern example of a planned economy and place.
heard above the clamour for economic growth, and the skewed view of planning as a passive consenting process rather than central to place-making.

4.12 **Place and economy** increasingly meet in socio-economic approaches to understanding and assessing planning and development outcomes. Planning’s aim to deliver sustainable economic growth requires understanding of the wider and potential future effects of plans, policies and decisions, while recognising the inherent conflicts and complexities. Such sophisticated approaches in the planning system are emergent rather than established.

4.13 To date, more sophisticated approaches have been common in major areas of **public policy** such as health, transport and education, but not in planning. Business cases and monitoring and evaluation programmes may selectively inform major public and third sector-funded projects. The effects of economy upon place are however little researched, other than in selected case studies and in rhetorical analyses which measure place-based economic outputs.

4.14 The crux, in a market economy, is to demonstrate that a sophisticated approach does not diminish economic growth, but is intended to achieve a better cost-benefit balance and thus support continuing long run growth and resilience. In this regard, planning is only recently and gradually rediscovering its **scope, reach, and complexity**. Notwithstanding that complexity, a role is likely to remain for quick-and-accessible tools to inform the conversation, such as headline economic impact assessments and the Place Standard.

4.15 Four very different **case studies** illustrate planning’s roles in economy and place. Each involves planning in shaping and directing markets, and in regeneration areas the provision of targeted, catalytic investment, such as transport infrastructure or site clearance and remediation. The ‘reach’ of planning into the delivery (rather than simply regulation) of economy and place outcomes varies by project needs. Clyde Gateway required substantial strategic planning and public investment to bring a vast regeneration area to market for investment and development. The Pennywell regeneration required planning and site creation by the public sector for private sector-led delivery of a new community. Borders Railway required planning and early pump-priming around new infrastructure, followed by more localised planning and delivery. Stromness required detailed planning direction to enable both public and private sector investment. Thus, ‘plan-shaped’ markets are not a simplistic concept, but vary (and change) according to the degree of stimulus and direction required – indeed they vary according to the economy, and the place, in question. The case studies could be further interrogated and supplemented to support a more structured triple bottom line approach to the values and outcomes of planning.

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28 The Scottish Government has commissioned a research project into Monitoring Planning Outcomes.

29 There may be a parallel here with the mandatory Strategic Environmental Assessment of development plans, paving the way perhaps for a parallel socio-economic impact assessment, and thus a triple bottom-line social, economic and environmental approach.
Conclusion

4.16  The research indicates that there can be a positive relationship between planning, economy and place - but it is neither linear nor automatic. A passive, regulatory role for planning as allocator and arbiter of land use can support the delivery of major development outputs. However, that on its own is inadequate to engage with the complex and dynamic nature of markets, and deal with both the positive benefits and the negative impacts upon others’ costs, and upon places and place making.

4.17  To fully support sustainable economic growth, planning requires to take a sophisticated approach, including a broad and active role within markets, reaching into and shaping how economies progress and how markets are engaged to help support and deliver places.


iii The Planning etc. (Scotland) Act 2006, sourced at http://www.legislation.gov.uk/


viii Craigforth and Planning Aid Scotland (2013), National Planning Framework 3: Analysis of Consultation Responses


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