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Spatial Economics Research Centre

Thursday, 22 March 2012

Urban policy and budget 2012

I'd highlight three urban policy issues arising from budget 2012.

First, planning. The [National Policy Planning Framework](#) (and plenty of discussion) to follow next week. We are told that the presumption in favour of sustainable development will come and that the text remains short. But what this means in practice will depend on the details. Garden cities were also flagged pre-budget. The emphasis on gardens and pretty houses clearly appeals, but the extent to which the economics of this are much different to Labour's growth areas remains to be seen.

Second, confirmation that the government wants to move towards local pay in the public sector. I have laid out the arguments on this [earlier in the week](#) (I am, on balance, in favour).

Third, a city deal for Manchester, including an earn back scheme for tax revenues generated by additional infrastructure investment funded locally. As I laid out the arguments [in favour of](#) this deal earlier. One concern with the earn back scheme is the extent to which additional tax revenues come as a result of displacement of activity from elsewhere. This is a genuine concern, but [the evidence](#) seems to suggest that it is a much bigger issue for *small* areas such as Enterprise Zones. On that, more of these were announced in the budget but I remain [deeply sceptical about the likely impacts](#).
[Disclosure: I sit on the Economic Advisory Panel that helped draw up the Manchester Growth Plan]

Posted by [Prof Henry G. Overman](#) on [Thursday, March 22, 2012](#)

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