



# Spatial Economics Research Centre

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## Minister for Cities

The government have announced the appointment of Greg Clark as Minister for Cities. Here are some thoughts on the issues and my suggestions for [priorities in terms of economic growth](#).

There is no clear evidence of a direct link between decentralisation to local government and improved economic outcomes. Passing powers to city leaders limits central government's ability to affect urban economic performance. The coalition's approach to this is to combine decentralisation with incentives for growth. Fundamentally, if we want successful cities to grow the balance between decentralisation and pro-growth incentives has to be right. Here are some suggestions for priority areas for the new minister to think about this balance and the wider policy issues.

**Planning:** As recognised in the local growth review, in many areas the current planning rules work to constrain development. Ministers aim to tackle the issues with a presumption in favour of sustainable development, incentives for councils to adopt pro-growth planning frameworks, dropping brownfield targets and piloting land auctions. However, the extent to which these changes will be successful is not yet known.

**Housing:** Planning also affects the supply and cost of housing. Regional plans tried to force local areas to build more housing. The Coalition favours decentralisation, coupled with incentives. But, giving residents more say in planning (e.g. through neighbourhood plans) may reinforce anti-development tendencies. There is, as yet, little evidence on whether New Homes Bonus-type incentives will be sufficient to outweigh them.

**Local Government Finance:** The structure of local government finance provides a further barrier to development. The government is trying to address it through the New Homes Bonus, TIF, changes to business rates and a review of local government finance. It is unclear whether these changes will remove the fiscal disincentives – and the electoral disincentives remain large.

**Education and Skills:** There is strong evidence that more skilled cities grow faster, so to be successful cities need to be able to attract or educate and retain skilled workers. Cities also house a disproportionate share of poor families, placing considerable stress on urban school systems. The interplay between education, skills and success raises crucial policy questions for cities.

**Innovation:** An important driver of cities' long term economic development but the minister should be very sceptical about calls for local innovation policy. Instead, focus on other policy areas (e.g. the supply of skills and business premises) that may be indirectly limiting innovation.

**Transport:** Growing cities need to invest in transport and to consider other ways to limit congestion, particularly through the introduction of charging. This raises questions about the appropriate governance arrangements for transport policy.

Decentralisation from central to local government has the potential to help city leaders raise urban economic performance, and help their citizens improve economic wellbeing. Decentralisation also raises important questions for central government – which needs to set frameworks and incentives that will help cities drive future economic growth in the UK. I've highlighted a few areas where the minister might like to start working.

Posted by [Prof Henry G. Overman](#) on [Wednesday, July 20, 2011](#)

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