

# what kind of development corporation where?



By the time you read this, the Housing White Paper should have been published, including an announcement to update the New Towns Act 1981.

A pivotal feature of that Act has been to empower the Secretary of State to designate the site of a New Town and to establish the Development Corporation 'to do all that is necessary' to make it happen.

It is a power that has not been exercised since 1970, for Central Lancashire. One of the largest in that last clutch of the New Town progeny was Milton Keynes, 50 on 23 January 2017 and with a great bundle of events and happenings under way to mark its birthday.<sup>1</sup>

The Secretary of State has a choice of three types of Development Corporation that can be deployed:

- **New Town Development Corporations (NTDCs)** (originally established under the New Towns Act 1946, now the New Towns Act 1981) are answerable through the Secretary of State to Parliament. They give a project a 'blue chip covenant' to the private sector, in the sense that explicit Cabinet-level commitment is taken to mean that it will not be allowed to fail.<sup>2</sup> They have a long life (most were promised at least 30 years, most needed much longer). Most Secretaries of State enjoyed the power of creating, supervising and taking credit for the work of their NTDCs.<sup>3</sup> Disappointments and politically embarrassing failures were few. The most powerful control from Whitehall – as distinct from the statutory regulatory functions of planning processes etc. – was civil service leverage, because loan finance came from HM Treasury. The brief for the NTDC Boards was 'to do all that was necessary' to create the project. A virement between headings in agreed budget plans had to be, and was, commonplace. Micro-management by Whitehall was difficult. See Steve Holley's book *Quicker by Quango*.<sup>4</sup>
- **Urban Development Corporations (UDCs)** (originally established under the Local Government,

Planning and Land Act 1980, now the Housing and Planning Act 2016) are also answerable through the Secretary of State to Parliament. That also makes the project attractive to the private sector. Their lifespan is typically shorter (ten years to so) and their brief typically much narrower. Control from Whitehall, both regulatory and leverage through the control of funding, is extremely detailed, and the Corporations start off micro-managed, project by project and issue by issue, and have to earn the trust of the centre. The Department for Communities and Local Government (DCLG) and HM Treasury are joined by the Cabinet Office in exercising controls.

- **Mayoral Development Corporations (MDCs)** (established under the Localism Act 2011) are also the creation of the Secretary of State, but only at the request of the Mayor (London had the power first and has two, and Tees Valley has one, at the time of writing). The brief of an MDC is as wide as that of NTDCs ('to do anything it considers appropriate for the regeneration of the area or incidental purposes'). The source of funding is HM Treasury; the depth of control is not yet in the public domain.

## When is the use of the New Towns Act justified?

The cost and effort involved in setting up an NTDC are best justified when:

- **The capture of a necessary or desired share of rising land value is more than would be yielded by ordinary taxation, developers' obligations and other agreements attached to planning permission.** This is a key criterion and is extremely sensitive in the present political culture, in which some still cannot believe that the right to develop land was nationalised in 1947, and it shocks and sometimes offends them.
- **The social, economic and environmental issues are complicated.**
- **The project and/or its impacts cross a number of administrative boundaries (local government and other agencies),** requiring careful co-ordination and negotiation and the authority of the Secretary of State to encourage other Government departments and agencies into collaboration.
- **The project appears to be beyond the capacity of the private sector to deliver by itself,** to the

desired standard and with adequate legacy arrangements. Scale and thus duration, and cash flow and projected returns at commencement, are determining issues (although in 1946 the Reith Committee also thought that there was an inherent conflict of interest between that of a private sector master-developer and a New Town building project). This is a key criterion and is extremely sensitive in the present political culture, in which some may believe that major landowners can make nice places without needing state intervention (their limit is the same as any private sector vehicle – on investigation it appears to be only relatively small and simple nice places that might be within their scope<sup>5</sup>).

- *There is a desire to focus the exercise of development control powers* (no type of Development Corporation in the UK has been given statutory plan-making powers).

### Does size matter?

Some of the first round of New Town designations were for small projects by today's standards (for example Newtown in Mid-Wales was to rise ultimately only to 13,000 people, Hatfield and Peterlee up to 30,000), although most were in the 30,00-50,000 range or bigger.<sup>6</sup> Most were subsequently greatly enlarged, it being quickly learned by politicians that it is easier to expand a new town than start a wholly new one somewhere else.

The last round of New Town designations in the late 1960s were larger (Milton Keynes and Telford were to rise eventually – including the pre-existing population – to 250,000, Northampton to 260,000, Warrington to 220,000, and Peterborough to 187,000, for example), and the New Towns Act was also used to create, in effect, a 'regional Development Corporation' in the form of Central Lancashire New Town, with a *starting* population of around 350,000 in 1970.

A new-community project that is smaller than around 30,000 people (homes and also associated uses) is unlikely to justify the creation of its own NTDC these days (see the justification criteria above).

Creating size by wrapping together a portfolio of relatively small projects to be dealt with together might justify the establishment of a Development Corporation, but the Central Lancashire experience suggests that a wide span of multi-site, multi-community working cannot easily be managed. That is also confirmed by the record of the Land Authority for Wales, the Commission for the New Towns, and English Partnerships: at the local level

there is the danger that such a body comes across as a remote and insensitive intruder dancing to someone else's drum.

A portfolio Corporation might be practicable in a smaller geographical area where the number of local authorities and third-party agencies are few and the portfolio is interlocked socially, economically and environmentally.<sup>7</sup>

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So size matters only to the extent that the project(s) has(have) to be large enough and complicated enough and interlocked enough to justify the effort in creating and running an NTDC. But there must be no doubt that the New Towns Act and its New Town Development Corporations remain the superior instruments for securing the creation of whole large-scale new communities of strategic significance. UDCs and MDCs are designed for tighter and shorter-life projects, primarily urban regeneration schemes.

The power to create MDCs could be adapted for incorporation into the New Towns Act as it would introduce to the Act *a*) the leadership of local authorities in identifying locations and advising the Secretary of State on possible Board members, and in being the first in line to underwrite losses; and *b*) the power to create MDC-type projects in areas without a Mayor.

The arsenal of the Secretary of State would therefore be the amended New Towns Act (for large projects and smaller ones where there is no Mayor); the Local Government, Planning and Land Act/Housing and Planning Act for UDCs where a narrower brief and shorter life and maybe tighter control is desired; and the Localism Act 2011 where

there is a Mayor who wants the Secretary of State to create a Development Corporation.

### Establishing a location

There is and never was a short cut.

For the first round of New Towns designated in the 1940s there were official regional and sub-regional plans (although the evidence base and consultation processes used would not be adequate today).

For later designations there were also regional or sub-regional plans, or county structure plans (or joint county structure plans). Sometimes these were rather last minute to provide a big-picture rationale for New Town projects which individual local authorities wanted.<sup>8</sup>

The Designation Order process settles the precise boundaries. Under the New Towns Act the precise boundaries really matter, as within the boundary the NTDC has the power compulsorily to acquire land at no New Town values.

Therefore a larger-than-local plan of some kind must be processed to establish the need, the scale, the role and purpose, and the broad location. Later, the precise boundaries will be contested by some affected landowners.

The challenge today is the absence of statutory plans which look further forward than 15 years or thereabouts. Few serious new town projects can be justified and executed without that forward look. So larger-than-local plans will need to be processed, in the form of Joint Core Strategies or similar, but with a forward-look chapter to justify development that would continue beyond the life of the plan.

The evidence base would similarly have to look further forward than current statutory development plans. A view 20 or 25 years ahead is likely to be the minimum required.

Whether it is by amending the New Towns Act or by some other legislation or regulation, larger-than-local longer-term plans with proper processing and legal status will be needed to provide the justification for new town projects of strategic significance. These might be the fruit of local authorities working together, or one-off joint studies for wide areas and long timescales commissioned jointly between DCLG and groups of local authorities.<sup>9</sup>

● **David Lock CBE** is a Vice-President of the TCPA, Strategic Planning Advisor at David Lock Associates Ltd, and a member of the Board of Ebbsfleet Development Corporation. The views expressed are personal, and are adapted from a paper prepared by the author for the TCPA's Modernising the New Towns Act Forum held on 19 January 2017.

### Notes

- 1 See Milton Keynes Council/Destination MK's MK50 website, at [www.mk50.co.uk/](http://www.mk50.co.uk/)
- 2 Two were aborted: Stonehouse outside Glasgow (in favour of Glasgow West End inner city renewal) and Maplin for the Third London Airport in the Thames Estuary (in favour of Stansted, with no accompanying New Town)
- 3 Labour's Peter Shore did not, and in 1976 he declared he would shut them all down as they were draining the inner city of people, money and employment. It was a grossly exaggerated claim, but popular with the inner city regeneration industry and politicians with declining constituencies there. The slaughter was delayed and executed instead by the Conservative Thatcher Government elected in 1979
- 4 S. Holley: *Washington: Quicker by Quango. The History of Washington New Town 1964-1983*. Publications for Companies, 1983. ISBN 0 904928 17 9. This is the biography of Washington New Town Development Corporation
- 5 See, for example, *Building A Legacy: A Landowner's Guide to Popular Development*. Prince's Foundation for Building Community, Jan. 2017. [www.princes-foundation.org/pioneering-practice/reports-resources/housing-crisis?gclid=CLjw1Nn32NECFU0z0wodZVQJRO](http://www.princes-foundation.org/pioneering-practice/reports-resources/housing-crisis?gclid=CLjw1Nn32NECFU0z0wodZVQJRO)
- 6 H. Evans (Ed.): *New Towns: The British Experience*. Charles Knight, for the TCPA, 1972, p.176
- 7 Local authorities in parts of Essex aim to group expansion projects together to enable comprehensive development and have received DCLG 'Garden Towns and Villages' funding to assist in that investigation
- 8 For example, *The Northampton, Bedford and North Bucks Study* (HMSO, 1965) post-dated the decision on Northampton and what came to be called Milton Keynes
- 9 The Sustainable Communities Plan (*Sustainable Communities: Building for the Future*) of 2003 and its preceding 'Growth Area' studies are a good precedent, but there was then an operating framework of Regional Planning Guidance/Strategies which no longer exists