

Written Evidence - Dr Jonathan Reades, Associate Professor, Centre for Advanced Spatial Analysis, UCL & Martin Crookston, Independent Strategic Planning Consultant (PTC0008)

1. THIS SUBMISSION

This submission is made by **Dr. Jonathan Reades**, Associate Professor in the Centre for Advanced Spatial Analysis at UCL, and **Martin Crookston**, independent strategic planning consultant. It draws on our work together which resulted in the recent publication (March 2021) of the book "*Why Face-to-Face Still Matters: the Persistent Power of Cities in the Post-Pandemic Era.*"¹

We are making this submission because we believe that, having explicitly considered the issue of the pandemic's impact on towns and cities in this very recent work, it may help the Committee in reaching a balanced conclusion to their Inquiry.

2. SUMMARY

2.1 Our submission is based on the research and empirical survey work in our recent book. We argue that the Covid-19 pandemic has not changed things as much as many people think, but it has perhaps helped to focus minds on realistic policies and actions for recovery. Each town can find a role, but what it must not do is try to do things that simply do not make sense in a 21st-century economy.

2.2 We suggest possible courses of action of two kinds:

Those focussed on Employment and Equality (section 6.4 below)

- improving work quality
- finding and retaining local experience
- stimulating local economic circuits
- minimum wage related to living costs
- planning and inward investment policies which target job-rich sectors.

Those focussed on the Places themselves (section 7.4 below)

- economic development strategies which are realistic about likely inward demand, which are cautious on property supply especially as regards retailing floorspace, and which choose target sectors carefully.
- Planning policies which avoid short-term land-hungry fixes susceptible to the next downturn, and which focus on connectivity and knowledge
- Creation of 'places of choice' which draw on local assets, link tourism appeal and quality of life appeal, and celebrate the distinctiveness of individual places
- Regional policies which balance the needs of the Core Cities with the other smaller places, and which avoid simplistic analysis of regional and inter-regional differences.

THE COMMITTEE'S INQUIRY

3.1 The COVID-19 Committee's inquiry into the long-term impact of the pandemic on the UK's towns and cities focuses on larger towns and on cities

outside the 12 core cities, and in particular on the long-term impact of the pandemic on housing and green spaces, the changing nature of employment and public transport.

32 Our response is principally in relation to the second of these, where the Committee's questions are:

1. How will the pandemic change the nature of employment? And what will be the long-term impact of this change on towns and cities?
2. How might this increase, or decrease, inequalities within towns and cities?
3. How might this increase, or decrease, inequalities between towns and cities?
4. What action is needed from the UK Government, town and cities leaders, and others to mitigate the risk of any change in the nature of employment?
5. How could the UK Government, town and cities leaders, and others use their response to the pandemic to reduce inequalities in employment?

4. OUR WORK

4.1 Jonathan Reades is Associate Professor in the Centre for Advanced Spatial Analysis at University College London (UCL). His research draws on geographical theory and 'spatial data science' methods to address contemporary challenges in urban and regional development.

4.2 Martin Crookston is an independent strategic planning consultant with worldwide experience, much of whose work over the past decade has focussed on housing regeneration in the North and Midlands.

4.3 For our recent book "*Why Face-to-Face Still Matters: the Persistent Power of Cities in the Post-Pandemic Era*" we interviewed about 40 professionals — in high-finance, ICT, consultancy, creative and cultural organisations — on the value that they attached to 'urban' locations, and we conducted follow-up interviews with nearly 20 of these to understand the impact that the pandemic had had on their thinking about the future of employment in their industry. Their responses highlight the vital role that face-to-face contact plays in the life of cities and towns, but also makes it clear that this is always in flux with a wider and wider range of accommodations made possible by communications technology as their reach extends and deepens.

4.4 Our response therefore draws on a substantial empirical evidence base: real people talking about real jobs. Below, we contextualise our respondents' views with our thoughts on possible futures for London and (as exemplars of different types) Shrewsbury, Carlisle, Preston, and Wigan. Cambridge and the Thames Valley are also considered in the context of highly-skilled industries operating in areas within London's 'penumbra'.

5. OUR RESPONSE TO THE COMMITTEE'S QUESTIONS

5.1 Overall

Our overall response to the Committee's questions about the long-term impact of the pandemic on Britain's towns and cities is that it is "**the petrol not the fire**". By this we mean that the pandemic and lockdowns are an *accelerant* to already existing trends but they do not *create* new realities..

The pandemic's effects on inequality should be understood against the backdrop of persistent long-run trends at work, and the succession of 'revolutions' which have impacted British society since the first Industrial Revolution. Yes, firms may be able to cut office costs by encouraging staff to work from home a couple of days a week when they can. But many city-centre firms were *already* doing this and it doesn't suddenly mean the end of the office, or the HQ, or the city centre. What the pandemic has done is bring forward investments in remote and more distributed ways of working rather dramatically, with perhaps also a bit of 'rushing for the exits' that wasn't always fully thought through.

And as to the longer-term effects, we are again sceptical about the more dramatic forecasts. When we think about these 'Will it stick?' sorts of question, it's possible to argue that things may well change long term *less* than was felt in the thick of the pandemic. At the most basic level, we might be suspicious of any initial reactions as being much of a guide. As General Haig is said to have observed during the First World War: the news from the front is never as bad, and never as good, as it is first reported².

So there *will* be real and deep change, but not with Covid-19 as its origin.

5.2 The nature of change

Our approach here, then, is to suggest what we see as the strongest and most likely trends based on our own analysis, and to add commentary where we see a possible 'Covid-19 effect' in terms of acceleration or variation. The consequences cannot be divorced from the provision of existing infrastructures (air, rail, sea, and land), market structure ('opaque' and uncertain vs. 'transparent' and scalable), firm organisation (integrated or flexible), and the role of knowledge/skills in day-to-day work.

6. IMPACTS ON EMPLOYMENT

6.1 The classic city-centre activities: the effects on cities and towns of all this change - including pandemic effects - can be thought of a constant series of 'should I stay or should I go?' questions for businesses. Who *needs* to be here is of course very influenced by the sector of activity. In communications-oriented activities like PR, journalism and politics/pressure groups, there is a non-stop stream of contacts; in the property and insurance markets, contact is often used primarily to signal significance and effort to important clients. Here, the pull of the centre remains dominant. Over and over again, the considerations of staff, client connections, market size and being in the swim were seen as key to the choice.

But we stress, this does *not* mean that they will all carry on as at present, and that ever-more-developed Information Technology will make no difference.

There is a more or less constant process of review. In insurance, banking, law and publishing, large chunks of the business (and thus employment, and need for space) are not only *already* carried out in cheaper locations, but also offer yet more parts that could be exported from the urban core. Other sectors (with bigger average firm size, and where some competitors have already moved out) could be in the same category: consultancies in management, HR/placement, property advice, and technical disciplines like architecture, planning and engineering. Where meetings are not really needed all that often, and where a lot of the business is fairly routine and replicable, then another wave of 'back-officing', outsourcing and offshoring may well follow.

But that probability seems to be constrained by the need to get and keep teams together, and by the reality that beyond a certain point a firm cannot decide to keep just its high-added-value, high-F2F-interaction people in the city centre and banish the rest from London to Maidenhead: the nature of their business means teamwork and co-location.

What the recent experience of the pandemic has done for many firms is highlight what parts of their business *can* work successfully remotely ... and what parts can't. It has also drawn in sharp relief the extent to which different types of meetings need to be daily, weekly or even less frequently. Even companies with a more traditional view of employment are undoubtedly already putting the finishing touches on new ways of working policies that involve fewer people in the office day-to-day, more flexible hours, and more acceptance of 'working from home' as part of the mix.

No doubt costs will continue to drive the search for savings. It is apparent that a lot of activity will continue to decentralise. But the responses will be a complex mix, including increasing use of e-communication (of course); increasing automation/use of AI (where algorithms can take over from furrowed brows); the shift of more work outwards – to home, to clients' offices, to provincial branches – for some or all of the time; and a greater reliance on public and 'neutral' spaces for face-to-face encounters. As one of our interviewees observed: "the more transactional an activity, the more it can be done anywhere ...". So, if it doesn't *need* to be there, it will be moved.

6.2 Activities where there is no 'WFH option': for many people and sectors of the economy, working from home ('WFH') was never *actually* an option. In the health service as well as essential services (bins, baking bread, or driving a bus ...) and on retail services (pub, restaurant, cinema, gym ...), then you either carried on working away from home, or you stopped working entirely. The consequence seems to be a rise in inequality: highly-skilled workers may well have *saved* money by not needing to travel and marginally reduced costs elsewhere (e.g. spending on food), gained flexibility in terms of employment opportunity, and may well have seen some other work-life balance gains during a time when front-line service workers saw the reverse (and, indeed, increased costs for provision of, for instance, childcare). The widespread and abrupt shift towards online shopping and home delivery for many products and services

previously purchased in-person seems likely to show the most abrupt and permanent change with concomitant impacts on equalities.

In London, scores of other supporting activities in thousands of businesses employ some two million people. They provide vital services, together with the jobs for less-skilled workers that are an integral part of the city's socio-economic fabric: Administrative and Support Services, Accommodation and Food Services, and population-related services like Education and Health and Social Work. Like the dynamic central-city businesses, they can be expected to grow substantially, but this will not necessarily decrease inequality.

However, there are other sectors whose employment may well be static or declining; they are built around fairly standardized, routine activities: Retail, Wholesale, Transport and Storage, Public Administration, Utilities, Manufacturing and even some more routinised branches of Legal, Financial and Accountancy services³. Not every part of those sectors, but the parts that, historically, employed lots of people who *aren't* part of the knowledge economy, in what was once predictable, secure, long-term employment.

Retailing in particular is one major component of non-office employment and land use where technology and social change are having dramatic impacts. Online shopping, home delivery, increased automation at check-out, 'high street' closures, even the 'end of stuff', were already changing the sector enormously. This seems likely to continue. The bricks-and-mortar effects will be the freeing up of sites on the low-density, car-dependent 'retail parks', as well as in town centres; and the people effects will involve a slow but sure shrinkage of employment in the sector. London planners forecast it flatlining at around 450,000 jobs, and this looks on the high side to us. The message is, incidentally, strikingly similar in New York. A history of massive growth since 2009 has come to an end and in 2018, total sector employment at 350,100 was virtually unchanged from four years earlier.⁴ Job growth had ground to a halt, reflecting changes in shopping patterns as the sector undergoes fundamental changes in the way business is conducted. These are international trends, and they are pre-pandemic trends too.

6.3 Impacts on inequalities

6.3.1 Inequalities of reward: as we've seen, businesses are continually confronting choices: stay or go, expand in-house or buy-in, be here now or decamp for somewhere cheaper? At the macro scale, this translates into a future-of-cities question about the risk that 'World Cities' like London become victims of their own success: they may be able to attract the highly-paid and the super-rich, but for many others, the trends are going in the wrong direction. It is increasingly those on a minimum wage who face the highest relative costs in London. These downside factors are treated by economists as congestion costs, or 'diseconomies of agglomeration' - but after paying for commuting, rents,

utilities, and real estate taxes, some families will be left with little to nothing at all. Similarly, for independent contractors or small start-ups, the disincentives to setting out in business will also include the price of business accommodation (rentals, land costs, property tax), housing costs (house prices and rents), transport congestion (road and rail), and an increasingly onerous infrastructure burden (for energy and water supply in particular). At a certain point, your average household and entrepreneur can no longer make the sums work, and this will have a direct impact not just on thousands of individuals but also on a city's labour supply.

6.3.2 Inequalities of opportunity: for the many millions of *non*-knowledge workers, the majority of employees are *not* going to end up working in ways that offer lots of flexibility and lots of autonomy. The pandemic drove home that even the most knowledge-intensive firms and organizations have two classes of workers: the ones given the freedom to work whenever and however they liked so long as the job got done, and the ones who were somehow expected to turn up at work regardless: to clean, staff the reception desk, deliver the packages we were all ordering, and generally keep everything ticking over.

6.3.3 Inequalities of labour market response: the pandemic exposed, too, our reliance on labour which is regularly undervalued and underpaid ... if it's paid at all. The long-run consequences for (mostly) women who took, or were *de facto* forced to take time off to become teachers and carers will also be severe. Even the oft-vaunted moves to the countryside risk baking in those losses to the labour force, even if not everyone who moves feels it as a loss, because some households will find someone forced to drop out of the labour market in order to manage non-work commitments (the school run, shopping trips, etc. which are no longer local, especially in light of increased commuting by the head-of-household). There is also a very real risk that the new flexible means 'work whichever seven days of the week you like' just to tread water. The immediate priority for many businesses was, of course, simple survival: but post-peak-crisis, companies need to take stock of how to *make flexibility work* for everyone.

6.4 Possible actions on Employment and Equality

As we've said repeatedly, most of these trends are part of the long-run changes well under way before Covid-19 hit. But the pandemic has sharpened some of the focus, and helped raise questions about possible responses. We suggest five possible types of action below.

1. **Improving work quality:** there is a clear need to look again at *how* the 'non-knowledge' jobs actually work: in logistics, 'mobility services' and manufacturing in Britain, many employees might as well be robots already since that's how they're treated. But that's because we don't tend to look outside our own borders for good ideas (diversity of inputs, again):

though not without their own challenges, German and Japanese firms both seem to embed and encourage autonomy much further down the chain of command than their Anglophone competitors, and the result is that they build up stocks of *applied* knowledge that are very valuable to the bottom line even as companies continue to invest in AI and further automation. Quality doesn't seem to suffer from that human touch, it goes up. German and Japanese engineering are *still* bywords for quality, and that quality is 'sticky' in a way that the less skilled stuff isn't. This challenge is especially relevant in the North and Midlands, with their higher proportion of manufacturing jobs.

2. **Find and retain local experience:** more mundanely, we recall the case of the on-shored call centres: even if voice recognition-enabled AI can field increasingly complex requests, it's useless when queries become genuinely complex and context (and some sympathy) starts to matter, because *judgement* is required. AI doesn't do a good job of taking the 'but in your case we'll waive that requirement because I can see it was a genuine misunderstanding and you've been a good customer over the years' decision, it follows the algorithm. Even in the 'low skill' roles, knowledge of 'how things work in practice' matters and can build confidence in your firm and its offerings. This kind of applied knowledge is just as sticky as the more formal and readily recognizable kind. It is highly local and contextual in just the same way. So, one lesson for town and cities in struggling regions is to work out how to build on that stock of experience, and how to find and keep employers who value it.
3. **Local economic circuits:** getting organizations to 'buy local', both by encouragement and by direction, creates opportunities for local knowledge and entrepreneurship to come into play. It also brings into play the Keynesian local multiplier: a pound spent with a local business tends to be *re-spent* locally many more times than a pound spent with a national or multinational firm. We summarise below at para 7.3.2 the 'Preston model' (also Mondragon, and Cleveland), where serious efforts are made to build up local circuits of trade in services, goods and jobs. Moves like this, away from a buy-everything-in mode towards a more self-sustaining local economy, could become much more accepted in an environment where local-ness is seen to have new benefits.
4. **Minimum wage related to living costs:** as we point out above, the great cities are in danger of choking themselves, and their workforces, on unaffordability, and a wage 'floor' better related to actual regional costs would seem an essential starting-point in ameliorating this.
5. **Planning policies & inward investment strategies** need to recognise which sectors are job creators, are job-intensive, and have staying-power. The danger is of using towns' available land supply to make life slightly easier and cheaper for the short-to-medium term needs of the distribution sector without any perceptible impact on local employment or economic circuits.

7. TOWNS AND CITIES

7.1 The kaleidoscope of town and city choices

We turn now to the impact on places. Once again, our view is that the COVID-19 pandemic tweaks, but does not fundamentally disrupt, the power of places, and of urban places in particular. We believe that the pandemic has moved the goalposts somewhat, but it has not changed the game: technologies *like* Zoom have been around for some time and no one was so immediately convinced of the alternatives that we stopped having face-to-face meetings.

Looking first at Britain's own 'World City': our analysis and our interviews tend to suggest that the Central London economy, with its huge range, its complex webs of relationships and its offer of unparalleled access *to each other*, has the robust basis to absorb the impacts of technologies like Artificial Intelligence (AI) and the accelerations triggered by Covid. Place still matters, and continuity, not just change, is still the name of the game.

Outside the great cities, there's a kaleidoscope of opportunities and challenges. For many of the major regional cities the task is to cement their role - often very long-established - as their catchment area's attractive market and social centre in a world of online shopping and offshored office jobs. In the 'penumbra' around London, places like Slough, Reading or High Wycombe also have their own distinctive offer, though they vary quite dramatically in terms of the details: the M4 technology corridor works for global IT - they are close to the airport, close to the clients in London, and close to the 'good life' in Surrey, Berkshire and Buckinghamshire. University towns, too, have special assets, both as nodes in the knowledge economy and as places to live. Cambridge of course benefits from its world-leading reputation for higher learning *and* a leading area for the UK's life sciences cluster. But many other towns and cities can now benefit from the presence of a higher education institution to create jobs in growth sectors and to offer the ambience that will attract people to live and work there.

The challenge for the smaller cities and towns further from the centre of it all is to define a credible place in the space-economy of the 21st century. The job is even tougher for the smaller places nearby, which were essentially created by 19th and early 20th-century capitalism to serve the needs of a few manufacturers, and which are now short of assets and advantages in a world where size, variety and connectivity are the key attributes, and where they do not dominate their hinterland as they used to.

7.2 Implications for rural towns

7.2.1 A major shift? Our thinking on the challenges and constraints facing rural towns in the 21st century is based on their long-run history, on the logics of geography, and on the evident power of proximity and personal interaction. But the impact of the Covid-19 pandemic might be argued to call all of this into question. For much of 2020, newspapers reported with a kind of glee on the

sudden surge of interest in homebuyers 'plotting moves out of the city [usually, London] to a rural area or smaller town as people conclude that home working is here to stay'⁵. The logic - and there *is* logic here - is that a longer commute is bearable if you don't have to do it every day. The impression was of a tidal shift in favour of home-working in countryside settings.

Articles about people moving were followed, rather predictably, by articles about offices and shops moving too: 'UK office demand is "shifting to the suburbs" amid Covid-19 crisis'⁶ and 'To survive, shops in Britain will have to move to where the commuters are now.'⁷ Again, there's a logic to this: the pandemic weakened the hold that having 'an office in the city' had on the business imagination, and if people were sticking closer to home then it makes sense to try to move your retail business closer to their homes as well.

7.2.2 The restraints on major change: We are sceptical. The pandemic and the responses it evinced will undoubtedly generate and influence change. They probably *will* create opportunities for smaller places. But there are serious constraints on the scale of any such change:

(1) **geographical limitation:** the moves envisaged are essentially the Londoner's (definition of 'the countryside': somewhere with good rail links back to the Big City, and a reputation for nice shops and good schools. So, there may be big opportunities for towns embedded in the 'Wider Southeast' of England - though even these will be heavily conditioned by availability and price of housing; but rather fewer if you are far from these global hubs.

(2) **Time and infrastructure constraints:** much of this apparent demand presupposes two important, but largely unspoken assumptions: first, that only one half of the household will still be making the journey into the city; and second, that you've (miraculously) found a quaint cottage with a good internet connection. Because if you've got to be on the train (or the interstate) by 6.30, then who is dropping the kids off at school? Or picking them up afterwards? And if you're going to be on non-stop Zoom or Teams calls then you'd better hope that the local broadband infrastructure can cope. Neither of these is assured, and both imply some 'buy now, regret later' challenges for couples whose dreams collide with the more mundane reality of a *different* set of challenges to city living.

(3) **The business realities of remote working:** Artificial Intelligence (AI) and Information Technology are by no means a guaranteed 'ticket to the countryside'. They could indeed be helping pleasant rural towns with the 'quality of life' package (remote working, home-based office work, work-life balance). But where places have been mainly trading on a cost advantage to attract outward-moving back-office functions, say, then AI could make this all

irrelevant. If you now don't need *any* location at all, then an alternative location is of no interest: the 'death of distance' is outdone by the 'death of work' itself.

7.2.3 One English country town: in our study, we looked in more detail at Shrewsbury, taking this historic Middle England town as our example. On the 'benefits' side, Shrewsbury obviously suffers far fewer of the 'diseconomies of scale' than towns closer to London's red-hot core. Office rents are dramatically lower, house prices are on average 30 per cent lower than those in the South East, and wages are about 5 per cent below the Great Britain average⁸. Households will be making their own cost of living comparisons and firms will, in turn, be judging the implications for business viability.

The other side of the equation is the difference in the scale and type of potentials that a much smaller agglomeration can offer. First, Shrewsbury is the central place for a market of only some 250,000 people, not tens of millions and a global network. Second, without this massively greater scale, the agglomeration benefits it could confer are just not there: so the up-front search costs needed for complex and high-profit projects - costs which can be met in London because the concentration of other businesses makes it more probable that we'll find our perfect match - are not going to be viable in a smaller town with a far lower density of possible collaborators and clients. So, much less opportunity for the dense and frequent patterns of contacts which enable bespoke transactions in the 'opaque markets' which offer the highest returns.

Shrewsbury does not have the global links, and even the national-scale links are limited, so it lacks the top-level access and weight. But there is nonetheless 'depth' lower down and at a finer scale. But the ease of local contact, interaction and trading, even if it is in less profitable markets, is still an asset of value to a place. Not unconnectedly, this relates to the quality and character aspects of a town's appeal: many people want to live somewhere that feels like home, where people look out for each other, and where you are dealing with the familiar, not the endlessly new. Not everywhere is playing the same card, and the game changes at each scale. These are underlying factors, and they are not radically changed by responses to the pandemic.

7.2.4 Perspectives for freestanding towns like Shrewsbury are essentially bound up with scale: of the town, its catchment and the population and businesses within it. Growth will fundamentally relate to that, and not to inward investment or exogenous factors; although one variant of this is the tourism sector, where there is often unexploited potential. The message is that large-scale new building, unless very specifically and carefully justified, could risk being a waste of land, resources and infrastructure. Within that framework, however, the prospects for these towns are broadly positive.

7.3 Implications for the towns with an industrial past and present

But that conclusion does not *necessarily* follow for many of the similar-scale places across Britain and Europe. When we change the focus, though not the scale, to look at another kind of smaller city and town - those in or near the former industrial heartlands - the picture is more varied. These places are very often clustered in quite tight groupings, very different from the 'a day on a horse' distance which traditionally separated the more freestanding market towns of classical economic geography. Our cases are in North West England, but similar examples can be found in the West and South Yorkshire, the Scottish Central Belt and several other regions.

7.3.1 Carlisle: for Carlisle, the scale point is important once again: the city's business services activity is less 'sub-regional' in its reach than its shopping centre, and its office market is quite small and slow-moving. Combined with familiar pressures on retailing, and stasis in the important admin sector, the realistic prospect and target is for stability in its traditional county-town role, reinforced by focus on the character and appeal of the historic core as a place to meet, not just shop and work, coupled with some growth potential in two sectors related to its location. Astride the M6 motorway and the London-Glasgow mainline, just north of the Lake District, and the western hinge for Hadrian's Wall, it has a significant tourism industry (with some 5,000 jobs attributable), which can both draw on and bolster Carlisle centre's attractiveness, whilst transport and logistics are also still growing, linked to the strategic 'border' location which has long made the city a hub for both road and rail⁹. As with Shrewsbury, it's a positive picture; but one calling for caution, not gung-ho development mania.

7.3.2 Preston: back south along the West Coast spine, Preston is bigger again (141,000) and marks the north-western edge of the complex of Lancashire industrial towns. Another very old settlement, it shows little trace of its mediaeval past, presenting much more as the typical North of England array of terraced streets, old mills, factories and rail yards. Nonetheless, it is one of the more successful and broadly based of these towns. It is the county town of Lancashire, so an administrative centre and police HQ, with a university (UCLAN), an engineering tradition still reflected in an important British Aerospace presence, and a shopping and office role dominating part of the county: the travel-to-work area covers some 420,000 people. It also has some role as a centre for regional services, such as the HQ of one of the country's biggest social housing providers (Places for People Group), and financial & business services which have chosen it rather than the bigger cities of Manchester or Liverpool, possibly because of its location on the north-south axis.

Workplace earnings figures¹⁰ suggest quite a prosperous place: average weekly earnings at £562.30 are nearer the UK average (£569) than the surrounding county or region (approximately £530). It also seems to be benefiting - in terms of comparative job growth and employment rates - from the local council's deliberate focus on local and sub-regional economic circuits. According to the

New Statesman in 2018¹¹: "Rather than chasing inward investment from large multinationals, as it previously had, the city forged an alternative growth model ... Before 2013, major public bodies, such as the University of Central Lancashire and Lancashire Constabulary, had a combined annual budget of £1bn, but startlingly little of this money was spent locally. Inspired by the 'Mondragon model' in the Basque Country and the 'Cleveland model' in the US, Brown's team persuaded six of these 'anchor institutions' to procure more goods and services from Preston-based firms (such as local builders, printers and farmers), rather than relying on outsourcing companies often headquartered in London."

This is, of course, not a universal panacea for small and medium-sized cities, but it does relate well to the argument about recognizing a place's scale and potential in designing intelligent responses. And it sits well with a recognition that if the town centre can attract and hold its existing catchment population, and build circuits of local interaction and activity, then there is potential for the future. The scale point is particularly true for the towns and cities in urban Britain's complex web of small and large metropolitan areas. Unlike more rural Carlisle or Shrewsbury, Preston is quite hemmed in by competing centres: similar-sized towns having their own catchments, with Blackpool, Blackburn and Wigan all less than 20 miles/30 km away. Development strategies which aim to achieve growth by relying essentially on cannibalizing other town's hinterlands - for shoppers, service users or investors - will have no long-term value, and will waste resources and effort. The 'Preston model' seems to be based on at least some recognition of 21st-century reality.

7.3.3 **Wigan** is another 15-minute train ride southwards, and only three junctions south on the M6. Its national image, somewhat unfairly, is as the stereotypical 'grim-up-north' town (Orwell's *The Road To Wigan Pier*, rugby league football, the Trencherfield Cotton Mill museum). It is, indeed, still a significant manufacturing town, though now more in food, packaging and light engineering rather than its former textiles and coal-based heavy industry; and it still, especially in its deprived inner estates, houses a lot of poor and often unskilled people, though the more suburban parts of the Borough are reasonably prosperous, with high employment rates.¹²

Wigan town centre, its shopping and its services operate in a far more boxed-in setting than those of Carlisle or even Preston. It is woven into a complex net of similar places: Preston to the north, Bolton to the north east, St Helens to the south west, Warrington due south, all within 12 miles/20 km: its catchment does not even cover all of its own Borough area, and the two regional cities of Liverpool and Manchester are only 20 miles (36 km) away too. It is apparent that Wigan and the other Greater Manchester towns do not have a similar scale or reach, despite their notionally greater size (Wigan Borough's population is over 300,000, though the town itself is only about a third of this).

The IPPR North think-tank categorized such towns as '*Overshadowed: cities with larger neighbouring cities that are losing, or have lost, higher-level functions to*

*their larger neighbours (thereby supporting the economic growth of the latter) - in effect, their economic growth is displaced. Overshadowed cities are linked to core cities by strong commuting flows; examples of them in the North include Blackburn, Burnley and Bolton.*¹³ The think-tank suggests growth potential as a key logistics hub for Greater Manchester, which is the sort of thing that external experts very often suggest for locations on motorways and near intersections. We are doubtful. That might help the logistics industry, and possibly sub-regional business more widely, but it is hard to see what benefit it would bring to Wigan itself: trading large tracts of developable land and greatly increased truck flows for very low job-densities in enormous sheds.

These Lancashire towns have to base their strategies on the reality that they are part of a complex urban hierarchy centred on Manchester, with only a limited degree of independence or room for manoeuvre. Their success or failure will largely be part of Greater Manchester's success or failure. And it could well be that using the developable land to house Manchester (and Liverpool) commuters, combined with a 'Preston model' attempt to increase local economic circulation and focused attempts to make the town centre a distinctive and appealing place, would produce more benefit for Wiganers than waiting for external investors to pick that particular junction on the M6 for their next logistics park.

7.4 Possible actions on Small Cities and Towns

The problems and challenges faced by Britain's 'Small & Medium Cities' are far from new. Many places have been struggling with them for much of the last century. Covid-19 and consequent policy responses may make some differences here and there, though rarely to these towns' structural issues. But they are not fixed for ever, and people's changing reactions (to the pandemic, for instance) might simultaneously be advantageous for local centres (things for which we might previously have travelled further - coffee? co-working space?), yet also undercut their business (technology eating into what local shops used to provide, from groceries through to high-end goods). We suggest eleven possible courses of action below.

7.4.1 Economic development strategies

1. Realism about likely inward demand: anyone looking to attract inward-moving firms to such towns has to start with a heavy dose of realism about scale and comparative advantage. Firms in finance, comms/IT, consultancy and other 'opaque' markets where there is intensive face-to-face contact and bespoke transactions, rewarding a lot of speculative time and effort, will choose bigger places; their scale in places like Shrewsbury will continue to reflect local needs. And, as we've seen, thoughts of persuading 'out-mover' firms to migrate from the cities have to be tempered with caution over the impact of AI and digital.

2. Caution on property supply: Britain's smaller cities and towns are not short of enthusiastic boosterism and endlessly optimistic real estate professionals and municipal politicians. But a cooler look at sectoral prospects also means a more cautious take on property development needs. Taking our case-study example of Shrewsbury, an earlier Offices Study¹⁴ prescribed a need for the town centre's office floorspace to grow by over 40% over 15 years; in the rest of the town and the business parks, by 55%. This was ambitious a decade ago, and is not credible now. There might be some of the expected growth in office-based work, but this scale of development is not going to be needed. New ways of working are already having an impact, in smaller towns as well as the great cities. This will impact the business park format too. They will continue to attract occupiers, mainly because of easier parking than in town centres, but growth cannot be taken for granted: business parks might work for larger, integrated firms where information flows are primarily *internal* and between business units, but they lack the opportunities for easy semi-casual, face-to-face *external* interactions, which the more dynamic sectors tend to see as part of doing business. Indeed, one of the property agents interviewed for the Offices Study contrasted the town centre ("quirky offices in Grade II listed buildings ... close proximity to services and public transport ...") with the business parks' lack of facilities other than modern, purpose-built office buildings.

3. Retail space - slam on the brakes: for shopping space, the powerful impacts of IT mean there will be no long-term quantitative need for out-of-centre growth, and little prospect of significant employment increases. The crucial issue for the smaller towns and cities is quality: turning the town centre and its streets into ever more of an experience that people – visitors, businesspeople and residents of the hinterland – will *choose*. And where face-to-face interaction - with traders, clients, acquaintances – is an intrinsic part of the package. Our case study, Shrewsbury, has the head start of history and character, but others are not so lucky. And even there, a lot of work is needed: improving the centre's mix of rather tired, smallish malls, and working on every aspect - not just, but crucially including, shopping - of this central place for all Shropshire county's activities.

4. Choose 'target' sectors carefully: planners' 'targets' are more 'hopes', given the limited leverage available to local councils, but may still be useful strategic guides: Shrewsbury's which include environmental science, creative/digital business, tourism, food and drink production and health/social care, have the merit of reflecting to some extent what the area's firms are already doing, and some of the town and county's assets and attributes.

Planning policies

5. Avoid the short-term fix: land allocations such as for more sheds by the highway interchange, or a few dozen jobs in a fulfilment or data centre risk lasting one short round of the trade cycle, and leaving the place even more battered than it was.

6. Focus on connectivity and knowledge: fast, reliable connections to the major job hubs in the region will be vital; so, too, will education and training so residents can compete for jobs there.

Attractivity

7. Create places of choice: even if a town's leaders conclude that their best shot now is as a satellite to a bigger, more dynamic city in the region, they still have to make their place attractive enough to draw in commuters and growing businesses, and to slow down the rate at which their young folk leave. The assets and traditions that they *do* have, whether it's canal-side warehouses, a brewing heritage, or a long-established festival, should be thoughtfully used to build an attractive, varied future.

8. Link the tourism potential and the quality-of-life appeal: inevitably this varies enormously from place to place. For Shrewsbury and Shropshire, tourism has real potential to grow with greater appreciation and exploitation of heritage and countryside. And creative and cultural workers will continue to respond to the 'quality of life'/work-life-balance appeal - there were already over two thousand such people in the county a decade ago, 43% of them working from home¹⁵ - long before the pandemic made WFH "a thing." Wigan, too, made a heroic though ultimately underperforming attempt on this (industrial heritage) front, from a much less promising base.

9. Celebrate distinctiveness: because each of these towns and cities *is* unique. They are not just pieces on a chessboard of socio-economic adjustment. There is a reality to the idea of local distinctiveness, both actual and perceived, which can contribute to attractiveness and place choice. Another of the Lancashire towns, Bury, is less than 10 miles (16 km) from Manchester city centre. It still feels different, and feels *itself* to be different, from the Big City, and not just because it produces Bury black puddings and the Mancs don't. Similarly, Shropshire environment and quality of life are a vital part of Shrewsbury's offer to firms and individuals, as is its sense of a thousand-year market-town history. The feel, and the quality, of the local 'offer', and the potential for face-to-face interaction to be one of their defining attributes and advantages, are crucial for each of the SMCs in making people want to be there - and crucial to their being places of choice.

Regional policy

10. Balance regional policy as between the Core Cities and the SMCs: the economist Philip McCann has warned of the dangers of over-concentration on the Core Cities, without sufficient broader consideration of connectivity and coordination between a wide variety of places. We concur with his view that the UK has as much of a 'regional problem' as it does an 'urban' one, and that if policy-making is disproportionately focused on this one element, then it will not achieve the stated objective of regional rebalancing.¹⁶

11. Avoid simplistic analysis of inter-regional and intra-regional

differences: comparisons between larger and smaller cities and regions, or parts of them, may be a lot less telling than analysts think, if they don't choose the right scale of spatial unit to measure agglomeration, productivity or disadvantage. Individual towns in the North of England, for example, may compare poorly with big cities; but as IPPR North remark, such comparisons have led to '*headlines that proclaimed a widening of the North-South divide, but which overlooked the fact that quite different patterns of economic success might be found if considered at a wider spatial scale*'.¹⁷

7.5 In conclusion

We believe that each town can find a role, but what it must not do is try to do things that simply do not make sense in a 21st-century economy. The Covid-19 pandemic has not changed things as much as many people think, but it has perhaps helped to focus minds on realistic policies and actions for recovery.

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