



tcpa



developing effective economic strategies for eco-towns

eco-towns economy worksheet

summary points

The purpose of this Worksheet is to support the development of an appropriate economic strategy for each eco-town which results ultimately in a fully sustainable, competitive and prosperous future for the town. Fundamentally, the economic strategy for the eco-town should promote exemplary practice in carbon-minimising economic and business behaviour. This should be aligned to help achieve the standard recommended by the Draft Planning Policy Statement on Eco-towns of at least one job or employment opportunity per new dwelling that is easily reached by walking, cycling and/or public transport.

To help deliver the strategy, this Worksheet starts by outlining what should be included within the three key components of an economic strategy – formulation, evolution, and implementation. It then goes on to set out the key parameters that should shape the economic strategy, and the questions to answer in defining these parameters. The questions range from establishing an overarching economic offer and vision which expresses the eco-town's economic purpose and uniqueness, through to defining the management vehicles that will guarantee its economic, environmental and social development.

The Worksheet then outlines in more detail the work required to develop a detailed socio-economic baseline which will capture the characteristics, drivers, trends and dynamics of the wider sub-region that will in effect 'host' the eco-town. It discusses how to select target sectors for employment generation and the importance of going with the grain of the market by selecting appropriate market-orientated employment drivers.

The necessity of developing a detailed understanding of the surrounding sub-regional economy, and of how to draw together evidence in support of this, is emphasised throughout. When conducting this analysis there needs to be consideration of issues such as appropriate specialisms for an eco-town in relation to the surrounding sub-region; the quantum of employment likely to be generated within the eco-town's social infrastructure (for example health and education) and other essential sectors; how economic activity within the eco-town will avoid economic conflict with the surrounding sub-region; and how to target economic activity which is environmentally sustainable and has a low carbon impact. For the latter issue, suggestions are made regarding possible areas of activity.

Developing a new economic strategy will require extensive consultation. The Worksheet suggests who to consult, plus the issues and questions to be addressed within the consultation. Examples relate to labour supply, demographics, current labour demand, the extent to which technology and high-value-added sectors feature in the surrounding sub-region, and educational attainment.

The Worksheet addresses the importance of a unique economic offer that will not only attract potential investors, entrepreneurs, employers and residents, but also enable the eco-town economy to grow sustainably within the sub-region.

The unique economic vision for the eco-town must clearly align with its environmental and social objectives. This, as part of the economic offer, should demonstrate a strong commitment to an effective use of resources and sustainable economic development.

This uniqueness can be derived from a variety of elements, such as businesses with a minimal carbon footprint, innovative products or services not available elsewhere, flexible employment structures, and new business relationships with economic actors across the sub-region.

The eco-town must be strongly linked to the wider sub-region, particularly as a conduit for environmental regeneration activity. Its initial growth will be part of a polycentric economic structure, and there must be consideration of the need for skilled personnel and supportive infrastructure.

The Worksheet describes the components that will be integral to the eco-town's economic strategy:

- Developing a skills base, which will involve consideration of further and higher education structures in the sub-region, along with the quality of housing to be provided.
- The availability of spaces and land within the eco-town that are flexible for both formation and growth of targeted business and enterprise.
- Services within the sub-region to support endogenous business growth and entrepreneurship. The economic strategy needs to map

these out, particularly where they support carbon footprint minimisation, and link them with the targeted economic sectors.

- The development of public transport to ensure that low-carbon-emission goals are not breached by inappropriate levels of car-based commuting.
- The development of innovative and robust forms of social infrastructure to reinforce the economic performance of the eco-town, such as education, health and community facilities. These sectors can also provide significant employment opportunities and provide support for the formation of social enterprises.
- Careful consideration of the leadership vehicle that will manage the eco-town development process and provide the link with the local community as it grows and develops. Innovation in engagement, local management and overall governance are possible in the eco-town setting.
- Assessment of the success of the eco-town through specific performance measures – the selection of the most appropriate ones is vital.

**Developing Effective Economic Strategies for Eco-towns:
Eco-towns Economy Worksheet
Advice to Promoters and Planners
March 2009**

eco-towns economy worksheet

contents

	page
1 Introduction	7
2 Key parameters	8
3 An economic strategy for eco-towns - essential questions	9
4 Developing an economic strategy for eco-towns	10
5 Components in the strategy	19
6 Delivery mechanisms	22
7 Performance measurement	23
Annex 1 Further reading	26

**Developing Effective Economic Strategies for Eco-towns:
Eco-towns Economy Worksheet
Advice to Promoters and Planners
March 2009**

Town and Country Planning Association
17 Carlton House Terrace
London
SW1Y 5AS
t: 020 7930 8903
w: www.tcpa.org.uk

The TCPA gratefully acknowledges the support provided by Communities and Local Government in sponsoring the Eco-towns Worksheets. The TCPA is also very grateful to Dr Jim Coleman of Regeneris Consulting Ltd, who was the principal author of this Worksheet, and to the many other groups and individuals who contributed their skills, experience and knowledge to the production of this Worksheet, including CommunitySense, LDA Design, Savills and URBED.

Photograph/Illustration Acknowledgements:

Page 22: Courtesy of URBED

Printed with vegetable-based inks on chlorine-free paper from sustainably managed sources.

Printed by RAP Spiderweb Ltd, Clowes Street, Oldham OL9 7LY

1 introduction

The Government's *Eco-towns Prospectus* sets out key requirements for new eco-town settlements across a range of themes. With regard to the economic functioning and economic sustainability of eco-towns, a number of principles are listed, namely that they should:

- Demonstrate a clear economic strategy for the town, relating business potential in the settlement to nearby towns and economic clusters.
- Encourage working from home through live-work units or in local resource centres, supported by wi-fi (wireless) and other information technology (IT) networks.
- As part of the management plan, facilitate the local social, institutional and professional infrastructure for business networking.

All eco-town applications must include detailed masterplans with an accompanying economic strategy. It is imperative that masterplanning and economic strategy development are aligned fully and that the necessary detailed thinking about the economic functioning of the eco-town is not simply and inadequately 'bolted on' to the masterplanning process. The selection of target sectors, economic functions and enterprise support must be logical and bespoke to each eco-town's unique socio-geographic context.

There is a requirement also that planning applications for each eco-town should be accompanied by long-term governance and engagement proposals, covering finance, management, and legal arrangements. These factors must also be tied directly to economic strategy, for example through business engagement, ownership of local assets and so on, in order that each aspect of the eco-town's development reinforces and embeds the new settlement's economic rationale.

The purpose of this Worksheet is to support the development of an appropriate economic strategy for each eco-town which results ultimately in a fully sustainable, competitive and prosperous future for the town. Fundamentally, the economic strategy for the eco-town should promote exemplary practice in carbon-minimising economic and business behaviour.

An effective economic strategy process for the eco-town must cover three key components or phases:

- **Formulation:** An effective economic strategy for the initial stages of the eco-town's development must be drawn up, taking full account of the necessary interactions between the new settlement and other key centres within the 'host' sub-region.
- **Evolution:** As with all local economies, the economy of the eco-town will evolve over time and will be subject to varying local, regional and indeed global influences. As such, the initial strategy must evolve in response to new challenges, and therefore the initial strategy process must incorporate mechanisms for revisiting and refreshing the strategy over time, sometimes in response to sudden changes in the wider socio-economic environment. The strategy must also allow for identification of economic activities and interventions most likely to lead to efficient resource use and low-carbon production and must embed these further into the wider economy.
- **Implementation:** A strategy that does no more than set out a high-level vision for the eco-town will be of limited use. The economic strategy must include detailed implementation guidance describing how relevant key actions in support of the development of a carbon-minimising economic base will be taken forward, by whom and in what way.

2

key parameters

A number of key parameters should shape the economic strategy for eco-towns, as follows:

- It is essential to establish an overarching economic **offer** and **vision** for the eco-town that expresses its economic purpose and uniqueness. This vision must be strong enough to help draw in appropriate levels of new investment, embed high-value economic activity, and attract a highly skilled residential population.
- The eco-town is not required to be completely self-contained economically. However, a good level of employment within the eco-town should be the aim, with the objective of at least **one job or employment opportunity per new dwelling that is easily reached by walking, cycling and/or public transport** (as set out in the draft Planning Policy Statement on Eco-towns).
- **Economic linkage** with surrounding areas is crucial. The eco-town economy must develop in a manner that is complementary to surrounding economies and, where appropriate, forms part of a 'polycentric' sub-regional economy. Sustainable transport linkage with surrounding economies therefore is critical.
- Identification of key **employment generating sources** must be undertaken effectively. This includes identification of employment from social and community infrastructure/services, as well as tradable sectors that offer realistic, sustainable options for establishment and growth in the eco-town.
- Consideration must be given to aligning the **ethos and overall objectives** of the eco-town with possible **business and employment generating activities**. This might include environmental technologies and sustainable methods of construction, but the rationale for these activities in each different eco-town location must be robust and well evidenced.
- It is important to embed **enterprise** within the overall economic and social base of the eco-town. This includes traditional commercial enterprise as well as social enterprise.
- There is a need to generate an appropriate and adaptable **skills base** by attracting skilled individuals to the eco-town, and also to develop effective interaction with the surrounding education and training infrastructure.
- The eco-town should be characterised by an **economic and business infrastructure** that is conducive to generating employment in the most appropriate sectors, that allows proper complementarity with surrounding areas, and that aids the demonstration of best practice in efficient resource use.
- There is a need to establish an overall **management and leadership vehicle** that will guarantee the sustainable economic, environmental and social development of the eco-town.

3

an economic strategy for eco-towns – essential questions

In developing an economic strategy for an eco-town, some essential questions must be addressed:

- **Overall economic vision and offer:**
 - What is the economic vision for the new settlement?
 - How does this vision encapsulate a combined social, environmental and economic aspiration?
 - How do the vision and the 'offer' translate into a strong commercial message to potential investors, entrepreneurs and residents?
- **Economic base:**
 - What is the process for identifying potential target employment sectors?
 - How is new employment emerging from social infrastructure and service provision aligned with other target sectors?
 - How should target sectors be identified in the context of the functions of surrounding economies?
 - What are the most appropriate forms of linkage between surrounding settlements other than transport – for example effective supply chains, routes to market for business, procurement processes, and so on?
- **Business infrastructure:**
 - Given the overall economic vision and a set of potential employment generating sectors, what does this imply for the most appropriate range of business infrastructure?
 - How can innovative approaches to design and use of business space and premises be adopted?
 - How best can the market and other partners plan and deliver this infrastructure?
 - What is the most effective approach to the use of ICT (information and communications technology) in the eco-town setting in order to facilitate appropriate levels of home working?
- **Skills and learning:**
 - How should the eco-town seek to attract a diverse and high-quality skills base?
 - To what extent is this based on housing/property characteristics and environmental factors?
 - What is the most effective model of connectivity with surrounding further and higher education (HE and FE) infrastructure for learning and skills development purposes, and also for businesses sourcing R&D inputs?
 - How should schools best encompass a carbon-minimising and efficient resource use ethos into their activities? How can this be reflected in curricula and tied to ongoing progression through FE and HE levels?
- **Social enterprise and community economic development:**
 - What role does social and community enterprise play in the provision of community services, the creation of new employment, and the provision of learning and training opportunities, as well as the management of community assets?
- **Leadership and management:**
 - What is the most effective model of management for the eco-town? How best to engage the private, public and community sectors on an ongoing basis?

4 developing an economic strategy for eco-towns

The overall structure and process for developing an appropriate economic strategy for an eco-town is set out in Figure 1.

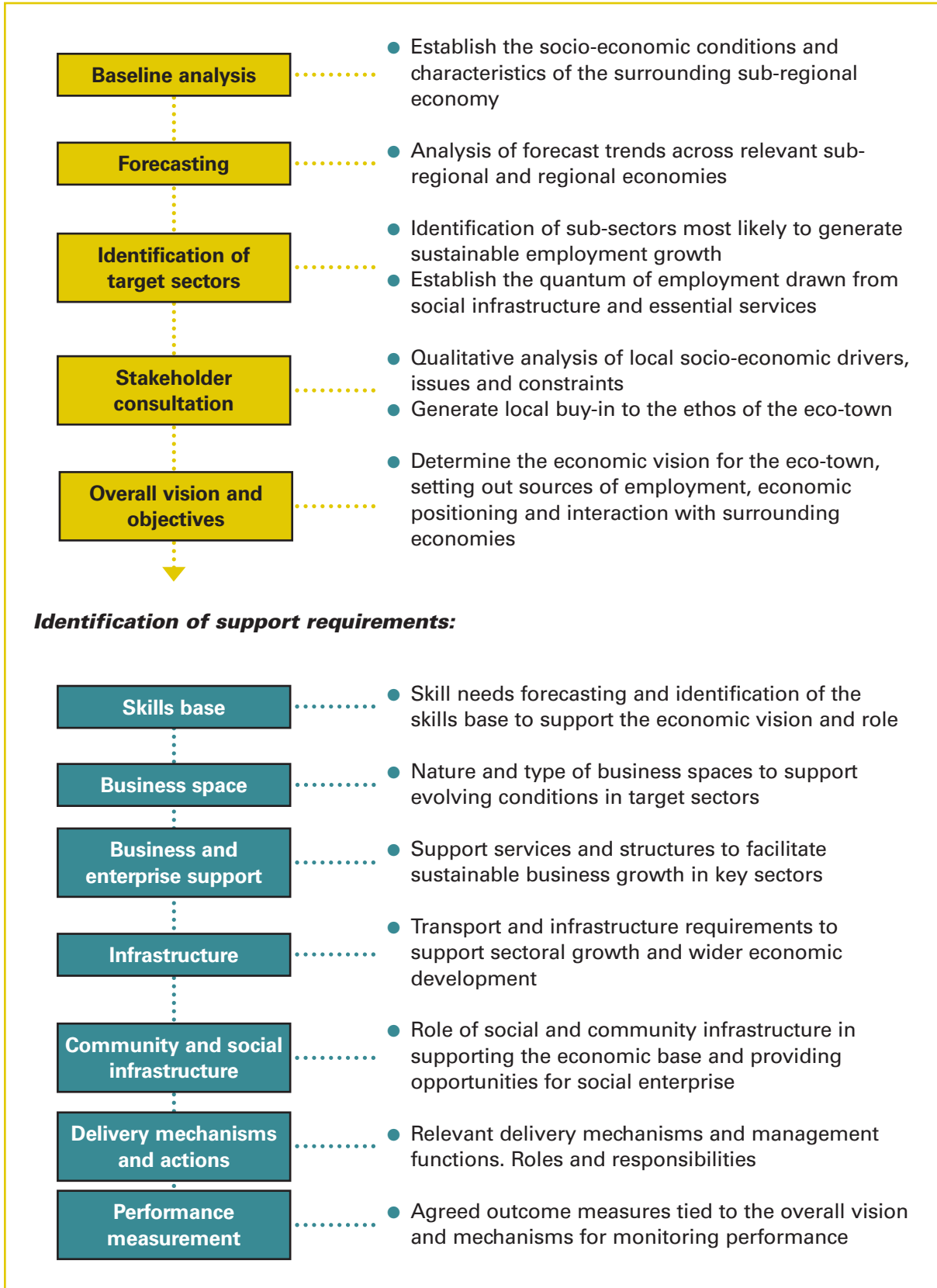


Figure 1 Structure and process for developing an economic strategy for an eco-town

4.1 Baseline analysis – developing a full understanding of the economic context

A successful economic strategy for a new settlement such as an eco-town must be rooted in a full and detailed understanding of the surrounding sub-regional and regional contexts. The eco-town must fit into and draw economic benefit directly from its surroundings, and therefore in its initial stages of development its emerging economy will be inextricably linked to wider sub-regional and regional economic drivers.

It is vitally important to consider how economic linkages will be established between the eco-town and existing communities/settlements across the sub-region. Furthermore, an understanding must be developed as to what new eco-town settlements will contribute economically to neighbouring areas. The nature of physical and transport linkages in particular must be designed correctly if the zero-carbon target is to be achieved.

The starting point for an effective economic strategy is a **detailed baseline** examining the characteristics, drivers, trends and dynamics of the surrounding economic context. In short, there is no endogenous business base: the eco-town does not yet exist, nor does its economy. Therefore analysis of the economic base of the wider sub-region is necessary in order to understand the economic setting for the eco-town and thus the potential economic opportunities for the new settlement.

A detailed economic baseline for the eco-town should ideally cover the key areas and indicators shown in Table 1. Consideration of this broad range of indicators will provide a sound platform upon which to base the selection of **target sectors** from which new employment sources for the eco-town might realistically be generated.

Also to be factored into the analysis is the expectation of significant movement into and out of an eco-town on a daily basis for economic purposes. Fundamentally, eco-towns will not be fully 'self-contained' entities economically.

Evidence from other new communities suggests that self-containment will be less than 50 per cent. Therefore the nature of linkage with other places is fundamental to success. It is possible and perhaps most likely that less than half of employment for residents of an eco-town will be locally based. Relationships to other places are crucial, although the degree of physical separation in some cases may be small, and it may be relatively straightforward to identify the most appropriate economic linkage. The eco-town must be seen within an economic and social network of wider centres and settlements.

4.1.1 Forecasting

In addition to establishing the current set of economic drivers and trends for the eco-town's 'host' sub-region, it will also be necessary to give some consideration to forecast change in key economic indicators. The establishment of a bespoke forecasting model for the sub-region that attempts to identify possible future movements in key variables would be most useful, although standard sub-regional and regional forecasts from established sources would also provide additional intelligence for decision-making. It is important, however, to treat economic forecasts with caution and to test the outputs of any model with qualitative information from detailed consultation with key informants.

4.2 Identification of employment sources and target sectors

Extensive baseline analysis in conjunction with economic forecasting and careful consideration of linkage with surrounding economies within the host sub-region should be used as a basis upon which to estimate the possible quantum of employment that

Table 1 Economic baseline indicators

Indicators	Details
Population demographics and labour supply	<ul style="list-style-type: none"> ● Characteristics of the local and sub-regional population ● Economic activity rates ● Migration and existing commuting patterns across the sub-region ● Population and labour supply forecasts
Employment and labour demand	<ul style="list-style-type: none"> ● Characteristics of the sub-regional employment base ● Employment distribution across sectors – identifiable key sectors, including knowledge- and technology-related sectors and environment-related sectors ● Occupational distribution of employment ● Part-time versus full-time employment ● Self-employment ● Vacancies across key sectors ● Employment growth forecasts for the region and sub-region
Business performance and competitiveness	<ul style="list-style-type: none"> ● Business start-up activity – company births and deaths, VAT registrations across the sub-region ● Business survival rates and business incubation activity ● Financial turnover and profitability patterns across key sectors ● Exports, R&D activity and ongoing investment (for example ICT) ● Inward investment patterns across the sub-region ● Recruitment and retention issues ● Skills gaps and skills shortages ● Availability of business space and premises ● Supply chain configuration for key employers/sectors ● Incidence of environmentally sustainable and low-carbon business practice
Education, skills, qualifications and training	<ul style="list-style-type: none"> ● Availability of childcare/early years places across the sub-region ● Key Stage 2 attainment, GCSE attainment, A Level attainment ● Post-16 destinations and progression from compulsory schooling to further and higher education ● Ongoing participation in training by the working age population ● Nature and levels of various skills/qualifications within the working age population ● Incidence of low levels of specific/desirable skills/qualifications within the working age population ● Training provision and the absence of specific forms of training provision
Social inclusion and social infrastructure	<ul style="list-style-type: none"> ● Unemployment rates – concentrations and groups ● Social exclusion indicators – Index of Multiple Deprivation domains, 2007 ● Access to services and key forms of social infrastructure (for example health and social welfare services) ● Average earnings and the incidence of low incomes ● Specific issues for vulnerable groups – young people, lone parents, ethnic minority groups, the disabled, the long-term sick, the elderly
Welfare and community	<ul style="list-style-type: none"> ● Health-related characteristics of the population ● Characteristics of the housing stock ● Characteristics of recorded crime ● Community capacity and community appraisal ● Incidence of social enterprise activity and community businesses ● Incidence of environmentally sustainable and low-carbon community development

will be generated within the eco-town itself. This will of course be a combination of essential services, broader social infrastructure, and tradeable sectoral activities.

The **Draft Planning Policy Statement on Eco-towns** sets out a requirement for one job or employment opportunity per household. It is anticipated that one third of employment will emerge from public-sector-related service provision and the remaining two thirds should be made within offices, workshops or industrial premises.

It is absolutely critical that the development of the eco-town economy **goes with the grain of the market**. Therefore employment should be stimulated and supported through the development of market-oriented drivers and platforms within and around the eco-town. These drivers will include, but must not be restricted to, spatial and property requirements. The provision of a suitable skills base, economic and transport connectivity with surrounding areas, learning infrastructures, small and medium enterprise (SME) finance and support, as well as access to relevant consumer and producer markets, will all be vitally, and equally, important. As such, the requirement for one job per household should be viewed as a benchmark. The final quantum of employment that emerges will depend on the eco-town's ability to generate the whole range of physical and non-physical economic attributes required of target sectors.

Detailed investigation into the nature of the surrounding sub-regional economy will provide evidence in support of the selection of a number of target sectors for employment growth. A number of considerations are important in determining target sectors:

- Bear in mind complementarity, **diversity** and appropriate **specialisms**. A sustainable economic base will exhibit effective linkage with wider sub-regional and regional specialisms but will also develop an appropriate degree of diversification in order to avoid unnecessary reliance on a small number of key sectors.
- Understand the quantum of employment likely to be generated by demand for **social infrastructure** and related services (for example health, education, security and community services) and other '**essential**' sectors such as retail, leisure and cultural industries.
- Drill down into specific **sub-sectoral detail** and formulate a clear **rationale** for the selection of target sectors. Decisions about active targeting of specific sub-sectors must be supported by detailed evidence that sets out the rationale for developing these types of sectors in each location.
- Seek **complementarity** in terms of activity and delivery – avoiding economic 'conflict'. While competition in any market is a positive force, the selection and support of a specific set of sectors should seek to balance and take advantage of both competitive and complementary forces.
- Successful business development in target sectors will be driven by natural and efficient mechanisms for **accessing key markets**. Optimal private business formation and development decisions will only take place if positioning of business activity in eco-town settings relative to relevant markets makes good commercial sense.
- Development of specific target sectors must also take into account future **work patterns** within these sectors and the extent to which they are likely to incorporate home working or virtual business activity. These should be characteristics that the eco-town is looking to support *per se*, in order to promote a diverse range of employment experiences and opportunities, accessible to as many residents as possible.



Figure 2 Eco-town employment sources – sector choice, selection criteria and proposition requirements

- As with access to markets, business development in target sectors will only be successful if the wider **supply chains** for these business activities, as well as the broader business ‘ecosystems’ (in terms of skills availability, knowledge exchange, finance and business support etc.), are available and operate effectively.
- A fundamental requirement of the business base of an eco-town is that it should present an exemplary form of business development in an environmentally sustainable and **low-carbon** manner. As such, the selection and development of key target sectors must also involve the development of green supply chains and low-carbon procurement processes, as well as establishing best practice in carbon-minimising business and sector development. This does not mean that eco-towns must necessarily demonstrate specialism in environmental technologies – this should only be promoted as a strategy if all other sectoral requirements, especially those associated with complementarity with the wider sub-regional economy, are in place.

In an eco-town setting it is likely that some sectors will be more realistic or appropriate for development than others. Certain sectors should be discarded immediately owing to their high emissions or carbon production consequences. Broad sub-sectors that may be suitable or indeed necessary for the eco-town’s economic development are listed in Figure 2. In each individual eco-town setting, the selection of appropriate sources of employment growth must be based on robust, statistically detailed evidence and connectivity with surrounding economies. In addition, these sectors must be ‘sense checked’ to ensure that they contribute directly to achieving the desired socio-economic and environmental outcomes for the eco-town.

The overall direction of the eco-town economy and especially targeting of sectoral employment sources must be fully embedded into an understanding and interpretation of local, sub-regional and wider market conditions. As such, target sectors will require a ‘proposition’ or menu of attributes that can be successfully articulated to appropriate employers, developers, investors and employees.

4.3 Stakeholder consultation

In any typical economic strategy development process, consultation with parties of interest would feature as an important element of the overall process. There are a number of key parties involved:

- **Public stakeholders:** Public stakeholders are those organisations and individuals who will be tasked with the strategic design and delivery of services to the new settlement.
- **Business community:** Although the business base of the new settlement does not yet exist, its surrounding sub-region does and, as, with the establishment of a detailed baseline for this wider area, it will also be important to gauge the qualitative perspective of the ‘host’ business community as to the current strengths and weaknesses of the area from a commercial perspective.
- **Residential community:** As with the business community, the residential community is not yet in place. Consequently, it will be important to find effective mechanisms for appropriate forms of consultation with this ‘community’. Such consultation might take place with neighbouring communities, or, if possible, with focus groups representing potential new residents or a ‘shadow’ community of the eco-town.

Consultation on the development of a new economic strategy for the eco-town should ideally cover the range of issues and questions outlined in Table 2.

Table 2 Economic strategy consultation issues

Sectors	Issues
Population demographics and labour supply	<ul style="list-style-type: none"> ● How are the demographic characteristics of the population of the sub-region likely to change over the next 10-20 years? Is this likely to follow historic trends? ● What is the nature of permanent migration patterns into and out of the sub-region? ● What is the current nature of commuting patterns and daily labour market dynamics? ● Are labour market participation rates currently optimal? What barriers encroach upon the potential labour market participation of specific groups? How might these barriers be overcome?
Employment and labour demand	<ul style="list-style-type: none"> ● What are the key sectors that drive the sub-regional economy? What is the current state of health of these sectors? Will they continue to dominate over the next 10-20 years? ● What are the key growth sectors within the sub-regional and wider areas? What types of support will these sectors require in order to perform to their full potential? ● Is there an adequate degree of flexibility within the sub-regional labour market in order to meet the specific needs of current and potential future employers?
Business performance and competitiveness	<ul style="list-style-type: none"> ● What types of inward investment is the sub-region likely to target over the next few years? Does the sub-region currently possess the attributes that these target sectors require when choosing locations? ● To what extent do technology and high-value-added sectors feature within the sub-region's overall business base? What mechanisms can be developed to support these sectors further? ● Are rates of business start-up currently adequate? What barriers constrain small start-up businesses's ability to survive and grow in the sub-region? ● How do sub-regional employers currently respond to any skills gaps or skills shortages within the workforce?
Innovation and technology	<ul style="list-style-type: none"> ● Is the sub-region's ICT infrastructure currently adequate for existing need – from business, the education sector and the community sector? ● To what extent can ICT be better deployed as a tool for building capacity within communities and/or encouraging home working? ● Is there adequate linkage between the regional HE sector and businesses in the sub-region?
Education, skills, qualifications and training	<ul style="list-style-type: none"> ● How adequate is current access to affordable childcare in the sub-region? Is anything constraining the expansion of early years education? ● What are the key issues associated with relative performance at compulsory schooling level? ● Is there currently an adequate provision in the sub-region of both FE and HE level learning opportunities? ● How might the training infrastructure be improved in order to create ease of access for all sections of the community as well as for all employers?
Social inclusion and social infrastructure	<ul style="list-style-type: none"> ● Within which parts of the sub-region and among which groups is worklessness more problematic? For which groups is it most difficult to raise levels of 'employability'? ● Within which parts of the sub-region is access to specific services a problem? Are particular groups more vulnerable?
Welfare and community	<ul style="list-style-type: none"> ● What are the key health issues facing the sub-regional population? Where is incidence of poor health and specific medical conditions more prevalent? ● In which parts of the sub-region are recorded crime levels, as well as fear and perception of crime, particular issues? ● What are the characteristics of current capacity building within communities? Are there adequate community facilities available?

4.4 Overall vision

Each eco-town should determine an economic vision and purpose that is clearly aligned with its environmental and social objectives. The eco-town should demonstrate how to make the most effective use of resources within its local and sub-regional economic context, and this should influence the nature of the surrounding economic base more generally. In addition, this exemplary approach to resource management should form part of the eco-town's overall image, expressing a strong aspiration for sustainable economic development. Investor confidence will be promoted by the new settlement's ability to demonstrate a strong ethos and image that permeates its economic and business functions.

This image in turn is part of the overall 'offer' of the new settlement to potential residents, investors and entrepreneurs. A separate type of identity can be developed for the eco-town, which sets it apart from other local economies. Eco-towns must also stimulate and act as conduits for environmental regeneration in surrounding areas.

4.4.1 Establishing the economic role of the eco-town

As outlined above, it is necessary to identify specific clusters of sub-sectoral economic activity where an eco-town might have an advantage. An eco-town cannot be independent of its wider local economy – it must grow and develop within the context of sub-regional economic drivers and opportunities. The eco-town will rely initially on its surrounding economies very heavily in terms of provision of employment and commercial opportunities. This may result in the eco-town becoming part of a 'polycentric' economic structure. There is a need for realism in terms of the eco-town economy; it must fit into the local and sub-regional economies appropriately.

As with all local economies, there is a need to attract a diverse range of relatively high-value-added businesses with growth prospects that require skilled personnel. This leads on to consideration of the physical and infrastructure requirements of these businesses. Eco-towns provide an opportunity to think creatively about delivering flexible, shared spaces that might accommodate a range of different types of business and micro-enterprises. However, such flexible models of business accommodation do not necessarily fit the standard inward investment pattern.

There is a key role potentially for **social and community enterprise in eco-towns**. This is also relevant to ownership and management of community assets, amenities and services, where social enterprise models might be appropriate in terms of generating value to the community, creating employment, and providing training and skills development opportunities. Social and ethical consumption trends are already promoting socially enterprising models of business. What might the role of social and community enterprise be in the development of new homes and infrastructure?

4.4.2 Uniqueness of the eco-town economy

In order that, over time, the eco-town can provide a suitable platform for high-quality, resource-efficient and generally sustainable economic development, it must present a unique vision that can be translated easily into an 'offer' to potential employers, investors and residents. This uniqueness will be derived from a variety of elements in combination:

- The particular range of employment sources in each eco-town – exemplifying carbon-minimising and resource-efficient business processes, offering innovative and creative products and services which are not replicated easily elsewhere.
- Flexible and diverse ways of working – employment sources that offer flexible, virtual ways of working, using state of the art ICT infrastructure which is upgraded in a

timely and efficient manner. This will include new combinations of working for individuals, mixing office-based collective work in teams with individual working from home. Overall, the need for commuting long distances should be reduced over time. The provision of flexible, multi-use business facilities in eco-towns will be very important to this process.

- A unique relationship between each eco-town and its surrounding economies – provision of transport, ICT and community linkages with surrounding economies that generate unique opportunities for business formation and growth and new product and service design.
- Forms of business operation that stimulate carbon-reducing operation and provide genuine community ownership of and influence over the business and employment base. This will include the development of social and development trust type activities.

Box 1 Case study of the local economy in new settlements: Vauban and Rieselfeld, Freiburg, Germany



The solar energy sector has played a significant role in Freiburg's economy

The expansion of the city of Freiburg through the development of two new eco-suburbs, Vauban and Rieselfeld, has fed into and fed off the expansion of a green economy within the city. In this sense the green vision of the new settlements has nurtured the establishment of a green economy of international standing.

The creation of a public commitment, demand and skills base has established Freiburg as a prestigious location for the environmental sector. Of particular significance to the local economy are the solar energy and environmental education sectors.

The environmental, research and science economy now plays a significant role within the city – ‘with nearly 10,000 people employed by 1,500 companies, this sector contributes approximately €500 million to the economy’. The example of Freiburg certainly provides a model for the potential of eco-towns to be built around a local eco-industry, where the necessary attributes for this are available. However, the success of Freiburg in this respect is linked to its status as a university town, which should be taken into account.

Information from *Freiburg: Green City. Approaches to Sustainability*. City of Freiburg im Breisgau, 2008. http://www.freiburg.de/servlet/PB/show/1199617_I2/GreenCity_E.pdf

This uniqueness must also be apparent within the set of business and commercial activities that take place in the eco-town, as well as in the range of identifiable specialisms and, if appropriate, ‘clusters’ of activity that arise. As such, sector targeting approaches outlined above should in particular consider the following:

- Stimulation and encouragement of production sectors that specialise in materials exhibiting exemplar carbon-minimising attributes. This may include construction

materials and processes for or key inputs to specialist technology development and manufacturing, such as instrument engineering.

- Activities associated with recycling and waste management.
- Micro-energy-generation and related activities.
- Monitoring, measurement and laboratory services that seek to develop a detailed understanding of carbon emission levels across local economies and key sectors – services that have potential to become highly specialised with appropriate R&D inputs and which could be traded nationally or internationally.
- Specialist business and management advisory services designed to reduce business-related carbon emissions, and which could again be traded commercially on a much wider basis.
- Specialist professional services, including legal, accounting, financial and insurance services aligned to environmental specialisms and low-carbon products.
- Community, leisure and lifestyle related services – commercial and public – aimed at supporting low-carbon living.

These various combinations of elements will differ across the various eco-towns as their physical and economic settings will also differ.

5 components in the strategy

5.1 Skills base

With no pre-existing endogenous skills base, that of the surrounding sub-regional economy will play a role in the formation of the initial eco-town economy. Learning and training structures based within neighbouring economies will also be important to the initial development of the eco-town, and therefore appropriate sub-regional mechanisms for extending the reach of these services into the eco-town must be established via the economic strategy.

Skills availability is fundamentally important to any local economy, as is the ongoing evolution and development of a quality, adaptable skills base. It is necessary to attract highly skilled people to eco-towns via a combination of high-quality housing of different typologies and tenures, and high-quality social infrastructure – as well as other amenities, including a quality public realm and open spaces. In addition, there is a need to ensure that the eco-town is linked into the surrounding FE and HE infrastructure in order that the skills needs of both individuals and employers can be supported on a continuing basis.

The quality of housing must be such that it attracts highly skilled, well qualified individuals, leading to a mixed, diverse residential base that can stimulate ongoing economic development. The presence of highly skilled residents is necessary to draw in high-value-added business investment as well as to stimulate entrepreneurial activity.

Practical steps will have to be taken to ensure that plans are in place to deliver the skills and qualifications, in both the eco-town and the surrounding sub-region, that will support the development of identified key sectors. This will require careful **skills forecasting** and subsequent influencing of **curricula** and **learning delivery structures** in the surrounding training and learning infrastructure.

5.2 Business space

There is a clear need to think carefully about spaces for business and enterprise – for example development of shared-resource centres and multi-use spaces. The development of eco-towns provides an opportunity to examine how economic spaces can be planned and used differently. There is a possibility of greater ‘layering’ in the development of employment space within mixed-used schemes – and the potential to examine whether this approach will lead to more sustainable outcomes. Innovative use of ICT must also feature in the development of the eco-town’s economic infrastructure.

The development of business spaces should be led by the current position and future trends in target sectors; these sectors themselves having been identified as relevant to the eco-town from detailed quantitative and qualitative analysis. The development of appropriate business spaces should be taken forward emphasising the eco-town ethos, sustainable structures, home working opportunities, and innovative approaches generally.

The identification and configuration of land use for different sub-sectoral activities and business space must be established only **following careful and robust identification of the most relevant sectoral activities** for the eco-town.

5.3 Business and enterprise support

The emergence and development of a robust, diverse business base will to some extent rely on the delivery of effective services that support businesses and entrepreneurs. Again, there will be a reliance on neighbouring centres to supply these services, as the eco-town is unlikely to be of a scale that requires the establishment of completely new business support services *in situ*.

Key services are likely to include:

- Business and investment finance.
- Business formation and business planning.
- Marketing.
- Skills development.
- Management development.
- Sourcing R&D inputs.
- Using and adapting new technologies.
- Innovation inputs.
- Supply chain development.
- Managing procurement mechanisms.

A key requirement of the economic strategy for the eco-town is that it both maps out the business support services appropriate and available to selected target sub-sectors and identifies mechanisms for the effective penetration of these services into the eco-town’s business base.

Given the overarching aspiration of eco-towns to be exemplars in **sustainable, low-carbon business development**, the availability of services that support businesses in

reducing their carbon footprint and adapting to low-carbon technologies and processes must be ensured through the strategy.

The delivery of both **business space** and **business support** should address the following potential sources of new employment:

- **New enterprise formation:** New businesses will be developed by local entrepreneurs locating in the eco-town. These forms of business will require highly flexible spaces that can meet the evolving needs of individual business owners and micro-enterprises across a variety of sectors. In addition, provision must be made for those likely to be working from home, who may require the use of shared service or business centres.
- **Endogenous business growth:** As the eco-town develops, key clusters of activity will grow and generate additional employment. This means that they will be required to adapt current spaces for larger, more diversified operations and higher employment levels, or to re-locate their operations to other premises within the eco-town.
- **Inward investment:** The development of selected sub-sectors may require a significant effort in drawing in new investment from either domestic or foreign sources. These investors will require a range of assets that generate a high return relative to their investment in the eco-town. These assets will include a relevant skills base, infrastructure, business space and premises and support services.

5.4 Physical and transport infrastructure

The development of public transport to ensure that low carbon emission goals are not breached with inappropriate levels of car-based commuting in to and out of the eco-town is hugely important. The potential for developing economic functions that allow significant numbers of individuals to work from home is seen as a key strand of the eco-town economy. However, it should be remembered that home working will not be suitable across all economic activity, and nor will everyone want to work from home. People who do work from home will also still have travel requirements. Nevertheless, there should be provision for business 'hubs' with the necessary facilities to support home working and where appropriate a provision of live/work units. A key requirement will be an effective alignment of both the economic and transport strategies for the eco-town. There must be a clear 'read across' between the two, with shared priorities and objectives.

5.5 Community and social infrastructure

The development and delivery of innovative and robust forms of social infrastructure will reinforce the economic performance of the eco-town in number of important ways. Social infrastructure, in the form of education, health and community facilities and services, provides essential support to communities. The efficient provision of services via innovative means will reinforce drivers of economic performance, ensuring that the local population and workforce is healthy, skilled and demonstrates high levels of economic activity. These are prerequisites for a competitive and sustainable local economy.

In addition, social infrastructure and services by their nature also provide important local **employment opportunities**. As such, it will be important to undertake appropriate technical analysis of the requirement for different forms of social infrastructure and translate this provision into a quantum of sustainable employment. As noted above, the economic strategy for the eco-town must also ensure that sub-regional learning and training structures are able to generate the appropriate skills base that supports the necessary provision of social infrastructure and services in the eco-town.

Furthermore, there are important opportunities to link provision of social infrastructure and services to the formation of **social enterprises**. It is possible that certain services could be delivered to parts of the eco-town's community via locally designed and locally based social enterprise. This could involve both service delivery and ownership of assets held in trust for the community via some form of social enterprise or development trust model. The benefit of this approach is that it provides a means of generating revenue and surpluses that could be reinvested into community activity, while also facilitating the design of services and facilities that will be more responsive and bespoke to local community needs.

6

delivery mechanisms

The economic strategy for the eco-town must also address questions regarding the leadership and overall management of the eco-town development process. There is a need to ensure that the developers involved are committed to the ethos and principles of the eco-town. There is also a need for a delivery vehicle that works closely in partnership with the community, the development sector and business to ensure that the right mix of infrastructure and property is in place to support an appropriate economic strategy over the longer term.

Box 2 Case study of engaging with residents on the management of a new settlement: Vathorst, Amersfoort, the Netherlands



The information centre at Vathorst

Vathorst (along with Nieuwland and Kattenbroek) is one of three new settlements planned as part of the expansion of Amersfoort, a historic town situated in the 'green heart' of The Netherlands. In 1981 it was designated as a growth area by the national government, with a targeted increase in the town's population from 130,000 in 1981 to about 160,000 by 2016. Vathorst, the largest of the new communities, is still under construction, and over 3,000 of a planned total of 11,000 new homes have been completed. The final homes should be built by 2014.

Community engagement projects have been developed not just in the consultation stage of the project, but also targeting the future management of the settlement. A great deal of effort has been put into consensus building, using skilled intermediaries and local architecture centres. In Vathorst, there is a large information centre, which is a dedicated facility for visitors and residents and includes a café, a visitor centre and a scheme model. Also, the Vario Mundo Foundation has been funded to work with residents, community groups and the local authority to realise the vision to create a well balanced society.

Information from *Beyond Eco-Towns: Applying the Lessons from Europe. Report and Conclusions*. PRP, URBED and Design for Homes, 2008, Appendix 1, pp.15-22. <http://www.prparchitects.co.uk/research-development/research-publications/2008/beyond-eco-towns.html>

Models of long-term engagement involving the community, business, developers and government (local and central) should be established in order to promote ongoing, sustainable economic growth. The eco-town offers an opportunity to design innovative models of community engagement, local management and governance.

There are a number of additional considerations here:

- **Marketing and message:** In order to draw in new residents and commercial investors, the eco-town must develop and express an effective brand and message that clearly describes the various returns available to both commercial and personal investment.
- **Roles and responsibilities:** It is important that the economic strategy for the eco-town goes some way towards describing roles and responsibilities across the various public stakeholder partners (locally and across the sub-region), the private sector and the community sector.
- **Clear rationale for ongoing delivery and development:** On an ongoing basis, there will be a need to revise the economic strategy and ensure that delivery mechanisms and essential economic development actions are evolving in line with the surrounding economic context. Again, roles, core responsibilities and appropriate review and measurement mechanisms must be identified that will work within the individual eco-town setting.

7

performance measurement

What are the overall measures of success for an eco-town? What indicators will be used to monitor the successful evolution of the eco-town economy? There is clearly a need for an appropriate performance measurement framework and for ownership of this framework to be embedded fully into the overall management functions of the eco-town.

The economic strategy must set out a range of key indicators in order that stakeholders and residents can measure the performance of the local economic base in the context of the overall aspiration and vision for the eco-town. It will be important to ensure full alignment of the performance measurement framework for the eco-town with the relevant Local Area Agreement (LAA) and, if appropriate, Multi-Area Agreement (MAA) indicators already agreed and adhered to by key public sectors partners in the area.

Appropriate outcome indicators might include the following:

- **Employment:** The quantum, growth, form, quality and rate of employment growth achieved over a given time period. This should include successful growth and development of key target sectors that reinforce the carbon-minimising ethos of the eco-town.
- **GVA:** Levels of gross value added generated through employment in key sub-sectors.
- **Skills levels:** The development of a quality skills base, in particular NVQ Level 3+ qualifications, and the minimisation of the portion of the workforce with no formal qualifications.
- **Economic activity:** Levels of economic activity based on access to flexible, diverse employment opportunities.

- **Business formation:** The number and type of new businesses forming and their survival rates.
- **Spatial and property measures:** The quantum of employment and community floorspace delivered that adheres to the employment and carbon-minimising objectives of the eco-town. Measures should be developed that reflect the incidence of flexible, innovative and carbon-reducing use of business and community spaces. Measures should also be put in place to ensure that there is adequate delivery of housing in terms of tenure and typology that will result in the formation of a highly skilled, highly active, diverse and settled community.
- **R&D and patents:** Indicators aligned to the creation and commercialisation of knowledge-based service and product outputs.
- **Exports:** The value of goods and services exported beyond the 'host' sub-region, nationally and internationally.
- **Zero-carbon measures:** Continual monitoring of carbon emissions resulting from the employment and residential bases; identification of activities and interventions most likely to reduce carbon outputs; and feedback loops into business support and other activities in order to capture best practice.

The overall phasing of activity will be important to the economic development of the eco-town. Key elements in the phasing process are illustrated in Figure 3.

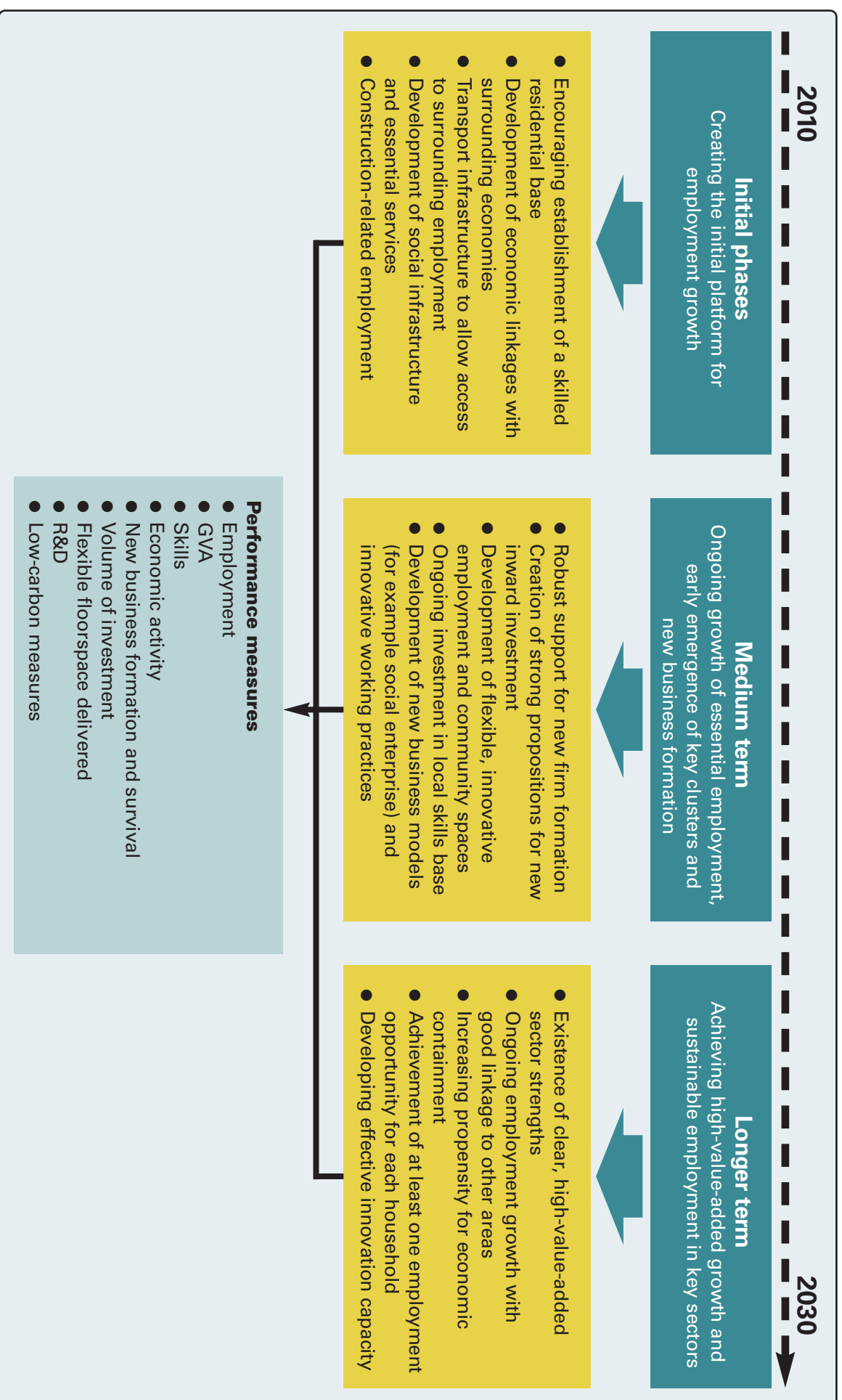


Figure 3 Eco-town employment generation - phasing of activity

annex 1

further reading

- BERR, GLG (2008) *Prosperous Places: Taking Forward the Review of Sub-National Economic Development and Regeneration*. Department for Business, Enterprise and Regulatory Reform: London
- OECD (2008) *OECD Economic Outlook*. Volume 2008/2 No. 84. OECD Publications: Paris
- PRP, URBED, Design for Homes (2008) *Beyond Eco-Towns: Applying the Lessons from Europe*. PRP Architects: London
- S. Leitch (2006) *Prosperity for All in the Global Economy – World Class Skills*. Leitch Review of Skills. TSO: Norwich
- LDA, SEEDA, EEDA (2008) *Thames Gateway Economic Development Investment Plan*. East of England Development Agency/London Development Agency/South East England Development Agency
- HM Treasury (2001) *Productivity in the UK: 3 – The Regional Dimension*. HM Treasury: London, Chap. 1
- M. Porter, C. Ketels: (2003). *UK Competitiveness: Moving to the Next Stage*. DTI Economics Paper No. 3. Department for Trade and Industry/Economic and Social Research Council: London, Chap. 2
- O. Solvell, G. Lindqvist, C. Ketels (2003) *The Cluster Initiative Greenbook*. Ivory Tower AB: Stockholm
- R. Wilson, K. Homenidou, L. Gambin (2008) *Working Futures 2007-2017*. Institute for Employment Research, University of Warwick, and Cambridge Econometrics for the UK Commission for Employment and Skills: Wath-upon-Deerne, South Yorkshire
- M. Willey, M. Simpson, S. Davis (2008) *Housing and the Economy: Integrating Strategies*. Chartered Institute of Housing: Coventry
- I Brinkley (2008) *Knowledge Economy and Enterprise*. Knowledge Economy Working Paper. The Work Foundation: London
- P. Lowe, N. Ward (2007) 'Sustainable rural economies – some lessons from the English experience'. *Sustainable Development*. Vol. 15, 307-17
- A. Jones, F. Visser, D. Coats, S. Bevan, A. McVerry (2007) *Transforming Work: Reviewing the Case for Change and New Ways of Working*. EOC Working Paper Series No. 60. The Work Foundation: London