

towards a suburban renaissance: an agenda for our city suburbs

By Paul Hunter





The Smith Institute

The Smith Institute is an independent think tank which provides a high-level forum for thought leadership and debate on public policy and politics. It seeks to engage politicians, senior decision makers, practitioners, academia, opinion formers and commentators on promoting policies for a fairer society.



Barrow Cadbury Fund

The Barrow Cadbury Fund is a company limited by guarantee, set up by its founders Barrow Cadbury and Geraldine Southall to allow greater flexibility in the couple's giving. The fund is non-charitable and aims to further its mission of bringing about socially just change.

towards a suburban renaissance: an agenda for our city suburbs

By Paul Hunter

Contents

Executive summary	4
Introduction	8
Chapter 1: What is “suburban”?	10
Chapter 2: The state of suburbia: a story of suburban decline?	14
Demographics	15
Poverty and deprivation	18
Labour market trends	27
Housing and place	30
Struggling suburbs	37
Chapter 3: Poverty and prosperity in suburbia – future trends	40
Welfare reform	40
Housing reform	41
Migration	43
Agglomeration: Jobs and growth	43
Devolution, localism and city deals	44
Chapter 4: The policy response – towards a suburban renaissance	46
Smart growth	46
Government taking a lead	46
Growing the suburban economy	47
Connected suburbs	53
Housing in the suburbs	56
Supporting poorer residents	62
Conclusion	63
End notes	66

Executive summary

Suburbs are the places where most people in the UK choose to live. Close to the countryside, conveniently placed to the city, suburbs have successfully provided the right balance between space and accessibility. But they have been more than somewhere to live; they have embodied a lifestyle choice and a set of aspirations. Often contrasted with the deprivation, congestion and pollution of the inner city, for much of the 20th century suburbs offered not just an escape, but also the freedom associated with the car and consumer goods as well as the chance of realising the dream of home ownership.

In recent years this technicolor ideal has rapidly started to fade. And the evidence presented in this report paints a worrying picture (for the London, Greater Manchester and West Midlands urban areas). As inner cities have undergone a renaissance, suburbs have frequently been left behind. Take a journey through our city suburbs today and you are likely to witness stagnating levels of job growth – in contrast with increasing employment opportunities clustered centrally. Population growth has expanded rapidly in inner cities, compared with their suburbs. The changing housing market, alongside falling rates of public housing provision, has meant that the most affordable homes are more often now found in suburbs. No bad thing in itself, but it presents considerable challenges – not least ensuring access for low-paid workers to the growing number of jobs located in urban cores.

These changes are being reflected in levels of deprivation within our cities. While deprivation is still more concentrated centrally, there has been a significant shift outwards in indicators of poverty. The proportion of most deprived areas within cities is rising rapidly in suburbia, and in London there are now more poor people living in outer boroughs than inner ones.

These are very worrying times for suburbia. But rather than addressing the serious challenges, current policy choices seem set to exacerbate them. Care will be needed to ensure that devolution does not pitch local authorities against each other, not least when it comes to tax revenues, which are higher in inner-city areas where jobs and growth are concentrated. Housing and welfare reforms are likely to make large parts of inner cities unaffordable for those on lower incomes. And the rush towards job creation in city centres means that without intervention, relative unemployment levels compared with inner-city areas could continue to rise in suburbs and congestion could become intolerable.

With so many people living in the suburbs, the state of the nation rests on their fortunes. The failure to act is only storing up problems for the suburbs of tomorrow. And if left unchecked the trends, which should be much higher up on the political agenda, could end up being as significant and far reaching as the inner-city deterioration of the post-war era.

Urgent action is therefore required, but it needs to be grounded in new thinking and new policies. This report calls on government to take the lead and establish a suburban task force with the

purpose, expertise, influence and profile of the acclaimed Urban Task Force (1998-99), led by Lord Rogers. No one is arguing that government should seek to reverse the achievements of regenerating our city centres or attempt to create a better yesterday. Instead, a suburban taskforce should set out how the urban renaissance can be completed by encompassing the suburbs. How can all those living in the suburbs share in the growing prosperity of our major cities? What support do poorer suburban residents need and how can opportunity be extended? How can we create attractive and environmentally sustainable suburbs, which improve people's quality of life and life chances?

The final part of the report outlines how such an agenda might be achieved. It examines what a new suburban housing offer, across all tenures, might include. It sets out the case for increasing densities to support sustainable, connected suburbs, but in a way that does not detract from what makes suburbs attractive in the first place. And it scrutinises how suburbs can support better access to jobs, by improving transport links but also creating an environment conducive to business. All of which, alongside coherent anti-poverty measures for suburbs, are necessary to reducing deprivation and spreading prosperity across all parts of UK cities.

Achieving any transformation, of course, demands the right governance arrangements and a commitment to long-term investment. It also requires not just a suite of policies but an optimistic vision which builds on the inherent strengths of suburbs and is firmly based on people's hopes and aspirations.

A picture of suburban decline

Based on in-depth analysis of suburbs in three city-regions (London, Greater Manchester and West Midlands urban area), the report finds:

Population changes

- Population rates have grown at a faster rate in inner cities (which have experienced rapid growth) than suburbs over the last decade. However, there are no signs of suburban abandonment.
- Evidence on international migration in London suggests a shift over the last decade, with more people from "poorer countries" moving to suburbs, whilst people from wealthier nations have moved to inner areas.

Poverty and deprivation

- Poverty has become more concentrated in some suburban areas. In London, official data shows that there are now more people in poverty in outer London than inner London (over the last decade, poverty has risen from 20% to 24% of the suburban population).
- Working-age means-tested benefits have on the whole increased at a faster rate in suburbs, as has the number of residents claiming pension credit – in the suburban areas of the West Midlands it has increased by 30%, whereas it has remained the same in urban areas.
- Deprivation rates have also risen fastest in suburban

areas. In Greater Manchester, 54% of suburban neighbourhoods experienced an increase in economic deprivation. Suburbs have also seen a rise in the proportion of the most deprived areas within their cities.

Jobs and growth

- The number of jobs in suburbs has stagnated over the last decade. Inner London, for example, created 500,000 jobs between 2003 and 2013. In outer London it was just 8,000.
- Jobs performed by suburban residents increased at a slower rate than in urban areas. In Manchester, suburban resident job numbers increased by 6%, compared with a 47% rise in urban areas.

Housing

- House prices over the last 20 years have increased more rapidly in urban areas. On average, housing in outer London is more affordable than in inner areas. In the West Midlands and Greater Manchester, the most affordable places to live have increasingly become suburban areas (e.g. in 1995, 70% of the cheapest 10% of areas in the West Midlands were suburban; by 2014 that figure had risen to almost 90%).
- In the three cities, social housing has declined over recent years, but most rapidly in urban areas. The private rented sector (PRS), meanwhile, has grown in both suburban and urban areas.
- The combination of prices rising faster in inner areas and social housing declining more slowly in outer areas means lower-cost housing is increasingly located in suburbs.

Poverty and prosperity in suburbia: future trends

Changes in public policy and economic trends present significant challenges for city suburbs. These include:

Welfare reform

- The impact of the welfare cap appears not to have had a significant *spatial* impact, with few tenants moving to cheaper accommodation in suburbs. However, this may change as social housing is sold off with few low-cost homes (family homes) being built.
- Changes in local housing allowance appear to be changing where people in London can live. For example, the number of people claiming local housing allowance has fallen in inner areas and risen in outer London. This suggests that more low-income people are locating, and will have to locate, in the suburbs.

Housing reform

- The introduction of "affordable rent" alongside benefit caps is likely to have long-term spatial implications. In London, comparisons suggest it is only affordable for certain household types (families with several children and claiming benefits) paying affordable rent to live in suburbs.
- The privatisation of housing association properties under the extension of right to buy will also erode the stock of affordable homes. Lower-income households will have to

turn to private rented housing, which is increasingly more affordable in suburbs.

- Population projections suggest that cities will continue to grow quickly. If demand increases and social housing provision falls, those with the wherewithal will outbid poorer households for inner-city private housing (be it to rent or buy).

Devolution

- Decision making is increasingly being devolved. This is likely to dramatically change the way places are governed and the resources available. It is unclear whether metro mayors will favour urban areas or suburbs, or how local authority leaders will broker deals within combined authorities.
- There is also uncertainty around fiscal devolution. If significantly more tax revenues are devolved to a local authority level, inner-city authorities could benefit while suburban places face funding challenges. Devolution of business rates, for instance, could severely disadvantage suburbs if there is ineffective equalisation at regional and national level.
- The current policy focus on regeneration programmes and economic development around agglomeration and clusters of business will in general favour urban areas, especially those with growth potential.

Towards a suburban renaissance – the policy response

Suburbia needs to be a higher policy priority:

- A government-sponsored task force could examine how suburbs can adapt and grow, what support is needed and where, and what roles and actions are required from central and local government and other stakeholders.
- Government could also consider creating ministerial responsibility for the suburbs and establishing an agency to provide information and best practice guides for a suburban renaissance. Suburban local authorities themselves could also take a lead by sharing best practice and collaborating on "home-grown" solutions with local agencies, like local enterprise partnerships.

Growing the suburban economy

In order to deliver a suburban renaissance, it is critical for suburban centres, which face fierce competition, to be reinvented to support job creation and growth and improve the attractiveness and liveability of places.

- More public and private funding is needed to revitalize suburban centres. This could include support for mixed-use economic hubs in suburbs and town-centre renewal. It could also enable centres to adapt to changing demands (in commercial space) and provide better management.
- Changes to planning rules mean that office space can be converted into housing, which can undermine efforts to grow suburban economies. Government should be less prescriptive and consider devolving such powers and decisions over exemption areas.
- The public sector plays an important role in the suburban economy. As cities gain greater control over public

services they should consider how the relocation of public services can support struggling suburban places, while potentially reducing property costs. Local and city government could also examine how public procurement can benefit suburbs.

- Fiscal devolution could create winners and losers between local authorities within cities. The government's plan for business rates to be set and retained by local authorities could reduce the resources available to suburban councils. There is a strong case for co-ordination of business rate setting at a city-region level to ensure there isn't a race to the bottom, and enabling pooling to reduce risks.
- The charitable and voluntary sectors play a vital role in reducing poverty. With the changing spatial patterns of poverty, the third sector may need to rethink where services are located.

Connected suburbs

Transport is essential to connecting suburban residents to jobs and suburban industries to markets. There is a need for better and more affordable public transport, as new jobs are increasingly located in central areas, and to better connect suburbs with each other.

- Reducing congestion within cities will be critical to improving the attractiveness of suburbs. Easing the reliance (where possible) on the car could paradoxically be good for city suburbs. Congestion charging could be a way of reducing congestion whilst providing resources to invest in public transport (and more fare-paying passengers). Whilst controversial, the alternative is increasing suburban congestion.
- There is a strong case for the intensification of suburban centres to support integrated public transport links and more frequent services. Enabling integration will also require bus regulation to deliver smart ticketing.
- One of the cheapest, easiest and most socially progressive transport policies local government can make is to increase bus services. Additional subsidy is required for suburban residents to have better access to work.
- To reduce congestion, funding and plans for suburban centres should promote walking and cycling, including cycle lanes. On overcrowded suburban routes, transport authorities should consider whether it is feasible to offer money back for season ticket holders who travel a certain number of journeys during off peak times.

- To avoid some suburban areas "de-gentrifying" (which could result in less private investment in housing) and to support local businesses, cities should examine what changes to existing road configurations can make suburbs become more accessible.

Housing and planning in the suburbs

Having the right housing offer will be essential component to a suburban renaissance.

- Higher densities can support more sustainable suburbs and help meet the challenges of household growth that all cities face. Major cities should consider following the GLA's example, setting minimum density targets and introducing suburban intensification zones. This could be blended with the next generation of family-sized homes at lower densities, but still higher than current ones.
- Government should consider granting greater powers for cities to use compulsory purchase powers to enable densification and increase housing supply. Government could also support small pilot schemes for increasing suburban densities and assess the impact on housing and sustainable growth (including local jobs and impact on congestion).
- Government efforts to reverse the fall in home ownership should concentrate on more affordable suburban locations. Supporting intensification could be a means of increasing supply rather than subsidising demand.
- As poverty increases in suburbs, additional genuinely affordable housing will be needed. This will require more subsidy, not less. Some level of burden sharing between local authorities within city-regions will be necessary to ensure a range of housing needs are met.
- Around one in five households in city suburbs are in social housing. Some of these homes are in desperate need of repair. New funding tools are required to improve the quality of the housing offer in suburbs, to increase densities and improve accessibility to jobs and services.
- Having a compulsory landlord register could help ensure housing standards are being met (which also affects the appearance of suburbs). Such schemes could operate on a multi-council basis to reduce the cost of enforcement.
- There is a case for DCLG, local authorities or city regions to undertake research into where people are housed when councils discharge their homelessness duties. This could help guard against poorer residents being housed in isolated suburbs, away from services and jobs.

Introduction

It is 17 years since the Urban Task Force led by Lord Rogers reported its findings in *Towards an Urban Renaissance*. The highly influential report set the tone and agenda for the regeneration and revitalisation of many of our city centres. Backed by government and supported by a wide range of stakeholders, the "new urbanist" agenda became a reality in many places, with some inner cities achieving significant and lasting improvements.

Quite literally on the edge of that urban renaissance debate has been the future of our suburbs. While there have been some useful reports warning about the marginalisation of suburbia (not least from Urbed, TCPA and the Outer London Commission), they have rarely had the prominence they deserve. Moreover, when suburbs have been discussed, the debate has focused on creating new suburbs rather than examining what existing areas might need.

At the Institute, we have been tracking the issue for a number of years. In 2009 we published a collection of essays on housing and growth in suburbia, which included a contribution from the late Sir Peter Hall. That collection highlighted the number of suburban areas with high levels of deprivation and signs of what Yolande Barnes, head of Savills World Research, described as "de-gentrification". Inspired by this, and by studies on urban sprawl in America, we wanted to examine other evidence of poverty in suburbia, and uncover whether deprivation was on the rise in areas traditionally associated more with prosperity than poverty. Supported by the Barrow Cadbury Fund, the Institute published a report in 2014 which documented the extent to which indicators of poverty over the census period had shifted.

This report aims to build on the Institute's previous work by examining some of the drivers of change in suburbs in three major cities, not least in respect of population change, housing, the economy, the labour market and welfare reform. The aim was not only to place the spotlight on the problems facing the suburbs, but also to set out constructive ideas for renewal.

During the research we were fortunate enough to have the support and insights of experts in the field, including a visit from Alan Berube, deputy director of the metropolitan policy

programme at the Brookings Institution, who has been leading the work on suburbs in America. Berube's research showed how rapidly poverty rates increased in American suburbs. English suburbs are, of course, very different to those in America. However, as this report shows, some suburbs in the three major cities are now under increasing strain.

Ignoring the evidence of decline is consigning these places to future failure. Market forces alone are unlikely to halt decline or regenerate ailing suburbs. Instead, as the evidence presented in this report demonstrates, cross-sector collaboration is needed. Not just between public and private sector, but between local authorities and with voluntary and community groups.

A suburban renaissance must also become much more than a sideshow to the devolution process. A centralised approach would be unwelcome in the eyes of local agencies and arguably ineffective. But so too would a very localised response that ignored the inter-dependency between inner/urban and outer/suburban areas. There is nevertheless a need for a tailored policy response to ensure that suburban residents have access to decent work and services and live in attractive places. Indeed, the enduring popularity of suburbs is as much about public realm as it is the private; as much about the tree-lined streets, the schools and playgrounds, the open green spaces and the high street as the personal freedom of home and car ownership.

However, just as with the urban renaissance, realising any renewal of the suburbs demands that government takes a lead. We are now over a decade and half on from the Urban Task Force and some of the issues are inevitably very different. Prices and values have changed and public finances are under serious stress. Furthermore, the move to greater devolution is changing the ways decision making in suburbs will take place. Nevertheless, as the report makes clear, there is a strong case for a suburban task force to set out an agenda and consensus for change, and for local, city and national government to act on the findings.

The Smith Institute is grateful to the Barrow Cadbury Fund for supporting the research and to those who commented on an earlier version of the report.

What is "suburban"?

Suburbs come in many different forms and are located across the country. This report however focuses on suburbs in the three largest urban areas in the UK: Greater London, the West Midlands urban area (referred to in the report as West Midlands UA and simply the West Midlands), and Greater Manchester. These areas do not adhere to administrative boundaries, but can be studied as distinct suburban geographies.

Local authorities are the chosen geographical scale, rather than travel-to-work areas, functional economic areas or other definitions of built-up areas. The local authorities examined are:

- **London:** 32 London boroughs and the City of London, which covers just over 8 million people (with a population density of 52 people per hectare);
- **West Midlands:** Covering Birmingham, Solihull, Sandwell, Dudley, Walsall and Wolverhampton with a combined population of 2.4 million (30 people per hectare); and
- **Greater Manchester:** covering the 10 councils that make up the Greater Manchester Combined Authority (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan), which have a population of 2.7 million (with a population density of 21 people per hectare).

At the last census, these local authorities comprised over 13 million people, accounting for 25% of the English population.¹

There is no common definition as to what constitutes suburbia. There is not even a commonly agreed definition used by government. A loose description would be that it is a development on the edge of an urban area that is dependent on that area

for its existence. The suburb in this sense is therefore defined by its locality, on the edge of, but still part of, a city or town. This definition gives a picture of what we think of when talking about suburbia or suburbs, rather than a fixed means of identifying suburbs systematically.

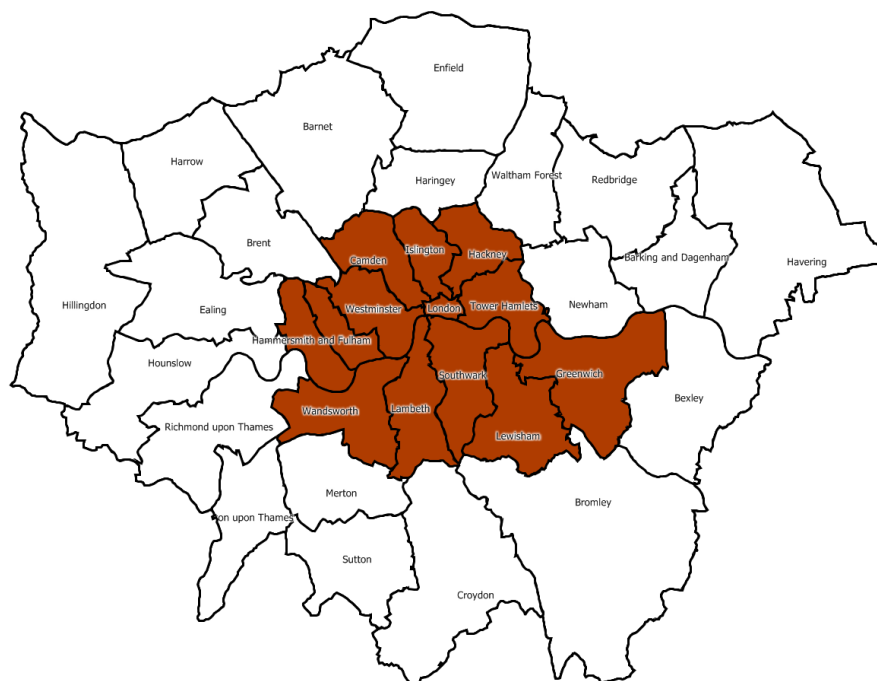
In order to define and differentiate actual places in the West Midlands and Greater Manchester, the report uses the findings from a previous government (DETR) report in 2000,² which formed part of the work of the Urban Task Force.

The split between urban and suburban used in this report is drawn at a ward level. Although data used to compare indicators is available at different spatial scales, the data sets referenced and used are broken down by ward, medium super output area, lower super output area, local authority and parliamentary constituency levels. They are not, of course, coterminous, so the data displayed tries to match the original distinctions between suburban and urban, drawn on ward level for the West Midlands and Greater Manchester.

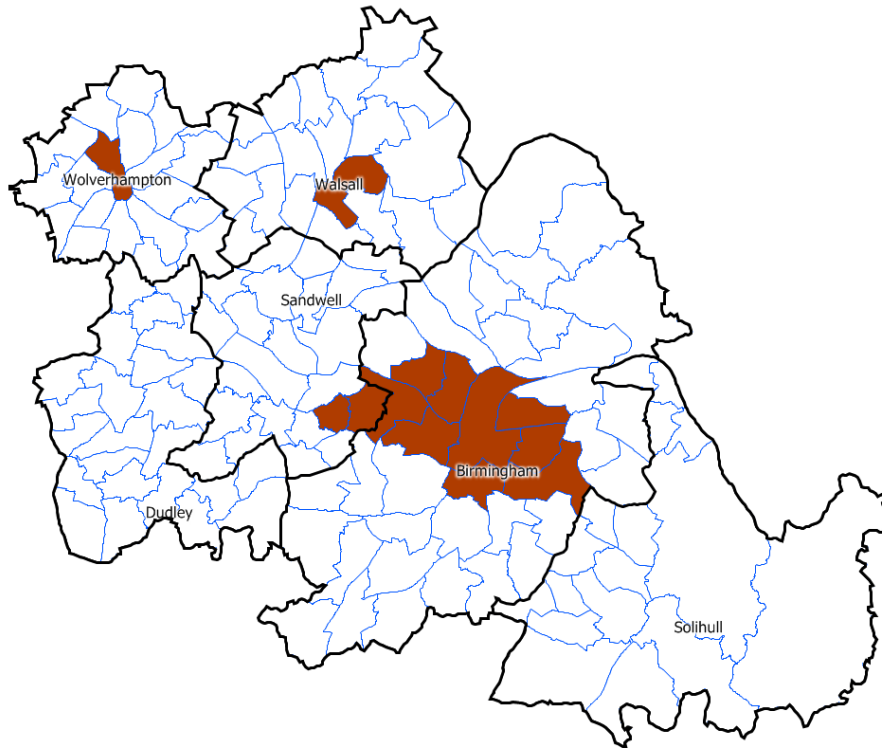
For London, the outer boroughs (as defined by London Councils)³ are used to identify the capital's suburbs. While not perfect, this does open up the possibility of using different data sets, which include inner and outer London but not smaller areas. It also allows for fewer complications when using data sets at different scales, given that most can be found at local authority level.

As shown below, the maps of the three areas conform with what we imagine when we think of suburban and urban areas (with a ring of suburbs surrounding an urban centre). There are of course differences in the Greater Manchester suburbs, which are more sprawling, while its urban areas are also more polycentric.⁴

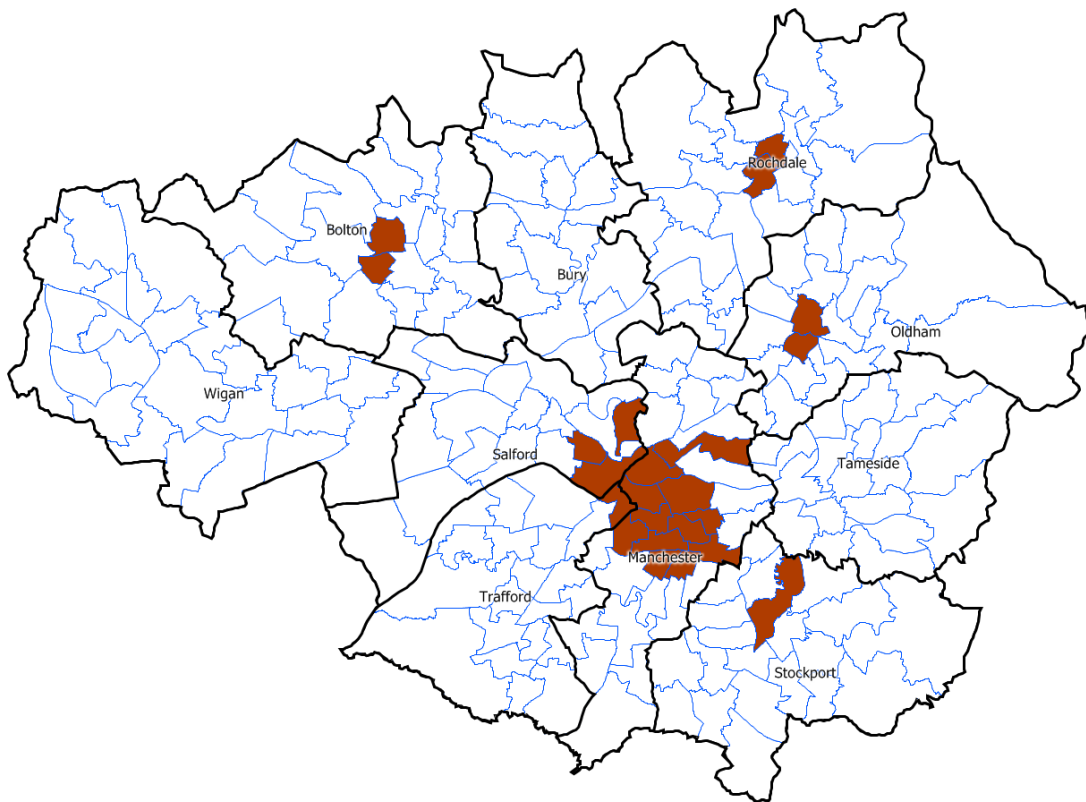
London Urban and Suburban Areas



West Midlands Urban and Suburban Areas



Greater Manchester Urban and Suburban Areas



The state of suburbia: a story of suburban decline?

Suburbs are where the majority of us choose to live. Whilst generally depicted as places of relative comfort and affluence, the evidence suggests that this caricature belies the often high concentrations of poverty in some of our suburbs. This section of the report examines which suburbs are poorer and the extent to which there have been changes in recent years. It also examines the potential drivers and changes that could be affecting suburbs, not least relative differences between suburbs and urban areas.

As a previous government report on cities and towns explained, people live where they do for a variety of reasons:

The evidence from some surveys is that people move mainly for accommodation and personal reasons but also because of job

factors. Those who were looking for better areas appeared to identify these with suburban and rural areas. Other surveys and research have identified low crime rates, good health facilities and low cost of living as key factors. In assessing the importance of local services in decisions on moving, people cited schools most frequently.

DCLG *Our Towns and Cities: The Future* (2006)

The following section examines population movement and change, along with housing and labour market trends, as well as briefly dissecting the spatial impact of welfare changes and demographic change. It also examines these potential drivers not just in terms of the reasons people move but also their potential impact on those already living in suburbs.

Demographics

Summary

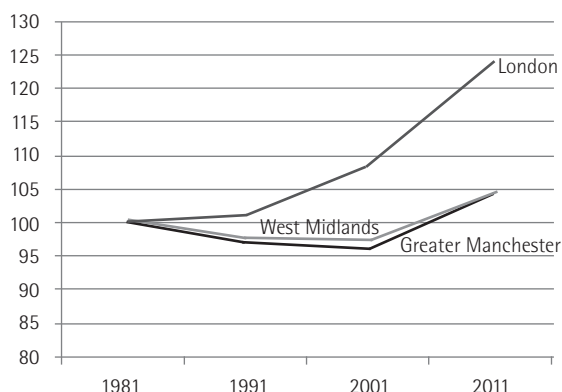
- Population in all three cities grew over the period, at a faster rate in inner cities than suburbs.
- In London this trend was less noticeable, with the population in outer London increasing at a faster rate than the national average.
- In the West Midlands UA the trend was more noticeable, with inner-city areas growing by 11 percentage points more than outer areas.
- Suburbs were however losing more people than they were gaining, owing to internal migration. However, the population was growing, thanks to international immigration and the birth rate exceeding the death rate.
- Evidence on international migration in London suggests a shift over the last decade, with more people from "poor countries" moving to suburbs, whilst people from wealthier nations have moved to inner areas.
- However, suburbs in these cities are growing and there is little evidence of suburban abandonment.

An indication of the popularity of an area is whether people want to live there. Whilst a stagnating population may indicate a lack of new properties, generally speaking growth in an area is likely to reflect the sustainability of a place.

For several decades until the 1990s, the population of cities was in decline. For example, London's population declined from 7.9 million in 1961 to a low of 6.8 million in 1981 – only rising slightly to 6.9 million by 1991. This trend now seems to be in reverse in London and other major cities. As the graph below shows, in the West Midlands and Greater Manchester this reversal came later. It was not until the following decade that their population growth returned.

Population growth

1981=100



Source: ONS, Census data

Population in the UK's largest urban areas

Over the decade to 2011, England's population rose by 8% or 3.9million people. All three cities also experienced significant rises,

which were much larger than a decade earlier. The most dramatic rise came in London, which grew by over a million people (and where population has now surpassed its previous peak). London's growth rate (14%) was almost twice that of the other two city-regions. Greater Manchester experienced similar growth to the national trend, growing by 8% or by 200,000 people in absolute terms. The West Midlands also experienced similar growth, but not to the same extent as the other two cities and slightly below the English average.

	2001	2011	Change	% change
London	7,172,091	8,173,941	1,001,850	14.0%
Greater Manchester	2,482,328	2,682,528	200,200	8.1%
West Midlands UA	2,254,744	2,419,500	164,756	7.3%
England	49,138,831	53,012,456	3,873,625	7.9%

Source: ONS, 2001 and 2011 Census

Population densities too have risen, with London significantly higher than the other two urban areas, which are themselves considerably more densely populated than the English average.

	Population density
London	52
Greater Manchester	21
West Midlands UA	30
England	4.1

Source: ONS, 2001 and 2011 Census

Population in inner-outer areas

Within the three urban areas there were differing levels of growth between suburban and urban areas, with urban areas experiencing higher levels of population growth.

London

In London, inner London has grown by 16%, against 13% in outer London. This has meant that inner London has become much more densely populated and the gap between inner and outer London has widened. Nevertheless, outer London has also become more densely populated and in overall numbers its population has grown by almost 200,000 more people than inner London. Moreover, other data sets suggest a more equal growth rate, perhaps reflecting earlier growth (in the 1990s) and strains on housing.⁵

Population change, census decade to 2011

	2001	2011	Change	% Change
Inner	2,520,119	2,923,548	403,429	16%
Outer	4,651,972	5,250,393	598,421	13%

Source: ONS, 2001 and 2011 Census

Population change, mid-year population estimates

	2002	2011	Change	% growth
Inner	2,632,643	2,930,585	297,942	11.3%
Outer	4,744,028	5,273,822	529,794	11.2%

Source: ONS, Table SAPE12DT1: 2012 Ward population estimates for England and Wales, mid-2012 (experimental statistics)

West Midlands

In the West Midlands there was an even more marked divide in levels of growth between suburbs and urban areas. Urban areas grew at a similar rate to London, but the suburbs grew at a much slower rate – urban areas thus had a growth rate three times larger than suburban areas. Once again, in absolute terms suburbs grew more than urban centres.

Mid-year population estimates

	2002	2011	Growth	% Growth
Suburban	2,008,843	2,113,863	105,020	5%
Urban	266,226	308,955	42,729	16%

Source: ONS, Table SAPE12DT1: 2012 Ward population estimates for England and Wales, mid-2012 (experimental statistics)

Greater Manchester

In Greater Manchester population growth followed a similar pattern to that of the West Midlands. Urban populations grew at an average rate of 17% over the period, whereas suburban areas grew at a much slower pace, rising by just 5%. The urban areas were therefore above the national and (inner and outer) London average, whereas outer Manchester grew at a rate below the national average.

Mid-year population estimates

	2002	2011	Change	% Change
Urban	294098	343410	49312	17%
Suburban	2255654	2358799	103145	5%

Source: ONS, Table SAPE12DT1: 2012 Ward population estimates for England and Wales, mid-2012 (experimental statistics)

Drivers of population growth

The differences in population growth between urban and suburban areas can be explained by different levels of internal migration, birth and death rates and international migration. Data on these can help us better understand what is driving population changes and act as an indicator of the success of a place.

In London, the data on what is driving the growth in population numbers suggests that it is not internal migration. In total there are greater numbers of people leaving London than entering. This pattern is slightly stronger in outer London. Both inner and outer London lose around 1% of their population each year to domestic migration, with outer London losing more (some

of whom remain in London – moving to inner London). Those leaving inner London are more likely to head to outer London than those leaving outer London are likely to move into inner London. Moreover, more people move to inner London from other parts of the country than the reverse – something which is not true of outer London. These inner-outer trends appear to have become stronger over time.

Another factor of population change is net birth and death rates. Birth rates exceed death rates in both inner and outer London. The net impact is stronger in inner London, which has a slightly higher birth rate and a lower death rate than outer London. As a result of this trend, suburbs gain around 48,000 people (around 0.9% of the population) from births exceeding deaths, while inner London sees a net addition of 40,000 people, which is proportionately a bigger rise (around 1.3%).

The other factor affecting population levels is international migration. It is difficult to ascertain net international migration figures from local authorities. The census does however give the numbers of people who have been UK residents for less than two years. These again are higher in inner London. The difference per head seems larger for this category than the others, although it is not known how many people leave the UK from these authorities; these numbers could be higher in inner London, where migrants are more concentrated and are more likely to leave.

The West Midlands follows a similar pattern to London, but shows much bigger differences between growth in urban and suburban areas. Taking Birmingham as a whole as being urban, and the other local authorities as suburban, we can see that in domestic migration terms, Birmingham and the suburban authorities have been losing more residents than they were gaining – although suburbs were again losing less. In terms of births and deaths, Birmingham had a faster birth rate and slower death rate than the suburbs. Birmingham, like inner London, also has much higher rates of international immigration compared with suburban local authorities.

Greater Manchester follows a similar pattern, with both suburbs and inner areas experiencing loss in populations from movements within the UK. Like the other cities, suburbs gain from inner areas but lose more to areas outside the city-region (whilst Manchester is a net gainer from other non-Manchester authorities), and the suburbs as a whole lose less of their population to domestic migration. However, Manchester, like Birmingham and inner London, had higher birth rates and lower death rates than suburbs. Manchester also had considerably higher rates of international immigration than other local authorities (4.7% versus 0.8% of the suburban population had moved to the UK in the last two years).

In short, suburbs across all three areas lost residents to domestic migration flows. Suburbs gained population from inner cities, but lost more of its population to other areas outside the city-regions. In proportionate terms, suburbs lost more to domestic migration than inner cities. The suburban populations grew as a result of births exceeding deaths. However, this rate was slower than inner areas. International immigration also appeared higher in urban

areas, although it is not easy to ascertain the net immigration figures. Overall population change could suggest that net figures might have actually been higher in suburban areas. This could indicate that the growth of cities is not primarily being driven by UK residents moving to cities, but international migration and natural population growth (a product of having a younger population – not just how many people come and go, but who).

What it doesn't show, however, is who is moving to and from London and the other cities, and how this might explain economic and social trends. An LSE study of London examined where migrants were moving from. Splitting migrants by place of birth between rich and poor countries, Kerwin Datu suggests that:

It is clear now, in contrast to observations about previous migration into London, that "poor country" migrants are not especially concentrated in inner areas. Rather they seem to be generally settling into the outer London boroughs. This is seen

both among post-2001 arrivals and those who came earlier, though more notably among the latter, who are strongly represented almost throughout outer London... Patterns of concentration seem more tightly drawn among those arriving in the first decade of the 21st century.⁶

It is extremely difficult to tell who is moving where and why. However, the data suggests that suburbs are continuing to grow. This is being driven by births exceeding deaths and international migration. An important dynamic is the rapid growth of inner-city populations. The following chapter sets these demographic trends alongside indications of deprivation. Examining the levels of poverty allows for a better understanding of the possible dynamics behind the population changes, as well as being a good indicator of whether suburbs are indeed in relative decline compared with their urban cousins. Indicators and measures of poverty mean we can see whether poverty has spread outwards and examine which suburbs appear to have suffered more than others.

Poverty and deprivation

Summary

- Across a range of indicators, poverty has become more concentrated in suburban areas.
- In London, official data shows that there are now more people in poverty in outer London than inner London and that over the last decade poverty in outer London has risen from 20% to 24% of the population.
- Working-age means-tested benefits have on the whole increased at a faster rate in suburbs, as has the number of residents claiming pension credit – in the suburban areas of the West Midlands it has increased by 30%, whereas it has remained the same in urban areas.
- Deprivation rates have also risen fastest in suburban areas. The DCLG figures on economic deprivation suggest that 54% of suburban neighbourhoods in Greater Manchester experienced an increase; in urban areas the figure was 32%.

Population change can be attributed to a variety of factors. For many places, slower growth rates suggest decline, or at least relative decline. If this is true then the data in the previous section would suggest our suburbs are faring much worse, with the exception of London. However, as the last chapter shows, the relationship is more complex, not least around the types of people moving and where, and issues such as the availability and price of housing.

However, information on poverty and how its changing over time gives an indication of the relative fortunes of places. While there are no regular measures of poverty, at a neighbourhood level, using a range of indicators (such as benefit claimant rates, index of multiple deprivation and housing benefit statistics), it is possible to map likely shifts in poverty. In the case of London we can also examine poverty using data from the DWP's *Households Below Average Income* reports.

Is poverty becoming more suburban?

The annual DWP *Households Below Average Income* report gives us the clearest evidence that poverty is becoming more suburban in nature, albeit only for London. They show that over the last decade, poverty in London has been growing at a faster rate in outer London than in inner London.

The data clearly demonstrates the suburbanisation of poverty within London. Although inner London has higher concentrations of poverty than outer London, the data demonstrates that:

- the gap between poverty rates has narrowed (13pp to 10pp AHC; 8pp to 4pp BHC);
- most of the rise in absolute numbers of those in poverty can be explained by a rise in poverty in outer London;
- unlike in 2001, most of those in poverty in London now live in outer (1.22m), not inner London (1.02m); and
- overall, poverty is growing in the suburbs, while it is stable or falling in inner London.

Income distribution

The Family Resource survey also allows income comparisons between inner and outer London. It shows that inner London has higher concentrations of households with low levels of income (up to £300), the suburbs have higher levels with middling incomes (£300-£799) and inner London higher levels of high incomes (£800+).

Over the period 2005/06 to 2012/13, outer London experienced a fall of those on low incomes (although not as large as urban areas), a rise in low to middle incomes (urban areas experienced a fall), and a much smaller rise than urban areas of those earning above £800.

Poverty in the suburbs

Although the DWP data is very useful at showing the level of poverty in inner and outer London, it doesn't tell us about the other cities. Nor does it track which particular suburbs are likely to have become poorer in recent years.

One of the most accurate means of tracking households in poverty is to look at housing benefit statistics. Those claiming housing benefit are likely to be in poverty, and housing benefit covers a high proportion of all those in poverty.⁷

It is worth noting that levels are much higher in city-regions. For example, around 25% of households claim housing benefit in the three city areas examined, whereas only around 17% do so in the rest of England and Wales. There are also fairly similar levels of housing benefit claimants per household between the West Midlands (25%), London (25%) and Manchester (22%).

Suburbanisation of poverty, London 2001/02-2012/3

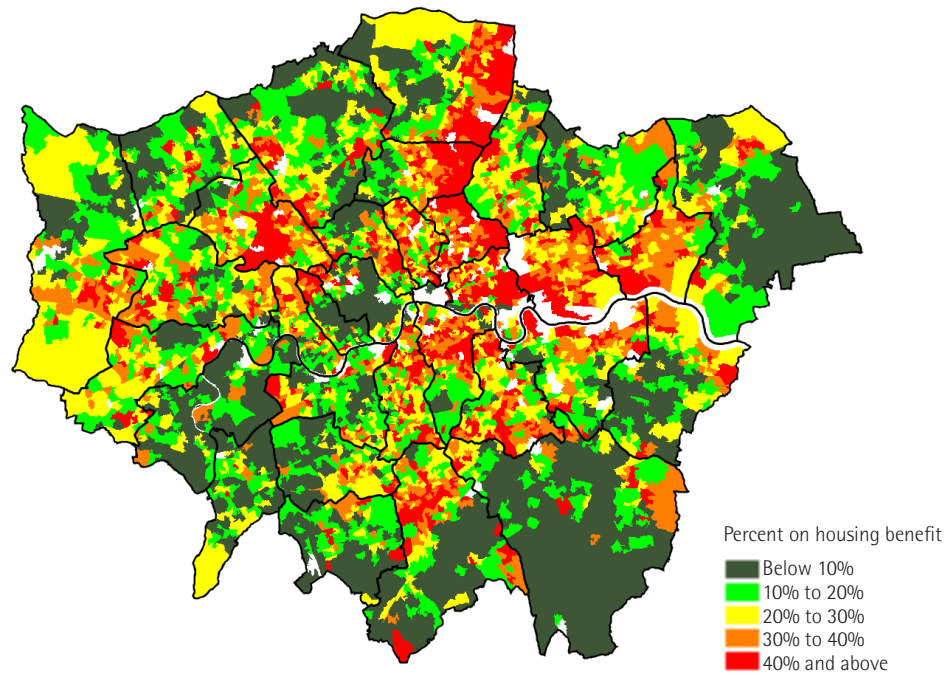
	2001/02			2012/13			Change		
	Before housing costs (BHC)	After housing costs (AHC)	AHC (Millions)	BHC	AHC	AHC (Millions)	BHC	AHC	Change (millions)
London	16%	25%	1.9	16%	28%	2.27	0	3pp	.37
Inner	21%	33%	0.96	18%	34%	1.02	-3pp	1pp	.06
Outer	13%	20%	0.94	14%	24%	1.22	1pp	4pp	.26
Difference	8pp	13pp		4pp	10pp	0.2	4pp	3pp	

Source: DWP, *Households Below Average Income*

The data suggests that housing benefit recipients (and therefore poverty) remain concentrated within inner-city areas. In London, this concentration is noticeably higher in the eastern half of inner London. Nevertheless, there are also high

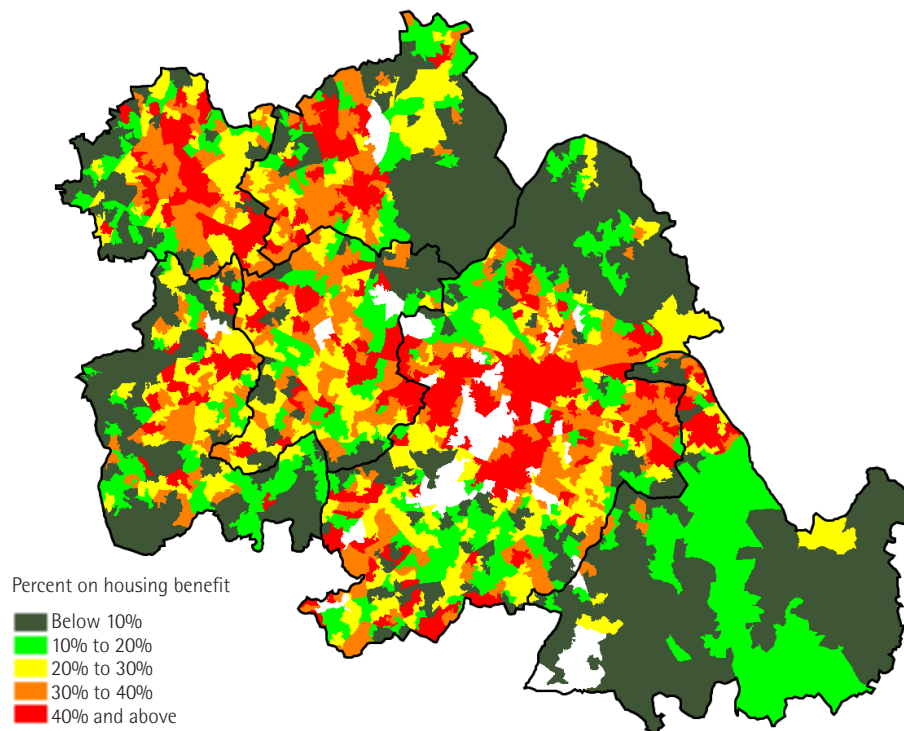
concentrations in the outer boroughs – spreading east from Tower Hamlets into Newham then into Barking, in the north from Hackney out to Haringey and then Enfield, and also in Croydon and Brent.

Housing benefit in London, 2015



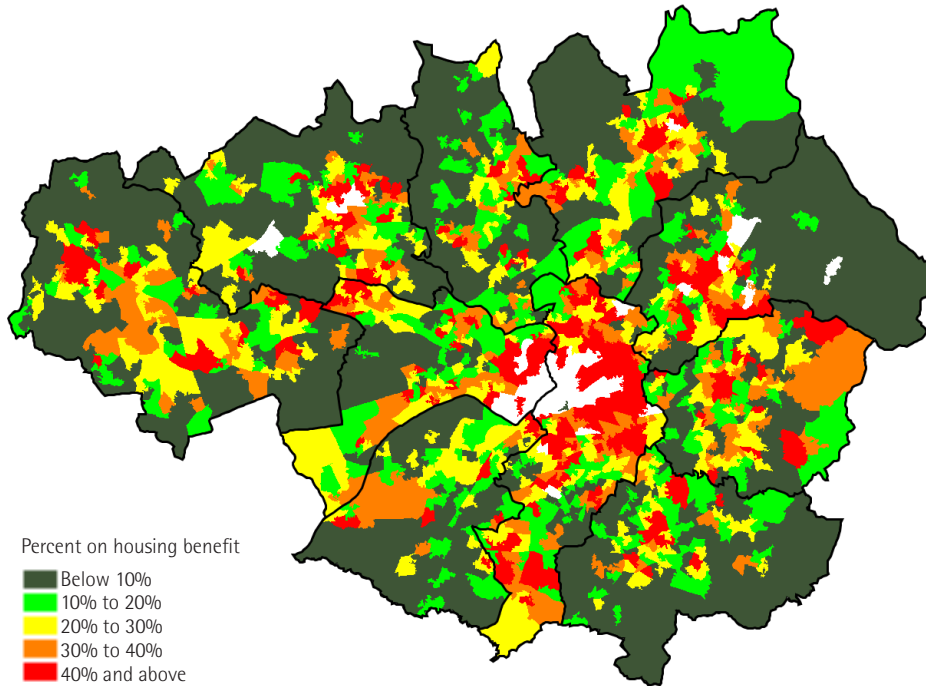
The West Midlands has high rates at the centre of Birmingham as well as in Wolverhampton and Walsall, but low levels in Solihull and to the north in Sutton Coalfield.

Housing benefit in the West Midlands Urban Area, 2015



A similar picture emerges in Greater Manchester, with high concentrations in the centre of the city. However, there are concentrations in parts of all the surrounding local authorities.

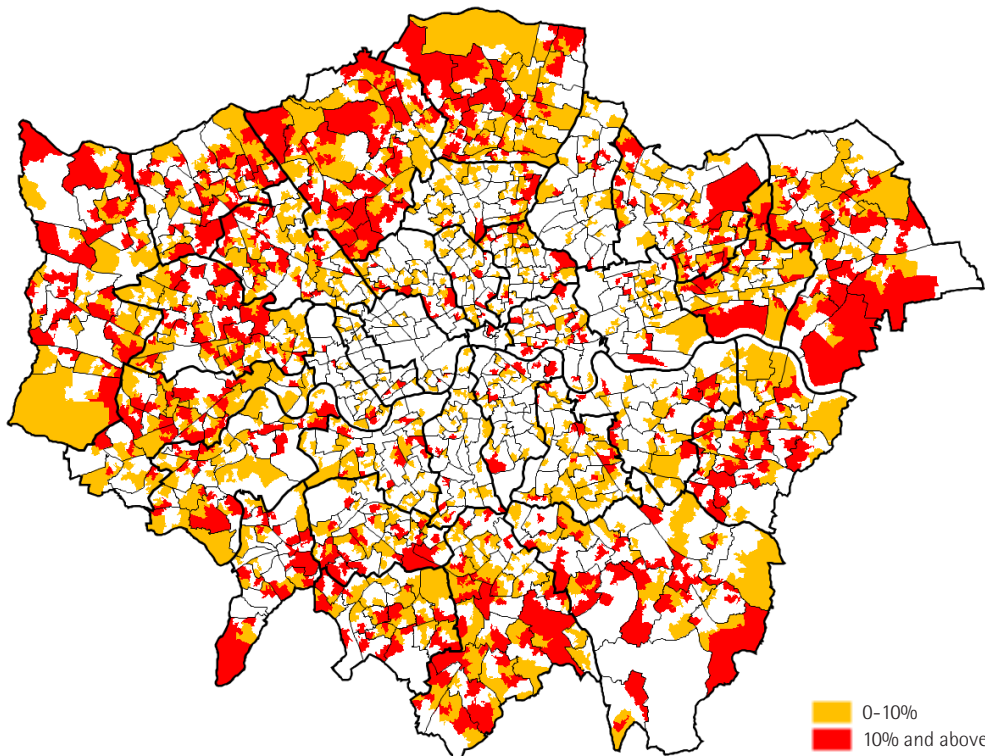
Housing Benefit in Greater Manchester, 2015



Unfortunately the data on housing benefit is only available by small areas from 2011. Although not a long period it does give an indication of recent change. The picture of change is most noticeable in London. There is a clear rise in housing benefit claimants in outer areas, whereas the central areas experienced

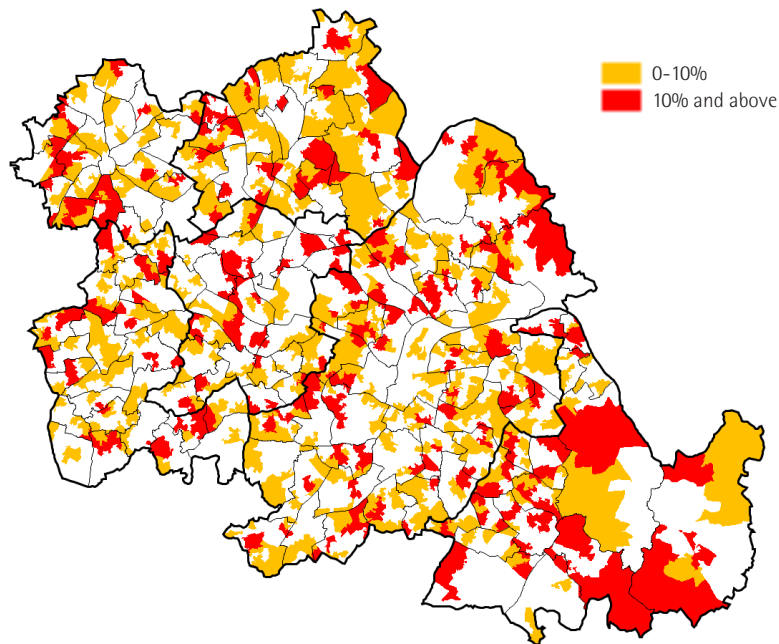
relative few rises. What is also surprising is that rises have been largely concentrated in areas with lower than average levels of poverty. It is not simply a result of claimants moving to areas where people are already poor – this can be seen in Barnet and Havering.

Changes in housing benefit in London, 2011–2015



In the West Midlands, there isn't such a clear hollowing out of housing benefit rates in central Birmingham. However, again rises are noticeable in wealthier areas – Sutton Coalfield and Solihull.

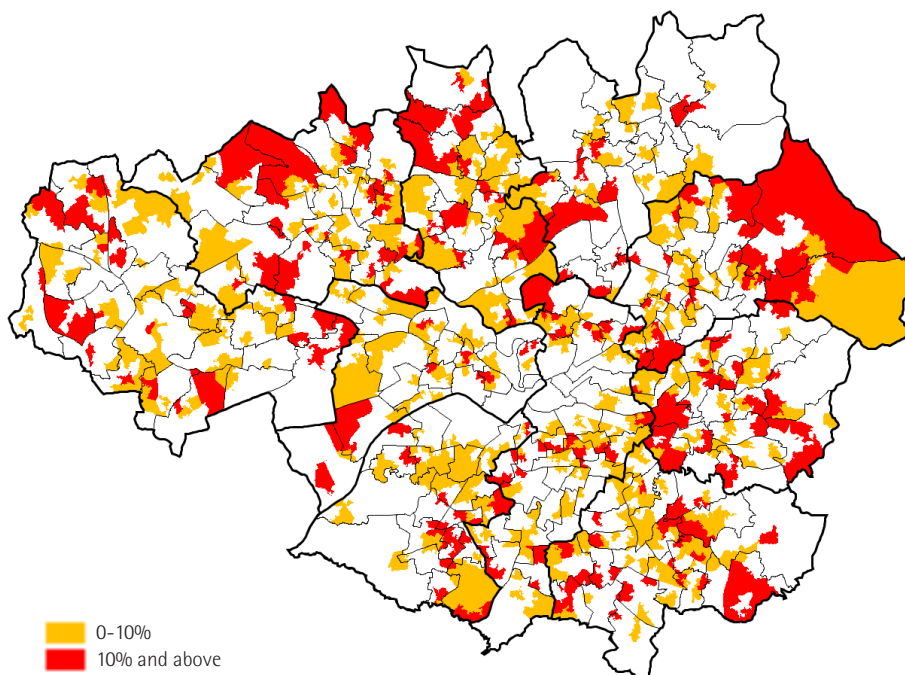
Changes in housing benefit in the West Midlands Urban Area, 2011–2015



In Greater Manchester, as in the West Midlands, there isn't a drop at the centre, but again there are noticeable rises in more wealthy and suburban parts of the region. This could be explained by house price rises (see following chapters) being concentrated in some expensive outer areas, and suggests a complex picture

between access to (well-paid) employment, changes in tenure within the housing market and changes in house prices by place. What the maps do indicate is that, even without significant falls in the centre, as in London, most rises are in outer areas.

Changes in housing benefit in Greater Manchester, 2011–2015

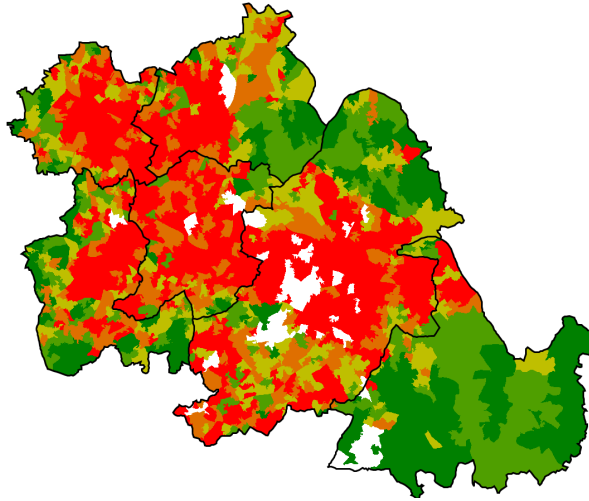


Client group rate

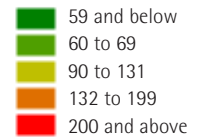
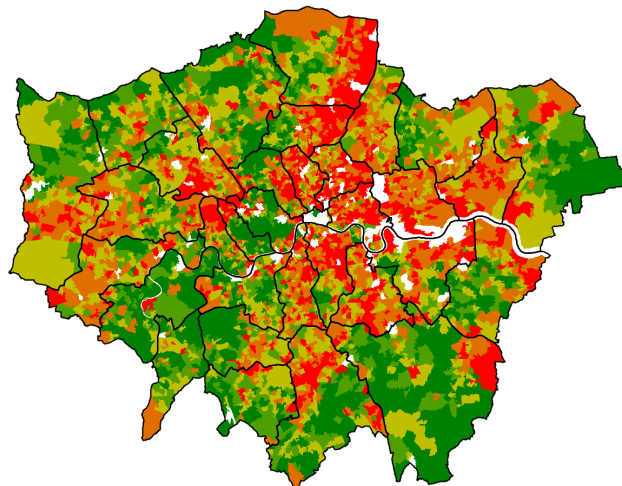
Examining the client group rate, which measures the proportion of working-age people claiming one or more key DWP benefits, also gives a good indication of poverty rates. Moreover, it is available over

a longer period than housing benefit data. Like housing benefit rates, these rates are concentrated in inner cities. However, many of these suburbs have higher than national average levels of people claiming some form of working-age benefit.

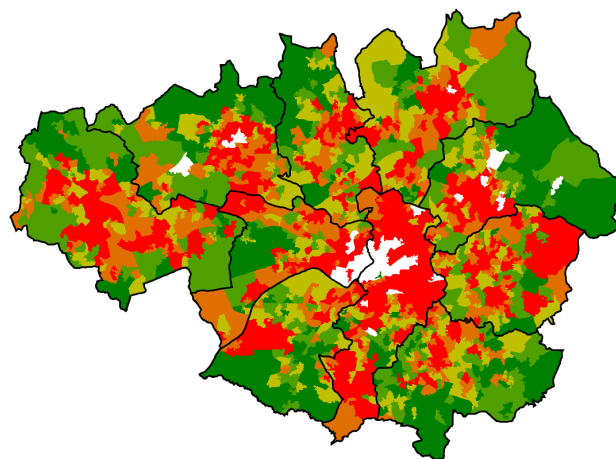
Client group rate in the West Midlands



Client group rate in London



Client group rate in Greater Manchester



Examining how the client rate has changed over the decade shows that rates have crept up in suburban areas in the West Midlands. The urban areas in Birmingham (as opposed to the West Midlands), however, experienced falls. Indeed, the nine areas classified as being urban in Birmingham were in the top 10 wards which experienced the biggest drop of those claiming any kind of benefit over the period 2004-14. Furthermore, in 2004 these nine areas and three suburban areas had the highest concentrations of those claiming benefits. By 2014 eight suburban wards were in the top 13 wards that had the highest concentration of those claiming the main working-age benefits.

This gives the picture for Birmingham, but not for the larger urban area of the West Midlands. Only four other wards in surrounding local authorities are classed as urban. What is interesting to note from these areas is that the two closest to Birmingham (in neighbouring Sandwell) have fared better over the period. The other two, in Walsall and Wolverhampton centres, have experienced large rises in the concentrations of working-age people claiming one or more key DWP benefits.

The map also highlights a pattern seen in labour and housing market indicators explored in the following sections. The city-region is split between poorer western authorities (which have seen increases in claimant rate) and wealthier areas to the east, which have seen reductions. We can also see clearly that central Birmingham has experienced reductions over the last decade.

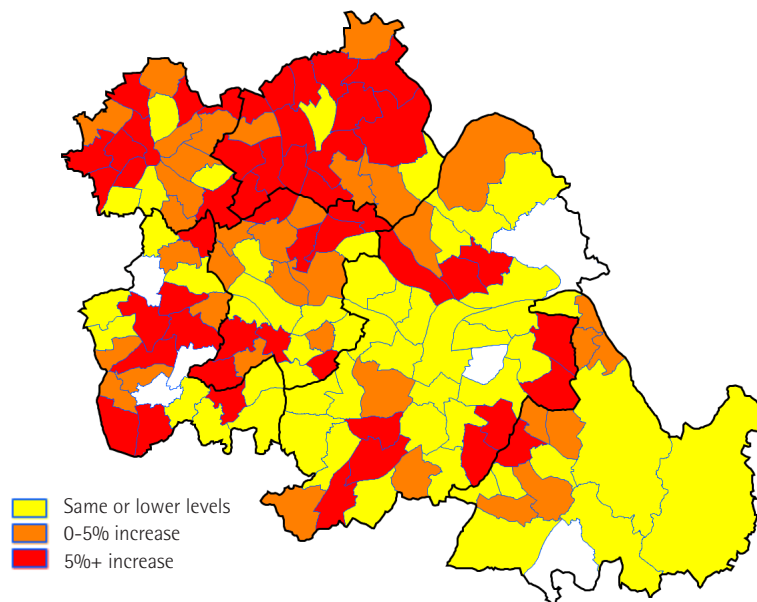
Within these overall numbers of total benefit claimants, suburban rates of jobseeker's allowance, income support and pensions credit also worsened relative to urban areas.

Benefit claims by suburban and urban wards in West Midlands, 2004-14

	Suburban	Urban
Pension credit	30%	-1%
JSA	45%	32%
Income support	-54%	-76%

Source: Author's calculations based on DWP benefits data via Nomis

Client group rate change in the West Midlands, 2004-14



Manchester

In Manchester the overall number of client group claimants fell 5%, versus a 2% fall in suburban areas. This is despite the population of urban areas experiencing high population growth. Examining the client group rate, by area, there were a higher proportion of suburban areas which experienced growth in the rate.

Wards by client group rate in Greater Manchester

	Better	Worse	Same	Change
Urban	20	4	0	17%
Suburban	149	49	1	25%

Source: Author's calculations based on DWP benefits data via Nomis

Suburban areas as a whole experienced considerably higher increases in JSA claimants, at double the rate of urban areas. There was also a marked increase in the number of people claiming pension credit.

Benefit claims by suburban and urban wards in Greater Manchester, 2004-14

	Suburban	Urban
Pension credit	35%	9%
JSA	62%	33%
Income support	-63%	-71%

Source: Author's calculations based on DWP benefits data via Nomis

London

In London the picture is equally clear. Whereas only 5% of all inner wards saw a decline in the client group rate, a quarter of outer London wards did. This tells us that suburban areas as a whole were becoming relatively worse off.

The first map also indicates which areas saw an increase. Unlike

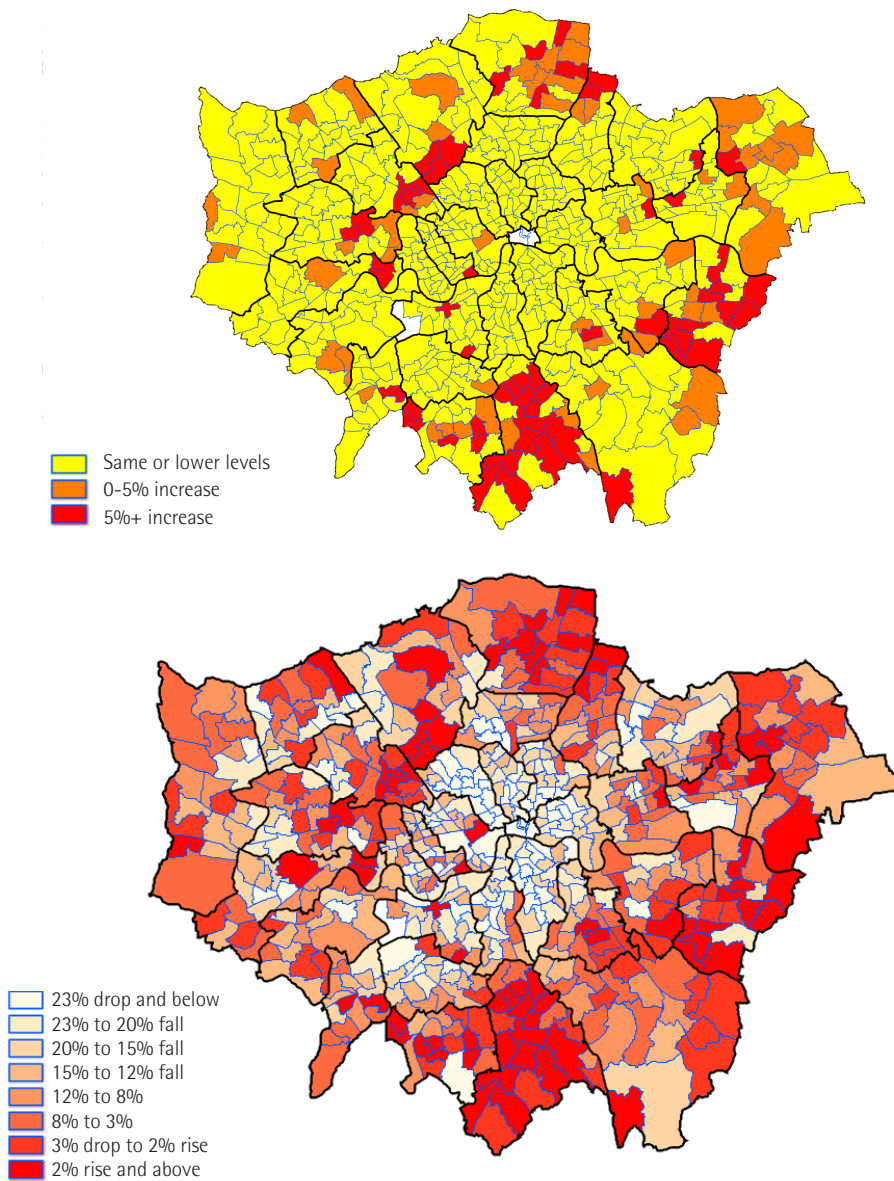
the housing benefit data, they are overwhelmingly clustered around already poor areas – Croydon, Enfield and Bexley. The second map (which shows the same data, but scaled to show the changes in finer detail) clearly highlights not just that the suburbs are places which have seen rises in poverty rates, but also that there has been a hollowing out of claimants in the centre and therefore most probably lower rates of poverty.

Client group rate change in London, 2004-14

	Better	Worse	Same	Change in areas becoming worse off
Inner	208	11	1	5%
Outer	297	93	13	23%

Source: Author's calculations based on DWP benefits data via Nomis

Client group rate change in London, 2004-14



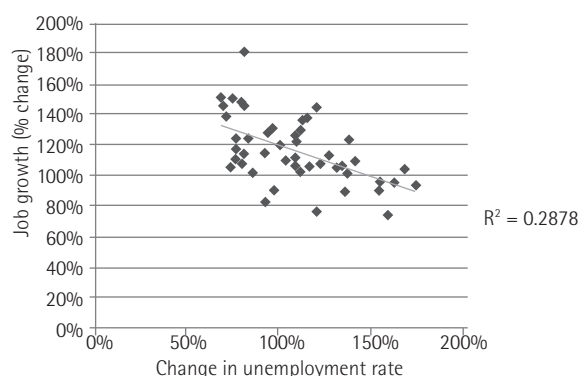
Changing context: Ageing population and the impact of the recession

Evidence suggests that suburban populations are ageing at a faster rate than urban populations. While this could well be the root cause of rising levels of pension credit claimants (rather than poorer people moving to suburbs), these rising levels mean that suburbs are more likely to face larger numbers of poorer people within their areas. This could have implications for service provision as well as for the local economy.

The impact of the recession on different places is also difficult to unpick. For example, have suburbs and suburban residents been affected hardest by the recession, and will they bounce back strongest? The following data sets from the indices of deprivation, examining periods to 2009 and 2015, both suggest that suburbs have performed worse than urban areas. The data on job growth also suggests buoyant growth before and after the recession in inner areas (in Manchester, jobs increased by 82,000 between 2000-07 and 63,000 from 2008-2015), while suburban local authorities saw a relatively small rise given the size of their population over the initial period (up 28,000 jobs in Greater Manchester), but a fall even after the initial crash (suburban local authorities in Greater Manchester experienced the loss of 23,000 jobs).

For residents, the evidence also suggests that unemployment rates have recovered faster in urban areas. This story is still unfolding and suburbs may be able to regain any lost ground. However, if the job creation within areas is key to getting unemployment rates down (and this is dependent on what *kinds* of jobs are being created and where), then the trend towards job growth within urban centres but not in suburbs (examined in the next chapter) is a worrying one.

Correlation between job growth and reductions in unemployment rate by local authority in three city-regions, 2004-15 (100% = no change)



Source: Author's calculations based on data from Nomis

IMD and economic deprivation

Another way of examining the relative prosperity or deprivation of areas is scrutinising the data from the government's indices of multiple deprivation (IMD). Once again, the data from the IMD shows the suburbanisation of poverty in the three city regions. Examining the picture of change at borough level in London shows that in 1999, three outer boroughs were in the top 10% of deprived areas in the country, and seven in inner London. By 2009 these

positions had almost reversed, with six outer boroughs in the top 10% of deprived councils and four in inner London.

An aspect of the IMD is economic deprivation. This data is available at a lower super output area, which means comparisons can be drawn across all three cities over a 10-year period to 2009. The vast majority of the areas which have seen a rise in the domain value (rather than ranking) are in outer London, which has clearly fared much worse over the last decade. Almost half of LSOAs in outer London experienced higher levels of economic deprivation. And 10% experienced a drop of 5% or more in the proportion of people aged under 60 living in income-deprived households.

Economic deprivation, London 1999-2009

	Worse	Better	No change	Percentage of areas worse off
Inner	223	1325	120	13%
Outer	1476	1167	427	48%

In the West Midlands, most areas (inner and outer) experienced growing levels of economic deprivation. However, the proportion of suburban areas experiencing rising levels of deprivation was far higher (three-quarters). A quarter of areas experienced increased deprivation of more than 5%.

Economic deprivation, West Midlands 1999-2009

	Worse	Better	No change	Percentage of areas worse off
Inner	91	60	18	54%
Outer	969	210	135	74%

In Greater Manchester, the picture of worsening deprivation is not as stark as in the West Midlands. However, the difference between suburban and urban areas is similar, with 54% of suburban areas experiencing increases in deprivation, whereas 32% did so in urban areas (and almost two-thirds improved).

Economic deprivation, Greater Manchester 1999-2009

	Worse	Better	No Change	Percentage of areas worse off
Inner	54	107	9	32%
Outer	795	442	234	54%

Examining more up-to-date IMD figures (which cover the full range of indices) reveals a similar pattern of suburbs worsening compared with urban centres. The below table presents the proportion of the most deprived 10% (as well as the 20%, 30-50% and 50-100%) which are suburban. It then compares the results over an 11-year period. The data clearly shows that the proportion of suburban areas which are in the most 10% of deprived areas for the city-region has grown substantially over the last decade.

The following decile shows a worsening relative picture for

London and Greater Manchester, and a small improvement in the West Midlands (but not as large as the growing proportion in the most deprived decile). Despite a revival in the fortunes of our three biggest cities, suburbs seem not to have enjoyed the fruits of prosperity compared with urban areas.

The evidence base on relative levels of deprivation broadly shows growing levels of poverty in the suburbs. However, what it doesn't tell us about what might be driving this change – not least local labour markets.

Proportion of most to least deprived areas within cities which are suburban, 2004-2015

		10%	20%	50%	100%	Proportion of areas which are suburban
2004	London	32%	37%	57%	82%	65%
	West Midlands	42%	78%	91%	99%	89%
	Greater Manchester	72%	84%	92%	98%	93%
2015	London	47%	46%	62%	75%	65%
	West Midlands	57%	75%	87%	98%	88%
	Greater Manchester	84%	91%	88%	97%	93%
Difference	London	15%	9%	5%	-7%	-1%
	West Midlands	15%	-3%	-4%	-1%	0%
	Greater Manchester	12%	7%	-5%	-1%	0%

Labour market trends

Summary

- The number of jobs in suburbs has stagnated over the last decade.
- Jobs are concentrated in inner cities and have become more so over the last decade. For example, inner London created 500,000 jobs between 2003–13. In outer London the figure was just 8,000.
- Jobs performed by suburban residents increased at a slower rate than those performed by people living in urban areas. In Manchester suburban resident job numbers increased by 6%, against a 47% rise for those living in urban areas.
- Total earnings became more concentrated in workplaces located in inner areas.
- Larger firms are more concentrated in inner-city areas than outer areas. Larger firms are less likely to pay low wages and are generally more productive.
- The types of jobs created in inner cities were more highly skilled and the proportion of wages earned in inner cities increased.
- There was a slightly different picture in the West Midlands. While broadly following the trend of the other cities, with higher-skilled jobs more and more concentrated in urban cores, those doing these jobs were more likely to be residents in suburbs.

The relative rise in suburban poverty may well reflect trends in local labour markets. It could also reflect the policy push supporting agglomeration in city centres.

Suburbs certainly are not an easy fit with the agglomeration narrative. They were designed and evolved to serve a different purpose than city centres. City centres are more likely to be places of higher concentrations of jobs, with people from suburbs and the wider region commuting into the centre during the day for work. The sociologist David C Thorns stated that one defining characteristic of suburbs was the commuting distance of towns and city centres. This was, and still, is an important (and attractive) aspect of suburban life. Indeed, suburbs were primarily built as residential developments set apart from places of work.

However, suburbs have their own labour market. They offer work servicing the needs of residents, as well as being home to businesses for the city as a whole. The history of many suburbs in the UK shows that they have been home to not just people but also major businesses – not least factories (“industrial suburbs”) and more recently, business parks.

The health of our suburban labour markets could mean that residents who find it expensive or difficult to travel into the city centre are worse off. The public realm, as well as shops and services, could also suffer if jobs disappear and day-time footfall drops. Furthermore, the type and levels of work performed by those living in suburbs also act as indications of how suburbs are faring. If there are many more people working

in the city centres, earning good money and commuting back to the suburbs, then all will be fine even if the jobs aren't located there. Unfortunately, it seems that many of today's commuters may be in relatively less secure employment.

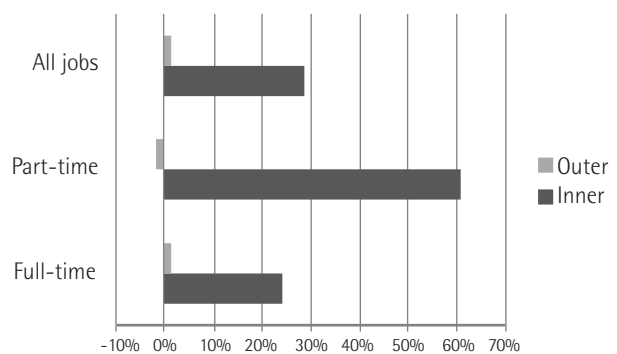
Suburban labour market: jobs in suburbs, jobs in urban areas

Employment

In London the number of jobs increased from 3.1 million in 2003 to 3.6 million by 2013. Over that period, however, there was a shift from jobs in outer London to the inner London boroughs. In 2003 some 43% of London jobs were in the suburbs. By 2013 this had decreased to 38%. Over the period the number of jobs in the suburbs remained around the same (increasing by 8,000, despite its population growing by 600,000 people), but inner London saw an increase of 500,000.⁸

As the graph below shows, the inner London economy has outperformed the rest of the UK in job creation across part-time and full-time work, whereas London's suburbs have fared less well, with outer London flat across all three categories.

Job growth in London: by status and work location, 2003–2013

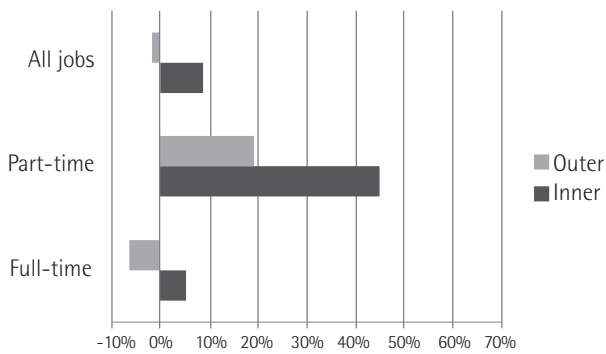


Source: Author's analysis of ASHE 2003 and 2013 data.

In the West Midlands the number of jobs grew by 7,000 – much lower than in London. As in London, urban areas experienced job growth, but again the rate was slower in the West Midlands, at 8%, against 29% in London. However, in the West Midlands the number of jobs in its suburbs dropped by 3%, or 19,000 roles. This is made more worrying by the fall in full-time employment.

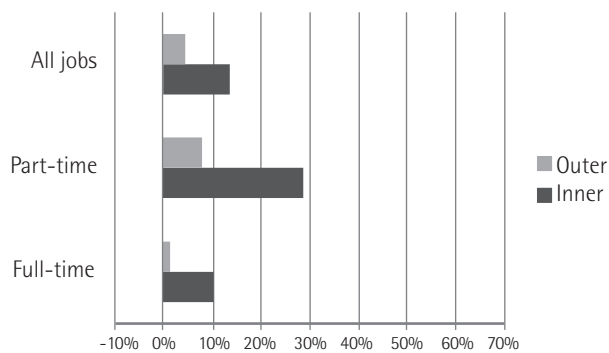
Suburban areas in Greater Manchester experienced job growth of less than 5%, while urban areas experienced job growth of around 13%. This had the effect of further widening the gap in the concentration of jobs in central areas. Suburbs saw growth in part-time roles, which are more likely to be lower-skilled and lower-paid. Suburbs also experienced a drop in full-time work performed by men – the highest-paid jobs. Overall, inner areas experienced higher rates of job growth in both part-time and full-time work, with the biggest gap in the creation of part-time work.

Job growth in West Midlands: by status and work location, 2003-2013



Source: Author's analysis of ASHE 2003 and 2013 data.

Job growth in Greater Manchester: by status and work location, 2003-2013



Source: Author's analysis of ASHE 2003 and 2013 data.

Wages

In all three areas, job growth was overwhelmingly concentrated in urban areas. Examining wage growth offers a slightly more nuanced picture, reflected perhaps in the differences in part-time and full-time work between the different areas.

London saw the proportion of wages shifting even more towards inner London. Over the period 67% of wages were earned from jobs in inner London; by 2013 this figure had risen to 71%.⁹ However, this is a consequence of additional job growth in inner London, rather than higher wages. This can also be seen in figures on low pay. Outer London still has a far higher proportion of workers in low-paid work.¹⁰ However, the numbers and proportion have fallen, while inner London has seen growth. In one sense this should be seen as a positive change for suburbs, as more of the jobs available are of a better quality. However, with jobs growth stagnant while the population is on the rise, those with lower skills will be seeking low-paid work in city centres, with all the additional costs of commuting.

Low pay in London

	2003	2014
Outer	18%	15%
Inner	5%	8%

Source: Author's analysis of ASHE 2003 and 2014 data.

Total wages in inner and outer London

	2003	2013
Urban	50%	53%
Suburban	50%	47%

Source: Author's analysis of ASHE 2003 and 2013 data.

A similar story also emerges in the West Midlands, with wages increasingly concentrated in urban areas. Low-paid work increased more rapidly in outer parts of the city-region but still grew in urban areas.

Low pay in the West Midlands

	2003	2013	Increase
Inner	16%	18%	5,600
Outer	23%	27%	29,660

Source: Author's analysis of ASHE 2003 and 2013 data.

Greater Manchester follows a similar pattern to London, with total wages increasing slightly in urban areas. Low-wage jobs have fallen in outer areas and risen slightly in inner urban areas.

Total wages in urban and suburban Greater Manchester

	2003	2013
Urban	23%	25%
Suburban	77%	75%

Source: Author's analysis of ASHE 2003 and 2013 data.

Low pay in Greater Manchester

	2003	2013	
Inner	16%	17%	13,798
Outer	24%	21%	-15,246

Source: Author's analysis of ASHE 2003 and 2013 data.

Increasingly new jobs are concentrated in urban areas. In all three areas, the number of low-paid jobs has increased in city centres. And total wages earned have increased at the centre. This, of course, has implications for the tax base and could have implications for the level of investment in these places.

Jobs performed by suburban residents

If the population and jobs have become more concentrated in urban areas, what has this meant for those living in the suburbs? Whilst the previous data highlighted changes within suburban and urban labour markets, they gave little insight into the employment and earnings of suburbanites.

In London, over the last decade there has been a much larger growth in jobs performed by those in inner London compared with outer London. Considering population growth (running

at around 16% in inner London and 13% in inner London), jobs per head has kept pace in outer London, but there has been a much larger growth in jobs performed by inner Londoners.

Number of jobs performed by inner and outer London residents (1,000s)

	2001	2011	Change	% Change
Inner London	845	1,204	359	42%
Outer London	1,612	1,819	207	13%

Source: Author's analysis of ASHE data.

This is similar to the West Midlands, with the number of those in work increasing more rapidly in inner areas (above population change), while outer areas saw an increase more in line with population growth.

Number of jobs performed by inner and outer West Midlands UA residents (1,000s)

	2003	2013	Change	%
Inner	157,000	190,000	33,000	21%
Outer	602,000	627,000	25,000	4%

Source: Author's analysis of ASHE 2003 and 2013 data.

Again, in Manchester there was a marked increase in the number of jobs performed by those living in central areas, while those in outer areas saw a much more modest change.

Number of jobs performed by inner and outer Manchester residents (1,000s)

	2003	2013	Change	% Change
Inner	79	116	37	47%
Outer	818	867	49	6%

Source: Author's analysis of ASHE 2003 and 2013 data.

Low pay

The level of low-paid work performed by those in suburban areas could also give an insight into the incomes of those in suburbs. In London, over the period 2003-14 there was an increase in the number of people undertaking low-paid work. And this growth was concentrated in outer boroughs. Given the previous data on low-paid jobs by workplace location, it suggests that the increase in suburban employees working in low-paid jobs is due to them having to find employment in inner London.

	2003	2014	Change
Inner	9.7%	11.9%	53,828
Outer	11.3%	14.8%	108,366

In the West Midlands the reverse is true, with inner areas seeing a rise while those in urban areas were static.

	2003	2013	Increase
Inner	22.3%	28.2%	18,626
Outer	22.7%	22.9%	4,172

Greater Manchester follows a similar picture to the West Midlands, with outer areas experiencing a fall in the number of residents performing low-paid work. Urban areas meanwhile saw little change in proportionate terms. This would suggest that low-paid work has shifted to the centre and that these jobs have been largely filled by urban residents.

	2003	2013	Change
Inner	25%	25%	14,876
Outer	24%	21%	-19,273

Working, mixed and workless households

There appear to be two different trends at work, with London on the one hand and the West Midlands and Greater Manchester on the other. In Greater Manchester and the West Midlands levels of low-paid jobs decreased, but they also experienced higher levels of working-age households without work. Households also experienced drops in the numbers of those in mixed households (i.e. the mix of working and workless household members). This could be a result of much higher levels of jobs growth in inner areas and stagnating levels in outer areas.

In London, a different picture emerges. The proportion of households in the suburbs out of work has decreased. This could be a result of the rapid growth in the number of jobs created in London (rising 21%, against a 9% rise in Greater Manchester), which need therefore to be serviced by those in suburbs. This and the data on rising numbers of those on low pay in suburbs would suggest that those in suburbs in London are more likely to have work (working/mixed households), but in low-paid employment. Those in suburbs in Greater Manchester and the West Midlands are less likely to be in low-paid work, but also less likely to be in work than a decade earlier. This suggests policy needs to be tailored to different places, and highlights the need for the focus to be both on access to work and access to well-paid work.

Changing household employment status over the last decade

		Working	Mixed	Workless	Workless (numbers)
Greater Manchester	Inner	4.1%	1.7%	-5.7%	3,400
	Outer	-2.8%	1.6%	1.2%	9,300
London	Inner	-1.3%	5.3%	-3.9%	-33,200
	Outer	-2.4%	6.4%	-3.9%	-54,100
West Midlands	Inner	-9.4%	7.4%	1.9%	14,100
	Outer	-3.6%	1.0%	2.7%	70,100

Housing and place

Summary

- On average, housing in outer London is more affordable than in inner areas. However, in the West Midlands and Greater Manchester, inner areas are generally more affordable than average suburban areas.
- House prices over the last 20 years have increased more rapidly in urban areas. More suburban areas in the West Midlands and Greater Manchester have, therefore, become the most affordable places to live (e.g. in 1995 70% of the cheapest 10% of areas in the West Midlands were suburban; by 2014 that figure had risen to almost 90%).
- Lower-quartile private rents in all but two London boroughs are more expensive than the most expensive outer London boroughs.
- In the three cities, social housing has declined over recent years, but most rapidly in urban areas. The private rented sector meanwhile has grown in both suburban and urban areas. The proportion of households living in the PRS is up 9 percentage points in outer London, 7pp in suburban Greater Manchester and 6pp in the West Midlands suburbs.
- The combination of prices rising faster in inner areas and social housing declining more slowly in outer areas means lower-cost housing is increasingly located in suburbs.

For many households, housing costs are their biggest expense. This varies, of course, according to tenure. The average household in the private rented sector spends 40% of their income on housing. In social housing that figure drops to 30%, and drops further to 20% for the average owner-occupier.¹¹

These costs also differ by place. Indeed, spatial disparities of housing costs have been particularly challenging for the welfare state (something Beveridge struggled with when laying the foundations for the post-war social security system).

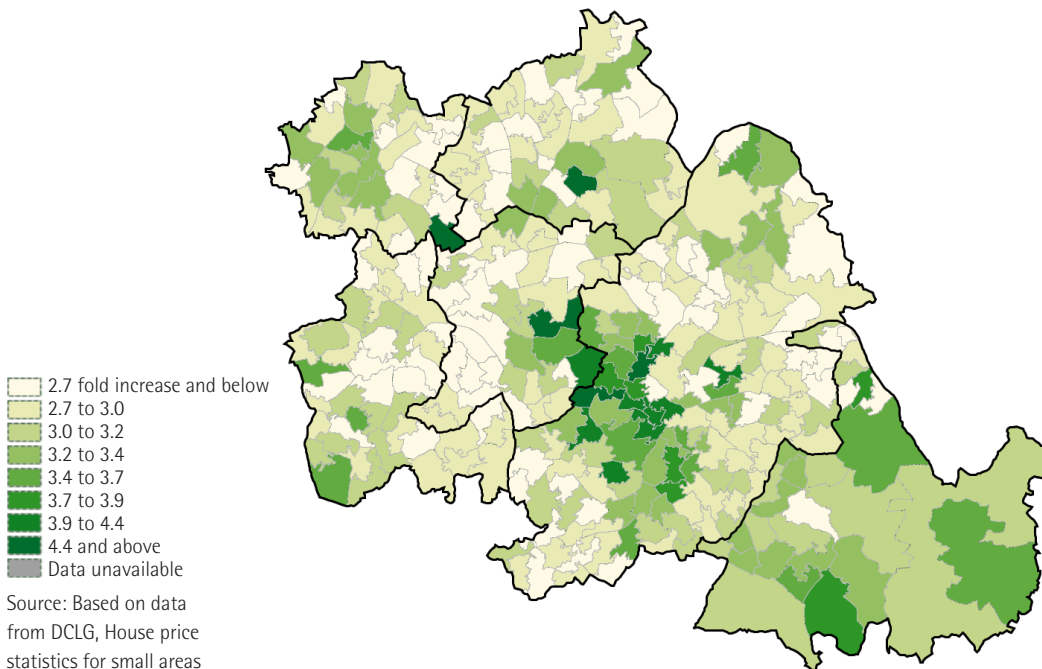
The spatial differences in price reflect the fact that private housing is a positional good, and costs reflect incomes and attractiveness of areas to live. Housing therefore influences where people of different incomes can afford to live. But where people can live is not simply about market prices but also about tenure. For example, social housing has offered affordable accommodation in more expensive areas for those on lower incomes. However, the stock of social housing has been in decline. This has left the private rented sector (PRS) to pick up some of the slack, housing more people on low incomes (as well as more people who cannot buy). The spatial dimension of changes will be suggestive of how areas are performing and indicate potential shifts in deprivation. Furthermore, changes in welfare policies also alter the affordability of living in particular areas, especially in regard to private rented housing.

Tracking tenures trends and housing costs is therefore an important indicator of how suburbs are faring and who their residents are.

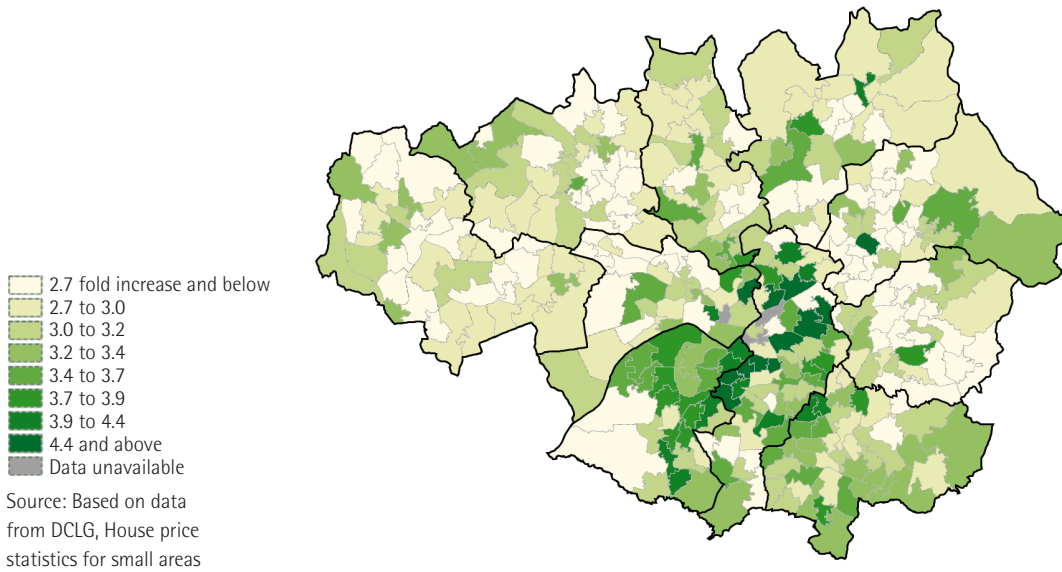
House prices

What is noticeable from the data on house price change is that price rises have been concentrated in and around city centres. In the West Midlands and Greater Manchester there is a cluster of growth at the centre of the regions over a 20-year period – with increases also notable in wealthier suburbs.

House price changes in the West Midlands Urban Area, 1995–2014



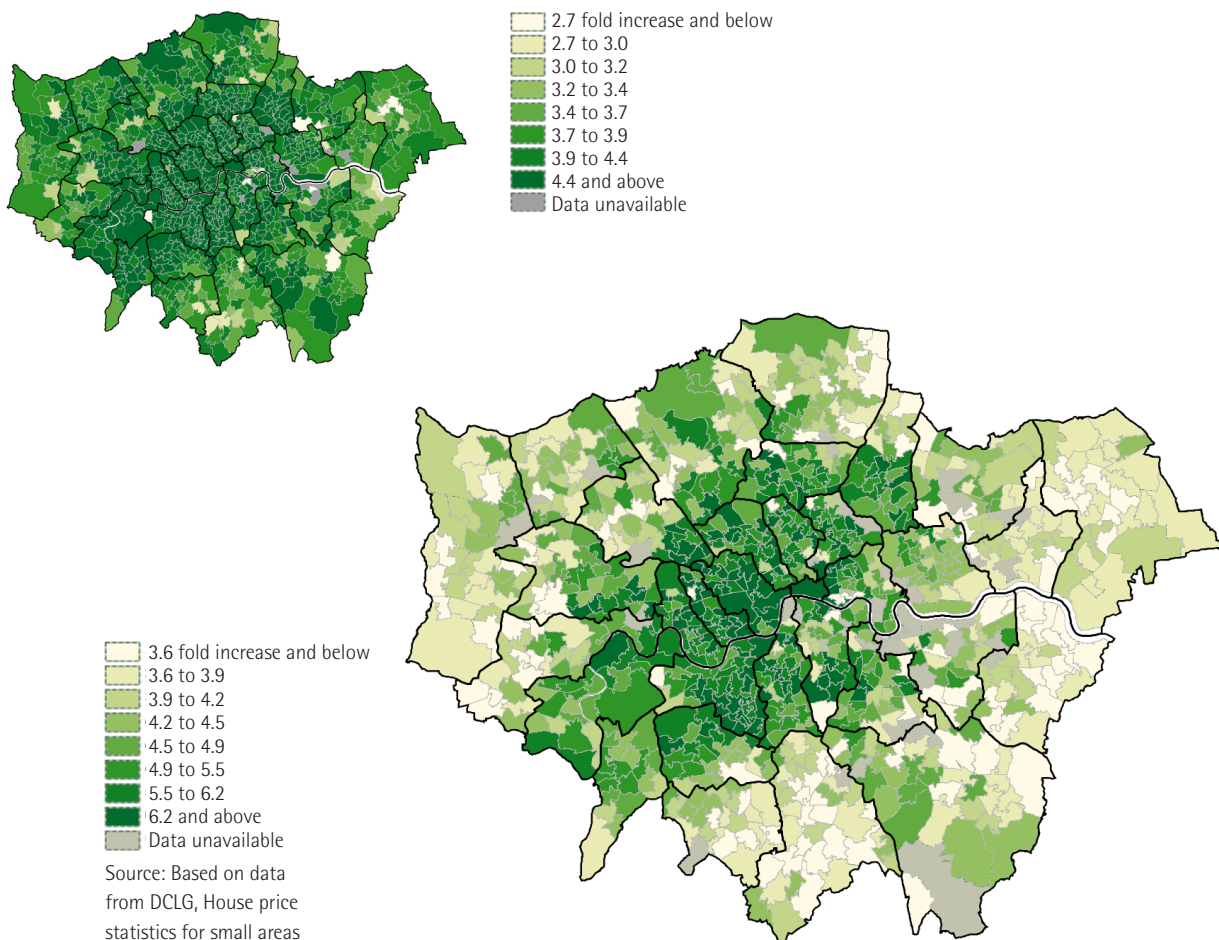
House price changes in Greater Manchester, 1995-2014



In London the picture is even more extreme. Whereas prices in the other two regions grew fourfold at the upper end of growth, in London most areas saw house price growth at an even faster rate. Re-scaling the changes in house prices in London suggests that again, like other regions, high price growth was clustered

in the centre as well as other wealthier suburban boroughs (e.g. Richmond). The trend in general is for house prices to be rising at a slower pace in suburbs, and suburbs therefore becoming relatively more affordable compared with central areas.

House price changes in London, 1995-2014



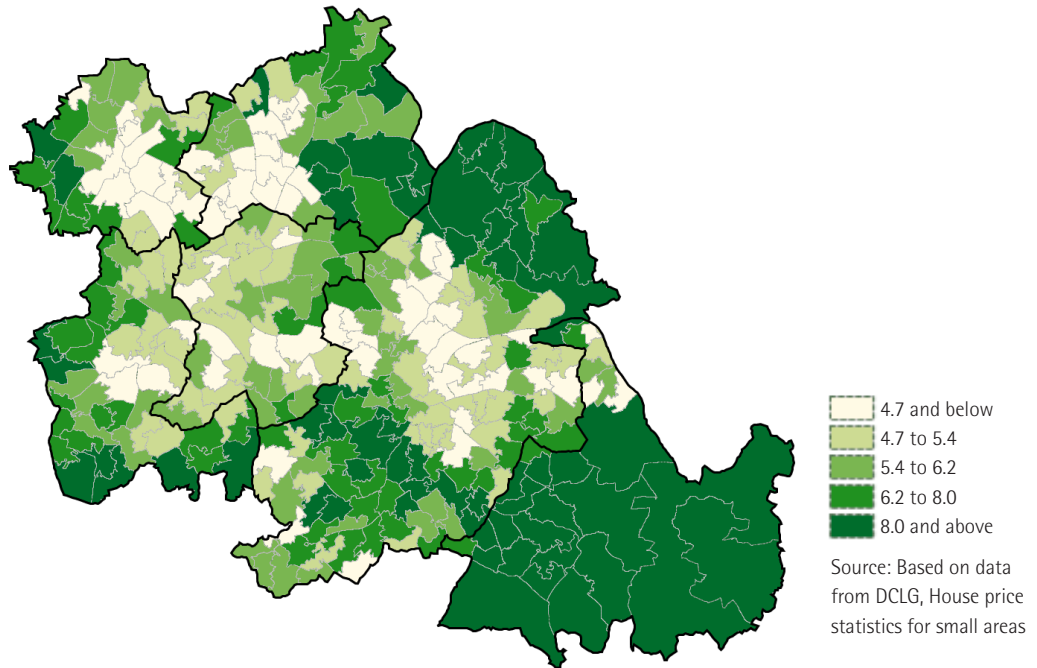
Affordability

Whilst these heat maps highlight the extent to which many suburbs have become relatively cheaper they tell us little about their starting positions.

There is a marked difference in affordability levels and centrality between London and the other two cities – and not just in terms of absolute prices.

In the West Midlands, despite the house price rises, certain suburbs remain the least affordable places to live. The map below shows the high ratios between prices and average earnings in Solihull and Sutton Coalfield, as well as inner suburbs of Edgbaston/Harborne. Central Birmingham remains relatively more affordable, but over the last couple of decades it ceased to be the most affordable place to live. Instead these areas are to be found in inner suburbs to the north of central Birmingham, as well as to the west in Wolverhampton and Walsall.

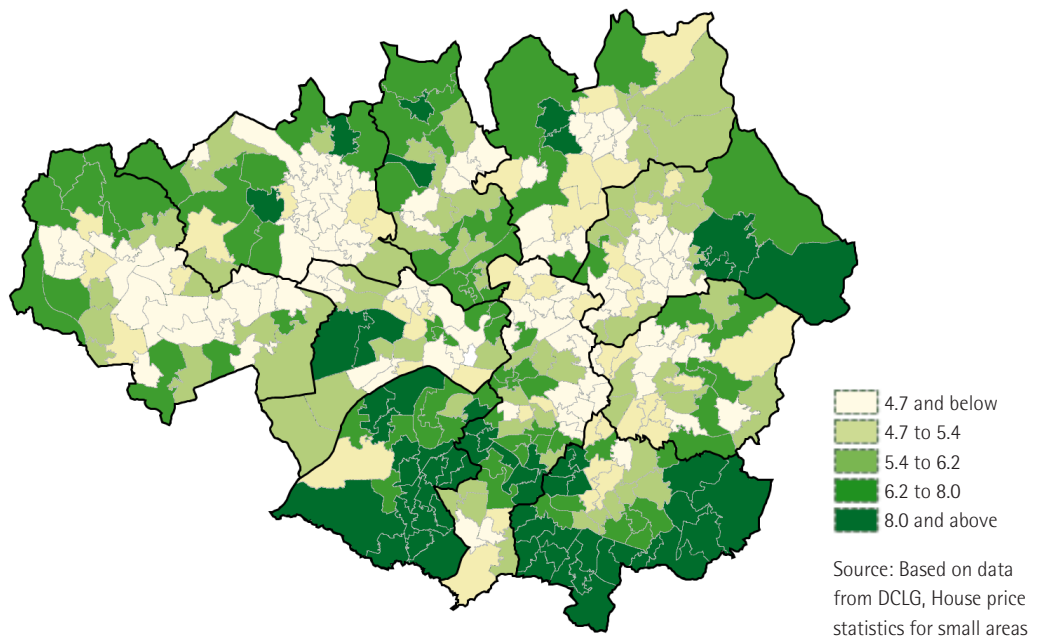
Relative affordability in the West Midlands urban area (house prices to earnings), 2014



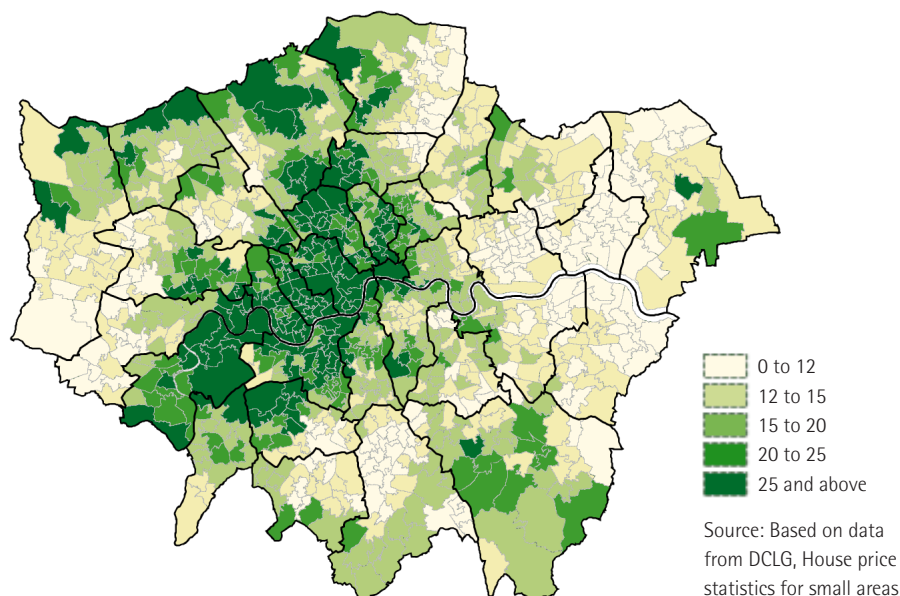
In Manchester a similar picture emerges, with the city centre having some areas which remain relatively more affordable.

However, other suburban areas and the urban areas of Rochdale, Oldham and Bolton are most affordable.

Relative affordability in Greater Manchester (house prices to earnings), 2014



Relative affordability in London (house prices to earnings), 2014



In London, the picture is more emphatic. Most of inner London is relatively more expensive than the suburbs in general. Whilst there are more affordable parts of inner London (e.g. in Tower Hamlets, Lambeth and Southwark), even they are more expensive than large parts of outer London. In addition, inner London average house prices are extremely expensive – often over 20 times average UK earnings.

Affordability in London

Examining the data behind the maps in more detail shows the shift. The ratio of median house prices to median earnings in inner London has become much higher than outer London, suggesting that housing has become less affordable for those in inner London. This reverses the position of a decade earlier. It is worth remembering too that median earnings are higher in inner London.

Median earnings and prices do not however tell us about the affordability of cheaper private housing. Examining lower-quartile house prices reveals that they have risen 271% in outer London (£211,000), compared with 317% in inner London (£275,000). The lower-quartile house price to lower-quartile earnings ratio was higher in outer London in 2004 (8 to 1 in inner London, 9 to 1 in outer London), but by 2013 they were roughly the same (10 to 1 in inner and just under 10 to 1 in outer London).

This does not take into account movements of where people live. If poorer people moved to outer London or those in outer London became poorer, then the ratio would adjust accordingly even if house prices and differentials between inner and outer London remained static. Comparing overall lower-quartile earnings across the whole of London with lower-quartile house prices in outer and inner London should discount this. This shows that a lower-quartile house in outer London was 91% the price of an inner London house in 2004, but 83% of the price by 2013.

Over the longer period, examining lower-quartile prices to earnings shows the picture even more starkly. The increases are mainly found in inner London (only two of the 10 top increases were in outer London). More importantly in large swathes of inner London, *lower-quartile* prices are now completely out of reach of those on lower-quartile incomes.¹²

Ratio of lower-quartile earnings to lower-quartile house prices, 1999 and 2013

Outer London	1999	2013	Increase
Richmond upon Thames	10	17	164%
Kingston upon Thames	7	13	193%
Ealing	7	13	184%
Barnet	7	13	188%
Brent	6	13	215%
Harrow	7	12	178%
Merton	6	12	199%
Hounslow	7	12	178%
Redbridge	6	12	208%
Bromley	6	11	193%
Hillingdon	6	11	187%
Enfield	5	11	195%
Greenwich	5	10	211%
Waltham Forest	5	10	228%
Sutton	5	10	186%
Croydon	5	10	200%
Havering	6	10	170%
Bexley	5	9	189%
Barking Et Dagenham	4	8	193%

Inner London	1999	2013	Increase
Kensington & Chelsea	13	30	228%
Westminster	11	25	223%
City of London	11	23	208%
Hammersmith & Fulham	10	19	192%
Islington	9	17	195%
Camden	10	17	172%
Wandsworth	7	17	234%
Hackney	5	14	250%
Lambeth	6	13	234%
Tower Hamlets	7	13	182%
Haringey	6	13	218%
Southwark	6	12	215%
Newham	4	10	247%
Lewisham	5	10	215%

Source: Author's analysis based on DCLG data

The picture on rents is perhaps starker still. Whilst not taking into account tax and benefits, the lower-quartile earnings to lower-quartile rents ratio shows how unaffordable private rents are for Londoners. However, the data also shows that outer London is far more affordable than inner London for those on lower incomes.

Lower-quartile earnings to lower-quartile rents

Outer London	Monthly rents (two-bedroom property, lower quartile, £)	Proportion of lower-quartile earnings to rents
Richmond upon Thames	1,300	94%
Ealing	1,257	90%
Haringey	1,200	86%
Merton	1,175	85%
Brent	1,150	83%
Barnet	1,127	81%
Hounslow	1,100	79%
Kingston upon Thames	1,100	79%
Enfield	1,078	78%
Harrow	1,050	76%
Waltham Forest	1,000	72%
Hillingdon	950	68%
Sutton	950	68%
Newham	913	66%
Bromley	902	65%
Croydon	900	65%
Redbridge	850	61%
Bexley	800	58%
Barking & Dagenham	777	56%
Havering	775	56%

Inner London	Monthly rents (two-bedroom property, lower quartile, £)	Proportion of lower-quartile earnings to rents
Kensington & Chelsea	2,286	164%
Westminster	1,900	137%
City of London	1,842	133%
Camden	1,625	117%
Hammersmith & Fulham	1,517	109%
Islington	1,517	109%
Hackney	1,365	98%
Wandsworth	1,352	97%
Tower Hamlets	1,322	95%
Lambeth	1,300	94%
Southwark	1,300	94%
Lewisham	1,000	72%
Greenwich	925	67%

Source: Analysis based on VOA data and Annual Survey of Hours and Earnings

Affordability in West Midlands and Greater Manchester

Although data is not available for lower-quartile private rents in the West Midlands and Greater Manchester, the close relationship between median house prices and lower-quartile rents¹³ would suggest that those areas experiencing high or rising prices are likely to be reflected in rents. What is clear from the data on house prices is how many urban areas have moved from being the most affordable places to live. In 1995, of Birmingham's 36 areas which were the cheapest to live in, 11 were in the inner city. By 2014 only four areas were in the 36 cheapest. In 1995 six areas were in the next decile; by 2014 only four were.

Proportion of suburbs in the West Midlands urban area with the cheapest housing

	1995	2014
Cheapest 10%	70%	89%
Cheapest 20%	75%	87%
Cheapest 50%	85%	87%
All	95%	95%

Source: Author's analysis of DCLG data

In Greater Manchester a similar pattern emerges. In 1999, eight urban areas were in the cheapest 10% of areas; by 2013 only two. The next decile has the same number in 2013 as 1999. Put the other way, while 73% of the cheapest 10% of areas were suburban in 1999, in 2013 94% were. More suburban areas have become relatively cheaper areas to live compared with urban neighbourhoods. Indeed, suburbs now are now more reflective of the region in general – at least in terms of house prices.

Proportion of suburbs in Greater Manchester with the cheapest housing

	1995	2014
Cheapest 10%	77%	94%
Cheapest 20%	81%	90%
Cheapest 50%	89%	93%
All	91%	91%

Source: Author's analysis of DCLG data

In short, whilst London has seen central areas become the most expensive, in Greater Manchester and the West Midlands central areas have moved from being least expensive to closer to the middle. Suburbs have therefore become relatively more affordable places to live.

Tenure changes

House prices and rents are an indication of affordability, but for many low-income households social housing offers an affordable, secure home which does not reflect market prices. Social housing has traditionally been concentrated in urban areas, with suburbs characterised by higher levels of home ownership. This is reflected in all three city's suburbs, which have higher levels of home ownership and lower levels of social housing and private renting than urban areas.

However, the right to buy and reductions in housing grant have seen the proportion of households living in social housing fall over recent decades. At the same time levels of home ownership have fallen. In contrast, levels of private renting have risen.

The West Midlands and Greater Manchester have experienced similar changes. Levels of home ownership have fallen fastest in urban areas relative to their starting point. However, the percentage point gap between urban and suburban areas has remained similar. Levels of social housing have dropped most steeply in inner areas, with sub-market renting only dropping slightly in suburbs. Overall, suburbs have seen a bigger proportionate rise in private renting. However, it should be noted that given the low starting point, inner areas have seen a bigger rise in absolute numbers.

To summarise, suburbs have seen a shift towards private renting, away mainly from home ownership. The switch in inner cities is even more pronounced. In Manchester, for example, the PRS is now similar in size to home ownership and social housing.

London saw similar changes, although home ownership fell more rapidly. While the gap in levels between social housing levels also shrank in outer London, levels actually rose slightly.

West Midlands

	2001			2011			% change		
	Home ownership	Social housing	Private rented	Home ownership	Social housing	PRS	Home ownership	Social housing	Private rented
Inner	45.1%	38.7%	12.4%	41.1%	31.8%	24.0%	-8.8%	-17.9%	93.3%
Outer	66.5%	24.7%	6.0%	62.5%	22.5%	12.8%	-6.0%	-9.2%	114.8%
Percentage point gap	21.4	-14	-6.4	21.4	-9.3	-11.2			

Greater Manchester

	2001			2011			% change		
	HO	SH	PRS	HO	SH	PRS	HO	SH	PRS
Inner	37%	41%	18%	31%	33%	32%	-16%	-19%	78%
Outer	69%	22%	7%	64%	20%	14%	-7%	-7%	91%
Percentage point gap	32	-19	-11	33	-13	-18			

London

	2001	2011	% change	HO	SH	PRS	HO	SH	PRS
	HO	SH	PRS						
Inner	40%	39%	19%	34%	34%	30%	-15%	-14%	52%
Outer	68%	17%	13%	57%	18%	22%	-16%	3%	75%
Percentage point gap	28	-22	-6	23	-16	-12			

Source: ONS, 2001 and 2011 Census

In all three cities, concentrations of social housing remained highest in inner areas but was falling fastest in urban areas. Over the decade there was also a corresponding relative shift towards provision of affordable housing to outer areas.

Private renting has, however, grown more rapidly in urban areas. The type of private renting is of course important. In London, for example, private renting in urban areas is more associated with wealthier households – around 71% of inner-London renters in 2011 had middle- to high-skilled jobs, compared with 59% in outer London. This would suggest that more private renting in inner London could result in it having more wealthy residents. I don't see cause and effect here. In outer London the relationship is less strong.

Changes in housing tenure suggest home ownership levels have fallen fastest in suburbs. This will have implications for investment in existing housing stock as well as the anti-poverty infrastructure. Meanwhile, social housing levels have fallen rapidly in urban areas, meaning suburbs have a higher proportion of the total stock of social housing than in previous years. Given the purpose of social housing (to house those on low incomes), this could help explain changing patterns of deprivation. Furthermore, whilst the PRS is growing in both inner and outer areas, it is catering for distinctly different markets, evident in the different incomes of those renting by place and housing benefit claims.

Struggling suburbs

In all three cities, the suburbs have experienced different rates of change across different indicators of poverty and prosperity. And urban areas remain the places where deprivation is most concentrated. Nevertheless, similar patterns characterise all three cities. These are most pronounced in London, which has the clearest signs of hollowing out of poverty in central areas, alongside extremely high rents and massive job creation.

While this process is not as far advanced in the other two cities, they too have started to experience similar trends, which are

reshaping the fortunes of suburbs. These drivers appear also to be more deep-rooted than the shorter-term consequences of the recession. The table below attempts to characterise these changes.

The evidence suggests that suburbs in general are faring worse than urban areas, with some showing serious signs of decline. Whether this occurs will be partly dependent on public policy. The next section of the report examines the implications of the changing policy and economic landscape to see which trends are set to continue.

Urban centres	Suburbs
<ul style="list-style-type: none"> • Strong emphasis on urban regeneration (incentives for public and private investment) • Business (re)location to urban areas • Rapid increase in jobs located in urban areas • Significant population growth • Relatively higher housing costs in urban areas compared with poorer suburbs than a decade ago • Wealthier urban populations/lower concentrations of poverty 	<ul style="list-style-type: none"> • Less policy focus on suburbs and less public and private investment in regeneration • Fewer employment opportunities per head in suburban areas • Stagnating numbers of jobs (and falling relative to population) • Slower rates of population growth • Relatively lower housing costs and growth in the proportion of city region's total social housing stock • Rising number of areas classed as most deprived within the city

Poverty and prosperity in suburbia – future trends

As the previous section has demonstrated, some suburban areas have high levels of poverty, and across a range of indicators many suburban areas as a whole have performed worse than urban areas.

This could be seen as a temporary phenomenon, perhaps a consequence of the downturn. However, the changes in house prices and location of jobs predated the crash. Moreover, government policy, population change and market forces seem likely to increase, if not accelerate, the trends witnessed over the past decade.

This chapter examines the main trends which could have serious spatial implications within our cities – welfare reform, housing reform, migration, agglomeration and devolution.

Welfare reform

One of the key drivers for how poverty and wealth within neighbourhoods in our cities are likely to change is the continuation and advancement of the government's welfare reform programme. Some of the changes will affect people equally wherever they live. However, two particular implications are likely to affect housing and the particular demographics of places.

Housing benefit

The government view of housing benefit is threefold. First, that the level of housing benefit has risen to a point that is unsustainably and unacceptably high – it is now the third-largest component of the welfare bill (behind pensions and tax credits) – and needs to be brought down as part of the austerity programme. Second, that the system is perceived as being unfair – that people should not be claiming more in benefits than the average wage (a point that has proven extremely popular with the public). This "unfairness" also has a spatial dimension, with the government stating that it is unfair for benefits recipients to live in areas most people couldn't afford to live in. And third, that reducing housing benefit (and other benefits) can provide an incentive to get people into work.

The policy response has been to reduce and cap what certain households can claim, some of which has had spatial effects. The reform which gained the most attention for its potential spatial impact was the benefit cap, which limited the amount households could claim in benefits to a maximum of £26,000 per year. When it was announced, the then mayor of London, Boris Johnson, warned of "Kosovo-style social cleansing".

Despite the fears and furore, so far few people have been affected by the housing benefit cap. While the policy has disproportionately affected London (around half of approximately 63,000 affected nationally), to date the spatial implications within the capital have been slight. Only around

1% of households have been affected, not enough to have a dramatic spatial effect.

Moreover, household composition is a key determinant of who is affected by the cap (i.e. larger households in larger homes), rather than rent levels (which are already capped in the private rented sector under rules governing housing benefit, and through the rent formula for social tenants). This has meant that outer London areas have been equally, if not more, affected, because of the number of homes available for larger families and the different demographic make-up of suburban residents. As such, around two-thirds of those affected by the cap are in outer London.

Of course, there could be other hidden consequences. For example, the introduction of the affordable rent regime has meant, building family-sized homes is often not financially viable in high-value areas. And housing associations have also become more reluctant to accept nominations from those who they think are unable to meet their affordability criteria – again, because of higher rents in more expensive areas. Nevertheless, the evidence suggests that the impact on existing (rather than prospective tenants) has not been spatially significant within cities. (This is not to say it has not had a serious impact on the incomes of those affected.)

The data on the impact only covers the period during which the cap was set at £26,000. Following the general election, the government announced plans to lower the cap to £23,000 in London and £20,000 in the rest of the country. This will undoubtedly affect far more people, and is intended to do so.

The change is likely to affect other places more than London. It is projected that there will be a fivefold increase across the country in the number of households hit by the cap, but only a threefold rise in London. While rent levels are a determinant in reaching the cap (as indicated by the number affected in London), household size and access to work are also factors. Where it might have more of an impact is in the longer term – especially as the caps are reduced and interact with the affordable rent programme.

Local housing allowance

As part of the welfare reforms, the amount of housing benefit in the private rented sector (local housing allowance) has been reduced. The previous government reduced the claim that a tenant can make (from the 50th percentile of local rents to 30th), placed a cap on the absolute amount that any tenant can claim, and linked LHA rises to the consumer price index rather than actual rent rises.

Since these change were introduced there has been a slight shift in average claims spatially. For example, the rate has fallen marginally in inner London and risen in outer London (5%) over the past five years. Over this period rents have risen dramatically in the capital, most strongly in urban areas:

	Average claim May 2010	Average claim May 2015
Inner	£203	£199
Outer	£99	£104

Source: DWP, Stat-Xplore

Although it is very difficult to prove a causal link, over the same period more people claimed LHA in suburban areas, while there was a reduction in inner London. This could of course reflect the relative ability to find work, with more jobs being available since the recession in inner than in outer London.

	Number of claimants – May 2010	Number of claimants – May 2015	Difference in claimant rate
Inner	75,669	66,759	-8,910
Outer	175,585	195,610	20,025

Source: DWP, Stat-Xplore

But regardless of whether it is due to stricter rules or a changing labour market, this shows a shift of claimants outwards. It also gives a picture of what might be to come if housing becomes more privatised and more market-driven. While there has been a shift, the suburbs already had a higher proportion of households whose incomes were too low to meet their private rents (13% of all households from all tenures, against 5% in urban areas) – even with outer London having a lower proportion of private rented households.

If policy changes continue to erode the levels of social housing stock, then we might expect to see more low-income households living in outer London in order to find affordable housing. If the pattern of higher rents and lower social housing stock is replicated in other cities, then a similar change could well materialise. And it is worth stating that if it weren't for social housing, the spatial patterns of poverty might well look very different, with poverty concentrated in outer areas – this is however not yet the case.

Housing reform

The government's housing policies are driven in part by the ambition to reduce the welfare bill and support private housing, both of which could have significant impacts on city suburbs. Investment in social housing, for example, has been reduced dramatically in both inner and outer areas.¹⁴ With government's policy firmly focused on home ownership and first-time buyers, this is expected to continue.

Under the Starter Home initiative, for example, developments which would have previously been required to deliver a proportion of new affordable (social) homes will no longer have to if they provide homes for first-time buyers. In essence, the money saved from not building social homes is going into reducing the cost of buying. Simultaneously, proposals to extend the right to buy to housing association properties aim to boost home ownership, with funding for the scheme expected to come from the sale of council housing, further diminishing the

pool of social housing. With changes to welfare and little grant, housing associations are unlikely to replace sold properties with social rented homes.

The longer-term reduction in housing grant has been mitigated by rising levels of rents that social housing providers can charge. This has meant that they could borrow, knowing that rents would rise to cover the borrowing. However, the 2015 Budget saw the chancellor announce four-year real-term reductions in social rent levels. Lower rental streams mean that the surpluses social landlords made on existing properties are set to drop, resulting in less cash being available to invest in new stock. Moreover, the precedent of tearing up the previous rent settlement may make the bond markets and banks less willing to lend, for fear of future reductions. If this materialises, then fewer affordable homes will be available, making poorer households more reliant on the private rented sector – which in high-demand areas is already unaffordable.

The other major housing change which could have a spatial impact is the introduction of the affordable rent regime. New social housing has been in rapid decline since 2010, falling from 39,000 new units in 2009/10 to just 10,000 in 2013/4. The majority of new-build is now "affordable" rented properties. Under the government's initiative, less money is given in the form of grant, but social landlords can charge up to 80% of market rent. This is not, however, an intermediate rent (aimed at those on middle incomes), as tenants have overwhelmingly been those claiming housing benefit.

The introduction and further lowering of the benefit cap means that supplying new homes to those out of work has become much more difficult, if not impossible, in high-demand areas. For example, examining the difference between Southwark and Barking shows that building affordable rented properties becomes financially risky in the inner-city Southwark. If circumstances change, then the tenant could soon enter rent arrears, even with a two-bed property. For three-bed properties, only those in secure employment are likely to be able to pay their rent over the longer term. In Barking the risk for two-bed properties is not as great. Unless things change, housing providers will be wary of building new affordable-rent properties in high-demand areas. The policy push will continue to be towards lower-cost outer areas.

The Starter Homes programme has further switched the housing policy focus away from genuinely affordable rented homes. With resources (and S106) focused on homeownership, little public funding will be available for sub-market, let alone social rented properties.

This suite of policies and programmes is likely to translate into fewer truly affordable homes being built. With household growth outstripping supply, proportionately fewer lower-income people will be housed in social or affordable housing. Instead those on low incomes will increasingly have to look to the private rented sector in cheaper suburbs to find housing. There may also be fewer affordable rented properties built in inner areas as a result of the benefit cap. The situation is made worse by the deterioration in the existing stock of sub-market housing, with growing numbers of estates in need of major investment.

Affordability of affordable rent

	Number of children	Southwark			Barking		
		Maximum amount available after other benefits	Average affordable rent	Headroom between HB and cap	Maximum amount available after other benefits	Average affordable rent	Headroom between HB and cap
Lone parent	1	285.2	199.5	85.7	285.2	136.91	148.29
	2	218.2	199.5	18.7	218.2	136.91	81.29
	3	151.2	207.69	-56.49	151.2	147	4.2
	4	84.2	207.69	-123.49	84.2	147	-62.8
Couple – both on JSA	1	243.5	199.5	44	243.5	136.91	106.59
	2	176.5	199.5	-23	176.5	136.91	39.59
	3	109.5	207.69	-98.19	109.5	147	-37.5
	4	42.5	207.69	-165.19	42.5	147	-104.5

Source: Average affordable rents from HCA Statistical Data Return and DWP data from LSE presentation by Christine Whitehead and Emma Sagor: "The potential impact of lower benefit caps on social tenants in the South East" (19 May 2015)

Privatising social homes

New supply is only a small proportion of the overall housing supply – less than 1% last year. Any change in where poorer or wealthier people live as a result of new housing is therefore likely to be a slow process. Where much quicker change can occur is in existing stock changing tenure. This was most evident in the 1980s, when right to buy switched 1 million council homes in England to private ownership in just one decade. Equally, the last decade has seen a big change from home ownership to the private rented sector.

The government's proposal to extend right to buy to housing association properties could well have a similar impact on tenure mix. Evidence on the impact of right to buy suggests that there is not a spatially significant split between homes sold by suburbs and urban areas within cities. For example, between 1998 and today, council housing in the suburbs has consistently formed 40% of the local authority stock in the capital. Over the same period the average rate of right to buy sales in the suburbs has been 40%. Similar levels of sales to levels of stock can be observed in Greater Manchester and the West Midlands. However, while the level of sales might not have been different, the trend has been downward.

Levels of stock and right to buy sales by place, 1998–2014

	Average % of RTB sales	Average council stock
London suburbs	40%	42%
West Midlands suburbs	62%	59%
Greater Manchester suburbs	75%	76%

NB. Given the difficulties acquiring data for areas smaller than local authorities, for Greater Manchester, Manchester City Council is assumed to be urban and for the West Midlands, Birmingham City Council is assumed to be urban, with the other councils considered suburban.

If more social housing becomes privatised, longer-term spatial consequences are likely. While tenure might be transferred, in the short term those living in the properties will remain the same. However, over time these homes will be bought and sold, and whereas poorer households would have been housed in the social rented property, a proportion will now be sold to wealthier owner-occupiers. Those homes bought, and then in time sold to landlords, might also be let to wealthier tenants in the PRS. This will mean the stock of social housing is depleted and poorer households will have to look to the PRS. If rents are high in inner cities, then low-income households will have to move to lower-cost suburbs to live.

The impact is compounded further by the way the extension is likely to be funded. While the devil will be in the detail, local authorities will have to sell off their best stock when it becomes void to fund the right to buy scheme. Unlike the original right to buy scheme, under which council homes were transferred to existing households, this will see a straight transfer of properties from prospective poorer tenants to wealthier owners.

There could be a spatial dimension to this change. For example, inner London boroughs have more council housing than outer areas, and therefore will have more homes that can be sold. And depending on how the policy is worked through, it could also mean that urban areas that have the highest proportion of the most expensive social housing stock will have to sell the most. If this is what happens, then relatively fewer council homes will be available to rent.

The combined impact of these policies is unclear. However, based on trends over the previous five years, it might be fair to expect: fewer social rent homes being built; more social homes being sold in higher-demand areas; and difficulties housing poorer tenants in higher-demand areas. With city populations growing – and reasonable proportions of those on low incomes – poorer residents will only be able to afford properties in lower-demand areas, especially as they will become more reliant

on private housing, which has been affected by rent controls through controls on local housing allowance levels.

Migration

City populations have started to grow in recent years after a long period in decline. This has been driven by births outstripping deaths and by international migration. If this continues into the future (there is little evidence of a sudden change in demographic trends), then there will be continued and increasing demand on the existing housing stock.

The ONS population projections suggest that populations will continue to grow rapidly: 16% growth in London; 8% in Greater Manchester and 8% in the West Midlands urban area. In London the growth is expected to be highest in outer areas. For the other two cities, the most urban local authorities (Birmingham and Manchester) are expected to grow above the city average, as they have over the last decade.

If these projections are accurate, pressures and demand on existing housing stock will grow and housing costs, all things being equal, will rise. As this happens, alongside housing policies which seek to transfer social housing to private housing, poorer households could find it far more difficult to live in urban areas. For those on low incomes, moving to our major cities could mean a choice between living in overcrowded homes in inner areas (overcrowding rose rapidly in urban areas over the last decade) or living in cheaper suburban areas, further out. We could therefore see patterns of international migration following recent trends observed earlier in London, with wealthier migrants moving to central areas and those from poorer nations to suburban areas.

In London this process of growth is arguably more advanced. House prices and densities are already high, and highest in urban areas. And this may well explain why population growth is likely to be higher in suburban outer London.

This pattern of migration would mean there needn't be so-called "social cleansing", with *existing* residents forced out of areas (most residents in social housing will still be able to meet their rent through housing benefit). Instead, population churn will see those leaving replaced by wealthier tenants, who are able to outbid poorer residents for a limited supply of housing. Those who remain may also be wealthier, because of access to local jobs.

For suburbs, this could result in greater numbers of poorer people moving in, and some will find it more difficult to find work. It also raises considerable concern for younger people brought up in an area and with strong social ties, who, because of gentrification pushing prices up, cannot stay in the same areas they grew up in.

Agglomeration: Jobs and growth

The changes described above are dependent on jobs and growth being concentrated in urban areas. Without this concentration of jobs, city centres would not be such attractive places to live. As the previous chapter outlined, urban areas have experienced

significant job growth. Indeed, the evidence suggests this is a pattern witnessed in many cities across the globe. This change is often explained by the idea of agglomeration – that cities are engines of growth because high concentrations enable knowledge transfer, specialisation and deep labour markets (people are able to find jobs most suited to their skills, experience and knowledge).

However, agglomeration is not a natural phenomenon; policy plays an important role. The orthodoxy around agglomeration states that policies and funding to promote economic development should not try to "buck the market" by supporting ailing or more slowly growing places, but instead focus on areas of opportunity. Moreover, this approach stresses the importance of investing in infrastructure in areas of growth. In order to ensure growth is not held back, proponents of agglomeration policies argue for greater investment in housing and transport, and relaxing planning regulations to increase land supply.

This is apparent in the significant reductions in spending on regional development, while concurrently investment has continued or been granted to major infrastructure projects such as Crossrail in London and HS2, which will connect London, Birmingham and Manchester. It is most visible in the capital, where there have been continued calls for the greenbelt to be re-designated, as well as plans for Crossrail 2 to cope with additional population growth.

On the surface this focus should be seen as good news for inner cities, with the additional jobs, and perhaps greater productivity and higher wages, that are associated with agglomeration. But there can be serious diseconomies of agglomeration, such as high levels of congestion, labour shortages, strains on land and shortages in housing. These can have negative effects on all those living in urban areas, but it is often the poorest who bear the brunt. For example, while wealthier households benefit from growing house prices, the poorest face higher housing costs and higher levels of overcrowding.

Moreover, the evidence suggests that agglomeration happens at a small scale, centred on geographically small clusters (as shown in the previous section, with rapid employment growth in all three city centres). While those with higher incomes can afford to travel by car or rail into the central areas where jobs are located, those on low incomes in suburban areas are often reliant on buses, and face longer and more congested routes. As an example, it takes 45 minutes by rail and Tube to get into central London from Enfield, 55 minutes by car, and two hours by bus. So, while everyone faces congestion and the diseconomies of agglomeration, those on the lowest incomes face it most acutely. Moreover, as mentioned, the relative cost of housing between inner and outer areas is likely to widen even further, with negative consequences such as overcrowding and greater concentrations of deprivation in poorer areas.

Businesses on their own accord might decide to locate jobs elsewhere, because of some of the downsides to agglomeration. However, there is little evidence of the government adopting a different approach to economic development. Instead all the

indicators point towards increased investment in housing and transport in our cities – with most funding and fiscal freedoms going to places of existing opportunity. This could simply stoke the fire of demand.

Moreover, with the other changes to welfare and housing it seems likely that the poorest in the cities will be the main losers. Many will have to live in suburban areas to find affordable accommodation, while new jobs are located in urban areas. This will impact their ability to access work. If they can only find work in urban areas, that could have detrimental effects on their family and social life, not least because of the time required to commute cheaply to low-paid jobs.

Devolution, localism and city deals

Devolution of powers and resources is a major and largely welcomed policy shift. At the forefront of the devolution agenda have been cities, which have been seen as natural administrative areas covering travel-to-work areas and functional economic areas.

This focus on city-wide devolution has led to devolution based on combined authorities, similar in form to the GLA (i.e. sitting above local authorities rather than replacing them). Indeed, part of the agenda is to emulate London by having an elected mayor, with the devolution deals predicated on their introduction. As things stand, change will continue to be asymmetric, with London leading the way, Manchester following and other cities playing catch-up in terms of devolved powers and resources.

The shift has been slow and as yet includes little fiscal devolution. However, this looks set to change over the coming years, with city and devolution deals coming into effect and a new devolution bill becoming law. For the capital, the London Devolution Bill allows for significant powers to be devolved over time, including over the NHS, tax, housing, skills and education. As part of the Greater Manchester city deal, health and social care are being devolved, alongside other powers over transport and spatial planning. And the West Midlands Combined Authority deal sees some transport, planning and skills powers and funding being devolved.

Alongside city deals has come devolution to local authorities. Perhaps most importantly this has included devolution of council housing financing and business rates (see next section). Of course, this is taking place at a time of greatly reduced budgets for local government (forecast to fall 60% by 2019/20¹⁵).

These reforms will change the way places are governed and the resources available. It will mean that decisions about how cities grow and where suburbs fit within city-wide plans (for infrastructure, skills and spatial planning, etc) will increasingly be decided by the places themselves to meet local requirements. How decisions are taken and priorities set for different places within cities remains unclear. Will mayors favour urban areas or the suburbs? And how will the local authority leaders within combined authorities broker deals, and who will have the strongest hand? What does seem clear is that if there are any national plans aimed at suburbs, they will more than ever need to go with the grain of devolution. However, with devolution happening at a time of fiscal austerity, the ability of many suburban councils (as opposed to city-regions) to deliver plans and pay for services is seriously limited.¹⁶

There is a broad consensus in Westminster and the policy-making world for greater devolution, if not among the public.¹⁷ However, concerns have been raised about what this will mean for poorer places, especially in regard to fiscal devolution. Less attention, however, has been paid to what it might mean within cities. For example, there are likely to be wide fiscal disparities between suburban and urban places if taxes are devolved at a local authority level. Moreover, devolution of taxes ignores varying demands for services. For example, even with additional revenues from council tax to pay for social care, suburbs with older populations and a lower tax base could struggle to meet the costs of social care.

Nevertheless, the shift towards greater devolution has been welcomed by city leaders. And the destiny of suburbs will be much more in the hands of the cities themselves. But the way that devolution happens, and the support central government offers, will shape the options and environment in which cities make choices and design their plans.

Conclusion

Current policy decisions (along with changes in various markets) are not just affecting people but also places. If these trends in decision-making and their impacts on places continue, it is likely that suburbs will be adversely affected (in particular poorer suburbs). To mitigate risks and ensure that poorer suburbs and their residents are not left behind, interventions at a national and local level are urgently needed. The next section looks at what can be done and explores how suburbs can support growth and help ensure a fair deal for all residents.

The policy response – towards a suburban renaissance

Smart growth

The previous chapters have highlighted the challenges that suburbs in our three largest city conurbations are facing. While on the whole they are not suffering from falling population levels, they are facing relative increases in deprivation and a labour market increasingly focused on the city centre. There are also spatial implications of a changing housing market, not least for transport.

In contrast to the challenges that suburbs face, city centres have undergone a remarkable rebirth. Investment, jobs and people have flowed into the heart of many of our big cities over the last decade. There have been negative social consequences of "gentrification", but few advocate a return to the days when cities were characterised by urban decline, abandonment and widespread concentrations of deprivation.¹⁸ Instead, there is a strong case to be made that the urban renaissance requires a complementary suburban renaissance; based on the same principles, but focused and implemented for a suburban context.

This chapter aims to set out and discuss what such a plan for our city suburbs might include. While each suburb is distinctly different, there are common themes around housing, labour markets, transport, planning and social infrastructure – all of which have a spatial dimension relevant for city suburbs. As with the urban renaissance, there is a strong case for compact cities and "smart growth".

Smart growth

Originating from America, smart growth is the idea that development should support economic growth, strong communities and environmental sustainability. Smart growth includes ways of encouraging reinvestment in existing resources, supporting neighbourhoods which have shops, offices and services, and providing a range of housing options. In particular, planners are urged to to:

- mix land uses;
- take advantage of compact building design;
- create a range of housing opportunities and choices;
- create walkable neighbourhoods;
- foster distinctive, attractive communities with a strong sense of place;
- preserve open space, farmland, natural beauty, and critical environmental areas;
- strengthen and direct development towards existing communities;
- provide a variety of transportation choices;
- make development decisions predictable, fair, and cost-effective; and
- encourage community and stakeholder collaboration in development decisions.¹⁹

Beyond technocratic changes, there is a social justice case for a suburban renaissance. Without intervention, growth will not be inclusive and will leave people behind. And this is not just

an individual loss and a driver of inequality. The squandered talent of individuals and wasted investment in suburbs weakens the prosperity of our cities. Any suburban renaissance must therefore be underpinned by social justice city-wide and built into the on-going urban renaissance.

This agenda for change raises some challenging questions:

- How can suburbs adapt and remain popular places to live?
- What role can suburbs play in supporting growing city populations?
- How we can create sustainable suburbs – including the case for intensification of land use?
- What economic role can and should suburbs play, including the role of suburban town centres, economic hubs and polycentric growth?
- How can public services be best delivered in suburbs, not least as demographics change?
- What can be done to support struggling suburbs?
- How can suburbs support good growth and extend employment opportunities?
- How can suburbs ensure that those on low incomes as well as other disadvantaged groups can access jobs and services?

The following section sets out to examine what could be done to deliver a suburban renaissance, in particular looking at the suburban economy, housing in suburbia, transport and public services. The aim of this section is therefore not to examine what could be done to grow places or reduce poverty in general, but rather what is specifically relevant for city suburbs.

Government taking a lead

The majority of people live in suburbs, yet little by the way of public policy is focused explicitly on these areas. While suburbs are covered by urban policy, the changing profile of our major cities demands a much greater focus and more nuanced approach to our suburbs. In a policy landscape which looks set to be increasingly dominated by local decision making, national place-based policy can look old-hat and cumbersome. However, there is both need a compelling case for government to shape the agenda for tomorrow's suburbs and provide support.

A suburban taskforce

It is 18 years since the urban taskforce was established, and 16 years since the urban white paper was published. It is perhaps time for government to establish a suburban taskforce. This could look at how suburbs can meet the economic, social, environmental and demographic challenges that lie ahead and set out a new vision for our suburbs. It should not seek to hinder the advances that urban centres have made, which still have higher concentrations of poverty than suburbs, but seek to complement, and perhaps even complete, the urban renaissance. Such a taskforce (including key stakeholders and

local agencies) should seek to set out recommendations for a suburban renaissance and suburban white paper.

Ministerial responsibility

To focus minds on ensuring a suburban renaissance, the government should consider the case for a ministerial responsibility for policies aimed at improving suburbs. At present ministers are responsible for coastal towns, the Northern Powerhouse and high streets/town centres. Ministerial responsibility could help ensure that the all too often forgotten suburbs are not left off the agenda.

Suburban centre and national toolkit for a suburban renaissance

One of the problems suburbs face is the lack of co-ordination between different suburbs in different places. This contrasts with cities and places within regions which join forces and learn from best practice. Moreover, the specific challenges that suburbs face are often missing in the focus of policy and policy implementation, and guidance is not specifically for suburbs.

In order to advance the ideas and best practice around how suburbs can confront the challenges they face and make the most of new opportunities, government could consider supporting a national centre on our suburbs. The centre could work with key stakeholders to develop tool kits or best practice guides to delivering successful and sustainable suburbs. It could also have a strong focus on how to support growth and regeneration in areas struggling or in relative decline.

Suburban lobby

While there is a strong case for government to do more to promote a suburban renaissance, this is only likely to happen if pressure is applied from below. Suburbs by their very nature are diverse and spread across the country. There is a case for suburbs to join forces to form a group of suburban councils and MPs to galvanise support for action (perhaps similar to the core cities and key cities groups). Such a group could support new research on the suburbs and acts as a powerful voice.

To realise a new agenda for our suburbs, policies are required at national, city-region and local levels. Moreover, helping suburbs to be resilient, grow and improve the lives of all their residents will cover a range of policy areas, from labour markets and housing to anti-poverty measures. The rest of this chapter maps out some of the policies which could make a difference to both suburbs and suburban residents.

Growing the suburban economy

Successful suburbs need successful local economies. The attractiveness of a place is reliant on the buoyancy of the labour market, disposable income of residents and rising values to encourage private investment. However, as the previous chapters highlighted, there has been a sharp rise in new jobs centrally in Manchester, Birmingham and London, but worrying signs around unemployment and income levels in some suburbs.

Of course, suburbs can be successful as dormitory neighbourhoods, with highly skilled and well paid residents commuting

into and out of the city for work. However, suburbs have never been exclusively residential,²⁰ and most jobs are still located in our suburbs (even if job density is lower).

In addition, a future model of job creation concentrated almost exclusively in urban centres is likely to have considerable downsides for suburbs. As cities grow, supporting a more efficient use of suburbs (including of land and assets) can help overcome some of the limitations of growth.

Attracting firms to locate in suburbs and encouraging others to grow could help reduce long commutes. Local growth can provide work locally for those on low incomes. Moreover, as CLES has argued, measures to grow the local economy should include ways to lock in economic growth and ensure that there is a self-reinforcing "double dividend" of local growth and social justice.²¹ Suburbs could also play an important role in rebalancing the economy. With often lower land values (and greater supply of land), they can support different types of firms – not least those in the traded sector, rather than the often service-led, non-traded industries of inner cities, as well as start-ups.

Successful suburbs are also more likely to be reliant on the growing local economies (as opposed to simply having wealthier residents). Fiscal devolution of business rates, for example, will mean local economies will form a critical part of the local tax base and investment in services and infrastructure. Moreover, it will continue to have implications for planning gain as well as different forms of local investment, such as tax increment financing – funding infrastructure through the potential uplift in values and therefore tax receipts. If growth is concentrated in inner-city areas, then these types of opportunities will not be open to suburbs (see section on business rates).

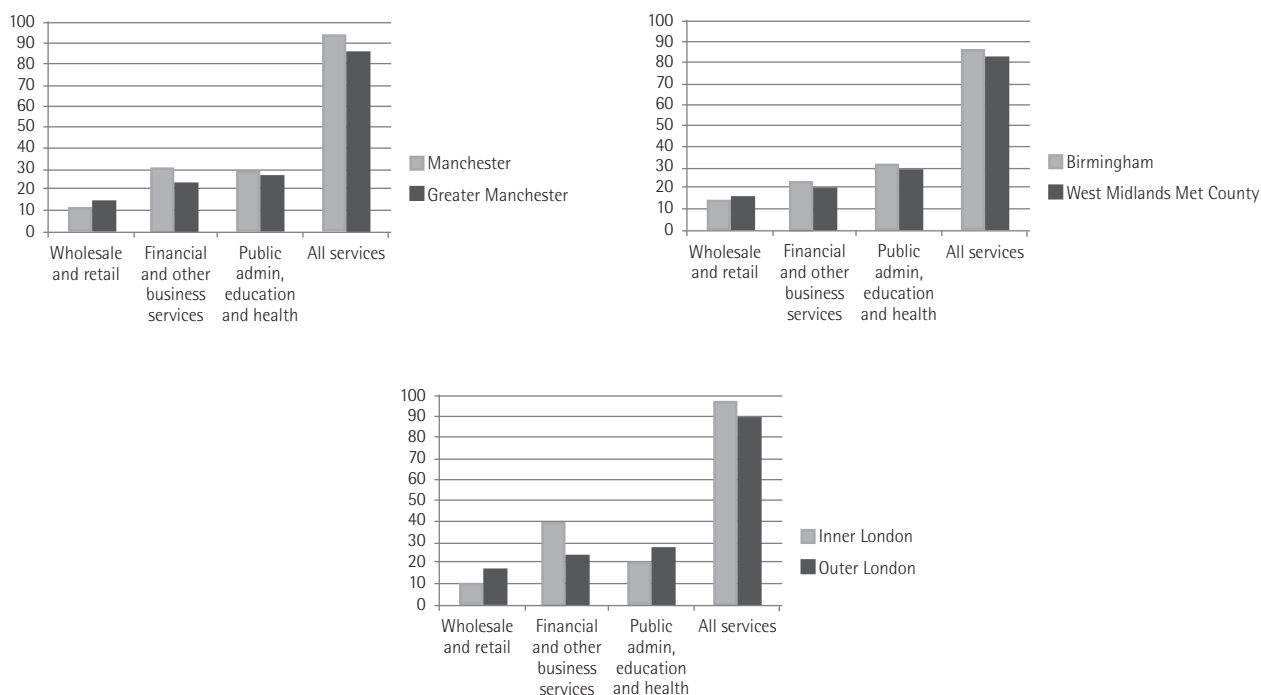
As outlined in the previous chapter, suburban economies are battling against the policy trend towards agglomeration. This is affecting the level of services provided in suburbs, including the suburban high street (which is important not just in terms of jobs but also the attractiveness of the place). The public sector too is a big employer, and the continued reduction in public spending threatens further disproportionate job losses. Without action to address relative weaknesses, suburban economies could well face further decline.

Reviving suburban centres

The suburban economy is not solely retail. However, retail is an important part of its economy. As the graph highlights, suburbs are more reliant on retail than more urban areas. And while a higher proportion of jobs are in finance and business services than retail, a fair proportion of this in suburbs could well be what most would term "retail" as it includes retail banking, travel agents, estate agents and high-street law firms.²²

Agglomeration, or the concentration of businesses in city centres, has not been confined to financial services. Retail is critical to major city-centre economies²³ and, alongside leisure activities, has grown over the past decades. As Sir Richard Leese (leader of Manchester City Council) recently commented, comparing the resurgence of central Manchester with 30 years

Employee jobs by industry



Source: Data from Nomis

ago: "The middle of town was a Monday-to-Saturday, 9-to-5 business centre. It went to sleep at 5 o'clock most days: outside those hours, it was dead. And it was in the same state of decline you saw in a lot of city centres at that time."²⁴ The increase in retail, entertainment and hotel work is also apparent in the data on the number of new part-time jobs in inner areas. Suburbs have therefore had to increasingly compete with city centres for retail trade and custom for leisure activities.

To make things more difficult, suburban centres and high streets have faced competition from out-of-town shopping – not least replacement of industrial sites with retail parks. While larger centres have managed to reinvent themselves, smaller centres have struggled. According to GLA Economics, research in London "showed that in general large town centres in London have outperformed small town centres in terms of retail employment levels and retail floor space growth."²⁵ More recently, Deloitte has suggested that firms are likely to focus on prime locations, owing also to the rapid growth of online shopping.²⁶

In this case, shifting jobs from suburban high streets to suburban retail parks might not affect the net job total in suburbs. However, it will affect the viability of town centres (according to London Assembly research, there are around 3,400 empty shops across the city, with the effect being felt most strongly in outer London, which has an outlet vacancy rate of 7.7%), and could impact the footfall for non-retail businesses on suburban high streets. Moreover, there could be potentially significant implications for particular suburbs. For example, research by information services company Experian has shown that areas with more shops, particularly chain stores, are more attractive

places. This can be seen in places where rents for retail have been stagnant, despite residential values rising.

Retail and shopping centres wherever they are located face the challenge of multi-channel shopping. The plight of the high street has been acknowledged by government. According to BIS, the number of town-centre stores fell by 15,000 between 2000 and 2009 and is now falling by over 2,000 a year.²⁷ The Portas review²⁸ and other initiatives, for example, have been aimed at helping centres adapt to the changing retail market, from online shopping to the preference for convenience.

As shopping patterns change, so suburban high streets will need to adapt. Large numbers of jobs are still in suburban centres, and even in London with its considerably sized urban area – compared with other English cities – the majority of town centres are still in suburbs.²⁹ However, failure to adapt and modernise will leave an important component of the attractiveness of suburbs under-performing.

Helping suburban town centres and high streets make the transition

The evidence shows how tough a time some high streets are facing. Most experts are predicting that differently sized clusters of shops will be affected differently, with medium-sized centres likely to feel the squeeze of different shopping habits.³⁰ There are, however, opportunities for such places to play a different role, with the offer shifting from retail to leisure services.

Given their importance not only to local suburban economies but also to ensuring places do not suffer from decline, making sure

the high street is vibrant and viable will be a critical component of success. To help places adapt to the changing nature of retail, as city-wide spatial plans are drawn up they should include forecasts of the likely impact on different places. Plans could also seek to co-ordinate efforts, to ensure that different places have complementary rather than competing offers.

For those medium-sized centres, funding from central and city government needs to be put in place to help them make the transition. This could include infrastructure changes supporting town centres to adapt by offering the right space and configuration needs, but also management, branding and marketing of places. It could also be used to support changes in use where there is little chance of all retail space ever being filled.

Supporting struggling suburban centres

Regenerating town centres may be a case of unblocking the barriers to investment, through innovative town management schemes and investment vehicles. However, for many suburbs, investment is unlikely to be forthcoming because values are low, propositions weak and the local market unable to deliver an adequate return.

If levels of poverty increase in suburbs and shopping habits change, then some suburban high streets could face serious problems of empty shops and struggling firms. To avoid a cycle of decline in such instances, city-regions should pay close attention to the changing inner-outer patterns.

People not only live in suburban high streets but they also create employment, especially for those with low skills or little experience. There is a need to make the best use of these assets and the economic potential of these areas, especially as city populations grow and issues with congestion increase. Leaving such places to decline (and for the state to pick up the cost through other public services, be it the criminal justice system or underemployment) would be short-sighted.

City-regions will need extra funds to support suburban renewal. Funding should support growth, but growth potential should not be the overriding determinant of investment. Funding should also support places struggling to adjust to ensure no suburb is left behind as well as meeting wider objectives around housing supply, transport and congestion. This will mean a degree of public investment to leverage in, de-risk and gap fund private investment. However, just as the transformation of urban centres was underpinned by investment to regenerate commercial and residential properties, the same will be needed in suburbs. Market forces alone are unlikely to deliver a sustainable "suburban renaissance".

Support for small firms

Despite concerns about "clone towns",³¹ a high number of independent, small firms is often not a sign of success. If medium-sized shopping centres become dominated by small shops and restaurants, additional effort may be needed to attract consumers to visit. Small firms are likely to lack the specialisms that larger outlets have in marketing. Local government

could look to support firms in improving marketing, including for the centre as a whole. This could be achieved by having more ambitious plans and additional support for business improvement districts, which are currently concentrated in large retail and leisure clusters.³²

Managing town centres

For town centres and high streets to effectively make a successful transition requires co-ordination not only between places but also within the centre. Providing a range of goods and services requires a degree of control over how existing space is used. It could also make asset management more efficient and make promoting the area and the consumer offer easier and clearer.

The British Property Federation, and firms like Peter Brett Associates LLP, are seeking to breathe new life into failing high streets by way of town centre investment management schemes, which attempt to overcome fragmented ownership by pooling assets and managing them as a single entity. Similar schemes should be piloted in a range of suburban locations to assess whether having a single owner has a positive impact. It may be more difficult to acquire control in these instances because of limited compulsory purchase powers. However, under the recent round of devolution deals, powers are being devolved which may make such changes in ownership easier. They could, for instance, help make investment more attractive. However, the feasibility of such initiatives may change depending on the site and local land and property values.

Distribution centres

Whilst efforts should be made to support the high street, trying to halt the onward march of online shopping is only likely to be counter-productive. With the shift to so-called multi-channel retail, far greater demand for distribution centres is expected. Suburbs have the opportunity to benefit from this, offering companies more affordable rents, easier road access and closer proximity to the majority of customers. This could provide additional jobs, especially for those with lower levels of skills.³³ Moreover, as online shopping has matured, there has been growing competition for fast delivery of goods. This will require different models to deliver goods within an hour, including potentially more distribution hubs. Such evolution suggests that suburbs will need to maintain smaller industrial and commercial sites. Suburban local authorities could undertake research into the likely requirement of such delivery hubs by major retailers over the coming years as well as the impact this might have on transport.

Beyond retail – the wider suburban economy

The suburban economy is only partly about retail. Suburbs have a long industrial heritage, from Ancoats in Manchester – the original industrial suburb – to the car plants of Longbridge in Birmingham and Dagenham in London. While manufacturing plays a much smaller part in today's suburban economies, suburbs are host to other forms of non-retail service industries, not least business services. In addition, the public sector remains a significant employer.

Individual suburbs are of course different and have different

strengths and histories. However, ensuring resilient and successful suburban economies requires more than one type of industry, and more than just retail. Moreover, a balanced and sustainable economy will also provide a range of jobs for people locally, not least supporting those locked out of the labour market or struggling to progress.

This requires suburbs playing to their strengths. Current economic thinking suggests that city centres offer benefits of agglomeration and firms will increasingly locate centrally. This seems evident in the data from the three city-regions on job creation. However, suburbs often have advantages, not least affordable family housing, greater space, access to other markets and lower rents for businesses.

Affordable commercial space

Being located in central business districts can offer firms greater talent to draw on and encourage innovation. However, clustering in industries doesn't have to happen just in city centres or at high densities. Successful clusters in IT, be they in the Thames Valley or the Silicon Valley, are not at ultra-high densities. Equally, advanced manufacturing hubs (e.g. in motor industry supply chains) are often located outside expensive central areas where space is limited.

Suburbs support a variety of non-retail and leisure businesses. As the economy grows there is potential in each city region for suburbs to build on sectoral areas of strength. Having adequate office and industrial space will be needed if suburbs are to attract companies to grow and locate in their area – and not centrally or to other places outside the city. For example, London's suburbs have lost ground to both central London and fast-growing towns such as Reading and Cambridge.³⁴ This is of course about more than simply having adequate space at a competitive price for businesses, but that is an important factor. As the data below from the three cities also shows, commercial properties are cheaper in suburbs, which offers a competitive advantage. But, they yield lower stamp duty rates compared with purchases. As purchases and prices are higher in urban areas, it suggests that private investment is higher, in terms of the modernisation of properties, and perhaps also more generally.

Higher-worth commercial properties in inner cities, more private investment?

	Proportion of city-region commercial purchases	Stamp duty on non-residential property	Population	Rateable properties
Manchester	30%	36%	19%	24%
Birmingham	82%	90%	44%	53%
Inner London	62%	84%	36%	58%

Sources: HMRC, *Stamp Duty Land Taxes* (2011-12) and VOA *Non-Domestic Rating: Stock of Properties* (2015)

While suburbs have the potential to offer firms space in industrial parks, they also provide office premises in town centres, which are often close to multiple transport nodes. Supporting,

encouraging and facilitating firms to make such a move could be part of wider plans to regenerate suburban centres. This could include developments with modern office space and providing additional housing at higher densities. To achieve such regeneration requires funding and control of existing assets (explored earlier in managing town centres and below in the section on intensification). Moreover, business services are reliant on buoyant demand from local businesses (i.e. for legal and accountancy services). And, it can play the other way, with office workers supporting shops and restaurants. As the Centre for Cities research shows, weekday footfall needed to support a high number of shops and restaurants is reliant on workers rather than just those there for leisure.³⁵

In addition to improving the commercial premises offer in suburban centres, there could be scope for a few major suburban hubs. As cities continue to grow and as problems with availability and price of office space and issues with transport heighten, there is an opportunity for suburban hubs to compete with city centres. Lessons could be learnt from the suburban centre improvement projects in Australia and the suburban campuses in the USA. This will only happen, though, with the upfront investment and improving local infrastructure.

City-regions could explore how they can each support polycentric models of growth, which areas have opportunity to grow and what support they might need. This might require special area status to boost powers, and development or management corporations to deliver a coherent plan and transport links which support orbital rather than simply radial routes. While not straightforward the prize is more jobs for local people, including those on lower incomes who find commuting long distances prohibitively expensive.

Suburbs should also be ambitious about the kind of firms they can attract. Efforts should be made at a local and city-region level to ensure former industrial sites are available for commercial purposes.

Change of use

For suburbs to attract businesses, commercial properties obviously need to be available to lease. However, to help support the growing demand for housing, the coalition government amended planning regulations permitting the granting of new development rights, which included the change of use from office to residential. This move has been criticised for eroding the stock of office space, increasing commercial rents, and reducing the viability of business centres and therefore undermining local economies.

Some suburbs may well wish to manage the decline in retail space and increase housing in town centres. However, the main concern has been the unplanned nature of change of use, which could undermine the viability of town centres with pepper-potted dead frontages.³⁶ Moreover, the loss of office space affects the viability of town centres, with weekday footfall for retail dependent on workers, not just those there for leisure.³⁷

The impact of these changes has differed according to place.

When first proposed, Savills showed that it was only worthwhile converting where residential property prices were high and the gap between office and residential prices wide, because of the cost of conversions. Therefore, the policy was likely to affect places in the South rather than in Birmingham and Manchester.³⁸

But beyond regional differences, there have also been subregional differences – not least between suburbs and inner cities. Certain key business areas of inner London and central Manchester have been protected from the change. Moreover, the way the market has responded has also differed. A report by London Councils highlighted the loss of over 800,000 sq ft of office space. The report also highlighted that outer London was particularly vulnerable to losses, because of the differential in office and residential properties. This, they stated, meant that “in outer London in particular, a critical mass of office accommodation is being lost, reducing the viability of economic centres and the availability of neighbourhood office accommodation such as dentists’ surgeries.”³⁹

Despite the recent decision to extend the change in permitted development/conversion rights indefinitely, it seems unwise to continue with a policy which undermines efforts to grow suburban economies (which are often most affected). If house prices rise as predicted, then the financial incentive to convert could spread from property hotspots to other areas and to more suburbs. Given the impact this is already having in some areas, the specifically local impact it will have, and the government’s commitment to devolution, it would seem wise for city-regions, as part of meeting their spatial plans, to have greater discretion. This would help support business to grow and create different forms of employment offered more centrally.

Encouraging home working

While commercial premises are important to local economies, so too are the rising number of home workers.⁴⁰ The nature of home working varies greatly, from those meeting clients elsewhere to those based solely at home. In addition, there are also those who work from home part of the week and in an office the rest of the time.

Supporting home working in suburbs could play a role in local growth. While data on home working is patchy, it is more common place in less dense regions and therefore could be more present in suburban areas than in city centres. Moreover, encouraging home working could be a way of reducing strains on the transport system and could help increase footfall in suburban centres.

There is a case for government to undertake research into the geographical impact of home working, not least in suburban economies, and the impact that hubs might have. This could shape decisions locally about whether there is a market for suburban hubs to support home working; in particular, what kind of home working is prevalent and what the needs are.

If there is a local market, councils should explore facilitating the provision of meeting rooms and suitable workstations for home workers. Such business hubs could also provide business support

services. Councils could look to work with private partners, perhaps using redundant public buildings or supporting efforts to convert disused retail space for such purposes.

Improving the suburban skills base

Suitable premises for business to locate are essential to growth, but so too are skills. Education and skills training are vital, as are colleges and universities, which attract and train people as well as supporting innovation.

Despite this, many suburbs have lower levels of skills than inner areas, and the primary universities in cities are located close to (or within) city centres. City-regions should focus on how research and higher education institutions based in suburbs can support local growth, as well as how to make the most of those located centrally.

Local enterprise partnerships are now examining the skills needs of local areas. Efforts should be made by LEPs to ensure their economic strategies and programmes match potential skills needs, to support growth of businesses in suburbs. Moreover, there is a strong case for exploring what support is needed to provide training in suburbs, so that residents are not left behind by more qualified urban neighbours. Evidence suggests that reducing the number of people with very low skills is important for growth.⁴¹

More generally, struggling suburbs should also be seeking to attract skilled workers through their offer beyond the labour market. Suburbs can play to their strengths by offering affordable – family – housing, which inner cities cannot provide, as well as a strong public services offer, be it transport or local schools. This shouldn’t be seen as re-gentrifying suburbs, but as ensuring a healthy local economy and skills pool, and a way to ensure suburbs do not suffer long-term decline.

Public services

Supply-side measures to improve skills should be complemented by demand-side interventions, not least around how public services can better support growth in struggling suburbs. Public services already play a major role in suburban economies, accounting for over a quarter of jobs,⁴² but could do more.

If devolution deals hand down greater powers over public services, there could be value in exploring how cities can support growth in struggling suburbs through (re)location of public services. Besides supporting local growth, this could be more cost-effective, thanks to lower land costs. Suburbs could also explore how town centres could be clustered to support greater collaboration with universities and further education colleges.

Public sector procurement is seen as important to boosting local growth. Suburban local authorities should examine how they can work with public-service partners to use procurement to alleviate poverty in their areas, extend local employment opportunities and reduce stress on services.⁴³ This could have a greater impact in suburbs, in which public services play a more important role than inner-city areas.

Growing the suburban economy and business rates retention
 Local economic and business growth is set to become more important for struggling suburbs. The government's devolution agenda to date, including combined authorities and city-regions, has concentrated on powers and delivery of public services. However, business rates have been the one area where there have been tentative steps towards fiscal devolution. This is set to continue, with the chancellor, George Osborne, promising full retention of all £26 billion of business rates by 2020. While the full details of this plan are still unclear, it could have serious impacts for suburbs – particularly poorer ones.

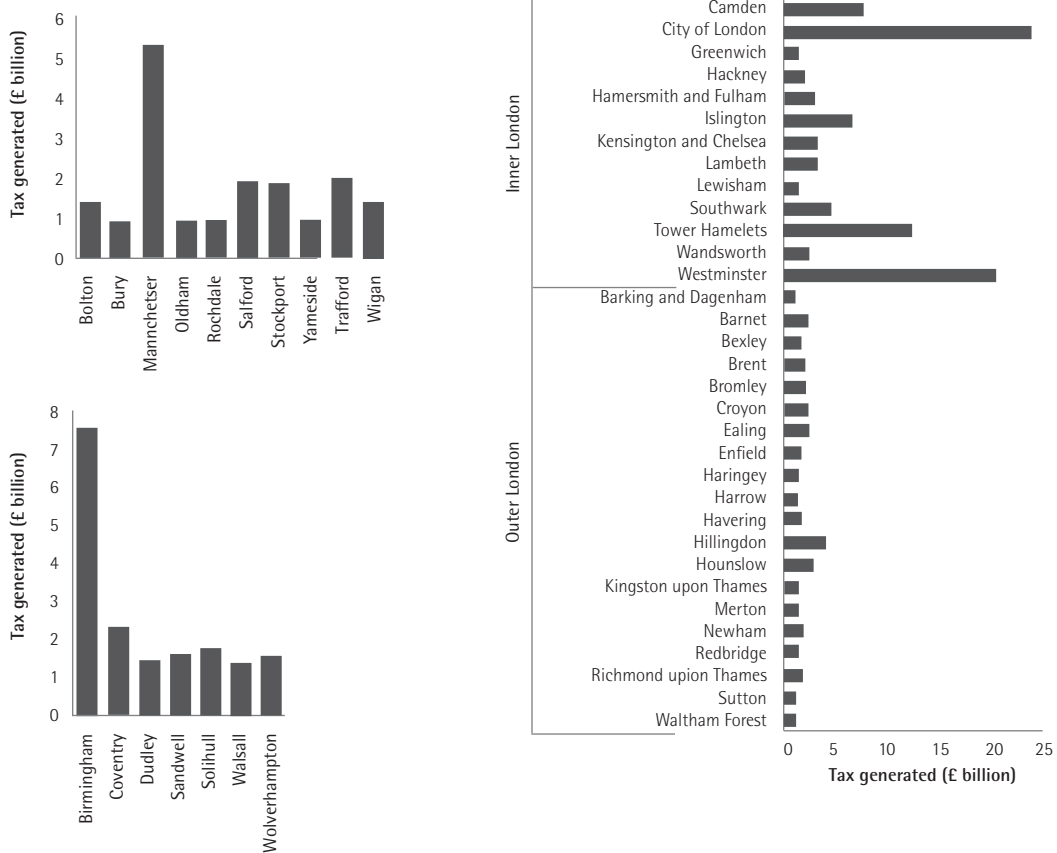
When first announced there were concerns that full-retention with additional spending cuts would exacerbate differences between winners and losers – between poorer areas, with fewer businesses and more demands on services, and richer areas, with the reverse. This was mainly seen through the lens of poorer parts of the country (towns and regions), rather than within regions. However, it will also affect suburbs and city centres. As highlighted earlier, in the labour market section, jobs and businesses are more concentrated in inner areas. Moreover, central authorities within larger cities already have higher concentrations of businesses. This will be reflected in the tax take of different authorities, highlighted below.

This inequality and unevenness in tax take could easily become self-perpetuating. With less money, poorer suburban authorities will struggle to support business growth and could have larger welfare and public service bills as a result of a relatively weaker economy. To make matters worse, under plans to abolish the uniform business rate, councils can lower rates to attract firms. Indeed, the chancellor stated that “any local area will be able to cut business rates as much as they like to win new jobs and generate wealth”.⁴⁴ If successful areas lower rates to attract business, this could come at the expense of poorer suburban areas. They could end up in the unenviable position of having relatively higher rates or cutting services.

Despite the moves towards collaboration within city-regions, business rates could be a source of deep contention. Decisions about spatial planning and transport investment being devolved to city-regions will certainly have implications for tax revenue at local authority level. Similarly, decisions about investment will be critical to both growth and potentially to the quality and scope of council services. Furthermore, the LGA has highlighted the risks for local authorities reliant on a few firms for business rates revenues.⁴⁵

The impact of the retention of business rates should be explored at a city-region level once the plans are fully set out. There

Tax raised within the three city regions



Source: adapted from Centre for Cities

could, for instance, be a strong case for co-ordination of business rate setting at a city-region level to ensure there is not a race to the bottom; and to ensure that spatial plans, especially those designed to spread growth across the city-region, are not undermined by business rate policy at a local authority level. Alongside co-ordination, there is a case for pooling of some resources. This would reduce risk, but would also help ensure that city-wide plans can be met. This is permitted and happening in some instances⁴⁶ and could happen across city-regions.

Such approaches could help ensure suburbs, particularly poorer ones, do not fall behind. However, such deals are reliant on all local authorities agreeing. Wealthier inner areas could have the upper hand in such discussions, and would be under no obligation to find agreement. Nevertheless, the importance of suburbs to cities and the economy cannot simply be measured in business rates for individual localities which serve different purposes. Leadership at a city level (including the new metro mayors) will have to make the case for fairness and burden sharing to deliver their vision for the city and its hinterland.

Connected suburbs

The growth of suburbs is in many respects the history of transport advances. From Metroland and the Metropolitan Railway to the post-war suburbs and mass car ownership, transport is an essential part to connecting suburban residents to jobs and suburban industries to markets.

For suburban residents, good connections to city centres is becoming more important. The previous section highlighted the way in which many more jobs have been created in inner cities. This concentration of jobs presents major challenges for suburbs and their residents.

Many of the jobs created in inner areas have been low-skilled, low-paid and often part-time roles. For the increasing number of low-income suburban residents living in outer areas for housing reasons, the transport costs alone make accessing these jobs uneconomic. For example, a week's season ticket on a train from a leafy area outside Greater Manchester can be around £28 – making minimum-wage jobs unappealing, especially when benefits are reduced and if the role is part-time (20 hours of work at the minimum wage is £134 per week), or has irregular hours. Equally, in some suburbs the only reliable mode of transport is the car, which can be beyond the means of those on the lowest incomes. So while the local economy is essential to providing employment opportunities, and data suggests most people work close to where they live, affordable transport is as well – in London around 160,000 lower-paid workers commute from outer London to the centre.⁴⁷

Transport matters not just in terms of access to employment, but also the amount of leisure time people can enjoy. Those who travel longest have higher median earnings.⁴⁸ However, long commutes are not confined to executives travelling in from commuter villages beyond city boundaries but also those on low incomes taking multiple bus journeys across town to clean offices.⁴⁹ In many places bus services are not just slow but can be some distance from housing, and infrequent. Long commutes

affect free time, but as the ONS has shown they are also associated with lower levels of life satisfaction and happiness, and higher levels of anxiety.⁵⁰

As cities grow, getting transport right is essential in ensuring that suburbs are not cut off by congestion. Unnecessarily long commuting and congestion more generally act as a significant drag on local and national economic growth.⁵¹

Nevertheless, the dominant transport mode is still the car. While in London around half of those travelling to work use public transport, and only one in three use the car, in other major cities the car is still dominant. For those living and working in Birmingham, the main mode of commuting is the car – around half, with 20% using the bus and 10% walking.

In some cities the proportion of journeys by car is in decline. However, as cities become larger the absolute number of car journeys is not.⁵² This is placing considerable pressure on roads, and also affects bus services.⁵³ Moreover, the increase in passenger numbers places pressure on public transport, with overcrowding on peak time services.⁵⁴ Transport plans across the country are grappling with increased congestion and how to encourage people to move from private to public transport to ease the strains on the road system. This modal shift is often difficult to achieve in lower-density suburbs, where there is often hostility to curbs on private car use. Nevertheless, change is required to avoid some suburbs being cut off by congestion or high transport costs.

Reducing congestion – the suburban case for congestion charging?

Tackling the problems of congestion will be a critical component of a suburban renaissance. Overcoming the problems of congestion outlined above, for instance, will in part determine the future attractiveness of struggling outer-city neighbourhoods. Easing the pressure on roads and reducing the reliance on the car could paradoxically therefore be good for city suburbs (where it is feasible).

To support any modal shift, suitable alternatives are required (examined below). But so too are disincentives to driving. In an economic sense, the true price of driving is more than that covered in the road taxes. The cost of driving, for example, excludes the negative externalities of overuse. By driving at peak times drivers are slowing others down, which comes at an economic price (not to mention the social and environmental costs).

While making theoretical sense, user charging for roads remains a controversial topic. Although never likely to be universally popular, neither are longer commutes and journey times. This does mean, however, alternatives are needed to ensure it is not perceived as a tax on suburban residents and that funds raised are spent on transport improvements. Furthermore, the business community is only likely to be amenable to the idea if alternatives are available before, and not after, the introduction of road user charging.

To make this shift, the option of extending or introducing congestion charging (or workplace parking levies) will hang over the debate. Ken Livingstone introduced congestion charging but faced huge opposition, and its extension was subsequently abolished. Greater Manchester famously lost a referendum to introduce congestion charging, with only one in five in favour, and higher levels against it in outer local authorities.⁵⁵ More often, because of the politically contested nature of road user charging, local authorities and transport authorities look to discourage driving through reducing road space in favour of pedestrians, buses and cyclists, and introducing parking restrictions or policies to make long-stay commuter parking less attractive.⁵⁶

Nevertheless, there is a strong case for introducing road user charging. While the benefits can often be felt by those in or closest to the congestion charging (for example, reducing pollutant levels), evidence from London has suggested that reductions in journey times has also benefited those in more suburban areas.⁵⁷ Furthermore, the congestion charge has raised revenues which can be reinvested in bus and public transport services. Such services can help provide a less overcrowded service, improve reliability and further reduce congestion.

Car use

Despite the case for congestion charging it remains a divisive issue, especially for suburbs, which are reliant on car use. Moreover, attitudinal research by the LSE into transport preferences in London and Berlin highlighted strong associations between the car and living in outer or suburban areas.⁵⁸ While wealthier suburbanites may be least amenable to using other modes, other groups adopt a more pragmatic approach to transport. With such groups better services are needed to promote other transport modes, and will be vital if congestion charging is seen to be fair and not simply about raising revenue. Efforts where possible should be made to understand and tailor the transport offer of those using the car. Moreover, it will be important to support public transport for younger people, who are increasingly finding it expensive to own and run cars.

However, attitudes to car use will be hard to change and even in a city environment some suburbs are not suited to any other transport mode. Focus on changing the transport environment should therefore be concentrated on suburban centres, alongside efforts at intensification. This would leave others free to live in less accessible parts of suburbs where car use is essential.

Improving suburban public transport

The challenge of providing high-quality public transport is more difficult in areas with lower density levels. Without the critical mass, routes can be financially unviable or require significant levels of subsidy. This can make frequent bus services difficult to operate in suburbs, and make it harder to support orbital routes connecting suburbs with each other.

In the areas this report has examined, density is relatively high for UK standards. Even in Greater Manchester (the city with the lowest density of the three), population density is four times the English average. Nevertheless, changing behaviour

is challenging, not least as government support for public transport has been scaled back and services withdrawn.

More positively, cities are continuing to grow. This is fastest in inner cities (and London) but even in suburban areas there have been solid levels of population growth. If this continues theoretically it should support better public transport through the fare box. This of course depends on the public appetite to change transport modes and the quality, price, safety and frequency of the public transport offer. Getting this right will be critical to ensuring that suburbs remain attractive places to live.

Compact cities and public transport

"Compact cities" is a term used to describe an urban area which has high densities, mixed-use development with walkable neighbourhoods, and good public transport. Research by the University of West of England has suggested that higher-density suburbs could improve access to bus services as well as to rail and underground services (even if they remained relatively low). Moreover, the research found that "the walkable mixed-use neighbourhoods would be more capable of supporting a sustainable public transport system, with higher levels of walking and cycling". The research also highlighted additional benefits to local centres and the potential for improvements in social capital and community networks.⁵⁹

Integrated transport

One of the big differences between the transport offer in London and the other two cities examined in this report is how integrated the public transport system is in the capital. Travelling from one side of London to the other is easily achieved with an Oyster card, and instant travel information is free and easily accessible. While concerted efforts have been made elsewhere to offer a similar smart ticketing system (e.g. Greater Manchester's "Get Me There"), deregulation of the buses has meant there are no single price points between operators, making a single card hard,⁶⁰ if not impossible, to introduce. Furthermore, it makes commercially sensitive real-time information private rather than public. Again, this limits the use that technology can play in improving travel information, experiences and times.

Cities have bus reregulation in their sights and are looking to emulate the TfL model. It is interesting to note that while bus use in London has increased over the last 30 years, it has halved in metropolitan areas.⁶¹ The government's proposed Buses Bill, to make bus regulation easier, is welcome. In the face of opposition from operators, government should press ahead quickly to give cities the powers to have a fully integrated transport system. This should help enable a better transport offer for those in suburbs who make multi-modal commutes to work each day.

Regulation could enable transport authorities to explore the feasibility of cross-subsidising routes (by grouping profitable and non-profitable routes in tenders), in order to deliver routes in poorer and more isolated suburbs. It could also support better connections between suburbs, helping to support integration between different modes rather than running routes straight from suburbs to city centres to maximise profits (rather than the sustainability of the whole transport system).

Orbital and radial routes

Supporting suburban job growth, rather than connecting suburban residents to jobs in the city centres, will require greater support for orbital transport routes. Many journeys between suburbs are now made by car. Relieving pressures on suburban roads could in part be achieved by improving orbital transport. This may involve big-ticket infrastructure investment, but could help unlock new housing and support businesses in suburbs. While the current focus on transport spend is on iconic infrastructure projects connecting cities, there could easily be popular appeal in investment in city schemes which better connect up suburban economic hubs. This could range from light rail to buses.

Bus use

One of the easiest, quickest, cheapest and most socially progressive transport policies available to local governments is increasing and improving bus services. Unlike train lines, adding bus routes requires minimal investment in infrastructure and takes little time. Moreover, it is also the mode used most by those on the lowest incomes, precisely because it is cheaper than other forms of transport. Thus additional services increase the mobility of those on lowest incomes.

With the trend towards increased levels of poverty in some suburban areas, bus access will be critical to enabling people to find work and use services. As set out above, the reliability and speed of buses are in part constrained by road congestion. However, service levels and the number of routes are critical to those living in suburbs. Despite this, the number of bus journeys in metropolitan areas outside London has been in decline over the last decade.⁶² Census data also showed that bus journeys even in London have been falling as a proportion of journeys to work (with the exception of Manchester), often falling at a faster rate in suburbs.⁶³ Moreover, levels of subsidy on bus services have been reduced in the majority of local authorities. For example, in Greater Manchester, bus subsidy for supported services has been cut by 15%.⁶⁴

To support those on lower incomes, but also to reduce levels of congestion, more bus routes and journeys are needed. Given the growing levels of job creation in city centres and the impact this has on traffic levels, action needs to be taken to ensure congestion and access do not become significant constraints on growth.

Equally, local funding through congestion charging could help support additional subsidies. While in theory it is passengers, rather than companies or routes, that are subsidised, in practice the additional support given to passengers can support the fare box needed to make a route financially viable for an operator. It is also worth noting that in London, where TfL has control over prices, fares have risen at a slower rate than in other metropolitan areas.⁶⁵ Measures which support increase bus patronage can also help buses to be less reliant on subsidy (subsidy per journey in London has fallen⁶⁶) and increase levels of investment.

Another way to ensure a fair deal for those on lower incomes

looking to work in clusters of employment at the centre of cities is through fair pricing. For those on lower incomes, commuting to city centres can involve taking more than one bus route. Local authorities and transport authorities should consider the means of funding bus fares which cover certain distances (rather than the number of buses taken) or that cover a period of time. In London, new mayor Sadiq Khan MP is proposing unlimited bus journeys for an hour for a set fare.⁶⁷ Such ideas could help alleviate the cost pressures faced by low-paid workers living in the suburbs, although in some parts of London the commute will be longer. They are of course not cost-free. However, investment in buses is essential to providing employment opportunities.

Presumption in favour of walking and cycling in suburban areas

Reducing congestion and supporting use of public transport can be encouraged by policies which promote walking and cycling. The way roads and new development are designed and the number of cars that can be designated for each new housing unit can support walking and cycling. While cycle hire schemes might not be realistic in all low-density areas, there is ample scope for improving and introducing designated cycle lanes on major suburban roads and in town centres to ensure the safety of cyclists. And plans to increase cycling should be focused as much on replacing short journeys made by cars in suburbs as commuter trips through inner cities. Plans should also target improving journeys to train stations, to reduce peak-time car journeys and support public transport.

Cycling in Copenhagen

Copenhagen demonstrates that commuter patterns can change. After the second world war car use grew as people moved to the suburbs, even though a suburban train system was built. And by the 1970s cycling was at a low. After pressure from citizens and cyclists, efforts were made to provide dedicated bike lanes (there are now 390km of them), green routes for quieter journeys and to more generally strengthen the commitment to cycling in municipal transport planning. The city pioneered free city bike hire (although it is now a rental scheme). This was supported by other policies, such as not increasing parking spaces and dis-incentivising road use through charges and taxes. Further changes have been made, including a Cycle Super Highway that gives cyclists a safe, smooth ride and eliminates as many stops as possible, connecting the city centre with the suburban town of Albertslund, 22km outside the city. So, even though, like most cities, suburban residents form a significant part of the city's workforce, many cycle in safely, take bikes on trains or leave them at stations.

Sources: Potts, G, Falk, N and Kochan, B *London's Suburbs: Unlocking Their Potential* (Urbed, 2007) and <http://denmark.dk/en/green-living/bicycle-culture/>

Revisiting 9-5 travel

Ensuring a critical mass of passengers is essential to delivering a reliable and cost-effective public transport system. However, on some routes from the suburbs into cities, there is little scope for additional capacity – at least in the short to medium term. To reduce overcrowding on public transport and help ensure its popularity, city-regions should consider offering incentives

to travel at different times. If the West Midlands and Greater Manchester gain control of travel franchises (as London has), this should be feasible. Discounts or money back could be offered on season tickets if a certain number of journeys were taken outside of peak travel times.

This could encourage businesses to allow employees to work more flexible hours – with the additional potential productivity gains of a workforce that is not stressed and distracted by the commute before they get into work. While not cost-free to a transport authority, there could be gains in reducing pressure for additional infrastructure investment. Equally, encouraging schools to stagger starting times slightly could help to ease overcrowding on buses.

Smarter suburbs

If the history of suburban development is a history of transport changes, then we would expect suburbs to change again as further advances are made. Smart ticketing and real-time information are already realities in London. Future advances could further improve the travel and passenger experience. This should include support for seamless multi-modal options – using one payment point to hire a bike or car, pay for bus or pick up a cab. Moreover, it is possible with existing technology to book a parking space, which could reduce needless congestion and unnecessary time spent looking for somewhere to park. In the future smarter (and smaller) cars could also help reduce congestion. If the electrification of all transport modes becomes a reality in the not too distant future (as appears likely), then infrastructure will also be required to meet the power needs of cars and buses, not just trains.

To prepare for the future, government should consider piloting schemes in suburbs to examine how smarter suburbs might work in reality over the coming decades and to inform (and future-proof) transport decisions.

Housing in the suburbs

Of all the characteristics of suburbs, it is perhaps housing which most defines it and marks it out from urban or rural spaces. The rapid growth of suburbs was supported by a favourable policy environment, including investment in new physical and social infrastructure to support new affordable homes to rent and buy. Indeed, suburban housing in both form and tenure was (and remains) exceptionally popular.

Suburbs offered those who could afford the transport costs to work the opportunity to live in a home with more floor space, more garden space and more green space beyond the home, but also in locations accessible to work and services. The waves of people moving to suburbs reflected the growing prosperity of different groups; from the upper middle classes to the newly built Victorian suburbs, inter-war sprawl for the lower middle classes to post-war social housing estates in industrial suburbs. In contrast to the cities, suburbs offered safer environments, better schools and better housing. Moreover, suburbs also offered people the opportunity of becoming home owners. Indeed, suburbs are arguably as linked in the popular imagination with home ownership as semi-detached houses.

The new housing offer in suburbs was made possible by the abundance of land available to develop, but also supported by investment in transport, notably road and rail. The state also supported home ownership, making suburbs financially attractive places to live. Mortgage Interests Relief at Source – MIRAS – heavily discounted home ownership. Such subsidies effectively supported suburbs (where the tenure was largely private ownership, and rent controls hampered the private rented sector). Inner cities did receive public support, but it was dominated by investment in increasingly unpopular high-rise council housing.

High levels of owner occupation, state support and wealthier residents meant that suburbs were by and large able to sustain themselves. Private money was spent ensuring that homes were looked after – almost certainly suburbs' largest financial asset. This contrasted with social housing, where a lack of investment from the state as well as low rents meant chronic underinvestment in maintaining the housing stock.

This picture of housing by place has in the last 20 years started to change, as shown in the previous section. New-build in suburbs and inner-city areas looks more similar than in the past, at least in terms of tenure. The right to buy has meant that mono-tenure estates no longer exist, and has radically changed the levels of social housing in urban areas. Over the last decade home ownership levels have declined significantly, meaning a far more varied tenure mix in city suburbs.

Furthermore, the reduction in social housing has meant that the growing private rented sector has picked up the slack. House prices have grown fastest in inner-city areas, making it less affordable for people on lower incomes to live there. And the switch from social to private housing in inner cities has meant that there are relatively more homes available for wealthier households. At the same time population growth has far outstripped the growth in the number of new homes (especially in major cities).

While these trends differ by place, they suggest a far different housing market emerging. It also suggests new challenges that suburbs are likely to face: will investment in the housing stock, for example, change as owner-occupation is replaced by private renting? How will the housing stock be affected if residents have relatively lower incomes? What role will suburbs need to play in helping cities meet growing demand for more homes? What kind of housing regeneration schemes will be needed in suburbs? Can suburbia revive the dream of home ownership? And what role does housing in suburbia play in ensuring prosperous and liveable cities? More generally, the key question for housing policy aimed at suburbs is: how it can support a broader vision and plan for a suburban renaissance in struggling areas?

City-region plans – having a joined-up plan for the suburbs

Renewing our suburbs will depend on having strategic plans for them in the context of wider city development. Until recently, this was only possible in London. However, combined authorities offer an important opportunity for cities to set out how existing

land can be used to meet future need and plan for the future. The London Plan will now be joined by the Greater Manchester Spatial Framework. If there is to be a suburban renaissance, these plans will be a critical component to outlining a vision and coherent strategy for suburbs, which includes access to transport and jobs.

London Plan

The responsibility for strategic planning in London is shared between the mayor and the boroughs. When the GLA was established, it was a requirement for the mayor to produce a spatial development strategy, which has become known as the London Plan. Local authority developments have to generally conform to the plan.

The plan provides an overall plan for London, providing an "integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years". It includes spatial aspects of transport, economic development, housing, culture, social infrastructure and environmental sustainability from other mayoral strategies and documents. It also provides a framework for land use and development and planning. The plan has to take into account economic and social development and improvements to the environment.⁶⁸

Identifying areas for increasing densities

Clearly the opportunities for such development differ according to densities, land values and difficulties with land assembly. City-regions should also therefore undertake an assessment of which suburban areas would be best suited to intensification, including of existing stock. This could shape plans for densification accordingly, as well as provide enabling investment. Moreover, cities could also use them to identify possible intensification zones (see below).

Delivering new homes, increasing densities

The increase in housing demand (and need) in the three cities will mean that suburbs, alongside inner-city districts, will need to build new homes or face the social and economic consequences of under-supply.⁶⁹

The choice suburbs face in looking to meet housing demands is whether to build new homes in existing residential and commercial areas, or to build out, creating new suburbs (urban extensions). Both options remain highly controversial. But building new suburbs at low densities will undermine efforts to help people move from car to public transport, potentially increasing congestion for all car users. There are also limits to the number of homes that can be built. Greenbelt regulations, for example, mean new housing will have to be, for the time being, delivered on brown and greenfield sites.

Plans to deliver additional homes by increasing densities in suburbs can be criticised for undermining the very nature of suburbs and what makes them attractive in the first place. Such concerns cannot be ignored, and councils have set out guidance for protecting areas against inappropriate building. However, increasing densities are likely to be required, which can have

benefits or new and old residents alike. Delivering new homes in suburbs could both help relieve pressures for more housing and increase the sustainability of cities. More compact cities can, as discussed, help poorer residents by supporting better public transport services.

New homes at higher densities, which are actively planned for, could arguably help limit conversions of suburban family homes into flats where such changes and intensification of housing use is not appropriate for either the housing stock or for the area – that is, housing isolated from public transport, local services and jobs being converted to house those on lower incomes.

Eco-Viikki

Helsinki is turning itself into a compact city in order to combat urban sprawl and car dependency. The city's new developments (in places such as the eastern suburb of Vuosaari and Western Harbour) concentrate development around transport nodes and seek to link jobs with living areas. Around half the housing is "social", and there are no gated communities. The most adventurous scheme is Eco-Viikki, which lies some 8km from the city centre. It is one of the largest sustainable suburban neighbourhoods in Finland, housing 6,000 residents. Eco-Viikki has low pollution levels and gets its energy from solar panels. It also has numerous recreational areas, connected by pedestrian and cycle paths. There are other communal places, such as saunas (wood-fired) and shared laundries, that save energy and bring people together.

Source: Urbed and City of Helsinki

Minimum density on new-build

Ensuring densities is vital to meeting housing demand and need and creating more compact cities. To help increase densities, combined authorities should consider introducing city-wide targets on density, adjusted for type and location of places. In London, the GLA's density matrix, for instance, gives places a range to encourage intensification of land use, and a similar model could be adopted elsewhere.

This could help ensure that development on existing suburban land is efficiently used and supports better public services (not least transport). As Savills has demonstrated in London, there are significant opportunities to meet some of the growing housing demand within suburbs and often close to transport nodes. There is also potential to explore how infill could help increase density. Furthermore, higher densities can be achieved through a range of means.

Flats (mid-rise) may be appropriate in some suburbs, near suburban centres, to meet the rapid growth of single households. But such developments are unlikely to be suitable or popular in large parts of suburbs, and nor do they meet the different housing needs of a city's population. In such cases, houses will remain the form best suited for new-build in suburbs. However, efforts should be made to ensure that these homes are built at density. For example, garden cities have higher densities than the suburban semi, which has higher density than executive homes.⁷⁰ New-build should therefore look at achieving densities

by building smaller houses, increasing heights (three rather than two floors for larger homes), and other design methods to maximise land efficiency.

Intensification of existing stock

Increasing densities can also be achieved through more efficient use of land currently used for commercial and residential purposes (especially places close to transport nodes). This can help increase the supply of new homes, increase economic opportunities and help support more sustainable places.

Local authorities and city-regions should look to work in partnership with both public and private agencies to assemble the land required for redevelopment. This could be found in buildings inefficiently used for commercial purposes and in public land, especially around and above rail stations, as well as existing residential stock.

Acquiring land already in use would in all likelihood require greater compulsory purchase powers. Government should consider allowing greater freedoms for cities to increase densities, perhaps in designated suburban areas. Designated zones could also have higher density limits and greater freedoms over building on existing garden space.

None of this is cost-free, not least compensating existing owners. However, incentives to improve the public realm will need to be provided if cities and central government are serious about improving our suburbs. This could include borrowing against future tax revenues to pay for the initial costs of development – more viable where land values are high and rising. In other areas grant funding would most probably be needed. However, the levels of public investment required may not need to be considerable, because land and property values are lower (and would also depend on levels of affordable housing).

There could also be merit in exploring how existing private housing stock around transport nodes could be used more efficiently, not least the use of garden space. This could provide a financial return for owners as well as improving sustainability (see below). However, the public and some politicians can be vocal in their opposition to so-called "garden grabbing"⁷¹ Given the significant potential in the idea, government should work with local authorities, cities and local people to explore what forms of intensification might be acceptable and what would be needed to permit and encourage intensification, while also safeguarding what is dear to local, suburban residents.

Piloting intensification

Government could consider the case for supporting small pilot schemes for increasing densities. Such schemes could assess the impact on housing, sustainable growth of cities, including local growth, increases in jobs and impact on congestion. The pilots could also help assess whether there would be value in creating a much more ambitious fund to support increased housing supply in suburbs, which may not be possible purely through joint ventures between local authorities and commercial partners. Such pilots would also raise awareness of what may be viable and highlight good practice. If successful,

government should introduce a funding pot (devolved where appropriate) to encourage the intensification of suburbs to help meet housing targets and encourage sustainable growth. Pilots could include both the intensification of commercial or public land, as well as land currently used for housing.

Supurbia

In their project "Supurbia", architects HTA outlined how the intensification of suburbs could work. One of the main problems with trying to increase densities in suburbs is that freehold land is not only privately owned but owned by a myriad of individuals (i.e. home owners). They have calculated that in London, if 10% of semi-detached stock in outer London was fully occupied, a further 100,000 people could be housed. If these owners utilised their full entitlement or permitted development rights, this could contribute the equivalent of around 6,000 homes. And redevelopment of poor-quality semis at double their existing densities could produce an additional 20,000 homes each year.

The project set out ways in which existing homes and private land could be better used, and the appropriate transport hubs needed. HTA's calculations have also shown that individual households could achieve significant financial returns from development, involving compulsory purchase of land. This could help contribute towards meeting housing demand and creating more sustainable suburbs, supported by investment in the surrounding public realm.⁷²

Striking the right balance – types as well as numbers

Some local authorities have planning guidance for suburban development which is distinct from other areas. For example, Birmingham council has "Mature Suburbs: Guidelines to Control Residential Intensification", which aims to strike the right balance between densification and retaining the character of suburbs – not least in terms of design standards.

Striking the correct balance is important to ensure the right mix of homes are being built in a city. There have been concerns that densities, if too high, will deliver fewer family homes than required and discourage new affordable housing.⁷³ While largely affecting central areas, intensification in suburbs should blend higher densities in town centres and around rail stations with the next generation of family homes, at lower densities.

Intensification before greenbelt use

There has been growing emphasis on re-designating parts of the greenbelt to develop new, much-needed housing. Before this should be considered, councils and city-regions should have to prove that all existing land has been used, and that land is efficiently used, including in suburbs. This could act as an incentive to increase densities, with the promise of additional land for building down the line.⁷⁴

Planning guidance

At present, there is no national guidance for suburbs. The National Planning Policy Framework mentions urban and rural areas, but it makes no specific reference to suburbs. The Planning Practice Guidance also fails to mention suburbs. While the framework and guidelines for urban areas are often

relevant to suburbs, it may be worth exploring whether it would be beneficial to have additional planning policies and guidance for suburbs. This could include how intensification might be delivered without adversely affecting the feel and character of the suburban environment and how planning can support economic growth in a suburban environment – beyond just retail.

Renewing the dream of home ownership

Suburbia remains, in the popular imagination, intimately tied with home ownership. In the three city-regions, home ownership remains the majority tenure. However, recent years have seen a decline in home ownership, and suburbs have not been immune from this trend.

There are various reasons for the sharp decline in home ownership, from the tightening of mortgage finance to wealth inequality, which are beyond the scope of this report. However, there is an important spatial dimension to levels of home ownership. It may be expected that higher-value areas, places with higher proportions of social rented accommodation or places which cater for younger people will have lower levels of home ownership – in short, places associated with central areas. Conversely, home ownership is more likely to be found in suburban locations. Efforts both at a national and city level to help people realise their aspirations of home ownership will need to have a suburban dimension. Indeed, the prosperity of the suburbs is reliant on private investment in the housing stock, and home ownership is vital for stable communities.

Beyond changes which may support owner-occupation at the expense of private landlords, suburbs could once again attract younger home owners by offering more affordable homes to buy. As city populations increase, they could include new sites and urban extensions. However, the economic case for this will in many places demand densification of suburbs.

Building more homes may increase the number of potential home owners. However, the number of new homes required to reduce prices is considerable. Instead, if home ownership is to increase, then there needs to be a coherent national strategy, covering not just new-build and other issues (mortgage finance, the relationship between the private rented sector and social housing and home ownership, the future of shared ownership, how best to use existing stock, and economic geography). While individual places can try to help, through incentives and positive planning, there are limits to what councils can do.

There is a case for a nationally supported "housing in suburbia" plan, to boost levels of home ownership. Any such plan will need to have a strong emphasis on attractiveness and affordability, while not simply stoking up house prices by subsidising demand.

Providing a decent housing offer for older people

Housing needs are not just confined to younger people and first-time buyers. As the population ages, the nation's housing stock will need to support more older people to live independently. This is likely to be a particular concern in suburbs, where the population tends to be older. Moreover, helping older people

live independently can be more problematic at lower densities, especially for those on lower incomes. Delivering services can be more expensive if properties are spread across a larger area. Older people in suburbs may find it more difficult to access services when they can no longer drive. The risk is that older residents become isolated.

One solution to this problem is to offer high-quality homes, both for social tenants and home owners, which can be adapted to meet the needs of older people – and potentially deliver extra care – close to suburban centres. Increasing the densities around centres, high streets and transport nodes could deliver smaller units designed for older people. It could also help with gaining support for developments, with the potential beneficiaries being local residents themselves. Such plans could help the daytime suburban economy and would, if successful, also help to make larger homes available for the next generation of suburban families.

Focusing part of the development on specialist housing could help deliver additional public funding for intensification programmes. Public funding is available to deliver new supported housing, which could help with any funding shortfall. Indeed, GLA funding specifically instructs: "Focus on developments in and around town centres, across mixed-tenure developments, those that incorporate modern smart technology that enhance and improve the health and well-being of the owner, and where possible look to foster partnerships with surplus public-sector land owners."⁷⁵

Lifetime neighbourhoods

As the suburban population ages, issues around accessibility will become more acute – especially for those on lower incomes, who are more likely to have mobility or long-term health conditions than the population as a whole (and often do not have the wherewithal to pay for travel or other services). It is therefore important that councils plan ahead and have sustainable plans for lifetime neighbourhoods.⁷⁶ DCLG could set out how lifetime neighbourhoods might be applied in a suburban context and provide best practice guides, which could also include how public services might be delivered differently in a suburban environment.

Affordable housing in the suburbs

Any strategy for a suburban renaissance should be based both on improving the place but also the lives of residents – rather than simply displacing people. As the data on the levels of poverty and housing benefit have shown, suburbs are increasingly home to those on low incomes. This implies that the affordable/social housing offer needs to be widened for those in suburbs.

However, as outlined in the previous chapter, current government policy is reducing the levels of new social housing to almost zero. Extension of the right to buy, for instance, will further erode the stock of social housing. This is likely to mean even more people on low incomes will need to be housed in the private rented sector, which is often most affordable in some suburbs.

Meeting the housing needs of low-income households demands more, not less, investment in social housing. With higher levels of poorer households and with a scarcity of land in urban areas, if there is to be a future social housebuilding programme, it is likely to have a strong focus on suburban areas. In the more immediate future, however, more "affordable rented" (up to 80% of market rents) properties are being built. Decisions on what types of homes are being built, and where, are likely to have a significant impact on the suburbs and those who live there.

The affordable rent model, coupled with the benefit cap, will mean it is far more feasible to build affordable rent family homes in outer areas – see previous chapter. It may therefore be sensible to explore whether burden sharing can be agreed across local authority boundaries (co-ordinated at a city-region level) to help ensure housing need is met; with, for example, more affordable boroughs housing families and more expensive places housing households without children. This could prove extremely difficult, given long waiting lists and the local authority nomination policy's local connection criteria. However, collaboration could be explored with incentives for burden sharing, funded perhaps by the HCA, GLA or the combined authorities, if they receive significant delegated housing funding powers.

Suitable location

If the new affordable homes that are built in the coming years are located in suburbs, the precise locations of these homes will be critical. Cities will need to monitor where new sub-market housing is being built, with a policy focus on promoting mixed communities. Consideration should also be given to using planning rules to ensure that new affordable housing in suburbs is in the right places. Building where it is cheapest could easily mean estates become isolated from jobs, services and public transport. City-wide plans should include not only how suburbs can support new affordable homes, but also how they can be located in places which support rather than isolate tenants.

Regenerating suburban social housing estates

Not all of suburbia is rows of semi-detached private housing. As discussed in the previous section, around one fifth of households in suburban areas of the three cities are in social rented properties. Some social housing stock (especially system-built housing) is in desperate need of investment, and some is beyond repair.

Regeneration, however, continues to be a controversial area of public policy, and without the availability of public subsidy and changes to the social housing financing environment – both capital and revenue – the numbers of social units on housing regeneration schemes is often reduced. Funding requirements affect not only suitable replacement rates of social housing, but the very viability of regeneration schemes in lower-demand suburban areas. In such places the uplift in values created by the regeneration scheme is not there to pay for the work to be undertaken. This applies not just to wholesale demolition, but the refurbishment of blocks paid through infill. In such instances subsidy is needed. At present, public funding is unlikely to be

forthcoming, with capital investment in new social housing falling year on year. This is particularly pertinent to suburbs, with lower land values and less scope for rising values than inner-city areas.

Some of the financing problems can, however, lie in the cash flow of projects, especially for local authority housing, with councils limited in what they can freely borrow. There is a strong case for the government to review regeneration funding and investigate whether a revolving fund could speed up schemes or increase the quantum of social housing.⁷⁷ Equally, local authorities and city-regions should review the feasibility – and any powers that might be needed – of establishing their own revolving fund, capitalised through the PWLB, the Local Capital Finance Company or bond finance, similar to the GLA's bond issue for Crossrail. While this would not be a subsidy and would need to produce a yield, in theory it could make regeneration schemes more efficient and potentially deliver more social housing units.

More broadly, there is a role for local authorities and city regions in planning to regenerate estates. As eloquently highlighted by Lynsey Handley in her book *Estates: An Intimate History*⁷⁸, many suburban estates can be isolated. Improving connections should be part of the solution. As part of many estate renewal plans densities are increased, which can improve the viability of public transport. And good design can help places become safer and more walkable. Estate regeneration is a key part of strategic spatial plans for cities, and needs to include suburban estates – not just those where the uplift in values is likely to be greatest.

Estate renewal goes beyond what can be done to improve the housing. Much can be done to improve how people feel about their neighbourhood, not least around law and order issues and anti-social behaviour. Ensuring low levels of anti-social behaviour and crime is important to the success of suburbs, and city leaders in charge of policing should ensure attention is paid in all places.

Separately, using the non-housing stock is also an important part of estate renewal. Unused garages and communal space within suburban council estates can sometimes be used to provide free space for childcare or for business start-ups.

De-gentrification

Much of the current debate about urban and housing policy has surrounded the winners and losers of "gentrification". However, suburbs can slip into de-gentrification. Once-stable suburban neighbourhoods can suffer from falling house prices, lack of investment in housing and a lack of investment and economic activity more generally. This can of course happen in any type of location. But the phenomenon, highlighted earlier, of the growth of low-income private renting in suburbs (alongside other trends such as relatively weaker house price growth and changes in the labour market) suggests that if de-gentrification occurs, then it is more likely to happen in the suburbs.

This is likely to be distinct from suburban abandonment. Rapidly rising populations and a lack of house-building mean that suburbs are unlikely to face the problem of streets of homes left

empty, with all the associated problems of low-demand housing. Indeed, DCLG statistics suggest that all three cities have seen the number of empty homes halve in the last decade.⁷⁹

However, this is not to suggest that de-gentrification cannot occur. City-regions should pay close attention to areas which are showing signs of de-gentrification. Action plans should be in place to tackle the problem of rogue landlords, often operating across local authorities, as well as problems with growing levels of worklessness and anti-social behaviour.

More fundamentally, the ways in which some suburban neighbourhoods have been designed and constructed can hinder their success. Research has demonstrated that values are enhanced in areas which are reachable, not cut off. Accessibility to the town centre and integration into the road network are also important to both the neighbourhood and the town centre.⁸⁰ Given the importance of joining places up, there is a strong case for examining the scope and potential benefit of a fund which would aim to identify areas which could benefit from changes in road layouts, as part of a bigger package of changes around investment in public transport, intensification and improving suburban town centres.

Private rented sector

One of the most noticeable trends in the housing market over the last decade has been the rise of private renting. Suburban areas have experienced higher proportionate growth in the PRS than urban areas over the last 10 years. The private rented sector (PRS) does offer benefits, such as greater flexibility in moving areas to find work, which can be very important for younger people first entering the labour market. Nevertheless, there are notable downsides to the way the system operates. Notably, the proportion of homes failing to meet the Decent Homes standard is highest in the PRS, with around a third deemed non-decent.

There have also been concerns over the rising levels of those claiming housing benefit in suburbs, largely driven by those in the PRS. This could affect the quality of housing. Evidence from the English Housing Survey suggests that income level does not affect the chances of living in a non-decent home, but this may be skewed by the now relatively few households living in substandard social rented homes. Moreover, there are also concerns about rogue landlords and overcrowding in the PRS.⁸¹

Ensuring acceptable standards and investment in the housing assets of suburbs (which affect the physical appearance of neighbourhoods) alongside increasing levels of home ownership does require regulation. Arguably, while private landlords in flats are required by leasehold arrangements to invest in the communal upkeep, this is not the case for freeholders, the tenure form which dominates houses, which are more prevalent in suburbs. Regulation therefore is required even more in these areas. However, suburbs often face considerable challenges in financing the regulation of the PRS.

It is easier to regulate the PRS where its levels are highest. Councils have the powers to introduce licensing schemes.

However, fees for a compulsory scheme are unlikely to cover the costs of enforcing regulations if there are too few landlords to pay to employ staff.⁸² In London, for example, while Newham has a compulsory scheme, few others do. There is a city-wide London Landlord Accreditation Scheme, operating on a voluntary basis (covering 13,000 landlords). However, although it can help identify "good" landlords, because it is voluntary it does not compel *all* landlords to meet basic standards.

Given the devolution deals to the West Midlands and Greater Manchester and the powers already granted to London, there is scope for a pan-city-region landlord registration scheme. Legislation already exists for local authorities to introduce licensing schemes, so this could be scaled up to a city-region level, with the agreement of councils. Clearly it may be difficult to get all authorities to sign up, but city mayors do have the power to pull people together and encourage joint working.

Such a scheme would ensure that poor landlords don't just move from one authority to another (and if they move to an area where there is no licensing, then it is the fault of that council). It could also ensure a big enough scale to fund or cover the majority of the costs. This could help push up standards in suburban areas, which might otherwise be left unchecked for want of resources.

Discharging homelessness duty

One of the most controversial aspects of the 2011 Localism Act was the new freedom for local authorities to be able to discharge their homelessness duties to the PRS. The aspect that got the most attention has been the extent to which some councils have housed people in other local authorities, and even other cities. However, little work has been undertaken to understand where people are being housed with regard to access to local services and jobs.

While the Homelessness (Suitability of Accommodation) (England) Order 2012 states that local authorities must take into consideration "the proximity and accessibility of the accommodation to local services, amenities and transport", little is known about how this has played out in practice. Given the higher chance of isolation in suburbs, compared with inner-city areas, there is a case for research and monitoring to be taken by local authorities, cities or the DCLG about the places where people have been housed, how this might have affected their lives and life chances, and what could be done to mitigate the risks of isolation.

Family homes and the PRS

Suburbs remain places where young families move for the additional space on offer. However, with home ownership levels falling, families will increasingly be renting privately. Government should consider offering tenants greater security of tenure as more families rent, not least because of the impact that having to move may have on a child's education and well-being. Such efforts could benefit those suburbs with high levels of families renting privately. Beyond increasing tenancies by statute, local and city regional government could look at the means available to incentivise longer tenancies

if they introduced a landlord register – this could include the effectiveness (and cost) of financial incentives for longer tenancy agreements, targeted at landlords letting to families.

Suburban design

Architectural form plays an important role in making suburbs attractive places. In fact, suburbs have a proud history of architectural design, from Georgian streets located in then suburban areas, to arts and crafts-inspired villas and cottages, to still-popular Victorian semis. With city populations growing and the need for new housing in suburbs, the success of tomorrow's suburbs will be based on good design today.

To ensure that innovative and popular design is not just limited to large buildings in city centres, there is a strong case for a high-profile suburban architecture award – perhaps initiated by government or the Design Council. This would champion high design standards and best practice in place-making for our suburbs.

Housing stock – energy efficiency

Around 2.7 million households in the UK are living in fuel poverty⁸³ – affecting those with low incomes, those who live in poorly insulated properties *and* those living in larger or under-occupied properties.

One of the advantages of living in suburbs is the space it offers, including homes. However, this can mean people on lower incomes will face higher energy costs. Moreover, if access to local services and activities is problematic because of an isolated location, residents will need to heat their homes more of the time. Efforts made to reduce poverty levels in suburbs should therefore have a focus on fuel poverty. This should include support for renewable energy and eco-homes in suburbia.

Councils could look to work with local partners to make homes more energy-efficient. Fuel poverty also has implications for demand for NHS services; joint funding or loans to improve energy standards could therefore help to save money on unnecessary admissions and treatment. Moreover, any landlord licensing scheme could aim to push up standards in the private sector. As suburbs often have high levels of home ownership, councils could also highlight options for home owners to release equity in their home to pay for improvements to energy efficiency.

Supporting poorer residents

The previous sections have focused on improving housing, transport and the local economy to ensure that suburban residents and places do not fall behind as city centres continue to grow. The state and voluntary sector also provide a range of support which is "place-based", but targeted at individuals – from job centres to childcare. Decisions about location as well as how services are provided at lower densities will be critical to supporting those with low incomes, who are increasingly found in suburbs. Moreover, there are also implications for welfare policy for suburbs, because of the demographic profile of residents.

Confronting suburban poverty in America

Alan Berube, deputy director at the Brookings Institution Metropolitan Policy Programme and former advisor to the US Treasury Department, was invited by the Smith Institute and Barrow Cadbury Fund, with the support of PwC and the LSE, to discuss his research on the growth of poverty in American city suburbs. Berube's work shows that poverty in the USA is now mainly a suburban phenomenon and has risen more rapidly in suburbs. There are now more people living under the US poverty line in suburbs than in cities (between 2000 and 2013, city poverty rose by 29%, suburban poverty by 66%). The problem is exacerbated by a limited social safety net and poorly planned land development patterns in suburbs.

According to Berube, the major causes for the increase in suburban poverty in the USA are:

- *Population change.* Suburbs used to be homogeneous, middle-class, and white; now, they are more reflective of wider America, and are growing faster in population than cities.
- *Immigration.* New immigrants are no longer going into city portals, but straight to the suburbs as they are seen as more affordable.
- *Housing.* Housing is now more affordable in the suburbs than in the cities, because of ageing homes and ageing areas within the suburbs. Affordability is shifting towards housing in the suburbs. However, affordable housing built for low and moderate income households is very limited in suburban locations. Furthermore, housing segregation can be stronger in suburban communities and there are generally fewer rental apartment buildings.
- *Job location.* Many jobs have drifted closer to the suburbs, such as retail and hospitality.
- *Regional economic change.* There has been a lot of downward mobility in American families overall. Region-wide poverty is increasing the fastest among US-born suburban residents; this figure also reflects the children of immigrants.

Suburban poverty brings challenges, such as:

- *Limited transit access.* Effectiveness of transit from poor suburbs to urban areas is low. Residents can reach far fewer jobs via transit than city residents.
- *Strained local services.* Anti-poverty programmes that have been developed over decades were set up to address the geography of poverty. Fifty years ago, that geography was in the inner city and rural areas. Moreover, there is a dearth of anti-poverty programmes specific to suburban poverty. The fragmentation of local government magnifies the problem.
- *Limited philanthropic resources.* Less than 10% of antipoverty funding from top foundations went to suburban-based organisations.
- *Change in school population.* There is a decreasing share of students with free and reduced lunch in the city, and an increase of that population in the suburbs. Districts lack resources and experience in serving low-income student populations.

The rise of suburban poverty implies a need to make place less relevant in how services are delivered. The focus should shift to further investing in people-based programmes that demonstrate good outcomes, regardless of an individual or family's location. Berube calls for more local innovation, bigger scale and better co-ordination, and partnerships between local government and federal agencies.

Delivering local services locally

Local government is under pressure to rationalise delivery of services, with councils reducing their number of offices in order to cut costs and increase innovation. If councils relocate or rationalise service provision in certain areas, consideration should be given to maximising any regeneration potential for suburbs and suburban centres. However, providing services in just one location could hinder efforts to ensure that poorer and older people in suburbs are able to access services.

While consideration should be given to places which are most accessible, councils could also consider introducing community hubs providing a range of public and partner services close to people and within suburbs. Leeds City Council, for example, has piloted such schemes, including in the suburban area Middleton,⁸⁴ which offers an example of what is possible.

Social infrastructure

Poverty has long been associated with inner-city deprivation. However, the majority of people in poverty live in suburbs, and in the three cities examined poverty seems to be on the rise. It is important therefore that the social and welfare infrastructure, from job centres to anti-poverty charities, is located in the right suburban areas.

Research in America has shown that philanthropic organisations have focused a small proportion of spending on suburbs, despite the high and rising levels of poverty. Government and city-regions (perhaps with the Association of Chief Executives of Voluntary Organisations and/or the National Council for Voluntary Organisations) could map where offices, shops and services of third-sector organisations are located against where poverty rates are. This could inform decisions about where support is needed and how the charitable sector and local government can work together to fill any gaps.

Anchor institutions

Anchor institutions – major employers and public-, private- and third-sector organisations within an area, such as hospitals – potentially play an important role in alleviating poverty and advancing opportunity.⁸⁵ While firms are increasingly locating in inner areas, plenty of organisations (indeed the majority, in most places) are based in suburbs. Although there is cross-over on what can work regardless of location, the role they can play might be different in suburbs. For example, how they can help people access work might include support for transport. The LGA, for one, could examine the role anchor institutions can play in suburbs and produce case studies of best practice.

Spatial implications of welfare policy

The report has examined welfare policy largely through changes

to housing subsidy, which is variable because of spatial differences in costs. However, welfare changes have an impact on places (and local economies) because of the demographic profile of residents. There are, for example, often high numbers of single parents in suburbs, many of whom are at a higher risk of poverty and who are feeling the effects of welfare reforms. More generally, suburbs have higher rates of families with young children, and are therefore at risk from changes to benefits, such as tax credits.

Cities should play close attention to how welfare reforms will affect places, beyond just housing benefit. This could highlight areas particularly at risk of decline and in need of support and resources (not just from public funding but from the voluntary sector). Having a united voice between suburban councils could also ensure that such effects on suburbs are high on the political agenda.

Conclusion

Suburbs remain popular places to live, offering housing and green space as well as access to jobs and services. However, the evidence in this report suggests that in general, suburbs are suffering relative decline. This is of course not uniform. Some suburbs remain overwhelmingly the preserve of the wealthy, and inner cities overall still have higher concentrations of poverty. Nevertheless, evidence on housing, the economy, labour markets and poverty indicators suggest many suburbs and suburban residents are feeling the strain of a changing spatial distribution of wealth and opportunities in our cities.

There is no guarantee that the situation will not worsen. If trends continue and accelerate, then poverty in suburbia and suburban decline could become entrenched. This might seem a long way off, yet the public policy of eroding the stock of genuinely affordable housing – and economic growth being increasingly concentrated in city centres – is likely to exacerbate the trend. Indeed, the evidence from America shows how quickly spatial changes in poverty can happen, when the social infrastructure is not in place.

To guard against poverty becoming even more concentrated in some suburbs, and to renew these critical travel-to-work areas of our cities, there is a growing and compelling case for government to have an agenda for a suburban renaissance. This report has highlighted some of the broad issues of such an agenda, including:

- *access* – how access to services and jobs can be supported, including through transport;
- *density* – how density can support access to jobs and services; and
- *demand* – how demand for goods, services and labour can be increased, how demand to live in struggling suburbs can be improved and how demand for social infrastructure is changing.

Any agenda for suburbs or a suburban renaissance should, however, not be predicated on a return to the stark divide between suburbs and inner cities. Instead, a suburban renaissance should be seen in a sense as the completion of the urban renaissance.

City suburbs are still in a sense urban – economically, culturally and administratively part of their city. And the success of the city is as much about the suburbs as it is about the urban core. If suburbs are not attractive places to live, then will people remain in the city? Is the city a successful place if poorer people in suburbs cannot access work, or if the traffic is so bad that it detrimentally affects people's quality of life?

But within the discussions about what kind of cities we want, there are normative choices, not least around mixed communities and social justice. At one extreme, city growth could be based on letting the market rip. Housing would be allocated by market power rather than need, and inequality would go unchecked. Concentrations of deprivation would not be seen as a social ill but an inevitable consequence of growth – and something which could even help spur further growth.

The alternative is a better balance between places and improved affordability and quality of life. The economic imperative to ensure that all people can access work, are healthy and well housed, have access to a decent school and education, and can afford to live decently in our cities should be apparent. This means suburban areas cannot be left to deteriorate, but neither should renewal be achieved by displacing growth or people. Instead, it

means extending opportunity to poorer suburban residents, for them to fulfil their potential.

But if there is to be any type of suburban renaissance, the suburbs first need to be seen as an important policy issue. At present, suburbia rarely features in the political discourse or public debate. Yet the case for setting out a popular and inspiring agenda for the places where most of us live, at a time when their fortunes seem to be flagging, seems self-evident. If the government were to take the issue seriously and up the ante, the first step, as this report recommends, could be to establish a suburban taskforce (with the backing and resources of government) to form consensus, test new ideas and lay the foundations of a suburban renaissance.

It is approaching 20 years since the urban taskforce was established. Over that time, more and more suburbs have fallen behind. That trend seems to be gaining momentum and could easily spread. In order to prevent the spread of poverty and economic decline, we need to know more about what is happening to city suburbs. And, with that information, we need to plan ahead and create lasting policy solutions. Establishing a suburban task force won't deliver all that, but it could be a significant first step in the right direction.

End notes

- 1 Figures based on 2011 census results.
- 2 DETR *Living in Urban England: Attitudes and Aspirations* (2000)
- 3 Unlike some other definitions, outer London includes Haringey and Newham but excludes Greenwich.
- 4 Arguably Croydon in London fits this model and could be classed as urban.
- 5 See ONS mid-year population data set
- 6 Datu, K "Settlement patterns of migrants from rich and poor countries into the London metropolitan region since 2001" in Kochan, B ed. *Migration and London's growth* (LSE, 2014)
- 7 Fenton, A *Small-area Measures of Income Poverty* (LSE, 2013)
- 8 Author's analysis of ASHE data; 2013 and 2003
- 9 Author's analysis of ASHE data; 2013 and 2003
- 10 Low pay refers to hourly wages below two-thirds of gross median hourly pay
- 11 Department for Communities & Local Government *English Housing Survey: Households 2012-13* (2014)
- 12 NB: this compares those working in London rather than regional wages by home address, for which there is no data in 1999. Regional wages by workplace rather than home residence are around £2,000 higher, thus the picture on affordability is even more worrying.
- 13 There is a strong correlation between median/lower quartile house prices and median/lower quartile rents by local authorities (R^2 value of around 0.9). While there may be scaling issues, given the strength of the correlation and likely causal links, it seems safe to assume that even at lower levels the correlation would hold true.
- 14 For example, grant funding for new social housing has been substantially cut. In the 2008-11 period the National Affordable Housing Programme was worth £8.4 billion; the 2011-15 programme cut the levels of grant to £4.5 billion. And there have been further reductions for the 2015-18 period, with the affordable homes programme totalling just £1.7 billion.
- 15 Presentation by David Philips: "Local Government and the Nations: A Devolution Revolution?" (IFS, 2015)
- 16 For example, the infamous "Barnet graph of doom" has highlighted the lack of resources that are available to councils once they have paid for statutory duties.
- 17 Polling has shown qualified support for the idea of devolution, with the public worried about postcode lotteries. It is worth stating also that the public are also largely unaware of the changes that are occurring. Moreover, in most places (bar Bristol), when referendums were held, the public voted against having metro mayors.
- 18 Moreover, it is very difficult to prove that people have been "pushed" or "forced" out. What may have happened is that through the inevitable churn of population that characterise cities, poorer people have been replaced with wealthier households. It could be that more jobs have increased the incomes of the poorest. Or that city centres are more populated and the influx of wealthier households has watered down concentrations of poverty and deprivation.
- 19 Taken from: <http://www.smartgrowth.org/what-is-smart-growth/>
- 20 Indeed, suburbs have a long industrial heritage and have been affected by de-industrialisation.
- 21 See for example, McInroy, N & Jackson, M *The Local Double Dividend: Securing Economic and Social Success* (Smith Institute/CLES, 2015)
- 22 For a full list of what is covered see *Standard Industrial Classification of Economic Activities (SIC) 2007* (Companies House, 2007)
- 23 See for example <http://www.callcredit.co.uk/press-office/news/2015/02/2014-retailvision-report>
- 24 From Harris, J "The Great Reinvention of Manchester: 'It's far more pleasant than London'" in *The Guardian*, 3 November 2015
- 25 GLA *Economics Retail in London* (2006)
- 26 *The Deloitte Consumer Review: Reinventing the Role of the High Street* (2013)
- 27 BIS *Understanding High Street Performance* (2011)
- 28 *An Independent Review into the Future of Our High Streets* (2011)
- 29 Potts, G, Falk, N & Kochan, B *London Suburbs: Unlocking Their Potential* (Urbed, 2007)
- 30 See Deloitte, *op cit*
- 31 See NEF's *Clone Town Britain survey* (2005)
- 32 See <https://www.london.gov.uk/what-we-do/business-and-economy/supporting-businesses/map-londons-business-improvement-districts>
- 33 Although arguably they take up a lot of space and employ relatively few people.
- 34 Potts, G, Falk, N & Kochan, B *London Suburbs: Unlocking Their Potential* (Urbed, 2007)
- 35 Centre for Cities *Beyond the High Street: Why City Centres Really Matter* (2013)
- 36 Outer London Commission, *Third Report*
- 37 Centre for Cities, *op cit*
- 38 Savills *Where is Office to Residential Conversion Viable?* (2013)
- 39 London Councils *The Impact of Permitted Development Rights for Office to Residential Conversions: A London Councils briefing* (2015)
- 40 See Sweeney, E *Making Work Better: An Agenda for Government* (2014). The number of home workers has risen from 2.9 million in 1998 to around 4.2 million today. Although a proportion are in low-paid work, the majority are self-employed and in professional/skilled work – and often older workers.
- 41 OECD *Promoting Growth in All Regions* (2012)
- 42 Public-service jobs account for just under 30% in the suburban areas of the three cities (Nomis)
- 43 CLES *Local Procurement: Making the Most of Small Business, One Year On* (FSB/CLES, 2013)
- 44 October 2015, Conservative Party Conference
- 45 LGA *Business Rate Retention: The Story Continues* (2015)
- 46 LGA, *op cit*
- 47 London poverty profile <http://www.londonpovertyprofile.org.uk/indicators/topics/11-services/travel-to-work/>
- 48 ONS commuting patterns
- 49 This is seen in the data on public transport in London: the main transport mode for 60% of low-paid commuters is the bus. For the London population more generally it is less than 25%. (Author's calculation from ONS data.)

- 50 ONS *Commuting and Personal Well-being* (2014)
- 51 Congestion has been estimated to cost the UK economy around £13 billion a year, with this cost set to increase as the population grows. INRIX and the Centre for Economics & Business Research *Counting the Future Cost of Gridlock* (2014)
- 52 In Birmingham, commuting by car to the city centre has been in decline by around 1% each year, with rail and park and ride patronage increasing. Centro *West Midlands Public Transport Plan* (2011)
- 53 See House of Commons Transport Committee *Bus Services Across the UK: Eleventh Session Report, 2005-6* (Stationery Office, 2006)
- 54 Rail Executive *Rail Passenger Numbers and Crowding on Weekdays in Major Cities in England and Wales: 2014* (2015)
- 55 BBC, "Voters Reject Congestion Charge" (2008) <http://news.bbc.co.uk/1/hi/england/manchester/7778110.stm>
- 56 See for example WM transport plan.
- 57 TfL *Congestion Charging Central London: Impacts Monitoring, Second Annual Report* (2004)
- 58 LSE *Towards New Urban Mobility: The case of London and Berlin* (2015)
- 59 Rice, L "Retrofitting Suburbia: Is the Compact City Feasible?" in *Urban Design and Planning*, 163 (4) (2010)
- 60 Oyster-style cards will soon become obsolete, with the advance of contactless and phone technology. Nevertheless the principle remains the same, even as technology evolves.
- 61 DfT *Passenger Journeys on Local Bus Services by Metropolitan Area Status and Country: Great Britain, Annual From 1970* (2015)
- 62 *Ibid*
- 63 Census 2001 & 2011
- 64 Campaign for Better Transport, *Buses in Crisis: A Report on Bus Funding Across England and Wales, 2010-2015* (2015). See also CBT's *A Briefing on the Annual Bus Statistics* (2014)
- 65 See Raikes, L et al *Total Transport Authorities: A New Deal for Town and Rural Bus Services* (IPPR, 2015)
- 66 DfT *Net Government Support per Passenger Journey for Local Bus Travel (at 2014/15 prices): England, Annual from 2004/05, BUS0503b* (2015)
- 67 Crerar, P "Sadiq Khan Plans £1.50 Unlimited Trip Bus Ticket That's Valid for an Hour" in *Evening Standard*, 8 October 2015
- 68 GLA *The London Plan: The Spatial Development Strategy for London* (2015)
- 69 There is already little additional housing capacity, evidenced in the rising levels of overcrowding and substantially reduced levels of empty homes across the three cities. Local plans and strategic housing needs assessments in major cities reflect the urgent need to plan ahead for sustained population and household growth.
- 70 Cabe, *Better Neighbourhoods: Making Higher Densities Work* (2005)
- 71 See, for example: <http://www.zacgoldsmith.com/no-more-garden-grabbing-boris-johnson-joins-zac/>
- 72 HTA, Pollard Thomas Edwards, Savills, NLP *Transforming Suburbia* (2015)
- 73 Bowie, D *Density, Housing Mix and Space Standards of New Housing Development in London* (RIBA, 2008)
- 74 In effect it would be working with existing aims of greenbelt set out in the NPPF "to assist in urban regeneration, by encouraging the recycling of derelict and other urban land" and "to check the unrestricted sprawl of large built-up areas". Obviously there are other environmental and conservation issues to consider, and any such instance would have to be termed a "special circumstance", as planning guidance states that "unmet housing need (including for traveller sites) is unlikely to outweigh the harm to the Green Belt and other harm [so as] to constitute the 'very special circumstances' justifying inappropriate development on a site within the Green Belt".
- 75 See <http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/the-mayor-s-care-and-support-specialised-housing-fund>
- 76 Bevan, M & Croucher, K *Lifetime Neighbourhoods* (2011, DCLG)
- 77 See CIH, *Regeneration Revival: Interim Report* (2015)
- 78 Granta, 2012
- 79 See DCLG *Live Table 615*
- 80 Barnes, Y "Suburban Property Markets" in Hackett, P (ed) *Housing and Growth in Suburbia* (Smith Institute, 2009)
- 81 See Smith Institute, *The Growth of the Private Rented Sector: What Do Local Authorities Think?* (2014)
- 82 *Ibid*
- 83 Hills, J *Getting the Measure of Fuel Poverty: Final Report of the Fuel Poverty Review* (CASE, LSE 2012)
- 84 See Leeds City Council website for more details: <http://news.leeds.gov.uk/community-hub-pathfinders-show-the-way-for-a-new-city-wide-network>
- 85 For more information, see Jackson, M *Creating a Good Local Economy: The Role of Anchor Institutions* (CLES, 2015)

