RTPI
mediation of space · making of place

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Office for National Statistics
Government Buildings
Cardiff Road
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Email response sent to: ecosystem.accounting@ons.gsi.gov.uk

Dear Mr Khan,

**Response to: Consultation on accounting for the value of nature in the UK**

## 1 The RTPI's interest

1.1 Thank you for the opportunity to respond to the above consultation. The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing over 23,000 spatial planners who serve in the public service and as advisors in the private sector. The Institute seeks to advance the science and art of spatial planning for the benefit of the public. As well as promoting spatial planning, the RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

1.2 The spatial planning system in the UK aims for a balance between economic, social and environmental outcomes that both reflects the wider aims of society and can be sustained in the longer term. An accounting system that can represent the effects of spatial policy on the stock and flows of ecosystem capital in the longer term could clearly support this aim.

## 2 Area of concern

2.1 The consultation paper points to the use of use of ecosystem accounting in managing trade-offs between economic and environmental objectives, and the

significance of economic objectives is such that this could well become the main application. However, while such trade-offs may often be valid, they are frequently irreversible (e.g. building on open land), and their longer term effects may include risks to ecosystems that are critical to quality of life. Moreover, the value of 'ecosystem services' lost will differ between social groups (and between generations), as will the incidence of economic gains from the trade-off.

2.2 The planning profession is dedicated to taking a broad and long-term view of processes that shape the places we live in, and to mediating between the wide range of interests involved. The RTPI would therefore be concerned if the effect of ecosystems accounting was essentially to reduce all questions of value to a one-dimensional monetary scale, and to constrain discussion of environmental and social issues within a purely economic analytical framework.

2.3 We draw attention to two examples from recent and present practice which illustrate the dangers that concern us, and respond to the consultation questions in the light of those.

## 3 Examples of problems

### *1. Valuation of open land for planning purposes*

3.1 Whether it is formal Green Belt or simply greenfield land that is not allocated for development, there is a sharp change in land values at urban boundaries. This is frequently referred to as an example of planning regulation as a barrier to growth, with the difference in value as a measure of the 'cost of planning'. While particularly topical at the present time, this has been a long-standing feature of critiques of the planning system, notably in the Barker Reports on Housing (2004) and Planning (2006).

**Example 1: Social valuation of open space**

The Barker Report on Land-use Planning (2006, pp24-25) recommended that price signals should be *"better reflected in plan-making and development control ….* It went on to outline a possible approach: "*One method is that planners could be required to take into account the price of land for different uses as a material consideration, and only reject a change of use when there is evidence that the social costs exceed this price discrepancy. If a plot of agricultural land, for example, is worth £10,000 but the adjoining commercial land is worth £800,000 then after adjusting for infrastructure costs the change of use should occur unless the social value is over £790,000."* This is essentially the approach proposed by Cheshire and Sheppard (2005) Urban Studies 42/4, pp647-663).

The main practical difficulty in this approach is in establishing the monetary value of 'social costs'. 'Willingness to pay' survey data quoted in Barker (Interim Report, Table 8.2), produced a range of values from £54,00/ha for urban core public space to £103/ha for intensively farmed agricultural land – all orders of magnitude less than values for development of any kind.

Others have attempted to derive a value from the difference in house prices near open land compared with further away. The figures again are small relative to the price differentials observed. On these kinds of figures there would be no reason to maintain any open space, even in urban core areas.

Neither method duplicates the intention of ecosystem valuation, but provide warning about how such numbers could be used as contributions to an overall valuation. It is short step from there to implementing a simple price signal approach of the sort

advocated by Cheshire and Sheppard (though not, in the event, by Barker). Unless the values assigned to ecosystems are orders of magnitude greater than those suggested for environmental and social factors, their role in influencing planning decisions would become negligible.

The reasoning underlying this approach would sanction enclosure of pretty well all 'commons' where some individual or company could make more profit than the public goods are 'worth'. The money that could be made per hectare for holiday chalets in the Lake District would easily trump the maximum that conservation interests could stump up.

### *2. Environmental appraisal in transport planning*

3.2 The Department for Transport (DfT) has a highly evolved system of appraisal, which includes consideration of a wide range of economic, social and environmental factors (its web-based Transport Appraisal Guidance, known as WebTAG). However, although sufficiently rigorous to be regarded by HMT as compliant with (and substitutable for) its own Green Book standards there are lessons and warnings for ecosystem valuations – which could well be incorporated into WebTAG.

**Example 2: Environmental appraisal in transport planning**

WebTAG comprises some 100 units of detailed and authoritative guidance on every aspect of transport appraisal. It aims to encompass and integrate economic, social and environmental measures into a single comprehensive system.

This system has been undergoing continuous improvement and evolution for at least 15 years. A key aim has been the quantification, and where possible the monetisation, of as many aspects as possible. A downside of 'continuous improvement' is that the development of different parts is somewhat uneven, and older, specifically economic, aspects now look rather dated: for example important dynamic urban economic processes such as agglomeration are treated as an add-on to user time-savings, which have contested validity.

The integration of monetised and non-monetised aspects is by means of an Appraisal Summary Table (AST), which brings together economic, social and environmental elements on one or two sheets of paper. While this should help decision-makers arrive at a balanced judgement, the effect can be quite otherwise:

1 Transport Economic Efficiency (TEE) comprises the 'hard' economically-significant and monetised elements of transport user benefits (mainly modelled time-savings);

2 Benefit Cost Ratio (BCR) is broader than TEE, but still includes only the monetised elements – and sometimes not all of these, if regarded as 'soft';

3 Non-monetised elements have a place on the page, but no clear status.

The BCR has been the ruling metric of value for money for many years, but as 'softer' considerations have become first quantified, then monetised, their inclusion has been increasingly variable. As a result DfT have been retreating from the simple 'Economic Case' using BCR as the favoured metric, seeking support from four other components of an overall Transport Business Case (Strategic, Commercial, Financial and Management). This complexity permits the appearance of rationality, but further downgrades social and environmental values, and undermines the

rational management of trade-offs between economic and environmental aims sought by ONS.

An example of this is the DfT decision earlier this year to fund the Bexhill-Hastings Link Road. The BCR for this scheme oscillated in an extraordinary fashion, collapsing from 3.46 (Good Value) in the County Council's 'Best and Final Bid' (Sept 2011) to 1.5 (Low-Medium Value) in DfT's re-appraisal (March 2012). A large part of this difference is accounted for by landscape disbenefits of some £77m in the latter. Although this has the effect of reducing BCR far below the level normally considered acceptable for funding, it has been disregarded in the final decision.

## 4 Responses to consultation questions

4.1 Our responses to the specific consultation questions focus on Questions 1,

***Q1: Use of ecosystem accounts to improve decision-making***

4.2 Ecosystem valuations will not necessarily improve decision-making:

- Uncertainties surround all elements of all valuations, including even those focused on 'hard' economic factors (pp24-25 of the consultation paper lists just some of these);
- Any complex decision has value dimensions that are not reducible to money values, and even where they are values may differ between generations and social groups;
- Environmental valuations can be used to justify development on a crudely reductionist view of value (Example 1), or simply disregarded if they stand in its way (Example 2).

4.3 To avoid the danger of degeneration into wasteful and meaningless 'numbers game', valuations of all kinds (including ecosystem valuations) require a broader framework of strategic aims and values. Such a framework is unavoidably political, requiring stakeholder participation and consent: accounts (however good and comprehensive) may help to inform the process, but are nor a substitute for it.

***Q5: What additional benefits might monetary accounts bring?***

4.4 The main benefit is to reduce all inputs to a decision to a common metric – money value. A noted in response to Q1, while this appears to simplify decision-making, it risks doing so by suppressing crucial value judgements. The balance of advantage will depend in our view on how well these value elements are supported by a wider strategic framework.

***Q6: How important is spatial detail, and integration with economic data?***

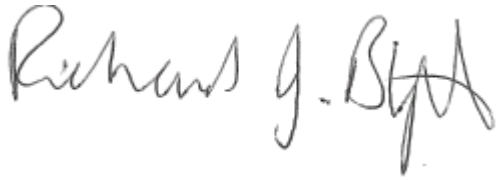
4.5 To further the aim of informing wider decision-making, integration with other data sources is desirable, subject to the caveats already entered.

***Q8: Would there be benefits in supplementing 'bottom-up' with 'top-down'?***

4.6 Again it will be clear from our references to the need for a broader strategic framework of political decision-making that we see it as essential that there is a top-down component. The RTPI see the spatial planning system as providing a crucial element of both top-down and bottom-up approaches. In the 100 years since its foundation the RTPI has built up extensive knowledge and experience of the means of realising both approaches as they relate to the evolution of cities, towns and countryside in the UK.

If you require further assistance, have any queries relating to our response or require clarification of any points made, please contact Jas Mahil on 020 7929 9466 or email policy@rtpi.org.uk.

Yours faithfully,



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