

Entry: RK20\_1179

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Zoom Towns

# Zoom Towns – RK20\_1179

## Summary

- Convince skilled London-based workers to move to promoted locations in left-behind Britain – Zoom Towns – set up to support remote working.
- This means:
  - Concentrated purchasing power fosters local business
  - Agglomeration benefits drive economic innovation
  - Skills to improve local opportunities and life chances
  - Knowledge-sector jobs diversify regional economies
- Use a new 'development mutual' model to focus change, fund improvements and cut red tape
- Keep community central, so locals and new arrivals benefit equally



*a proper*  
**Working from home**

Allerby Zoom Town is 90 minutes from London, and 1000 megabits a second from anywhere you fancy.  
Starter homes from £99,000

All place names in adverts are fictional

## The opportunity

For generations, left-behind Britain has been drained of human capital. Ambitious young people have headed to the prosperous cities to make their fortune, and don't come back. This has stripped much of the country of the talent that once helped it thrive, and channelled success towards the South East.<sup>1</sup>

Covid has rewritten the rules on distance, and now there is a chance to change this. Costs of living have risen in cities; quality of life feels worse. In left-behind Britain the reverse is true. Working practices have just changed forever<sup>2</sup>, meaning that the urban agglomerations<sup>3</sup> that have defined the economy of the past thirty years are no longer anchored to office desks. This is the moment to bring human capital home.

Change is already happening, but in an unfocused, low-impact way. We know that the impact of skills and innovation depends on density. We can drive a transformation by concentrating the shift in a few consciously promoted locations – Zoom Towns.

### Aims



Create a pipeline of purchasing power, earned in London but spent with local business



Concentrate skills – so they can enable new kinds of agglomeration and attract inward investment



Diversify town/rural economies towards knowledge sector jobs – lucrative but scarce in left-behind Britain



Improve prospects for local people, with a more vibrant and vigorous job market



Establish new centres of regional entrepreneurship

## What is a Zoom Town?

A Zoom Town is a community that intentionally attracts a large number of remote workers, particularly from London. Rather than a few isolated individuals in offices and spare rooms, these people are a key part of the town's economy and wider life.

Zoom Towns aim to attract people through low costs of living and a high quality of life: they are places where people can afford to live well. This is equally true for long-standing locals and new arrivals, as early work to establish a Zoom Town focuses on measures that make life better for all; and the more successful a town becomes, the more that is reinforced.

The way in which a Zoom Town develops is managed by a dedicated body called a Development Mutual. This locks in the benefits of growth locally, and makes protecting the

<sup>1</sup> Centre for Cities, *The Great British Brain Drain*, 2016

<sup>2</sup> For example, BCG, 'What's next for how we work in the UK', Oct 2020

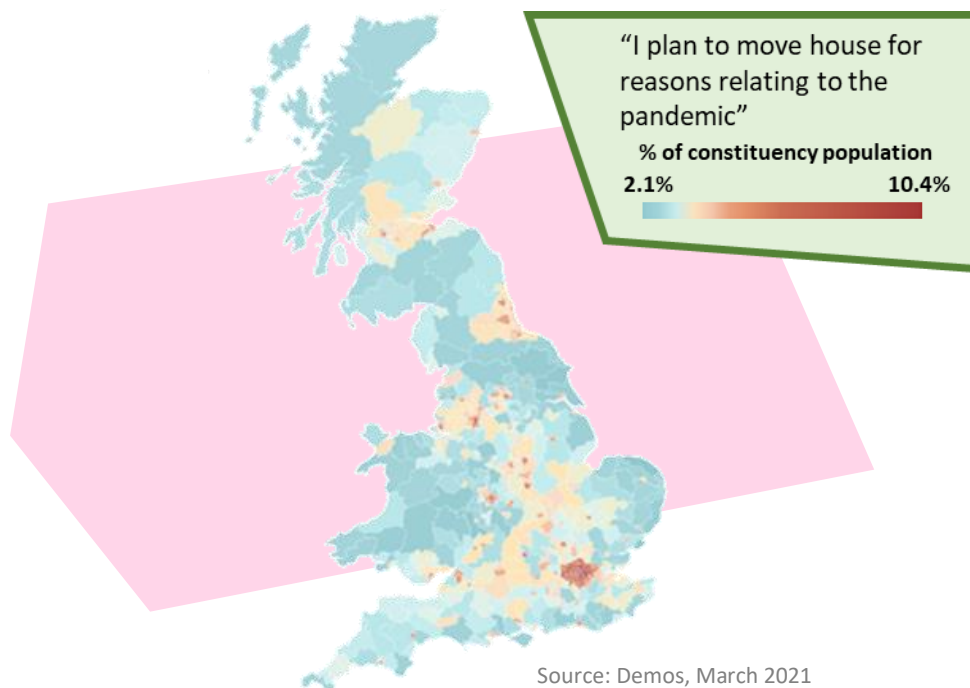
<sup>3</sup> Agglomeration effects are the savings or opportunities generated by activities being in close proximity to one another, traditionally associated with cities. This proposal argues that this is now possible in new, decentralised ways.

character of a place a key priority. It also creates a fast track for growth, by putting questions like development control into the hands of the people who live with the results.

### Change is underway

Zoom Towns do not depend on initiating a grand social change – they harness those already underway. According to recent research by Demos:<sup>4</sup>

- More than 80% of ABC1 workers hope to work at home some or all of the time. Separate findings from the Harvey Nash Tech Survey 2021 show 95% of tech workers want to work from home for at least two days a week.<sup>5</sup>
- Among those working from home, supportive communities, better housing and good broadband are each new priorities for more than 60% of people. The most widely recognised new need is access to nature, cited by more than 70%.
- 4.8% of the population have *already* moved because of the pandemic; 4.6% are planning to move and a further 6% are considering it. This covers 8 million people, concentrated in city and town centres.
- The top reasons for moving are better housing and living closer to family.



There are also substantial push factors. The average London first time buyer pays £478,000 to get on the property ladder<sup>6</sup> – a figure that has risen even in the midst of a pandemic and as London’s population declines. This will buy a seven-bedroom Victorian industrialist’s mansion in Darlington’s West End.<sup>7</sup>

<sup>4</sup> *Post-Pandemic Places*, Demos, March 2021

<sup>5</sup> Cited in ‘COVID-19: Is work from home here to stay? What UK businesses are planning post-lockdown’, Sky news 23/2/21, accessed 23/4/21.

<sup>6</sup> Rightmove property index for March 2021. <https://www.rightmove.co.uk/news/articles/property-news/average-cost-first-time-buyer-homes> accessed 4th April 2021.

<sup>7</sup> <https://www.rightmove.co.uk/properties/75992113#/> accessed 8.4.21.



## The plan

The first phase of the plan centres on convincing skilled workers in London and the South East to move to Zoom Towns. This begins now, while the case to move is at its strongest, by advertising established strengths:

- Accessible property prices
- Attractive local environment
- A strong sense of community
- High quality public services
- Good broadband and viable access to London

**Anna and Chris** met in London.

Together, they were struggling to save up a deposit for a flat. Now they have a three-bed semi with views out to a national park. They are also fifteen minutes from Anna's parents, which will be handy with their first child now on the way. Chris now works remotely full-time, while Anna travels down to London once a fortnight.

This campaign does not need to convince everyone: London absorbs 120,000 first time buyers each year, with more across the wider South East.<sup>8</sup> Attracting even one percent of this number would transform some potential Zoom Towns instantly. There is particular potential to attract young families with less need for social and cultural facilities: Zoom Towns offer affordable homes with more space and better access to the outdoors, and may be closer to extended family.

Advertising can be buttressed by quick, realistic policies actively improving quality of life in Zoom Towns or making it easier to move in.

- Installing world class digital infrastructure – high quality broadband will be the number-one requirement of a Zoom Town
- Creating comfortable co-working spaces – providing places where working remotely doesn't mean working alone
- Targeted investments in schools and social infrastructure – making sure people have a reason to move in

<sup>8</sup> English Household Survey 2019-20, MHCLG – Annex table 1.6



- Support grants to local SMEs – fostering firms who improve quality of life through providing high-quality, locally-based services in areas like food, hospitality and cultural services
- Improved transport links – supporting early/late journeys to London with parking at mainline stations and wrap-around public transport services
- Help to buy on already-built homes – making the area as affordable as possible for those likely to move, and equally open to locals
- Facilitated/subsidised moving services – removing barriers to relocation

### Community

This plan also must protect the sense of community that is core to the appeal of a Zoom Town – this is not about making the North turn southern. Measures to improve quality of life must benefit locals as well as new arrivals; and there must be structures that encourage new arrivals to participate in the local community.

**Clare** has lived in the town all her life. When the Zoom Town was commissioned, she took advantage of a new small-business loan scheme. Where there used to be a charity shop, she now sells coffee by day and craft beer at night. With local rents and customers used to London prices, she's not doing badly.

Remote working in a Zoom Town does not have to mean physically working at home. By creating high-quality co-working spaces, remote workers can become part of the community. This avoids isolation and offers workers the vibe of a physical office. Equally importantly, it is a place for people at different stages of their career to mix – which, with a proactive approach to transferring professional skills, could include young people trying to find rewarding work without leaving town.

People who work from home will inject money into a range of local businesses, from gyms to builders. Those who can be convinced to work outside of their homes in co-working



spaces will be even more valuable: a typical London Pret had a £2m/yr turnover pre-pandemic.<sup>9</sup> A stronger local economy undergirds the community that it sits within.

There is also strong potential to reach out into the local community, and to help tackle pre-existing problems. For example, some potential Zoom Towns have relatively poor records on university access.<sup>10</sup> A volunteer programme could invite new arrivals to encourage pupils to apply and help with applications.

## Where

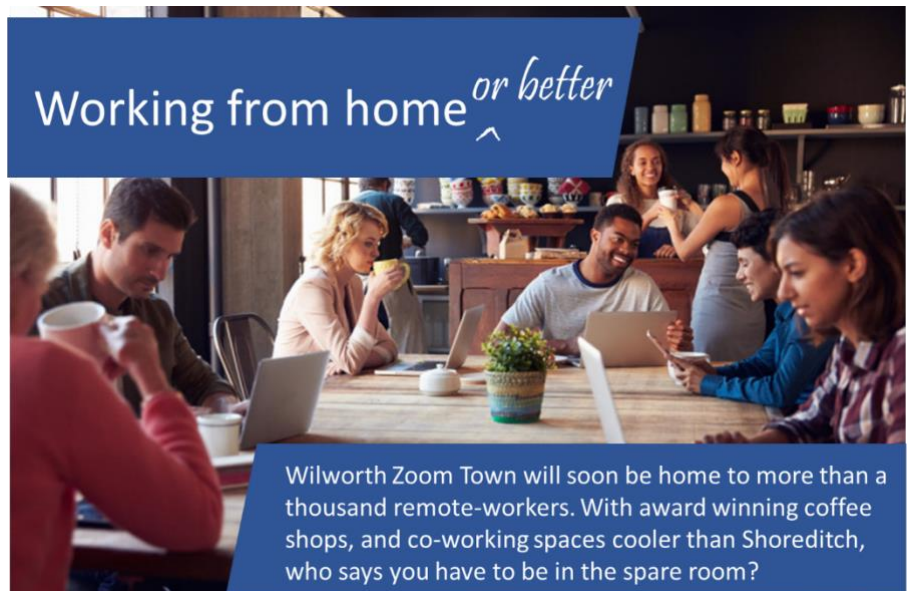
This plan focuses its attention on a few key locations. This is partly because, spread too widely, the people that move won't be numerous enough to generate wider economic potential. It also reflects the fact that this plan works better with real local buy-in, and should be truly voluntary. But where should these towns be?

**Paul** has just come back to town after finishing his degree. The summer before, he'd spent time shadowing as part of a scheme run between the Mutual and local volunteers. This year, that's helped him get a job with an app development startup, where one team member is based locally. Paul now sits opposite his new boss in a local coworking space, 150 miles from the office where they used to be based.

At heart, a Zoom Town is based around a branding concept that could be successful anywhere. However, there are some places that have greatest potential – because a combination of low living costs and high quality of life, and good transport links back to London make them especially attractive. The Zoom Towns Index (ZTI) is a constituency-level methodology for finding where in England these opportunities are.<sup>11</sup>

- Property prices – average house prices
- Local affordability – the ratio of property prices to average wages
- Local quality of life – rank in the MHCLG index of multiple deprivation (IMD)
- Local environment – rank in the IMD environment subcategory

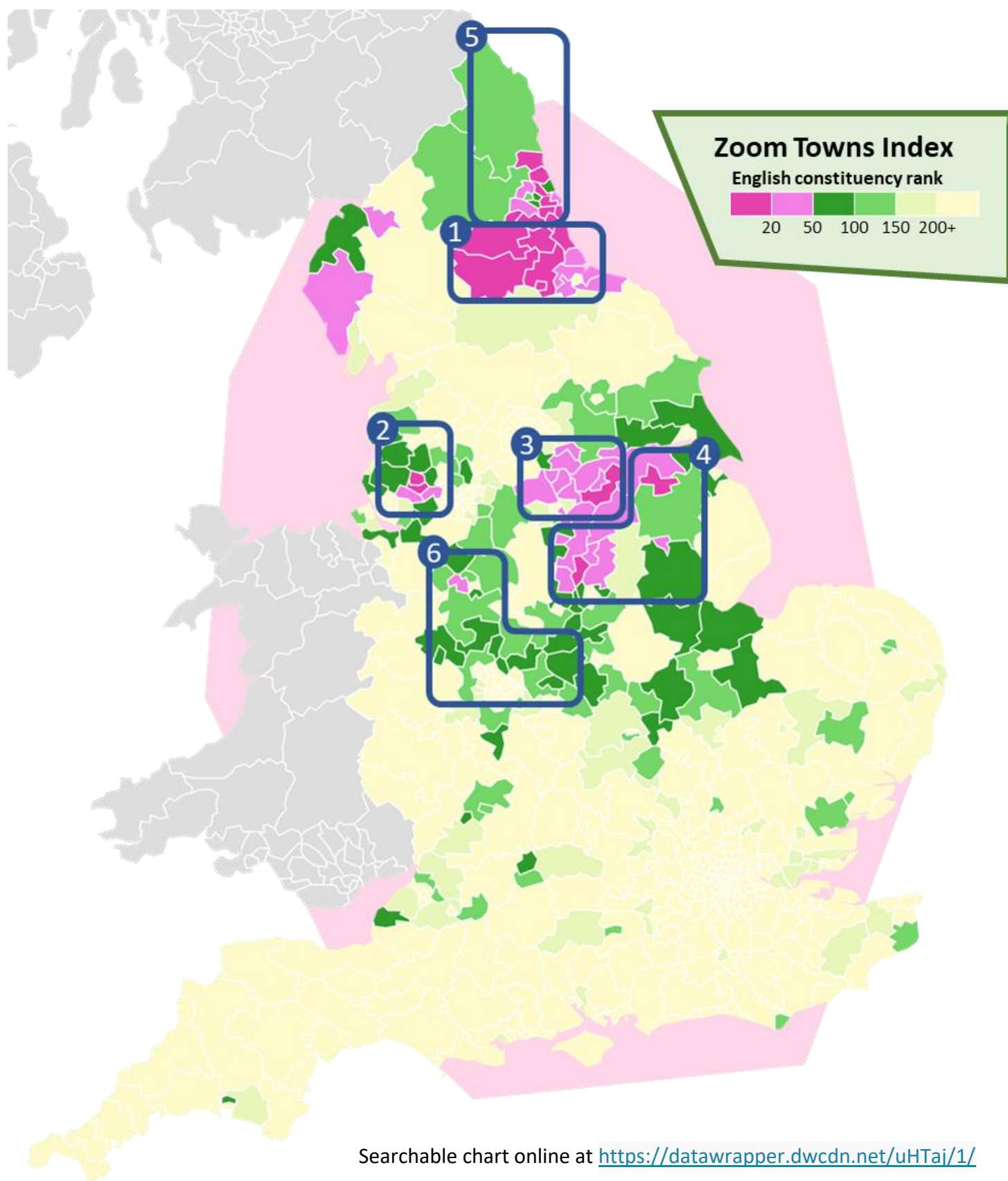
Building on this index, a qualitative judgment has been made of factors which cannot be calculated precisely, such as transport access. This has been used to identify six clusters of high potential.



<sup>9</sup> In 2019 Pret had a turnover of £710m across 389 stores.

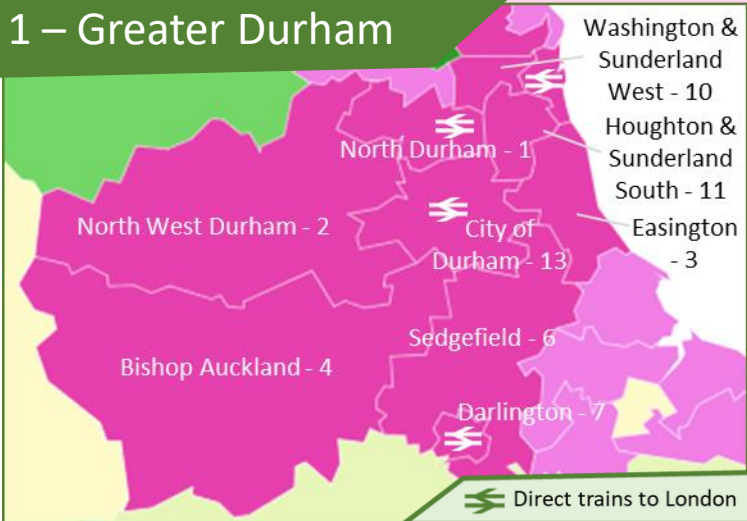
<sup>10</sup> University application rates have risen three times faster in London than in the North East – see UCAS, January Deadline Analysis Report 2019

<sup>11</sup> Similar analysis is possible for Scotland and Wales, but deprivation data is not directly comparable to England.





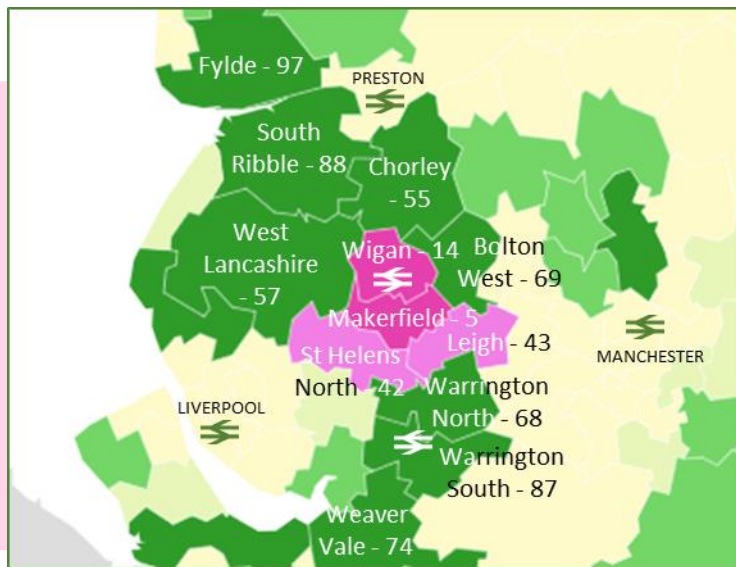
## 1 – Greater Durham



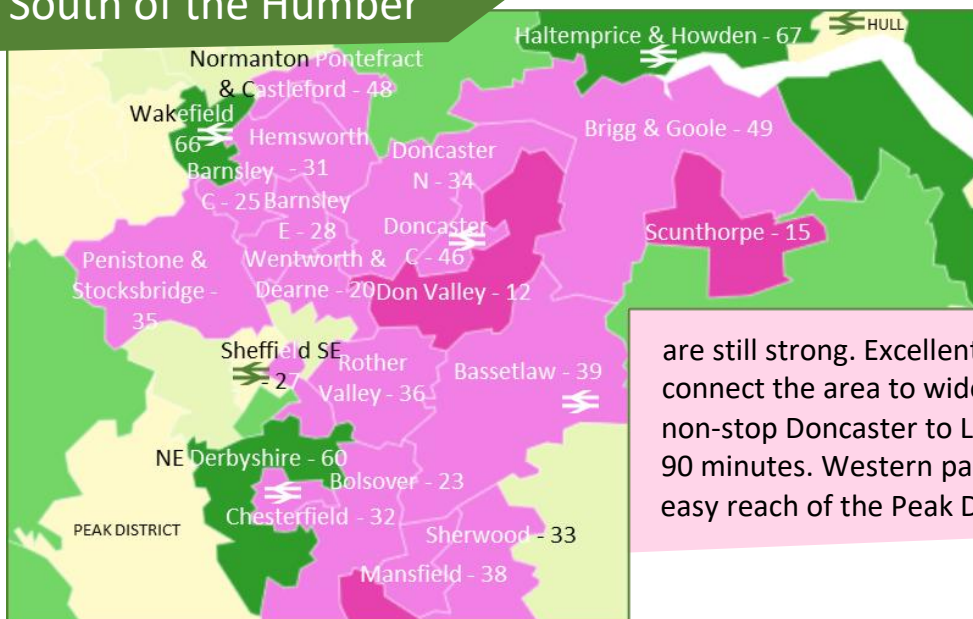
The greatest single area of potential is around Durham and Darlington stations. Seven of the ten highest-scoring constituencies are found here, including Easington – the only constituency in England with an average house price under £100,000. Most of the area combines a high quality of environment, low living costs and direct access to London via the East Coast Mainline. The recent establishment of a Treasury decision-making hub in Darlington helps further.

## 2 – Central Lancashire

Between Liverpool and Manchester is an area with the highest ZTI scores in the north west. At its heart, Wigan has hourly direct trains to London, and strong connections to nearby cities. Housing is cheap, and environmental data is notably strong.



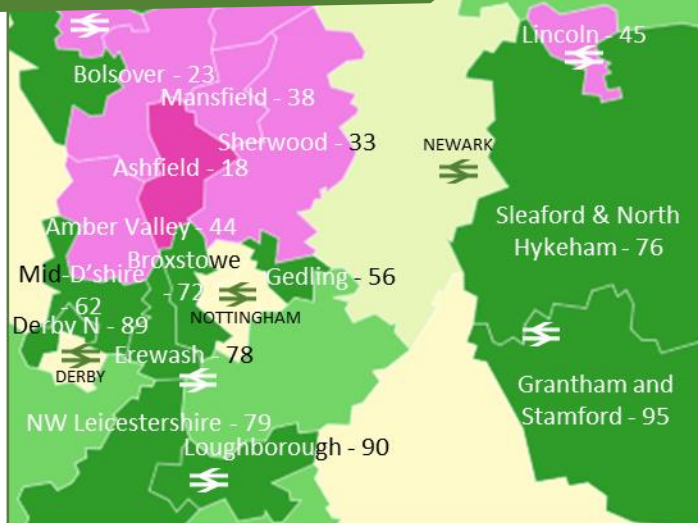
### 3 – South of the Humber



In the area around Sheffield and Doncaster, house prices are low but links to London

are still strong. Excellent road links connect the area to wider Yorkshire and a non-stop Doncaster to London train takes 90 minutes. Western parts are within easy reach of the Peak District.

## 4 – Trent and Derwent



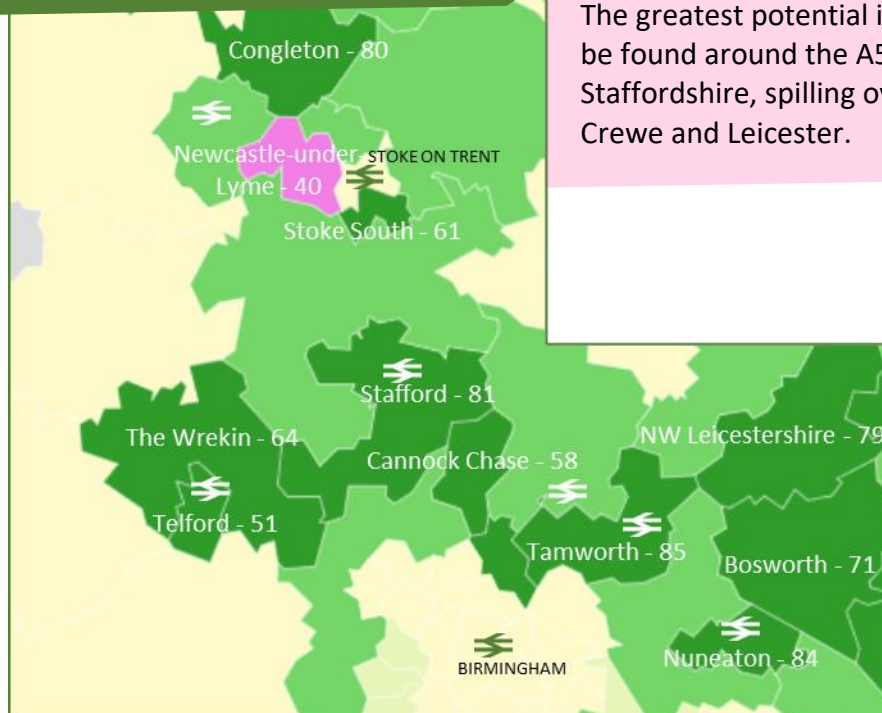
A band of towns from Derbyshire across to Lincolnshire hit a sweet spot in the ZTI. High quality of life makes for attractive places to live, while housing, though slightly more expensive, is still very affordable. Lincoln stands out as a 'traditional' city scoring highly in the ZTI; while Grantham and Loughborough are southern outposts.

## 5 – Newcastle & North

The data underpinning the ZTI tends to penalise large cities. Newcastle not only overcomes this, but performs strongly, even before factoring in excellent transport links and a vibrant cultural life. Towns to the north also have good potential.



## 6 – North West Midlands



The greatest potential in the West Midlands can be found around the A5 and central Staffordshire, spilling over into the areas around Crewe and Leicester.

### Other places

- Carlisle, with sub-constituency-level potential for Lancaster and Penrith
- Wellingborough, Corby and Kettering
- Gloucester and Cheltenham
- Cumbria coast

## Development Mutuals

It is easy to envisage a Zoom Town; delivering it is hard. Placemaking is notoriously complex, and is not something for which local government has historically shown flair. The best examples of transforming local fortunes have come from special-purpose entities – such as Garden City companies, the railway companies behind London’s Metroland and the New Town Development Corporations.

These bodies were built to deliver development, separate from existing local government. They had three major advantages which meant they could bypass bureaucracy and drive growth:

- They were free from day-to-day responsibility. Elected local government naturally manages today’s problems. A separate body can concentrate on tomorrow’s opportunities, and has to succeed or perish.
- Their long-term attachment to an area created an emphasis on placemaking rather than just housebuilding. The longer a body expected to be present in an area, the better its interests were served by creating a place people wanted to live.
- They were revenue generators. At their heart was a process by which the entity acquired agricultural land<sup>12</sup>, made it viable for building (by adding infrastructure and, for development corporations, granting planning permission), and then either built houses or sold the land on to developers. The revenue from this process covered costs, then generated a financial return. Even Milton Keynes, which created homes for 170,000 people, paid off all government costs within 30 years.<sup>13</sup>

A variety of circumstances rendered each of these approaches inoperative,<sup>14</sup> but this paper proposes to revive the underlying concept and evolve it a step further. Past bodies were intended to create new development on empty sites, but Zoom Towns seek to build up established communities. This demands a new model that not only delivers change, but does so in a way that maintains local trust.

Each Zoom Town would therefore be built around a Development Mutual – a body similar in powers to a postwar New Town Development Corporation, but with a governance structure where ownership rests with existing and new residents.

Driving growth requires a complex political balance – too much vigour generates opposition, while too much diffidence stops progress. A Development Mutual intentionally aims to create an equilibrium between the two:

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<sup>12</sup> Private companies did this through open-market activities, while New Town Development Corporations did so through compulsory purchase.

<sup>13</sup> ‘Putting the Magic Back into Milton Keynes’ Homes and Community Agency, July 2011

<sup>14</sup> Garden cities were overtaken by the 1947 Town and Country Planning Act, nationalised and merged with the New Towns. Property development by transport providers was rationalised away following nationalisation, and is not encouraged by the current institutional model. New Town Development Corporations lost their planning powers in the 1980s.





## *tomorrow's* Working from home

Scarthwaite Zoom Town has super-fast broadband, 5G and electric car charging points in every new garage.

Though the pub's still from 1736.

- Each Mutual would have a charter setting out its core principles and goals: a requirement to enable growth, improve quality of life, keep housing affordable and maintain social cohesion. This drives action.
- However, the election of the Chair, Chief Executive and Board would be in local hands. That means the people who decide how to implement those principles would be locally accountable, and would have to operate in a way that maintains trust.

This means that a Development Mutual avoids being an unaccountable quango, whilst still delivering change. It isn't just a tool for delivering housing and growth, but can also be the mechanism through which wider local ambitions, such as a greener or better-connected community, are realised. A Mutual can acquire buildings and land, meaning that treasured assets could be preserved, parklands established or permanent income streams created.

A Mutual also creates a very different perspective on profits compared to conventional housebuilding. Developers may be footloose, but a Mutual is grounded in a community. The ultimate value of the Mutual's activity is determined by the attractiveness of the place they promote. Whereas housebuilders look to maximise the money they can get out of an area, Mutuals look to maximise the value they can generate within it. Mutuals also provide an institutional lock-in for any profits made – they either go back to the community or are used to drive further growth.

### Funding

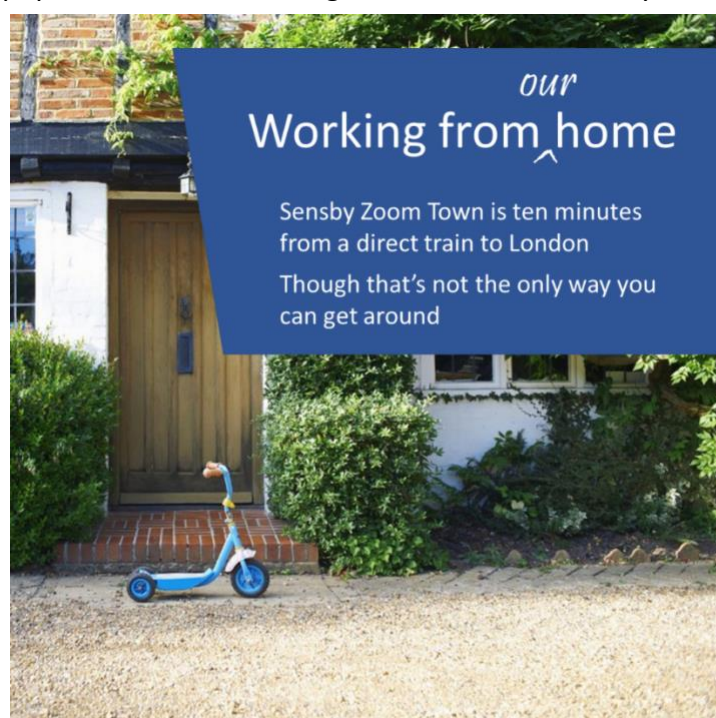
If structured carefully, a Development Mutual can be funded largely through private sector borrowing, without affecting the government's balance sheet. If a company generates its revenues through market transactions (the sale of land or housing), and has sufficient independence in its decision-making, its debts would not sit on government's books.

This means that a Development Mutual can be run without an ongoing stream of funding, and could even be formed without the need for government support at all. A company that can produce developable land with planning permission has a clear basis on which to raise funds from private markets. This requires primary legislation, particularly to reconcile plans with competition law, but in doing so also creates a toolkit that can be applied elsewhere.<sup>15</sup>

This is not to say that the creation of a Zoom Town is costless. In the first phase of activity, the most certain expense would be advertising costs and the setup costs of a Mutual – but these are relatively small, in the range of £1-4m/year.<sup>16</sup>

Costs for wider public services can be met by Mutual borrowing, repaid later through land and property sales. For faster results, improvements to education and healthcare can also be delivered by national programmes, and Project Gigabit is already addressing super-fast broadband in the North East. With the population shift out of big cities, there are already good reasons to reprioritise existing budgets to support Zoom Towns.

Public sector costs can be met by diverting existing funding from programmes that keep the economy unbalanced. In particular, London homes are eligible for double support from Help to Buy, meaning one flat in London can get funding equal to six homes in the North East.<sup>17</sup> Ending special treatment would generate £320-535m/year, and would affect 6,300 households at most.<sup>18</sup> The saving could pay for 50-90 new primary schools in a year.<sup>19</sup>



<sup>15</sup> The extent to which the management of development consent brings a Development Mutual within the boundary of the state is at the discretion of the ONS. However, one plausible model would see 1) the Mutual applying to the Secretary of State to agree to a proposed compulsory purchase and/or a change in land use; 2) the SoFS approving said decision by default, subject to confirming that the body and its purposes fit within a set of requirements set out in statute; and 3) the Mutual then selling on the land to private developers or building on it themselves.

<sup>16</sup> Ebbsfleet Development Corporation, the closest comparable organisation, spends £3m/year on staff costs, for 40 FTE. This is larger than a Development Mutual would ideally be, and the Chief Executive's salary would not be appropriate outside of the South East. Advertising campaigns are highly scalable to match available budgets, but for reference a campaign to take over all of Clapham South tube station for two weeks cost £23k. At the top end of the spectrum, Milton Keynes had a peak advertising budget of £2m/year.

<sup>17</sup> Help to Buy equity loans are available up to a maximum property price cap, which is £186,000 in the North East and £600,000 in London. On top of this, government is willing to contribute up to 40% of the property value in London, double the maximum in the rest of the country. This makes government's maximum contribution in London 6.45 times higher than in the North East.

<sup>18</sup> MHCLG: Help to Buy (equity loan scheme): data to 30 September 2020. Figures for 2019.

<sup>19</sup> Hampshire County Council, 'National School Delivery Cost Benchmarking: Primary, Secondary & SEN Schools'



## Results

Moving skilled labour begins an economic transformation. Initially, the main impact comes from the injection of skills and London-earned wages into the local economy, fostering local SMEs. New skill clusters can attract new employers to invest in an area; and some London-centred firms might be encouraged to identify a Zoom Town as a hub for remote workers. Right away, local economies become more diverse and hence more secure for all.

With a critical mass of people in place, these outside investments are joined by local entrepreneurship. Remote working disproportionately favours those working in knowledge-sector jobs, and the career path of many workers in this sector leads towards setting up new SMEs. With enough skills, Zoom Towns are a powerful mix of human capital and low operating costs, making them ideal incubators for new firms. The Development Mutual, empowered to aid growth and clear obstacles, makes that path even easier.

These benefits are not confined to Zoom Towns. People who worked remotely for London employers can also work for employers closer to home. Other cities can draw on these stores of skilled labour, and help forge combined economies like the legendary Northern Powerhouse.



In 2020, the way we deal with distance changed. This is a perfect opportunity to even the balance between the South East and the rest of Britain. By drawing on trends that are underway, strengths that left-behind Britain already has, and institutional structures that have proven their worth, Zoom Towns give new vitality to old places. Built well, these are not colonies of London, but incubators of true local growth – and a template for building back better.