TOWN, small and medium sized towns in their functional territorial context - Final Report

ESPON

TOWN

Small and medium sized towns in their functional territorial context

Applied Research 2013/1/23

Final Report

Version 6 November 2014

This report presents the draft final results of an Applied Research Project conducted within the framework of the ESPON 2013 Programme, partly financed by the European Regional Development Fund.

The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

Information on the ESPON Programme and projects can be found on www.espon.eu

The web site provides the possibility to download and examine the most recent documents produced by finalised and ongoing ESPON projects.

This basic report exists only in an electronic version.

List of authors

Loris Servillo, KU Leuven – Belgium (Lead Partner)

Rob Atkinson, University of the West of England - UK

Ian Smith, University of the West of England - UK

Antonio Russo, Rovira i Virgili Uinversity - Spain

Luděk Sýkora, Charles University in Prague – Czech Republic

Christophe Demazière, Université François Rabelais de Tours - France

Abdelillah Hamdouch, Université François Rabelais de Tours - France

With the contributions by the other team-members in the TOWN project organisations:

David Serrano, Fiammetta Brandajs (Rovira i Virgili University), Ondřej Mulíček (Charles University in Prague), Ksenija Banovac (Université François Rabelais de Tours)

To cite this document:
Servillo L., Atkinson R., Smith I., Russo A., Sýkora L., Demazière C., Hamdouch A. (2014) *TOWN, small and medium sized towns in their functional territorial context*, Final Report, Espon, Luxembourg.

Table of contents

TOWN Executive Summary

1. Key findings and messages

The aim of TOWN project was to construct 'new' knowledge about European small and medium sized towns (SMSTs), acknowledging that they are hardly considered subjects in EU policy yet are recognisable in the everyday experience of European citizens and firms. Therefore, TOWN research team designed and implemented a multi-method, multi-level research framework in order to tease out insights on the European town experience drawing on both qualitative and quantitative evidence. Its most key contribution to scientific knowledge on SMSTs is represented by the pan-European scope of the research project.

The project was based on the hypothesis that this size of urban settlement has an important role within the wider regional and functional context; hence, towns can indeed make an important contribution to supporting EU strategic policies such as the EU 2020 policy framework and for the achievement of territorial cohesion. In this sense, TOWN has sought to remedy the 'invisibility' of the territorial role of SMSTs and advocates the need for future thinking and policy development specifically tailored to towns across Europe (see also ECOVAST, 2013). The project assumes that such towns have their own specific 'urban' (territorial) capital and related territorial potentials that are embedded in wider global dynamics, albeit in specific spatial contexts in which the economic dynamics are "largely underpinned by a complex interplay of internal and external forces" (Courtney and Moseley, 2008, p. 315). From this perspective such towns have the capacity to "punch above their weight" if the right policy and governance frameworks are in place, albeit accepting that towns remain embedded in their functional and regional contexts.

The analytic scope of the TOWN project builds on the conceptual framework of the earlier ESPON 1.4.1 project (ÖIR et al., 2006), which outlined three basic approaches to the definition and identification of towns:

- From a morphological perspective, a town or urban settlement is defined as a compact built up area with a certain minimum concentration of population;
- From an administrative point of view, a town or urban municipality is defined as a territorial unit of local government that contains one or various urban settlements;
- Finally a functional criterion defines a town or urban centre as an urban settlement or urban municipality containing a concentration of jobs, services and other functions that serve other settlements in its hinterland, acting as the core of an urban (functional) region, which is a larger area that contains the urban centre and its hinterland, forming together a socio-spatial system integrated by functional inter-relations.

The relation between these three approaches makes the integrative epistemological approach of the project somewhat complex: whereas many towns (as defined by their morphological boundaries) remain contained within a single municipal area, it is also clear that a continuum of morphological settlements extend across several municipalities, causing administrative units reforms in some national/regional contexts.

The logical structure of the project started with the identification and listing of urban settlements that can be considered SMSTs from a morphological perspective. This was done based on the methodological work of DG Regio and OECD in their 'The new degree of urbanisation', using the same geographical information provided by Geostat as cells of 1 square km. with a given population in 2006. The use of the same parameters for the identification of 'High Density Urban Clusters' (a population of more than 50,000 and a

population density of more than 1,500 inh./km2) gave the possibility to isolate clusters of built up parcels of the ESPON space territory that can be considered SMSTs (i.e. have a population density between 300 and 1,500 inh./km2 and/or between 50,000 and 5,000 inhabitants).

The result is a map (map 1, p.9) and a geo-database of the ESPON space which identifies all urban areas defined morphologically (and not according to administrative boundaries) and within this of three classes of towns: 850 larger cities (defined as DG Regio's HDUC), 8,414 small and medium sized towns defined as above, and, residually, more than 69,000 'very towns' which, in spite of their population density above the threshold of 300 inh.km2, do not reach the minimum population threshold of 5,000 inhabitants. This is the basic (morphological) typology with which we have worked, and it involves more than the 87% of the EU 27 (plus partners) population, 46.3% of lives in HDUCs, while 24.2%, lives in SMSTs, further subdivided into different classes by finer population and density ranges.

This represents a first important finding of the TOWN project, because it indicates that the traditional discourses on the urban shift of the global population neglect complex questions related to the fact that most of the EU population still lives in 'smaller' urban settlements. Evidences have shown the importance of SMSTs in a sector that runs from the south of England across the Benelux countries and the West of Germany to northern Italy. The central region of Europe is the most densely populated area of the ESPON space. Significantly, while this region contains high-density urban clusters (London, Randstad, Ruhr, Milano) it also includes a large number of urban settlements that we have classified as SMSTs.

Other clusters of SMSTs are to be found in the industrial belt of South-Eastern Germany and Poland, and throughout the Western Mediterranean arc from Spain to Italy, in which coastal sprawl is a relevant issue that strongly affects the 'small-and-medium-sized-ness' nature of the urban dimension to be found here. At the same time, in the interior of France, North-Eastern Spain, the Alpine arc, and the Eastern side of the Pentagon area, SMSTs are far less prominent as the 'characteristic' urban structure. The bulk of the population here is dispersed in 'very small towns' and other smaller rural settlements.

This diversity of urbanisation structures has various origins, among which the most obvious are:

- Persistent geographical constraints, consistently with previous findings on the territorial diversity of urbanisation patterns across the European space (Gløersen et al., 2010).
- Different historical urbanisation processes that affected each European country over the last 100-200 years.
- Pre-National State territorial patterns, which have resurfaced in recent decades due to the progressive weakening of national borders and the effects of increasing trans-border flows and activities.

This territorial representation of urban settlements from a morphological perspective, and within it, the focus on the class of SMSTs was then developed through different strands of analysis addressing the issues of their 'role and performance' in their territorial contexts.

A first level of analysis involved the re-mapping of the morphological structure (and the associated populations) over the administrative geography of NUTS3 regions, for which we developed a large number of indicators and derived typologies. Consistent with DG Regio and OECD approach, the project classified regions according to their degree of urbanisation and focused on those where the population living in high density urban clusters is relatively

low (thus, the majority of the population lives in SMSTs and lower-scale settlements). For these regions the project analysed their performance or the degree of association with specific ESPON typologies.

Our analysis shows that macro territorial dynamics are the most important determinant factor for regional performances of regions characterised by smaller settlements, which seem to experience less spatial inertia *vis-à-vis* larger-scale phenomena. At the same time national differences indicate that the specific configuration of urban systems and national policies matter. Together with these macro-scale phenomena there is evidence of macro/meso regional path dependency that can be seen both in wealthier areas of the central part of Europe (the Pentagon) and in other contexts (e.g. Eastern countries). The analysis reveals a general divergence in performances of regions characterised by smaller settlements in remote areas and those close to metropolitan areas/urban regions. While the former tend to exhibit negative trends, the latter are characterized by better performances.

Beyond positive population or GDP growth scores, it is crucial to understand whether such growth maintains (or even reinforces) the functional and territorial role of smaller settlements. It is possible that settlements agglomerated in larger metropolitan areas are destabilised by suburbanisation, on the one hand, and by a re-concentration of jobs and services in cities, on the other. They may face problems related to becoming 'dormitory towns' or 'station towns'. However, under specific geographical and institutional conditions (a strong local sense of identity and degree of institutional and fiscal decentralisation enabling proactive strategies) it is possible that the activities rooted in such SMSTs are better able to resist metropolitan dominance by establishing processes of synergetic networking with larger urban areas. This may represent an example of 'borrowing-size' effect (Alonso, 1973; Meijers and Burger, 2010), according to which towns that are close to bigger urban areas are able to realise a 'virtual critical mass' in terms of accessibility to services and other urban characteristics.

A second level of analysis involved attributing to individual SMST polygons the information available for LAU2 aerial units which are either included in or transversed by morphological structures. The process of attribution to aerial units values of indicators to polygons was the result of a complex process based on data collection (at LAU2 level) using national sources. For this reasons, this operation was limited to 10 case study regions, and in a few cases, the values and the process of 'matching between geographies was extended to whole countries (see fig. 3, ch.3.3).

A first set of indications concerned the level of matching between these different geographies. In general the data suggests that the characteristics of the morphological SMSTs are statistically different from those of larger cities (HDUCs). However SMSTs from individual countries and regions are statistically different from SMSTs in other countries and regions pointing to the fact that SMSTs are significantly influenced by their context.

Secondly, we looked at the 'bundle of characteristics' that tend to define towns as different from cities in the countries and regions covered by the database. Building on the existing literature and combining these insights with the broad conceptualisation of territorial cohesion in the INTERCO project, the research team set out five dimensions of territorial cohesion that might be relevant to towns and the territorial development of towns (economic competitiveness, economic innovation, accessibility, equity and culture and community) and tried to investigate them, taking in consideration the availability of comparable data in the selected regions.

This analysis suggested that SMSTs tend to exhibit the following features in relation to larger cities or HDUC (with a few exceptions in specific countries):

- Industrial employment has a greater proportion of employment, while the service sector has a smaller proportion of employment;
- A significantly smaller proportion of jobs (on average) in private marketed services and in public services in comparison to HDUCs;
- A higher economic activity rate;
- A higher proportion of pensionable adults and more children;
- A lower proportion of working age adults with a degree;
- Employment in the retail sector is significantly lower than in HDUCs;
- SMSTs have a lower proportion of people who live and work in them than the HDUCs that are located in the same regions and countries;
- Unemployment rates in SMSTs tend to be lower than for HDUCs in four of our countries;
- Higher proportion of school age children;
- Higher shares of secondary or holiday homes.

Given the great diversity among SMSTs, that vary both within a national urban system as well as between national urban systems, this means that place-based approaches to individual SMSTs always require a detailed analysis of the specific place (or groups of places) before developing a bundle of policy interventions.

The variety of the (macro) regional connotations is revealed in the use of simple typologies bringing together different characteristics. The classification of SMSTs in terms of their sectoral definitions of economic activity reveals a diverse range of economic profiles (e.g. not all towns are dominated by industrial employment). At the same time, size matters for SMSTs when it comes to economic diversity. As towns get larger, their employment profiles tend to become more diverse relative to the standard NACE sections. Smaller towns tend to have (on average) more specialised employment profiles.

Finally, the in-depth studies of 10 case study regions (generally NUTS1 regions) and 31 case study towns within them, allowed us to carry out a more detailed investigation of their socio-economic characteristics. This exercise provided a number of insights, the most important of which is that the capacity to create jobs, to provide services, to attract new population and to engage in inter-territorial and innovation networks is not only due to a town's geographic proximity to large cities. The socio-economic composition of the settlement itself and its inherent value within wider spatial divisions of labour is an important distinguishing characteristic of a smaller settlement. At the same time, the size of the working population is often related to specialisation in some activities (manufacturing, tourism, etc.), and the town's fortunes are ultimately linked to economic and social change at regional, national or even international level. It is reasonable to assume that a the socio-economic performance of a town can be related to a range of factors which are a combination of geographic position, macro/regional trends, socio-economic specialisation, historical development and the ways in which these are understood by policy actors (i.e. their 'policy frames').

In the 31 case study SMSTs, the local economy of a large majority had a predominantly productive profile. On the one hand, the fact that most of these towns have retained their productive base shows that production of traded goods and services is still strategically important. However, several of our cases experienced delocalisation and transformation of their main economic drivers. This is also consistent with the earlier finding that a high

number of regions with a low degree of urbanisation are characterised by industrial branches losing importance, supporting the claim that fragile local economies require proactive support of their economic base.

Other towns have a local economy that mainly relies on activities and services related to local population needs and demand (housing, public services, etc.). Such a 'residential' economy may be considered as the key driver of their socioeconomic dynamics in various countries (Belgium, France, Germany, UK), especially in those regions benefiting from tourist activities and those in the proximity of urban regions. In the current period of economic crisis, the residential economy may represent a stabilizing factor for towns since it allows them to 'capture' income, and the jobs generated are not directly exposed to global competition. However, only in a few of the case study towns did the residential profile have a dominant role. This may indicate that services to population and residential consumption are still complementary drivers to the general economy.

In a third class of towns, the local economy is either related to residential or external demand, but at least partly based on knowledge, innovation and creative activities, such as higher education, design, etc. The case studies illustrated how this was the result of strategic initiatives to bring about favourable conditions for the creative economy (i.e. subsidies or tax incentives) or to foster a high level of quality of place (education provision, small entrepreneurial *milieu* atmosphere, place amenities, etc.) which has attracted a 'creative' population and associated investments. However, it is unlikely that in such towns the creative and knowledge-based profile can fully replace more 'traditional' residential and productive profiles, or become the dominant profile.

The case study evidence suggests that the profile of employment across the 31 towns had changed over the past 10 years: at least a third of them have undergone, to varying degrees, a process of structural change in their local economy. However, only a few of these towns were deliberately attempting to develop a new strategy for local growth and seeking to bring about change in their local economic profile.

Moreover, beyond the more 'descriptive' work at case study level we also developed a 'functional' approach to the study of towns to deepen our knowledge of their 'role' or status within the socioeconomic organisation of regions (regional urban systems). Thus, research in each case study region involved a process of classifying employment centres using the categories developed by ESPON 1.4.1 (autonomous town, agglomerated towns that are integral parts of poly-nucleated metropolitan areas and conurbations dominated by large cities/major metropolises; and polycentric networks of towns).

This analytic perspective was based on the notion that towns play the role of urban centres which primarily provide jobs, but also services, etc, to other settlements in their proximity. Hence the analysis concentrated on the identification of micro-regional centres and their respective territorial spheres of influence in terms of functional micro-regions. The other key assumption was that the relationships among urban centres and the position of a town in a particular type of territorial arrangement (autonomous, agglomerated and networked) impacts on town's development trajectories and their socio-economic performance.

Beyond the identification and classification of urban employment centres in each case study region, this strand of analysis was integrated with the general flow of research activities that first identified 'morphological settlements' of SMSTs, and then – at least for the sample of case study regions where this information was available – described and measured their 'structural speciality' as well as their socioeconomic performances, contrasting it with that of larger towns. From this point of view, the functional analysis made an important contribution by singling out which of our set of SMSTs played a particular employment role within territorial systems and which centres are related through functional relations.

The results indicate that the functional position of a micro-regional centre within its wider network of commuting flows (as autonomous, agglomerated or networked) makes no significant difference as single variable in relation to changes in population and jobs for towns. Nevertheless, the case study empirical work revealed that agglomerated and networked towns have higher performance rates than autonomous ones. Hence, in general, it is possible to affirm that the position of towns within networks of commuting flows is more complicated than might have been thought. However, the analysis did suggest that size mattered in that the larger centres (mostly cities with population over 50,000) performed better in comparison with small and medium sized ones when it came to employment growth.

To conclude, the key messages from these integrated strands of analysis can be summarised as:

- Towns are different from larger cities in terms of their labour markets, profiles of economic activity and demographic mix. However they are not so radically different that all towns will be different from all cities. There are important differences between national urban systems: simple contextual variables such as being autonomous, agglomerated or networked are not a sufficient predictor of performances for SMSTs except when explaining why specific towns might be able to benefit from their particular location. This implies that there may be other 'unobserved' variables at work mobilising the development potential of towns.
- In terms of barriers and potentials, the case studies and the wider statistical analysis show that within the wide variety of situations that characterise the performance of SMSTs in the 2000s, some towns have indeed been able to flourish. The regional context appears to be the most important influence along with having a good balance of residents in employment.
- Finally, the data suggests that the sectoral profile is important. Historically, towns have had some degree of competitive advantage in industrial employment (Massey, 1984). However, today this relative advantage may be problematic, as industrial employment (particularly manufacturing) has become increasingly subject to global competition. All the streams of analysis seem to confirm that those towns with a higher proportion of employment in industrial activities tend to have negative trends. Thus SMSTs that had higher levels of industrial employment at the beginning of the period appear to be associated with lower growth rates through the 2000s.

2. Options for policy development and policy suggestions

Given the wide variation between SMSTs across Europe and within countries it is necessary to caution against the adoption of any simplistic 'one-size fits all approach'. In policy terms, we emphasise the importance of developing a genuine place-based approach (Barca, 2009) that situates SMSTs in their local and regional context whilst paying due attention to their relationships and interactions with different scales (national and international).

In relation to a spatial planning approach and the development of appropriate 'policy bundles' it is neither possible nor desirable to rigidly prescribe a particular 'set of actions' because of the wide variety of regional situations and types of SMSTs. Spatial planning has a key role in terms of providing an analysis and framework for the development of a strategic approach to the relevant territory that identifies and grasps its dynamic and fluid formation and articulation with other territories and thus is not restricted to existing administrative boundaries. Spatial planners need to work with regional and local stakeholders to create a

shared vision of where territorial development is going and then allocate investment (e.g. in infrastructure) to support that vision. This will need to be a nuanced vision encompassing the territory as whole but also sub-regions and hierarchies based on the functional complementarities of SMSTs and larger urban areas. In order to feel a sense of 'ownership' SMSTs need to play a role in the production of this vision and framework. Then it will be possible to develop 'policy bundles' to achieve the desired outcomes at different levels – regional, sub-regional and local (i.e. a nested and integrated place-based approach).

For instance, while some of our case study towns have engaged in successful attempts to transform their traditional local economic structures and develop as 'smart' small places by attracting knowledge and creative activities (related to their degree of 'amenity' compared to sometimes overcongested large towns), it is important not to get carried away by these cases given that the creative economy has become something of a mantra for success in the current urban agenda. The often simplistic advocacy of strategies related to the 'creative economy' frequently fails to take into account the complex nature and variety of this sector and the rarity of success stories in terms of developing this sector as a significant part of a local economy. This complexity is even greater in the case of smaller urban contexts, where the necessary social-spatial dynamics can be even harder to activate.

Another important issue following from our analysis of the performance of towns and the regions characterised by a low degree of urbanisation is industrial decline (especially regarding older plants and/or branch plants) due to international competition, delocalization, concentration toward main urban areas, etc. This constitutes a major potential threat for many SMSTs. In policy terms, this requires that specific attention be given to the industrial sector and to the reformulation of territorial strategies and the diversification of economic structures, e.g. via (smart) innovation and the establishment of networked cooperation forms among towns.

In European territorial terms our projects shows that in the central part of Europe, which hosts a large part of the EU population and contributes the largest share of its GDP, SMSTs are a key urbanisation dimension. This signals the importance of policies to support SMSTs for the achievement of the EUs objectives in the core of the continent. In this respect the question about whether or not the EU2020 Strategy fully acknowledges this contribution and promotes the forms of territorial diversity that may support SMSTs is also relevant. Our results, in fact, suggest that in this region SMSTs play a crucial role in the economic growth of functional urban areas, through daily migration patterns, but also in terms of the de-concentration/concentration of firms and residents.

At the same time, the role of SMSTs is different in areas of Europe where the presence of a few important cities is counterbalanced by a diffuse distribution of smaller settlements. For these regions there is also a need to articulate the EU and national territorial strategy to support smaller urban settlements, as this is crucial to their future development and the well-being of their populations. It also represents a key component of European territorial, economic and social cohesion and the operationalisation of the notion of 'strength through diversity' (CEC, 2008).

In many of the case study towns there were issues around the 'capacity to act' (mobilisation). When towns demonstrated a much greater propensity to 'innovate' and adapt this was strongly rooted in their local milieu. This does not take place in all SMSTs: for instance several of the isolated towns are losing young people which may well impact on their local capacity to 'innovate'. Policy orientations need to be developed in relation to their regional/sub-regional context and based on their existing assets. However, since our evidence shows that meso/regional trends are significant, it is important to develop policy

bundles at a higher level rather than relying on a single local authority's initiatives, which the risk of being ineffective.

Overall, only an in-depth analysis of the local economy can provide information on the type of local assets and of target groups (firms, new entrepreneurs, residents, commuters, tourists, etc.) that contribute to economic development within a SMST context. This must constitute the basis of an integrated strategic approach that supports the factors relevant to the local economy and develops them in ways (through various forms of support such as investment in the relevant infrastructure, provision of incentives, collaboration between relevant/complimentary sectors, taking care not to overdevelop in ways that threaten environmental and amenity values, etc.) that are sustainable. This requires not only specific policies (or bundles of policies) to be developed and deployed but also associated forms of governance to be developed that provide a sense of 'local ownership'. At the same time it is necessary to avoid becoming too 'inward looking' and maintain/develop an external orientation.

A SMSTs development depends on the exploitation of comparative advantages as well as on the nature of relations with other surrounding urban and rural settlements. This latter point may be of significance as our case studies revealed considerable variation in the capacity/willingness of such towns to engage in collaborative/cooperative actions with other proximate SMSTs in terms of developing common projects (other than for basic services such as waste collection and water) and sharing of services (e.g. education and health care). Generally speaking the collaborative capacity of SMSTs was weak, and where it exists seems to depend on developing shared norms and establishing collective organisations that embody such norms and are articulated both locally and at higher scales. What tended to be lacking was a wider 'polycentric vision', embedded in the wider region, for the particular sub-regions that could frame a long-term development process that is of benefit to all relevant SMSTs. Developing such a 'vision' will need to be a collaborative venture involving regional and local actors who can work together in partnership (see OECD, 2013; Pucher et al., 2012).

Forms of cooperation between local authorities at the scale of the micro region should be encouraged, as they can help to ameliorate wider changes in the spatial distribution of activities and services, this is particularly important at a time when many countries and localities are experiencing significant reductions in public expenditure. The key issue then becomes how to develop forms of governance and spatial planning that can support the utilisation of a place-based approach that builds upon Europe's rich territorial diversity (CEC, 2008) reflecting the key goals of the Europe 2020 strategy of smart, sustainable and inclusive growth (CEC, 2010)) and the associated aims of the Territorial Agenda (Hungarian Presidency, 2011). In relation to this, it is essential to take into account the post-2014 Structural Funds, which seek to create an appropriate overarching framework and support the pan-European achievement of the priorities of Europe 2020 in order to bring about greater economic, social and territorial cohesion across the EU and at national and sub-national levels.

A flexible institutional setting, including patterns of behaviour, the legal framework, power structures, local agents and their modes of interaction, policies and regulations may play a facilitative role in creating an encouraging environment for towns. The inter-connectedness of geographic and institutional factors and their co-evolution in the course of time reflects the complex relationships of mutual influences. SMSTs need to be inserted into these relationships and able to actively play their part in shaping them in the future otherwise their fate will largely lie in the hands of others. However, individual SMSTs are unlikely to be able to directly participate in these debates and therefore it is important that they develop sub-regional organisations that are able to represent their collective interests to higher levels. Towns thus should have a stronger voice in regional debates as they have important

functional roles for their territory and as their factors of attractiveness may differ from those of large cities.

In this context the European level can potentially encourage a focus on towns, albeit not an exclusive one, within the relevant national/regional contexts, particularly through the Cohesion Funds (and the integration between these). However, much depends on the 'guidance' contained in the Common Strategic Framework and how this is 'interpreted' by national authorities and included in Partnership Agreements and then utilised by Management Authorities in terms of drawing up Operation Programmes: how SMST feature in these (also the roles assigned to local authorities - for instance are they involved in drawing up the OP or merely 'recipients') and the associated use of new instruments such as Integrated Territorial Investments, integrated sustainable urban development and Community-Led Local Development. Regardless of which specific instruments are utilised they need to be combined into 'coherent packages' relevant to each region/area - a place-based approach that is inclusive and genuinely engages a range of stakeholders.

To conclude, there were a number of factors that influenced the development of SMSTs and the capacity to bring about change, there were:

- Attitude of national/regional government. Same cases shown examples of action taken to support SMSTs, although the extent to which a coherent territorial approach was developed is debatable. The new EU Cohesion Funds give the European level the opportunity to signal the importance of SMSTs and the need for member states to address their situation in relation to the use of the funds. The new emphasises on integrated territorial development contained in the CSF and associated new instruments provides opportunities to develop regional strategies that include SMSTs and recognises their roles at regional and sub-regional level as well as their importance for more balanced territorial development and greater social and economic and territorial cohesion.
- A series of factors that can be included under the general heading of Governance:
    - Multi-level governance (including EU [where relevant], national and regional/local government). This is particularly important for SMSTs in terms of access to additional resources but also in terms of developing joint projects and sharing services. Only a few of our case study towns seem to be capable of being integrated in a multi-level system. In this sense it important to provide SMSTs with the necessary technical support and resources to engage in these forms of governance and be represented in the decision making processes that shape regional strategies.
    - Local capacity to act (mobilisation) and create working relationships (e.g. partnerships) with local stakeholders that are inclusive in order to bring together local knowledge and resources (territorial capital). This requires the creation of a shared ‘development vision’ for the area and the involvement of a wide range of stakeholders through the development of appropriate partnership structures to develop and support a long term local development strategy and its implementation (if with the appropriate level of support and resources).
- Territorial governance. This can be split into two, albeit interrelated, dimensions:
    - The ability to engage with the wider regional/territorial system of governance and to insert themselves into the relevant regional or sub-regional strategies.
    - The capacity to collaborate with other proximate towns in ways that build on their individual forms of territorial capital and compliments one another. The case

studies suggest there is some evidence of this in terms of common service provision. However, it does not seem that they can go beyond more basic projects to engage in concerted actions to support collective local economic development or provision of services that could be used collectively based on an allocation of service functions within a polycentric region. This raises the issue of how to move from governance arrangements (or partnerships) designed for a single-purpose to more holistic or strategic partnerships (see OECD, 2013).

- The level of resources available to SMSTs that can be deployed – unfortunately we do not have much evidence on this. Although the general impression was that they lacked the resources needed to address their problems and therefore access to resources from higher levels (EU, national and regional) was crucial.
- Appropriate spatial planning approaches and policies that allow for the identification of territorial dynamics and functional relationships, across different spatial and functional scales, whilst seeking to create a shared 'nested vision' for the relevant space (regional, sub-regional and local) which can then be supported through a coherent set of policies. Clearly these will vary depending upon the location of the SMST: for instance those influenced by their location in, or adjacent to, strong metropolitan regions will require a different approach compared to isolated SMST in more rural areas. SMSTs on their own are unlikely to be unable to develop the necessary policies and therefore will need support particularly from the regional level.
- The role of Leadership. This can take the form of dynamic and well connected mayors who are in position for a long period of time and develop a clear long-term agenda and strategy for change (this runs the risk of stagnation and accusations of 'despotism'). But it can also take a more 'collective form' in which a group of people (senior politicians and officers) provide the long-term agenda and strategy. Much seems to depend upon the knowledge/contacts/capacity to access a range of funds and combine them in a focussed manner related to the strategy. But some form of leadership is needed to drive the process.
- The issue of 'local identity'. This is a difficult question, but it does seem that those towns with a strong 'local identity' (or 'sense of community'), and associated social cohesion/capital, are the ones that have been 'more successful' in developing their own strategies, but these may well represent 'unique outliers'. Also it needs to be remembered that such places still need to be 'outward looking' in order to build links with other places.
- Particularly in isolated rural SMSTs population loss (young people and women) is a real problem as is the aging population that remains. Whereas those located in, or close to, metropolitan regions run the risk of becoming 'suburbs', although some towns seem to benefit from this in terms of firms relocating there. In deindustrialising SMST there was also evidence of some population loss. These issues will need to be addressed through the provision of appropriate employment, housing and service opportunities in the relevant populations are to be retained and new people attracted.
- Involving the private sector generally seemed to pose particular challenges; in most cases the public sector was the driving force and the private sector played a relatively minor role, in fact in some cases it seems to have been invisible. More generally this problem may reflect the weakness of the private sector and/or its lack of capacity to identify and represent its collective interests. It should be noted that the OECD (2013) identified a similar problem in its case studies of rural-urban partnerships, so this would suggest the issue is not one specific to our work.

3. Need for further analysis/research

Though TOWN is the first major cross-national empirical project looking at towns across Europe, it has also built on an earlier research base of ESPON funded work.

Firstly and perhaps most importantly the TOWN project operationalised the morphological approach to identifying towns. The TOWN project also worked within the typology of 'functional role' (agglomerated, networked and autonomous) with the functional analysis of 10 case study regions as the research team operationalised the functional role of towns in terms of commuting flows (identifying a functional hinterland and creating typologies of towns as employment centres in networks of flows). Thus the project has been able to empirically explore issues raised in the earlier SMESTO project in terms of identifying how to identify European towns (with a harmonised method), describing their characteristics (and the characteristics that distinguish them from larger settlements or cities), analysing the characteristics of towns that are associated with different growth trajectories.

The TOWN project has furthered our understanding of towns and how they fit within broader patterns of regional and territorial development but no single project can hope to be exhaustive. In terms of further work on towns the TOWN project suggests four key areas of work:

1. Refining the morphological approach to the identification of towns;
2. Harmonising the functional analysis and expanding the thematic coverage (of different 'functions');
3. Extending the coverage of themes covered by the attribute data-base of towns; and,
4. Deepening our understanding of development issues unobservable from data sources such as the Census of Population through further focused case study work.

TOWN Final Report

1. Introduction: context and aims of the TOWN project

Towns in Europe are places we instinctively recognise as part of our everyday experience but are problematic to define. Existing research and policy work has focused to a large degree on large cities and on metropolitan regions ('big' or 'global' places) often in the context of globalising forces and international competition but there has been relatively little work on 'smaller places' such as smaller cities and towns (for example McCann, 2004; Bell and Jayne, 2009 argue for the need to understand the role and significance of small cities). The town has been a central part of the history of Europe from the city-states of earlier periods, but even in 21st century Europe within the European Union the town is a particularly European feature of the urban mosaic consisting of a rich and complex patchwork of inter-linked national urban systems. The aim of the TOWN project has been to shed some light on the health of European towns in the early part of this century.

The terms of reference of the TOWN project (ESPON Applied Research Project 2013/1/23) specified a focus on a set of places called "**small and medium sized towns**". In particular the terms of reference asked for a focus on the functional role of these European towns, asking the research team to consider three key policy questions:

- What kind of roles and functions do small and medium sized towns perform in the European territorial structure, e.g. as providers of employment, growth and services of general interest, that contribute to the Europe 2020 Strategy for smart, sustainable and inclusive growth?
- What are the potentials and barriers for development of small and medium sized towns in different territorial contexts, and how can policy at different levels unleash the potentials and diminish the barriers in ways that strengthen their functional character?
- What types of governance and cooperation arrangements exist at various levels aiming to support the development of small and medium-sized towns and their territorial context, and how can policy further support these types of arrangements in order to strengthen their contribution to a more balanced territorial development of the European regions?

  (ESPON, 2011: 6)

In response to these policy questions, the TOWN research team designed and implemented a multi-method, multi-level research framework in order to tease out insights on the European town experience drawing on both qualitative and quantitative evidence. Whereas there are some existing quantitative studies on towns within the same national urban system (for example Shepherd, 2009; Powe et al., 2007; Matlovic and Bernasovsky, 2002; Spasic and Petric, 2006; Bessy and Sicamois, 1998) and cross-national comparisons of case studies (see for example Knox and Mayer 2009), the TOWN project is the first cross-national study on towns that brings together both qualitative and quantitative elements across the European Union space. The scientific details of our work are outlined in full within the Scientific Report that accompanies this project report.

The overall hypothesis developed by the TOWN project is that such towns have an important role within their wider regional and functional context. As such towns can make an important contribution to supporting EU strategic policies such as the EU 2020 policy framework and for the achievement of territorial cohesion. In this sense, the TOWN project

seeks to remedy the 'invisibility' of the territorial role of small and medium-sized towns in their regions, and it shares the concerns of the European Council for the Village and Town (ECOVAST) which advocates the need for future thinking and policy development specifically tailored to towns across Europe (ECOVAST, 2013). The project assumes that such towns have their own specific 'urban' (territorial) capital and related territorial potentials that are embedded in wider global dynamics, albeit in specific spatial contexts in which the economic dynamics are "largely underpinned by a complex interplay of internal and external forces" (Courtney and Moseley, 2008, p. 315). From this perspective, towns have the capacity to "punch above their weight" if the right policy and governance frameworks are in place albeit accepting that towns remain embedded in their functional and regional contexts.

The project shares the perception that a large part of the research on large cities does not help in conceptualising the contemporary functions of towns and smaller urban settlements (Robinson, 2002; Demazière, 2014). We contend that towns may be 'relatively autonomous' actors capable of developing and realising their own potentials either individually or collectively (i.e. through cooperation with other urban areas). If this is the case, towns could offer opportunities to increase the resilience of territories dealing with the impacts of global economic trends, due to the fact that they are rooted in local specificities and have their own territorial capital which they can mobilise to achieve local development strategies.

Yet the notion of researching towns is deceptively difficult. The TOWN project (building on earlier work for the ESPON project 1.4.1 - ÖIR et al., 2006) had the complicated task of defining its approach to the concept of 'town'. The object of the research project is far from clear in either the academic or policy literatures and despite the European town being a 'common sense' category with a growing body of 'town' research (Adam, 2006; Van Leeuwen and Rietveld, 2011), it is difficult to identify a clear and shared definition of what constitutes a 'town'. The term refers to something small, smaller than a city but larger than a village, but a clear-cut definition and distinguishing characteristics do not exist. This is why we sympathise with Brunet's opinion (1997) about medium-sized town as an 'unidentified real object', and we can extend it to the wider term of 'town'. It is unidentified because there is no widely shared and clear concept, nevertheless it is a 'real' object because of its specific (common-sense) shared cultural meaning that evokes certain common images and an, often implicit, understanding of what are characteristic territorial features of such places. Within the context of an applied policy-oriented research project, we have adopted a pragmatic approach and have defined the town based on the objectives contained in the tender (and earlier work in the ESPON programme).

This final project report will outline and summarise the work of the TOWN project in five chapters: chapter 2 sets out the conceptual framework and overall research design for the project; chapter 3 presents the evidence as it relates to demonstrating the role of towns within their regions; chapter 4 considers the potentials for and the barriers to development of European towns; chapter 5 reflects upon the policy and governance framework(s) within which towns are located in Europe (and individual member-states); finally chapter 6 discusses how the findings of the TOWN project fit within the existing ESPON research programme but also how they constitute an on-going research agenda for and on the subject of towns.

2. Conceptualising and researching European 'towns'

This chapter summarises how the research team has conceptualised (and subsequently, identified) the European town and outlines the research design deployed in order to investigate the role of small and medium-sized towns in their functional and territorial context. This is done in three sections: firstly, the broad conceptual framework is outlined setting out the morphological, functional and administrative lenses for defining a town; secondly, the chapter spells out and examines the practical implications of choosing these different lenses; thirdly, it describes the overall research design for TOWN. This chapter emphasises the three main ways of defining towns based on morphological, functional and administrative approaches, and stresses that the research team has taken a territorialist approach to what constitutes a town (rather than a socially constructed notion of being a town, e.g. as advocated by Brenner and Schmid, 2013). Of course there are implications inherent in selecting any one the three approaches and the chapter illustrates these implications.

2.1. What is a Town?

Defining towns is problematic. Whereas we all instinctively (think we) know what a town is, it remains a difficult issue to derive a common definition and one that is widely shared. This endeavour is hampered by the vagaries and semantic richness of (multiple) language(s) (and translating between them). The term 'town' has clear cultural connotations of smaller-ness, but it is often difficult to clearly demarcate a 'town' from a 'city'. Within English, the Oxford dictionary refers to the term town as "a built-up area with a name, defined boundaries, and local government that is larger than a village and generally smaller than a city" (Oxford Dictionaries: "town"). However, the distinction in the English language (based on some concept of 'size') cannot be found in other national and linguistic contexts. If in French language we can find 'cité' and 'ville', the former tends to be used to designate a district of the latter ('cité d'Arles', 'cité ouvrière'). And in many other European countries, the urban entity has only one general term (stadt, città, ciudad, πόλη, město, etc.).

Given that the TOWN project is research focussed on territorial development rather than one on cultural/linguistic de-construction, the TOWN research team decided to build on a conceptual schema developed as part of the earlier ESPON 1.4.1 project (ÖIR et al., 2006). In this work three basic approaches to the definition of towns were outlined: the morphological approach, the functional approach and the administrative approach. We acknowledge that our research interest is restricted to 'smaller' settlements and we have used the morphological definition within the tender brief to focus on places with a population between 5,000 and 50,000 inhabitants (for the most part).

In order to clarify the ambiguity that surrounds the definition of such towns and the related terminology a brief overview of the different conceptualisations and the ways of interpreting the urban dimensions within a broadly territorialist approach is necessary. Three key perspectives and discourses related to the definition and conceptualisation of urban places can be highlighted (summarised in Table 1):

1) Morphological perspective: town is defined as a compact built up area with a certain minimum concentration of population (Urban settlement);
2) Administrative perspective: town is defined as a territorial unit of local government that contains urban settlement(s) (Urban municipality);

3) Functional perspective: town is defined as an urban settlement (or urban municipality) containing a concentration of jobs, services and other functions that serve other settlements in its hinterland (urban centre); the urban centre acts as an urban core of the urban (functional) region, which is a larger area that contains the urban centre and its hinterland that together form a socio-spatial system integrated by functional inter-relations.

Therefore, for the sake of clarification, the subject of investigation of the TOWN project is addressed alternatively by using generic terms such as small urban areas or (smaller) towns. However, we will use the acronym SMST that stands for Small and Medium Sized Town – as specified by the tender – when we refer to the core of our analysis based on a specific conceptual and methodological approach, with some experimentation utilising population and density thresholds adopted as part of our project[1]. At the same time, the terms mentioned in Table 1 are used for addressing those specific interpretative approaches.

As Table 1 shows, the definition of the urban settlement based on its built-up area, and thus using morphological criteria, is different from the **administrative** definition of an *urban municipality*, which is an administrative entity (differentiated historically or currently) with functions, rights and duties that can be called town (UK), ville (Fr), stadt (D), město (Czech R.), etc.

	Term	Definition	Distinctive characteristics	Criteria
Morphological approach	Urban settlement	Built up area (area with urban physical characteristics) of a minimum population size	Concentration of buildings (distinction from open spaces) and population (above minimal threshold)	• Compact build-up area • Distance between settlements and buildings • Population • Density of urbanised area
Administrative approach	Urban municipality	Settlement with urban administrative status	Local government with urban administrative duties and responsibilities and territory / boundary containing urban settlements	• Local government • administrative functions • Historical attribution
Functional Approach	Urban centre / urban core	Urban settlement (municipality) with concentration of jobs, services and other urban functions	Role of centre for region due to concentration of jobs and other urban functions attracting commuters and visitors	• Population • Jobs • Other urban functions • Commuting • Centrality
	Urban functional region	Larger area with functional relationship with one or more urban cores	Gravitational area of jobs, services and other functions located in urban core(s)	• Access to jobs and services • Home-work commuting • Home-service commuting

Table 1 - Comparison of different conceptualisations and related criteria.

[1] Other projects have previously used different acronyms, such as SMESTO used in the ESPON project 1.4.1 (ÖIR et al., 2006).

The geographical relationship between the morphological and the administrative forms – which as will be seen below is a central issues in our attempt to 'measure' the performance of towns - is reflected in schematic form in the three different images in Figure 1.

The upper image of the left column typifies those cases in which there is an almost 1 to 1 correspondence between administrative units and town settlements (which may match a defined population threshold). Traditionally, this situation is found in countries that experienced Napoleonic reforms of their territorial administration (France, Spain, Italy, Belgium, etc.) and others that were inspired by it.

The intermediate figure complicates the situation – and a national territorial system – because here the administrative boundary usually contains several settlements, and the administrative function is allocated to the main settlement. Also in this case thresholds for the definition of the minimum size of the area can be attributed. At the same time, however, the status of municipality can be assigned by a political act (e.g. as in Poland, the Czech Republic).

The lower image represents the case in countries that have relatively large administrative units, in which several settlements of a certain dimension are included. This is the case in the UK and Sweden, for instance, in which sub-administrative units exist but do not have important official/administrative roles. Also in this case, the attribution of urban administrative functions (and the possibility to elect a mayor, for instance, as in UK) comes through political decision.

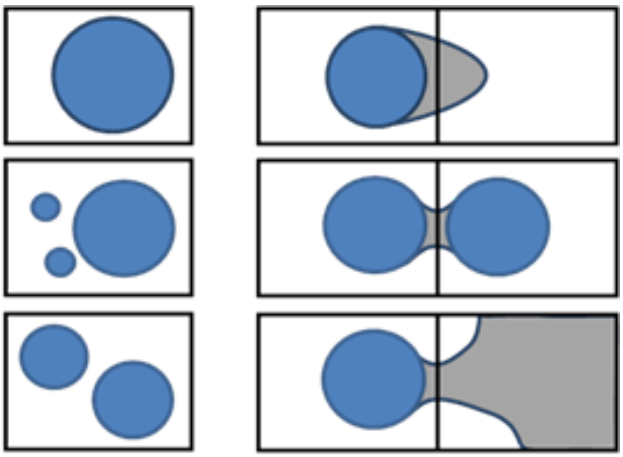


Figure 1. Relationships between administrative and morphological definition of urban areas.
***Column on the left*: Three types of relationships between urban administrative units (the black squares) and urban settlements (blue circles);**
***Column on the right*: Settlements dynamics (blue core and grey expansion) and relationship with administrative units / municipalities (black squares).**
Source: own elaboration.

The issue is even more complicated when we consider the spatial coalescence that has occurred between urban municipalities and urban settlements as result of the suburbanisation processes which have taken place in many countries over recent decades. At risk of being too schematic, three types of phenomenon may be characterized as indicated in the right column of Figure 1. The settlement expansion (represented in grey) could have crossed the administrative unit boundary (figure on the top), in some cases transforming two discrete settlements belonging to a different administrative unit into a built up continuum (figure at the centre). In other cases, the settlement may have been

agglomerated through the expansion of a larger urban/metropolitan area (figure at the bottom).

Whereas many towns (as defined by their morphological boundaries) remain contained within a single municipal area, it is also clear that a continuum of morphological settlements might extend across several municipalities (as in the case of highly urbanised areas such as Flanders in Belgium, or the Ruhr area in Germany, and in general the ribbon development along the coasts, especially in the Western Mediterranean arc). This process of urban expansion is at the root of attempts to reform administrative units, as in the case of Flanders in Belgium and of France, where currently there are attempts to merge supra-municipal cooperation bodies (as discussed in the Scientific Report, Chapter 4). Table 8 in chapter 5 provides evidence about the degree of correspondence between morphological and administrative units in our case study regions.

Finally, the functional approach generally divides the territory into areas with specific functional characteristics, usually urban cores and a related hinterland (van den Berg et al., 1982; Pumain, 2004) that together form functional regions. While on a general level the concept of functional (urban) region refers to a socio-economic region tightly organized around urban cores, there are important differences in the various ways the term is used.

Two essential variants can be distinguished. The first variant refers to functional urban regions/areas (e.g. FUA in IGEAT et al., 2007). This usage represents highly urbanized regions characterized by a high degree of spatial intensity. It leaves less urbanized areas outside functional urban regions (van der Laan, 1998; Pumain, 2004). The second variant refers to urban regions at the micro level. These urban micro-regions cover the whole territory linking each settlement to one of the urban regions even if it is linked to urban cores by weak ties (Hall and Hay, 1980; Sýkora and Mulíček, 2009). This approach considers the whole territory in terms of gravitational areas around urban centres that are articulated in hierarchical and polycentric ways.

Overall, the concept of functional urban region, albeit in most cases limited to the working commuting patterns of population (due to the lack of data on other commuting patterns, e.g. for education, health care, cultural activities or shopping), is relevant for the division of the territory into entities that have meaning for the daily life of inhabitants. The exchanges and relations that take place between the different parts of the urban region delimit the zone of influence of one or more central cores and specify the types of towns. The ESPON 1.4.1. project (ÖIR et al., 2006) distinguished networked, agglomerated, and autonomous towns, and we have refined and empirically tested this typology (for a full overview, see Scientific Report, chapter 5).

2.2. What difference does a definition make?

In the previous section, we set out the three main approaches used by this project to define a town: a morphological approach, a functional one and an administrative one. In this section we will discuss the implications of using such different approaches and argue for the need of combining them; to do this we will compare the resulting morphological and functional structures of towns as either small and medium-sized towns [SMSTs thereafter] in population terms or as 'intermediate' employment centres .

The morphological approach to identifying and defining the extent of settlements is a method that has already been deployed in Europe (and elsewhere). The production by Geostat of a harmonised (synthetic) population database across Europe, based on 1 square kilometre grid cells provides the possibility to identify and analyse population settlements

with a degree of comparability which has been traditionally missing when using the arbitrary geography of administrative aerial units, even at the finer scale of municipal (LAU2) data.

In 2011 the European Commission (Directorate for Urban and Regional Policy) and OECD adopted a new definition of urban settlements based on population size and density (DG Regio, 2011; Dijkstra and Poelman, 2014) that permitted the identification and classification of regions on the basis of their 'degree of urbanisation' eschewing the ambiguities of measuring urban phenomena outlined for instance in Brenner and Schmid (2013). That document focused especially on the 'top end' of the urban hierarchy, producing a revised database of 'High Density Urban Clusters' (continuously built up areas of more than 50,000 inhabitants and a population density of more than 1,500 inh/sqkm) and their peripheral ring areas.

When applied to large cities, the new morphological EC-OECD definition (Dijkstra and Poelman, 2014) was able to identify 828 (greater) cities with a dense urban centre of at least 50,000 inhabitants in the EU, Switzerland, Croatia, Iceland and Norway. These "High Density Urban Clusters" (HDUCs) account for 40% of the European population. When commuting data from small areal units to these morphological cities is added it is possible to identify labour market hinterlands for these 'cities' (Larger Urban Zones or LUZs). These LUZs account for 60% of the European population but they do include a number of urban centres that have less than 50,000 inhabitants in their urban core.

The TOWN research team has thus built on this approach in order to identify lower-order clusters of population (i.e. non-HDUC according to the 'degree of urbanisation' method) according to differential criteria and thus complete the inventory of urban settlements in the ESPON space (represented in cartographic terms as polygons composed of a certain number of grid cells).

> Thus, our first basic morphological classification defines Small and Medium-Sized Towns (SMST) as continuous urban clusters with a population above 5,000 and a density above 300 inh/sqkm that are not "High Density Urban Clusters" (HDUC) as according to the DEGURBA definition; therefore, these include, as outlined in the scheme of Table 2:

a. Polygons with a total density (average density of all cells included) between 300 and 1,500 inh./kmq and a population between 5,000 and 50,000 inhabitants;

b. Polygons with a total density of more than 1,500 inh./kmq but a total population of less than 50,000 inh.;

c. Polygons with a total population of more than 50,000 but a total density of less than 1,500 inh./kmq.

Furthermore, our basic classification of urban settlements or **TOWN Typology 1**, includes urban areas that have a population density superior to 300 inh. per square km but a population lower than 5,000, do not qualify as SMST, and are therefore classified as "Very Small Towns" (VST).

<table>
<tr><td></td><td></td><td colspan="3">DENSITY criterion (inh. / km2)</td></tr>
<tr><td></td><td></td><td>< 300</td><td>> 300 and < 1500 km2</td><td>> 1500 km2</td></tr>
<tr><td rowspan="3">POPULATION threshold (inh.)</td><td>under 5,000</td><td>OTHER SETTLEMENTS</td><td>VST (very small town)</td><td>VST (very small town)</td></tr>
<tr><td>Between 5,000 and 50,000</td><td>OTHER SETTLEMENTS</td><td>SMST</td><td>SMST</td></tr>
<tr><td>over 50,000</td><td>OTHER SETTLEMENTS</td><td>SMST</td><td>HDUC (high-density urban clusters)</td></tr>
</table>

Table 2 – Morphological criteria for settlements typology

The rest of the territory is defined, by exclusion, as "other settlement types" and includes unpopulated areas, sprawling urbanisations, or settlements that are too sparsely populated to be even considered Very Small Towns.

The basic SMST category has been further elaborated into two "advanced" typologies which consider respectively intermediate thresholds in terms of population size and density, within the values indicated for urban clusters (namely, 25,000 inhabitants and 1,000 inhabitants per square km). This introduced the category of "Large SMST", identifying urban areas that have more than 50,000 inhabitants, but a total population density below the 1,500 inh/kmq threshold which would qualify them otherwise as HDUC (see Table 3). These 100 "large" SMST polygons correspond to a number of sprawling medium-density regions across Europe characterised by one or more HDUCs in spatial continuity with ribbon developments, urban sprawls and more in general a vast urban area characterised by low density, which determines the anomaly of large urban regions with one of the parameters of SMST (density under 1.500 inh/kmq).

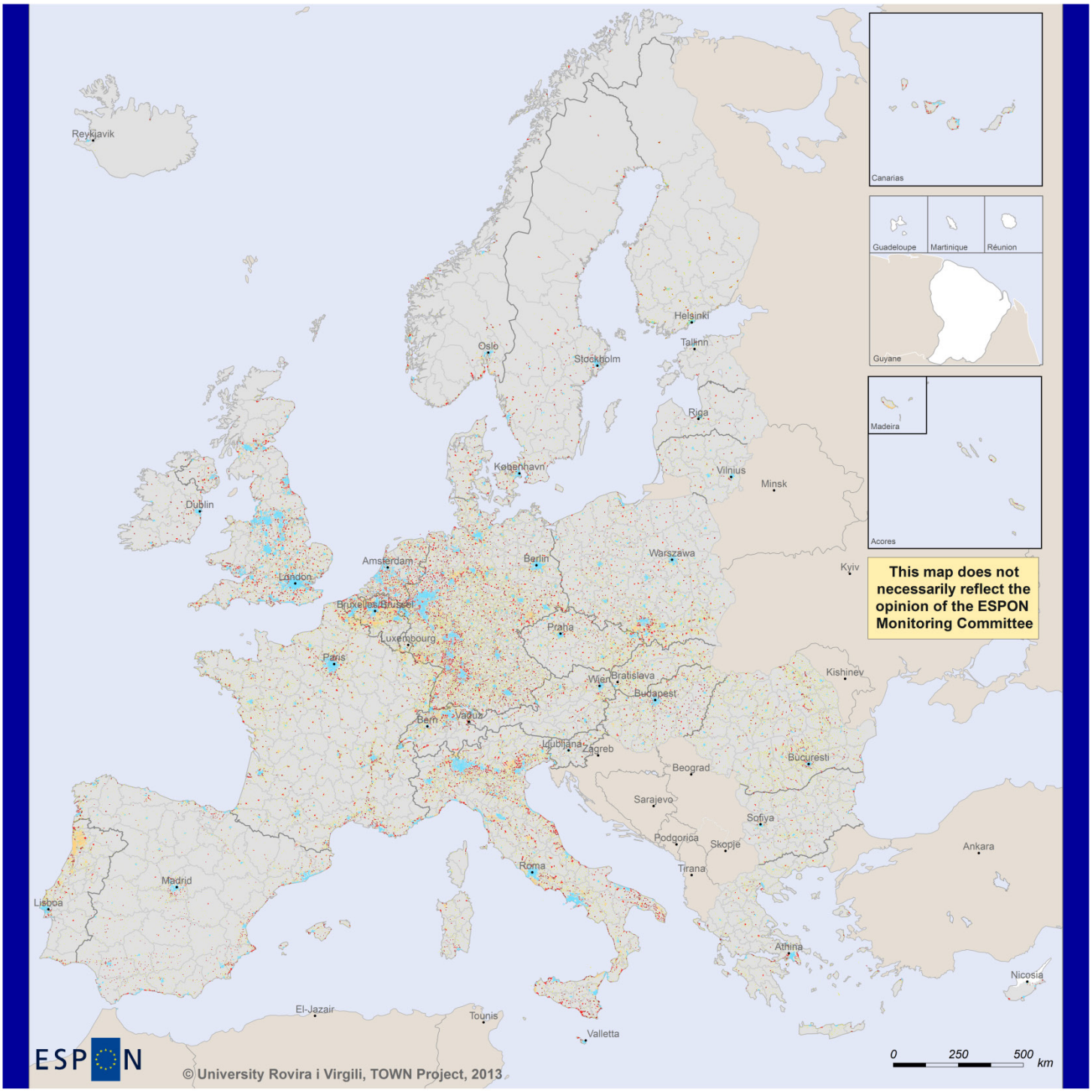
Classes	Delimitation criteria	Count	Av. Pop	Av. Sq.km	Av. Density	Total pop. in this class	*as % of ESPON space**
High-density Urban Clusters (HDUC)	Pop. > 50,000 Pop. Density > 1,500 inh/km2	850	275,476.10	92.3	2,927.10	234,154,670	46.3%
Large SMST	Pop > 50,000, Pop. Density < 1,500 inh/km2	100	132,331.4	101.8	1,299.6	13,233,142	2,6%
Medium SMST	25,000 < Pop < 50,000, Pop. Density > 300 inh/km2	966	35,162.90	19.7	2,060.59	33,967,357	6.7%
Small SMST	5,000 < Pop < 25,000, Pop. Density > 300 inh/km2	7348	10,241.50	7.6	1,470.09	75,254,510	14.9%
Very Small Towns (VST)	Pop. < 5,000 Pop. Density > 300 inh./km2	69,043	1,193.10	1.7	699.3	82,376,586	16.3%

* including EU 27+ Iceland, Norway, Lichtenstein, Switzerland

Table 3 – TOWN typology 2, main statistics

This result represents an important finding of the TOWN project, because it indicates that the traditional representation of the urban shift of the global population (also questioned by Brenner and Schmid, 2013) should be seen as both more complex and complicated than is often considered to be the case.

Our evidences show that almost half of the EU population does not live in a metropolitan/heavily urbanised context, but rather in smaller urban settlements that are strongly embedded in their local environment and surrounding rural areas. Moreover, Table 3 highlights how almost 25% of the ESPON-space population lives in the three groups of SMST defined in this classification. Their distribution in the EU space is represented in Map 1, where SMSTs are mapped out as red polygons, together with large SMST in orange, HDUCs in light blue and VSTs in yellow.



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

		DENSITY (inh. / kmq)		
		< 300	> 300 and < 1500	> 1500
POPULATION (inh.)	< 5000	OTHER SETTLEMENTS	VST (Very Small Towns)	
	> 5000 and < 25000		Small SMT	
	> 25000 < 50000		Medium SMT	
	> 50000		large SMT	HDUC (high-density urban clusters)

NO DATA

Regional level: NUTS 3 and 1 kmq grid cells
Source: Own elaboration on GEOSTAT data
Origin of data: DG Regio
Authors: F. Brandajs, A.P. Russo, D. Serrano Giné

Map 1. TOWN SMST settlements, ESPON space

This map reveals a richness of SMSTs in a sector that runs from the south of England across the Benelux countries and the West of Germany to Italy, with other "clusters" in the industrial belt of South-Eastern Germany and Poland, and along the whole Western Mediterranean arc from Spain to Italy; moreover it illustrates the relative sparseness of SMSTs in the interior of France, north-eastern Spain, the Alpine arc, and the eastern side of the pentagon area.

This morphological approach has provided a relatively uniform identification of urban settlements, and a harmonised definition across different urban systems – allowing for the arbitrary nature of the thresholds used and the simplification of some conceptual, spatial and methodological complexities. Our approach starting from the 'established' identification of urban areas through a morphological perspective, which is the basis of DG Regio's 'degree of urbanisation' as an harmonised, 'objective' method to define the urban status of territories, has extended this approach beyond the category of large cities to include in this inventory the lower tier of 'townish' settlements. It has then used this geo-database and the information appended (directly as polygon characteristics, or after the complex task of attributing to this 'objective' geography the value of indicators and variables measured at administrative areal levels) to further investigate the roles and performance of SMSTs in the EU territory. The method for associating small area data (based on local administrative units) and these morphological units is outlined in Chapter 3 of the Scientific Report.

At the same time, mainly through the case study analysis (see Table 4), the project has also investigated to what extent the analysis of these morphological settlements can be enriched through an exploration of the functional roles of towns in their wider regional context (Scientific Report, Ch. 5). The identification of micro-regions and urban centres interprets the territory in a different and more complex way than the approach used to map out LUZ around larger urban areas.

Case study 'region'/nation	Number of morphological units identified	No. of employment centres		Micro-regions with no morphological units	
		All	Primary	No.	%
Flanders (BE2)	133	149	128	6	4.7%
Cyprus (CY0)	18	19	7	0	0.0%
Czech Republic (CZ0)	244	367	260	59	22.7%
Catalonia (ES51)	79	118	66	10	15.2%
Central Region (FR24)	43	20	20	1	5.0%
North West Italy (ITC)	269	268	112	21	18.8%
Mazovia (PL12)	47	35	29	0	0%
Northern Sweden (SE3)	44	41	41	19	46.3%
Slovenia (SI0)	48	59	50	17	34.0%
Wales (UKL)	64	75	75	14	18.7%

Table 4 - Identification of towns by morphological and functional approaches in the case study regions/nations

Indeed, morphological analysis may not identify all places that are playing a similar functional role. The functional analysis carried out in the TOWN project managed to identify settlements that may be playing an important functional role (as employment centres) but that are not identified morphologically as towns or are classified in the same morphological "type". Table 4 compares how the functional analysis and the morphological analysis have identified places as potential "towns" and cities. The functional analysis identified

employment centres according to a size threshold (a minimum number of jobs) and a commuting criterion (must be receiving commuters from one other municipality). The second stage of the functional analysis distinguished between primary employment centres as the major commuting destination within a local labour market area (a micro-region) and employment centres that met the basic criteria but were not the main centre in a micro-region. Columns 2 and 3 give the basic count of these employment centres within the case study regions. For each of the case study regions/nations, the table identifies the number of HDUCs and SMSTs identified by the morphological analysis (all morphological settlements with an estimated population greater than 5000 people). Table 4 indicates that both the morphological and functional approaches appear to identify a similar number of potential towns and cities in each of the case study regions albeit few exceptions.

However, this comparison and Table 4 also outlines the problematic intersection of these two methods. The last two columns give the number of micro-regions identified in relation to the geography of employment that have neither a SMST nor a HDUC polygon identified within them. These are areas that seem to be important enough to be locations for at least 1,000 jobs and for which there is some evidence of commuting between municipalities but for which there does not appear to be a SMST (of 5,000 inhabitants). In the regions where we have been able to carry out this analysis, up to 50% of micro-regions do not count any SMST in them. This is especially the case of Northern Sweden where the population is sparse and where the productive economy is heavily reliant on mining (leaving potential clusters of jobs without clusters of settlement). However in four other regions analysed as case studies in this project, around the 19% to 35% of such micro-regions are not associated with either a SMST or a HDUC (Wales, North West Italy, Czech Republic, and Slovenia). Thus it is clear that whereas the morphological analysis may identify places with particular morphological characteristics, it might fail to identify as many as 1 out of 5 functionally significant places (and as many as 50% of important places in rural areas).

2.3. The research design for TOWN

In order to research the complex multi-faceted and multiply-defined entity of the European town, the research team has adopted a research design involving different methods. The interweaving of nested case studies (that cover 10 national systems/regions and 31 localities/towns) contextualised through EU-wide analysis allows a multi-level conceptualisation of the role of towns, this is set out in Figure 2.

This scheme illustrates the relationship between the four spatial scales of analysis (European, national, regional and town-level) and the fifth thematic dimension (morphological, institutional, functional, socio-economic and policy) of analysis whereby the research focus has been on the different conceptualisations of town (morphological, functional and administrative). The details of each of these individual components are covered by the various chapters of the Scientific Report.

Data availability and resource limitations have restricted the degree to which all these components have been explored at all spatial scales and across all thematic dimensions, as articulated in the Interim Report (see Servillo et al., 2013): the morphological analysis across the whole European area; the institutional analysis limited to the ten case study countries; the functional analysis of the 10 case study regions; and the policy analysis of 31 case study towns (within the 10 case study regions). We are able to extend the socio-economic analysis beyond the 10 case study regions to the entire national context in Belgium, France and the

UK, for which data availability allowed this exercise at a relatively low marginal cost (see fig 3, ch.3.3).

Moreover, the morphological interpretation of urban areas as towns allowed the research team to go further in their analysis. The identification of clusters (polygons) of built up areas (SMSTs) allowed us to advance beyond earlier analyses based on the somewhat arbitrary geography of (administrative) aerial units. Whereas the research team does not claim that this approach is not without problems, it has provided a basis for a second level of multi-scalar analysis in which socio-economic characteristics across Europe (linked to the regional and local area data wherever possible) have been investigated.

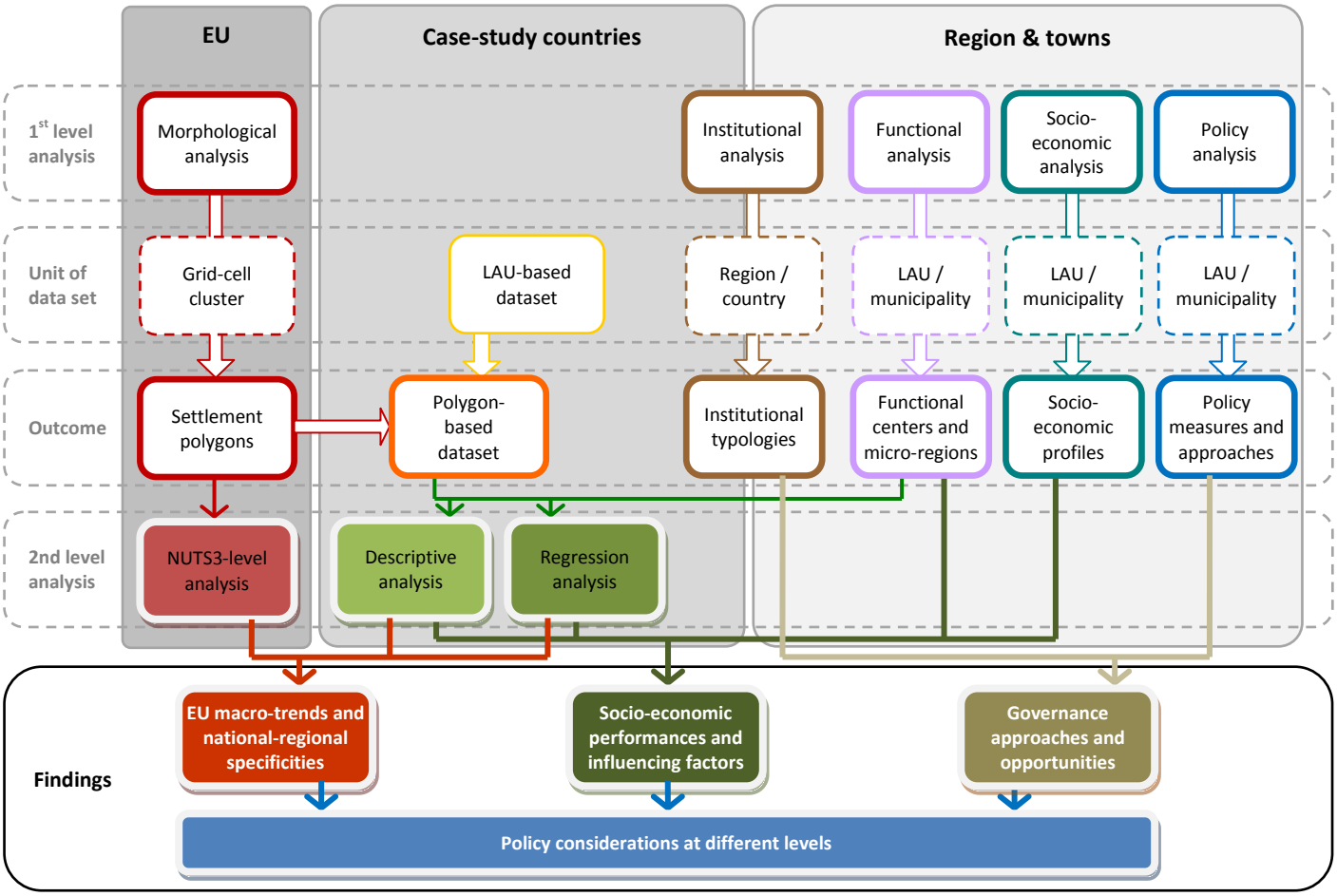


Figure 2. Structure of the TOWN project

Two parallel streams were developed. First, the analysis of the role of SMSTs targeted the whole ESPON space through the characterisation of NUTS3 regions in terms of prevalent 'morphological' settlements types – or the 'degree of urbanisation' approach extended to cover a wider range of settlement types. Despite the fact that the identification of regions that are predominantly characterised by smaller settlements cannot reveal the precise role of individual SMSTs, it has been possible to investigate in this way the general performance (measured in the time-span of the 2000s decade) of regional contexts characterised by smaller settlements, as opposed to regions that are characterised by larger urban areas.

Second, having revised the spatial configuration and classification of SMSTs polygons identified through the geomatic method in the 10 case study regions it was possible to associate the administrative-based dataset to the polygons for the wider case-study area. The construction of a polygon-based data set provided the possibility of carrying out a socio-

economic analysis of SMSTs among them, compared to their territorial context, and compared to HDUCs (high density urban clusters or 'cities').

Finally, the project brought together the different findings within three main blocks:

- the territorial trends of small and medium sized towns across the ESPON space;
- the socio-economic characteristics and performance of SMSTs, and
- the policy considerations based on case study findings and institutional contexts.

These three blocks correspond to the following three chapters of the present report.

3. Towns in Europe: pan-EU macro-trends and national/regional specificities

This chapter brings together our findings about the state of towns in Europe. It combines both a pan-EU overview and a more detailed fine-grain analysis in which national and regional differences are presented based on both quantitative and qualitative methods of analysis.

3.1. NUTS3 region characterization of urban settlement structures across Europe

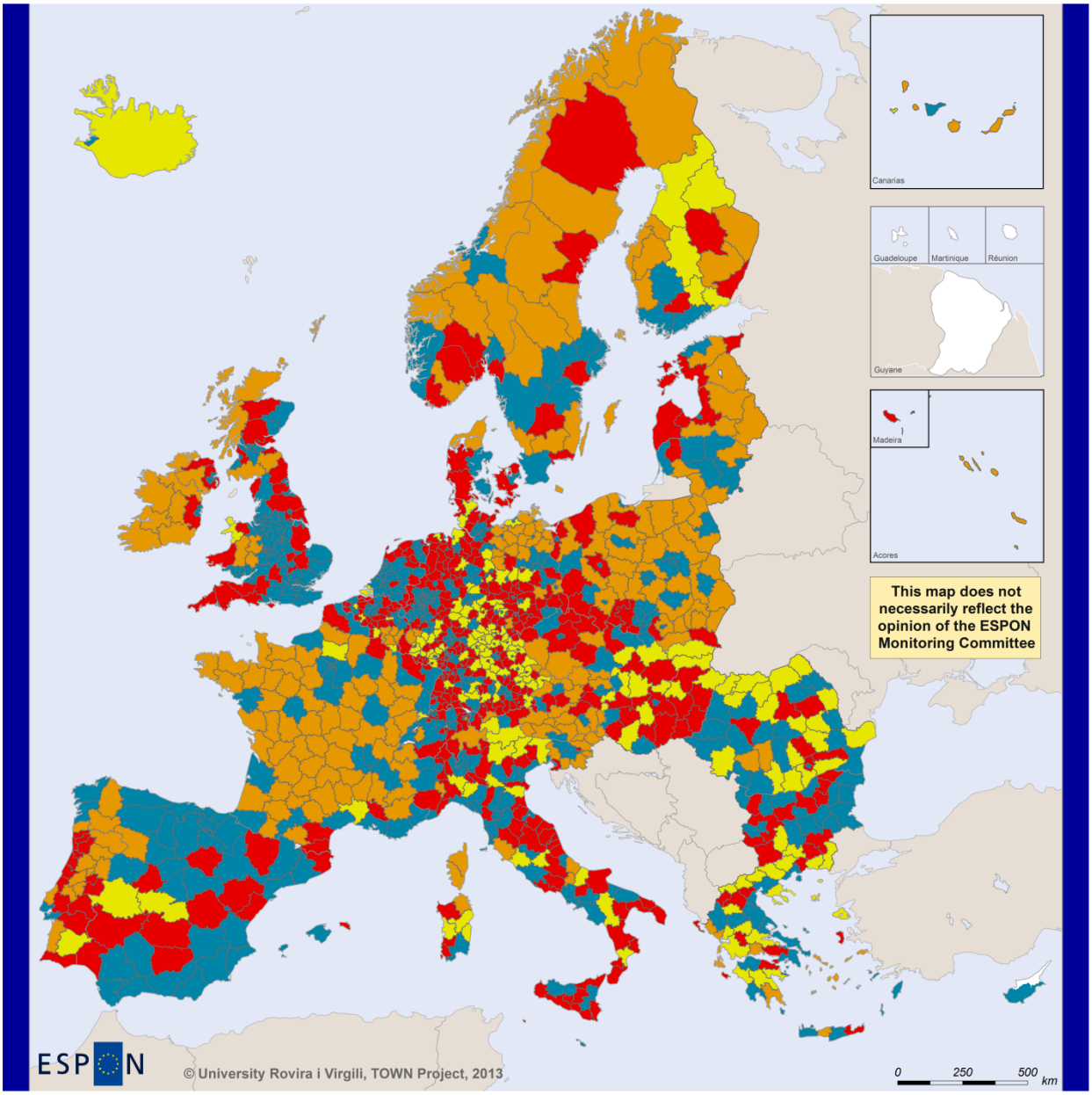
The morphological analysis of urban settlements and the subsequent NUTS3-based representation picked out three main types of national urban settlement structures characterised by different 'degrees of urbanisation'[2] (Map 2).

- Countries with a prevalence of urbanised population clustered in high-density urban centres: Belgium, Switzerland, Greece, the Netherlands, Spain, the UK, as well as smaller island states as Malta and Cyprus;
- Countries with a more balanced repartition of population between classes of high-density urban clusters and small and medium towns: Austria, Bulgaria, the Czech Republic, Denmark, Estonia, Finland, Italy, Latvia, Poland, Portugal, Romania, Sweden and Slovenia;
- Countries with an overrepresentation of population living in smaller settlements: France, Hungary, Ireland, Lithuania, Luxembourg, Norway and Slovakia.

Going beyond the scale of countries, it has been highlighted that the central region of Europe, partly overlapping with either the 'Pentagon area' or the 'blue banana', is the most densely populated area of the ESPON space. While this region contains high-density urban clusters (London, Randstad, Ruhr, Milano) it also includes a large number of urban settlements that we have classified as SMSTs, covering an area that stretches from the South of England across the Benelux countries and West of Germany to North and North-East Italy.

Other clusters of SMSTs are to be found in the industrial belt of South-Eastern Germany and Poland, and throughout the Western Mediterranean arc from Spain to Italy, in which coastal sprawl is a relevant issue that strongly affects the 'small-and-medium-sized-ness' nature of the urban dimension to be found here. At the same time, it has been shown how in the interior of France, North-Eastern Spain, the Alpine arc, and the Eastern side of the Pentagon area, SMSTs are far less prominent as the 'characteristic' urban structure. The bulk of the population in such areas is rather dispersed in 'very small towns' (with less than 5.000-residents, the threshold set in the terms of reference of the project), or in "other settlement types" (mainly in areas characterised by sparse settlements that are under the threshold of 300 inhabitants per km^2).

[2] These are expressed as percentage of inhabitants who live in High Density Urban Clusters defined as in Section 2.2, and reordered in three broad classes whereby the HDUC-based population is less than the 30% of the total NUTS3 population (prevalence of smaller settlements), between 30 and 70% (mixed types), or superior to 70% (prevalence of bigger urban areas) – see tab.3, ch.2.2.



Map 2. NUTS3 Typology based on prevalence of type of settlements

This diversity of urbanisation structures has various origins, among which the most obvious are:

- Persistent geographical constraints: for instance, the regions across the Alps clearly tend to favour small-scale communities over SMSTs in the valleys, and thus we cannot

identify any significant presence of SMSTs across large parts of Switzerland and Austria. On the other hand, the special nature of islands can lead to a prevalence of high-density urban centres, as in Malta and Cyprus. In this way, our results are consistent with previous findings on the territorial diversity of urbanisation patterns across the European space (Gløersen et al., 2010).

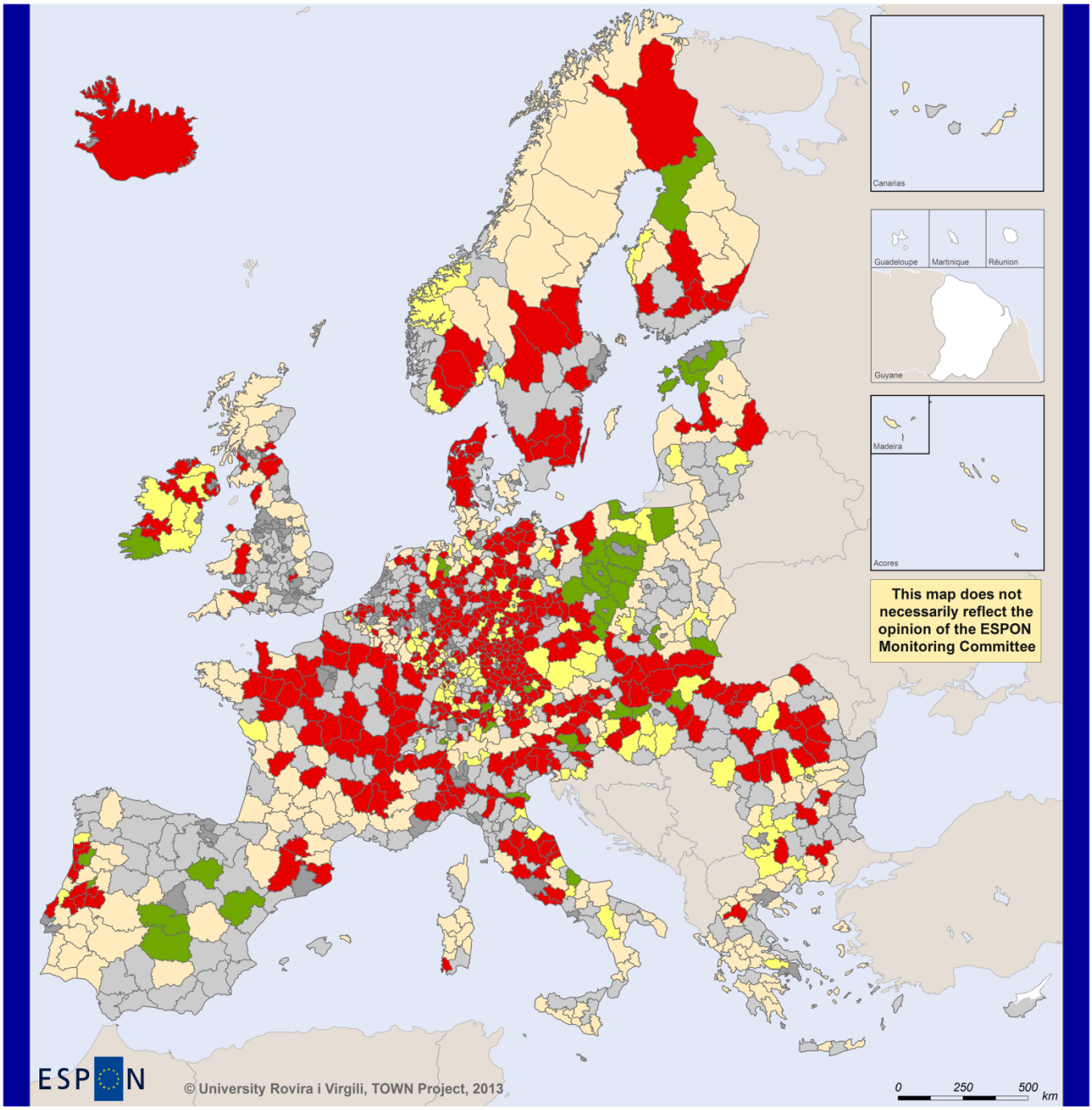
- Different historical urbanisation processes that affected each European country over the last 100-200 years. A range of both country specific factors and more trans-national ones can be cited, such as the nature of industrialisation in the 19th century as well as suburbanisation processes in the 20th century. Moreover, for much of this period settlements located in the proximity of national borders experienced the effects of a peripheral location.
- At the same time the significance of pre-National State territorial patterns have (re)emerged in recent decades due to the progressive weakening of national borders and the effects of increasing trans-border flows and activities, especially in the central areas of Europe (between France, Belgium and Germany) and in the eastern region through the former border between the EU-15 countries and ECE such as the German-Polish one, or in the polycentric systems between Vienna, Bratislava and Brno.

Looking at the distribution of NUTS3 with smaller settlements, there is a significant overlap with those that are border regions (internal and external). The implication is that border regions tend to be characterised by a prevalence of smaller settlements. This result for external-border regions is not surprising as they largely coincide with sparsely population regions especially on the Eastern EU border, but the result for internal-border regions is worth noting. At the same time, with regard to the typology of urban-rural regions, while the association is to some degree built-in to the way our typology has been defined, it is still interesting to note that the prevalence of smaller settlements is positively associated with all classes of non-urban regions, except that of intermediate regions (OECD, 2010) close to cities.

Interesting insights can be derived from the spatial association between regions with a prevalence of smaller settlements and the ESPON typology of regions in industrial transition. Map 3 shows that there is an extensive presence of 'industrial branches loosing importance' or 'in structural change' in regions strongly characterised by smaller settlements. It indicates a general trend that affects not only these regions: a negative cycle of the industrial sectors (e.g. due to delocalisation or concentration toward bigger urban poles) and an increase in proportion of activities dedicated to local consumption (described as the residential economy in the case study analysis).

Some exceptions to the overall tendency of a weakening of the industrial sectors can be found in the central regions of Spain, in some eastern regions, particularly in Poland (which may be an effect of both macro-territorial delocalisation and specific innovation strategies), Finland and in the south-west of Ireland (ICT-related innovative branches). In contrast the regions characterised by the widespread presence of smaller settlements that are experiencing industrial transitions are sparsely distributed, with a higher percentage of less-developed regions, in particular in the eastern countries.

Nevertheless the proportion of regions with smaller settlements that have 'industrial branches loosing importance' is not significantly different from those that are characterised by bigger settlements (as shown in Chapter 8 of the Scientific Report, table 8). However, even if the proportion is similar and the distribution follows national or macro-regional patterns, the results remain specifically problematic. We can theorise that the regions which base their economy on industrial sectors and are characterised by smaller settlements tend to be more fragile, in that respect, compared to similar regions with larger urban areas.



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

Regional level: NUTS 3
Source: Own elaboration on GEOSTAT data and ESPON 2013 data
Origin of data: DG Regio; ESPON 2013
Authors: F. Brandajs, A.P. Russo, D. Serrano Giné
© EuroGeographics Association for administrative boundaries

Typology based on degree of urbanisation and ESPON typology of regions in industrial transition

- Population (2006) living in HDUC < 30% and Region with industrial branches losing importance
- Population (2006) living in HDUC < 30% and Region with industrial branches gaining importance
- Population (2006) living in HDUC < 30% and Region with internal industrial structural change
- Other regions with Population (2006) living in HDUC < 30%
- Population (2006) living in HDUC 30%-70%
- Population (2006) living in HDUC > 70%
- NO DATA

Map 3. Typology based on types of urbanisation and ESPON typology of regions in industrial transition

3.2. Main territorial trends related to regions characterised by smaller settlements

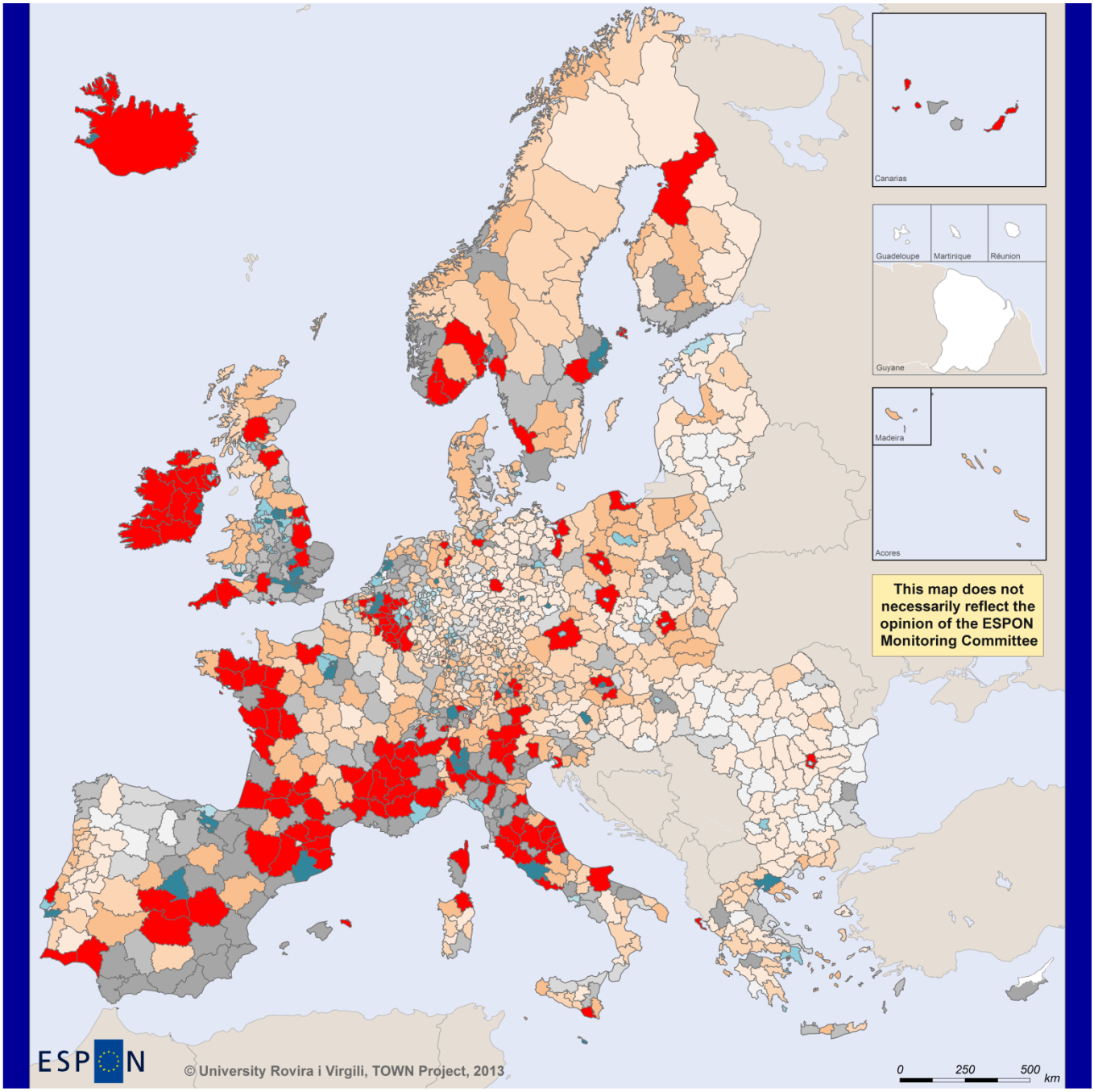
The analysis of NUTS3 regions in terms of population and per capita GDP change between 2001 and 2010 (Map 4-7) provides interesting insights on the performance of these regions. In this analysis, we focus on the role of small and medium sized towns as 'embedded' in regional systems, thus employing a higher level analysis of the role and performance of individual SMST or classes of them. However we are able to derive some macro-trend at the general ESPON space level which we then investigated further at the scale of specific countries and case study regions using the fine detailed evidence base of the municipal or LAU2 level.

The population change performance of NUTS3 region (stratified into classes as outlined above) in Map 4 describes the general territorial trend of population shift from the East and the North to the South and the West of Europe (or high out-migration rate of the former, and high in-migration rate of the latter). It affects all types of regions, with a few exceptions in the EU15 areas affected by long-term economic downturn, such as southern Italy, Greece, most of the Portuguese regions, East Germany, some more remote areas such as the West of Scotland and other internal French and Spanish regions.

This trend confirms the findings of the ESPON ATTREG project concerning population changes in the period 2000-2006 (Russo et al., 2012), albeit with small variations that indicate a more moderate effect in the latter part of the decade. On the one hand, it is important to bear in mind that this period was strongly characterised by an exceptionally high rate of interregional migration within the EU that took place after enlargement in 2004. On the other hand, the evidences suggest that the financial crisis has had a greater impact on some of the booming – and most attractive – regions and that this has played a role in smoothing down this macro-scale trend (see also the recent ESPON Evidence Brief 'Migration keeps Europe moving', 2013). Given this it could be argued that while counter-migration has taken place in some 'overheated' areas, it is a process that in most regions has not yet reversed the balance for the whole reference period.

In this picture, while globally the bulk of population has grown more in more urbanised regions, it cannot be argued that the shift has also been one from 'rural' to 'urban'; on the contrary, it seems that at least in a large part of the EU core, less urbanised regions had a protagonist role in retaining or attracting population, and a decidedly important one as far as the Mediterranean Arc (extending to inland regions in Spain, France and Italy) is concerned. Moreover, the regions with smaller settlements around metropolitan areas seems the most well-performing, indicating there wide processes of suburbanisation and even sub-regionalisation. This process is predominantly evident in the surrounding of Eastern metropolitan areas, e.g. Prague, Krakow, and Bucharest, as well as in other metropolitan areas of EU 15 such as Madrid, Paris, and London.

This overview of population performances becomes richer when the variation of the population is compared to each national average as in Map 5. This perspective takes account of the national context and is more appropriate for the representation of inter-scale spatial trends. In some countries, such as Portugal and Spain, population has grown in or around the capital city regions, but the most relevant population growth appear to have been taking place in regions along the coast, while SMSTs in central regions have been declining. Similar trends affect some of the Central-East European regions, as was shown in case studies, and island regions.



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

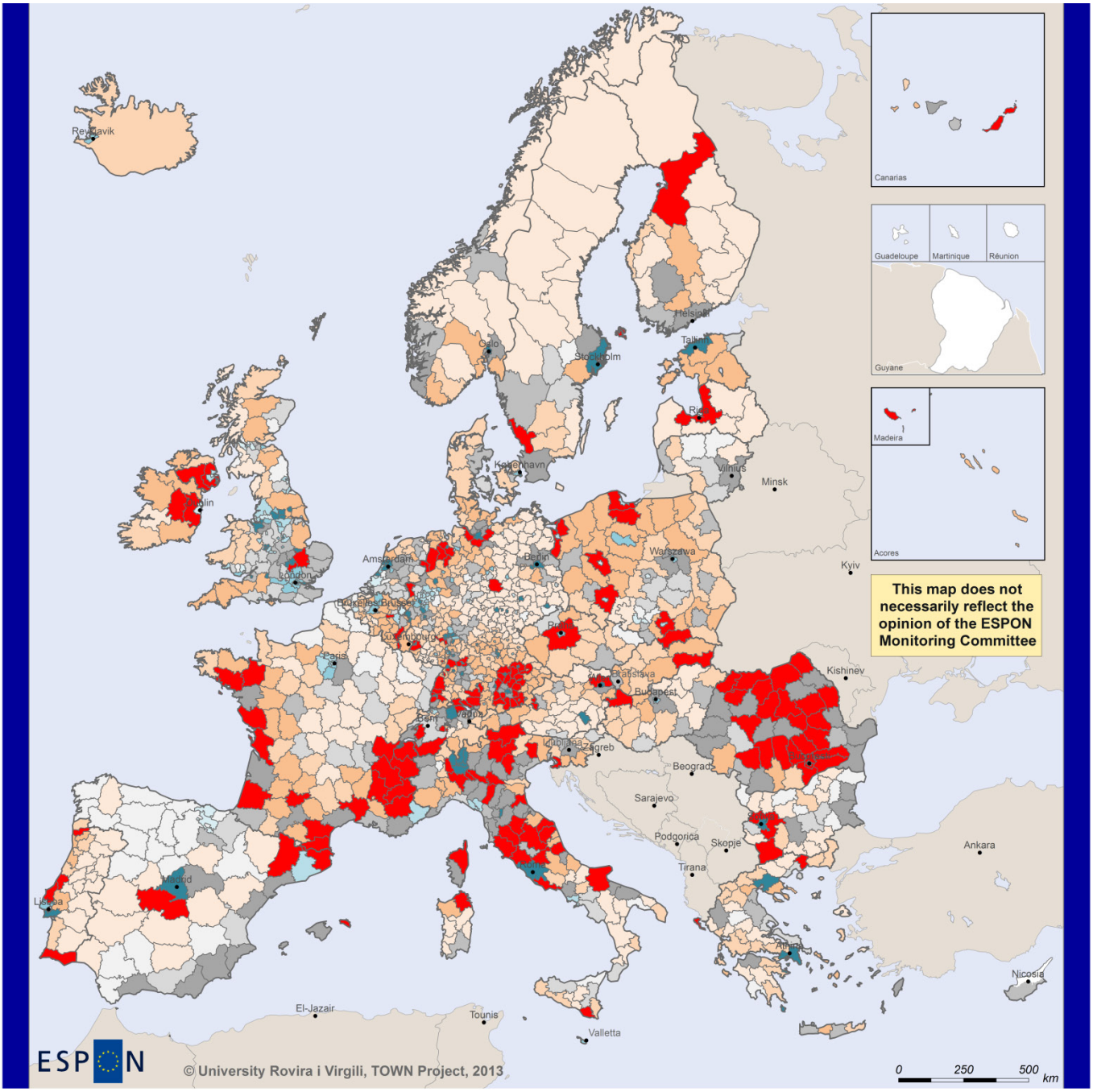
Regional level: NUTS 3
Source: Own elaboration on GEOSTAT data
Origin of data: DG Regio
Authors: F. Brandajs, A.P. Russo, D. Serrano Giné

Typology based on population change rates 2001-2011 as a difference from the EU-27 average

POPULATION PERFORMANCE (growth of population 2001-2011 compared to EU average)*	DEGREE OF URBANISATION TYPOLOGY (2006)		
	Pop. living in HDUC < 30% of NUTS3 population	Pop. living in HDUC > 30% < 70% of NUTS3 population	Pop. living in HDUC > 70% of NUTS3 population
Very low (1st q.le of distribution)			
Low (2nd q.le of distribution)			
High (3rd q.le of distribution)			
Very high (4th q.le of distribution)			
Pop. growth data not available			

* Population growth rates based on change rate between 2001 and 2011, as difference from change in same indicator for the whole EU27. Whenever either of these data are not available, most recent and older available year within the 2001-2011 range have been used.

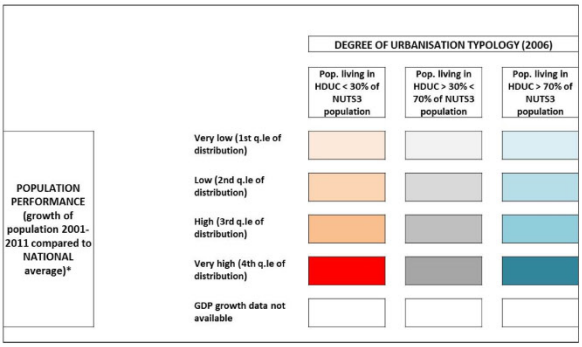
Map 4 – Population growth (in terms of deviation from EU average) of three classes of NUTS3 regions by their type of prevailing urbanisation



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

Regional level: NUTS 3
Source: Own elaboration on GEOSTAT data
Origin of data: DG Regio
Authors: F. Brandajs, A.P. Russo, D. Serrano Giné

Typology based on population change rates 2001-2011 as a difference from the national (NUTS0) average



* Population growth rates based on change rate between 2001 and 2011 , as difference from average change rate in same indicator for all NUTS3 regions in the country. Whenever either of these data are not available, most recent and older available year within the 2001-2011 range have been used. Whenever either of these data are not available, most recent and older available year within the 2001-2011 range have been used.

Map 5 - Population growth (in terms of deviation from the national average) of three classes of NUTS3 regions by their type of prevailing urbanisation

The core of Europe, consisting of Belgium, Western Germany and the Italian North-Eastern regions, show general growth both in strongly urbanised regions and in those with lower degrees of urbanisation, with some (irregularly distributed) exceptions. We assume that the growth trends have interested especially the regions characterised by smaller settlements and that this reflects local suburbanisation processes. In contrast, there were strong metropolisation process in Germany's Eastern regions, in Austria and the Nordic countries, where there is a sharp differentiation between regions with smaller settlements and the capitals or other larger urban areas. Finally the Eastern European regions present a different picture. While we can identify a general declining trend of population (in comparison to the EU average), except for the metropolitan areas, the picture of population growth in comparison with national averages shows a certain stickiness of regions with smaller settlements around metropolitan areas.

There is a general interdependency between metropolitan areas and urban regions (e.g. Riga, Warsaw, Krakow, Prague, Brno, Bratislava, Budapest, Bucharest, Sofia) and their surrounding regions characterised by smaller settlements (for an area that goes considerably beyond a possible functional region). This suggest the presence of 'saturation effects' in the metropolitan areas that, together with the enhancement of mobility systems (mainly by road), has produced a delocalisation shift of firms and population, and in general terms, suburbanisation.

Our analysis of the performance of regions with different 'degrees of urbanisation' also considers changes in per capita GDP (measured by purchase parity standards) between 2001 and 2010, yielding different results to those obtained when considering population growth. The global baseline trend is one of convergence over the reference period between the south and the east of Europe with the north and the west, and within the west, between former 'objective-1' regions in the EU-15 (e.g. most of the regions in Portugal and in the north of Germany) and the rest.

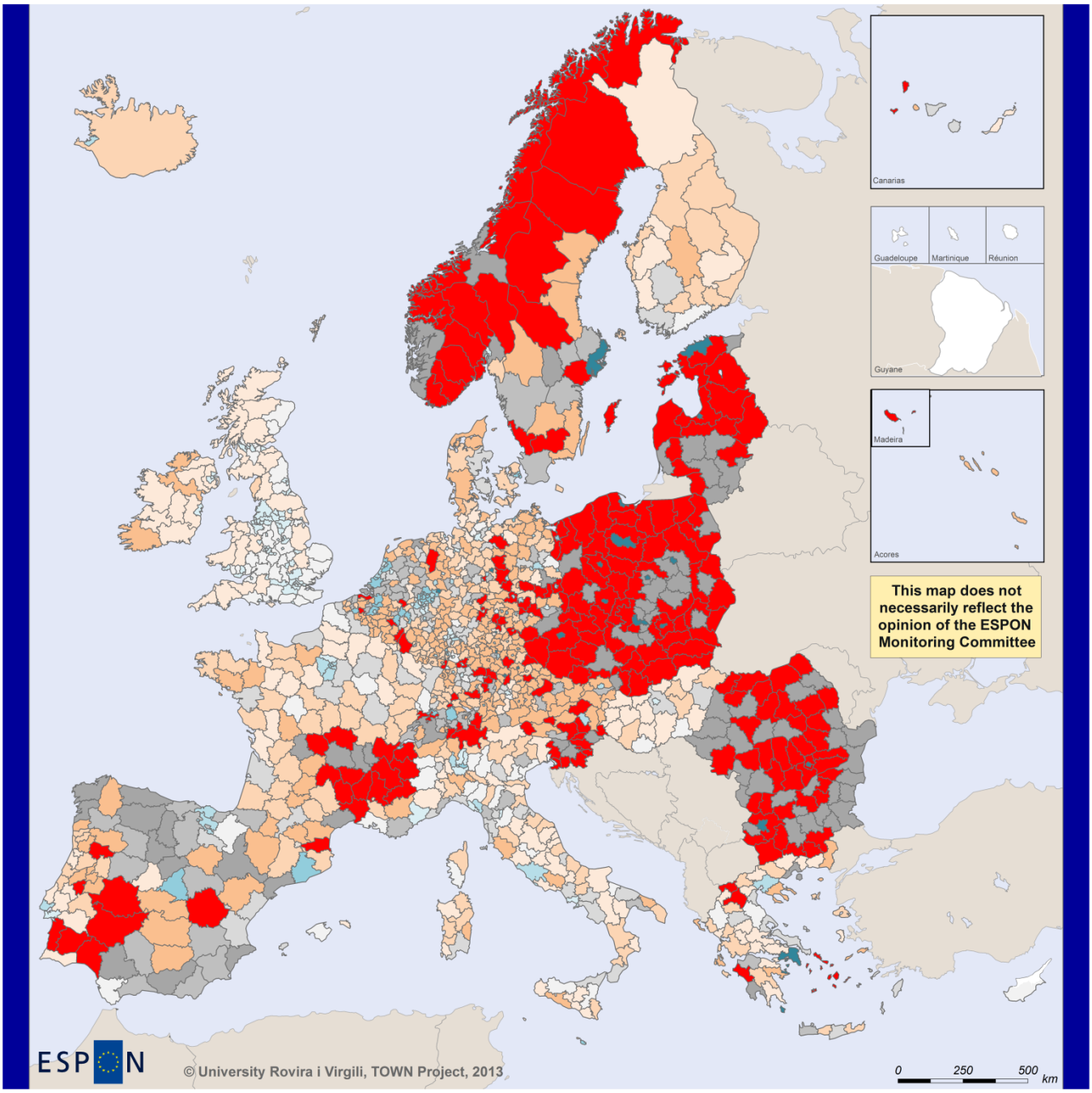
Map 6 illustrates these trends stratifying them by degrees of regional urbanisation. Interestingly, in this scenario of convergence, the core regions of Europe characterised by smaller settlements have performed well. In addition we can identify a number of other interesting trends:

- The relative growth of p.c. GDP in some sparsely populated regions in Sweden and Finland;
- An erratic pattern of growth in the core EU areas (Belgium, Western Germany and Austria) in regions with smaller settlements. Here the interesting point is that p.c. GDP growth tends to be higher in regions with smaller settlements and below the average in highly urbanized areas. The strength of these regions suggests the importance of a dense system characterised by smaller urban areas and at the same time a possible saturation effect in mature urban areas.

Again, the general picture changes significantly when GDP growth is compared to each country average (Map 7). Here, we can distinguish four distinct territorial trends:

First, a spread between regions In the eastern countries with low degrees of urbanisation that are in the proximity of highly urbanized regions and those farther from them is evident. This is particularly the case in Poland, Slovakia, Romania, Bulgaria and the Baltic countries, albeit with different specific configurations.

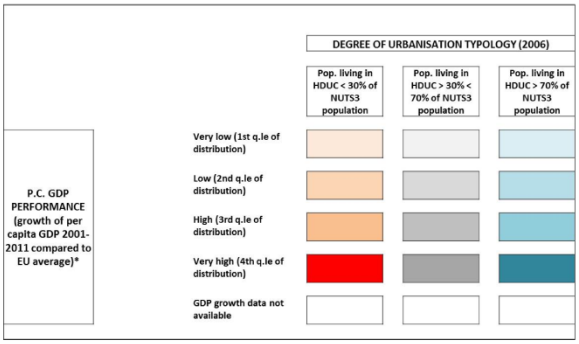
Second, in Scandinavia, the most remote regions experiencing lower population growth have a higher increase in GDP. This probably reflects the effect of distributive fiscal policies and other development initiatives.



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

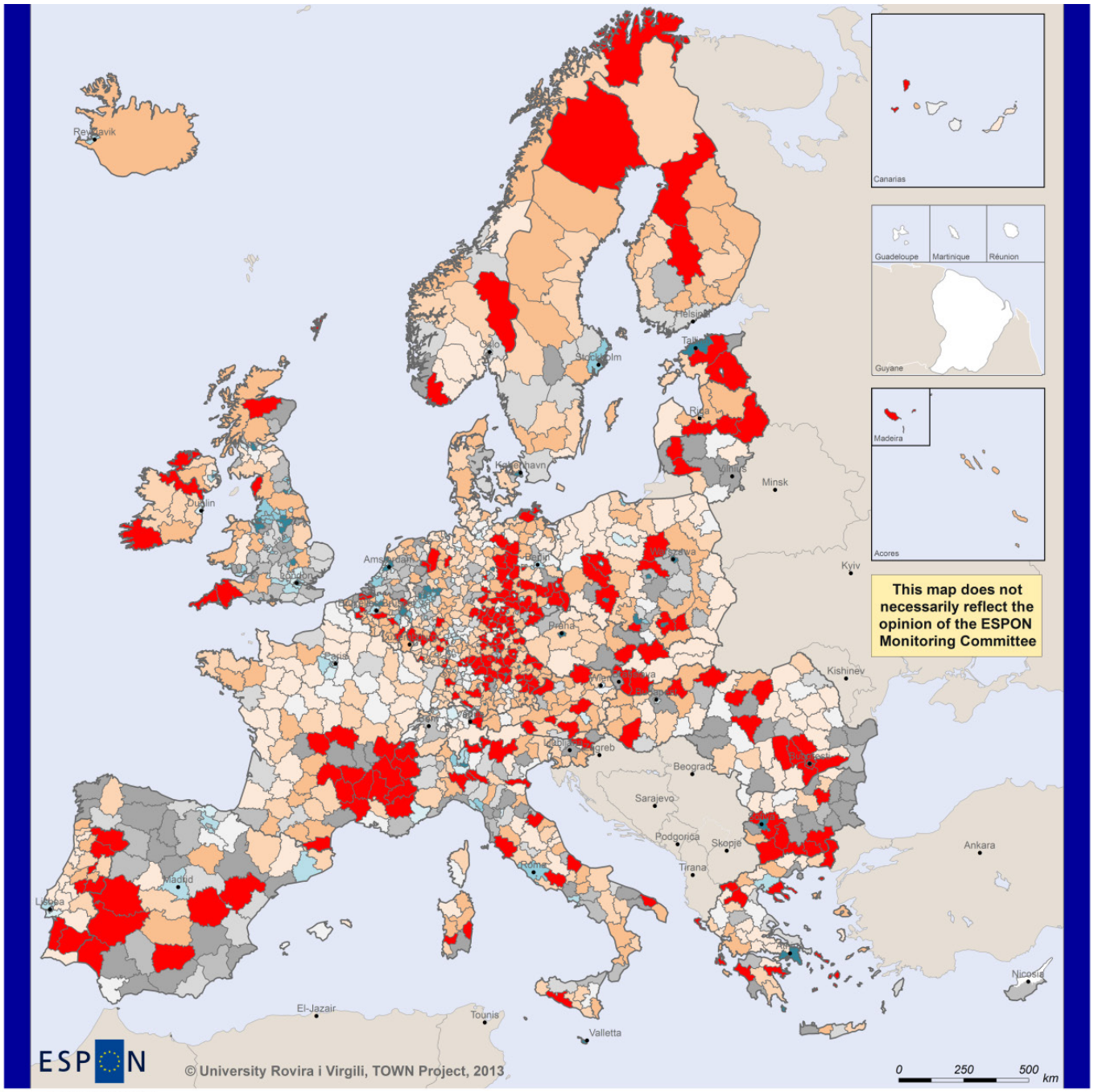
Regional level: NUTS 3
Source: Own elaboration on GEOSTAT data
Origin of data: DG Regio
Authors: F. Brandajs, A.P. Russo, D. Serrano Giné
© EuroGeographics Association for administrative boundaries

Typology based on p.c. GDP change rates 2001-2011 as a difference from the EU-27 average



* Per capita GDP growth rates based on change of per capita GDP in current market prices between 2001 and 2011, as difference from change in same indicator for the whole EU27. Whenever either of these data are not available, most recent and older available year within the 2001-2011 range have been used and compared to EU change rate in the same period.

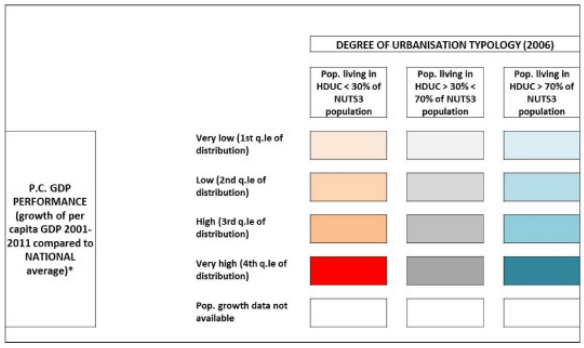
Map 6 – Per capita GDP change (in terms of deviation from EU average) of three classes of NUTS3 regions by their types of prevailing urbanisation



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

Regional level: NUTS 3
Source: Own elaboration on GEOSTAT data
Origin of data: DG Regio
Authors: F. Brandajs, A.P. Russo, D. Serrano Giné

Typology based on p.c. GDP change rates 2001-2011 as a difference from the national (NUTS0) average



* Per capita GDP growth rates based on change of per capita GDP in current market prices between 2001 and 2011 , as difference from average change rate in same indicator for all NUTS3 regions in the country. Whenever either of these data are not available, most recent and older available year within the 2001-2011 range have been used.

Map 7 - Per capita GDP change (in terms of deviation from the national average) of three classes of NUTS3 regions by their types of prevailing urbanisation

Third, the UK exhibits a polarization of growth in the extreme opposite regional types, i.e. in both the main urban areas and in the smaller settlements regions, at the expenses of those regions in which the population is more evenly distributed between urban clusters and smaller settlements.

Fourth, France shows the role of second-tier urban poles in southern areas, which appears to play a strong role confirming the results of ESPON SGPTD (Parkinson et al., 2012). In Spain, higher growth is registered mainly in regions with smaller settlements at the expense of regions with intermediate urbanisation levels. Finally, Portugal has higher growth in most of the regions with smaller settlements.

What seems to emerge from this is a general p.c. GDP growth outlook in the regions characterised by smaller settlements that are considered convergence regions in the Structural Funds scheme (e.g. the inner Portuguese and Spanish regions, most of the Scottish, Irish, English and Wales regions, Austria and some of the Nordic regions). In a sense, this could be interpreted an indicator of effectiveness of the Cohesion Policy.

All in all, for regions with smaller settlements, our analysis shows that macro territorial dynamics are dominant when looking at regional performances. Regions with smaller settlements seem to experience less spatial inertia *vis-à-vis* larger-scale phenomena. The macro-dynamics of population changes tend to prevail in comparison with regional specificities and therefore it seems that territorial characteristics especially in regions characterised by smaller settlements can offer fewer resilience capacities in the face of macro trends of population dynamics. However, we can see more territorial exceptions in the maps when we consider GDP growth.

At the same time, there are specific national differences, which may indicate that specific urban-systems features and national policies matter. French decentralisation policy and Sweden's concern to maintain remote areas contrasts with countries that concentrated investment in the main urban poles, this provide evidence of how 'different policy stances may ameliorate macro effects on spatial trends.

Together with these macro-scale phenomena there is evidence of macro/meso regional path dependency that can be seen both in wealthier areas of the central part of Europe ('the polygon') and in other contexts (e.g. Eastern countries). The analysis reveals a general distinction between regions with smaller settlements in remote areas and those close to metropolitan areas/urban regions (partially overlapping with the intermediate regions – for the full debate: OECD, 2010; Dijkstra and Ruiz, 2010). While in general the former exhibit negative trends, the latter are characterized by better performances.

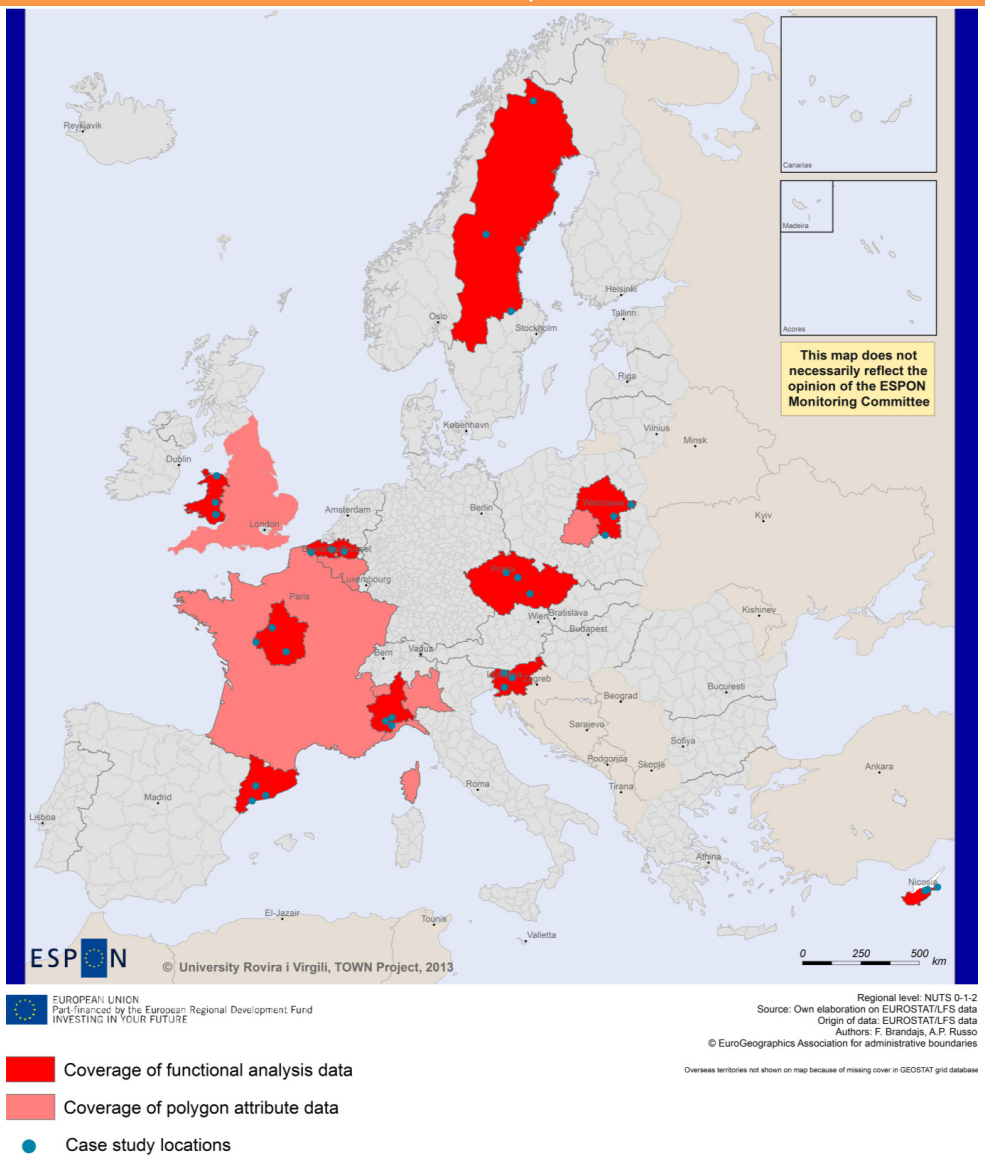
However, beyond positive population or GDP growth scores, it is crucial to understand whether such growth maintains (or even reinforces) the functional and territorial role of smaller settlements. It is possible that settlements agglomerated in larger metropolitan areas are destabilised by suburbanisation, on the one hand, and by a re-concentration of jobs and services in cities, on the other. They may face problems related to the danger of becoming 'dormitory towns' - or 'station town' if they are a multimodal stop in travel to work journeys, e.g. between a suburban town providing homes and natural amenities and a very large city providing employment, higher education and metropolitan leisure. However, under specific geographical and institutional conditions (a strong local sense of identity and degree of institutional and fiscal decentralisation enabling proactive strategies) it is possible that the activities that have become rooted in such SMSTs are better able to resist metropolitan dominance by establishing processes of synergetic networking with larger urban areas. This may represent an example of 'borrowing-size' effect (Alonso, 1973; Meijers and Burger, 2010), according to which towns that are close to bigger urban areas are able to realise a 'virtual critical mass' in terms of accessibility to services and other urban characteristics.

Another key message, which may appear to run counter to conventional wisdom, is that high per capita GDP growth does not always coincide with population growth. In fact it is often a case of an inverted relationship: regions with smaller settlements that experienced an increase in population tend to have lower GDP growth and, vice versa, those with higher GDP growth tend to show a decrease in population. This information, together with the fact that more urbanised regions have gained population relatively to the less urbanised ones, indicates that the former regional types have lost some of their wealth to the 'periphery' at least at the national scale. In other words, it is possible to suppose that de-urbanisation has mostly interested the wealthier classes, while urbanisation from less to more urbanised regions has mostly interested the poorer classes.

3.3. Fine-grained insights on SMSTs

The next step was to further explore towns using, where available, more finely detailed data.

Selected case study countries



Selected SMSTs and inhabitants

Aarschot (BE): 28,636 inh
Dendermonde (BE): 44,257 inh
Ieper (BE): 22,051 inh

Brandys nad Labem (CZ): 16,247 inh
Pisek (CZ): 27,979 inh
Usti nad Orlici (CZ): 12,457 inh

Cambrils (ES): 34,919 inh
Tarregà (ES): 17,129 inh
Vilafranca del Penedès (ES): 41,322 inh

Chinon (FR): 5,355 inh
Issoudun (FR): 11,965 inh
Vendôme (FR): 8,578 inh

Alba (IT): 25,520 inh
Ceva (IT): 5,056 inh
Fossano (IT): 20,565 inh

Garwolin (PL): 15,478 inh
Łosice (PL): 6,194 inh
Szydlowiec (PL): 10,418 inh

Kiruna (SE): 16,368 inh
Östersund (SE): 39,843 inh
Timrà (SE): 9,268 inh
Avesta (SE): 21,583inh

Domžale (SI): 23,793 inh
Postojna (SI): 7,581 inh
Radovljica (SI): 8,231 inh

Colwyn Bay (UK): 32,895 inh
Llandrindod Wells (UK): 6,450 inh
Tredegar (UK): 15,103 inh

Figure 3. Case study countries and SMSTs covered by this report.

First, this involved the construction of a settlement-based dataset in France, Belgium, the Czech Republic, Slovenia, England and Wales and for all SMSTs and HDUCs in the regions of Catalonia, North West Italy, Northern Sweden and Mazovia. This dataset allowed us to develop a specific focus on the average characteristics of SMSTs with the aim of offering insights into more general trends and relationships. This involved comparing (and partitioning) the characteristics of nearly 2300 SMSTs and comparing them to the characteristics of under 300 HDUCs.

Second, the functional analysis was applied to 10 regions (from NUTS2 to NUTS0). Third, within these 10 regions, 31 urban municipalities were investigated for more specific qualitative insights. Figure 3 shows the areas interested by these three streams of analysis.

Of course, the limitation on the outcomes is that the analysis concerns only a small proportion of the EU territory, i.e. slightly more than 25% of the settlements (albeit sufficiently widely distributed to grasp the rich diversity of places). The results are even more limited when referring to the 31 case studies. Nevertheless, the following 3 subsections articulate a) the findings of the quantitative inquiry of the polygon-based dataset, b) the qualitative considerations drawn from the 31 case studies, and c) some insights from the functional analysis.

3.3.1. Quantitative/statistical insights

In line with INTERCO project's conceptualisation of factors that analysed the notion of territorial cohesion (Dao et al., 2013) and based on a pragmatic overview of available data in the dataset, the characteristics of SMSTs were grouped in five domains (for further detailed explanation, see Scientific Report, chapter 8). These domains are outlined in Table 5 under five headings: economic competitiveness, economic innovation, accessibility, equity and culture and community.

Domain heading	**Indicators that might underpin an understanding of performance relative to the domain** *(based on available and comparable data at LAU2)*
Domain 1: Economic Competitiveness	measured by reference to industrial sector (as a proxy for GDP potential and economic vitality in the base/nonbase economy – see Courtney et al 2008) and also in reference to levels of unemployment (see also equity) and the proportion of pensionable adults to the total population
Domain 2: Economic Innovation	measured by reference to labour market characteristics (employment and self-employment rates), the educational attainment of the adult working age population) and the business environment (as businesses per capita)
Domain 3: Accessibility	measured principally in terms of access to job opportunities and commuting patterns but could be conceptualised also as the concentration of services in a town
Domain 4: Equity	measured in terms of unemployment
Domain 5: Culture and Community	measured in terms of age profiles, lifetime migration (indicated by being born in/outside of country), demographic change and pressure on the housing stock (measured as occupancy).

Table 5: Five domains for understanding town performance and territorial cohesion

These domains can be considered as the framework in which the characteristics of SMSTs reveal the specificities of towns in Europe compared to larger settlements, and for which it is worth thinking about specific tailored strategies: economic competitiveness, economic

innovation, accessibility, equity, and culture and community. Of course the information grouped here should be considered as an available proxy for the domain in which they are presented. At the same time, they indicate the potential opportunities for further data collection and more detailed overviews across the EU in terms of these domains.

The domains set out in Table 5 were operationalised in terms of the areal data that was available to the project team and having constructed indicators for the morphological units, it was subjected to the analysis of the variance for different groups of settlements. Settlements were grouped both by reference to the morphological typology (SMST, HDUC, VST) but also relative the nation urban system in which the settlement was embedded.

This analysis of variance (ANOVA) between SMSTs and HDUCs in the same case study regions suggested the following considerations for SMSTs:

Domain 1 (economic competitiveness)

- Industrial employment has a greater proportion of employment while the service sector has a smaller proportion of employment;
- A significantly smaller proportion of jobs (on average) in private marketed services and in public services in comparison to HDUCs;
- A higher economic activity rate;
- A higher proportion of pensionable adults (unless in NW Italy) and more children (unless in England and Wales) (differences in relation to the Domain of culture and community);

Domain 2 (economic innovation)

- A lower proportion of working age adults with a degree (unless in England and Wales, and equal in Belgium) (differences in relation to economic innovativeness);
- In France, Central Poland and England and Wales, economic activity rates are statistically significantly higher in SMSTs than in HDUCs.
- In Catalonia and England and Wales, self-employment rates within SMSTs are significantly higher than in the equivalent HDUCs. Of course, this is not necessarily an indicator of innovation. It may be an indicator of the weakness of the local economy in the sense that there are few jobs and people become self-employed out of necessity and set up the sort of businesses that are anything but innovatory – e.g. hairdressers, car repair businesses, etc. The people who do this often earn low incomes and the 'product' of the business makes little, if any, contribution to the local economy in terms of GVA. This is certainly the case in the economically weaker regions of the UK – although in Germany this is different especially in those economically stronger regions where there are 'high-tech' and highly skilled SMEs.

Domain 3 (accessibility to services and employment)

- Employment in the retail sector is significantly lower than in HDUCs in Italy, Northern Sweden and England and Wales.
- SMSTs have a lower proportion of people who live and work in them than the HDUCs that are located in the same regions and countries (differences in relation to implied accessibility of employment). Overall this would indicate that workers in towns may need to commute further afield (where there is an opportunity to do so) for work. We might expect to see variations in these measures in relation to the functional classification of settlements.

Domain 4 (equity)

- Unemployment rates in SMSTs tend to be lower than for HDUCs in four of our countries (Czech Republic, France, North West Italy and England and Wales) which implies (in combination with high economic activity rates) that towns residents in many parts of our study area were able to find work successfully (in our base year) although this work may not necessarily be within the municipality they live in (or it may suggest that unemployed persons move to bigger urban areas)

Domain 5 (culture and community)

- SMSTs show a statistically significant difference in the proportion of school age children (higher with the exception of England and Wales)
- Concerning housing stock accounted for by secondary or holiday homes (Czech Republic, France, Slovenia and England and Wales) the SMST average is higher than that for the HDUCs.

In general the data suggests that the characteristics of the morphological SMSTs are statistically different from those of larger cities (identified here as HDUCs). However SMSTs from individual countries and regions are statistically different from SMSTs in other countries and regions pointing to the issue that towns are significantly influenced by the context in which they are located. This seems mostly evident with respect to their demographic dynamics.

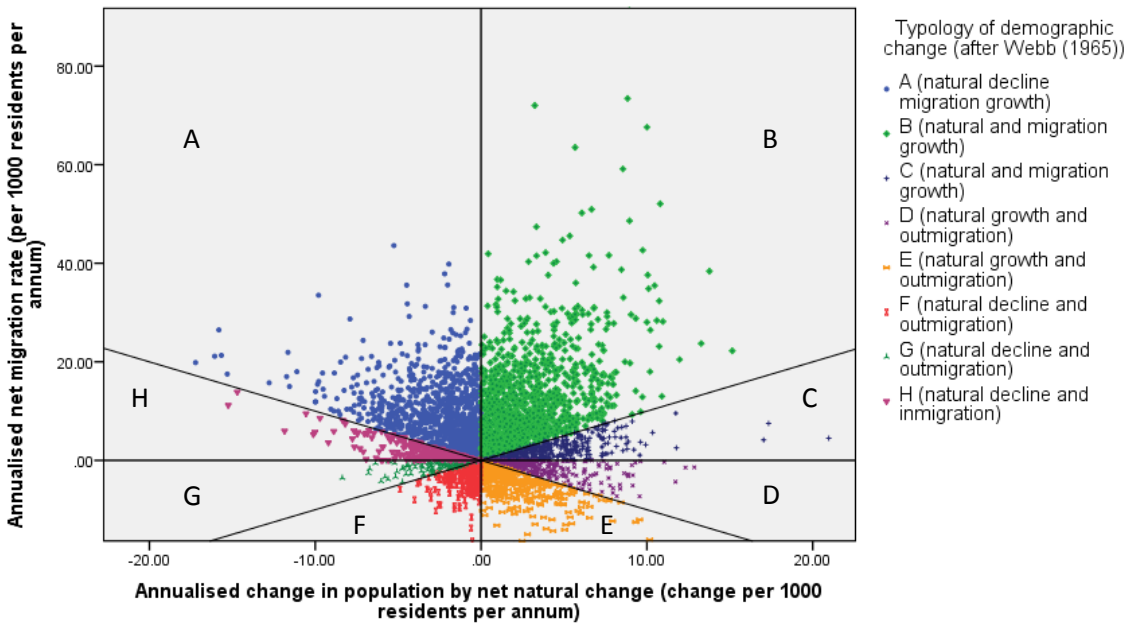


Figure 4: Categorising towns with respect to their demographic dynamic (after Webb 1965). (Source: TOWN settlement-based dataset – see fig.3)

Moreover, SMSTs can be categorised with respect to their demographic trends. Following the work of Webb (1965) SMSTs can be classified according to the balance of net migration and net natural change (the balance of births and deaths). Figure 4 plots SMST characteristics on these two dimensions (net migration and natural change). All towns to the right of the vertical line are SMSTs where births outnumber deaths (natural growth in population) and to the left of the central vertical line, SMSTs record more deaths than births (natural decline). Equally the horizontal line marks the difference between net in-migration

(above the line) and net out-migration (below the line). The diagonal line that demarcates sectors A to D from E to H indicates a line above which SMSTs are growing (net growth) and below the line SMST populations are declining.

These demarcations allow us to distinguish eight demographic contexts for SMSTs:

- SMSTs in sectors A and H are SMSTs experiencing migration enhanced aging. Deaths outnumber births but in the case of sector A net migration more than counteracts the natural change but in sector H natural change is more significant that net-migration and thus population is declining;
- SMSTs in sectors B and C are growing. Net migration is the most numerically significant component of growth for SMSTs in sector B whilst natural change is the most numerically significant component for SMSTs in sector C;
- SMSTS in sectors D and E are exporters of labour that are experiencing natural growth combined with out-migration. SMSTs in sector D have a natural growth rate that exceeds the out-migration rate (and are hence still growing). SMSTs in sector E have an out migration rate that exceeds the natural increase in population and are thus getting smaller over this time period;
- SMSTs in sectors F and G are getting smaller combining natural decline and out-migration. SMSTs in Poland, the Czech Republic and Slovenia are 3.4 times more likely to be in this group. SMSTs in sector F experience out-migration as the most numerically important component of demographic change whilst SMSTs in sector G experience natural decline as the numerically most significant component of change.

All in all, it shows the large variety of cases in our sample area (about 25% of EU) and their demographic dynamics, which go from growing to decline profiles, and as well the high variability of migration trends.

Figure 5 indicates the spatial distribution of this typology and the different characterisations for 9 areas of the polygon-based dataset. It includes also the HUDC, and therefore provides an interesting overview of the relationship between main urban poles and smaller settlements.

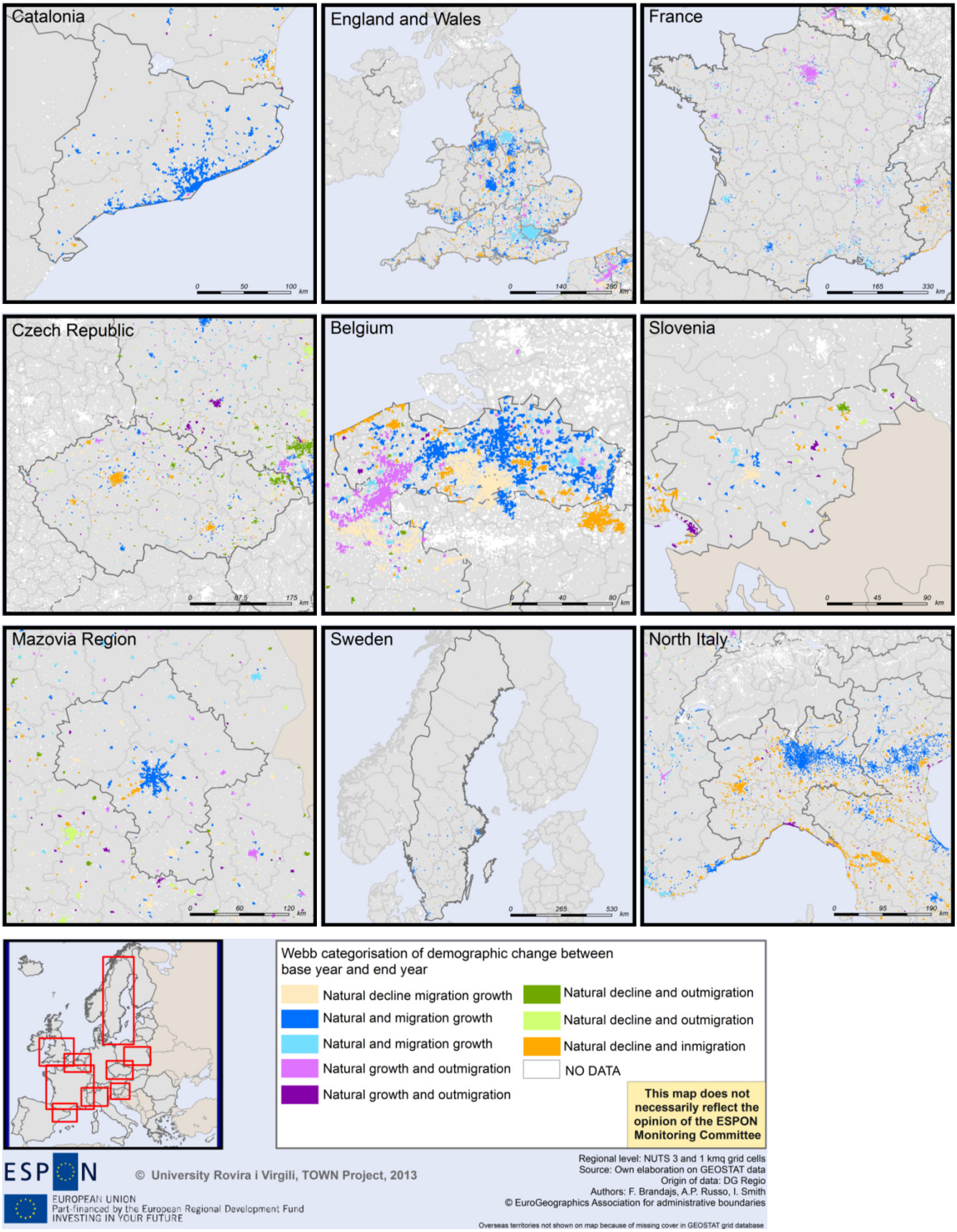


Figure 5: Spatial distribution of settlements categorised according to the Webb typology.

A similar exercise can be carried out to categorise the employment profile of the local economy associated with the SMST economy. Aggregating data based on 17 NACE sections (rev 1.1), SMSTs can be classified relative to how the jobs located in SMSTs are distributed across these 17 NACE sections. The proportion of employment in three major areas of the local economy (industrial employment, employment in consumer/private marketed services and employment in public services) are then calculated relative to the proportion of employment in these three major areas within the urban systems of each of the case study countries. The pie charts of Figure 6 show how SMSTs in six regions/nations covered by the TOWN database.

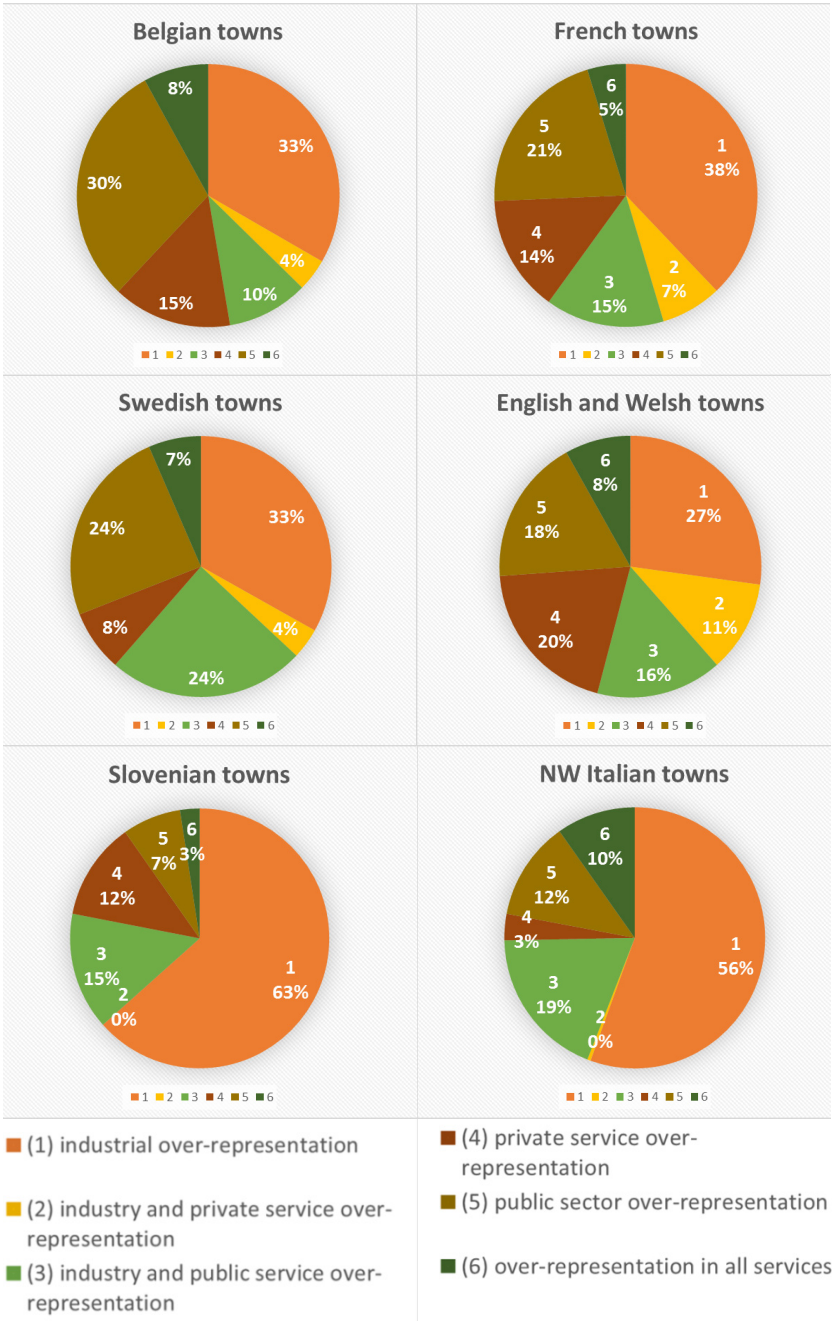


Figure 6: Relative location quotient classification (relative to other settlements in region/nation in base year) of employment classification for towns (fewer than 50.000 inhabitants). *(Source: TOWN settlement-based dataset – see fig.3)*

In the case of Slovenia and North West Italy over 50% of SMSTs have a local employment profile where industrial employment as a relative location quotient of greater than 100 (ie a far larger proportion than the urban systems in these national/regional contexts overall) but the relative quotient in both public and private (marketed) services of less than 100. Only in the case of Belgian towns do a majority of SMSTs (over 50%) have a local economy where private marketed or public services have a relative location quotient of over 100 (ie services are at a greater proportion in SMSTs than in the Belgian urban system as a whole).

Thus industrial employment remains a relatively important component of the local economy in SMSTS. However it is not just the particular division (and preponderance of) employment by sector, but also important to consider the economic diversity of the local economy in the SMSTs for which we have data. The Shannon Index is one means of calculating diversity. Taking (workplace-based) employment by 17 NACE sections and calculating the Shannon Index for SMSTs where we have data gets us to Figure 7. It plots the Shannon Index of a SMST employment profile for SMSTs where we have data. A SMST where employment was concentrated in a single section (such as manufacturing) would have a Shannon Index of about 0.22 (indicated by the lower horizontal line on Figure 7).

A SMST with an employment profile where jobs were equally distributed across all 17 sections would have a Shannon Index of about 3.2. Figure 7 indicates that SMSTs either agglomerate around the lower line indicating local economies dominated by a single section or they aggregate around the upper horizontal line that marks the Shannon Index of an SMST where employment is clustered across nine sections (out of 17). This suggests that as towns get larger their local economies tend to be dominated by up to nine of the 17 sections. SMSTs tend to become more economically diverse as they become larger (in terms of population). We will return to why SMSTs find themselves in these demographic and local employment categories later.

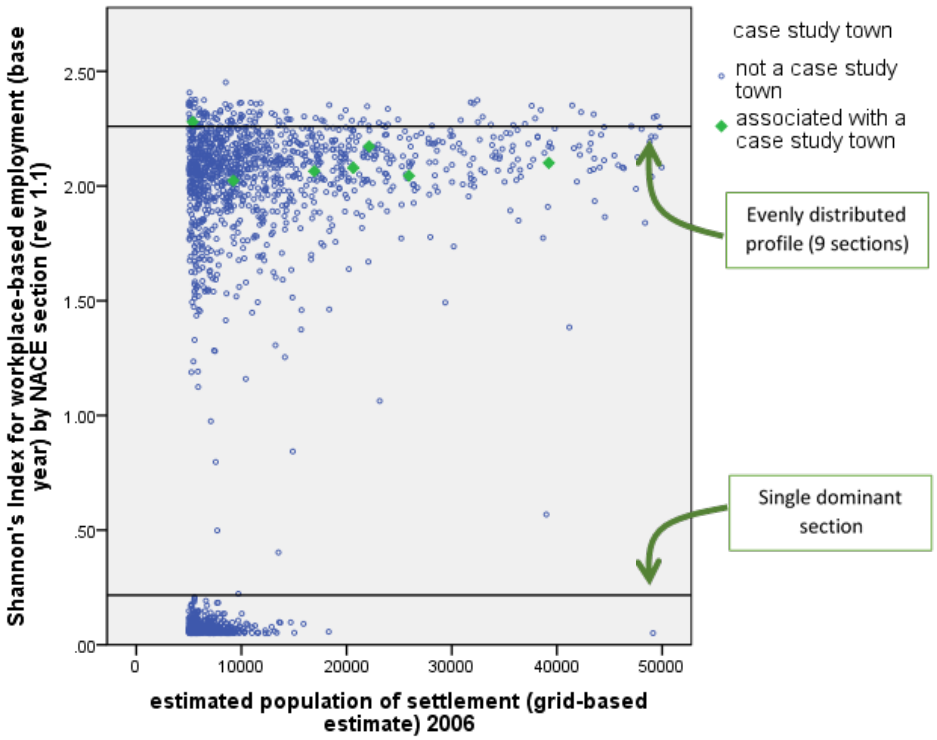


Figure 7: Shannon's index of employment diversity in towns (fewer than 50,000 population). (Source: TOWN settlement-based dataset – see fig.3)

All things considered, it is important to recall that there is a great diversity of SMSTs that vary both within a national urban system and well as varying greatly between national urban systems. It means that place-based approaches to individual SMSTs would always require a detailed analysis of the specific place (or groups of places) before developing a bundle of policy interventions.

3.3.2. Case study set of 31 towns

The zoom-in on the case study towns allowed us to carry out a more detailed investigation of their socio-economic characteristics. The capacity to create jobs, to provide services, to attract new population and to engage in inter-territorial and innovation networks is not only the result of a town's geographic proximity to large cities. Such a geographical determinism is contradicted – or at least differentiated – by a complex range of factors. As shown in the previous section, the socio-economic composition of the settlement itself and their inherent value within wider spatial divisions of labour is an important distinguishing characteristic of a smaller settlement. At the same time, the size of the working population is often related to specialisation in some activities (manufacturing, tourism, etc.), while the town's fate is ultimately linked to economic and social change at regional, national or even international level. It is reasonable to assume that a town's socio-economic performance can be related to a range of factors which are a combination of geographic position, macro/regional trends, socio-economic specialisation, historical development and the ways in which these are understood by policy actors (i.e. their 'policy frames').

As regards the main characteristics of the local economy three economic profiles have been used to represent the combination of different sectoral specialisations (see Scientific Report, Table 2.2 in Chapter 6 for more detail).

- productive economy (roughly equivalent to industrial and agriculture activities);
- residential economy (mainly public sector, local retail and personal services);
- creative and knowledge-related economy (professional services and the creative economy).

Some towns have their local economy oriented to external demand and base their activities on manufacturing, agriculture, business, and traded services. This "productive" economy of towns in developed countries is the result of the fact that they were part of the late phase of the industrialisation cycle during which towns experienced growth of population, industrial development and economic modernization. At the same time, there are several towns which based their local economy on the agriculture sector and derived activities, i.e. agro-food, agro-tourism, etc.

In the 31 case study set, the local economy of a large majority of the towns had a dominant productive profile, which is in line with the previously presented findings. On the one hand, the fact that most of these towns have retained their productive economic base demonstrates that production of traded goods and services is still important for the development strategy of such towns. However, several of our cases were experiencing delocalisation processes and transformation of their main economic drivers. This is also consistent with the high number of regions characterised by industrial branches losing importance, among which were those with smaller settlements. It confirms the fragility of their local economies and the need for support to develop their local economic base.

Other towns have a local economy that mainly relies on activities and services related to population needs and local demand (housing, public services, etc.). Such a "residential" local

economy may be considered as the key driver of socioeconomic dynamics of towns in various countries (Belgium, France, Germany, The United Kingdom), especially in those regions benefiting from tourist activities (South of Portugal, coastal Catalonia in Spain) and in those in the proximity of urban regions (based on commuting patterns).

In the current period of economic crisis, the residential economy may represent a stabilizing factor for towns since it allows them to 'capture' income and the jobs it generates are not directly exposed to global competition. However, only in few of the towns studied did the residential profile have a dominant role. This might indicate that services to population and residential consumption are still complementary drivers to the general economy.

However, it is possible to identify different types of residential towns: those where tourism is the major driver in terms of activity and jobs; those with an higher than average proportion of elderly people and where personal services and services related to healthcare have an important role for the local economy; and those located a short distance from large cities that specialize in attracting commuters and their families ('dormitory' towns or even 'station' towns).

Finally, there are towns whose local economy is either related to residential or external demand, but at least partly based on knowledge, innovation and creative activities such as higher education, design-based activities, etc. This has been achieved through the implementation of favourable conditions for creative businesses (i.e. subsidies or tax incentives) and by improving the quality of life for the population. These towns were thus able to build on their resources (e.g. quality of place, high level of education, small entrepreneurial *milieu*) in order to attract new investment and new residents. In some cases, the "creative and knowledge economy" based on activities such as architecture, design, advertising and software creation provided innovative inputs for other sectors, namely agriculture, handicrafts, furniture, textiles, tourism and gastronomy.

However, it is important to be cautious on this point given that the creative economy has become something of a 'mantra for success' in the current urban agenda. The, often simplistic, advocacy of strategies related to the 'creative economy' frequently fails to take into account the complex nature and variety of this sector and the rarity of 'success stories' in terms of developing this sector as a significant part of a local economy. This complexity is even greater in the case of smaller urban contexts, where the necessary social-spatial dynamics can be even harder to activate.

Towns characterised by a creative and knowledge-based profile have university branches, R&D activities that are promoted either by public institutions or by private investors; they have a highly educated population, and local firms participating in innovative clusters or creative networks. It is unlikely that in the case of such towns the creative and knowledge-based profile can fully replace more "traditional" ones - residential and productive profiles – or become the dominant profile. Moreover, the smaller scale implies different dynamics in terms of social networks and social capital (which it was not possible to investigate in detail).

Interestingly, the case study evidence suggests that the profile of employment across the 31 different case study towns had changed over the past 10 years. Table 5 outlines the trajectories in the cases of 22 of these case study towns. The table groups the economic development trajectories into three classes: towns where the employment profile appears to have remained the same (15 cases); towns where there is some evidence of a changing employment profile (8 cases) and towns where there is evidence of a greater focus or specialisation of employment (2 cases). In this scheme case study towns can appear under more than one heading. This illustrates the complexities of what is going on in these towns.

Trajectory of employment change	Changes in dominant employment sector		Case study towns
	Base year	End year	
Maintaining profile	Residential	residential	Östersund, Ieper, Dendermonde, Cambrils, Ceva, Paralimni
	Productive	productive	Vendôme, Issoudun, Domžale, Postojna, Radovljica, Vilafranca, Alba, Dali, Athienou
Switching profiles	Residential	more productive	Kiruna
	Residential	more creative	*Cambrils*
	Productive	more residential	Chinon, Tarrega, Fossano, Aarschot
	Productive	more creative	*Vilafranca, Athineou*
Focussing profiles	mixed profile	more productive and creative	Timra
	mixed profile	more residential and creative	Garwolin

Table 5. Change in profiles in case studies over a 10-year period

Notes:
1. Available data on the sectoral structure of jobs in base and end years allow for the assessment of profile evolution in only 22 cases out of 31.
2. Some towns may appear in two categories of change in profile as their evolution can entail evolution toward more than one direction (e.g. from productive to more residential and more creative, or from residential to more productive and more creative, etc.). Such towns appear in italics in the table.

The table shows that at least a third of the towns in our case studies were undergoing, to varying degrees, a process of structural change in their local economy. However, only few of these towns were deliberately attempting to develop a new strategy for local growth and seeking to bring about change in their local economic profile.

3.3.3. Towns in their functional territorial contexts

Another important stream of inquiry anchored in the functional analysis focused on towns, which play the role of urban micro-regional centres, and on their territorial arrangements, using the three basic types as indicated by ESPON 1.4.1. (ÖIR et al., 2006):

- Autonomous (isolate, self-standing) towns, usually found in peripheral rural regions;
- Agglomerated towns that are integral parts of poly-nucleated metropolitan areas and conurbations dominated by large cities/major metropolises;
- Polycentric networks of towns.

The starting point of this stream of analysis was that towns play the role of urban centres which primarily provide jobs, but also services, etc., to other settlements in their proximity. Hence the analysis concentrated on the identification of micro-regional centres and their respective territorial spheres of influence in terms of functional micro-regions. The other key assumption was that the relationships among urban centres and the position of a town in a particular type of territorial arrangement (autonomous, agglomerated and networked) impacts on town's development trajectories and their socio-economic performance. The analysis performed in 10 NUTS2 regions used a standardized methodology that allowed for comparative functional analysis across the variability of national and regional contexts, yet still remained sensitive to nuances in different regional and national contexts.

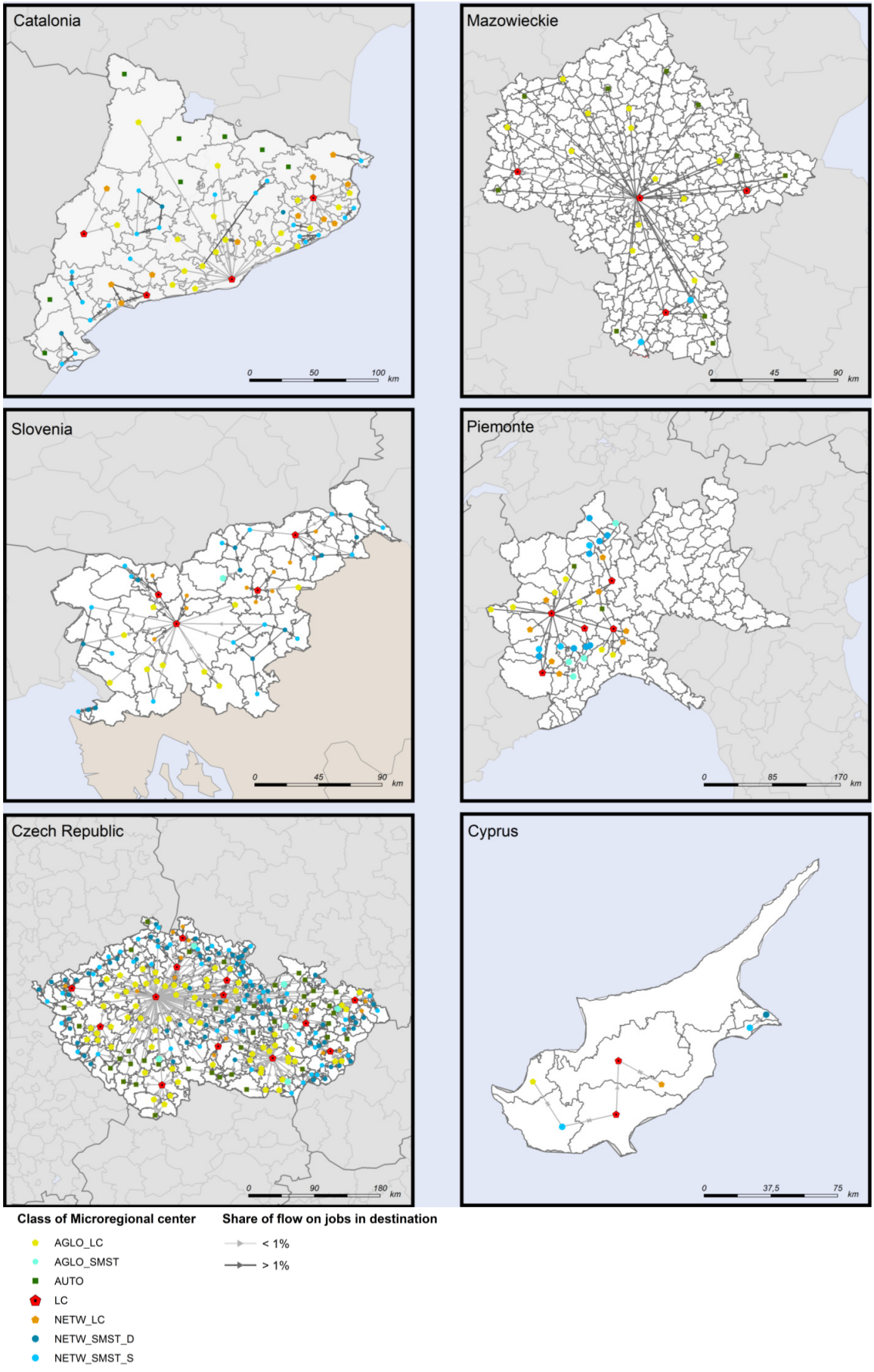


Figure 8: Types of micro-regional centres and their functional context

The results show remarkable differences between our case study regions and countries in terms of the number and share of municipalities that play the role of micro-regional centres (see figure 8 with some regional/national examples). The most exceptional are Flanders (Belgium), with its highly urbanized landscape of large municipalities. Nearly 42% of Flemish municipalities play the role of urban micro-regional centres. Large centres in this region are decisive not only in terms of concentrating population and jobs, but especially in their tight and intensive relations with small and medium sized towns in their proximity. With evenly distributed growth between large centres, agglomerated and networked towns all urban places in Flanders benefit from its polycentric, yet large city dominated urbanization pattern.

A larger share of municipalities, which play the role of urban micro-regional centres, was also found in Slovenia. This is a country with two key forms of territorial organization working in symbiosis. The role of the capital Ljubljana as the prime national centre for the whole country is accompanied by an equally important polycentric arrangement of small and medium sized towns in particular in the country's local sub-regions, as well as in Piemonte.

However, Slovenia differs from Flanders in terms of the large share of population living outside urban micro-regional centres. In this respect it is more similar to the Czech Republic, Catalonia or Mazovian region in Poland. While the Czech Republic and Catalonia have well developed all forms of towns' territorial arrangements and thus illustrate the large variability of situations, the Mazovian region exhibited two mutually distinct faces. It consists of, on the one hand, the large urban region of capital city of Warsaw and, on the other hand, a ring of towns with their micro-regions in the peripheral part of the area with extensive rural settlements.

In this respect, there is a similarity between the Polish territory and the French Central Region, where the key role is played by large centres with a substantial share of population living outside urban micro-regional centres. Furthermore, the already small share of small and medium sized towns' population and jobs in this French area continues to shrink. Cyprus is a specific case, with tourist oriented coastal development accompanying the role of the capital city of Nicosia and rural, sparsely populated areas in inner parts of island.

4. Potentials for and barriers against development in European towns

This section outlines the evidence from the TOWN project as it relates to the potential for and the barriers to development in European towns. The ESPON 1.4.1. project (ÖIR et al., 2006) argued that a town's performance is related to the location of the town within the urban system in which it is located. However, the evidences from the TOWN project suggest that this is the result of a combination of various factors, among which the characteristics (and growth trajectory) of the region in which it is located, as well as its particular location within the urban system. The characteristics of the town itself may be related to how well it has been doing. These town-level characteristics include: the structure of economic activities in the town economy, the particularities of the growing/declining sectors, the quality of local institutions, human and social capital and finally the policy environment as it impacts on economic development and quality of life issues for residents.
ESPON TOWN focused on two evidence-based streams of findings to understanding the conditions for the development paths of European towns. These two frameworks are:

- The relation of towns' performance to their location within urban networks and hierarchies;
- The relation of towns' performance to multilevel factors including the performance of the wider region and the structure and change of economic activities (the mix of sectors) located within the town.

Each of these streams will be explored in turn below.

4.1. Performance and position in the urban system

Comparing the performance of SMST settlements and HDUC settlements at the national/regional level for the five countries and one region for which we have data, suggests that there is not a consistent pattern of growth and decline in towns country by country in comparison to larger cities. In England and Wales SMSTs tend to have an average employment growth rate higher than that for HDUCs for the period 2003-10 whilst in the Czech Republic employment growth rates for SMSTs are lower than for the HDUCs (for 2001-11). In the other countries, there is no clear or statistically significant difference in the employment growth rates between SMSTs and HDUCs.

In terms of population growth, SMSTs in Belgium, France and North West Italy are growing on average faster than their equivalent HDUCs. In the cases of France and Belgium the driving force for population growth is net migration whilst in the case of England and Wales net migration into SMSTs is balancing the effects of demographic decline through natural decline. Within the East-Central European case regions/nations (Mazovia, Czech Republic and Slovenia) the demographic dynamic of SMSTs is not distinguishable from that of their equivalent HDUCs.

These then are the observed patterns of growth and decline. The question for the research team was how to explain these patterns. The relationship between development outcome in smaller urban areas and functional position was explored in two of the evidence streams:

- the functional analysis focused on municipalities that play the role of micro-regional employment centres, here we sought to develop typologies of these centres in terms of their position in urban networks and hierarchies resulting from commuting flows between employment micro-regional centres;

- the regression analysis focussed on morphological SMSTs, here we used proxy indicators to model aspects of metropolitan proximity and autonomy of employment function.

The analyses of population and job performance according to functional types of urban centres focused on 460 micro-regional centres in the Czech Republic, Slovenia, the Centre region of France and Flanders. The results suggest that the functional position of micro-regional centre within its wider network of commuting flows (as autonomous, agglomerated or networked) makes some difference in relation to changes in population and jobs for towns (figure 9).

The analysis did suggest that size mattered in that the larger centres (mostly cities with population over 50,000) had a better performance in comparison with small and medium sized ones when it came to employment growth. At the same time, autonomous centres tend to have declining population and employment. Finally, Figure 9 shows the high variability among small and medium sized employment centres that are categorised as networked and agglomerated. Within the same functional type, there are many cases that cover both worse and much better than large employment centres. This shows that small and medium sized employment centres are both more vulnerable to change as well as able to more dynamically exploit development and growth opportunities, and are very much related to their regional context.

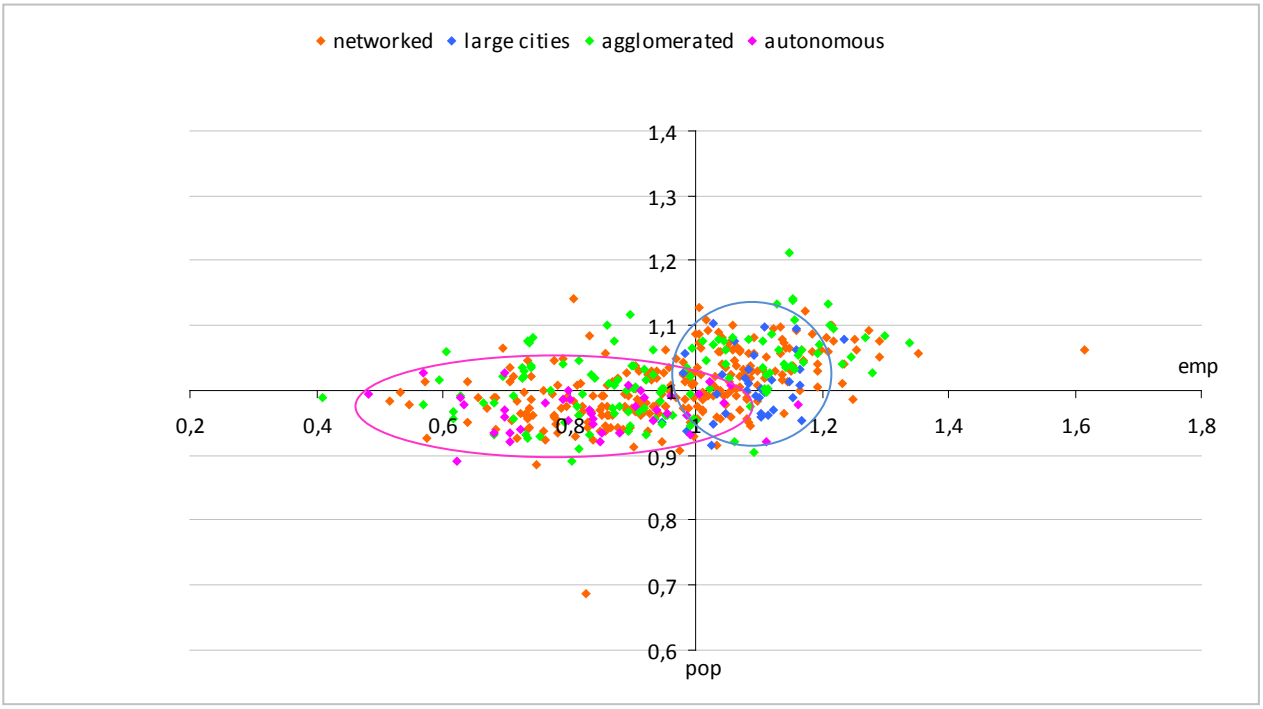


Figure 9: Population and job performance (changes between 2001 and 2011) according to position of towns in types of territorial arrangements in the Czech Republic, Slovenia, the Centre region of France and Flanders in Belgium.
Note: The circles indicate the distribution of autonomous and large centres.

The regression analysis (Scientific report, Chapter 9) was unable to directly use the functional analysis classification as a dummy variable. The regression analysis thus relied on proxy variables to take into account the impact of the functional role of the morphological settlement:

- the ratio of workplace-based jobs to the number of working age adults who were resident and in employment as a measure of employment autonomy;

- the proportion of the regional population (for the NUTS2 region in which the SMST was located) that lived in a HDUC. Clearly the assumption for this variable was that the higher the proportion the closer the SMST was to a metropolitan area.

These proxy indicators were used within a fixed effects multi-level regression model taking into account NUTS2 regional and settlement-level indicators. For 2100 SMSTs on population change and nearly 1800 SMSTs for job change) the findings suggested that employment autonomy has a negative correlation with job growth and population growth in SMSTs controlling for socio-economic conditions. At the same time, the proximity of a HDUC in the region has also a negative correlation with job growth albeit that the effect was neutral on population growth in SMSTs. These findings are coherent with those of the functional analysis, as reported above.

However, comparing the performance of SMST settlements and HDUC settlements at the national/regional level for the five countries and one region for which we have data, suggests that there is not a consistent pattern country by country. In England and Wales SMSTs tend to have an average employment growth rate higher than that for HDUCs for the period 2003-10 whilst in the Czech Republic employment growth rates for SMSTs are lower than for the HDUCs (for 2001-11). In the other countries there is no clear or statistically significant difference in the employment growth rates. Table 6 compares demographic change on three dimensions (overall, net migration and natural change) and changes in the number of jobs between SMSTs and HDUCs across the case study areas.

	BE	CY	CZ	ES5	FR	ITC	PL1	SE3	SI	UK
annualised percentage change in raw population	+		0	0	+	+	0	-	0	0
annualised percentage change in population due to natural change	0		0	0	-	+	0	-	0	-
annualised percentage change as a result of net migration over whole period	+		0	0	+	+	0	-	0	+
annualised percentage change in the population in employment				0	0			0	-	0

Table 6: Significance results for one-way ANOVA tests on changes in demographic/labour market characteristics between SMST and HDUC settlements

Notes: + indicates town average values are statistically greater than average HDUC values, - indicates towns average values are statistically less than HDUC average values, 0 indicates that there was no significant difference in average values.

In terms of population growth, SMSTs in Belgium, France and North West Italy are growing on average faster than their equivalent HDUCs. In the cases of France and Belgium the driving force for population growth is net migration whilst in the case of England and Wales net migration into SMSTs is balancing the effects of demographic decline through natural decline. Within the East-Central European case regions/nations (Mazovia, Czech Republic and Slovenia) the demographic dynamic of SMSTs is not distinguishable from that of their equivalent HDUCs.

In addition, the case study evidence related performance in terms of job and population growth to the position of the case study towns in their respective urban systems. However it has to be remembered that the 31 case study towns are not (and were not intended to be) a representative sample of towns. But within the purposive sample of towns we find that agglomerated towns were 1.6 times more likely to be 'dynamic' towns than other types of town whilst networked towns in the sample were 1.5 times more likely to be dynamic. By

contrast autonomous towns were 6 times more likely not to be dynamic (in comparison to the other types of towns from the functional form criterion).

So in summary, based on the evidence we assembled, position within the urban system can only partially explain growth or decline in towns. An autonomous employment function, being located close to a metropolitan area (potentially agglomerated) and large size may all be negative influences on growth rates for towns. However (some) towns do appear to be doing relatively well in relation to employment growth and in their ability to attract net migration. This may point to a greater capacity to mobilise the assets of a town as a distinguishing feature of towns that have done well.

4.2. Performance and multilevel factors: regional context socio-economic town's characteristics and economic dynamism

Evidence on the relationship between multilevel factors - such as regional context and the mix of economic activities in a town - and the 'performance' of the town come from different evidence streams:

- The association between changes at the level of the SMST and changes at NUTS2 level responding to the question of whether regional performance helps predict town level changes in population and the number of jobs;
- Socio-economic composition of towns in relation to demographic and employment variations;
- Indicators of economic activity by sector in relation to job growth using the standard NACE section classifications; and
- Interweaving of the mix of economic activity in relation to economic development for the 31 case study towns using a developing categorisation of economic activity (residential, productive and creative).

4.2.1. Regional context

The first stream suggested that patterns of regional change (at NUTS2 level) are strongly correlated to both demographic and economic changes in SMSTs. In the regression analysis, a 1% change in regional population corresponds to a 0.8% change in town level population (all other factors remaining constant). Concerning the regional job change (at NUTS2 level), a 1% change in regional employment corresponds to an average change of 0.5% in settlement level employment. Within the regression models, these were both the most significant numerical influences on settlement level change (within the purposive sample of SMSTs in the database). This suggests (and confirms) the findings of chapter 2, which pointed to the importance of regional dependency in defining a town's path.

At the same time, though, it is not possible to point to any straightforward geographical determinism. The characteristics of towns, their local economy, their specific history and their policy capacity matter. In this respect, the employment composition does not provide a clear straight-forward correlation. If multi-level analysis suggests that settlements with a larger proportion of industrial employment generated a lower growth rate in jobs, service sector jobs (aggregated either as public sector or as private marketed) did not seem to have a particular influence on employment growth in SMSTs. Thus the regression model offers no insight into the 'ideal mix' of economic activity that is associated with positive growth. However, it is worth noting, that the SMSTs in the database demonstrate very different

mixes of employment as can be seen in Figure 6 in Chapter 3 where SMSTs have been classified according to their mix of industrial and service sector employment. Moreover, Figure 7 in chapter 3 shows how employment diversity (by NACE section) tends to decline with settlement size.

4.2.2. Socio-economic characteristics

The regression model that brings together the socio-economic characteristics of towns (and regions) with the demographic and employment changes in those towns suggests that population change at SMST level appears to be positively associated with: higher employment rates, more families with children and being attractive for second home buyers. On the other hand, it appears to be negatively associated with size, functional autonomy in terms of jobs and the presence of older adults (as a proportion) in the base year of observation.

Williams and Hall (2002) have pointed out the increasingly complex set of relationships between tourism-based mobility, employment growth and migration. In the data on SMSTs we can see hints of these processes relating to towns. The regression analysis of SMSTs suggested that SMSTs with a higher proportion of second homes grew faster in terms of their population than SMSTs with a smaller proportion. There was also a strong correlation with a mild climate (that correlates strongly with net in-migration). Thus SMSTs that can attract second home-owners have been able to attract people (and retain them) consistent with Williams and Hall's (2002) consumption-driven tourist-migrant nexus. In the case studies it is also clear that the most dynamic towns are also the ones that are aesthetically attractive and present high standard of quality. The four iconic dynamic towns (Alba, Tarrega, Radovljica and Colwyn Bay) have all managed to combine development with high amenity value.

These correlations are somehow predictable: well-located towns with touristic amenities, a healthy job market and the presence of families with children tend to attract more than mono-sectorial towns with aging population trends. However, it also indicates sectors and measures in which to invest, such as the valorisation of local assets, job diversification and policies to retain younger population.

At the same time, employment change in SMSTs is positively associated with higher employment rates, a larger number of businesses per head of population (implying a small and micro-business structure) and a larger proportion of working age adults with better qualifications in the base year of observation. On other hand, autonomy in the employment structure, proximity of metropolitan areas and starting with a greater proportion of employment in industrial economic activities are all negatively associated with SMST-level job growth.

These findings indicate the vulnerability of towns with these characteristics. In particular, mono-sectorial towns and town with lower degree of proximity interaction with other settlements are at risk, as well as towns that are unable to take advantage of their proximity to metropolitan areas, which tend to dominate socio-economic dynamics. On the contrary, diversification of activities and qualified employment may guarantee a certain positive dynamism. Again, these are indications for policy toward the retention of high educated population (e.g. via offer of specific services and cultural activities) and support of market diversification.

Further on in the analysis of town performances and dynamics, the case study analysis offered insights into the complexities of how the economies of towns have changed during

the 2000s. Clearly it is problematic to generalise from a group of 31 case study towns but the issues raised in the case studies are indicative of the context in which towns find themselves. However, the narratives of development in the case study towns illustrate the many ways in which towns have developed over the study period.

As well as the statistical analysis, the case study evidence suggests that those towns that had become more diverse in terms of their sectoral mix of employment were those that towns that had been more dynamic through the 2000s compared to those towns that had retained a high level of dependence on any single 'sector' (or economic profile, based on highly aggregated statistical sectors in this analysis). Also this branch of analysis highlighted that the agglomerated and networked towns are more dynamic that the autonomous towns. This supports the earlier observation (from the regression analysis) that autonomous towns (in terms of its net employment function) found it more problematic to generate jobs and to attract/retain population than others.

4.2.3. Economic dynamism

In terms of economic dynamism, the analysis of SMST database provides some insights on the correlation between performances and mix of economic activities. Table 7 sets out the economic and labour market characteristics of towns that had been classified according to the aggregated NACE sector classifications of employment. It also sets out the average rate of annualised employment growth for each 'type' of economic activity profile for the database SMSTs as well as both the average employment and unemployment rates for the SMSTs in the base year of observation.

Economic activity profile (by dominant aggregate sector) in base year	Number of SMSTs	Mean annualised employ-ment growth (%)	Mean employ-ment rate for 15-64 year olds in base year	Mean proportion of 15-64 year olds in unemploy-ment in base year
Industrial	201	0.7	59.4	7.0
industrial and public sector	297	0.8	56.1	8.5
industrial and private sector services	215	1.2	62.6	4.9
industrial, private sector and public sector services	174	1.1	59.6	6.2
public sector services	120	1.5	56.4	7.2
private sector services	171	1.5	61.2	4.5
private and public services	443	1.6	57.7	6.3
Total	1624	1.2	58.7	6.5

Table 7: Economic change for observation period and economic profile in base year

The table clearly suggests the following:

- Employment growth rates (workplace-based estimates) were higher for SMSTs that were less dependent on industrial employment.
- SMSTs that had a more prominent service sector at the beginning of our period tended to generate higher growth rates.

- SMSTs that had a profile based on a combination of industrial and private sector services performed well with high employment rates and low unemployment rates in the base year of observation. This suggests that certain combinations of industrial and private sector service employment (a wider definition of 'productive' sector) might be associated with strong economic performance.

SMSTs dominated by public sector services are interesting. This group of SMSTs performed strongly in terms of job growth but were associated with relatively low employment and relatively high unemployment rates. However SMSTs that combined industrial and public sector employment experienced smaller employment growth rates and more problematic labour market conditions in the base year. It is possible that public sector employment in these industrial areas has substituted for loss of industrial employment. The question arises as to how vulnerable these towns were when the fiscal crisis hit parts of Europe in 2008/9 leading to public spending austerity measures (not a universally implemented policy).

It is possible to speculate that industrial (productive) employment has been highly problematic for SMSTs but that public sector employment outside of industrial areas has been able to create some form of growth for SMSTs. Yet SMSTs with a strong association with private sector services (many of which are associated with the 'creative' sector of Table 5) are the SMSTs that combined strong growth with benign starting conditions (high employment and low unemployment rates).

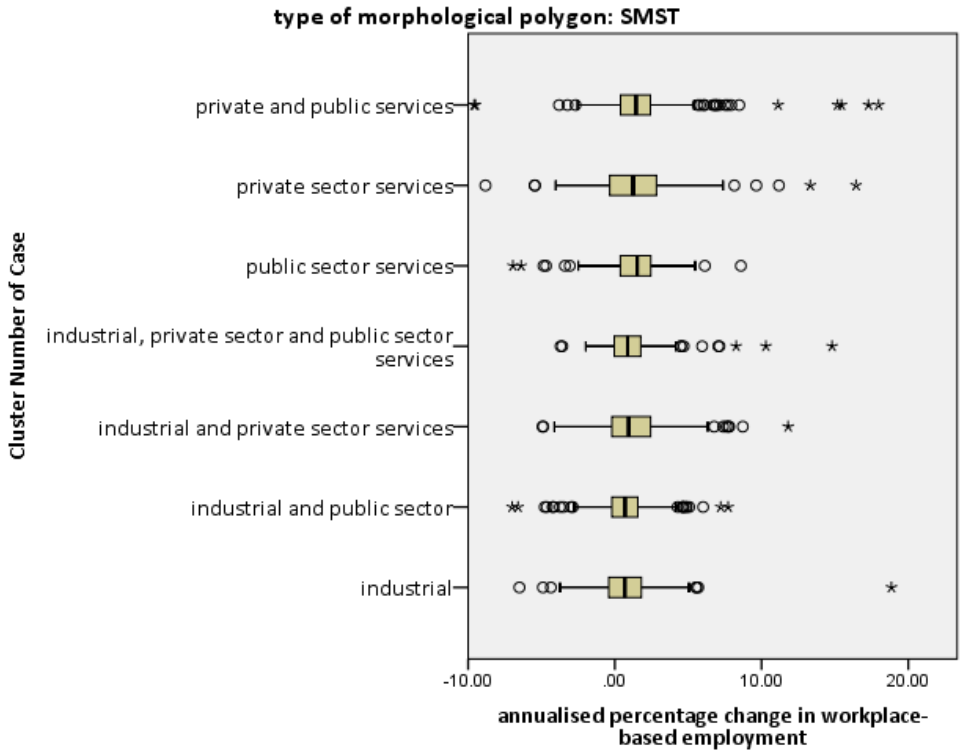


Figure 10: Employment change and employment profile box plot

However, it is always necessary to refer back to the underlying diversity of the SMST experience in Europe. It is evident in Figure 10, which sets out a box-plot of annualised employment growth for each of the economic activity profiles given in Table 7. While Table 7 is concerned with the 'central tendency' of groups of SMSTs, Figure 10 plots out the diversity of performance. There are statistically significant differences between the group performances by economic activity profile but these differences are numerically small (under 0.5% per annum) and secondly there is still wide variation between individual SMSTs

in the same category. However even taking into consideration this diversity it is possible to see that it was much more likely for SMSTs dominated by combinations of service sector employment to have performed more strongly than SMSTs associated with industrial employment over the observation period.

4.3. Concluding thoughts

In terms of offering insight into the role and function of towns, the key message is that towns are different from larger cities in terms of their labour markets, profiles of economic activity and demographic mix. However they are not so radically different that all towns will be different from all cities. It is important to note that there are important differences between national urban systems. Simple contextual variables such as being autonomous, agglomerated or networked are only partially sufficient to distinguish better or worse performance in towns. In individual cases there are plausible arguments why specific towns might be able to benefit from their particular location.

In terms of general barriers and potentials, it is clear from the case studies that some towns can flourish and from the wider statistical analysis that there was a very wide diversity of outcomes for towns in the 2000s. The regional context for towns appears to be the most important influence albeit that having a balance of families and residents in employment also matters in terms of making a marginal difference to the position of a town.

Finally, the data suggests that the sectoral profile is important. Historically, towns have had some degree of competitive advantage in industrial employment (Massey, 1984). However, today this relative advantage may be problematic, as industrial employment (particularly manufacturing) has become increasingly subject to global competition. All the streams of analysis seem to confirm that those towns with a higher proportion of employment in industrial activities tend to have negative trends. Thus SMSTs that had higher levels of industrial employment at the beginning of the period appear to be associated with lower growth rates through the 2000s.

Combining these results with the analysis of the 31 case studies (ch.6), a general worrying message emerges: industrial activities (and especially older plants and/or branch plants) are declining in SMST due to international competition, delocalization, concentration toward main urban areas, etc. This constitutes a major potential threat for many SMSTs. In policy terms, this requires that specific attention be given to the industrial sector and, on the other hand, the reformulation of territorial roles and diversification of economic sectors is necessary.

This is all the more important since the regression analysis cannot offer insights in terms of any positive associations between sectors of economic activity and positive employment growth. There was not a positive association between growth and the proportion of employment either in aggregate private services or with public services. This would be consistent with the case study findings in that the growth sectors identified are somewhat difficult to define even if they appear to be positive influences in particular case study towns.

Moreover, if it is clear that most of towns are undergoing structural changes, it is also often the case that there is a lack of strategic vision with regard to the direction in which to steer policy efforts. Therefore, in the next chapter we will consider the role of policy and governance in framing the development stories of towns.

5. Policies, Governance and Collaboration: recommendations

In this section we seek to draw out the policy and governance implications of our work for small and medium-sized towns in Europe. The subject covers a wide variety of territorial features across Europe and even within countries there is considerable variation. Therefore it is necessary to once again caution against the adoption of any simplistic 'one-size fits all approach'. In policy terms, we stress the importance of developing a genuine place-based approach (Barca, 2009) that situates SMSTs in their local and regional context whilst paying due attention to their relationships and interactions with different scales (national and international).

The relevant issue is how to develop forms of governance and spatial planning that can support the utilisation of a place-based approach that builds upon Europe's rich territorial diversity (CEC, 2008) as well as reflects the key aims of the Europe 2020 (CEC, 2010) strategy (smart, sustainable and inclusive growth) and the associated aims of the Territorial Agenda (Hungarian Presidency, 2011). In relation to this it is essential to take into account the post-2014 Structural Funds, which seek to create an appropriate overarching framework and support the pan-European achievement of the priorities of Europe 2020 in order to bring about greater economic, social and territorial cohesion across the EU and at national and sub-national levels.

Bearing these factors in mind, we can articulate some policy considerations based on the findings that are summarised in the previous chapters of this report, and explained in more detail in the TOWN Scientific Report. The structure of the chapter follows the reflections emerging from our different groups of findings. Therefore, it will articulate some considerations concerning the territorial distribution of SMSTs in Europe and the role of SMST in pursuing territorial cohesion aim (5.1), the functional roles of towns in micro-functional regions (5.2), the elements that characterise a tailored approach to local development strategies (5.3), some considerations about institutional constrains and related governance issues (5.4), and finally policy recommendations articulated per scales of potential approach (5.5.).

5.1. Distribution of smaller settlements in EU and implication for the territorial cohesion aim

Chapter 3 has shown the general distribution of SMSTs across Europe and their characteristics. The geographical representation illustrates the variety and the complexity of a diffuse and pervasive distribution of SMSTs, which constitute several spatial configurations at different scales.

Among the various and multilevel considerations that can be taken into account, the most relevant concerns the central part of Europe, which hosts a large part of the EU population and contributes the largest share of its GDP. This macro region contains numerous clusters of SMSTs. This implies *de facto* the strong relevance of the 'small urban size' in the core of the European continent for the EUs priorities. In this respect the question about whether or not the EU2020 Strategy fully acknowledges this contribution and promotes the forms of territorial diversity that may support SMSTs becomes relevant.

In terms of territorial structure and potential role in achieving the aim of territorial cohesion, the central EU area also represents a striking example of polycentricism based on large urban regions (the largest and the most dynamic ones across Europe). The implications of this point, which could be extended to all the urban regions in the EU territory, are by no

means straightforward. An initial, and superficial, observation would suggest that large urban regions are in most cases dominated by one (or a few) large high-density urban clusters. This mainstream approach interprets SMSTs as 'living in the shadow' of metropolitan areas. Our results, on the contrary, suggest that SMSTs play a crucial role in the economic growth of functional urban areas, through daily migration patterns, but also in terms of the de-concentration/concentration of firms and residents.

At the same time, the role of SMSTs is different in areas of Europe where the presence of a few important urban areas is counter-balanced by a diffuse distribution of smaller settlements that constitute the prevailing living environment for a large part of the EU population. For these areas there is also a need to tailor the aims of the EU2020 strategy to support smaller urban settlements, this is crucial to their future development and the well-being of their populations. It also represents a key component of European territorial, economic and social cohesion and the operationalisation of the notion of 'strength through diversity' (CEC, 2008). Therefore, issues like accessibility to services and complementarities between towns, specific integration of functions, and connectivity in particular via public transport are at stake. In areas characterised by smaller settlements it is important to pursue integrated regional perspectives, in which different roles of towns and strategies for the valorisation of local assets are pursued.

5.2. Functional types and performances

The key objective of functional analysis was to identify which type of spatial configuration performs best in population or employment terms. Unsurprisingly, in general large cities perform better compared with small and medium sized towns. However, the identification of these types did not lead to clear association of values and behaviours. In addition, some general trends were identified, such as the negative roles of autonomous settlements as well as the capacity to gain population and loosing employment in those agglomerated tp larger metropolitan areas.

In contrast to an optimistic view (Knox and Mayer, 2009), the fact that some towns within metropolitan regions may benefit from the participation of local firms in an innovative cluster, or from the presence of a university branch does not appear clearly in the employment statistics or in the levels of qualification in our 31 case studies. And the fact that some towns with a beautiful natural environment may attract populations of commuters, second-home owners, or tourists without any disadvantage (i.e. a sharp increase of prices on the housing market) is not guaranteed. Hence, clearly and well defined development strategies are required, with strong support from regional or national authorities, as the local government of towns often lacks the necessary expertise and resources to develop and implement such strategies.

In many of the case study towns there were issues around the 'capacity to act' (mobilisation). When towns demonstrated a much greater propensity to 'innovate' and adapt (e.g. Alba and Athienou) this was strongly rooted in their local milieu. This does not take place in all SMST: for instance several of the isolated towns are losing young people (brain drain) which may well impact on the local capacity to 'innovate'.

Therefore, the policy orientations need to be developed in relation to their regional/sub-regional context and based on their existing assets. Regarding agglomerated towns, the conventional wisdom is the following: while economies of agglomeration tend to work against them, they can benefit from being a "cheaper location to live, work and run a business if compared with large cities, because they have shorter commuting and lower land

and wage costs" (Hildreth 2006: 16). But this will probably not be sufficient to stimulate sustainable economic development and better performance. There will always be the danger that they can be undercut by lower costs (e.g. wages) elsewhere and it is not desirable to have a local economy that is overly reliant on a particular sector and/or firm. In other words, diversity is an asset.

Regarding the networks of SMSTs, it is less clear whether they can substitute for agglomeration economies of large cities by borrowing some of the size advantages from large core metropolises, while avoiding their costs. The issue was tested by Meijers and Burger (2010), who came to a pessimistic finding that "a network of geographically proximate smaller cities cannot provide a substitute for the urbanization externalities of a single large city" (Meijers and Burger 2010: 1383). Nevertheless, we would suggest that the capacity to develop micro-regional forms of territorial cooperation to achieve the necessary 'territorial critical mass' and a shared vision is significant in terms of development.

Regarding autonomous SMST, as we said earlier, consolidating and if possible developing their centrality role should be a priority, in the interest of their residents and of firms. However, as some of our case study towns suggest (e.g. Alba and Athienou) it is possible for such towns to develop a strong, locally embedded, economy that can but adapt to change and is open to the external world.

Our final consideration relates to the message conveyed by the identification of functional micro-regions and potential indications for territorial cooperation. The potential for developing the reciprocal roles of settlements in these areas is a key issue for a balanced and cohesive territory and this has also implication in terms of governance. Forms of cooperation between local authorities at the scale of the micro region should be encouraged, as they can help to ameliorate wider changes in the spatial distribution of activities and services, this is particularly important at a time when many countries and localities are experiencing significant reductions in public expenditure.

5.3. Socio-economic dynamics and development of towns

Concerning the evidence relating to the potentials for and barriers preventing the socio-economic development of towns (previous chapter 4), we can draw a few additional direct messages. While it is obvious policy-makers can do little about climate (indicated as one of the factors of population growth), they can think about the public services and spatial policies that can attract and retain families that might be seeking a different way of life to that in larger cities; or retain or bring back young people who might either leave to go to elsewhere to university or leave to get their first entry into their chosen labour market when they are older.

Towns that do not manage to achieve a demographic balance potentially end up with an aging and elderly population that is associated with demographic decline in this dataset. However, since our evidence shows that meso/regional trends are significant, it is important to activate policy bundles at a higher level rather than relying on a single local authority's initiatives, which risk being frustrated by a lack of capacity and resources.

Other specific aims can be developed at town level or – even better – in articulation with higher scales where there is the potential to build critical mass through territorial cooperation among towns and surrounding areas in order to make them more attractive. Well thought out and carefully designed strategies can simultaneously enhance the quality of a place and its attractiveness (touristic sector) and at the same time develop/support the productive economy (protection of local production, supporting innovation, etc.). We would

also point to the importance of developing small businesses and a diversified local economy, which appear to be a distinguishing factor of towns with a successful profile.

In line with these considerations, the analysis of the economic profiles of our 31 case studies provides some more specific tailored recommendations. As summarized below (see Table 8), the three economic profiles (residential, productive and creative-knowledge) can be differentiated along four key dimensions: (i) the groups of actors targeted; (ii) the factors of attractiveness; (iii) the specific drivers; and (iv) the policy tools developed.

	RESIDENTIAL	PRODUCTIVE	CREATIVE-KNOWLEDGE
Target groups	Residents, commuters and tourists	Business actors	'Creative class' and innovative firms
Factors of attractiveness	Good living environment, heritage, quality of provision of services, culture, health and schools, real estate conditions	Competitive business environment, labor skills, availability of premises and of land	Image, Connectivity, Creative environment, quality of provision of services
Specific drivers	Diversity of equipment and amenities, accessibility	Sectoral specialisation, concentration of business activities	Innovation systems and knowledge-based activities, concentration of entrepreneurial activities
Policy tools	Improving public and private services for the population, developing/improving cultural, leisure and touristic infrastructures, investing in transport facilities and green spaces, preserving the environment and the cultural heritage	Creating/improving the quality of business areas, developing supporting services to business, lowering professional taxes, subsidies to targeted businesses	Developing/encouraging clusters, networks and creative "arenas" creating/attracting higher-education and research institutions, developing incentives to entrepreneurship

Table 8. Main characteristics of the three local economy dominant profiles in SMSTs (Source: Own elaboration).

However, it is important to recognise that the above table and related considerations provide generic indications of general forms of action that could be pursued in relation to each socio-economic profile. In each instance specific, locally relevant policies/initiatives will need to be developed to address the individual factors of attractiveness in a manner that will support/enhance them and act as a 'driver of local development'. Attempts to develop policies to support the relevant assets must be carried out on the basis of a clear analysis of these assets and the role they play in each SMST. On this basis, and with appropriate support from higher scales (e.g. in terms of a regional/sub-regional spatial plan), SMSTs can then develop an overarching and integrated strategy within which they can develop particular 'policy bundles' and allocate resources (in other words a place-based approach) taking into account wider spatial and socio-economic relations.

In the first instance it is important that SMSTs 'recognise what they have' (in terms of identifying existing strengths and weaknesses), build their strategy around developing those place-based resources that are positively correlated with growth as these are likely to be the initial potential key drivers of development, whilst simultaneously addressing weaknesses/deficiencies. In the longer term it will be necessary to develop not only existing

assets but also to support the development of new, albeit related, assets that will support a more diversified local economy.

Second, social networks (related to both locally embedded knowledge and social cohesion/capital) may help counterbalance unfavourable trends by offering alternatives to companies and populations that are seeking to escape the constraints associated with over-concentration and declining quality of life in larger cities.

Overall, only an in-depth analysis of the local economy can provide information on the type of performance sources and of target groups (firms, new entrepreneurs, residents, commuters, tourists, etc.) who contribute to economic development within a SMST context. This must constitute the basis of an integrated strategic approach that supports the factors relevant to the local economy and develops them in ways (through various forms of support such as investment in the relevant infrastructure, provision of incentives, collaboration between relevant/complimentary sectors, taking care not to overdevelop in ways that threaten environmental and amenity values, etc.) that are sustainable. This requires not only specific policies (or bundles of policies) to be developed and deployed but also associated forms of governance to be developed that provide a sense of 'local ownership'. At the same time it is necessary to avoid becoming too 'inward looking' and maintain/develop an external orientation.

5.4. Institutional constraints and opportunities

The capacity to develop and implement strategies that deal with the challenges faced by towns is significantly affected by the type of institutional system and national government policies and regulatory framework in which town's local economy and policies are embedded. The 'small' size of our object of study logically leads to us consider local government as the level of territorial governance and public service delivery that is 'closest' to being able to take in the territory of a single town. But we also have noted that the space covered by a local government shows sharp differences between countries.

Case region	No. of SMSTs	number of intersections with areal units		number of intersections with micro-regions	
		median	maxm	median	maxm
Flanders (BE2)	127	1.0	17.0	:	:
Czech Republic (CZ0)	222	1.0	6.0	1.0	2.0
Catalunya (ES51)	65	2.0	4.0	1.0	2.0
Central Region (FR24)	39	2.0	6.0	1.0	2.0
Piemonte (ITC1)	87	2.0	11.0	1.0	2.0
Mazovia (PL12)	42	1.0	4.0	1.0	1.0
Northern Sweden (SE3)	41	1.0	1.0	1.0	1.0
Slovenia (SI0)	43	1.0	4.0	1.0	2.0
Wales (UKL)	54	9.0	43.0	1.0	3.0

Table 9: Intersections between SMSTs and other administrative and functional geographies in the case study regions

Table 9 illustrates the number of "intersections" between SMSTs and a range of administrative and functional geographies for our case study regions including: the small area units (mainly urban municipalities except for England and Wales); functional micro-regions (derived in the functional analysis); and, the NUTS3 regions. For each of these three geographies Table 9 indicates how many units of each geography intersect with the SMSTs.

In Flanders, the Czech Republic, Mazovia, Northern Sweden and Slovenia, over 50% of SMSTs intersect with a single municipality although even in these cases a SMST might intersect with a maximum of 17 municipalities (in Flanders). In the case of Catalunya, Piemonte and the French Central Region the median number of intersections between SMSTs and municipalities is two. In these cases, voluntary supra-municipal institutions may make sense where it comes to providing mutualized services (for instance services of general interest) at the SMST level (as a contiguous built up area).

When considering the geography of functional micro-regions, there is a clearer one to one relationship between SMSTs. This means that the functional micro-region is a relevant spatial scale for urban/rural cooperation, regarding transport issues, tourism or territorial marketing purposes. However, except in Northern Sweden and Mazovia, all case study regions included at least one case of a SMST crossing a micro-regional boundary, implying some ad hoc cooperation.

The relevance of the institutional system for the performance of towns is related to the distribution of power and resources between the State and sub-national authorities (regions or provinces, counties and urban municipalities). As part of this, specific attention needs to be given to supporting/developing the mobilisation capacity of SMSTs through the provision of resources, technical/administrative support. Such support can be supplied by a combination of European, national and regional sources.

In this respect, in some countries local authorities have competences for regulating important issues such as traffic management and local public transport, building regulations and urban planning as well as some social services. By contrast, competences in many areas that are relevant to economic development are shared by central and intermediate levels of government (i.e. regional level, county or inter-municipal level) in various countries. The distribution of decisional power concerning infrastructure, human resources, the productive environment and social services are a critical issue for the development potentialities of towns. In many cases it will be necessary for SMSTs to work together to provide the relevant inputs and this will necessitate the development of collaborative strategies that can develop the relevant assets/resources/services in ways that allow all SMSTs to benefit. Ideally it would be best if this could be developed as part of a wider 'polycentric vision' for the area, but given the difficulty of doing this (as indicated by our case studies) it may be that collaboration will need to initially focus on specific projects (e.g. related to tourism, transport, provision of a particular service such as education or health care) before moving on to more ambitious and overarching policies.

As towns fulfil diverse functions in the urban hierarchy, their development depends on the exploitation of comparative advantages as well as on the nature of relations with other surrounding urban and rural settlements. This latter point may be of considerable significance as our case studies revealed a great deal of variation in the capacity/willingness of such towns to engage in collaborative/cooperative actions with other proximate SMSTs in terms of developing common projects (other than for basic services such as waste collection and water) and sharing of services (e.g. education and health care). Generally speaking the collaborative capacity of SMSTs was weak, and where it exists seems to depend on developing shared norms and establishing collective organisations that embody such norms and are articulated both locally at higher scales (as in the case of West Flanders). What

tended to be lacking was a wider 'polycentric vision', embedded in the wider region, for the particular sub-regions that could frame a long-term development process that is of benefit to all relevant SMSTs. Developing such a 'vision' will need to be a collaborative venture involving regional and local actors who can work together in partnership (see OECD, 2013; Pucher et al., 2012).

In terms of the above a flexible institutional setting, including patterns of behaviour, the legal framework, power structures, local agents and their modes of interaction, policies and regulations may play a facilitative role in creating an encouraging environment for towns. The inter-connectedness of geographic and institutional factors and their co-evolution in the course of time reflects the complex relationships of mutual influences. SMSTs need to be inserted into these relationships and able to actively play their part in shaping them in the future otherwise their fate will largely lie in the hands of others. However, individual SMSTs are unlikely to be able to directly participate in these debates and therefore it is important that they develop sub-regional organisations that are able to represent their collective interests to higher levels. Towns should have a stronger voice in regional debates, as they play an important functional role for their territory and as their factors of attractiveness may differ from those of large cities. In fact, they are often very dynamic in terms of population and employment, thus their fate may be different from the one typically painted for SMSTs of decline and inertia.

In this context the European level can potentially encourage a focus on towns, but not an exclusive one, within the relevant national/regional contexts, particularly through the Cohesion Funds (and the integration between these). However, much depends on the 'guidance' contained in the Common Strategic Framework and how this is 'interpreted' by national authorities and included in Partnership Agreements and then utilised by Management Authorities in terms of drawing up Operation Programmes: how SMST feature in these (also the roles assigned to local authorities - for instance are they involved in drawing up the OP or merely 'recipients') and the associated use of new instruments such as Integrated Territorial Investments, integrated sustainable urban development and Community-Led Local Development. Regardless of which specific instruments are utilised they need to be combined into 'coherent packages' relevant to each region/area - a place-based approach that is inclusive and genuinely engages a range of stakeholders.

5.5. Policy considerations articulated per scales

In what follows we set our some general 'policy prescriptions' for SMSTs in terms of the different relevant scales. However, we need to bear in mind that these 'scales' are not independent of one another and the interaction between them is import. In other words a strategic and integrated approach is always necessary. In this context there is an important governance dimension to how this will be achieved which requires the existence of appropriate and interconnected governance arrangements in terms of:

- multi-level governance (European, national, regional and local),
- horizontal governance to facilitate coordination and integration at each level, and
- territorial governance to ensure the development of an integrated territorial approach vis-à-vis the use of CSF, national and other funds (e.g. regional and local).

This in turn requires that we bear in mind questions such as:

- How can the overarching European and national framework support SMSTs?

- What role can SMSTs themselves play in achieving the aims of Europe 2020?
- How can SMSTs, either individually or in collaboration with other towns and cities, develop responses to their situation by building on and developing their assets?

On the basis of the foregoing we will seek to provide more general insights into the possible types of policy approach that can be developed and are potentially generalised to other similar SMSTs.

In what follows we address the above issues in terms of three levels: European, national and regional/local.

5.5.1. The European Level

The overarching European framework is provided by Europe 2020 with its focus on smart, sustainable and inclusive growth through achieving its five headline targets (research and innovation, climate change and energy, employment, education and poverty reduction) and the associated Territorial Agenda so as to ensure that economic, social and territorial cohesion is at the core of the approach. Whilst SMSTs are not referred to in Europe 2020 their role is acknowledged in the accompanying Territorial Agenda in terms of contributing to "…common European territorial priorities. "(Hungarian Presidency, 2011, p5), helping promote polycentric and balanced territorial development particularly at regional level, encouraging integrated development and providing services of general interest in all areas (especially in rural areas).

The Structural Funds are to be utilised in a manner that will closely support these objectives and the Commission has provided the CSF in order to achieve enhanced coordination between the different funds. The aim of the CSF is to "…increase coherence between policy commitments made in the context of Europe 2020 and investment on the ground. It should encourage integration by setting out how the funds can work together." (CEC, 2012a; p3). In addition new instruments such as Integrated Territorial Investment, integrated sustainable urban development and Community-Led Local Development (CLLD), particularly in association with the general use of the LEADER approach, offer enhanced encouragement for Member States and Managing Authorities to adopt a more integrated and territorially focused approach that has a significant bottom-up' component.

Within this context SMSTs could become part of the focus developed by Member States and relevant regional authorities. The European Commission is unlikely to single out SMST as a policy object at European level, but it could certainly signal their significance to territorial cohesion and local development in terms of the negotiations with Member States over Partnership Agreements (on these see Pucher et al., 2012). Thus providing a clear 'steer' to Member States and at least ensure that the roles and functions of SMST in are considered in relation to Operational Programmes and territorial development/cohesion in each country and region.

In terms of the Partnership Agreements (see Pucher et al. 2012, for a more detailed consideration of their role) it will be crucial to ensure that a range of national, regional and stakeholders are involved in identifying the relevant priorities and ensuring that there is an integrated territorial focus and that CLLD is actively promoted as part of wider territorial strategies. Although a report by CEMR (2013) did note that across Member States that the new instruments referred to above seem likely to be used in a 'tentative manner', with many Member States adapting existing delivery instruments to meet requirements for greater (territorial) integration. Whether or not this will surmount longstanding sectoral divides and lead to the development of an integrated territorial focus must remain a moot point for the

time being. In addition it has been pointed out that there is a need for the territorial dimension to be more explicitly incorporated into the new provisions governing policy, a failure to clearly define and operationalise territorial cohesion and clarify what an integrated approach to territorial development actually means in practice (see Mendez et al., 2013).

The Commission has signalled there is an important role for CLLD (European Commission 2013) in the new programming period and that it is intended as a flexible instrument to be adapted to reflect regional/local conditions. Among the potential forms CLLD could take that are relevant to SMST are new forms of urban-rural partnerships (echoing recommendations in OECD, 2013) and the development of partnerships and strategies involving "Smaller cities, market towns and their surrounding rural areas." (ibid, p12). However, much will depend on the willingness of national and regional authorities to support and trust relevant local organizations and of course on their capacity to engage with the process. Thus as suggested in Chapter 7 there will need to be an ongoing element of technical support and capacity building at local level by national and regional authorities which the European Commission should positively encourage and support.

If these various instruments are to be utilised as part of a strategic and integrated territorial approach it will be vital that full use is made of the place-based approach. However, as was already shown in this report, such an approach cannot simply be focused on individual SMSTs in isolation. Depending on the regional location it needs to be structured around: the relationships with larger urban areas (in contexts where SMST are agglomerated); on clusters of SMST (where they are networked); or on the relationship between an SMST and its rural hinterland (where it is autonomous/isolated). In each case the place-based approach must be utilised in a way that respects the regional and local context, actively involves a wide range of local actors and draws upon local knowledge to develop a strategic and coherent long-term approach (see Zaucha and Świątek, 2013).

What the above indicates is that in terms of developments at European level within the structures and instruments of the new programming period there are potential opportunities for SMSTs to benefit. The European institutions could signal more clearly the need to take into account the role that SMSTs have in achieving the aims of Europe 2020, territorial development/cohesion. Much, however, will depend on how Member State governments and regional authorities react to/interpret these opportunities, and it is to these we now turn.

5.5.2. The national and regional levels

It is important to recognise that Member States have a crucial role in the process in terms of 'translating' the guidelines contained in the Common Strategic Framework (CSF) "…into the programming of the CSF Funds in the context of their specific needs, opportunities and challenges." (CEC, 2012a, p3; see also CEC, 2012b). Thus the drawing up by Member States of Partnership Agreements and the National Reform Programmes are of critical importance. This requires engagement with national, regional and local stakeholders in order to identify and operationalise the relevant principles and aims vis-à-vis the partners at national and regional level. In addition it also requires integration with other relevant national funding streams so that they and the CSF funds are utilised in a coordinated and focussed manner to achieve the best possible outcomes.

However no country has a specific policy focus on SMSTs, although in some countries there is a concern with specific types of towns that often include a significant number of SMSTs. In some countries/regions (e.g. Wales, Catalonia or the French Centre) there was some evidence that relevant authorities recognised SMSTs do have a significant role to play

particularly in relation to their regional context. Nor was there any clear relationship between a country's institutional structure and the ability of SMSTs to develop their own policy responses. Evidence shows that in many countries SMSTs experience a situation of dependence vis-à-vis the national level, and possibly the regional one in federal or regionalised states. Lower level governments have reduced competences, legal autonomy and tax-raising powers compared to upper levels. In our case study countries, this is typically the case in unitary states, especially Cyprus, Czech Republic, Poland, or Slovenia, where devolution is a recent process. In Slovenia and the Czech Republic, the creation of levels of government that would be intermediary between the municipalities and the central state is not a priority. On the other hand, there are several examples of regional or national strategic plans which acknowledge and value the functions played by SMSTs. In the case of Wales, the Welsh National Spatial Plan (Welsh Government, 2004, 2008) included a comprehensive identification of all significant settlements in Wales. The fact that rural towns often 'punch above their weight' (in the sense of carrying out functions usually associated with much larger places) led to the recognition that towns need to develop collaborative relationships and work together in a complimentary manner if they are to provide a full range of services to relevant populations. In a different institutional context (substantial devolution but extreme municipal fragmentation), the regional authority of the French Centre Region has identified 16 'poles of centrality', each organised around a municipality of at least 5000 inhabitants and providing a wide range services to a hinterland. For these towns, the strategic plan makes it a priority to "guarantee a high level of superior services" (Région Centre, 2011, p. 119) while cautiously pleading for a progressive reorganisation of supra-municipal cooperation bodies at the level of micro-regions (fr. *bassins de vie*).

In sum, much depends on the attitude of national and regional authorities in terms of developing an overarching territorial policy framework that recognises the roles and functions of SMSTs in their regional context and is sufficiently flexible to accommodate their differences. At the same time, it is simply not possible (nor necessarily desirable) to give the same level of attention to all SMSTs. At a national or regional level, choices have to be made about which SMSTs to focus on and then how other (proximate) SMSTs will fit into the strategy. Based on our analysis, we argue that the focus should be on SMSTs that are the economic and functional 'centres' of micro-regions, but also that such towns need to be nested in a wider territorial system.

In terms of the Structural Funds there is a greater likelihood of the European Commission being able to influence a Member State where the importance of EU funds is greater (e.g. the Transition and Less-Developed regions). Even here much will depend on how national governments draw up the Partnership Agreements and decide to address the objectives of Europe 2020 in their particular context. The European Commission can attempt to 'steer' member states in particular directions but experience shows it cannot 'dictate' or 'police' every detail of their actions in relation to European Funds, nor would this necessarily be desirable as Member States need to address the priorities and challenges which they face and see as important. The problem vis-à-vis SMSTs is that we did see some evidence in our case studies that there is an existing tendency to focus on the major urban areas (especially capital cities) as the major drivers of growth and competitiveness and thus a danger that SMSTs will be relatively neglected. Moreover, in some countries there is no, or a limited, tradition of 'bottom-up' activity that does not bode well for CLLD or the development of the involvement of a wider range of stakeholders at national and regional level in drawing up the Partnership Agreements and the Operational Programmes. Much will depend on the prevailing culture of partnership building and who is involved. In part this about openness and transparency but also relates to the 'capacity to participate' and the extent to which this is actively encouraged and supported through capacity building activities.

What is also important is the issue of learning and knowledge exchange both within and between countries. The ways and means by which different forms of knowledge are integrated into the processes we are dealing with is of considerable importance for the development of the territorial and place-based approach. European, national and regional initiatives are important if this is to be encouraged and this needs to seen as central to the development of an integrated approach.

5.5.3. The Local level

In many countries the institutional structures/administrative boundaries have often 'lagged' behind the urbanisation processes (e.g. France and Spain which have administrative boundaries dating back to the early 19th century) And this has created a certain dislocation between stable administrative boundaries and 20th century processes which favoured the emergence of SMSTs as providers of services of general interest and (local) job opportunities. In these countries the morphological and functional definitions of the SMSTs are at odds with the administrative one. Other countries (e.g. Sweden) show institutional flexibility, where the boundaries and competences of local governments have been reorganised to reflect wider changes.

In effect today, whatever the country and its territorial local government system, the centrality role of many SMSTs seems to be being increasingly undermined because of declining and less active populations in less densely urbanised regions, or because they are becoming more and more integrated into wider urban regions offering economies of agglomerations to industries and tertiary activities. In this new context, to which we can add budgetary reforms in the public sector in many countries, the extent to which local institutional structures facilitate SMSTs in maintaining their role as services and jobs providers is an important question. The reality is that there is no 'prefect' institutional structure to achieve this and much depends upon how regional and local policy makers view the role(s) of SMSTs.

Regarding local capacity there are a variety of possible paths of development available to an SMST; in part this depends on 'deliberate choices' about the appropriate developmental path but it will also reflect a multitude of individual investment decisions (by businesses) and by individuals/families that local administrations can only indirectly influence. This places considerable limitations on what an SMST can achieve on its own and emphasises the need to developing an inclusive approach to developing local strategies and our case studies do show that SMSTs can grow and adapt to changing external circumstances.

We also need to bear in mind that it is often difficult to replicate the conditions for 'success' in one place elsewhere as they appear to be deeply rooted in the local society and economy and also reflect regional location. Indeed our work suggests that the regional context is a significant determinant of the socio-economic situation an SMST faces, while the national context can be significant in institutional terms; although these are by no means the only factors and should not lead to a passive approach.

As noted in Chapter 7 few of our case towns developed a 'meaningful policy' of their own. However, there were examples that did suggest it is possible for an SMST, or the relevant local authority, to develop a local strategy that attempts to identify local territorial capital, recognise deficiencies in relation to that strategy and address them in a strategic way, although whether or not they have been 'successful' will only become clear over a longer period of time. It was possible to identify a 'driving force behind' these strategies. In most cases the public sector played the leading role in developing and implementing the strategy.

In turn this pointed to a worrying weakness in the private sector which may be typical of the situation in many SMST.

The point is that an SMST, and associated governance system, needs to act in a conscious and considered manner to do this. As noted above in most of our cases the public sector played the lead role and did so in partnership with other regional and local stakeholders, drawing on national and European support where available. To do this they developed new, often innovative, forms of formal and informal organisations that cut across traditional administrative and sectoral boundaries to create the necessary means for long term action. A significant element was the inclusion of a wide range of local stakeholders who were involved in decision making and the delivery of individual projects. In this sense where it is possible new European instruments such as integrated territorial investment, integrated sustainable urban development and CLLD should be fully utilised and combined with other policies/instruments to create a coherent package of policies that will bring about long term and sustainable change based on the strengths (in terms of territorial capital) of an SMST.

From a rather different perspective two of our autonomous case study towns (Alba and Athieniou) did show that it is not always the case that the public sector is the leading force. Here the towns were able to build on their local economy and it in a way that supported local endogenous development. Much of this 'success' seems to have been historically rooted in local social relations and the existence of a high level of social cohesion, trust and local 'know-how' (i.e. the local milieu). What took place was largely endogenously based local growth that exploited key aspects of local territorial capital and was able to adapt to changing external circumstances that overcame any disadvantages associated with 'being small'. This seems to have been based on emphasising quality and a local economy focussed on traditional sectors that were able to modernise (e.g. in agricultural areas 'smart rural growth' based on linking traditional agricultural forms with modern businesses and other sectors such as tourism to provide new opportunities for cross fertilisation) as well as encouraging small businesses to grow and develop new products for external markets.

In terms of our agglomerated towns several of these appeared to be doing well, although much appeared to depend on their proximity to thriving large urban areas and the associated suburbanisation process. Indeed some of these faced the possibility of becoming 'dormitory towns' and this was often locally perceived as problematic as in the longer term it threatened to undermine local social cohesion and service provision. Once again this should not be taken to imply that even in the presence of a dominant metropolitan centre a SMST cannot develop a distinctive approach of its own based on the territorial assets of the town and the surrounding region. If utilised in a constructive manner such a location can be the basis for long term development: for instance agglomerated SMSTs have clear advantages as places of residence compared to cities as they offer cheaper housing prices than at the heart of large cities or even in their immediate suburbs (Demazière et al., 2013).

In this context, the orientation of planning documents at a local, regional and national level is a key issue, as well as the fact that planning has been decentralised in some countries, and not in others. For instance in France, as a result of the Gaullist period, the whole of the Ile-de-France is covered by a regional plan (fr. *Schéma Directeur Régional d'Ile-de-France*) that is able to guide development. However, there is no equivalent plan for the neighbouring regions of the Parisian Basin making it difficult to steer population growth to urban areas (which would be sensible as a full range of services are already available); the situation is further complicated by the fact that many Parisian Basin municipalities under 5.000 inhabitants have no local plan. This reveals the important role that regional authorities have to play in terms of providing an overarching planning framework that can steer development and support SMSTs.

Several of our case studies show that there is strong resistance to the institutionalisation of metropolitan city-regions, in which SMSTs could play a part. In Italy, as defined by a law in 1990, the metropolitan city includes a large core city and the smaller surrounding towns that are closely related to it with regard to economic activities and essential public services, as well as to cultural relations and to territorial features that form its metropolitan area. But, as of 2013, none of these administrative authorities has been activated, for various reasons: firstly, because of the lack of clear indications that define the legal extent of the areas; secondly, because of the multiple levels involved (Municipalities, Provinces and Region), it was difficult to come to an agreement.

Our networked town case studies also illustrated variation in the capacity of SMSTs to work together in a collaborative manner. The successful examples of collaboration suggested the need for an established culture of regional and inter-municipal cooperation that can be expressed through a variety of forms of organisations/bodies able to articulate collective political interests and focus on developing approaches to common problems/issues while supporting individual municipalities. This did not mean that there was an absence of competition between individual municipalities, but that when required it was possible to engage in collective action. However, even in the 'best cases' there was no evidence of an overarching 'polycentric vision' for the towns of the region. It is perhaps unrealistic to expect SMSTs to develop their own 'polycentric vision' and it is more appropriate that this be left to regional authorities, in cooperation with the relevant SMST, to develop such an approach and distribute funding from EU, national and regional sources accordingly to support this vision. What is also important, as the OECD (2013) points out, is it the development of 'models' of governance appropriate to the particular situation.

5.5.4. Final conclusions

In relation to a spatial planning approach and the development of appropriate 'policy bundles' it is neither possible nor desirable to rigidly prescribe a particular way of doing things because of the wide variety of regional situations and types of SMSTs. Spatial planning has a key role in terms of providing an analysis and framework for the development of a strategic approach to the relevant territory that identifies and grasps its dynamic and fluid formation and articulation with other territories and thus is not restricted to existing administrative boundaries. Spatial planners need to work with regional and local stakeholders to produce a shared vision of where territorial development is going and then allocate investment (e.g. in infrastructure) to support that vision. This will need to be a nuanced vision encompassing the territory as whole but also sub-regions and hierarchies based on the functional complementarities of SMSTs and larger urban areas. In order to feel a sense of 'ownership' SMSTs will need to play a role in the production of this vision and framework. Then it will be possible to develop 'policy bundles' to achieve the desired outcomes at different levels – regional, sub-regional and local. The outcome for the territory as a whole should represent a nested and integrated approach (i.e. in terms of a place-based approach - Barca, 2009).

Overall there were a number of factors that influenced the development of SMSTs and the capacity to bring about change, there were:

- Attitude of national/regional government. Are SMSTs seen as an issue to be addressed – in some cases they are. In these cases we were able to see examples of action taken to support them, although the extent to which a coherent territorial approach was developed is debatable. The new EU Cohesion Funds give the European level the opportunity to signal the importance of SMSTs and the need for member states to

address their situation in relation to the use of the funds. The new emphasises on integrated territorial development contained in the CSF and associated new instruments (e.g. CLLD, Integrated Territorial Investment) provides opportunities to develop regional strategies that include SMSTs and recognises their roles at regional and sub-regional level as well as their importance for more balanced territorial development and greater social and economic and territorial cohesion.

- A series of factors that can be included under the general heading of Governance:
    - Multi-level governance (including EU [where relevant], national and regional/local government). This is particularly important for SMSTs in terms of access to additional resources but also in terms of developing joint projects and sharing services. Can SMST insert themselves into such systems? Do they have the capacity/experience to do this? Only a few of our case study towns seem to be capable of doing this. In this sense it important to provide SMSTs with the necessary technical support and resources to engage in these forms of governance and be represented in the decision making processes that shape regional strategies.
    - Local capacity to act (mobilisation) and create working relationships (e.g. partnerships) with local stakeholders that are inclusive in order to bring together local knowledge and resources (territorial capital). This requires the creation of a shared 'development vision' for the area and the involvement of a wide range of stakeholders through the development of appropriate partnership structures to develop and support a long term local development strategy and its implementation. Once again it will be necessary to provide the appropriate level of support and resources.
- Territorial governance. This can be split into two, albeit interrelated, dimensions:
    - The ability to engage with the wider regional/territorial system of governance and to insert themselves into the relevant regional or sub-regional strategies.
    - Can they collaborate with other proximate towns in ways that build on their individual forms of territorial capital and compliments one another? The case studies suggest there is some evidence of this in terms of common service provision (e.g. garbage and water/sewage projects). Generally it does not seem that they can go beyond more basic projects to engage in concerted actions to support collective local economic development or provision of services that could be used collectively based on an allocation of service functions within a polycentric region. This raises the issue of how to move from governance arrangements (or partnerships) designed for a single-purpose to more holistic or strategic partnerships (see OECD, 2013).
- The level of resources available to SMST that can be deployed – unfortunately we do not have much evidence on this. Although the general impression was that they lacked the resources needed to address their problems and therefore access to resources from higher levels (EU, national and regional) was crucial.
- Appropriate spatial planning approaches and policies that allow for the identification of territorial dynamics and functional relationships, across different spatial and functional scales, whilst seeking to create a shared 'nested vision' for the relevant space (regional, sub-regional and local) which can then be supported through a coherent set of policies. Clearly these will vary depending upon the location of the SMST: for instance those influenced by their location in, or adjacent to, strong metropolitan regions will require a different approach compared to isolated SMST in more rural areas. SMSTs on their own

are unlikely to be unable to develop the necessary policies and therefore will need support particularly from the regional level. Our case studies suggest that generally there is an absence of such regional approaches, although in Wales, Flanders, Catalonia and France there is some evidence of the existence of such an approach and associated policies.

- The role of Leadership. This can take the form of dynamic and well connected mayors who are in position for a long period of time and develop a clear long-term agenda and strategy for change (this runs the risk of stagnation and accusations of 'despotism'). But it can also take a more 'collective form' in which a group of people (senior politicians and officers) provide the long-term agenda and strategy. Much seems to depend upon the knowledge/contacts/capacity to access a range of funds and combine them in a focussed manner related to the strategy. But some form of leadership is needed to drive the process.
- The issue of 'local identity'. This is a difficult question, but it does seem that those towns with a strong 'local identity' (or 'sense of community'), and associated social cohesion/capital, are the ones that have been 'more successful' in developing their own strategies, but these may well represent 'unique outliers'. Also it needs to be remembered that such places still need to be 'outward looking' in order to build links with other places.
- Particularly in isolated rural SMST population loss (young people and women) is a real problem as is the aging population that remains. Whereas those located in, or close to, metropolitan regions run the risk of becoming 'suburbs', although some towns seem to benefit from this in terms of firms relocating there. In deindustrialising SMST there was also evidence of some population loss. These issues will need to be addressed through the provision of appropriate employment, housing and service opportunities in the relevant populations are to be retained and new people attracted.
- Involving the private sector generally seemed to pose particular challenges; in most cases the public sector was the driving force and the private sector played a relatively minor role, in fact in some cases it seems to have been invisible. More generally this problem may reflect the weakness of the private sector and/or its lack of capacity to identify and represent its collective interests. It should be noted that the OECD (2013) identified a similar problem in its case studies of rural-urban partnerships, so this would suggest the issue is not one specific to our work.

6. Continuity in the research agenda about towns in Europe

6.1. How do the TOWN findings 'fit' with earlier work?

The aim of the TOWN project was designed to construct 'new' knowledge about European towns acknowledging that towns are 'invisible' policy objects that are nevertheless recognisable in the everyday experience of Europe. Albeit that TOWN is the first major cross-national empirical project looking at towns across Europe it has also built on an earlier research base of ESPON funded work. In particular we have worked from and built upon the work carried out under ESPON project 1.4.1 (ÖIR et al., 2006). Here we will give a short overview of the aims, methodology and results used in ESPON Project 1.4.1 before outlining how the TOWN project has taken this understanding further.

ESPON project 1.4.1 set out to achieve four things:

1. To find ways of conceptualising a 'common' definition of a small to medium sized town that might be applicable across Europe:
2. To assess whether these 'common' conceptualisations might be 'operationalised' in terms of empirical evidence in order to identify towns;
3. To describe the principal functions of SMSTs and their contribution to territorial development; and,
4. To derive typologies of towns that might help 'policy' makers and agencies in the development process take towns into account.

These aims were achieved through the use of literature reviews, expert surveys (of key respondents charged with towns issues) and case studies (of specific towns).

The outcomes of the ESPON 1.4.1 project were:

1. To conceptualise towns in terms of 'population clusters' (morphological approach), functional roles (nodes and hinterlands and networks of nodes); and administrative roles (towns as types of local authority/municipal area);
2. The conclusion that it was not possible (in 2006) to operationalise these conceptualisations of being a town in terms of secondary data but that it would be desirable to identify towns both in terms of being a clusters of dwellings and a measure of 'service potential' isochrones;
3. Towns might be classified conceptually either in terms of 'spatial position' within networks of flows (agglomerated, networked or isolated) or in terms of development trajectories (dynamic, declining, restructuring or potential developing);
4. The conclusion that the relationship between administrative units of local government and towns was likely to be more complicated than a simple 'one town – one major' relationship.

The TOWN project has built upon these foundations. Firstly and perhaps most importantly the TOWN project has operationalised the morphological approach to identifying towns. The 200 metre grid data recommended by the ESPON 1.4.1 project was not available to the TOWN project that instead built upon the 1km grid data used by the earlier DG URBA project. Morphological settlements were identified both by means of population size thresholds but also by means of population density.

However the TOWN project also identified towns using both administrative and functional criteria. The TOWN project was able to compare the outcomes of using both the morphological and functional approaches to identifying towns and recommended the use of both methods to identify towns. In the places identified as towns, the TOWN project confirmed for a sizeable minority of towns, there was not a simple one to one relationship

between morphological settlements and local government units (such as municipalities). The TOWN project identified some SMSTs (morphological towns) that crossed the boundaries of several municipalities albeit that over half SMSTs in case study regions did have a one to one relationship with a single local authority unit.

The TOWN project also worked within the typology of 'functional role' (agglomerated, networked and autonomous) with the functional analysis of 10 case study regions as the research team operationalised the functional role of towns in terms of commuting flows (identifying a functional hinterland and creating typologies of towns as employment centres in networks of flows). In using these definitions the empirical work of TOWN has suggested the position of towns within networks of commuting flows is more complicated than might have been thought. Being more autonomous (or isolated in the terminology of the SMESTO project) and being close to a large city/metropolitan area may be problematic for the development trajectory of European towns.

Thus the TOWN project has been able to empirically explore issues raised in the earlier SMESTO project in terms of identifying how to identify European towns (with a harmonised method), describing their characteristics (and the characteristics that distinguish them from larger settlements or cities), analysing the characteristics of towns that are associated with different growth trajectories.

6.2. Issues for further analytical work

The TOWN project has furthered our understanding of towns and how they fit within broader patterns of regional and territorial development but no single project can hope to be exhaustive. In terms of further work on towns the TOWN project suggests four key areas of work:

5. Refining the morphological approach to the identification of towns;
6. Harmonising the functional analysis and expanding the thematic coverage (of different 'functions');
7. Extending the coverage of themes covered by the attribute data-base of towns; and,
8. Deepening our understanding of development issues unobservable from data sources such as the Census of Population through further focused case study work.

6.2.1: Refining the geomatic identification of morphological settlements

The geomatic method of identifying towns as clusters of 1 square kilometre grid cells with specific population thresholds to identify urban settlements is problematic as the settlement size becomes smaller. The method has produced 'strong' and verifiable results in DG Region's and OECD's work with high density urban clusters where settlement size allows problematic errors associated with individual grids to cancel each other out. The method is, however, less strong and subject to a higher degree of subjective 'decisions' for smaller settlements (such as towns) because of: the continuity of settlements, the status of low-density sprawling areas, the treatment of 'urban voids', and the inner structure of urban settlements. In a number of cases (especially in Flanders, the Ruhr region, North-eastern Italy, some coastal urban areas, Northern Portugal, etc.) this has led to delimitations of 'Small and Medium Sized Towns' in Typology 1 that in fact were anything but 'towns'. In these cases it has been necessary to engage in manual verification and revision on a case to case basis.

Second, the construction of 'morphological' urban areas could not take into full consideration and integrate the more fine-grained terrain data produced by the M4D group

(see Guerois et al. 2012). This is both due to a matter of timing (this output was only made available after the start of the TOWN project, once the morphological base construction was well advanced and needed for other analytical tasks), and to the express requirement of consistency with the methodology developed by DG Regio and OECD. However, at a certain point, it would be interesting to use the same spatial base (Corine-based, and using 200 square meter cells) to define and classify urban clusters also bridging towards 'functional' classifications related to land uses. In this sense, some of the problems mentioned in the first point could be overcome, allowing for more precision in the clustering of parcels of built-up terrain into urban polygons, and improving the delimitation of what is genuinely 'urban' in them.

Key future priorities:

- The inclusion of manual verification in the future geomatic identification of towns;
- The use of rasterised population surfaces that are cross-checked with land cover data sets that have grid sizes less than 1km (200 metre grids ideally);
- Cross-analysis with functional criteria in order to identify 'important' places that fail to meet size and density criteria.

6.2.2: Further functional analysis

Due to the time and budget constraints, the functional analysis for the TOWN project deployed a relatively simple method which is well suited for more traditional hierarchically organised settlement systems within distinct nodal regions with single urban centres and where there is a strong correlation between functional role and the territorial units of local government. However, with the increasing development of polycentric urbanised areas with significantly overlapping spheres of urban centres influence, the method needs to be supplemented by other approaches that are better able to reflect networked urban tissues, such as those used for the delimitation of TTWA in the UK (for example by including a labour market containment criteria). However, even within these limitations, the functional analysis allowed the research team to identify functionally important towns in rural areas that were not identified using the morphological approach alone (using population thresholds and density criteria only).

Moreover, the functional analysis was limited by data availability. It would be desirable to expand data availability in relation to harmonised small area commuting interaction data across Europe. In particular, there is a need to overcome the problem of data gaps or data incompatibility across (external and often internal) borders. It would also be desirable to extend the thematic coverage of interaction data beyond commuting to interaction data on service use (for example schools, health services) and to local housing markets (small scale migration data). This is work that might be pursued through national case studies in the short term (where data availability permits). But the longer term development of a small area harmonised interaction data set would be a valuable resources for policy makers, regional development agencies and researchers.

The analysis on the importance of function in predicting outcomes in towns was not conclusive. However it was clear from the case study analysis that functional position seemed to be an important component. We would recommend that the understanding of functional position needs to be better understood through case study work and primary research to tease out why some places seem to benefit from their position whilst other towns were not able to benefit.

Key future priorities:

- Maintaining the importance of functional analysis in identifying towns;
- Funding the analysis of a local labour market areas across Europe;
- Building data resources for small area interaction data that would both permit the extension of commuting analysis but extend potential functional analysis to service use and local housing markets
- Fund a evidence-based review/meta-analysis of national/regional studies of different forms of functionality for towns.

6.2.3: Extending the coverage of the attribute database on towns

In principle the process of associating small area data to morphological units could be extended to the whole of the ESPON space albeit that this requires some careful analysis and verification. Where small area data is associated with local government units, local government re-organisation will change the 'units of analysis'. Thus for example where there has been municipal consolidation in Germany or Finland or wholesale re-organisation (for example Denmark or Latvia) it is problematic to track changes over time. In countries where the local authority units are relatively large (such as the United Kingdom), it would be useful if Eurostat negotiated for the smallest feasible areal units for which data is available rather than concentrating on the areal units identified for administrative purposes but for which there is no data.

It is important to be realistic about generating a time series of attribute values for towns retrospectively. It has been possible to generate most attribute values for 2001/02 and as small area data from the various population census exercises of 2011 come online it will be possible to extend data coverage (subject to having an adequate understanding of the small area geographies) for 2011 across the ESPON area. Member-states (through their NSIs) need to be encouraged to maintain consistent small area data availability into the future. The increasing use of administrative systems to generate small area data (in contrast to the traditional census exercise) across Europe may make it feasible to make small area data available on a five yearly cycle rather than a decennial cycle. There would be cost implications for this.

Key future priorities:

- Extend attribute data set to full ESPON area coverage for 2011 census geography
- Establish a rasterised population surface for employment data on a similar grid basis as current demographic grid;
- Maintain a small area data set on the key census based and employment based data sets across Europe
- Maintain an observatory of local government re-organisation across Europe to track changes in areal units

6.2.4: Observing the unobservable

It has been clear from the case studies that the individual narratives of towns are complex and context dependent. It is certainly beyond the relatively impoverished availability of secondary small area statistical data to tease out these complicated stories of innovation and of territorial capital. In this respect many of the drivers for growth and decline are

unobservable if we stick to secondary data. The TOWN project emphasises the continued need for case study work, for primary research (quantitative) and for the use of qualitative methods to explore the stories of towns. This case study research would work with key economic and social agents within towns to gain a better understanding of settlements performances.

In particular future case study work needs to:

- Identify the trajectories and rationales for successful diversification and specialization in towns and the ways in which economic development interacts with social development and environmental issues within these local spaces;
- Conceptualise the contexts in which either individual or particular groups ("clusters") of towns can mobilise their assets to achieve what they set out to achieve in local development;
- Work with the key institutions and actors that are crucial for the socio-economic development of towns;
- Explore the circumstances in which local actors get involved in innovation and knowledge systems (emergence of the creative and knowledge-based profile in the local economy);
- Explore 'alternative' trajectories of growth for towns that might be different from the strategies advocated for metropolitan areas.
- Explore other socio-spatial dimensions that are hardly graspable with merely quantitative analysis, such as social capital and identity, inequity etc.

Key future priorities:

- Maintaining a role for case study work in exploring the factors that underpin success and decline in towns as a means of researching the 'unobservable' factors for territorial dynamics (territorial capital, creativity, social capital and social innovation);
- Fund case study work that has a primary research component and that could include studies within individual statistical 'nations'.
- Fund cross-country case study work based on specific territorial themes and problems

7. References

Adam B. (2006) Medium-sized cities in urban regions, *European Planning Studies*. Vol. 14 (4), p. 547-555.

Alonso W. (1973) Urban zero population growth, *Daedalus,* 102, p. 191-206.

Bell D., Jayne M. (2009) Small Cities, Towards a Research Agenda. *International Journal of Urban and Regional Studies*, 22 (3), p. 683-99.

Bessy P., Sicamois Y. (1998) Portrait des petites villes, *INSEE Première*, 572.

Brenner N., Schmid C. (2013) The 'Urban Age'in Question, *International Journal of Urban and Regional Research*. first published online: 4 DEC 2013

Brunet R. (1997) *Territoires de France et d'Europe. Raisons de géographe* (Paris : Belin).

CEC (2008) *Turning Territorial Diversity into Strength. Green Paper on Territorial Cohesion* (Luxembourg: Office for Official Publications of the European Communities).

CEC (2010) *Europe 2020. A strategy for smart, sustainable and inclusive growth*, COM(2010) 2020 final (Luxembourg: Office for Official Publications of the European Communities).

CEC (2012a) *Elements for a Common Strategic Framework 2014 to 2020 the European Regional Development Fund the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. Part I*, Commission Staff Working Document. SWD(2012) 61. Final, 14.3.2012 (Brussels: Commission of the European Communities).

CEC (2012b) *Elements for a Common Strategic Framework 2014 to 2020 the European Regional Development Fund the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. Part II*, Commission Staff Working Document. SWD(2012) 61. Final, 14.3.2012 (Brussels: Commission of the European Communities).

CEC (2013) *Common Guidance+ of the European Commission Directorate-General AGRI, EMPL and REGIO on Community-Led Local Development in European Structural and Investment Funds*, Draft Version (Brussels: Commission of the European Commission).

CEMR (2013) *Partnership Agreements. CEMR Survey Report on "Involvement of national associations of LRs in the Partnership Agreement preparations"* (Brussels: Council of European Municipalities and Regions).

Copus A., Courtney P., Dax T., Meredith D., Noguera J., Talbot H., Shucksmith M. (2011), *EDORA*. *European Development Opportunities for Rural Areas*, Final Report, August 2011.

Courtney P., Moseley M. (2008), Determinants of Local Economic Performance: Experience from Rural England, *Local Economy*, vol. 23 (4), p. 305-318.

Dao, H., Plagnat, P., Rousseaux, V., Angelidis, M., Batzikou, S, Bazoula, V, Tsigkas, van Well, L, Sterling, J, Schürmann, C, Böhme, K, Gløersen, E and Brockett, S. (2012). INTERCO: Indicators of territorial cohesion. Final Report, ESPON: Luxembourg.

Demazière C. (2014) Pourquoi et comment analyser les villes moyennes ? Un potentiel pour la recherche urbaine, *Métropolitiques*, 29 January, http://www.metropolitiques.eu/Pourquoi-et-comment-analyser-les.html

Demazière C., Banovac K., Hamdouch A. (2013) The Socio-Economic Development of Small and Medium-Sized Towns (SMSTs): Factors, Dominant Profiles and Evolution Patterns, Servillo L. et al., Small and medium sized towns in their functional territorial context, TOWN Interim report: Annex 4 (Luxembourg: ESPON).

DG Regio (2011) *The new degree of urbanization*, working paper. http://ec.europa.eu/eurostat/ramon/miscellaneous/index.cfm?TargetUrl=DSP_DEGURBA (downloaded 01.07.2012)

DG Regio (2011), *The new degree of urbanization*, working paper. http://ec.europa.eu/eurostat/ramon/miscellaneous/index.cfm?TargetUrl=DSP_DEGURBA (downloaded 01.07.2012)

Dijkstra L., Poelman H. (2012) Cities in Europe. The new OECD-EC definition. Directorate-General for Regional and Urban Policy (1), updated on 3/12/2012, checked on 16/12/2012.

Dijkstra L., Ruiz V. (2010) Refinement of the OECD regional typology: Economic Performance of Remote Rural Regions. In *European Regional Studies Association Conference, Pécs* (pp. 24-26).

ECOVAST (2013) *The importance of small towns*, Position Paper by the European Council for the Village and Small Town. www.ecovast.org

ESPON (2011) Project specification: Applied Research Project 2013/1/23 - Small and medium sized towns in their functional territorial context (2012 – 2014). Version 23 August 2011. http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/town.html

ESPON (2013) Evidence Brief 'Migration keeps Europe moving', unpublished.

Gløersen E. et al. (2010) *Territorial Diversity (TeDi)*, Targeted Analysis. Final Report, ESPON: Luxembourg.

Guerois M., Bretagnolle A., Giraud T., Mathian H. (2012) A new database for the cities of Europe? Exploration of the urban Morphological Zones (CLC2000) from three national database comparisons (Denmark, France, Sweden), *Environment and Planning B: Planning and Design* 39(3), p. 439 – 458.

Hall, P.G., Hay, D.G. (1980) *Growth Centres in the European Urban System* (London: Heinemann Education).

Hildreth P.A. (2006) *Roles and Economic Potential of English Medium-Sized Cities: A Discussion Paper*. [online] URL: www.surf.salford.ac.uk.

Hungarian Presidency (2011) *The Territorial State and Perspectives of the European Union. Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions*, 2011, (Agreed at the Informal Meeting of Ministers responsible for Spatial Planning and Territorial Development, 19th May Gödöllö).

IGEAT et al. (2007) *Project 1.4.3 - Study on Urban Functions*. Final Report, March 2007, (Luxembourg: ESPON).

Knox P., Mayer H. (2009) *Small Town Sustainability: Economic, Social and Environmental Innovation* (Basel-Boston-Berlin: Birkhauser).

Massey D. (1984) *Spatial divisions of labour* (London: Macmillan).

Matlovic R., Bernasovsky I. (2003). Selected demographical features of Slovak small cities. In *L'avenir des petites villes: actes du colloque international de Clermont-Ferrand*, 20 et 21 novembre 2002 (Vol. 21, p. 43). Presses Univ Blaise Pascal: France.

McCann E.J. (2004), 'Best Places': Interurban Competition, Quality of Life and Popular Media Discourse, *Urban Studies*, Vol. 41 (10), p. 1909-1929.

Meijers E.J., Burger M.J. (2010) Spatial Structure and Productivity in U.S. Metropolitan Areas., *Environment and Planning A*, Vol. 42 (6), p. 1383-1402.

Mendez C, Bachtler J., Wishlade F. (2013) *Cohesion Policy After 2013: A Critical Assessment of the Legislative Proposals* (Brussels: European Parliament, Policy Department B: Structural and Cohesion Policies).

OECD (2010) Regional Typology, OECD website: http://www.oecd.org/gov/regional-policy/42392595.pdf

OECD (2012) *Redefining "Urban". A New Way to Measure Metropolitan Areas* (Paris: OECD).

OECD (2013) *Rural-Urban Partnerships. An Integrated Approach to Economic Development* (Paris: OECD).

ÖIR et al. (2006) Project 1.4.1. - *The Role of Small and Medium-Sized Towns* (SMESTO). Final Report, ESPON: Luxembourg.

Oxford Dictionaries: “town”. http://www.oxforddictionaries.com/; consulted on the 20.01.2014.
Parkinson et al. (2012) *Secondary Growth Poles and Territorial Development in Europe*, Final Report, ESPON: Luxembourg.
Powe N., Hart T., Bek D. (2009) Market town centres in England: meeting the challenge of maintaining their contemporary relevance, Planning Practice and Research, Vol. 24(3), p. 301-319.
Pucher J., Naylon I., Resch A. (2012) *The Partnership Agreements – how to implement multilevel governance and to guarantee flexibility of Cohesion Policy* (Brussels: European Parliament, Policy Department B: Structural and Cohesion Policies).
Pumain, D. (2004) Urban sprawl: Is there a French case? In: H.W. Richardson and Ch.-H. Ch. Bae, eds, Urban Sprawl in Western Europe and the United States, pp. 137-157. Aldeshot: Ashgate.
Région Centre (2011) *Schéma Régional d’Aménagement et de Développement Durable du Territoire* (Orléans: Région Centre).
Robinson J. (2002) City futures: new territories for development studies? In J. Robinson (ed.), *Development and displacement* (Oxford: Oxford University Press).
Russo A., Smith I., Atkinson R., Servillo L., Madsen B., Van den Borg J. (2012) *ATTREG. The Attractiveness of European regions and cities for residents and visitors-Scientific Report* (Luxembourg: ESPON).
Barca F. (2009) *An Agenda for a Reformed Cohesion Policy, A place-based approach to meeting European Union challenges and expectations* (Independent Report prepared at the request of Danuta Hübner, Commissioner for Regional Policy: Brussels).
Servillo L., Atkinson R., Smith I., Russo A., Sykora L., Demazière C. (2012) *TOWN, small and medium sized towns in Europe – Inception report*, 51 pp, Luxemburg: ESPON.
Servillo L., Atkinson R., Smith I., Russo A., Sykora L., Demazière C. (2013) *TOWN, small and medium sized towns in Europe – Interim report*, 69 pp, Luxemburg: ESPON.
Shepherd J. (2009) *A Typology of the Smaller Rural Towns of England*, available from the website of Action for Market Towns, http://towns.org.uk/ [accessed March 2014]
Spasic N., Petric J. (2006) The role and development of small towns in Central Serbia, *Spatium*, Vol. 13-14, p. 8-15.
Sýkora L., Muliček O. (2009) The micro-regional nature of functional urban areas (FUAs): lessons from the analysis of the Czech urban and regional system, *Urban Research and Practice*, 2 (3), p. 287-307.
Van den Berg L., Drewett R., Klaassen L.H., Rossi A., Vijverberg C.H.T. (1982*) A Study of Growth and Decline. Urban Europe*, vol. 1 (Oxford: Pergamon Press).
Van der Laan L. (1998) Changing Urban Systems: An Empirical Analysis at Two Spatial Levels. *Regional Studies*, Vol. 32(3), p. 235 – 247.
Van Leeuwen E.S., Rietveld P. (2011). Spatial consumer behaviour in small and medium-sized towns, *Regional Studies*, Vol. 45(8), p. 1107-1119.
Welsh Government (2004) *People, Places, Future. The Wales Spatial Plan* (Cardiff: Welsh Government).
Welsh Government (2008) *People, Places, Future. The Wales Spatial Plan Update 2008* (Cardiff: Welsh Government).
Williams A. M., Hall C. M. (2002). Tourism, migration, circulation and mobility. (In) Hall C.M. and Williams, A.M. (eds.) *Tourism and migration*: *New Relationships between Production and Consumption*, pp. 1-52. Springer: the Netherlands.
Zaucha J., Świątek D. (2013) *Place-based territorially sensitive and integrated approach* (Warsaw: Polish Ministry of Regional Development).

www.espon.eu

The ESPON 2013 Programme is part-financed by the European Regional Development Fund, the EU Member States and the Partner States Iceland, Liechtenstein, Norway and Switzerland. It shall support policy development in relation to the aim of territorial cohesion and a harmonious development of the European territory.

ISBN 978-2-919777-65-5