

## EXECUTIVE SUMMARY

1. CLES welcome the opportunity for a debate about the role of central government and localities in rebalancing the economy and the government's commitment to a framework for regeneration.
2. The title of the document; *Regeneration to enable growth What government is doing in support of community led-regeneration*, would suggest the document would make this connection. It does not in any authoritative or meaningful way and is weak in developing an over-arching narrative for regeneration. It must offer something more than unconnected tables of actions. This lack of narrative fails to create a context in which local actors can be enthused and galvanised towards local economic activism to promote growth or the community activities which contribute to it.
3. The document fails to focus in on social, economic and spatial inequalities. 'Regeneration' is part of wider (indeed global) economic forces and dynamics. Policy intervention in this area, therefore, is about challenging market failure and policy interventions around the speed or scale of changes to places.
4. The document implicitly conflates Local Economic Development with the statutory planning obligations of local authorities. This is a dangerous misreading of the nature of local economic development and regeneration.
5. Far too little is made of the value of partnerships, connections and relationships in place. Regeneration has to be about partnership and joining up various components of place. It is a core duty of local authorities to develop mediation mechanisms within and between communities and neighbourhoods as it is the only democratically legitimate player at this scale
6. CLES' approach to regeneration in partnerships includes;
  - a. Viewing overall place resilience and the networks that underscore places as a policy objective (see appendix 2)
  - b. Alternate models for exploring the combination of public, private and social assets. (eg making more of procurement spending and 'sweating these assets')
  - c. Holistic approaches which embed regeneration activity within the wider ambit of the public sector. (eg linking worklessness interventions to health improvement)  
Co-ordination so that fragmentation and waste of scarce resources is avoided. (eg investing in localised transport infrastructure)
7. Decentralisation of power and resources are not ends in themselves but ways of challenging the issues of regeneration and deprivation. The localist policy agenda must address this and invest in the capacity and capability of civil society to adopt this core role in order for regeneration to be community-led.

## 1 INTRODUCTION AND CONTEXT

- 1.1 The Centre for Local Economic Strategies (CLES) is the UK's leading membership organisation dedicated to economic development, regeneration and local governance. Founded in 1986, CLES undertakes a range of activities including independent research, events and training, publications and consultancy. CLES also owns the monthly New Start digital magazine which provides an open space for debate on all things pertaining to regeneration and offers a comprehensive analysis and commentary on current policy and good practice. In all CLES' work the challenge of delivering local economic development alongside progressive environmental and social benefits is a common theme.
- 1.2 CLES are pleased for this timely opportunity to offer input into the parliamentary scrutiny process of the current policy approach to regeneration outlined within the document *Regeneration to enable growth: What Government is doing in support of community-led regeneration* and would be pleased to follow up on any points requiring further clarification or in oral session.
- 1.3 The evidence that we draw on in forming the perspective herein is rooted in practice and through our policy and consultancy activity and membership and partnership networks. This archive is in large part housed at our website.<sup>1</sup> Specific references are contained as footnotes within this submission and as appendices two recent salient reports are attached. These reports form the cornerstone of our current thinking on place resilience and diversity themes we will expand in response to the structured questions.

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<sup>1</sup> <http://www.cles.org.uk>

## 2 GENERAL POINTS: REGENERATION TO ENABLE GROWTH: WHAT GOVERNMENT IS DOING IN SUPPORT OF COMMUNITY-LED REGENERATION

- 2.1 A key starting point to highlight are problems relating to definitions of concepts and how they are used within the document. The document fails to adequately differentiate between the policy areas of regeneration and local economic development or clarify the nature of the communities it seeks to discuss. This is not just about semantic difference. This is a contested area and questions of empowerment and inclusion must be precise or risk confusion, lack of consent from actors involved in regeneration. It is hard to see how the ostensible focus of the document; the linking of growth to community led-regeneration can flourish without further clarity or precision.

Consequently we offer our more precise definitions of terms used somewhat interchangeably in the document.

- 2.1.1 **Regeneration** is a 'blended' or 'hybrid' set of discourses and practices. At various times emphasis has been placed on the physical, social or economic facets. Under the previous government the term was used to emphasise the comprehensive, connected and holistic approaches required to deal with the problems of deprived neighbourhoods, as outlined in the National Strategy for Neighbourhood Renewal.

Regeneration can occur without public policy intervention. The market can regenerate a location on its own. However, regeneration has and is used as a means of speeding up or upscaling what the market can do.

Crucially regeneration can be driven by local authorities, public sector partners, private developers and businesses or community based coalitions. Usually regeneration is pursued by partnerships of the above actors. A local authority will have a role within regeneration but rarely be the sole agency. Physical regeneration, in particular requires private developers to work alongside other actors. Where strategy and delivery require co-ordination the mechanisms for this joining-up are critical in order to avoid fragmentation and frittering of scarce resources. Fragmented activities at a locality scale which do not cohere within wider strategic frameworks may result in competition between neighbourhoods and disparities between the well-organised and able. In times of contracting public sector investment partnership mechanisms arguably take on even greater significance.

- 2.1.2 **Local economic development** is a set of approaches and strategies deployed in order to deal with market failure of varying sorts. The key agency within LED is and should be the local authority, which operates with partners in the locality to mitigate such failures. This can be in terms of housing markets, of employment and skills and their connection to jobs or in terms of physical development and dereliction. Local Economic Development is necessary where structural and spatial inequalities are entrenched, due for example to economic restructuring, out-sourcing beyond the UK and the failure of labour markets.

LED is connected to but must not be conflated with the planning obligations of local authorities. There is a difference between strategic local economic development planning and the spatial (or land-use) planning system. There is much within this document which refers to the planning system.

It is the position of CLES that Local Economic Development, led by the public sector has a unique and important role where market failures are particularly acute, for example in the area of brownfield contamination there still needs to be a role for government funding to bring areas back to the market.

- 2.1.3 Consequently **community-led regeneration** (as presented in the document's title) foregrounds a strong and capable civil society able to broker the range of regeneration activity in their own interests. The current localist policy agenda must address the capacity and capability for civil society to adopt this core role and focus on mediation mechanisms within and between communities and neighbourhoods. There needs to be more support (capacity and upskill) in public and social sectors to provide local partners with the ability to

co-fund and influence projects, especially managing long-term financial risk, and enabling the public and social sectors to act as an equal partner in decision making.

In this CLES see a key role for active local government as a broker, facilitator and, critically the legitimate space for resolution of disparate claims. We fear that this role is curtailed in the current climate of cuts coupled with an unhelpful anti-public sector rhetoric.

2.2 Our NewStart magazine, published in late 2010 gives us a wealth of material to draw upon as regards regeneration. In round table of figures from the sector prior to the election (April 2010) newstart delineated a seven-point plan for the incoming government (attached as appendix 1).

- 2.3.1 **Sustain Success:** Recognise the achievements of the past and build on them
- 2.3.2 **Let go, or get out of the way:** Focus on citizens to take action that is done by transferring powers and funds and not by blocking those who want to get things done.
- 2.3.3 **Recognise community potential:** local communities have enormous potential that can be unleashed to everyone's benefit.
- 2.3.4 **Keep tackling inequality:** Local and central government need to appreciate how a focus on the most disadvantaged benefits everyone.
- 2.3.5 **Focus on education and skills:** No regeneration initiative will work unless we address people's aspirations, education and skills.
- 2.3.6 **Promote quality of life and quality of place:** High quality sustainable neighbourhoods need to be at the heart of regeneration.
- 2.3.7 **Reform the banking system:** this must be top of the agenda because banks and financial institutions are directly responsible for the public spending cuts we now face

2.4 The government document scores relatively well on points 2.3.2 and 2.3.3 'let go or get out of the way' and 'recognise community potential through its localist agenda, however the loss of focus on social and spatial inequalities is worrying, big society, general power of competence and right to challenge are useful tools for communities however on the other points (especially to what end) the document is weak or silent. CLES are particularly concerned that point 2.3.4 appears to be a low priority for the government. The 'worst first' line pursued within the NSNR served to focus attention on the most deprived areas using a clear evidence base for decision making.

### 3 SPECIFIC RESPONSES TO THE INQUIRY QUESTIONS

3.1 How effective is the Government's approach to regeneration likely to be? What benefits is the *new approach* likely to bring?

3.1.1 **There is no over-arching narrative:** The document is extremely weak in terms of an offering or developing an over-arching narrative for regeneration. It must offer something more than unconnected tables of actions. This lack of narrative creates a limp message, and as such fails to inspire, or create a context in which local actors can be enthused and galvanised towards action. Indeed we are left wondering whether there is an approach or whether a set of vague and disparate aspirations.

3.1.2 **It does not connect:** The fragmented style of the document exposes the huge gap between vision and delivery, and there are sparse clues on the mechanisms through which the ostensible 'strategic and supportive' actions of the government can be realised. This confusion links to fundamental concerns about assessing and evaluating the approach to be taken. Joined-up-ness is required to move towards holistic approaches which embed regeneration activity within the wider ambit of the public sector and co-ordination ensures that fragmentation and frittering of scarce resources is avoided.

3.1.3 **There are elements missing:** The document is not comprehensive about the policies and reviews of the government. Key to the approach will be the ways in which the separate initiatives connect, for example how LEPs relate with the Work Programme for example.

Notable absences in the document include recent announcements such as Business Rate reallocation and variability, Enterprise Zones and Tax Increment Financing – the money from which would act as key catalysers for regeneration and connective policy. Also the Review of Local Government Finance will have a huge influence over the activities of localities and it is hard to assess the approach herein in the absence of a conversation about resourcing.

3.1.4 **It does not address wider assets:** A major plank of CLES' work concerns place resilience (see Appendix 2) and the networks that underscore place. This is a way of focussing on places which explores their potential strengths through the combination of public, private and social assets. We have carried out work within local authorities probing the inter-relationships of these sectors and this approach colours our views on place stewardship and leadership.

Further CLES work espouses a perspective on regeneration which connects growth with social justice and working within environmental limits. This can be achieved through an approach which views overall place resilience and the networks that underscore places as a policy objective and prioritising alternate models for exploring the combination of public, private and social assets. (eg making more of procurement spending, sweating these assets)

3.1.5 **It is physical:** There appears to be a lot of emphasis in the emerging measures upon physical regeneration, that is, the development of buildings and homes and rejuvenating existing facilities. This is a key facet of regeneration. However, this focus on the physical must be matched with how it connects with local economic and social regeneration aims.

3.2 **Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?**

3.2.1 To build on the past, there clearly needs to be a commitment to follow through with some of the initiatives, albeit in an altered, more limited and cost effective way. Progress made by previous funding regimes has led to environmental and physical improvements and the investment that such capital spending represents.

- 3.2.2 Perhaps the most significant legacy of past regeneration projects has been the development of functional cross-sectoral partnerships working which in some places are sufficiently mature to have 'changed the conversation' around the broad use of assets in an area. Partnership development over many years has led to reserves of tacit knowledge and the building up of trust and capacity into a strong knowledge base. Strong, but distributed public leadership is critical with longstanding partnerships of civic and private institutions still very important to regeneration.
- 3.2.3 Regeneration has been significantly fuelled by the deployment of special and time-limited funding streams which have now been cut. The challenge for deprived areas is that interventions are required to maintain, to speed up and to upscale progress through intervention. Many local authorities have been forced to make redundant community development, neighbourhood renewal and regeneration officers, not to mention PCSOs, Street wardens, rangers and those working in prevention of health inequalities and anti-social behaviour. This fundamentally undermines possibilities of building on the past.
- 3.2.4 Meanwhile, the structures which have been the repositories of shared knowledge and understanding have been largely dismantled. Local networks such as Local Strategic Partnerships (LSPs) will have increasingly diminishing powers when it comes to neighbourhood regeneration. Furthermore, regional and local intelligence and knowledge banks which were associated with the regional infrastructures are similarly being dismantled.

### **3.3 Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?**

- 3.3.1 It is disappointing to see that the 'targeted investment' list contained in the document is limited only to controversial and 'big-ticket' infrastructure projects for the Greater South East and amounts to a *de facto* growth strategy which does nothing to re-balance the economy away from the GSE and towards the structurally and spatially unfavoured northern regions.
- 3.3.2 Further, It is hard to see how the infra-structure projects of HS2, Olympics, CrossRail and the New Homes Bonus contribute towards the objective of community led regeneration.
- 3.3.3 CLES would welcome an approach which focussed on assets rather than simply focuses about conversations regarding short-term or project funding and advocates a focus on the five kinds of capital familiar to practitioners of sustainable development. These sources of capital are; financial, natural (environmental), production capital (manufactured goods)s human capital and social capital. A more relational and networked approach to place seeks to explore the influence of the latter dimensions and has been core to CLES' approach to the resilience of places.

### **3.4 What lessons should be learnt from past and existing regeneration projects to apply to the Government's new approach?**

- 3.4.1 **Take on board the evidence** The document does not focus on the many evaluations on the efficacy (and otherwise) of area-based interventions. This evidence covers numerous key areas.
- Co-ordination across spatial scales
  - Long-term time commitment
  - Dedicated resourcing
  - Structures for neighbourhood management
- 3.4.2 **Don't set areas up against one another** Competitive bidding processes can be corrosive to linkages across places which are encouraged to compete for strategic investment priorities. Localities which have the strongest bid-writers and commercial sector representatives which are likely to be most successful in 'playing the funding game'. Similarly, if the focus is upon community led regeneration it is likely to be those communities with the strongest voices and the usual activists who are likely to shine

through. This could well exacerbate rather than tackle the unequal distribution of developments and funds.

### **3.5 What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?**

- 3.5.1 The notion of viewing places through the lens of their place resilience and focussing on their assets leads to a different approach to funding. The present government has foregrounded the need to sharp revenue cuts but place resilience requires a far deeper examination of the asset base; localities can and must be voracious in their assessment of the assets at their disposal, rethinking the role of property, of reserves, of borrowing powers, and of trading.
- 3.5.2 The new approaches to funding being discussed at the present time including Enterprise Zones, Tax Increment Financing, localisation of Business Rates and changes to Formula Grant. Central government has a clear role in overseeing the operation of such schemes and in both their return and social return on investment.

### **3.6 How should the success of the Government's approach be assessed in future?**

- 3.6.1 The approach of the government must be assessed in the terms that it sets itself. If the document under discussion is intended to offer the approach upon which the government seeks to be judged then our earlier criticisms about the inchoate and incoherent nature of the document suggest that the lack of clarity around definitions, around mechanisms and around resourcing. If this is the blueprint then it will be impossible to judge whether the approach has been successful or not.
- 3.6.2 However, rigorous evaluation of the approaches, particularly where they diverge will be key, especially as an assessment on return on investment is considered.
- 3.6.3 In line with our alternate approaches outline above CLES recommend a toolkit of different approaches including attention to multiplier models for public sector spend (LM3) models which foreground the sweating of assets in public procurement and of cost-benefit analysis which emphasises SROI (social return on investment)