



onregeneration

Regeneration in the UK needs recalibration, in order to root the development of our economy in the pursuit of social, economic and environmental justice.

Prior to 2010, regeneration in the UK was holistic and interventionist. However, since then - particularly in England¹ - regeneration has been thinned to a narrow focus in which public resources are too often used for hard infrastructural improvements. Coupled to an overreliance on the market to affect positive social change, any resultant economic growth and wealth has been too readily extracted, with much needed social regeneration and attention to the climate emergency neglected.

the challenge

From the late 1970s to 2010, regeneration in England tended to focus on addressing the adverse effects of deindustrialisation across rural, urban and small-town Britain. It offered comprehensive social, economic and cultural regeneration. This programme was delivered by Conservative administrations from 1983 to 1997, via urban development corporations, the Single Regeneration Budget and the City Challenge funds. The subsequent Labour administrations amplified this approach through the national strategy for neighbourhood renewal and the Social Exclusion Unit. Nevertheless, whilst regeneration from the 1980s to 2010 made some significant improvements to communities across England, it was all too often temporary and remedial; it repaired rather than fundamentally transformed.

Moreover, since the onset of the global financial crisis of 2007-2008, and the resultant decade of austerity, regeneration has fallen even further. Economic growth via big investment has been the dominant theme. Under recent administrations, resources have been prioritised on hard infrastructure, with attendant emphasis on tax breaks, re-zoning, and grants to attract inward investment into poorer regions.

This approach is failing. The UK is currently facing an unprecedented productivity crisis², stark health and wellbeing inequalities³, and ongoing underemployment⁴. There are many reasons for this failure. First, it created a context in which the destiny of many places was reliant upon huge injections of cash from either the central state or foreign investors leaving these localities vulnerable to the vagaries of international capital investment markets. Second, regeneration projects, either from transfer payments or inward investment, tend to facilitate wealth extraction by land and property developers and commercial interests, rather than tackling deeply entrenched and systemic issues of poverty and deprivation in the places they are meant to help. In fact, regeneration can often have directly adverse consequences for local residents through speculation-led gentrification, as has happened in East London and South Manchester for example.

In short the English approach to regeneration is flawed. Instead of a comprehensive rebirth and renewal, it offers a few shiny hotspots. For many people and communities, however, it delivers stagnation and neglect. Indeed, the recent emphasis on 'freeports' as a possible means to regenerate coastal towns (e.g. the Tees Valley) exemplifies this approach, with the risk of transforming them into sites of money laundering and wealth extraction⁵.



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what needs to change

The UK needs a wholesale recalibration of what it means to regenerate deprived localities. This will not be achieved by seeking to do more of the same. There can be no more papering over the cracks. This new paradigm for regeneration and developing local economies must be framed around four key priorities.

1. Fair funding based on local needs At the core of past regeneration failures is the fact that they have failed to fundamentally address longstanding systemic regional imbalances. At best they have merely massaged them. To address this, government should revisit the broken 'Barnett formula' - the name given to the practice used by the Treasury to determine annual changes in the block of grants given to each nation of the United Kingdom through equalisation payments. In July 2019, the Public Accounts Committee called for increased transparency of how the formula is calculated, amid longstanding speculation that it is no longer fit for purpose⁶.

The formula must be updated to take account of population and demographic changes. It must also reflect the deep and growing disparities across regions and nations. The formula should reflect a commitment from central government to use regional funding as a means of finally eliminating regional inequalities and promoting social, economic and environmental justice.

Many of the social and economic challenges that lead to a demand on public services are place-based, complex and deep-rooted. As such, local anchor institutions, local government and combined authorities should be given longer time frames and pooled pots of place-based funding, covering the main elements of public resources within any given locality. This includes devolved power over health budgets so that services can target specific local priorities and facilitate better alignment between health and other sectors, especially social care.

2. Regeneration as place-stewardship Local governments need to do more to understand their role as a stewards of the economy. Greater attention needs to be focused on the long term social and economic aspects of place development, accommodating the breadth of social, cultural, economic and environmental facets that are part of a whole networked system within a locality⁷. Crucial to this will be the rediscovering of the art of government intervention in areas where there is market failure. For example, in this new municipalism, there is a recognition that if the market cannot provide affordable social housing, then administrations must harness municipal power and provide this themselves.

In place-stewardship, national government must provide development funds which take inspiration from the social regeneration of the past, with a greater focus on local land ownership and development vehicles, enabling local administrations and communities to secure more of the fruits of land and property appreciation.



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3. Empowering communities When considering how and why we regenerate local economies, too little attention has been paid to the question of *whom* we are regenerating these economies *for*. Big-ticket investments such as the London 2012 Olympics, have provided a boom for property developers, corporations, and affluent gentrifiers, but all too often these projects have done too little for local communities and residents. With the average house price in Newham having risen 43% since 2010, regeneration here has priced out local residents.

As an alternative, we need to construct a vision of economic development in which existing residents are able to play a bigger role in the decisions that affect them and reap more of the benefits of economic change. This is about new forms of community power - including citizens' assemblies, participatory budgeting and planning, as well as plural forms of business ownership. In doing so, communities will be placed front and centre; leading the long-term revitalisation of their places through financial and economic empowerment.

4. A local Green New Deal for every place Regeneration presents an opportunity for localities to tackle deep-seated 'pathologies' in a local economy, for example the overreliance across the UK on fossil fuels and the underlying extractive fossil capitalism that has created the present climate emergency. At the heart of all regeneration must be a tireless commitment to solving this crisis, and in particular to ensuring that the UK becomes carbon neutral by 2030 at the latest.

In order to achieve this, CLEES believes that every locality in the country must now develop a bespoke local Green New Deal, signalling how local resources will be channelled into ensuring a quick and just transition away from fossil fuels and towards clean energy.

References

1. It should be noted that the devolved administrations in Wales, Scotland, and Northern Ireland have been far more emboldened than the Westminster government and English devolved bodies in maintaining a proactive approach to regeneration in the last decade.
2. The Financial Times - [UK productivity crisis](#)
3. The Health Foundation - [The Marmot Review 10 Years On](#)
4. Business Insider - [UK 'underemployment' is worse now than during the financial crisis of 2008](#)
5. The Guardian - [Free ports favoured by Boris Johnson are money-laundering threat - EU](#)
6. BBC News - [Barnett formula: MPs want more clarity on UK nations' funding](#)
7. CLEES - [Productive local economies: creating resilient places](#)