



Communities and Local Government Committee Inquiry into Regeneration

Submission by Julian Dobson - March 2011

Summary

- The questions posed by the select committee are important, but more fundamental ones should be asked in order to think clearly about the future of regeneration.
 - A recent Scottish Government discussion paper goes much further than the UK Government in recognising that old models are no longer appropriate.
 - The Scottish Government, unlike the UK Government, also defines regeneration and why it is needed. Without doing this any regeneration policy will flounder.
 - The UK Government should clearly identify the beneficiaries of regeneration, what benefits are envisaged, and how they will be achieved.
 - There has been much debate about whether people-based or placed-based interventions are more likely to address deprivation. Both are needed.
 - A locally-based approach to regeneration needs to build local capacity to respond to external pressures in hard times as well as opportunities in prosperous times.
 - An independent national body is required to share learning, collect and disseminate evidence and critique policy. Such a body should be funded with an endowment to free it from political interference.
 - Current approaches to town and city centre revitalisation are based on an outdated model. Strategies that rely on rising land values will only work where the market is strong and demand is high. Town centres need to reinvent themselves as social centres meeting a wealth of needs for their local populations.
 - Six key lessons should be learned to inform future approaches. These are outlined in paragraphs 5.1 to 5.6.
- Economic development requires extra public support where the market has not provided solutions. Local authorities should be lead investors in their communities.
- The key question to ask of future regeneration programmes is whether they will build local people's confidence and capacity.
 - That question cannot be answered without addressing three challenges: the impacts of climate change; the persistence of worklessness; and the reconnection of place with wealth creation.

1 Introduction - defining the issue and the value of context

1.1 Following the publication of the Department of Communities and Local Government's paper, *Regeneration to Enable Growth*¹, the CLG select committee has posed five important questions.

1.2 This submission seeks to answer those questions, based on my experience over 12 years as editorial director of the regeneration magazine, *New Start*, and as a consultant and trainer working on placemaking and sustainable communities. It suggests we should pose some additional and more fundamental questions if regeneration is to succeed in the future.

1.3 To set the scene, it is instructive to compare the DCLG approach with the discussion initiated last month by the Scottish Government through its paper, *Building a Sustainable Future*².

1.4 The Scottish Government begins by defining the issue. It states that 'regeneration is the holistic process of reversing the economic, social and physical decline of places where market forces alone will not suffice'. This encapsulates the view, based on evidence and experience, that regeneration entails a systemic approach to complex problems; that it is required because a market economy leaves unsolved problems for which there is no commercial solution; and that it requires a combination of place- and people-based interventions.

1.4 Secondly, the Scottish Government paper seeks to open a dialogue. It invites contributions to 'a wider debate and discussion about how we make all of Scotland's communities resilient and attractive places to live, work and invest in'.

1.5 Third, it recognises that we cannot do regeneration - particularly the physical development of towns and cities - as we have done in the past. It points out: 'The economic crisis has meant that many traditional models of regeneration are now fractured. Development activity fuelled by rising land and property prices, funded via debt finance has been shown to be unsustainable.'

1.6 By contrast, the DCLG publication fails to define regeneration, does not invite debate and lacks analysis of what has worked and what hasn't. It offers unevidenced assertions linking economic growth, housing development, localism and community regeneration with no reference to the knowledge garnered in the past, and no articulation of how circumstances have changed and what that means. Indeed, its emphasis on incentives for new housing and finance for infrastructure suggests DCLG is wedded to precisely the model of development linked to rising land values that the Scottish Government believes has failed.

1.7 On the positive side, DCLG's belief that local residents should determine regeneration priorities is sound. But we still need to know why some places have failed, and what kinds of intervention will support locally-led approaches. DCLG appears to have no view on this. Without understanding the causes of decline, we can only hope to create sticking plasters for the symptoms. And a belief that the markets will regenerate the places the markets have left behind flies in the face of both logic and evidence.

¹ Department of Communities and Local Government (2011). *Regeneration to Enable Growth* [online] <http://www.communities.gov.uk/publications/regeneration/communityledregeneration>, accessed 8 March 2011

² The Scottish Government (2011). *Building a Sustainable Future* – Regeneration discussion paper. [online] <http://www.scotland.gov.uk/Publications/2011/02/07095554/0> Accessed 8 March 2011

1.8 DCLG argues that 'a new approach is needed to ensure that local economies prosper, parts of the country previously over-reliant on public funding see a resurgence in private sector enterprise and employment, and that everyone gets to share in the resulting growth'. But as the Scottish Government notes, economic turbulence drives a 'flight to quality' rather than extra investment in marginal markets.

1.9 A new approach must recognise why and how things need to change. In part that is because development-led models no longer work as they did; but there is more to regeneration than addressing market failure. That implies a deficit model of people and place. An asset based approach is needed that balances an awareness of the impacts of market forces with a recognition of the value of local people and their potential.

2 How effective is the Government's approach to regeneration likely to be? What benefits is it likely to bring?

2.1 To answer this question we should identify who the purported benefits are for; what they are; and how to achieve them.

2.2 To specify who should benefit, we need to identify where regeneration is needed. This is not difficult: the 2010 Indices of Multiple Deprivation will show which areas suffer most in terms of ill health, poor housing, worklessness, crime and poor education and skills. Comparison with previous indices provides a fine-grained picture of the persistence of these problems in particular places. However, it is unclear whether the Government plans to focus on the most deprived areas.

2.3 The benefits should be a reversal of the problems that together we call deprivation. But regeneration experts get sucked into unproductive debates about whether people-based or place-based interventions are more likely to address these challenges. The issue can be summarised in the title of a 2008 Joseph Rowntree Foundation report: 'not knowing what works'³. The difficulty can be described as a problem of dispersal on the one hand and displacement on the other. Interventions focusing solely on improving individuals' life chances may help some to change their circumstances, but in doing so they may choose to move; while interventions focusing solely on place may improve the prospects of a neighbourhood by displacing some of the people with the lowest incomes or most intractable problems.

2.4 To maximise the benefits for the most disadvantaged places and people, we need to invest in education and opportunities that link people to labour markets and encourage enterprise and transferable skills, and in actions that improve quality of life and quality of place for all, whether or not they are in work. We need to do this because poverty is concentrated among those at the margins of the labour market⁴ and because we can safely predict that around 30% of working age people may be outside the workforce at any given time (see paragraph 8.3.2).

2.5 This requires a wide range of complementary activities. At the heart of localism must be a concern to get the ordinary things of life consistently right in our poorest places. Such a view may be implicit in the UK Government's approach, but it would help if it were explicit. The disproportionate

³ Griggs et al (2008). *Person or place-based policies to tackle disadvantage? Not knowing what works*. [online] <http://www.jrf.org.uk/publications/person-or-place-based-policies-tackle-disadvantage-not-knowing-what-works> Accessed 8 March 2011

⁴ Parekh, A., Macinnes, T. and Kenway, P. (2010). *Monitoring Poverty and Social Exclusion 2010*. [online] <http://www.jrf.org.uk/publications/monitoring-poverty-2010> Accessed 8 March 2011

cuts to local government finance over the next few years will make this much more difficult, and potentially more expensive, to achieve.

2.6 But localism also needs to be informed by the knowledge that localities are subject to forces and trends that operate at national and global levels, such as demographic change or the cost and availability of energy. A locally-based approach to regeneration needs to build capacity to respond to these pressures. We will be able to tell if regeneration is working in future not by a place's ability to rise in prosperous times, but by its capacity to survive and rethink in hard times.

3. How do we build on previous progress and ensure learning is not lost?

3.1 The evidence of what has worked is mixed⁵. However, there is a broad consensus that provincial city centres have improved their public realm and cultural offer; that neighbourhood renewal made significant strides in the first phase of the Blair administration; that the quality of social housing improved; and that the living standards of the poorest increased in real terms (though not in comparison with the best-off).

3.2 Looking back, the landmark moments in regeneration were the publication of the Urban Task Force report⁶ and the National Strategy for Neighbourhood Renewal⁷ and the actions that flowed from them. The Egan Review of skills for sustainable communities⁸ reinforced learning amassed through previous programmes.

3.3 But the approach to learning the lessons was half-hearted, and has now run into the sand. The Regional Centres of Excellence advocated by the Urban Task Force took inordinately long to establish and were removed prematurely. While bodies such as the Commission for Architecture and the Built Environment (CABE) and the Academy for Sustainable Communities produced high quality material on placemaking, their influence on government was limited.

3.4 While the previous government's record was disappointing, the coalition's approach seems to have bypassed the value of learning altogether. There is no acknowledgement within the DCLG paper of the complexity of regeneration and the importance of a holistic understanding of place; the withdrawal of support for CABE and diminishing of the Homes and Communities Agency, coupled with the squeeze on higher education and on local government, risks creating a generation of local practitioners with greater responsibility but much less knowledge.

3.5 So there is a strong case for an independent body to curate, disseminate and critique the learning of the past decades and the next phase in the story of regeneration. To ensure continuity and independence, it should be established with an endowment fund (rather like the UnLtd foundation for social entrepreneurs⁹). Such a body should host a national archive of regeneration practice, research and case studies; fund and disseminate new and user-friendly material accessible to professionals and the public; and run workshops and courses for those new to regeneration or wishing to improve

⁵ Hills, J., Sefton, T. & Stewart, K. (2009) *Towards a more equal society? Poverty, inequality and policy since 1997*. Bristol: The Policy Press.

⁶ Department of the Environment, Transport and the Regions (1999). *Towards an Urban Renaissance*. London: E & FN Spon.

⁷ Social Exclusion Unit (1998) *Bringing Britain Together: A national strategy for neighbourhood renewal*. London: The Stationery Office.

⁸ Egan, J. (2004) *Skills for sustainable communities*. London: HMSO.

⁹ See <http://www.unltd.org.uk>

their skills. This body should take over the skills development function of the HCA, recognising that regeneration skills extend far beyond the HCA's remit.

4. How do we ensure sufficient public funds are available for major town and city centre regeneration projects as well as more local projects?

4.1 Before we ask how we continue to fund major town and city centre regeneration projects, it is worth asking whether we should keep doing so, and if so where and to what ends.

4.2 The DLCC paper suggests funding will be obtained locally through incentives such as the new homes bonus and mechanisms such as tax increment financing. Both these approaches rely on land value uplift to encourage speculative development, and draw down some of the proceeds for the local area. In other words, they work well where the property market is buoyant and less well, if at all, where it is stagnant.

4.3 The revitalisation projects of the last decade have sought to gain competitive advantage for regional centres by improving the public realm, offering cultural and community facilities, and creating desirable destinations. Progress has been measured in increased rental values and shopping centre footfall. But it has been dependent on a booming economy and underpinned by heavy public investment. Neither of these factors still hold good.

4.4 The UK economy is stagnant. Costs of essentials are increasing while consumer spending power is likely to fall. The money consumers do spend will be spent differently as online markets grow. Capital values are unlikely to recover in the short term and rental values risk continuing decline¹⁰. This suggests we need new approaches for all but the strongest regional centres. We should be reimagining many of our town centres as social centres meeting a wealth of needs for their local populations, from housing and learning to community activity¹¹.

4.5 The same questions hold true for investment in major infrastructure such as high speed rail. While there is a strong case for better and more reliable public transport between cities in the north and midlands, we need clarity about what kind of activity this is likely to enable and what benefits will accrue to the most disadvantaged communities. The caveat about infrastructure development as a regeneration tool is that it relies on a trickle-down theory of benefits that remains unproven. Enabling more law firms to locate in Leeds is unlikely to provide tangible improvements for the residents of Beeston or Harehills.

5. What lessons should be learned to apply to the Government's new approach?

5.1 Perhaps the most important lesson is that we must keep learning, and to do that we need to collect, record, store and share the stories, research findings, policy developments and experiences of regeneration. That will not happen by itself (see paragraph 3.5).

5.2 The second lesson is the importance of clarity. Regeneration has for too long been a catch-all term. Clarity is not the same as imposition or top-down direction; it is a recognition that some things have regenerative effects while others may simply be commercial activities. We should only subsidise activities that directly improve the lives of the poorest or the quality of disadvantaged places.

¹⁰ David, Rosalind (2010). *Secondary Centres: the impact of the recession on secondary shopping centres*. London: BCSC

¹¹ See *Seven Steps from Ghost Town to Host Town*: <http://urbanpollinators.co.uk/?p=415>

5.3 The third is to recognise the function of markets. One of the greatest failures of the last decade has been the unwillingness to acknowledge that the market forces that create prosperity and opportunity also bring decline and deprivation.

5.4 Fourth is that regeneration can only happen if we build community. It is by supporting community networks, building skills and facilitating aspiration that we will create the conditions that create resilient and resourceful places. Without this, place-based interventions are cosmetic.

5.5 Fifth is that the most important assets are the ones we already have. This is true for the built environment, where we bulldoze history and character at our peril; it is also true for the assets that exist in people and networks and relationships, from the imam to the pub landlord, from the public servant to the local councillor. Too often those assets are undervalued.

5.6 The sixth lesson is that regeneration is a continuous and repeating process. It is something we do in response to challenge and change, and some places will always struggle more than others to benefit from change.

6 How should the Government attract money into regeneration schemes?

6.1 We should start by asking what each scheme is intended to achieve. Is it shoring up a failing market, creating a market where there was none, or providing basic amenities and services where the market can't or won't offer them?

6.2 Economic development in regeneration areas is likely to require deeper and more sustained support from the public purse because these are areas where the market has failed to provide solutions. However, this is not an argument for unlimited subsidy. Rather, public support should be given at least in part in the form of risk capital to be used to provide services, infrastructure and cashflow support to local and community-based enterprises. These need to be long term, sustained interventions that create the confidence that things are changing.

6.3 The idea of place-based budgeting should be pursued, allowing the pooling of public funds to meet common objectives (for example, health funds could support the provision and maintenance of parks and open spaces and gym facilities in areas with a high degree of obesity-related illness).

6.4 We should avoid using public money to underpin false expectations. Not every town can rebuild its shopping centre. New infrastructure and big-ticket facilities are not justified simply because neighbouring localities have them. Sometimes the best thing public agencies can do is to say no. In a localist era, it is important to have sufficient checks to avoid money being wasted on vanity projects.

6.5 Attracting private money is also fraught with pitfalls. Financiers may have little commitment to an area and be happy to leave sites mothballed for years in the hope that values will improve. Large swathes of English town centres are owned by pension funds and absentee landlords with little apparent interest in creating thriving places. Such 'investments' can do more harm than good.

6.6 In such circumstances there should be a primary emphasis on creating sustainable community infrastructure, owned and managed by local people. Government proposals to grant a community right to buy via the Localism Bill should be extended to allow local people to identify and take over premises neglected by commercial businesses. This will require time, financial support and skills development. But a town or neighbourhood with a high level of community owned infrastructure is likely to prove a surer investment for private finance than one characterised by blight and neglect.

6.7 The local authority has an important role to play here as a lead investor. Not only can it create regenerative effects through the intelligent use of procurement, but it can also act as a gilt-edged

investor, underpinning joint venture companies and local asset-backed vehicles. To enable this to achieve the maximum impact, though, local authorities in the poorest parts of the country will need to be recapitalised via central government. Land value taxation may be one way to achieve this.

7. How should the success of the Government's approach be assessed in future?

7.1 The key to a successful place isn't income: it's confidence. Increasing the income of the poorest is an essential part of regeneration, but on its own it may simply provide an escape route. Confidence is what enables someone to open a shop, buy a house or use the local park. As one resident interviewed for the evaluation of the guide neighbourhoods programme¹² put it: 'There is a lot of jargon about regeneration... but really, as a resident, there is only one question. Is this an area I want my children to grow up in?'

7.2 So the questions I would ask of physical interventions are: do they create places that are lively, where people want to be, with a good mix of activities, and well designed facilities using high quality, lasting materials?

7.3 Do social interventions improve the quality of life for the worst-off, not just their incomes? Do they generate transferable skills and aptitudes that are as useful in a community setting as in the labour market? Do they build social connections and networks that allow people to find support in a crisis and give them the courage to seize opportunities?

7.4 Do economic interventions create resilience, not just growth? Is investment helping to create new products and routes to market? Does it provide opportunities for low-skilled as well as high-skilled jobs, and lower the hurdles to employment and advancement?

7.5 Overall, we should ask whether regeneration creates communities where people feel at home, welcome, connected and confident; places where people are productive, skilled, and coping; towns and cities that are well designed, built to last, animated and active; and that have a high degree of participation in governance, self-sufficiency, and mutual support.

7.6 This is a framework for thinking rather than a set of performance indicators. For a more formal approach, we could do a lot worse than adapt the Freiburg Declaration on Sustainable Urbanism¹³.

8 Three hard questions we should also ask

8.1 There are three urgent challenges for public policy: how to live within environmental limits, how to create meaningful life chances for a generation that won't have its predecessors' access to cheap credit or affordable housing, and how to manage in a much harsher economic and public funding climate. The task can be summed up as creating resilience: environmental, social and economic.

8.2 Should we stop relying on growth?

¹² McCabe et al (2007). *Learning to Change Neighbourhoods: Lessons from the guide neighbourhoods programme*. London: Department of Communities and Local Government.

¹³ The Freiburg Charter for Sustainable Urbanism. [Online] http://www.academyofurbanism.org.uk/images/aou_freiburg_charter_final_sml_screen_spreads.pdf Accessed 8 March 2011

8.2.1 The first question, which challenges the assumptions underpinning the approach of successive governments, is whether continuous growth is a realistic and valid objective in a world facing unprecedented environmental challenges.

8.2.2 The financial markets fell because the assets against which loans were secured proved worthless. At the same time the world has borrowed against environmental assets at an unsustainable level. The effect, ultimately, could be the same: the asset cannot cover the activity secured against it.

8.2.3 How will this affect regeneration? The areas most vulnerable to economic shocks will be among those most vulnerable to the impacts of climate change: higher prices for commodities, shortages of energy, food or water, increasing costs of transport. So sustainability must be paramount in regeneration strategies, not just in terms of green technologies or energy efficiency, but through local sourcing of life's essentials wherever possible, and the creation of self-help networks that enable communities to withstand the unexpected.

8.3 Are the poor always with us?

8.3.1 The idea that we should live with continued poverty is, quite rightly, regarded as offensive. Yet poverty persists. The previous government's regeneration framework¹⁴ declared that mass unemployment and youth unemployment had been 'conquered' but recognised that worklessness had persisted in deprived communities. On its own analysis, the most significant difference between deprived areas and the rest had not changed.

8.3.2 There is nothing new about this. A study by the Office for National Statistics in 2003¹⁵ found that the employment rate for 15-64-year-olds in 2000 was remarkably similar to that in 1902: 71 per cent compared with 69 per cent. For a century or more between a fifth and a third of working age people have been outside the labour market.

8.3.3 It's time to recognise this reality and rework the social contract in a way that values the time and contribution to society of those who are not working. Just as those in work pay a percentage of their income to the Exchequer, so those who cannot find a job should contribute a proportion of their time to the common good. In return, they should expect a level of state support that meets life's needs and rises with the cost of living. This would help to create a pool of community workers and carers who could begin to realise the ambition of a 'big society'.

8.4 Are some places beyond regeneration?

8.4.1 The third hard question is already being asked in parts of the US, where cities like Flint and Detroit have seen large-scale abandonment. UK towns are, for the most part, a long way from that position. Yet the logic of a localism that ignores market failures and seeks to pick winners may well be that some places will die. Ministers should be open about whether they consider that an acceptable consequence of their approach.

8.4.2 There is an alternative to cutting the losers adrift. But it requires reconnecting places with wealth creation - with locally based activities and industries that reinvest in the locality, rather than fleetfooted multinationals with no lasting commitment. Most places, given long term support, can

¹⁴ Department for Communities and Local Government (2008). *Transforming Places; Changing Lives: A framework for regeneration*. London: DCLG.

¹⁵ Lindsay, C. (2003) A century of labour market change: 1900 to 2000. *Labour Market Trends*, March 2003, pp 133-144. [online] http://www.statistics.gov.uk/articles/labour_market_trends/century_labour_market_change_mar2003.pdf Accessed 9 March 2011.

create a viable and flourishing future for themselves, but it may be on a more modest scale than in the past.

9 Ruskin famously said there is no wealth but life. The failure of early 21st century regeneration programmes has been to consider that wealth exists in everything else: property, finance, careers, consumption, measurements of economic success. We now have a chance to redress the balance.