Just Julian

A collection of editorial comments by NewStart magazine's Editorial Director Julian Dobson.

x12

16 PAGES

4,840 WORDS

1 TESCO VALUE PIZZA

1 CHIP SHOP

1 MENTION OF BARACK OBAMA

2 MENTIONS OF GORDON BROWN

1 DAILY MAIL

1 FULL ENGLISH BREAKFAST

4 REFERENCES TO NETTOLAND

There were few positive headlines to break the gloom in 2009 as recession deepened. Regeneration practitioners trying to get to grips with the rapidly changing economic landscape turned to the comment of New Start's editorial director Julian Dobson. With more than 20 years experience commenting on regeneration and social policy, he had advice for 'recession virgins' and the experienced alike.

He tackled austerity, empty shops and unemployment, gave his take on the localism debate and the bureaucracy holding up many community-based development projects.

He called for boldness, wisdom and vision and highlighted new models paving the way to a more sustainable future.

Read on to see how New Start is setting the agenda as the regeneration sector faces up to some of the most difficult challenges in its history.

Barcelona and *New Start* show there's more to our work than quick wins

The Sagrada Familia church is the pride of Barcelona – famous not only for the invention and imagination of its architect, Antoni Gaudi, but also for taking well over a century to complete.

Although unfinished, it's one of Spain's most popular attractions. Asked why construction was taking so long, Gaudi is said to have replied, 'My client is not in a hurry'.

One of our dilemmas is our desperate hurry to make a difference. Our clients want action: governments, councils and communities want quick wins. Who can blame them? It's scant consolation to someone who's lost their job that we're investing in their children's skills.

But the first lesson of regeneration, repeated incessantly by those who have watched the ebb and flow of policies and programmes, is that it's a long-term mission. Sometimes the message gets through: housing market renewal, at its outset, was a fine example of long-term thinking. The new deal for communities was intended to kick-start a 25-year change in the way we address society's wicked issues.

Ten years on, it's time to take a more mature look at what we're doing. In this issue five of our original readers reflect on what they've learned over the last decade: their insights are well worth reading.

New Start, too, has reflected on how best to build on what we've learned as we start our second decade. Our ambition is the same: to stand up for those who are working to make our cities and communities better places, and especially those who have to live with the consequences of those efforts.

We've always taken pride in providing a toolkit for regeneration practitioners, highlighting good practice and offering a platform for innovative and challenging thinking. But the way we're doing that is changing. Our printed magazine is now a monthly, focusing much more strongly on learning and analysis, providing more high quality content designed to inspire and inform – explaining how and why, not just what, where and when. Our events provide opportunities to explore some of these key issues in face-to-face settings.

We'll continue to provide a first-class news and jobs service through our website, giving you best value for your recruitment needs. And we'll offer more opportunities for you to partner us in disseminating learning and good practice. Above all, we'll develop as a social business underpinned by values of integrity and social justice.

'Our ambition is the same: to stand up for those who are working to make our cities and communities better places.'

The frustrations of funding and the Herculean task of tackling poverty won't go away. But as Sagrada Familia demonstrates, hope and imagination can stay with us too. And regeneration, like the construction of Gaudi's edifice, should be a labour of love against the odds. *New Start* will share that journey with you, as a critical and encouraging friend.

Julian Dobson is editorial director of *New Start*.

Inspired? Disagree? Send your views to: editorial@newstartmag.co.uk

Advice for the innocent: be bold – this moment could change everything

You'll see them in cafés, conference halls and council offices. They have a slightly awkward air of innocence. They're on the lookout for more experienced people they can sidle up to and probe with tricky, slightly embarrassing questions.

Meet the recession virgins. Most don't like to advertise their status, but as they recognise the imminence of this rite of passage their interrogations are becoming more urgent. Despite their sheen of worldly wisdom, they go goggle-eyed as their elders describe the first time. They're desperate for reassurances that the protection worked and that, after all, the earth didn't really move.

This time, though, the veterans don't seem so sure of themselves. Some reckon a good dollop of Keynesian lubricant will see us through. Others seem to think it best to hold tight and pretend it isn't really happening. But many, if you can extract an honest answer out of them, will tell you they can only guess – it hasn't been like this before.

Previous recessions laid waste our manufacturing capacity. This time, the whole economy is at risk: the much-vaunted knowledge economy, epitomised by financial services that suddenly don't look so clever after all; the service economy, illustrated by Burberry, Zavvi and Woolies; and the relics of industry too, with Corus and Nissan leading the charge. There's nowhere to hide: the public sector's tightening its belt too.

If you aren't lucky enough to work for a bank that ministers have decided must stay afloat at any price, the outlook is grim. Moreover, as the Centre for Cities pointed out in its latest *Cities Outlook*, the urban renaissance of the last decade is giving way to urban recession, with the more fragile economies of cities like Liverpool and Hull most at risk.

It isn't just Barack Obama who's pushing for a green new deal to drag us back to normality. The new economics foundation, the Local Government Association, David Cameron and Gordon Brown have all put forward their versions. The models we choose need to ensure normal service isn't resumed the moment the economy recovers.

'The urban renaissance of the last decade is giving way to urban recession, with the more fragile economies of cities like Liverpool and Hull most at risk.'

Recessions are scary and painful. But they provide an opportunity to reshape the world in a form that's more consistent with the values we claim to espouse. The task now is to invest time, energy and public funds in creating a genuinely sustainable future.

Alternatively, we could lie back and think of England.

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However smart the gag, it will fall flat if you miscue the punchline

Timing, as comedians like to remind us, is everything. Sometime soon the DCLG will sally forth with its new regeneration framework, and – you'd have thought – it could not be more timely.

If last July's consultation paper is anything to go by, we'll see more devolution of powers, new targets to focus resources where central and local government agree they're most needed, and a greater focus on tackling worklessness and improving enterprise in deprived areas.

The consultation paper – *Transforming places, changing lives* – was issued by Hazel Blears, John Hutton, James Purnell and Yvette Cooper, so we can safely say the best brains of the government were behind it. What did they have to say about the deepening mire we're all in?

Not a lot, as it happens. Remember this was July last year – before the collapse of Lehman Brothers and the mega-bailouts for the banks, but well after the credit crunch had set in and Northern Rock had been nationalised. Scan the document for the phrase 'credit crunch' and you'll find four references. They acknowledge that regeneration activity may slow down and offer a reassurance that Michael Parkinson has been asked to look into it. That's it.

Search the paper for the words 'downturn' or 'recession' and you won't find them. The word resilience is also absent. Doubtless these deficiencies will be addressed. But, at best, the government will be playing catch-up with reality.

Just how wide that disconnect is becomes clear when you read the self-congratulatory guff at the start of the paper. 'Over the past decade, we have made substantial progress, narrowing the gap between the most deprived neighbourhoods and the rest while conquering mass unemployment; tackling failing public services; and improving school standards,' it trumpets. Conquering mass unemployment? Really? Let's just say the timing was unfortunate.

The basis for these assertions, if you look at the footnote, is the interim evaluation of the new deal for communities from 2005. In other words, we're developing policy in 2009 based on analysis that is four years old. Given that decisions about the financial year 2009/10 have mostly been taken, we're looking at 2010 before the new framework will affect practitioners' work. So next year, with three million or more unemployed, and the recession taking its toll on community cohesion and personal wellbeing, we'll be implementing policies based on information that will be up to half a decade out of date.

'Next year, with three million or more unemployed, we'll be implementing policies based on information that will be up to half a decade out of date.'

Despite this, practitioners still obsess about aligning their actions with government policy. That may tick boxes; what it won't do is provide responsive, fleet-footed solutions to emerging problems. Communities are too important to be left to the policymakers.

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In boarded-up Britain, we need to move the money where it's needed now

In the chip shop, a notice warns customers who abuse the staff that 'the appropriate authorities will be informed'. A few shuttered shopfronts further on, rolls of barbed wire pointlessly protect the vacant Somerfield store. Welcome to Nettoland.

It's a blowy, drizzly Saturday afternoon, and across the dual carriageway from the bright, busy discount store local businesses have decided to call it a day. If people still go shopping on Saturdays, there's little evidence of it here. A handful are still open – the bookie, the amusement arcade, the tanning salon and a suit hire shop. Even the library is closed.

In city centres you can tell there's a recession by the massive sale posters, and the disappearance of names like Woolworths and Zavvi. Out in Nettoland, it's hard to believe there ever were prosperous times.

When tough times come, it's places like this that show you the poorest get hit first. And it's places like this that show you that for all the government's rhetoric about unlocking the talents of all of the people, there's plenty of talent that remains locked up and locked out.

In Nettolands around the UK, unemployment and poverty never went away. But for all their disadvantages, they're often home to people who are determined to keep going, to provide hope and opportunities for friends and neighbours.

The neighbourhood I've just described has had a prominent and successful development trust, once the darling of government ministers and council officials. Others have had neighbourhood management schemes or unemployed resource centres. What they have in common is an empathy with local people. What they also have in common is that they're under-resourced and under-valued. They're wonderful fodder for ministerial soundbites and case studies, but you won't find ministers and civil servants walking their streets on a Saturday afternoon.

We have a government that believes, sometimes passionately, in renewing communities and offering opportunities to all. We have ministers who represent some of the poorest areas of the country and hear their constituents' stories. Yet for all that belief, and all the evidence they've collected to back it up, poverty, inequality and disadvantage are still visibly with us.

'In Nettolands around the UK, unemployment and poverty never went away. But for all their disadvantages, they're often home to people who are determined to keep going.'

New Start has been listening to people who are on the front line of work in these communities. We've heard from those who run unemployed centres, development trusts, social enterprises. You can read some of their views in this issue.

Their message is simple and it's clear. Get the money where it's needed, now. Support the organisations that are already at the heart of communities. If help isn't seen in Nettoland, people won't believe it's there.

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Wisdom and vision will be needed if we are to chart a course through austerity

Austerity. Abstemiousness. Scrimping. Call it what you like, it's coming your way.

Those eye-watering figures in the Budget will dominate the next decade. With government debt heading for 79% of GDP by 2013, and the Institute of Fiscal Studies already dousing Alistair Darling's predictions of recovery in icy water, nobody will escape the belt-tightening.

Indeed, David Cameron has already signalled to his shadow cabinet that cuts are the causeway to promotion. The volume of the rhetoric on profligacy and incompetence has been turned up to 11, and public servants are getting the full blast. Any public employee earning above £150,000 will have their pay package published, although Mr Cameron might remember that these people at least pay their taxes.

Given that the election is likely to give us a choice between macho spending cuts imposed in the name of a crusade against waste, and limp-wristed cuts hiding behind well-meaning waffle, do public servants batten down the hatches and hope someone else's job will go first – or use their influence to push for a better approach?

The debate we require now is not about the size of the deficit, but about maximising the long-term value of central and local government intervention, whether that intervention is fiscal or legislative.

Government spending still counts for a huge proportion of our economy: £652bn in the current year (current expenditure plus net investment), rising to £691bn next and £695bn in 2011-12. While most of it is committed to essentials like healthcare and education, there's room for manoeuvre – some of it substantial. This money must be invested to make our economy more sustainable and resilient. The Budget went nowhere near far enough in this respect.

Amid the welter of conflicting advice, I'd point to two documents that might help us chart our way through the maelstrom.

The first is a new study by Professor Tim Jackson of Surrey University on behalf of the Sustainable Development Commission. His paper, *Prosperity without Growth?*, questions the unthinking equation of wellbeing with wealth and calls on policymakers to move away from the tired old GVA or GDP numbers.

'The debate we require now is not about the size of the deficit, but about maximising the long-term value of central and local government intervention.'

The other goes back to the 1970s. EF Schumacher's seminal work, *Small is Beautiful*, is a study of economics 'as if people mattered'. It has been praised ever since for its wisdom and vision, and largely ignored by those responsible for government and policymaking – which may be a reflection of their wisdom and vision.

If we can start focusing on wellbeing, sustainability, conservation of resources and appropriate scale, we stand a good chance of emerging from recession and austerity stronger than when we went in.

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Aspirational policies mean nothing unless they address the forces of impoverishment

Squint hard enough, and you might work out how it all fits. In between writing cheques to the taxman, ministers have been churning out a clutch of policy statements, including a new regeneration framework for England.

Let's start with *World Class Places*. On the face of it, this strategy contains worthy but predictable guidance about urban design, and pleads with planners and developers not to cut corners during the recession. More interestingly, it connects poor design with poverty and deprivation, linking educational failure and job scarcity with 'badly designed housing estates or low quality neighbourhoods'. Lord Rogers' urban task force noted the connection ten years ago.

On a related theme, the DCLG responded to the Houghton report on worklessness. Councils are being encouraged to bid for a slice of the £1bn future jobs fund to create 150,000 new posts. The report also touted the idea of public service apprentices: young people trained for roles in local government and the public sector.

Meanwhile the regeneration framework stressed the need to provide opportunities in areas of market failure. There's even a new official definition: 'Regeneration is a set of activities that reverse economic, social and physical decline in areas where market forces will not do this without support from government.' Not particularly memorable, but a handy summary.

So far, so coherent. We need government action to sort out entrenched problems of deprivation where the markets can't. 'Poverty of place' means regeneration must encompass placeshaping as well as economic opportunity.

Now it gets tricky. On 6 May, in a speech to council chiefs, Hazel Blears argued that 'empowered' communities could help achieve the £600m annual efficiency savings demanded of local government. The message was simple: listen to the public and save money.

There's a problem here. This approach devalues public engagement by imposing an ulterior motive. It could erode the very budgets required to address market failure. What price a work of art, an inspirational community project or a green jobs scheme if investment is caricatured as bureaucratic waste?

We'll never generate a virtuous circle of more work, better places and higher aspirations if we don't also recognise and tackle the vicious spiral of impoverishment that continuously counteracts government policies.

'What price a work of art, an inspirational community project or a green jobs scheme if investment is caricatured as bureaucratic waste?'

That spiral involves the exodus of people with aspirations from low income areas; the self-reinforcing connections between better performing schools and wealthy neighbourhoods; the residualisation of social housing and the repellent effect of poor reputation. In other words, market failure is spawned and perpetuated by the same forces that accompany market success. Until this is overtly recognised in public policy, none of those worthy ministerial pronouncements will achieve their aims.

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Inspiring bureaucrats wanted. Your task: save regeneration projects from years of slog

When a Brixton businessman wanted to provide homes, organic food, enterprise and educational opportunities for local people he went to a veteran of the development trust movement for advice. He was told to be ready for 30 years of slog.

The budding activist was shocked: why should it take that long? But the development trust's experience is nearer the norm. Take the tale of High Bickington Community Property Trust in north Devon.

Set up to save a dying village, it took a decade to achieve planning permission for a small development. A scheme in gestation since the turn of the millennium, and supported by the overwhelming majority of local residents and the district council, was rejected on a technicality.

The social capital painstakingly nurtured had to be rebuilt in an atmosphere of disillusion. And the second time around, despite a series of compromises, a relatively junior council officer delayed matters further on the grounds that the scheme didn't comply with an element of planning policy.

The Community Land Trusts national conference last month heard several such stories. No wonder shadow housing minister Grant Shapps won applause for promising to let local projects grant themselves planning consent, as long as they could win a referendum.

Bureaucrats, though, are an easy target. The localism offered by both the Conservative and Labour parties fails to address the genuine tensions that must be resolved to empower communities. Here are three of the most significant.

First, drive versus detail. The council officer who gets such flak may be raising pertinent questions. The lawyer, architect and surveyor don't exist just to promote their professions – their advice is often crucial. But all these people, like the Dementors in the Harry Potter stories, can suck the energy from local projects. That must change.

Second, scale versus sustainability. People often argue you should be big to be effective. But when you go large, you get distant. Housing associations are a reminder of the way a movement driven by activists turned into a sector regulated by managers. That may sound sustainable in a business sense, but it doesn't sustain local involvement.

Third, politics versus people. Not just party politics, but organisational and community politics. Politics isn't just the art of the possible, but the artifice of the powerful. Once people seek institutional or personal advantage, local visions become assets to be fought over.

'All these people, like the Dementors in the Harry Potter stories, can suck the energy from local projects. That must change.'

How do we resolve these tensions? We need people with the emotional intelligence to discover common ground, identify areas of conflict and mediate between competing forces. Let's have inspiring bureaucrats, humble politicians, and listening activists, and put them at the heart of our activities.

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Victims of extortionate lending need more choice, not yet another inquiry

The inboxes at *New Start* are currently going through the computer equivalent of cold turkey. Late July always delivers a storm before the lull – or parliamentary recess as it's better known. There's a bombardment of press releases, reports and announcements and then... nothing.

For the next few weeks we'll be living off a diet of releases about kids' face-painting competitions and fun runs, along with adverts for Viagra and messages from a nice young lady in Ukraine who very much wants to be our new friend.

There's always a sneaking suspicion that somewhere in July's deluge is a report that government would rather you didn't read and a nagging doubt that you've missed important findings worthy of exposure.

But there were two reports that stuck out – both from Barnardo's.

The charity followed 16 families living in poverty over the course of a year following the onset of recession. It concluded that they were falling deeper into deprivation as a result of their reliance on money lenders, the biggest of which currently charges in excess of 500% interest. Last week Barnardo's called for an investigation into the practices of doorstep lenders. It came just days after London Citizens organised a rally calling for restrictions on the interest rates charged by loan sharks and credit card companies.

But haven't we been here before? We recently revisited this subject (*New Start*, June 2009). Back in 2004 the National Consumer Council lodged a super-complaint against the home credit industry which, after investigation, was upheld by the Office of Fair Trading (OFT) and then subsequently looked into by the Competition Commission. Everyone agreed there was a problem, but little action was taken. In the meantime we've had another five years of overpriced loans, locking more people into a cycle of poverty. As Barnardo's highlights in *Counting on credit*, typical interest rates for a £300 home credit loan are 254.5%.

The OFT is apparently looking into the matter once again – but is there any point? The laughable defence given by lenders when accused of exploiting the poor is that satisfaction levels among customers are high. Hardly surprising when your target market has few (if any) alternatives. As long as they monopolise the market it's hard to see how restrictions on lenders will make a substantial difference.

'The laughable defence given by lenders when accused of exploiting the poor is that satisfaction levels among customers are high.'

The solution? Greater support for credit unions would be a good start. And taking up Urban Forum's suggestion of a Community Reinvestment Act would offer a comprehensive solution to financial exclusion. Why bother trying to coerce lenders when you could introduce legislation that ensures deprived communities are better served by banks in the first place?

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It's back to school time, and the regeneration community has some lessons to learn

I've always felt sorry for the kids who stagger zombie-like into town at the start of their summer holidays, only to be confronted by 'Back to School' posters everywhere they go. From the clothing store to the stationery shop, from computer retailers to purveyors of pointless gadgets, traders all want to cash in on misery when youngsters should be most carefree.

This month, though, it's back to school for real. The older ones will be weighing up the implications of GCSE or AS results; the rest will be counting the days till they leave, like prisoners cataloguing their incarceration on cell walls. A few might even look forward to learning something new.

It's back to school in a big way, too, for those who take and implement decisions about the future of the places we live in; and there will be much to learn as we start to understand the altered landscape that is emerging from the whirlwind of credit crunch, recession, bankruptcies and bailouts, and new political thinking.

Relying on old assumptions and rulebooks may prove worse than useless. The models of regeneration that have won favour with city planners, development agencies and politicians over the last 15 years have tended to be large-scale, ambitious and fatally dependent on ever-rising property values. Without that constant mark-up, there's nothing to oil the wheels of the redevelopment process and ensure a comfortable cut for all the masterplanners, architects, construction firms, surveyors, technical advisers and lawyers. No wonder so many developers now want the public sector to cushion their cashflow and shoulder their risk.

We have to find better ways of working. For a decade *New Start* and others have highlighted the successes (and troubles) of activities that put money back into the local economy, skills into the hands of local people, and hope into the hearts of local communities. Small-scale isn't a panacea, and it can be frustratingly slow, but the next decade of regeneration will need to learn the lessons of grassroots activity because its achievements will increasingly depend on locally generated investment. That will apply to housebuilding and town centre redevelopment as well as economic and social projects.

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The balance will tilt decisively in the coming years from large-scale state intervention on the lines of housing market renewal or the new deal for communities, to locally driven economic and social development. There will be fewer big investors and they may be more risk-averse. Sweeping redevelopments could give way to more incremental change. That leaves local authorities in the driving seat and citizens as their key partners. Let's hope they look forward to learning something new.

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In a future of funding cuts, a 'no we can't' mentality will be a recipe for failure

Last week a town centre manager in West Yorkshire told me, in all seriousness, that the police had advised him to have the trees in the main car park cut down as they might encourage crime.

It's a serious risk, if you think about it. Hoodie-wearing youths could leap out from behind the trunks or crouch in the branches waiting for unwitting passers-by. Mind you, once the trees are gone the risk is that they'll squat behind cars, so best stop people from parking there altogether.

Another council officer said he'd like to keep beehives in green spaces in his town as a way of encouraging biodiversity. It's the sort of small-scale action that could raise awareness of environmental challenges and change attitudes. But it won't happen, because someone might knock a hive over and get stung, and then sue the council.

Contrast that with the difference a few local activists have made in Todmorden by growing vegetables in neglected public spaces (see *New Start*, May 2009). Or the way time banks are rewarding community action in the Welsh Valleys (see pages 45-49), or a network of creative entrepreneurs are bringing empty shops back to life (see last month's issue).

That isn't to suggest community groups and social entrepreneurs have a monopoly of get up and go. There are local authorities that are energetic and innovative and inspirational. Look at Scarborough's approach to seaside regeneration, or Sheffield's approach to public realm, or the way Newcastle and Gateshead have worked together on economic and cultural revival.

Local authorities have a duty to apply the law, to protect the public and to spend wisely. But they also have a power to promote the environmental, economic and social wellbeing of their communities, and they should use it. The new duty to conduct local economic assessments will mean nothing unless it's accompanied by local economic action. And much of that will depend on taking risks and allowing council officers to use their initiative.

This is more vital than ever because, as Brendan Nevin reminds us this month (see pages 10-11), the era of the big capital programme is likely to be over for the next couple of decades. In an era of spending cuts, we need to be cleverer, more imaginative and more flexible.

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The winners in the next phase of regeneration will be those who understand community development, appreciate the effectiveness of small-scale interventions, and grasp what can be gained by allowing people to make the changes that matter to them. The losers will be those still mired in bureaucratic processes, box-ticking and a 'no we can't' mentality.

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The language of localism is welcome, but pay close attention to the definitions

It had to happen. The moment localism emerges as a political issue, special interest groups start queueing up to appropriate it.

None more so than the property industry, whose antennae have evolved over the years to seek out a bureaucrat with a budget long before other predators arrive on the scene. It's no surprise to find the British Property Federation welcoming the Conservatives' plans to devolve planning powers to local authorities, but at the same time seeking to frame the localism debate entirely in terms of housebuilding and development.

Over the last decade developers have done exactly the same with the term 'regeneration', sticking that label on anything from affordable housing to clone town shopping centres. No wonder the word arouses such suspicion among some of the communities 'regenerated' in such a way.

Development isn't bad in itself; many of our cities have been improved by well-considered and well-delivered schemes. But the exemplars, it has to be said, are still the exception. Before we allow developers to set the agenda again, let's remember regional development agencies and local authorities have spent the last two years bailing out an industry that has already had more than its fair share of state bankrolling.

This time, we need to ensure the language of change isn't hijacked by people who essentially want things to stay the same.

But neither should we allow it to be hijacked by people who see it as a means to an end other than devolving power. Last month communities secretary John Denham set out a vision of localism that offered some promising approaches, including releasing councils' data to let users influence services; enabling municipalities to raise more revenue through trade and enterprise; and extending councillors' power of scrutiny to cover all public services.

In particular, he commended the Total Place pilots, which are examining what can be achieved by aggregating all the public spend in one area and then removing duplication and inefficiency. This is long overdue (the issue has been recognised as long as *New Start* has existed) but is in danger of becoming precisely what John Denham vowed it wouldn't be: a bean-counting exercise. As political parties compete to offer the fastest and most drastic ways of reducing the public deficit, long-term thinking about investing in communities risks a battering.

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Real regeneration, working with the grain of neighbourhoods and communities, together with real localism which significantly shifts power and accountability and promotes civic engagement, can be a powerful combination to tackle deep-rooted problems. We need to make sure these ideas aren't neutered, negated or nicked by vested interests.

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The real regenerators can shine amid the public sector recession

A year ago the *Daily Mail* did what it does best: foamed at the mouth about the huge increases in public sector employment while Britain was deep in recession.

'While their friends, families and neighbours are losing their jobs, the State's army of workers continues to increase,' it fumed. 'Some areas have been dubbed "Soviet" boroughs, with around half the population employed in the public sector.'

Leaving aside the hysterics, the paper picked up an important point: that by expanding public sector employment during recession, the government hoped to cushion the blow.

To some extent, that worked. The Office of National Statistics revealed recently that public sector employment in the second quarter of 2009 was 289,000 more than the previous year – although this does include 235,000 people working for the now publicly-owned banks. The biggest winner is the NHS, while local government is already feeling the pinch.

Why does this matter? Because the new year will bring us the sequel to the 2008/9 recession. The big losers this time are likely to be central and local government. Both government and opposition have painted themselves into a corner by promising to slash the public deficit. Debt needs to be addressed, but the timetable set out by Gordon Brown in the Queen's Speech sacrifices flexibility and market intelligence for a political headline. David Cameron's Conservatives are not to be outdone – and by vowing to protect the NHS, the fastest-expanding area of public employment, they'll be forced to deliver harsher cuts elsewhere.

Both assume the rest of the economy will recover swiftly enough to absorb the damage. That not only looks like wishful thinking, but appears to ignore the structural adjustments we'll need to make if we're to flourish in the future.

Those who want public sector workers to take their share of the pain need to remember this has knock-on effects as spending power falls and competition for jobs rises – especially in areas where the proportion of public employees is high.

What we know for sure is that life will be tough. That doesn't mean there will be no resources: we just have to be much more resourceful about how we use them. Those who hope we'll return to business as usual need to rethink, and fast: regeneration plans fuelled by debt and consumption and speculation about property values should have no place in our visions for the future.

'The new year will bring us the sequel to the 2008/9 recession. The big losers this time are likely to be central and local government...'

Over the next year *New Start* will explore some of the dilemmas the next decade poses, and what we can do about them. The good news is that this could be when the real regenerators come into their own.

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