LOCALIS

Design for life

THE SMART REGENERATION JOURNEY TO 2030

By Sandy Forsyth

About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.

- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.

- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.

- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

Contents

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Roundtable series and online workshops

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Executive summary

In the context of a national housing crisis, soaring global temperatures and sluggish productivity growth, the next political cycle is likely to be characterised by the vexing problem of improving the public realm in a situation of parlous public finances. Recent crises have left the state with very little fiscal headroom, yet the political and economic imperative for regenerating our cities and towns has never been clearer.

The political imperative

Since the UK's Brexit decision and subsequent departure from the EU, policy has turned again to the goal of making the cities other than London competitive in an international market. The electoral success of promises to 'level up' in 2019 all but guarantee similar pledges in the manifestos of 2024. Levelling Up as rhetoric recognises the need for financial engagement in urban spaces in order to reduce the deprivation gap and to ornament the UK's financial attraction with a promise of flourishing opportunities for investment across the country. The question of how to successfully carry out place-based, sustainable regeneration policy in a constrained fiscal environment will, therefore, be of paramount importance to local and national leaders in the next decade and beyond.

This report presents an analysis of local regeneration policy through the lens of five overarching strategic concerns, amounting to a best practice framework from which recommendations to local and central government can be drawn. The overarching question is, as we enter the end of one political cycle and await the start of a new one, what lessons, both broad and particular, should our placemakers be drawing from and putting into good practice from now until the end of the decade?

Key Points: Regeneration as an engine for reform: housing, health and climate

- Urban development and regeneration are crucial to solving our ongoing and increasingly urgent housing crisis. There has been a vast reduction in planning capacity across local government since 2010: spending on planning, development and housing decreased in England by more than 50 percent from 2010/11 to 2019/20. Local government spends billions every year on temporary accommodation for homeless families, highlighting the intense need for urgent action and spending on preventative measures above even the huge emergency spends going towards immediate, short-term responses. Local authorities need to be able to provide homes locally without neglecting their other statutory duties and to prevent the crisis of housing spiralling further.

- It has become increasingly evident in recent years – notably, since the spread of COVID-19 – that without upstream measures, our health system will buckle under the pressure placed upon it both by a changing, ageing demographic, and by short-term focused, cut-heavy fiscal policy. Urban regeneration is at the heart of upstream and integrated healthcare and could be the valve to releasing some of that intense pressure on the UK's health systems. Looking towards 2030, regeneration programmes cannot overlook the importance of encouraging a healthy population and addressing issues of wellbeing. Methods for ensuring urban planning that shore up health and wellbeing include an emphasis on sturdy relationship building and long-lasting political alliances as well as understanding, from a systems-thinking perspective, the multitude of ways in which health interacts with the urban environment

- One of the most pressing issues of urban policy is ensuring climate resilience and promoting development that ensures mitigation, particularly sustainable housing, prioritisation of biodiversity in the public realm, and low-carbon or carbon-neutral construction practices. Traditionally, urban regeneration has by necessity relied upon processes that are highly polluting, have a poor impact on the local environment, or that engage in unsustainable systems across supply chains. But when regeneration actors take heed of the potential for damaging processes to occur and proactively engage in mitigation, there is a significant opportunity for long-lasting and often widespread benefit. In order for the UK to meet its net zero emissions commitments, all urban regeneration must place decarbonisation at the heart of its shared vision and all stakeholders must hold development to the highest standards of environmental sustainability.

Key Points: Place leadership and partnership working in a challenging environment

- Local authorities can be the hinge around which regeneration actors revolve, particularly in the case of large-scale and innovative schemes for urban development. Although private and third sector support can comprise hefty proportions of regeneration funding, local government can drive cooperation and ensure that projects align with a shared vision. Place leadership is the task of marshalling resources and stakeholders across sectors, using formal and informal mechanisms to chart a course for regeneration projects which is recognised and accepted by local residents. Strong local leadership is required to create an overall vision for regeneration to consolidate partners under one umbrella outcome, within which more specific targets may be set.

- The current economic context, particularly in a country which is heavily centralised both fiscally and politically, increases the difficulty of place leadership and necessitates reform of national policy. The share of responsibilities for regenerating urban spaces in the UK has changed since the post-war era of state intervention, driven by policy in favour of localised independence that depends upon the growth of partnerships with the private sector or that may be cultivated by third sector parties. However, the drive to localism of the 2010s was offset by the introduction of austerity measures, resulting in a rhetoric supporting autonomy at the level of place that was missing the resources to buttress its ambitions.

- Modern regeneration necessitates collaboration between private and public sectors, central and local government, and different government departments, upon whom the private sector must rely. Yet despite the established model of partnership working, increasing short-termism and instability at the central government level regarding the financial capability of local authorities currently jeopardises the viability of long-term, strategic partnerships. Opportunities for funding urban regeneration are multitudinous and multiform, but the actual capacity for financing often immense and unwieldy projects can be limited by inefficient and inadequate mechanisms of funding. Councils and partners must therefore work together to find the best way to leverage short-term, often politicised funding initiatives to create maximum local value.

Key Points: Planning for socially responsible, sustainable regeneration

- Properly financed planning departments are crucial to delivering regeneration projects with maximum efficiency, particularly when facing the challenges of decarbonisation and climate resilience such as the need for mass retrofit of housing stock. In the absence of formal strategic planning arrangements, place leaders must try to work around a planning system which can be obstructive to regeneration and make use of mechanisms like developer contributions and neighbourhood forums to deliver socially and economically beneficial regeneration.

- Financial capability sets the parameters for development – both in terms of the levels of investment available and the expected returns – but must be considered in the wider context of social, environmental and economic benefits in the long-term. Investment must also be considered in terms of encouraging regeneration which contributes to the national switch to a circular economic model, so that social impact returns are delivered long after the completion of projects. As well as involving private businesses, partnerships can greatly improve the sustainability of and local support for regeneration by integrating the third sector and community organisations into the process.

- Regeneration, as a traditionally high-emissions activity, has to both adapt as a process to be far more environmentally beneficial and adapt the existing built environment to reduce the impact of buildings on global heating and increase resilience to the impacts of climate change. Governance architecture such as the National Planning Policy Framework does not go far enough in ensuring that net zero targets are hit and climate change is guarded against, leaving local leaders and partner organisations with the role of stepping up action. Taking a whole systems approach to regeneration – where different spatial scales are considered across multiple interdependent networks when calculating the impact of a project on climate goals – is essential to responsible regeneration.

- Increasing acknowledgement of the role of prevention and quality of environment in reducing pressure on the health service has led to governance architecture and policy direction being realigned towards a holistic understanding of health. For regeneration projects, this means integrating health and care from the earliest stages, as part and parcel with other strategic concerns such as decarbonisation – bringing in partner organisations from across sectors. The pooling of assets and combination of leverage across the public sector, from local authorities and NHS organisations, can help to scale up the limited capacity of individual institutions and deliver more ambitious and far-reaching regeneration.

Recommendations

Place Leadership

- To facilitate effective long-term place leadership, central government should legislate for a **return to strategic regional planning**. The Spatial Development Strategies of combined authorities should be given greater legislative heft, with built-in housing targets handed down to constituent authorities. In areas without combined authorities, local authorities should be required to come together to produce Subregional Plans analogous to the Regional Spatial Plans of the pre-2010 policy regime.

- Plans should be integrated with infrastructure strategies and Local Skills Improvement Plans to ensure a strategic vision is created for a pipeline of development which is sustainable and locally beneficial.

- To allow for the uplift in capacity required across planning departments, government should establish **Regional Planning Offices** to pool talent and resources to support local and subregional plan-making within a region. This could be carried out in partnership with other national bodies such as Homes England and One Public Estate to draw on their built-in expertise and help release capacity quickly where it is most needed.

- Funding for regeneration projects should be released to relevant authorities conditional to the setting and realisation of long-term targets within plans across the areas covered – including housing delivery, infrastructure delivery and local skills provision.

Financial capability

- The revenue/capital funding split in local authorities is an obstacle to delivering holistic regeneration projects and should ideally be **abolished in place of single budgets for local authorities**.

- In the absence of such reform, councils should be allowed to hold a separate **regeneration account** with a similar structure of rules and restrictions to a housing revenue account, where capital raised for regeneration can be spent on projects without the bureaucracy of revenue expenditure accounting – even if it is on areas normally covered by revenue spend such as provisioning for the maintenance of newly installed buildings and infrastructure.

- Strategic use of public assets is often crucial to successful regeneration for the common good, as such **the loosening of regulations on council asset sales to fund revenue expenditure must be halted and reversed**.

Net zero and climate change

- There is a clear need to tie in regeneration efforts with the wider requirement for retrofit and climate resilience measures needed by most UK buildings. Government must **create a fund to leverage regeneration capital to invest in energy-proofing local housing stock**. As well as being an investment in energy efficiency and national energy security, this would help make local regeneration a more attractive offer to residents.

- Understanding the entirety of a project's carbon impact is crucial to making a judgement on its efficacy in the age of global heating, therefore **whole life carbon assessments must be made a mandatory requirement of local and subregional development plans**. Similar weight should be given to urban heat islands and other climate resilience measures, as is currently the case for flood resilience.

- Urban densification and 'infilling' can be less economically viable than major developments but are more carbon efficient. **Local and subregional plans should package together urban sites for infill and densification as single investment prospects** to help improve viability.

Role of the private and third sectors

- The most prominent obstacle to sustained public-private partnership at the local level is fiscal uncertainty and therefore, to support local authorities delivering in partnership, **a long-term settlement on financing regeneration** must be reached in the next Parliament. This would entail abandoning much of the current system of competitive bidding.

- Government must make a **long-term investment in the capacity of community housing initiatives** to allow for greater small-scale, community-led development within regeneration projects.

Health and wellbeing

- As part of the broader turn to subregional health partnerships embodied by ICSs, these bodies should be given **additional funding based on demographic profiles to boost investment in prevention** – this could be used as part of regeneration projects to ensure a healthy environment.

- The **consideration of the impact of development on health in vulnerable communities** should be mandatory in local and subregional plans.

- Government should work with the NHS and LGA to produce a **strategy for community-driven healthcare in urban centres**, to inform the development of local and subregional plans, emphasising the importance of building healthcare provision into regeneration.

Introduction

Regardless of the result of the general election, the next political cycle is likely to be characterised by the vexing problem of improving the public realm in a situation of parlous public finances. Recent crises have left the state with very little fiscal headroom, yet the political and economic imperative for regenerating our cities and towns has never been clearer. The electoral success of promises to 'level up' in 2019 all but guarantee similar pledges in the manifestos of 2024. This dovetails with calls for a better public service offer at the local level, particularly around housing and the built environment, from the businesses and investors on which productivity growth will depend.

The question of how to successfully carry out place-based, sustainable regeneration policy in a constrained fiscal environment will, therefore, be of paramount importance to local and national leaders in the next decade and beyond. It is not a new question, with multiple attempts at regeneration policy regimes having come and gone in recent decades, each leaving its own mixed legacy across the country. Yet the need to revitalise and rejuvenate places will naturally persist as time passes, as will the concurrent need to understand what constitutes good practice in achieving regeneration in the contemporary context.

This report presents an analysis of local regeneration policy through the lens of five overarching strategic concerns, amounting to a best practice framework from which recommendations to local and central government can be drawn. The overarching question is, as we enter the end of one political cycle and await the start of a new one, what lessons, both broad and particular, should our placemakers be drawing from and putting into good practice from now until the end of the decade? In answering this question, it is important to understand both how pressing concerns are made manifest in the considerations of councils undertaking regeneration projects and how the current position has been arrived at through recent decades of central government policy.

Conceptualising regeneration

In the modern British context, regeneration necessitates the collaboration between not only the private and public sectors, but between central and local government and between different governmental departments, weaving a complex web of state actors with whom the private sector must confer, interact, and upon which they must rely. In recent years, cuts to public spending and a desire to encourage hyperlocal decision-making have combined to create a context in which councils are disempowered and must work within an environment directed by a centralised state that encourages top-down, short-term initiatives. This suboptimal positioning combines with other national and global factors to create the framework of strategic and operational concerns through which regeneration can be best examined.

Strategic and operational concerns

The strategic concerns around which this report is structured are as follows:

- **Place leadership:** the ability of the local state to marshal complex networks of actors around masterplans for regeneration.

- **Financial capability:** the ability of the local state to underwrite development programmes as well as maintain the skills base needed to design and realise projects.

- **Net zero and climate change:** the ability of the local state to contribute to decarbonisation as well as ensuring climate resilience and mitigation in new development.

- **Role of the private and third sectors:** the ability of the local state to collaborate intelligently with business partners and civil society to realise regeneration.

- **Health and wellbeing:** the interaction of the built environment and regeneration projects with broader public health and wellbeing goals.

In addressing these issues, regeneration projects must factor in the following key operational concerns, which are summarised in relation to each strategic area in the report chapters:

- **Sustainable design:** balancing institutional, social, economic, environmental and political improvements without depleting natural capital or amassing excessive debt.

- **Decarbonisation:** building the reduction of emissions – through direct and indirect factors – into regeneration projects.

- **Property and estates partnerships:** making efficient and beneficial use of the public estate to create social value.

Stages of regeneration

Efforts to delineate the process of urban regeneration are often muddled by the varying nature of individual projects, each coming with its own constraints exclusive to its environment and convening actors from different sectors and levels. There are, however, some models that follow the primary stages of regeneration, sifting out the most noteworthy steps and the significance of each stage, the actors involved, and the actions that must be taken to ensure success and efficiency. One such attempt identifies five key steps of regeneration: **backgrounds, initiators, guidelines, legal basis, and realisation**[1].

Following this structure, the contextualisation of the project comes first, before any goals are set, where stakeholders begin to understand the limitations and potentials associated with the project site.

Only then can the actual initiation of the project begin, where development objectives are defined, and strategic actors are sourced; time limits are set; funding and the potential for government support is considered.

At the guidelines step, a shared vision is created, with high levels of participation, in order to ensure stakeholder participation and to reduce obstacles such as negative perceptions of the development.

The legal basis then translates these guidelines into an overarching masterplan and approval is obtained from public authorities – cooperation is vital. The plan may take the form of a Neighbourhood Plan or Detailed Development Plan.

Finally, the plan is realised, and the project launched through the collaboration of urban and architectural actors.

The World Bank, on the other hand, approaches the question of urban regeneration from a somewhat different angle[2]. Eight international case studies guide the identification of four regeneration phases: **scoping, planning, financing, and implementation**.

- The **scoping** phase is strategic and must both understand the city's individual requirements and its history. This is where the overarching narrative for the project is derived.

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1   Emmanuel Rey et al. (2021) – Key Steps of a Regeneration Process
2   The World Bank (2016) – Urban Regeneration

- **Planning** sets out the long-term vision of the project without constraining private investors within rigid directives; the details of the land, community, and environment are the foci of considerations.

- **Financing** is somewhat self-evident, although there is an emphasis on the partnership that appears with the private sector and the importance of the national, legal and institutional context of the project.

- **Implementation** realises the long-term vision through the creation of institutional structures, public-private contracts, the mapping out of the project and the breakdown of the project into manageable stages.

This framework, while not perfect, is a useful way of envisioning the regeneration journey as applied to the strategic concerns into which this report is divided. While each topic will have different points of emphasis across the regeneration journey, they are all relevant across the process. As such, each of the chapters in this report are placed into the context of this four-stage process.

History of regeneration policy

The journey from the early 1980s to 2024 in regeneration policy can be characterised by shifts in how successful regeneration processes have been imagined by central government, the structures put in place to carry out these visions and the political-economic goals which they are intended to achieve.

Regeneration in the political imagination: Thatcherism to Levelling Up

Throughout recent history, regeneration schemes in the UK have often made use of sites left derelict since the rapid de-industrialisation and shift away from manufacturing industries that defined the 1980s. Urban areas faced economic decline while levels of inequality and deprivation soared. Meanwhile, the contemporary emphasis on market-driven development encouraged self-sufficiency, with regeneration policy reducing the level of state intervention and ostensibly bypassing local authorities in an attempt to reduce dependency on the state[3]. Moving into the 1990s, urban regeneration programmes aimed to soften the centralism of the state and to improve the self-sufficiency of urban policy initiatives, through such schemes as the City Challenge and Single Regeneration Budget, which intended to streamline a disparate funding environment to support local regeneration partnerships. The Single Regeneration Budget was adopted by the

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3   Andrew Tallon (2010) – <u>Urban regeneration in the UK</u>

New Labour government and later superseded by Single Pot funding – both with the intent to promote community partnership.

The New Labour years saw a mix of foci with varying levels of success: sustainable development, community participation, and a desire to engender large-scale development across the country. Throughout the late 1990s and 2000s, New Labour spearheaded several forms of rhetoric aimed at ensuring regeneration responded to a holistic range of urban issues rather than merely focussing on purely physical development, looking to possible solutions for local problems such as social deprivation[4]. The party developed the Indices of Multiple Deprivation precisely to measure deprivation and social exclusion, finding patterns that aligned these issues to the areas most impacted by the de-industrialisation of the 20th century[5]. The New Deal for Communities targeted such concerns, although was met with some criticism regarding its funding mechanisms[6].

The Urban White Paper of 2000 focused on local decision-making and the creation of partnerships, as well as introducing sustainability as the core of urban policy – perhaps most evidenced by the Sustainable Communities Plan, launched in 2003, prioritising the rhetoric of sustainability and allocating a large budget to Pathfinder areas intended to bolster the housing market in specified areas suffering urban deprivation. Urban Regeneration Companies, introduced by the Urban White Paper, enabled partnerships to form between local government, private sector actors, and Regional Development Agencies (RDAs) in order to establish masterplans for redevelopment on specific, large and derelict sites. These Urban Regeneration Companies somewhat delivered on New Labour's intention of ensuring that regeneration was the product of private-public partnerships and a desire to target property-based regeneration at the more deprived north of England, although they lacked dedicated funding[7].

Following the 2008 crash and the major reforms that arrived alongside the election of the Coalition government, rhetoric moved sharply in the direction of austerity and a desire for an efficiency in public spending. This shift has driven local government into an age of entrepreneurialism while communities were encouraged to become increasingly self-sufficient. The Localism Act of 2011 went some way to ensuring greater community participation in development,

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4   Phil Jones and James Evans (2013) – Urban regeneration in the UK

5   Andrew Tallon (2010) – Urban regeneration in the UK

6   Phil Jones and James Evans (2013) – Urban regeneration in the UK

7   Steven R Henderson (2014) – Urban regeneration companies and their institutional setting: Prevailing instabilities within the West Midlands, England

introducing, for example, the Community Rights to Buy and to Build. The National Planning Policy Framework (NPPF), replacing the Planning Policy Statements/Guidance Notes that had directed planning until 2012, continued to emphasise the theme of sustainable development, with an emphasis on economic sustainability and ensuring growth through a presumption of planning permission granted in favour of development.

The rhetoric of 'levelling-up', following further upheavals to the UK and its economy, seemed to stress the necessity of individual regeneration projects across the country. However, a continued lack of significant funding towards such an ambitious programme has meant that results remain yet to be seen from the levelling-up agenda for regeneration. This failure appears to be symptomatic of the wider trends of regeneration in the years of austerity: top-down and short-term government commitments to growth coming into tension with reforms in favour of fiscal contraction and a desire for self-sufficiency at the local level. The Levelling Up agenda has, through its attempts to redress regional inequality, served to further illuminate issues with the framework through which policy is made and implemented. A key issue, identified but perhaps not fully addressed by the Levelling Up White Paper, is the inconsistency in both the governance frameworks for regeneration and the envisioned end result of successful regeneration policies. When successes in regeneration have been primarily instigated by those local leaders with greater capacity and capability to bid for and utilise funding, then it follows that government departments will be led to the imposition of impossible timelines for funding allocations in the majority of cases, leading to local authorities simply having to give back funds when they fail to meet ambitious targets. The history of regeneration policy is one of shifting goalposts and moving targets for the local state, with desired outcomes and metrics for success changing with and within political cycles.

Figure 1. Devolution Timeline

April, 2014
Following the lead of Greater Manchester, the second wave of **combined authorities** are established.

July, 2014
Growth deals are announced detailing funding to LEPs for the period 2015-21.

The second wave of **city deals** sees agreements struck to grant greater flexibility to certain cities as regards economic growth and the spending of public funds.

July, 2015
Cornwall reaches an agreement with government for a **non-mayoral devolution deal.**

August, 2015
The MHCLG defines **the four aims of English devolution:** "to boost economic growth, to increase public service efficiency, to improve Britain's weak productivity, and to rebalance the economy."

January, 2016
The **Cities and Local Government Devolution Act 2016** is passed, granting additional powers to combined authorities under the assumption of directly-elected metro mayors.

March, 2016
The Spring Budget announces up to £1.8bn in funding for LEPs through further growth deals.

Three more devolution deals are announced in the Spring Budget.

January, 2017
The green paper, **"Building our Industrial Strategy"** names "Driving growth across the whole country" as one of ten pillars for extending the industrial strategy across the whole.omy, while "Place" is one of five foundations of productivity defined by the industrial strategy white paper.

2018
The Ministry for Housing, Communities and Local Government sets out the policy paper **"Strengthened Local Enterprise Partnerships"** to outline the role of LEPs in driving local growth.

2019
The first **local industrial strategies**, led by either mayoral combined authorities or LEPs, are published in trailblazer areas as the UK leaves the EU.

The Prime Minister Boris Johnson delivers a speech at the Manchester Science and Industry Museum, stating that "places need power and a sense of responsibility".

2014 — 2015 — 2016 — 2017 — 2018 — 2019

October, 2014
The UK reaches a **Partnership Agreement** with the European Commission to align the principles of EU funding with the UK's goals for local growth.

November, 2014
The first **devolution deal** is agreed, giving Greater Manchester greater statutory powers over policy areas such as housing and transport.

September, 2015
34 bids for devolved powers from groups of local authorities in England are proposed to Westminster. **Six devolution deals** are finalised.

November, 2015
The **2015 spending review** gives councils the discretion to increase council tax by up to 2% to be used for social care and states that from 2020 business rates may be used by local government for public services. Local areas are also given additional powers in terms of managing EU structural funding.

November, 2016
The Treasury releases its **Northern Powerhouse strategy**, aiming primarily to deliver sustained higher productivity in the North through connectivity, skills and education improvements, and the promotion of trade and investment in the North.

February-March, 2017
West of England and Cambridgeshire and Peterborough established as combined authorities.

May, 2017
Mayors elected for six combined authorities, with powers, budgets, and responsibilities passed from central government.

2018
Adult education funding fully devolved to some mayoral combined authorities.

September, 2019
the **2019 Spending Round** aims to turn the tide on austerity but leaves major decisions to the planned 2020 multi-year review.

December, 2019
The **Conservative party is re-elected**, promising further city and growth deals, social housing support, and publication of an "English Devolution White Paper".

A decade of local growth and devolution, 2014-2024

August, 2023

Government confirms that it will **end funding for LEPs** from April 2024, with responsibilities passing to local and combined authorities.

The newly codified **Levelling Up and Regeneration Act** introduces the concept of Combined County Authorities, which unlike mayoral combined authorities, which must include districts, are formed between only upper-tier authorities in areas with two tiers of local government.

March, 2023

DLUHC sets out the **English Devolution Accountability Framework** as guidance in order to ensure accountability in local leadership.

Mayoral combined authorities are given the power to propose **Investment Zones** to target local growth through innovation and engaging clusters aligned with high-potential industries.

March, 2021

"Build Back Better: our plan for growth responds to the challenges facing the UK's economy, from the pandemic to departure from the EU. As well as highlighting funding mechanisms to support growth, it heralds the UK Infrastructure Bank as an opportunity to promote investment in infrastructure projects.

February, 2022

The white paper, "Levelling Up the United Kingdom" brings with it a **new devolution framework** including greater powers for directly elected mayors and sets out medium-term missions to ensure growth across the country with devolution at the heart of its drive to empower local leaders.

March, 2024

A **third trailblazer devolution deal** is signed for the North East, following those of Greater Manchester and the West Midlands.

2020 — **2021** — **2022** — **2023** — **2024**

December, 2020

The **Spending Review 2020** priorities the response to Covid-19 but introduces the plan to release a £4bn "Levelling Up fund" to invest in local infrastructure across England.

May, 2021

Seven combined authorities and Greater London hold **mayoral elections,**

October, 2021

A multi-year **Spending Review** allocates spending profiles for the Levelling Up Fund and the UK Shared Prosperity Fund.

September, 2022

Kwasi Kwarteng and Liz Truss engage their now-infamous **"Growth Plan"** in an attempt to shock the UK economy into growth, which for local authorities will likely mean unsustainable cuts to public services. New Chancellor Jeremy Hunt rejects the majority of this 'mini-budget' in his Autumn Statement following their resignations.

December, 2022

The **Local government finance policy statement 2023-24 to 2024-25** introduces new fiscal flexibilities for local government alongside some new grant funding.

October, 2023

The **Levelling Up and Regeneration Act** becomes law, including some upheaval to planning in the form of national development management policies (NDMPs) and the suggestion of replacing the Community Infrastructure Levy and s106 obligations with the new Infrastructure Levy.

The government publishes **"Our Long-Term Plan for Towns"**, guidance in which it requires 55 towns to develop a ten-year Long-Term Plan in exchange for long-term, flexible funding. The new Towns Taskforce in central government is also introduced.

November, 2023

The Autumn Statement details the finalisation of four devolution deals as well as the Memorandum of Understanding with the two trailblazers, the Greater Manchester Combined Authority and the West Midlands Combined Authority – as outlined in the **Trailblazer deals and Single Settlement (2023),**

May, 2024

Local mayoral elections will be held for London and for nine out of eleven of the current directly elected metro mayors.

Governing regeneration: from RDAs to LEPs

Regional Development Agencies (RDAs) were introduced by the New Labour administration in 1998 to ensure economic development, attract investment, and boost competitiveness for the nine designated regions of England, promoting growth through the identification and funding of urban regeneration projects. With boards comprised of business representatives, trade unions, third sector organisations, and local authorities, they were designed to build strong governance frameworks at the regional level. However, the Coalition government's intent to reduce bureaucratic inefficiencies combined with its emphasis on localism resulted in the abolishment of the RDAs and the creation of 38 Local Enterprise Partnerships (LEPs) across an untested political geography[8].

LEPs aimed to decentralise the approach to regional development and to make up for where previous attempts to reduce country-wide inequality had failed through partnership-driven regeneration. Because funding was minimal, LEPs became something of an apotheosis of the Coalition government's drive to support locally led development while fostering the use of entrepreneurial solutions to support sustainable growth. Their success has been varied, largely dependent upon existing institutional architectures and the ability for these partnerships to maintain strong lines of communication with local authorities. LEPs also consistently had to combat uncertainty arising from the tension between centralised imperatives and the push, in rhetoric at the least, towards self-sufficiency at the local level. LEPs were largely removed from local governance between 2023 and April 2024, with their functions mostly passing into the remit of local authorities. It remains to be seen the extent to which regeneration will again depend upon how existing structures of governance translate onto regional and sub-regional levels[9].

Where LEPs pushed private partnerships in order to provide the financial scope for non-central regeneration practices, institutional change for local governance has also become a focal point in recent years for regional development. Namely, transformation in the form of the devolution of fiscal responsibility and autonomy to new frameworks for joint working between local authorities – combined authorities. First envisioned under the Local Democracy, Economic Development and Construction Act of 2009, combined authorities give two or more local authorities to engage in joined-up working for public services and to support local economic growth, extending powers of local-decision making and

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8   Phil Jones and James Evans (2013) – Urban regeneration in the UK
9   Local Government Association (2023) – Supporting the integration of Local Enterprise Partnerships

allowing greater fiscal responsibility and autonomy at the place level. This, it was emphasised, would strengthen local democracy and engage urban communities more readily in the services within the remit of combined authorities – those being economic development, regeneration, and transport[10]. Since 2016, combined authorities have had the power to establish a directly-elected mayor, thereby engaging higher levels of accountability.

In 2014, the first deal for devolution was set up between the Greater Manchester Combined Authority and central government, setting the standard for deals for combined authorities with directly-elected metro mayors. Since then, Government has agreed upon 17 devolution deals, while the Levelling Up white paper clarified the framework for 'levels' of devolution. Level One, so far untested, outlines informal joint working between local authorities; Level Two, the combined authority sans elected mayor; Level Three, the combined authority with a directly elected mayoralty. Each level represents greater devolved powers, with the latter holding greater fiscal responsibility and such tools as a consolidated transport budget, brownfield funding, and an investment fund of between £15 million and £48 million annually that can be consolidated alongside other funds into one 'single pot' budget[11].

Some 10 mayoral authorities currently function in urban centres across England, with an additional seven slated to appear in the next two years. In future, a fourth level of devolution may arrive that would involve even greater local empowerment, expanding in particular powers for regeneration and including a 30-year investment fund, the ability to establish local development corporations, and a precept on council tax that the authority could engage in funding specific projects. The Greater Manchester and West Midlands Combined Authorities are at present trialling this additional stage through 'trailblazer' deals extended by Westminster. Regeneration programmes could see mayoral authorities with a flexible 'consolidated pot' to fund local growth and place-making, housing, and regeneration – including programmes for retrofit[12].

10   House of Commons Library (2019) – Combined authorities
11   House of Commons Library (2023) – Devolution to local government in England
12   Institute for Government (2023) – English devolution

The moving targets of regeneration projects

Although austerity has received much of the focus in efforts to describe the progression of urban regeneration since 2010, the effects of public spending cuts only tell part of the story of policy initiatives and the state's approach to developing public space over the past 13 years. Policy goals have turned, amongst a whole swathe of issues, to ensuring public health, social and environmental sustainability, improving liveability and resilience, and improving the economic competitiveness of cities[13]. The policy initiatives encouraged from the centre, such as those outlined in consecutive urban white papers from governments on both sides of the political spectrum, albeit with different focal points, touch upon recurrent themes such as social cohesion and diversity, economic performance, and unequal deprivation.

The 2007 paper, "Planning for a Sustainable Future", saw a Labour government, following years of exceptional economic growth, attempting to build a framework of solutions to long-term challenges such as climate change, sustainable development, and infrastructure needs through streamlined planning and support for integrated development and community wellbeing[14]. Fifteen years, political turmoil, financial crises, and the COVID-19 pandemic, resulted in the 2022 Levelling Up White Paper that heavily emphasised productivity – but still aimed to boost community values and pride-in-place[15]. Because of the significant and central role that local authorities have in guiding actors at the local level, including supporting the work of LEPs, often they are asked to rise to the challenges set by these policies.

In an ever more globalised world, urban competitive advantage has become a goal towards which cities strive. Competitive advantage is tied to economic success, as the latter can ballast other markers of urban progress, including equality and social stability, while improving resources to fund public services[16]. In order to boost competitive strength, particularly in the de-industrialised UK cities, there have been varied attempts, such as the Investment Zones programme, to encourage the creation of economic 'clusters', in which creative industries such as high-tech, financial services, and media industries can exist in close proximity and develop partnerships and networks. However, while these clusters and a strong knowledge-based economy are valued highly by policy makers, some elements of this approach to growth have faced criticism.

13   Matthew Carmona et al. (2019) – Public space in an age of austerity

14   Ministry of Housing, Communities & Local Government (2007) – Planning for a Sustainable Future White Paper

15   Department for Levelling Up, Housing and Communities (2022) – Levelling Up the United Kingdom

16   Andrew Tallon (2010) – Urban regeneration in the UK

For instance, efforts to upskill the population such as expanding the higher education sector or improving resources to retrain workers from industrial sectors may have consequences resulting from the heavy-handed intensification of education or creative industries. Urban development that only benefits one demographic, such as schemes designed to attract the transient population of young creative professionals, does little to improve living standards for existing urban communities, oftentimes leading to highly segregated populations. Criticisms of new development will refer to gentrification of urban spaces or adverse impacts for local businesses, highlighting the dissonance between regeneration that targets economic growth and regeneration that understands the nuances of socially sustainable development.

While 'trickle-down' regeneration might have been sought out in previous administrations, wherein property-led regeneration schemes and concentrated injections of funding and regeneration into single areas were assumed to have positive impacts on the schemes' environs, this form of regeneration ignores the needs of more deprived communities, failing to engender diversity, retain structures of cultural import, or ensure environmental sustainability without exacerbating vulnerabilities[17]. Leaders in regeneration, in both the private and public sectors, must balance the need for economic growth with the need to retain a sense of local identity and minimise inequalities.

The Levelling Up agenda was introduced with a mission statement that outlined a framework of six capitals – physical, intangible, social, institutional, financial, and human – with which its core objectives might be driven forward[18]. Significantly, institutional capital, defined as strong leadership and local governance, is shown to be instrumental in engendering positive economic and social outcomes, and places heavily weighed down by centralisation are seen to be unable to build capability and therefore produce poor local decision-making and public services. The mission statement outlines the use of proxy measures such as those used to analyse the relative decentralisation of decision-making and the challenges faced by those measuring institutional autonomy and capacity[19]. Social value indicators are notably difficult to measure, and while sustainable urban indicators have been posited[20], metrics to measure 'levelling up' and other forms of regeneration have fallen flat in terms of holistically reviewing the outcomes of policy change and urban development.

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17   Phil Jones and James Evans (2013) – Urban regeneration in the UK

18   DLUHC (2022) – Levelling Up the United Kingdom: missions and metrics

19   Andreas Ladner et al. (2016) – Measuring Local Autonomy in 39 Countries (1990-2014)

20   Nikos Patias et al. (2021) – Sustainable urban development indicators in Great Britain from 2001 to 2016

These changes to the desired function and required form of regeneration projects are in some ways unavoidable as time and events come to have their impact on the economy and society. However, it must be the goal to minimise such fluctuations in policy and governance as we move forward. Consistency is key to prioritising the issues that are keeping parts of the country grasped in high levels of deprivation and poor economic growth. As the country moves into another season of potentially immense change, it is necessary to stress the benefits and the safety of working to existing regional and local frameworks.

CHAPTER ONE

Place leadership

Key points

- Place leadership is the task of marshalling resources and stakeholders across sectors, using formal and informal mechanisms to chart a course for regeneration projects which is recognised and accepted by local residents.

- The current economic context, particularly in a country which is heavily centralised both fiscally and politically, increases the difficulty of place leadership and necessitates reform of national policy.

- Place leadership is required to create an overall vision for regeneration to consolidate partners under one umbrella outcome, within which more specific targets may be set.

- In the absence of formal strategic planning arrangements, place leaders must try to work around a planning system which can be obstructive to regeneration and make use of mechanisms like developer contributions and neighbourhood forums to deliver socially and economically beneficial regeneration.

- The task of place leadership continues after projects are completed, using mature data programmes to continually learn and evaluate from the outcomes of projects and monitor the delivery of effective public services.

1.1 Overview

Defining place leadership

Urban transformation requires a strong driving force in the form of individuals with a high level of influence over regional activities, who are well-connected at the level of place, and who have a good understanding of the social, economic and environmental requirements of their locality. Place leadership is about manipulating informal routes to change and bringing regeneration actors together, and implies a strong individual prerogative, where leaders can mobilise collective action and affect changes at the wider, systemic level[21]. It is about enabling collaboration across and between institutions, departments, and disciplines, and must be concerned with public engagement in order to be most productive[22]. Place leaders themselves can be any individual who can fulfill these responsibilities, but often those at the crux of community engagement, institutional influence, and soft power at the local level are found in local government.

Regeneration is shaped by complex networks and policy agendas, and it can be challenging to determine where individual actors fit into the configurations of relationships and resources that enable projects to succeed. Local authorities can be the hinge around which regeneration actors revolve, mediating particularly in the case of large-scale and innovative schemes for urban development. Although private and third sector support can comprise hefty proportions of regeneration funding, local government can drive cooperation and ensure that projects align with a shared vision. For instance, local authorities have the bargaining power to ensure affordable housing development or community contributions from private developers, and also have recourse to compulsory purchase orders, as a last resort to release land for development[23].

Research from the High Streets Task Force has concluded that place leaders within local authorities display common behaviours: a strong belief in their purpose, passion, courage, and resilience[24]. These kinds of behaviour are necessary to drive projects from inception to delivery despite the typical obstacles associated with regeneration – including lack of funding, diverging intentions among stakeholders,

21   Markku Sotarauta & Nina Suvinen (2019) – Place leadership and the challenge of transformation: policy platforms and innovation ecosystems in promotion of green growth
22   Markku Sotarauta & Andrew Beer (2016) – Governance, agency and place leadership: lessons from a cross-national analysis
23   Phil Jones and James Evans (2013) – Urban regeneration in the UK
24   High Streets Task Force (2022) – Place Leadership in English Local Authorities

and lack of public support. Good place leaders are able to align the vision for place with the needs of stakeholders, encourage both bold innovation and appropriate communication, and be decisive when needed in order to facilitate transformation.

Policy context

The level of local authority involvement and the number of other organisations involved can vary immensely between projects. Factors include the state of existing local institutional frameworks, the context of the development site and the requirements of stakeholders. The planning framework gives local authorities discretion in how far to align with existing guidance and legislation: within Local Plans, the Core Strategy lays out how local development needs are met in the long term, which can include sections that prioritise neighbourhood plan delivery. Local authorities can in this way act as mediators, brokering relationships from the parish scale to developments that cross local government boundaries and require a collaborative approach with regional partners.

The impetus for local autonomy has been increasingly stressed by observers in the UK against a background of restricted public service spending and a volatile central government. The Lyons Inquiry in 2007, coming off the back of various neighbourhood-based initiatives from the New Labour government, outlined the importance of greater freedom for local government to engage in place-shaping, pointing specifically to the inefficiencies in funding – namely, the inappropriateness of the council tax mechanism, which remains unchanged to this day, and piecemeal grant funding from central government[25]. The goal of decentralisation remained centre stage into the coalition government, which introduced the Localism Act 2011. The act introduced the Community Infrastructure Levy for raising finance from new developments for local community benefit and established neighbourhood forums as a planning instrument.

However, the drive to localism was offset by the introduction of austerity measures, resulting in a rhetoric supporting autonomy at the level of place that was missing the resources to buttress its ambitions. In the present day, following further fiscal centralisation and a slew of shocks to the economy – Brexit; the COVID-19 pandemic; the cost-of-living crisis and instability in parliament – local government has become something of a symptom of the nationwide struggle, with an increasing rate of Section 114 Notices and councils having to focus entirely

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25   Sir Michael Lyons (2007) – The Lyons Inquiry

on their statutory duties and not broader solutions against stalling economic growth. Strong place leadership is inherently stymied by this state of constant crisis management in local government.

Additionally, the devolution debate can become a cycle where the lack of existing capacity becomes a justification for the withholding of measures to increase capacity. High-quality institutions at the local level are a prerequisite of devolution, but a lack of powers to raise funds and drive visionary place leadership naturally restricts and eventually depletes the quality of local institutions, thus making effective devolution more challenging[26].

In this context of heavy political and fiscal centralisation, regeneration necessitates collaboration between private and public sectors, central and local government, and different government departments, upon whom the private sector must rely. The governance architecture for local authorities leverageing their influence to bring together local, regional, and central actors in regeneration schemes gets increasingly complex as the size of the project increases[27]. Against the concentrated centralisation of the UK, place leadership is needed to break down siloes and engage in cross-boundary collaboration, but transformation will rely on freedom for local leaders to effect change through their capacity as conveners and innovators.

26   Charlotte Hoole et al. (2023) – England's catch-22: institutional limitations to achieving balanced growth through devolution

27   Rob Atkinson et al. (2019) – Governing urban regeneration in the UK: a case of 'variegated neoliberalism' in action?

Figure 2. Subnational taxes in the OECD

Percentage of total tax revenue
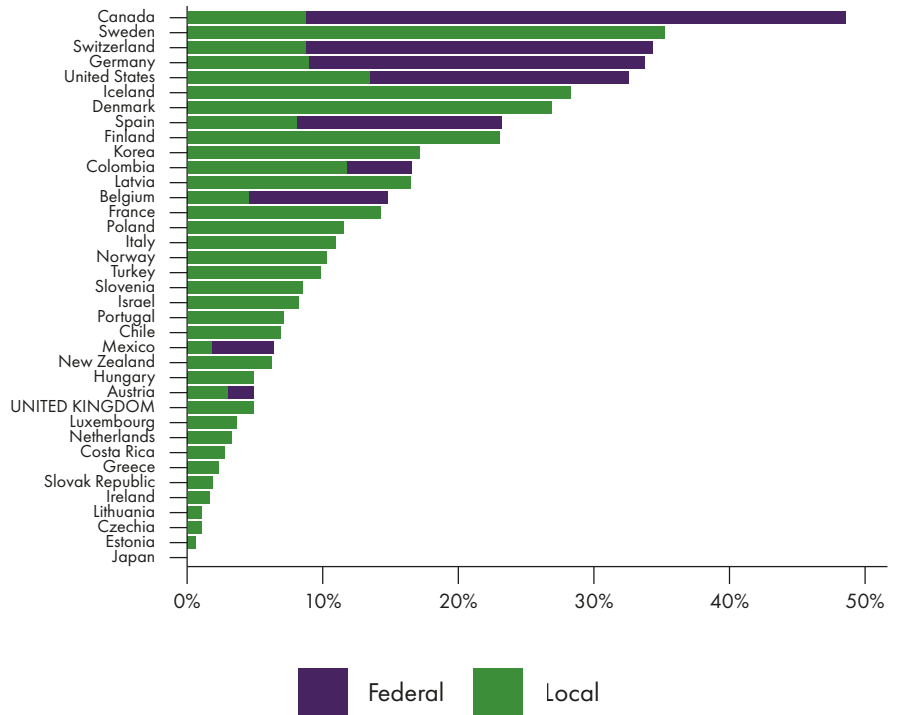
Source: OECD

1.2 Place leadership on the regeneration journey

Scoping

The role of a place leader is to convene local actors, from communities to planners to public organisations, in order to enable change that delivers the best outcomes at the place level. While frameworks exist that may encourage partnership working, place leaders bring local knowledge and influence that can interact with or even, sometimes, bypass official institutional and political structures and efficiently deliver change.

Innovation is at the heart of what makes a good place leader. At the scoping stage of regeneration, it is vital that numerous stakeholders and participants have the capacity to envisage the change that needs to happen and to identify the targets for regeneration. To do so, the creation of a place 'vision' can consolidate place partners under one umbrella outcome, within which more specific targets may be set. Local authorities are in a good place to interlock the motivations of various local stakeholders, for instance by outlining a strong vision for place while setting out the steps and priorities that the local authority, its partners, and local residents can follow towards measurable outcomes. It is important to note that a place vision must account for the passing of time, in that stakeholders across both public and private sectors will be working to different funding and political timescales and that urban development naturally occurs across long periods of time.

Examples of local authorities setting out strong visions for place that align with measurable outcomes are outlined below, with examples lifted from Luton's 2040 vision and Leeds' Best City Ambition.

Luton 2040[28]

Place vision	Priorities	Measurable outcomes (example)
To be a healthy, fair and sustainable town where everyone can thrive and no-one has to live in poverty	Building a more inclusive economy	A thriving town centre with the right mix of office, retail, leisure, residential and community space
	Improving population wellbeing	More of our households living in good quality and affordable housing
	Becoming a child friendly town	Our children and young people will have access to good quality services that keep them safe and secure
	Tackling the climate emergency and becoming a net zero town	A greener transport network, with a reduction in car usage and an increase in walking, cycling and sustainable public transport usage
	Supporting a strong and empowered community	Increased resilience across our community protecting and enabling the most excluded and vulnerable

28   Luton Borough Council (2020) – Luton 2040: A place to thrive

Leeds: Best City Ambition[29]

Place vision	Priorities	Measurable outcomes
To tackle poverty and inequality and improve quality of life for everyone who calls Leeds home	Health and wellbeing	Enabling every community in the city to have safe connected spaces, streets and paths to access a local park or green space, providing somewhere to be active and to play, helping to improve mental and physical health across all ages
	Inclusive growth	Understanding that place matters, and positive identity, culture, heritage and pride in our communities are vital assets in a sustainable future for the city and its local centres
	Zero carbon	Addressing the challenges of housing quality and affordability, tackling fuel poverty and creating vibrant places where residents have close access to services and amenities

'Facilitative leadership' represents the idea that place leaders be inclusive in local development, going beyond existing institutional and administrative structures to target the best practices for development in their locality and to remain flexible to the challenges that naturally arise from large-scale regenerative projects[30]. The two examples here prove that meeting targets for place requires the mobilisation of an

29   Leeds City Council (2022) – Best City Ambition
30   Rob Atkinson et al. (2023) – Leadership, urban structure and place: evidence from Bristol and Dorset

extensive network of people and organisations, and that in turn requires a positive perception of governance and trust between partners. While there are several forms of urban governance across the UK that engage in different styles of leadership and take different approaches to authority – whether through formal or informal mechanisms – it is vital that those in leadership are able to generate support for a shared vision.

In order to do so, place leaders must be aware of the values that residents place upon their towns and engage with the mindsets that exist surrounding the challenges and opportunities represented at place level. Many people draw a sense of identity from place, engaging with physical representations or symbols of what makes a place distinctive from other places, and regeneration must be sympathetic to such values. Consequently, place leaders should value local democracy and understand the influences and value the transformative power of both political and non-state representation; where non-state leaders that represent the local population include community activists, entrepreneurs and business leaders, trade union leaders, religious leaders, among others[31].

Finally, place leaders need to ensure governmental effectiveness among and between the institutions engaged in regeneration, balancing innovation with cohesiveness across levels of influence. Accountability is important across the system, and that the individual place leader is not overwhelmed or overpowered by responsibilities, so that urban development benefits as much as possible from flexible but reliable systems of local power from inception to implementation.

Planning

The most effective urban planning understands the full limitations represented by the context of the area for regeneration. These limitations can be environmental, socio-cultural, economic, and governmental, all of which create the individual context of place that define any one town or city[32]. Place-based governance accounts for the context of the place and moves in accordance with its specificities. At present, there is general consensus that the centralisation of the planning system in the UK has resulted in a lack of perspective from the centre in terms of planning guidance, leading to a siloed approach to planning that follows arbitrary development numbers set out by central government without much consideration for local context, infrastructure requirements, or capacity.

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31   Robin Hambleton et al. (2022) – Place, power and leadership: Insights from mayoral governance and leadership innovation in Bristol, UK

32   Robin Hambleton (2015) – Place-based leadership: A new perspective on urban regeneration

The answer to this issue could be a return to strategic planning, in which cross-party consensus is reached and cross-regional support is available. There has been a vast reduction in planning capacity across local government since 2010[33]: spending on planning, development and housing decreased in England by more than 50 percent from 2010/11 to 2019/20. The pandemic introduced a Herculean backlog of planning applications, and a majority of councils are increasingly struggling to recruit planning officers[34]. In this challenging situation of under-resourcing and lack of capacity, place leaders must ensure efficient resource use, high levels of democratic accountability across the planning system, and support collaborative, strategic planning.

Figure 3. Planning spend in English local authorities
Total expenditure, planning and development services, 2010-2023
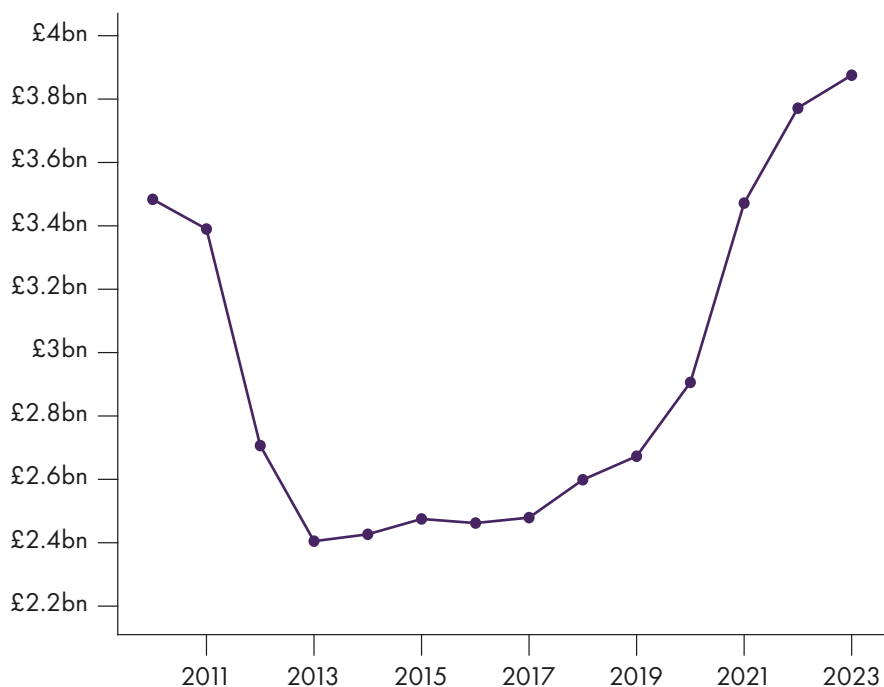
Source: DLUHC/LGInform

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33   Regional Studies Association (2022) – England's strategic planning crisis
34   Levelling Up, Housing and Communities Committee (2023) – Reforms to national planning policy

Strategic planning that is cross-regional will ensure sustainable growth that meets local need, ensuring that planning delivers on local priorities through a joined-up approach to service provision. In the past, the framework for strategic planning in the UK took the form of regional strategies, abolished by the Localism Act, following which responsibility for strategic planning has belonged to unitary, district, or borough councils. The 'duty to co-operate' was applied to local planning authorities and other public bodies including integrated transport authorities and clinical commissioning groups in order to address planning across local boundaries[35], but was met with criticism due to its inability to meet housing delivery for the UK and has since been abolished.

In the future, there may be room for a return to a regional model that allows for strategic planning and decision-making, finding best value for money, and a long-term mindset that overcomes hurdles of organisational and political timescales. This may require a new duty to be placed upon service providers to act across the regional model and break down existing silos, although it is necessary to recognise the disruption that major regulatory change can have across governance systems. In this case, place leaders must maintain clarity between partners if such a wide, regional approach is to meet success over the long term, whether galvanised by new regulations or moving across existing frameworks.

Financing

This regional approach to planning also represents an opportunity for financing, wherein funding simplification would ease the complexity of distributing resources on a cross-regional and multi-level organisational basis, ensuring resources are directed according to regional need. Fiscal devolution could allow local authorities to raise funding through local sources, therefore connecting local growth and performance to higher revenues for local government and consequently seeing a shift towards local redistribution[36]. If this were to occur, there would be a requirement for greater accountability among place leaders, with an emphasis on local democracy while local leaders become more empowered to engage in transformation of their authority areas.

In the place of genuine devolution, the current system of funding regeneration is defined by a series of grants available from which place-level actors might utilise central funds in order to develop a vision for place. Such grants include the Towns

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35   LGA (2014) – Simple Guide to Strategic Planning and the Duty to Cooperate
36   Centre for Cities (2023) – Fiscal devolution is possible: here's how

Fund, the Levelling Up fund, and the new Brownfield Land Release Fund. However, the reliance on short-term funds that require resource-intensive bidding processes from local authorities can exacerbate inequalities and has led to developers scrambling to use funds within short timescales, leading to the return of vast quantities of unused money. Short-term funding does little to foster innovation from place leaders.

The austerity era in the UK and little opportunities for financing development has resulted in greater diversity in fundraising mechanisms, with emphasis on attracting external investment, raising revenue locally, and partnerships with the private sector. This shift means that places need strong leadership in order to attract investors and encourage stakeholders to take greater risks in terms of regeneration, leading with a strong vision for place to provide the certainty that current financing routes do not provide. However, the precedent for risk-taking in local authority financing is marked by increasing numbers of councils waning in terms of financial stability, mirrored by more Section 114 notices and financial officers less willing to engage in large-scale projects. Change, towards the end of this decade, will have to encourage local financial empowerment in order for the UK's place leaders to be able to utilise the investment opportunities at hand – ideally, without the sale of public sector assets to remain afloat.

Implementation

Leadership that engages in transformational work must both understand the timescales involved in extended regeneration programmes and provide the stability for engagement with other agencies over the long-term in order to preserve sustainable development. Yet this cannot come at the expense of flexibility.

From the outset and as the regeneration project unfolds, different 'development trajectories' will be available to decision-makers, and strong leaders will monitor ongoing performance in order to engage in effective mobilisation of partners and resources and to unlock the best potential for place-based growth. No two development projects are the same, with differing contexts, limitations, and financial backing; the strength of leadership is found in the understanding that things will go wrong, but the onset of challenges can represent opportunity for systemic change and innovation at the place level[37]. The challenges of austerity and reduced public sector spending mean that leaders must be engaged in taking on entrepreneurial roles, creating partnerships with the private sector built on transparency between clients and across the whole supply chain. Transformational practices require

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37   Andrew Beer and Terry Clower (2013) – Mobilizing leadership in cities and regions

flexibility and willingness to take on new models of procurement, utilise data, and delegate functions to other agencies[38]. Place leadership should encourage creativity while maintaining focus on place vision and measurable targets.

Following construction, place leaders must continue to leverage their local influence to ensure the continued maintenance of regenerated public spaces, either through state provision or outsourcing services. In ensuring services meet the needs of the population, it is necessary to understand the risks and requirements at hand; to drive for the best possible value for money and engage in targeting services where they are most needed; to decide the best methods for procurement and collaboration with partners; to manage contracts; to continually learn and evaluate progress against an outcome-based framework. A mature data programme can be vital to ensuring that commissioning decisions work effectively to assess the needs of the population, target specific outcomes, and deliver best possible services. The role of the place leader here is, again, to encourage innovation, to collaborate – to make sure that all partners are aware of their roles and responsibilities in terms of service provision and long-term management of assets, especially where joint commissioning is involved – and to engage in decision-making pathways that are informed by continued monitoring and evaluation of clearly set outcomes of development.

Regeneration ultimately is unsustainable without continued management and the release of best possible social value, which will require public service programmes that account for changing pressures, including increasing and aging populations. While some work has been done to evaluate the benefits of place-based investment, for example the TRUUD Valuation Model that aligns the health implications of urban development with economic value[39], there is still room for growth in sustainable regeneration through service provision. Integrated delivery of regeneration programmes on a cross-regional basis as good practice naturally follows that service delivery might benefit from similarly joined-up approaches. Benefits of providing shared spaces for joined-up services include the ability to provide a single point of contact for the public, unlocking greater capacity from regeneration through integrated, people-focussed strategy, and engendering spaces that are both economically and environmentally sustainable.

Place leaders can have the space, physically and through efficiency in organisational structures, to innovate and to rationalise public sector assets to maximal efficiency. Drawbacks may appear from integrating services, particularly

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38   ADEPT (2019) – Excellence in Place Leadership Programme: Innovation in Procurement
39   TRUUD (2024) – About TRUUD

in terms of collating budgetary concerns and mismatch in political motivations, but consistent funding for local public sector actors, the sharing of data between service providers, and a framework that targets preventative outcomes may release the best possible social and economic value in the long term from regeneration programmes. Services will in future have to account for larger populations, but regeneration that provides housing and infrastructure to release revenue through land value uplift and that attracts local investment and businesses should be able to release capacity for higher standards of service provision.

1.3 Operational concerns

The table below highlights how the strategic concern of place leadership intersects with key operational concerns for regeneration projects.

Operational concern	Role of place leadership
Sustainable design	• Leveraging influence at the scoping stage to ensure community engagement (ensuring that planning is bottom-up led, not top-down mandated) • Aligning regeneration with place identity and distinctiveness • Ensuring democratic accountability to produce planning that meets local need • Breaking down sectoral or regional siloes • Innovating beyond existing frameworks
Decarbonisation	• Setting specific environmental targets, extending beyond just decarbonisation to include climate resilience, biodiversity improvement, and healthy lifestyles • Understanding the primacy of the goal of decarbonisation across the national economy and not allowing other stakeholder concerns to negate this
Property and estates partnerships	• Ensuring openness with partners, particularly when preparing contracts at outset, to develop relationships and build mutual confidence

1.4 Policy recommendations

- To facilitate effective long-term place leadership, central government should legislate for a **return to strategic regional planning**. The Spatial Development Strategies of combined authorities should be given greater legislative heft, with built-in housing targets handed down to constituent authorities. In areas without combined authorities, local authorities should be required to come together to produce Subregional Plans analogous to the Regional Spatial Plans of the pre-2010 policy regime.

- Plans should be integrated with infrastructure strategies and Local Skills Improvement Plans to ensure a strategic vision is created for a pipeline of development which is sustainable and locally beneficial.

- To allow for the uplift in capacity required across planning departments, government should establish **Regional Planning Offices** to pool talent and resources to support local and subregional plan-making within a region. This could be carried out in partnership with other national bodies such as Homes England and One Public Estate to draw on their built-in expertise and help release capacity quickly where it is most needed.

- Funding for regeneration projects should be released to relevant authorities conditional to the setting and realisation of long-term targets within plans across the areas covered – including housing delivery, infrastructure delivery and local skills provision.

CHAPTER TWO
Financial capability

Key points

- Financial capability sets the parameters for development – both in terms of the levels of investment available and the expected returns – but must be considered in the wider context of social, environmental and economic benefits in the long-term.

- Decades of policy have produced a regeneration model based primarily on partnership working, but increasing short-termism and instability at the central government level regarding the financial capability of local authorities jeopardises the viability of long-term, strategic partnerships.

- Councils and partners must work together to find the best way to leverage short-term, often politicised funding initiatives to create maximum local value.

- Properly financed planning departments are crucial to delivering regeneration projects with maximum efficiency, particularly when facing the challenges of decarbonisation and climate resilience such as the need for mass retrofit of housing stock.

- Investment must also be considered in terms of encouraging regeneration which contributes to the national switch to a circular economic model, so that social impact returns are delivered long after the completion of projects.

2.1 Overview

Local authorities and financial capacity for regeneration

Every stage of regeneration is encompassed by the overarching need to set and then stay within budget, from scoping out the project to delivery. Opportunities for funding urban regeneration is multitudinous and multiform, but the actual capacity for financing often immense and unwieldy projects can be limited by inefficient and inadequate mechanisms of funding. Local actors can funnel various funding mechanisms such as – admittedly, often piecemeal – grants from central government through partnerships with the private sector or through third-sector fundraising support in order to foster the ambitions of place-based regeneration.

The shared vision for regeneration set out by place leaders is defined by the financial capacity available both for revenue and capital expenditure and the viability of development in terms of expected returns from uplift in land value. Development may be based upon a future spatial strategy which expects uplift based upon, for instance, new transport infrastructure[40] or increased tax revenue. The budget is also closely tied to the individual requirements of the physical site and type of regeneration, where for example a brownfield site may have costs associated with land remediation or where regeneration makes use of existing structures to remodel or retrofit rather than to demolish. The socio-economic need to provide affordable housing through regeneration schemes often complicates the question of viability, particularly when it comes to gaining stakeholder consent.

Of course, limitations exist beyond financial capability, including energy and water efficiency, community requirements – especially in a system where drawn-out planning disputes can frequently drive development costs astoundingly high[41] – and institutional or political mechanisms that may help or hinder a project's implementation[42]. But tied to many of these aspects is the desire to meet the maximum possible value – social and environmental both as well as purely financial value – from development, making the most out of the necessary funding and input of resources, the scale of which is often seen to make regeneration a risky endeavour.

40   Jennifer Robinson et al. (2021) – Financing urban development, three business models: Johannesburg, Shanghai and London

41   John Burn-Murdoch (2023) – The Nimby tax on Britain and America

42   UCL Urban Lab (2014) – Demolition or Refurbishment of Social Housing? A review of the evidence

Figure 4. Regional growth before and after the Great Recession
Average annual GVA (balanced) growth, 1999-2009 and 2009-2019

1999-2009   2009-2019
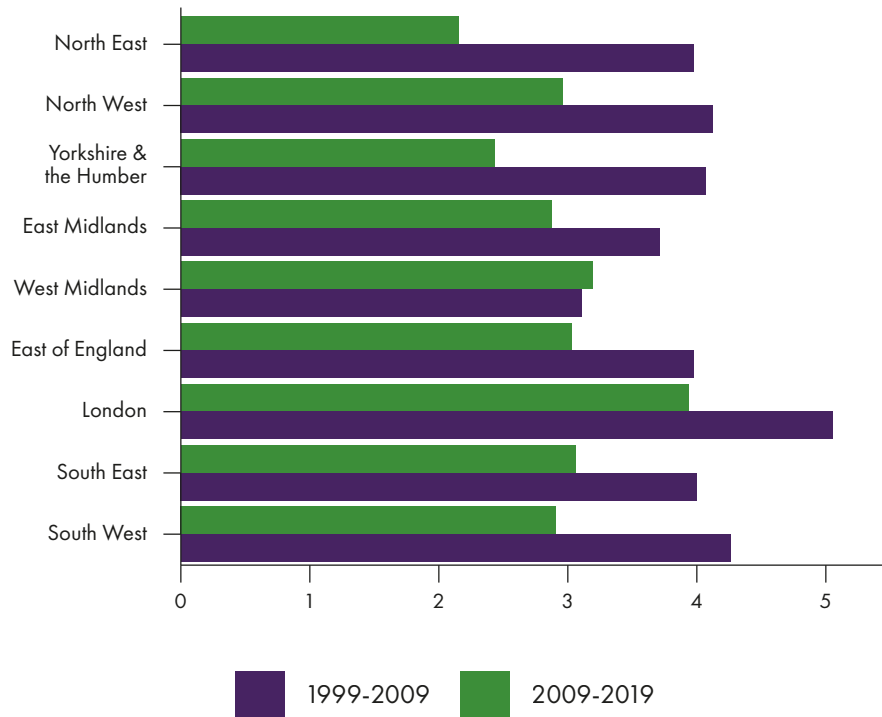
Source: ONS Regional Accounts

Policy context

The financing of urban regeneration in the UK and concerns with cost-effectiveness in development are defined by issues going beyond the recent decade of austerity. Regeneration schemes in the UK often make use of sites left derelict since the rapid de-industrialisation and shift away from manufacturing industries that defined the 1980s, a change coupled by a shrinking state and centralised distrust of local government autonomy, bringing public-private partnerships into the fore. This was followed by an emphasis on community and local partnerships throughout the New Labour years, which combined with more recent events such as the 2008 financial crisis to produce the framework in which local authorities currently operate, where partnerships have become the driving force of local regeneration.

Since the UK's Brexit decision and subsequent departure from the EU, policy has turned again to the goal of making the cities other than London competitive in an international market. Levelling Up as rhetoric recognises the need for financial engagement in urban spaces in order to reduce the deprivation gap and to ornament the UK's financial attraction with a promise of flourishing opportunities for investment across the country. However, despite some initial funding commitments to regeneration programmes for major cities off the back of the Levelling Up white paper, a reticence towards providing sufficient funding and lack of real and continued institutional reform in support of country-wide development that does not just rely on trickle-down regeneration – namely, supporting local government autonomy – has resulted in the Levelling Up agenda delivering a disappointingly low level of financial uplift to local regeneration projects.

This reticence appears to be symptomatic of wider trends in the years of austerity: top-down and short-term government commitments to growth conflicting with reforms in favour of fiscal contraction and a desire for self-sufficiency at the local level. Without a consistent and long-term funding outlook from central government, local authorities are exposed to the fluctuations of local market forces, facing uncertainties due to their reliance on the extremely limited streams of income which they are permitted to raise locally. It must be noted, however, that the funds introduced by the Levelling Up agenda – the Levelling Up Fund, the Brownfield Fund, and the Shared Prosperity Fund, as well as additional funding for affordable housing – have been very much welcomed and put to use by local leaders across the country. The issue remains the lack of a long-term settlement and consolidated budget to properly engender long-term transformation.

2.2 Financial capability on the regeneration journey

Scoping

In reviewing the opportunities for regeneration, and more specifically, when engaging in discussions of the viability of development, there must be consideration of the holistic benefits for place that urban development can bring, looking beyond the economic and into integrated and sustainable development. A positive vision for place can be instrumental in engaging partnerships to emphasise public benefits over personal gain – a long-term vision, for instance for a town centre, can ensure that its infrastructure can support its community both by stimulating economic growth and through the provision of facilities and services to contribute to wellbeing and a positive social environment. When scoping out the possibilities for regeneration, there must be productive conversations between the public and private sectors around viability. Budget alignment across partners

can maximise local opportunities through a holistic vision of the economy that understands the financial implications of good physical and social infrastructure.

Growth from urban development can extend past the economic into the environmental and the social, and it is possible to leverage the value of these non-economic factors to attract investment. For instance, a focus on the use of natural resources and nature-based solutions to climate change – wherein green and blue infrastructure – can be used to catalyse progress towards environmental, social, and economic goals[43]. The growing interest in and understanding of impact investment, in which funds are invested into social and environmental goals alongside financial return, may be beneficial for driving forward innovative social enterprise projects with quantifiable results. This can provide renewed motivation for private agents to engage in place partnerships.

Challenges remain for private financing – returns from investment must be shared with the public sector, and these returns are only seen across the long term in the case of large-scale sustainable regeneration, which can be perceived as risky among private partners. Furthermore, social infrastructure projects can be even more time consuming due to the need for community involvement. It is therefore vital that long-term returns on investment are not upstaged by short-term, sticking plaster solutions, particularly at the initial stages of regeneration as partners set out the overarching goals for development.

However, in an era of massive financial constraint for many at the local level, it is necessary to consider the best ways to leverage short-term funding opportunities, particularly as the Chief Financial Officers for local authorities, otherwise known as Section 151 Officers, become increasingly risk averse to large capital projects. In order to do so, the overarching mechanism of funding for development must be simplified: the present competitive bidding process for local authorities places some at a disadvantage, relying primarily on internal skills to achieve successful bids, thereby exacerbating existing inequalities. Funding also often comes with caveats such as unachievable deadlines for project completion that mean that funding goes to waste if authorities are unable to align their visions for place with the obligations set upon them by central government. In this context, where funding is immediate, the public sector should take steps to lock assets into public ownership as swiftly as possible, and even under financial constraint should be wary about selling assets at the expense of regeneration viability.

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43   Clever Cities (2018) – Impact-driven financing and investment strategies for urban regeneration

Planning

The necessity of public funding for projects that carry little expectation of returns against the risk that they present underscores the need for certainty in the planning system. If there is little guarantee for planning permission, or if delays abound across the planning process, then investors become discouraged from engaging in regeneration projects. In 2021, less than half of planning applications were decided within statutory time limits[44].

The planning stage is the time at which stakeholders and place leaders can unlock the potential for urban space, but best practice in this case relies upon a long-term, master-planning approach in order to formulate the best possible use of space, to understand the present demands of the space balanced against the potential demand that the regeneration process might create, and to consider from a spatial perspective how proposed plans can unlock growth. This includes regard for the limitations and opportunities already presented by the area, such as how the infrastructure of the site is already engaged with the functions of the space and how future transformation can attract investment. It may be that the utilisation of innovative funding mechanisms is what can enable or incentivise a long-term perspective – the King's Cross regeneration scheme, for instance, benefitted from the use of pension funds for capital spending[45]. Additionally, flexibility in the planning process, utilising approximate uses of space rather than specific permissions, means that a scheme will appeal to investors looking for greater certainty into the long term.

Strategic planning, furthermore, that is able to leverage local land values to finance regeneration will ensure that regeneration is more feasible and that it engages with the urban space sustainably over the long term[46]. Mechanisms to leverage gain such as Section 106 contributions and the Community Infrastructure Levy are currently the primary instruments that local authorities can use to provide infrastructural improvements or social benefits using the returns from regeneration. However, the extensive financial concerns of the local state mean that these mechanisms have resulted in aggressive interest in large-scale regeneration programmes to release the most returns for local government use.

44   RTPI (2022) – Planning Agencies: Empowering Public Sector Planning
45   Centre for Cities (2022) – Making places: The role of regeneration in levelling up
46   Matthew Thompson and Paul Hepburn – Self-financing regeneration? Capturing land value through institutional innovations in public housing stock transfer, planning gain and financialisation

Development management accounted for around half of all spending on planning as of 2019[47]. It may be that other methods of financing would enable a more balanced approach to financing development for public benefit. Likewise, questions of the suitability of scale in urban regeneration must be addressed at the planning stage, considering how best to provide for economic growth while dealing sympathetically with the requirements of space and local communities.

There will always be considerations in plan-making about the development of public goods – services and facilities – and their expenses. Often, these rely upon public sector grant backing and the availability for commercial or high-return uses elsewhere across the site, pushing for diverse land use to provide for a range of needs. However, when structural funding is poor, then the strain on local government to provide financial backing is far too high for schemes that are only marginally viable. This strain will likely stall further progress for development across the county in coming year. Retrofit projects can come with costs that are seemingly insurmountable and associated risks for both public and private householders. Regulations should push local authorities into a position where they can structure those risks associated with regeneration and deliver the necessary transformations for urban spaces.

In the meantime, with cuts to planning departments across the country and the associated deficit of skilled planning officers in local government departments, it is likely that triageing spending cuts to the most stringent extent will continue beyond what is feasible, to the detriment of the country's built-up areas. Possible solutions to the planning crisis will have to lie in direct discussions between levels of government about either the release of more grant funding, or pushing towards a devolution package that allows local government to lighten its own financial burden. Long-term planning that values urban resilience, that takes a preventative approach to oncoming issues such as healthcare and climate change, require public funding. Otherwise, future risk and costs will continue to spiral beyond control. Preventative changes to the build environment are difficult to measure and to evaluate, particularly where the impacts are social rather than economic, but there are tools that exist – such as the Treasury's Green Book, which outlines strategies to evaluate policies for social costs and benefits when considering potential decision pathways[48] – that can enliven the discussions that people have surrounding viability in urban planning.

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47   RTPI (2019) – Resourcing Public Planning
48   HM Treasury (2023) – The Green Book (2022)

Financing

Determining the distribution of available funding towards urban regeneration requires consideration of the following questions:

• Who does the money benefit?

• What is the expected return on investment, and how long will this take to realise?

• How will the development distribute public benefit fairly and without exacerbating inequalities?

• How can public funds subsidise the gaps in private initiatives[49]?

Naturally, the policy context defines a good deal of what funding might be available in terms of state subsidy, which in turn effects what incentives exist to encouraging private investors. No matter the state of grant availability, however, it remains that, especially for under-resourced planning departments, bidding for funding can be a lengthy and ultimately ineffective process. Increasingly, there are a number of AI tools potentially available for grant management and for generating grant proposals. These and other digital tools for monitoring funding availability are likely to become more popular in years to come, alongside more extensive and efficient systems for data management and demographic analysis. Such tools have the potential to level out the inequalities inherent to the current bidding system, where the worst-off regions are unable to access centralised funding pots, but the best possible scenario regardless of technological improvements will be for the simplification of fragmented funding streams for local government and for the integration of funding pools across departments to break down the siloes that are restricting service provision.

Presenting a strong, positive vision of place and the potential for change at the place level to central government may be integral to transforming the existing funding framework into something that works for integrated systems for regeneration, encouraging that source of state funding and creating more opportunities for blended finance to engage in urban development schemes. When delivery can be linked directly to the funding source, then there may be greater opportunities for social benefit – for instance, linking the delivery of good quality, affordable housing to the specifications of a funding package. It may even be useful to compare the crisis response to the COVID-19 pandemic to responses to the housing crisis, the deprivation gap, and growing health inequalities.

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49   David Cabedo Semper and Iluminada Fuertes Fuertes (2011) – Social return and financing of urban regeneration policies

Figure 5. Council spend on temporary accomodation

Total expenditure on temporary accomodation by English councils, 2010-2023
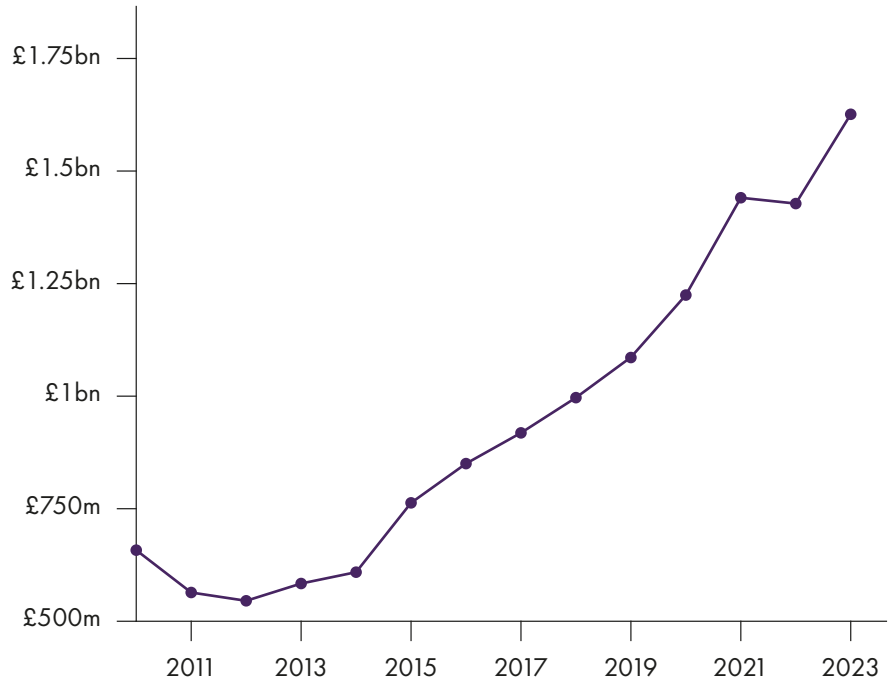
Source: DLUHC/LGInform

Local governments are spending billions every year on temporary accommodation for homeless families, highlighting the intense need for urgent action and spending on preventative measures above even the huge emergency spends going towards immediate, short-term responses. Local authorities need to be able to provide homes locally without neglecting their other statutory duties and to prevent the crisis of housing spiralling further. There must be an understanding also that housing and infrastructure lie at the heart of preventative healthcare, meeting the crisis of the NHS that is also reaching a tipping point for the state emergency response[50]. Certainly, looking towards the next political cycle, the

50   The Guardian (2024) – Next government should declare NHS a national emergency, experts warn

coming government will have to tackle a rising accumulation of compounding emergencies with a radical move towards integrated and preventative systemic transformation and the appropriate financial instruments to support this.

Community-led development projects can also open up a wider range of funding sources in certain circumstances. Sources in these cases can include crowdfunding and donations, National Lottery Awards, and grants such as the Shared Ownership and Affordable Homes Programme[51]. Many community projects struggle to access seed funding at the initial stages of development and can see longer timescales as collaboration is required with a wider range of stakeholders, but these projects tend to see much higher social value returns than their commercial counterparts, so support for community projects can be worthwhile in the long term. Citizen-designed or led projects frequently engage with sustainable practices such as the delivery of energy efficient buildings, green spaces, or supporting integrated care services, extending the value of regeneration beyond financial while still engaging positively with means for economic growth.

Among local authorities, the accounting rules that organise funding mechanisms in terms of the split between revenue and capital provision and allocation are often seen as a limiting factor in releasing funding for regeneration. As such, it may be that shifting towards outcome- and place-based budgeting that relies upon the capacity for greater financial autonomy among local authorities may unlock greater opportunities for regeneration. On the other hand, such a mechanism would, by necessity, place trust onto local authorities to understand the long-term consequences of capital investment, and not to overlook the needs of revenue funding beyond the implementation of regeneration schemes. The opportunity released by this trust may be immense, however, as the realisation of value from grant funding is currently often stymied by arbitrary capital/revenue conditions that fail to account for a strategic perspective of the potential for place transformation.

While accountancy rules exist for a reason and can act to safeguard place from poor decision-making, especially in the context of wider issues in local government such as lack of capacity and skill, there is a very evident need for transformation as is demonstrated by numerous failures in these existing safeguards. The dismantling of certain accounting barriers, if done with care, may extend capacity into the hands of local decision-makers, placing financial power among the best-placed actors for sensitive and sustainable regeneration.

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51   Community Led Homes (2023) – Get funding

The Green Book and local authority business cases

The "Green Book" is the document from HM Treasury that provides guidance for public sector agents to evaluate policy and investment decisions. The framework that the Green Book provides requires that all spending proposals for use of public money are matched by a business case to evaluate the costs and benefits of these decisions and their alternatives to society[52]. With an original intention of guiding decision-makers to value a balance between economic, social, and environmental outcomes, Green Book guidance has traditionally fallen towards a heavy weighting on economic targets – naturally the easiest to measure in terms of decision outcomes. As a framework, the Green Book neither guarantees funding for proposals nor provides solutions to the public sector problems that these proposals might aim to address. However, the rhetoric and drive towards Levelling Up in 2019 saw fingers pointing towards the Green Book as an obstacle to reducing regional inequalities, particularly in its reliance on benefit-cost ratio maximisation rather than guiding decision-makers towards a focus on aligning the BCR with the policy context and holistic targets for spending – as the 2020 Green Book Levelling Up review found[53].

While analysis proved that the Green Book did not exacerbate regional inequality in itself, there was realised a lack of capacity across all tiers of government in following its guidance and developing best practice in terms of resource allocation in meeting local needs[54]. The issue, as is often the case, was that many local authorities simply lack the resources to provide the most effective case-by-case maximisation of spending proposals. More widely, obstacles often are revealed in how decision-makers evaluate the use of funds and are able to follow the Green Book's guidance, a consequence of the poor skills base in local government, a lack of capacity, and the competitive bidding system for local government funding, among other difficulties[55]. Lack of capacity also leads many local authorities to a costly reliance on external consultants in order to release the full potential of Green Book guidance.

52   NAO (2022) – Supporting local economic growth
53   HM Treasury (2020) – Green Book Review 2020: Findings and response
54   Centre for Cities (2020) – Will the new Green Book achieve levelling up?
55   Rebecca Riley (2023) – "I Blame the Green Book" – Why has Guidance Become the Scape Goat of Public Funding Decisions like Levelling Up?

The criticisms levelled at the Green Book did lead to some revisions, namely an elevated focus on place-based growth in the framework that targeted, for instance, use of the Local Growth Fund. However, the more interventionist actions of government in the past five years in aiming to inject funding across the country to 'level up' its regions have not necessarily opened up greater capacity for effective value realisation from public spending at the local level. The effectiveness of the Green Book relies on the ability for its users to maximise its guidance. At heart, this means that the problems of Green Book utilisation lie in local lack of capacity and poor funding, which in turn exacerbate regional inequalities and lead to a failure in those following its guidance to align decisions with the policy context of their goals and the holistic sustainability of outcomes[56]. The Treasury recognises the necessity for decision-making that extends beyond merely the economic in business case reviews, but an institutional culture shift is needed in order to safeguard environmental and social values.

Implementation

As more people move into towns and cities, the pressure on resources and waste management systems sees likewise increase. Actions to conserve and to reuse will have numerous benefits across the board, but particularly in terms of cost effectiveness and long-term growth measures. For urban development, engaging in sustainable practices particularly in regard to sourcing material for construction and ensuring efficient energy use in new buildings can be immensely cost effective. The utilisation of digital technologies can facilitate sustainable supply chains from production to distribution, promoting net zero practices and reducing pollution while maximising the use of resources and energy[57].

Consideration of sustainable supply chains at the local level is bolstered by the transformation towards a circular economy, which aims to reduce waste and provide incentives for the reuse of resources across the whole life cycle of urban systems. However, the transformation from the linear system to a circular

56   HM Treasury (2020) – Green Book Review 2020: Findings and response
57   Luisa Franchina et al. (2021) – Thinking green: The role of smart technologies in transforming cities' waste and supply chain's flow

economy requires a bulk of investment to instigate the capacity for change[58]. Additionally, developers need to be aware of targets in terms of opportunity areas for sustainable practices such as water, energy, and materials, among others. At the scoping stage, different forms of development can be considered that include regenerating disused buildings to ensure that the building stock of urban spaces is being used to best possible impact – although, viability remains at the forefront as the ultimate consideration in such discussions. The shift to the circular economy becomes easier at the local level: supporting good and sustainable growth by repairing, reusing, and recycling materials not only saves money for the local state, which can then be redirected towards service provision, but can also engage local businesses and create new local jobs in the waste sector[59].

Public-private partnerships represent one form of procurement in terms of releasing financial capacity to deliver urban regeneration, from site and infrastructure development to continued public service delivery. However, diverse needs require diverse solutions, so procurement will be a necessary point of transformation in future years, where place leaders might experiment with different models to test the viability of new practices for local growth. There should be considerations between local authorities and other agents for regeneration about procurement spending on local SMEs and third sector organisations in order to engage with and grow the local economy through the processes of regeneration, improving community benefits. Decision-makers should also ensure that models of delivery are always undergoing scrutiny in order to achieve best possible cost efficiency balanced against best outcomes, valuing creativity and innovation to release value for money.

58   Teresa Domenech and Aiduan Borrion (2022) – Embedding Circular Economy Principles into Urban Regeneration and Waste Management: Framework and Metrics
59   LocalGov (2023) – Why a circular economy is good for local government

2.3 Operational concerns

The table below highlights how the strategic concern of financial capability intersects with key operational concerns for regeneration projects.

Operational concern	Financial capability considerations
Sustainable design	Viability considerations are often short-term, but integrating sustainability requires thinking about returns over a longer period
	Funding mechanisms for public sector such as bidding for funds, do not engage in long-term consideration
	Mechanisms such as s106 contributions and the Community Infrastructure Levy exist for social benefit and infrastructure, but can lead to over-interest in large-scale projects among the public sector
Decarbonisation	Practices such as impact investment, ESG, and climate goals, all drive investment into projects that can engage wholeheartedly with decarbonisation
	Retrofit projects are increasingly unviable and regulations for standards of new builds or retrofit projects do not match demand for energy efficiency and management of resources
	Improving cost effectiveness of low carbon supply chains and circular economic practice will rely on scaling development up
Property and estates partnerships	There are inherent trade-offs: public ownership can have operational inefficiencies alongside political elements, the risk-aversion of the public sector, and the assumption of the potential for corruption; privately owned assets and private service provision can be seen to come at expense of public good (e.g. PFIs)
	Changing procurement practices and experimenting with new models can instigate more collaboration with local organisations while improving cost efficiency

2.4 Policy recommendations

- The revenue/capital funding split in local authorities is an obstacle to delivering holistic regeneration projects and should ideally be **abolished in place of single budgets for local authorities** of the kind proposed in previous policy initiatives such as Single Regeneration Budgets.

- In the absence of such reform, councils should be allowed to hold a separate **regeneration account** with a similar structure of rules and restrictions to a housing revenue account, where capital raised for regeneration can be spent on projects without the bureaucracy of revenue expenditure accounting – even if it is on areas normally covered by revenue spend such as provisioning for the maintenance of newly installed buildings and infrastructure.

- Strategic use of public land assets is often crucial to successful regeneration for the common good, as such **the loosening of regulations on council asset sales to fund revenue expenditure must be halted and reversed**.

CHAPTER THREE

Net zero and climate change

Key points

- Regeneration, as a traditionally high-emissions activity, has to both adapt as a process to be far more environmentally beneficial and adapt the existing built environment to reduce the impact of buildings on global heating and increase resilience to the impacts of climate change.

- Governance architecture such as the National Planning Policy Framework does not go far enough in ensuring that net zero targets are hit and climate change is guarded against, leaving local leaders and partner organisations with the role of stepping up action.

- Taking a whole systems approach to regeneration – where different spatial scales are considered across multiple interdependent networks when calculating the impact of a project on climate goals – is essential to responsible regeneration.

- Sourcing responsible, impact-focused finance using public funding as leverage is crucial to achieving the levels of investment required to scale up the technologies and skills bases required to make regeneration work for net zero.

- Procurement and supply chain management policies must be synchronised across partners in regeneration projects to ensure that negative spillovers are minimised and innovation is incentivised.

3.1 Overview

Regeneration in the age of global heating

Traditionally, urban regeneration has by necessity relied upon processes that are highly polluting, have a poor impact on the local environment, or that engage in unsustainable systems across supply chains. Buildings, for example, are one of the highest emitting sources of greenhouse gases in the UK, accounting for 17 percent of UK GHG emissions as of 2019[61].

But when regeneration actors take heed of the potential for damageing processes to occur and proactively engage in mitigation, there is a significant opportunity for long-lasting and often widespread benefit. Whole-life carbon assessments for buildings, for instance, enable the construction sector to calculate and therefore to target the emissions from every stage of a building's lifecycle, including both embodied and operational emissions – although not yet mandatory in the UK, the practice can help to minimise the carbon footprint of even the largest regeneration programmes.

More widely, local authorities and their partners in urban regeneration have a significant role to play when it comes to the responsible and sustainable development of cities. Literature outlines four dimensions of an integrated approach to sustainable development[62]: physical, social, economic, and governance. An integrated approach to policy is essential, at the risk of encouraging climate maladaptation, where efforts to improve resilience increase vulnerability by failing to account for the social and political factors that can reinforce existing inequalities rather than ensure climate resilience works for all[63].

One of the most pressing issues of urban policy is ensuring climate resilience and promoting development that ensures mitigation, particularly sustainable housing, prioritisation of biodiversity in the public realm, and low-carbon or carbon-neutral construction practices. The 15-minute city concept is an example of the ways that urban planning can meet attempts to ensure socially responsible mitigation – intended to reduce car dependency and improve public health by reducing polluting factors and increasing the number of people cycling or walking.

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61   CCC (2020) – The Sixth Carbon Budget: Buildings
62   Sonia De Gregorio Hurtado (2021) – Adaptation to Climate Change as a Key Dimension of Urban Regeneration in Europe: The Cases of Copenhagen, Vienna, and Madrid
63   CarbonBrief (2021) – Why avoiding climate change 'maladaptation' is vital

Likewise, regeneration schemes can encourage climate adaptation through flood risk management, the use of urban green spaces or urban agriculture, and greening the built environment, while remaining in-line with wider urban policies.

In order for the UK to meet its net zero emissions commitments, all urban regeneration must place decarbonisation at the heart of its shared vision and all stakeholders must hold development to the highest standards of environmental sustainability. The overall built environment in the UK accounts for 25 percent of GHG emissions[64], but there is immense potential for green innovation in urban programmes, particularly where funding for the proliferation of sustainable solutions to climate change can meet the energy of actors understanding of and engaged in combatting the climate emergency.

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64   Environmental Audit Committee (2022) – Emissions must be reduced in the construction of buildings if the UK is to meet net zero, MPs warn

Figure 6. Carbon and the built environment

17%:
the proportion of the UK's total emissions that is generated by buildings – with no substantial reductions since 2010[65]

~40%
the percentage of UK carbon emissions are linked to the built environment

~50m tonnes:
the CO_2 emissions from construction activity in 2022, over half of which is linked to construction product and materials production

60%:
the proportion of UK waste produced by the construction sector as of 2022[66]

37%:
the percentage of global emissions generated by the buildings and construction sector, the largest emitter of greenhouse gasses worldwide[67]

120,000–230,000:
the number of jobs that could be created in the construction sector to retrofit and insulate UK housing stock[68]

65   Climate Change Committee (2023) – Progress in reducing UK emissions: 2023 Report to Parliament

66   Government Commercial Function (2022) – Promoting Net Zero Carbon and Sustainability in Construction

67   UN Environment Programme (2023) – Building Materials and the Climate: Constructing a New Future

68   Climate Change Committee (2023) – Progress in reducing UK emissions: 2023 Report to Parliament

Policy context

The national context for net zero and the role of urban regeneration in climate change is defined both by the progression of climate change legislation and general buy-in to climate responsibilities by government actors as well as by the private sector and civil society.

The lion's share of the UK's current climate change policy was established by the Climate Change Act 2008, which set out the country's original targets for decarbonisation, including reaching net-zero emissions by 2050. The CCA also introduced the Climate Change Committee (CCC), an independent organisation that advises government on target setting and reports on progress towards net zero through an established Monitoring Framework. More recent additions or amendments to legislation include the UK Emissions Trading Scheme, which sets emissions limits for high emitting industries, and the UK Carbon Budgets, influenced by recommendations from the CCC, which are five-yearly, legally binding carbon targets aimed towards the net-zero 2050 goal set by the Climate Change Act in 2008. The 7th Carbon Budget will be set in 2025, while the 3rd – which extended to 2022 – will be assessed by the CCC in 2024.

In the context of urban regeneration, tight emissions reduction plans are realised through:

- Carbon-neutral or low-carbon construction practices.
- Use of green materials.
- Environmentally responsible waste management.
- Sustainable supply chains and procurement,
- Emphasis on integrated sustainability through promoting public engagement and social sustainability alongside engaging in economically sustainable practices.

The CCC have stressed the urgency of change in terms of decarbonizing buildings, both residential and non-residential, both through retrofitting and in ensuring sustainable new builds. It also has flagged that the UK's climate targets will require an upskilled workforce and sustainable supply chains, neither of which have scaled up to the extent necessary to achieve net zero within the established time frame. In the past, the CCC have ruled the National Planning Policy Framework to be inadequate for the progression of climate targets but have pushed for a consultation on the introduction of carbon impact assessments for plan-making among potential revisions to the NPPF in order for development to meet the needs of our climate

targets[69]. The process of regeneration, from the first scrutiny of potential to the final stages of implementation and continual maintenance, will by necessity never stray far from considerations of net zero on par with the ambitions of legislation.

Because climate change is a problem that surpasses geopolitical boundaries, the UK is beholden to some internationally recognized conventions framed in order to limit the global temperature rise, most especially the United Nations Framework Convention on Climate Change and the Paris Agreement – the latter includes an internationally agreed target of a 68 percent cut in emissions by 2030, however recent changes to the UK's net zero policies have fostered skepticism as to the likelihood of meeting our nationally determined contributions (NDCs) to cutting emissions[70]. Industry in the UK remains tied to emissions policies, and these will continue to determine the frameworks that drive development in the UK as time passes and 2050's climate goals edge ever nearer.

3.2 Net zero and climate change on the regeneration journey

Scoping

There is a great appetite for sustainable urban models that uphold national net zero policies and the decarbonisation agenda, support integrated services, and encourage a paradigm shift towards public uptake of sustainable practices[71]. Cities will be at the heart of the UK's response to climate change, given that more than 80 percent of people in England live in urban areas[72], the greatest proportion of businesses per population are found in London[73], and dense urban populations put a large strain on resources, from infrastructure to water to energy. Risks from climate change for towns and cities include flooding, exacerbated by new development increasing the flow of water into an oversubscribed sewer system; overheating, exacerbated by the urban heat island effect in built-up areas; and extreme weather, which can place pressure on infrastructure and resources to respond to emergency situations. Some urban populations are much more vulnerable to the impacts of climate change, so strategies to shore up resilience must be responsive to a range of diverse vulnerabilities.

In the UK, the example of the 15-minute city model proves both the wealth of possibilities for urban change alongside the potential for rhetoric to obstruct

69   CCC (2023) – Progress in reducing emissions: 2023 Report to Parliament
70   The Guardian (2023) – UK likely to miss Paris climate targets by wide margins, analysis shows
71   Zaheer Allam et al. (2022) – The '15-Minute City' concept can shape a net zero urban future
72   Climate Change Committee (2018) – Climate change: the future of UK cities
73   House of Commons Library (2022) – Business statistics

policy decisions and the importance of public engagement in innovative climate solutions[74]. In theory, the model opens up options for residents to access urban amenities within a 15-minute walk or cycle – reducing the geographical space of available, convenient services while limiting the demand for car use. Despite public backlash driven by misinformation[75], this model shows how spatial strategies and a positive place vision can engage urban spaces in following policy efforts to mitigate climate change to the benefit of public wellbeing. Other urban transformations can include Sustainable Drainage Systems (SuDS) and introducing green and blue infrastructure into built up areas, both of which can improve biodiversity, physical and mental health in local populations, and resilience to climate change.

When deciding upon the best course of action for regeneration, the site context is vital as potential decision pathways may be broad and diverse, along with the potential environmental impact of development. At the scoping stage, the balance between financial viability and the environmental consequences of the project will influence decisions as to the type of development that will achieve the best results – whether that will take the form of brownfield development, which may incur costs from decontaminating polluted land, infilling around existing buildings, or refurbishment, which may be more cost effective and reduce embodied emissions from construction materials than demolishing and constructing new buildings.

In the case of refurbishment, arguments for preserving heritage are often given precedence over arguments concerned with emissions, and where heritage is not seen to be at risk then demolition may take place at the cost of the environment[76]. The construction sector accounts for 35 percent of the UK's waste, and so decision-makers considering the scope of urban regeneration plans must be wary of potential consequences. However, more data and evaluation of the wider costs and benefits of refurbishment are needed, where influencing factors include an under-developed market for retrofit in the UK and a general lack of willingness to invest in refurbishment[77]. Ultimately, considerations about how best to engage urban development with net zero and sustainability must also engage a holistic approach that accounts for potential cost implications, energy performance, and health impacts of regeneration, engaging with residents to ensure that decisions are sympathetic to the requirements of local communities.

74   The Guardian (2024) – Ministers prioritised driving in England partly due to conspiracy theories

75   The Bureau of Investigative Journalism (2023) – What is the 15-minute Cities Conspiracy?

76   Hannah Baker et al. (2021) – Retention not demolition: how heritage thinking can inform carbon reduction

77   Dr Sarah Bell et al. (2014) – Making Decision on the Demolition or Refurbishment of Social Housing

Figure 7. Retrofit demand in England

Percentage of domestic EPC certificates rated D-G lodged in 2023
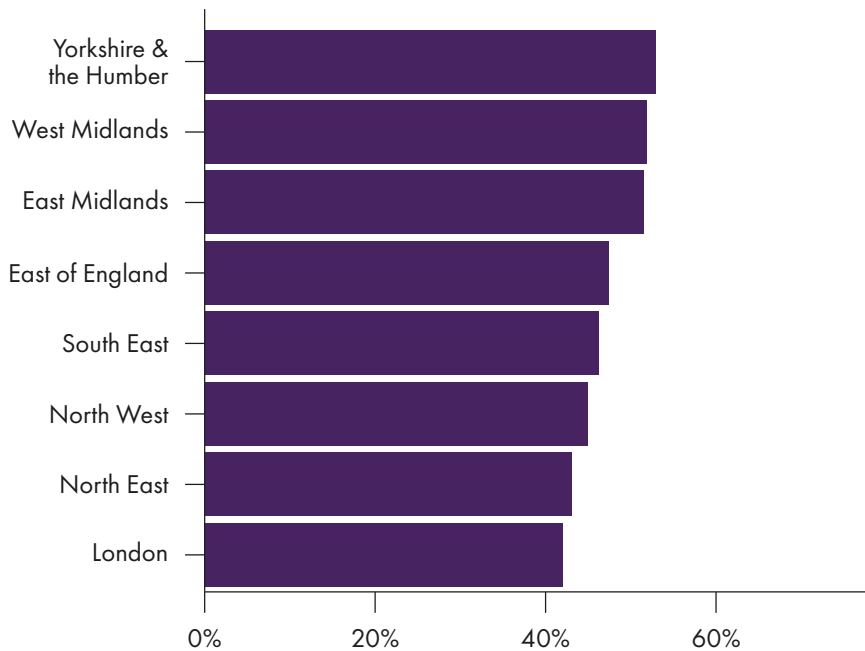
Source: DLUHC

Planning

Literature that evidencing the importance of urban planning for net zero is extensive. Conclusions reached include:

- The denser the area, and the closer to the city centre, the lower the transport emissions[78].

- Planning authorities, underfunded and bereft of capacity, deal with a siloed, discretionary planning system that lacks strategic planning and appropriately resourced public engagement, to the detriment of net zero target delivery and nature restoration[79].

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78   Guilherme Rodrigues (2021) – How urban planning is key to net zero: evidence from London
79   IPPR (2023) – Planning for net zero and nature: A better, greener planning system that empowers local places

- The Covid-19 pandemic and associated high rates of home and hybrid working models have led to a shift in importance for locally consumed services, so that plan-makers must understand the impacts of an increasing demand for local neighbourhood businesses and the impact on transport emissions and community resilience[80].

- Approximately 80 percent of the UK's 2050 building stock already exists, emphasising the need for a large-scale retrofit programme to decarbonise the built environment[81] – where in some cities, more than 70 percent of housing stock requires retrofitting[82].

For local authorities, the Planning and Compulsory Purchase Act 2004, the NPPF, and the Climate Change Act 2008 require that plan-making prioritises carbon reductions, which means that plans should align with the current (sixth) Carbon Budget and its target of an 80 percent cut in emissions by 2035[83]. The policy environment around climate resilience and local planning is somewhat insufficient, with an emphasis on flood management that fails to extend the country's response to other climate impacts, most notably the heat island effect for urban areas[84]. Both mitigation and resilience should be at the heart of the priorities among local planning authorities.

Urban planning that targets housing decarbonisation utilises instruments from brownfield regeneration, densification of existing built-up areas, and the release of land on the Green Belt – utilising, for example, predeveloped land on city outskirts. Other considerations for planners in net zero planning strategies include geographic disparities, which can contribute to residents' vulnerability to pollution and be an obstacle to economic growth. Thinking at a larger spatial scale can help to mitigate these impacts – regional emissions reduction strategies may reduce inequalities, particularly regarding the poor health impacts of emissions from transport and through decarbonising domestic heating.

The integration of transport and energy systems can play a vital role in optimising how urban networks grow sustainably and mitigate for climate change. Additionally, spatial planning strategies need to consider the impact of planning on carbon emissions, looking to whole-life carbon assessments for new assets, considering how to minimise construction, embodied, and operational carbon emissions. Projects that

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80   RTPI (2021) – Net zero transport: The role of spatial planning and place-based solutions
81   UKGBC (2021) – Net Zero Whole Life Carbon Roadmap: A Pathway to Net Zero for the UK Built Environment
82   Centre for Cities (2021) – Net zero: decarbonising the city
83   TCPA (2022) – local plans and net-zero objectives
84   Localis (2023) – Climate Resilience in Local Plans: Adaptation and Mitigation in Local Development

can transform the carbon outcomes and sustainability of an urban area include the introduction of green corridors and protected landscapes, which can also improve biodiversity and provide green, healthy public spaces for residents[85].

Potential remedies against the barriers to planning for net zero will likely include systemic change to the planning system. Given that neither climate change or its impacts can be contained by human geo-political boundaries, devolving additional powers to the local authority level must also allow for cross-regional coordination in terms of decarbonising integrated networks. This should include strategies across sectors, including transport and housing, ensuring that the response to climate change is tailored to unique impacts at the local level whilst acknowledging interdependencies and spillovers.

Financing

There are myriad financial incentives for net zero and decarbonisation in urban development. Such offers include the Social Housing Decarbonisation Fund; VAT reliefs for decarbonisation such as the time-limited zero-rate VAT for the residential installation of Energy Saving Materials; the Public Sector Decarbonisation Scheme, targeting the reduction of emissions from public sector buildings; and, further down the supply chain, the Industrial Energy Transformation Fund, which encourages businesses to cut energy use and emissions by investing in energy efficiency and low carbon technologies.

The Shared Prosperity Fund, towards local investment, can be used by local authorities to encourage the transition to net zero – for example, South Hams District Council has apportioned some of its Shared Prosperity Fund income towards a Decarbonisation Grant from local businesses[86]. Other central government funding schemes exist that target heat networks, electric vehicles, and woodland creation[87]. What is clear, is that despite the apparent energy being directed towards decarbonisation, that the funding environment is fairly fragmented and complex. Criticisms have been levelled at the current state of the government's net zero funding, labelling funding interventions piecemeal and introducing a risk of delay to urgent interventions[88]. Larger scale and consolidated funding options will be the most effective way to encourage public sector action towards net zero.

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85   RTPI (2021) – Net zero transport: The role of spatial planning and place-based solutions
86   South Hams District Council (2024) – UK Shared Prosperity Fund: Decarbonisation Grant
87   Crown Commercial Service (2023) – Carbon net zero funding and grants
88   National Infrastructure Commission (2023) – Infrastructure Progress Review 2023

Beyond the bounds of state-led decarbonisation financing, the private sector finds its own incentives in behavioural stimuli. Reputational incentives, most famously in the form of environmental, social, and governance (ESG) commitments, ensure that many private sector agents seek out opportunities to engage financially with sustainable projects. Many of the largest businesses have made climate commitments to reduce emissions and shift towards renewable energies across sectors, although increasingly 'ESG fatigue' among shareholders may be stinting investment opportunities and compliance with ESG commitments – or, as policy continues to fluctuate in an uncertain political environment, conflicting interests may produce inefficiencies in sustainable investing.

Policy does drive forward private sector investment, both nationally and internationally, where the Paris Agreement and the UN's Sustainable Development Goals can spur investment into sustainable infrastructure[89]. However, there remain some faults that public funding mechanisms can fall into, particularly when timescales for implementation are unrealistic, when schemes are poorly strategised, and capacity and skills for those implementing the scheme are unconsidered[90]. Chris Skidmore MP's Net Zero Review 2023 labelled net zero as the "growth opportunity of the 21st century"[91], but the UK must act urgently to make best use of the opportunities represented by engaging in better planning and a stable policy environment to encourage investment into green infrastructure, supply chains, and construction.

Legislation such as the Future Homes Standard also ensures that development remains sustainable and shows the importance of consistent monitoring for quality, albeit at greater cost to developers who must maintain high standards of materials and design. Local authorities as place leaders should be able to lead the way in terms of high standards, but in the present context of financial constraint, public sector pioneering can only happen where higher spending can be justified – making public sector spending on decarbonisation very much reliant upon political whim. The benefit of both public and private sectors at this stage becoming more involved in sustainable construction practices, is that over time and as sustainable supply chains mature, costs will go down and release more opportunities for scaling up the UK's drive towards net zero.

89   Francesco Lamperti et al. (2019) – The Green Transition: Public Policy, Finance, and the Role of the State

90   Public Accounts Committee (2021) – PAC report: Green Homes Grant scheme "underperformed badly"

91   Rt Hon Chris Skidmore MP (2023) – Mission Zero: Independent Review of Net Zero

Implementation

The implementation of sustainable construction practices, sustainable procurement, and an emphasis on ensuring a just transition will be core to place-based climate action.

Sustainable construction practices for net zero extend beyond consideration of the operational emissions of constructing buildings. Rather, a whole-life carbon assessment, one which accounts for emissions from the design stages right through to continued operation, pre-occupation of buildings and post-occupation maintenance, and finally to the end-of-life stage of the building, should be undertaken in alignment with an evaluation of the building's energy efficiency. In the UK, neither whole-life carbon assessments nor mitigation of embodied emissions are mandated in legislation, a lack of standards which is certainly stunting the national effort to meet emissions targets[92]. The onus therefore currently falls to place leaders and stakeholders taking initiative to provide best practice in terms of carbon assessments – regulations are urgently needed.

The Future Homes Standard, which will apply only from 2025, asserts energy efficiency standards for new homes and extensions. Arguably, all new developments should already meet these standards, and relying on voluntary adhesion to controlling construction practices weakens the urgency of the response to the climate crisis. However, where good practice is engaged, innovation guides the transformation of the construction sector. Modern Methods of Construction (MMC), for instance, widely taking the form of off-site manufacturing of units for construction, may present solutions to reducing waste and costliness while presenting opportunity for the reduction of whole-life carbon emissions[93]. However, it must be noted that the wide-scale adoption of MMC is currently fairly unsupported by the National Planning Policy Framework and could be more widely integrated within planning as one tool in the box to ensuring the UK's construction sector is aligned with net zero goals. Off-site manufacturing remains unsought as a mechanism of construction, with time, cost, and quality considerations often landing on more traditional, on-site techniques as the preferred method. Much more research is required to unlock the benefits of modernisation in construction[94], but technological innovation coupled with assessment, evaluation and analysis of data, and legislating for high-quality

92   Environmental Audit Committee (2022) – Building to net zero: costing carbon in construction
93   Osborne Clarke (2023) – Are modern methods of construction in the UK more sustainable?
94   Ali M Saad et al. (2023) – Examining the Influence of UK Public Clients' Characteristics on Their Own Innovation-Decision towards the Modern Methods of Construction (MMC)

buildings will ensure that the UK is, at the least, pointing in the direction of climate-readiness.

Public sector procurement in regeneration must be mindful of the opportunities for sustainable methods of development from a whole-systems perspective and engaging in consideration of whole-life carbon emissions, including not only construction practices, but looking across the supply chain for good environmental practice. Practices of reuse of materials, using sustainable materials, and targeting low-emissions across transport, all support the low-carbon approach to regeneration. The CCC notes, further, that there must also be actions taken to reduce the impacts of climate change on supply chains – for businesses and government to increase supply chain resilience against the cascading risks of climate change under multiple emissions scenarios through mitigation and utilising digital solutions to build capacity[95]. Often, contractors take the risk-averse approach to delivery, and many are therefore unlikely to engage in net-zero construction projects due to the necessity of higher-quality required, meaning that procurement of net zero construction is still something of a challenge for the public sector. It could be hoped that if greater funding were to be injected through public sector means towards scaling the net zero supply chain, then this challenge would be minimised in time, but the present state of public sector financing means that sustainable procurement remains an uphill struggle.

The government's Net Zero strategy has taken measures to ensure that net zero delivery includes energy needs assessments, regulations of emerging technologies, and providing certainty across the private sectors in terms of recruiting and training a green workforce, highlighting the importance of a fair energy transition[96]. A just transition to net zero across the UK will also include comprehensive access to retrofit and funding schemes for home retrofit, enabling community-led renewable energy schemes, which can have the additional advantage of reducing energy bills for residents, and acting against the effects of depreciation of property values among communities not directly advantaged by energy efficient development[97].

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95   CCC (2022) – Climate risk to UK Supply Chains: The roles of government and business
96   Department for Energy Security & Net Zero (2023) – Powering Up Britain: Net Zero Growth Plan
97   UKGBC (2021) – Building a just transition to net zero

3.3 Operational concerns

The table below highlights how the strategic concern of net zero and climate change intersects with key operational concerns for regeneration projects.

Operational concern	Impact of climate change and the drive to net zero
Sustainable design	• Investment must be maximised now to avoid far greater costs arising later due to the impacts of climate change • Whole-life assessments and continued monitoring of construction are of paramount importance • Public engagement on the necessity of designing to mitigate climate impacts is essential
Decarbonisation	• Cross-sectoral integration throughout projects is crucial to ensuring whole-systems mitigation of emissions
Property and estates partnerships	• Clarity of roles and responsibilities is necessary, clear targets must be built into partnerships from the beginning in as stable a policy environment asp possible • When thinking about property assets, it is vital at scoping/planning stages to take a best practice view in terms of climate change, not cutting corners for viability and embracing organisational transformation if there are clear systemic issues at play that prevent climate action, such as procurement practices • Effective collection and utilisation of data ensures high quality decisions around property and land optimisation, but this remains a challenge for resource-strapped local authorities for whom austerity has limited the retention and recruitment of skilled employees

3.4 Policy recommendations

- There is a clear need to tie in regeneration efforts with the wider requirement for retrofit and climate resilience measures needed by most UK buildings. Government must **create a fund to leverage regeneration capital to invest in energy-proofing local housing stock**. As well as being an investment in energy efficiency and national energy security, this would help make local regeneration a more attractive offer to residents.

- Understanding the entirety of a project's carbon impact is crucial to making a judgement on its efficacy in the age of global heating, therefore **whole life carbon assessments must be made a mandatory requirement of local and subregional development plans**. Similar weight should be given to urban heat islands and other climate resilience measures, as is currently the case for flood resilience.

- Urban densification and 'infilling' can be less economically viable than major developments but are more carbon efficient. **Local and subregional plans should package together urban sites for infill and densification as single investment prospects** to help improve viability.

CHAPTER FOUR

Role of the private and third sectors

Key points

- A partnership-based approach to regeneration, governed by contractual agreements by a variety of actors across sectors, has become the norm in regeneration and must be the basis for the design of projects.

- As well as involving private businesses, partnerships can greatly improve the sustainability of and local support for regeneration by integrating the third sector and community organisations into the process.

- Part of the need for partnership is the lack of local capacity, particularly in planning departments – place leaders must ensure that partnerships can offset depleted local resources without losing sight of the need to provide a holistic place offer.

- Ongoing monitoring of development projects past the completion of construction must evaluate the success of partnerships in realising the place vision, particularly around social benefits and the results of community engagement.

4.1 Overview

Roles and responsibilities in modern regeneration

The share of responsibilities for regenerating urban spaces in the UK has changed since the post-war era of immense state intervention, driven by policy in favour of localised independence that depends upon the growth of partnerships with the private sector or that may be cultivated by third sector parties. In the local government context, place leaders have become a driving force that ensures efficient collaboration between actors across bodies of different levels of authority and involvement. Community-led regenerative practices have also consequently become increasingly popular and more influential as local people endeavour to have their say in development, seeking to work within the existing planning framework and to access funding from avenues that support communities.

The term 'government by contract' describes how governance structures are established through contractual agreements between public and private actors. Over the past several decades, the governance structures of the UK have moved and mutated in such a way that new approaches to development have resulted from continuous experimentation and innovation, within the context of central government policy and the ongoing needs of British cities.

Public-private partnerships (PPPs) are the agreements between public sector and private sector organisations founded either upon a contractual or institutional basis with the intent to provide public services or to improve or establish infrastructure, and are often introduced for a long-term function. PPPs are defined by the distribution of risks where public funding assurance can mitigate the reticence of private entities and where the private sector can guide public bodies into more innovative solutions to complex urban problems, also enabling the public body in question to make best use of external skills where there may be an insufficient internal skills base. The division of responsibilities tends to lie in the public sector 'steering' projects through political decision-making and private partners taking control of the production and distribution of the service[98].

The third sector, which includes charities, housing associations, and community groups among all kinds of other self-governing organisations, can unleash all kinds of public benefit from regeneration impossible for government bodies to achieve. Primarily, such organisations can connect with hard-to-reach and more vulnerable populations, can

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98   Sara Poggesi (2009) – Public-Private Partnership for Urban Regeneration: The Case of the Urban Transformation Companies

hold public bodies accountable for service provision, and ensure the sustainability of development so that the social and economic benefits of regeneration extend into the long term[99]. Modern regeneration governance should seek to strike a balance between private and third sector partnerships, along with community involvement, in creating the contractual basis for long-term strategic projects.

Figure 8. Apprenticeships in England
Percentage of working age population with trade apprenticeship, 2011-2021
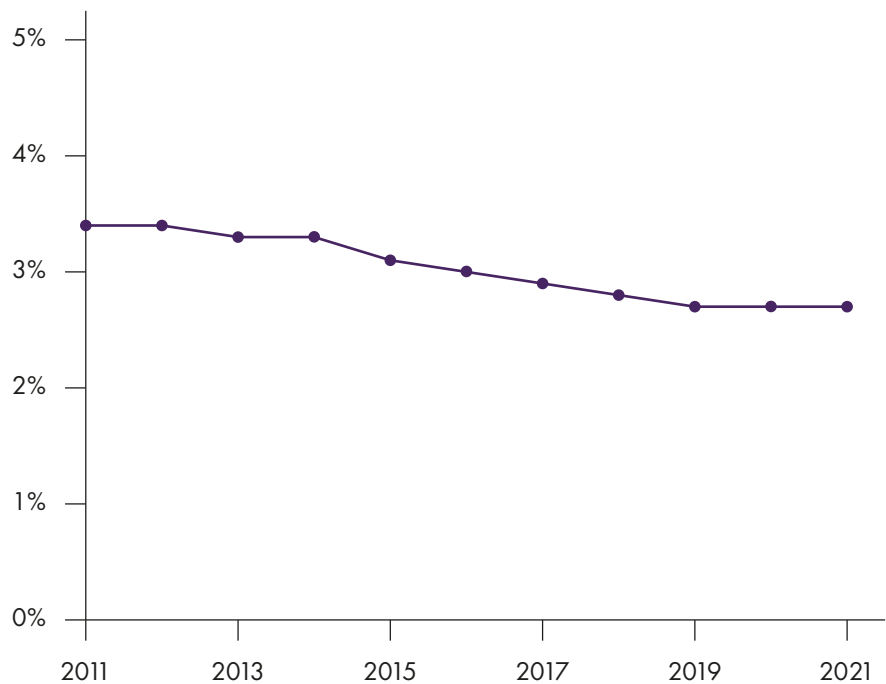
Source: Annual Population Survey

Policy context

Local Enterprise Partnerships (LEPs) were established to decentralise the approach to regional development and economic growth and to make up for where previous

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99   Front office shared services (2008) – working with the third sector

attempts, such as the New Labour government's Regional Development Agencies, had failed to reduce inequalities in deprivation across the country, through partnership-driven regeneration. The Coalition government's LEP policy departed from previous regional growth programmes because of the weight placed on the interaction between private and public actors: at least 50 percent of LEP boards had to be made up of business leaders, and their aim was to ensure that business interests met with local planning and infrastructure requirements.

Responding to criticisms of the previous government's efforts in regeneration, LEPs were meant to improve local accountability and the effectiveness of plans for economic development[100]. However, minimal funding and the huge varieties of governance across the political geographies of the UK has meant that the success of these partnerships has been disparate and often reliant on existing financial and institutional stability. LEPs are now slated for removal by April 2024, their functions mostly passing to local authorities. It remains to be seen how local government, stymied as it is by public spending cuts, will integrate the work of LEPs and how far successful regeneration will depend on existing relationships between the local state, local businesses and organisations, and central government.

The ability for PPPs to deliver investment for regeneration in an era when especially local government finances are immensely limited has changed the balance of public and private sector responsibilities. Modern challenges such as decarbonisation, an immensely strained housing market, and the cost-of-living crisis alongside recovery from COVID-19 related lockdowns, provide shared goals with which actors might align themselves in order to produce more resilient towns and cities across the UK. Funding access through means such as the Towns Fund is dependent upon working with the private sector, thereby ensuring that local growth is unlocked through collaboration and that risk is mitigated between the sectors.

New Labour's approach to community-led development and the subsequent impacts of austerity measures have, additionally, instigated a rise in asset transfer from local government to community organisations[101]. Likewise, the Planning Act (2008) introduced a duty to consult with the local public[102], further detailed by the Localism Act (2011)[103], obligating planning authorities to consult with residents

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100   Andy Pike et al. (2015) – Local institutions and local economic development: the Local Enterprise Partnerships in England, 2010-

101   Nick Bailey (2012) – The role, organisation and contribution of community enterprise to urban regeneration policy in the UK

102   Planning Act 2008

103   Localism Act 2011

on plans and planning applications in the vicinity of their place of residence[104]. Consequently, and through a range of other legislative means, the onus of providing public benefit can be, and is being, shared with the public itself, and local voluntary organisations, charities, and community groups have become increasingly central to sustainable regeneration.

4.2 Role of the private and third sectors on the regeneration journey

Scoping

Private sector partners can be more commercial than their public counterparts, release capital funding and bear risk on behalf of large-scale regeneration projects. This can be particularly useful in cases where social benefit comes at the cost of easy viability, as in projects that emphasise decarbonisation, energy efficiency, housing delivery, or the renewal of town centres[105]. On the downside, these partnerships require long-term commitments between the public and private sector, especially given the timescales involved in urban development. Political cycles, particularly among local authorities, and, for instance, NHS funding cycles, can be much shorter than the time periods necessary for targeted outcomes of regeneration to see fruition.

Likewise, there is sometimes little flexibility for contingencies in the case of partners wanting to remove themselves from responsibility, although private investors can provide more opportunities for innovation to hurdle obstacles to growth and resilience. An obstacle may be that a lack of skills in the public sector may hinder capacity for engaging in innovation or private sector partnership to its fullest extent. Additionally, although Private Finance Initiatives (PFI) are structured using a different funding framework than PPPs – namely, that the private sector partner in the case of PFIs takes on all upfront risks and costs including construction and then ongoing maintenance – there can still be consternation that PPPs like PFIs represent the public financing private profits.

Intrinsically, however, PPPs represent the opportunity for the delivery of local growth in the context of immense constraint to the local utilisation of fiscal resources. The public sector can incentivise private actors, particularly through the certainty provided by stable flows of funding, and allow the voice of local businesses to be articulated. The inclusion of the non-public sector actors into regeneration projects

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104   Pablo Sendra and Daniel Fitzpatrick (2020) – Community-Led Regeneration: A Toolkit for Residents and Planners
105   LGA (2022) – Public-Private Partnerships: Driving Growth, Building Resilience

relies upon strong place leadership and the provision of a positive place vision and outcomes that attract confidence in the long-term viability and returns on investment of the project. Strategic clarity will bolster investment while improving the procurement process in terms of transparency and organisation[106]. Building flexibility into the partnership and building a clear contractual understanding of roles and responsibilities at the scoping stage are key.

One of the main benefits of working with the third sector in regeneration partnerships is the enabling of higher levels of public engagement, as the third sector can lobby and campaign on behalf of communities, adding to the social value of regeneration projects[107]. Community engagement can focus attention at the primary stages of regeneration onto the specificities of local requirements, providing granular attention on local need.

The government has acknowledged the tide of sentiment supporting community empowerment through measures such as the Community Wealth Fund. In opposition, The Labour Party has set out a 'Vision for Community Power' with the intention of empowering communities across the country beyond 2024, setting out the core principles of prevention, participation, and devolution to enable grassroots, bottom-up reform to produce sustainable outcomes and resilient places[108]. This suggests that in the near future, the centralism of the past decade-and-a-half may give way to at least a rhetoric of place-based autonomy and very local organisation around urban regeneration. Particularly when it comes to designing policy to benefit communities, central government will have a responsibility to engage with third sector actors when scoping out opportunities for urban and public service transformation.

Planning

The vast reduction in spending on planning from local authorities since 2010 has seen an associated trend towards a greater proportion of private sector-employed planners and a general reduction in capacity in public planning authorities[109]. Funding constraints have resulted in local planning authorities becoming more aggressively pro-development in intent, while there is also a growing discontent with the practice of outsourcing to private planners at

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106   LGA (2022) – Public-Private Partnerships: Driving Growth, Building Resilience
107   Front Office Shared Services (2008) – working with the third sector
108   New Local (2023) – A Labour Vision for Community Power: Participation, prevention and devolution
109   RTPI (2019) – The UK planning profession in 2019: Statistics on the size and make-up of the planning profession in the UK

greater cost and with poor levels of collaboration[110] – a cycle of costliness exacerbated by spending cuts. It has been suggested that rotating people through reciprocal secondments between the private and public sectors ensures that planners can acquire and maintain the different skills required for work in and between these sectors – namely, ensuring that the commercial nous required by private sector work extends into public sector decision-making, and in order that the private sector can understand and engage in the manoeuvring of government and political actors.

Local authorities can, furthermore, interact with delivery partners heavily in developing supplementary planning guidance for large, strategic sites, working closely to co-develop policy. This can give developers more certainty, counteracting the risk inherent to the planning system and the site allocation process. There is clearly a balance to be struck in planning for urban regeneration, where financial requirements, skills capacity, and the political obligations of public sector actors, where clarity of outcomes and stable funding mechanisms can tip the scales in favour of public benefit.

The third sector includes housing associations, charities, voluntary and community organisations, and other organisations in support of social or environmental benefits to public good. At the planning stage, such organisations can produce specialist expertise and represent a wider range of the population than may feel represented by members of state organisations. The public sector, therefore, must work to engage with third sector voices and set up and invest in close networks between a wide range of local organisations[111]. When capable volunteers with high levels of expertise can work with local authorities, different skillsets can engage in the planning and later procurement processes to the overall benefit of the local public sphere. Innovative policy frameworks could, in future, provide greater powers for community decision-making in terms of public service provision and strategic planning that values place resilience.

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110   RTPI (2019) – Serving the public interest? The reorganisation of UK planning services in an era of reluctant outsourcing
111   Front Office Shared Services (2008) – working with the third sector

The private sector and housing provision

Housing demand is consistently outstripping supply in the UK, and a recent study from the Competition and Markets Authority on the housebuilding market has highlighted some of the intrinsic issues associated with the UK's present reliance on private sector housebuilding. The statistics on housebuilding in the UK are stark in terms of this reliance – while, in the 1970s, private sector dwelling completions were matched by local authority builds numbering well over 100,000 every year, since the 1990s public sector numbers have dropped significantly, never reaching more than 5,000. Housing association builds have accounted for an increasing proportion of new builds over the past three decades, but those figures have never breached 50,000 and it remains that housing supply in the UK has been dominated by the private sector, with around 150,000 builds consistently accounted for by private enterprise since recovery from the downturn of the 2008 financial crisis[112]. The reliance on the private sector has resulted in the country's housebuilding efforts faltering as policymakers urge significant and proactive change in the private sector without any alignment in expectations with the public sector's own delivery of housing. It is inefficient to rely on the one approach to meet central government targets without matching private enterprise with public sector efforts. The flaws of the present method of delivery become more evident in light of the CMA's findings.

The CMA report outlines two major points of contention in terms of private housebuilding: uncertainty and complexity in the current planning system disincentivising investment, and a disinclination among the private sector, for various reasons, to engage in forms of housebuilding alternative to the speculative model, which relies on the purchase of land in advance of construction and sale of homes without knowledge of the final price of sale. The drive to maximise profit, therefore, among private housebuilders, results in a dampened housing supply when faced with policy measures that reduce profitability such as high standards of build or a need for affordability. It is also important to note that the provision of affordable housing according to policy standards may not align with the provision of genuinely affordable housing for local people[113], particularly given the impact of recent inflationary pressures in the economy on the viability of affordable housebuilding schemes and grant funding[114], alongside a high cost-of-living exacerbated in particular by high domestic energy prices.

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112   ONS (2024) – House building, UK: permanent dwellings started and completed by country
113   Localis (2023) – Brightness on the Edge of Town: How Community Land Trusts Can Deliver Affordable Housing
114   DLUHC (2022) – Scoping Report for the Evaluation of the Affordable Homes Programme 2021-2026

Furthermore, sustainability and innovation are lacking in private housebuilding, only aligning with an expectation of future regulation and standards, while housing estates and their residents have suffered under the private management of public amenities. Overall, it is clear that the existing supply of housing from private enterprise functions at a limit set by both external characteristics (central policy and the planning system) and internal (the drive for profitability and the understandable desire for certainty in large-scale investment). This limit means that the public sector cannot rely wholly on the private sector to meet the housing targets assumed by central government. The limits on private sector cannot be expected to change overnight, although appropriate incentivisation may have positive implications for both the quantity and quality of future sustainability and affordability in housebuilding. Significantly, private sector competition and innovation do not necessarily result in improved building quality, implying that regulatory changes must be applied in order to drive forward good construction practices[115].

Financing

Public-private partnerships represent a clear opportunity for introducing new innovations to the procurement process, particularly in circumstances where private actors, rather than backing public purchases, want the public sector to champion them and their activities in the locality and want to engage as a willing partner to local investment. However, private investment is tricky, in that regeneration projects must meet the right conditions to draw in private investment. In the past, LEPs have provided a strong link between the public and private sector, but as we move away from LEPs and their duties become subsumed within local authority obligations it will become increasingly necessary for locally based teams to work together around trade and investment, encourage open lines of communication – especially in times of crisis – and to focus on sectors that are opening up local growth opportunities. Likewise, local leaders and businesses must consider the offers for prospective employees, ensuring fairness across the workforce, particularly if the public sector is able to set the gold standard for employment requirements across the region. There is concern that local authorities are less likely to take on risk in the new political cycle, with a lack of viability and long-term timescales hindering regeneration among an increasing number of local authorities that are also seeing increasing intervention from central government.

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115   CMA (2024) – Housebuilding market study final report

Private sector investment and successful public sector partnerships are hinged upon a point-of-value return, whether that be economic returns to investment or other benefits to a local community, boosting social value or environmental progress. Regeneration may aim to boost a city's competitive advantage through the creation of economic 'clusters', in which similar industries develop close networks through geographic proximity, or partnerships may revolve around a single 'flagship' development, where the scheme's vision is tied to one, prominent structure or a particular theme marked out for improvement. Focusing regeneration around one unique element may strengthen the individual identity of a city and its competitiveness, with projects often involving symbolic regeneration of local heritage, emphasising the unique history of the city and its identifying cultural features. The idea of a unique feature around which to drive development is also beneficial in terms of convening multiple stakeholders around targets for regeneration.

However, such schemes can be problematic: the ideal of 'trickle-down' regeneration that relies on the agglomeration of funding, resources, and political support around a single urban space or entity, can prove to be socially unsustainable, poorly impacting those of lower socioeconomic status or existing residents, engendering homogenous demographics and ignoring the significance of place identity and culture, and failing to account for the environmental impact of development. Regeneration practices in recent years have turned away from property-led schemes towards programmes that balance physical infrastructure development with considerations for social, environmental, and economic sustainability[116]. When support from the private or third sector meets engaged public sector commitment and organisation, then innovation can meet sustainability to the real benefit of urban communities.

Looking forward to 2030, place leaders must consider the key fiscal events that will fall between now and then, such as the upcoming Spending Review for the years post-2024/25, and how those might impact their decision-making processes. Potential decision pathways must create a vision in advance of how financial shocks, inflation, and increasing pressures on public services will impact the ability to support the day-to-day commitments of local government spending while investing in larger regeneration projects. There must be considerations of who will bear the brunt of costs, how risk will be shared between local agents, and what opportunities exist to transform regeneration practices.

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116   Phil Jones and James Evans (2013) – Urban regeneration in the UK

Implementation

Public-private partnerships extend through the creation of place vision and design, to construction, operation, and continued management. Under different contract models, there may be different shares of public or private roles and responsibilities at each stage of development. Additionally, models of "private-sector led development" can take on a number of forms – developer-led, investor-led, community-led, or corporation-led[117]. In each case, the motivations for development, the pathways to the purchasing or utilisation of assets, and the scale of development will vary: community-led projects instigate neighbourhood-scale regeneration with motivations rooted in citizens' protection of their living environment; investors aim to buy real estate and share risk with support from additional investors; corporations base development upon the furthering of a business model, often of service delivery such as energy management, whereas the business model for developers is to deliver urban development projects for clients. These motivation profiles by necessity guide private and third sector partners' interactions with the state, particularly in terms of taking on early risk in the regeneration journey and in terms of the long-term responsibility for caretaking post-occupation.

The question of ongoing management and ownership of assets in the long-term is substantial, and ties directly into the outcomes set out in the place vision at the scoping stage of development. Where the goals are concerned with social value beyond economic growth and planning authorities participate in high levels of public engagement at the scoping and planning stages, then continued evaluation of the development will ensure that its social benefits are realised, and that regeneration does not exacerbate existing socioeconomic inequalities and avoids risks such as gentrification or the displacement of residents. It may be that community ownership of assets can ensure the mitigation of the negative impacts of regeneration – provided, that efforts to engage citizens are not 'tokenistic' or engage in top-down governance that disempowers and excludes residents[118]. The question of ongoing responsibility is key to PPPs, where relationships between partners must be clarified from the outset, and where, particularly for public authorities, accountability and transparency in decision-making and funding must be maintained over the long term, even across the fluctuations of political cycles.

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117   Erwin Heurkens (2017) – Private sector-led urban development: Characteristics, typologies, and practices
118   Alice Earley (2023) – Achieving urban regeneration without gentrification? Community enterprises and community assets in the UK

4.3 Operational concerns

The table below highlights how the strategic concerns of private and third sector partnerships intersect with key operational concerns for regeneration projects.

Operational concern	Implications for private and third sector partnership
Sustainable design	• Innovative practice from the private sector can be brought into local partnerships to maximise sustainability • The third sector can massively improve the social sustainability of development when involved in regeneration, through community engagement and expertise
Decarbonisation	• Monitoring and evaluation of targets through data sharing must be a key tenet of contracting between the public and private sector • Aligning the corporate responsibility goals of private sector partners with local carbon targets can help drive decarbonisation • Third sector input into partnership arrangements can contribute to policies focusing on a just transition
Property and estates partnerships	• Making sure to be clear from the outset on how ongoing management and ownership of assets will be handled is vital • Bringing communities into the management of public assets via the third sector can help improve service delivery and create more vibrant, mixed-use spaces

4.4 Policy recommendations

• The most prominent obstacle to sustained public-private partnership at the local level is fiscal uncertainty and therefore, to support local authorities delivering in partnership, **a long-term settlement on financing regeneration** must be reached in the next Parliament. This would entail abandoning much of the current system of competitive bidding.

• Government must make a **long-term investment in the capacity of community housing initiatives** to allow for greater small-scale, community-led development within regeneration projects.

CHAPTER FIVE

Health and wellbeing

Key points

- Increasing acknowledgement of the role of prevention and quality of environment in reducing pressure on the health service has led to governance architecture and policy direction being realigned towards a holistic understanding of health.

- For regeneration projects, this means integrating health and care from the earliest stages, as part and parcel with other strategic concerns such as decarbonisation – bringing in partner organisations from across sectors.

- The NHS estate, centres for healthcare provision and local health profiles can all be used as part of the scoping and design of regeneration project, depending on local priorities and the overall place vision.

- The infrastructure strategies produced by Integrated Care Boards, as well as the Health Impact Assessments made by local authorities, can be used as part of integrated regeneration visions to ensure projects deliver uplifts in health and wellbeing.

- The pooling of assets and combination of leverage across the public sector, from local authorities and NHS organisations, can help to scale up the limited capacity of individual institutions and deliver more ambitious and far-reaching regeneration.

5.1 Overview

Integrating health and wellbeing with regeneration

It has become increasingly evident in recent years – notably, since the spread of COVID-19 – that without upstream measures, our health system will buckle under the pressure placed upon it both by a changing, ageing demographic, and by short-term focused, cut-heavy fiscal policy. The present state of the NHS is one defined by underinvestment, staff shortages, worsening health inequalities, and little support for social care[119]. With capital spending as a share of GDP faltering in comparison to other developed nations[120] and revenue funding failing to see real-terms increase on a year-to-year basis[121], there is an increasing consensus that NHS needs immediate and radical change that turns towards a strategic, long-term approach to account for the ever-tight purse strings that are already failing to meet costs across the board.

Urban regeneration is at the heart of upstream and integrated healthcare and could be the valve to releasing some of that intense pressure on the UK's health systems. It has long been acknowledged that urban design practices can affect monumental change in terms of providing healthier environments in city spaces, including introducing green space, encouraging activity such as walking and cycling, and reducing air pollution in dense urban areas. The quality of housing has impacts on mental and physical health, with the cost to the NHS of treating those affected by poor housing estimated at £1.4bn per year as of 2021[122]; some of the top hazards to health in homes include excess cold, dampness, and falls due to disrepair of stairs[123]. Appropriate urban planning and high-quality housing are therefore vital to building a healthy population and subsequently generate cost alleviation and greater capacity for the NHS.

119   The Health Foundation (2023) – Nine major challenges facing health and care in England
120   NHS Providers (2022) – Capital spending across the NHS
121   The Health Foundation (2023) – Health care funding: Three key questions about funding in England
122   Aaron Kulakiewicz (2022) – Housing and health: a reading list
123   BRE (2021) – BRE report finds poor housing is costing the NHS £1.4bn a year

Figure 9. Health and the Built Environment

Cold homes[124]:

9.6mn:

the number of UK households that live in poorly insulated homes with income below that needed for an acceptable standard of living

28%:

the percentage of children living in cold homes at risk of multiple mental health symptoms. Adults in cold homes have double the risk of developing new mental health conditions than those in well-insulated homes

80%:

the difference of rate of illnesses associated with damp and mould in UK children compared to their European counterparts

90%:

how far installation rates of energy saving measures and insulation have dropped since 2013

124   Institute of Health Equity (2024) – Left Out in the Cold: The Hidden Impact of Cold Homes

Urban planning and health:

NHS £1.4bn:

the estimated annual cost to the NHS of poor-quality housing[125]

26%:

the proportion of surveyed public health and town planning professionals in England who, in 2019, did not agree that "health is integrated into planning in my local authority"[126]

32-59%:

the percentage of the 150 minutes of recommended weekly physical activity that living in an activity-friendly neighbourhood can provide[127]

evidence shows walkable neighbourhoods encourage physical activity and improve social interaction among older adults. Mixed use neighbourhoods can improve mobility and social engagement in older adults, where access to schools or recreational centres can also increase physical activity among children and adolescents

22%:

the percentage of Local Plans that refer to Health and Wellbeing Board Strategies[128]

28,000−36,000:

the number of deaths estimated to occur annually in the UK due to long-term exposure to man-made air pollution, as of 2018. Poor air quality is considered the largest environmental risk to public health in the UK[129]

125   Laurence Carmichael et al. (2019) – Urban planning as an enabler of urban health: Challenges and good practice in England following the 2012 planning and public health reforms

126   Public Health England (2019) – Spatial Planning and Health: Getting Research into Practice (GRIP): study report

127   Public Health England (2017) – Spatial Planning for Health: An evidence resource for planning and designing healthier places

128   Laurence Carmichael et al. (2019) – Urban planning as an enabler of urban health: Challenges and good practice in England following the 2012 planning and public health reforms

129   Public Health England (2018) – Health matters: air pollution

Deprivation:

8 years:

the gap in life expectancy between women in the most-deprived 10% of areas and the least-deprived 10% of areas in England in 2017-19

9 years:

the gap in life expectancy between men in the most-deprived 10% of areas and the least-deprived 10% of areas in England in 2017-19

Two decades:

the gap in healthy life expectancy between the most and least deprived areas in England [130]

the rate of obesity among children in the poorest areas of England in 2021-22 was more than twice that in less deprived areas.

130   The King's Fund (2022) – What are health inequalities?

Looking towards 2030, regeneration programmes cannot overlook the importance of encouraging a healthy population and addressing issues of wellbeing. Regeneration that targets health and wellbeing naturally removes indicators of inequality, provided that agents in the process take appropriate measures to address vulnerabilities across a population and move away from a reliance upon "trickle-down" regeneration. Methods for ensuring urban planning that shore up health and wellbeing include an emphasis on sturdy relationship building and long-lasting political alliances as well as understanding, from a systems-thinking perspective, the multitude of ways in which health interacts with the urban environment[131]. Support for integrated healthcare at the community level, given the ever-increasing number of ageing patients with complex healthcare needs and multiple morbidities, will also need to come alongside urban development that accounts for changing demographics and that supports the integrated approach through strategic planning.

Policy context

The National Planning Policy Framework instructs that, "Planning policies and decisions should aim to achieve healthy, inclusive and safe places"[132]. As such, local authorities target health and wellbeing in local development plans. Since 2013, public health has been an administrative function of unitary and county-level councils. Neighbourhood plans may also offer communities the ability to cater plans for local development towards ensuring wellbeing in the community through the use of highly specific, local evidence[133]. However, there remain opportunities for a better, more holistic consideration of local health priorities by local government, specifically in terms of addressing health inequalities and in providing consistent policies for developers to deliver positive health outcomes[134].

131 Damodar Bachani et al. (2022) – Healthier Cities through Systems Thinking: Practical Considerations for City Leaders

132 DLUHC (2012) – NPPF: chapter 8

133 TCPA (2021) – How to use public health evidence to plan healthier places: Resource Example 4: Embedding health and wellbeing into Neighbourhood Plans for Gloucestershire

134 Rosalie Callway et al. (2023) – Integrating Health into Local Plans: A Comparative Review of Health Requirements for Urban Development in Seven Local Planning Authorities in England

The NHS has previously published guidance on what healthy urban development looks like, including good-quality housing and support for active travel, centering on the creation of a healthy environment through measures such as[135]:

- High standards of construction

- Air quality measures

- Biodiversity

- Flood resilience

- Resilience to other environmental issues – for example, passive cooling techniques in housing and urban greening

- Access to education

- Social infrastructure.

Local authorities have a duty to enforce building regulations to mandate good-quality construction, as set out in the Building Act 1984 and the Building Regulations 2010 to apply minimum standards. Following the Grenfell Tower fire in 2017, the Building Safety Act 2022 introduced further legislation concerned specifically with resident safety[136]. There are also regulations that aim to reduce carbon emissions in both new build and refurbished buildings in line with the country's carbon budgeting[137]. In doing so, sustainable construction practices tend to improve population health by reducing air pollution and providing safe and more energy-efficient buildings.

Those living in poor-quality housing and those who are homeless are more vulnerable to illness, including respiratory illnesses, and the Covid-19 pandemic has highlighted the risks to health that the urban environment can bring or exacerbate. Likewise, the lockdowns associated with the pandemic brought to the fore health risks associated with poor-quality housing, to the extent that 31 percent of adults in Britain reported physical or mental health problems because of the condition of their homes during lockdown[138], proving the real limitations that the built environment can introduce to a populations' overall health and wellbeing.

Looking into the future and to the uncertainties that the coming election year will bring, Labour's manifesto promises the introduction of a Neighbourhood Health

135   NHS London Healthy Urban Development Unit (2014) – Healthy Urban Planning Checklist
136   Felicia Rankl (2023) – Building regulations and safety
137   Environmental Audit Committee (2022) – Building to net zero: costing carbon in construction
138   Centre for Ageing Better (2020) – Homes, health and COVID-19: Infographics

Centres, which would see a number of health specialists working in hubs that join up services at the local level, with party rhetoric turning towards a "prevention-first" approach to healthcare that would require cross-sectoral integration. On the other side of the political spectrum, Rishi Sunak has declared commitments to cutting NHS waiting lists, although the heavy centralisation and top-down approach to policy measures from Whitehall combined with continued budget cuts since 2010 have damaged the capacity of preventative measures for population health across the country. No matter what party sees the end of 2024 in government, there will absolutely be a need for long-term stability in policy and funding that can support healthy towns and cities at the local level, reduce levels of preventable ill health, and put a dam across the deluge of crises drowning the NHS on a day-to-day basis.

5.2 Health and wellbeing on the regeneration journey

Scoping

Over the past decade, the number of people living in urban areas across the UK has risen significantly. While rural areas tend towards a higher proportion of older people, urban areas often see higher levels of deprivation than their rural counterparts[139], and the rise in the urban population has had a real influence over public health. Non-communicable diseases (NCDs) such as dementia and heart disease are the leading causes of death in the UK, while depressive disorders account for a large burden on people of all ages, with some of the risk factors for NCD morbidity being high body mass index, smoking, drug and alcohol use, and pollution. In our towns and cities, such risk factors are exacerbated by increasingly sedentary lifestyles and rising rates of air pollution[140], while high levels of deprivation are associated with inequalities in avoidable mortality, long-term health conditions, and the prevalence of mental ill-health[141].

The pandemic changed the way that most people interact with urban spaces, altering the make-up of town centres and their relationship to economic growth, as well as having a very poor impact on both physical and mental health, aggravating inequalities[142]. The needs of the population continue to change as it ages and

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139   Defra (2023) – Statistical Digest of Rural England

140   Laurence Carmichael (2019) – Urban planning as an enabler of urban health: Challenges and good practice in England following the 2012 planning and public health reforms

141   The King's Fund (2022) – What are health inequalities?

142   Cambridgeshire & Peterborough Integrated Care System (2022) – Cambridgeshire & Peterborough Health and Wellbeing and Integrated Care Strategy

deals with increasingly complex layers of morbidities, and the pandemic exposed the urgency of change needed to meet demographic demands with a weakening healthcare system. It is unavoidable, therefore, that healthcare and the provision of sufficient care to more vulnerable populations strike to the heart of scoping out the requirements for urban regeneration programmes. Urban areas represent huge opportunities for a national agenda for health that targets the built environment.
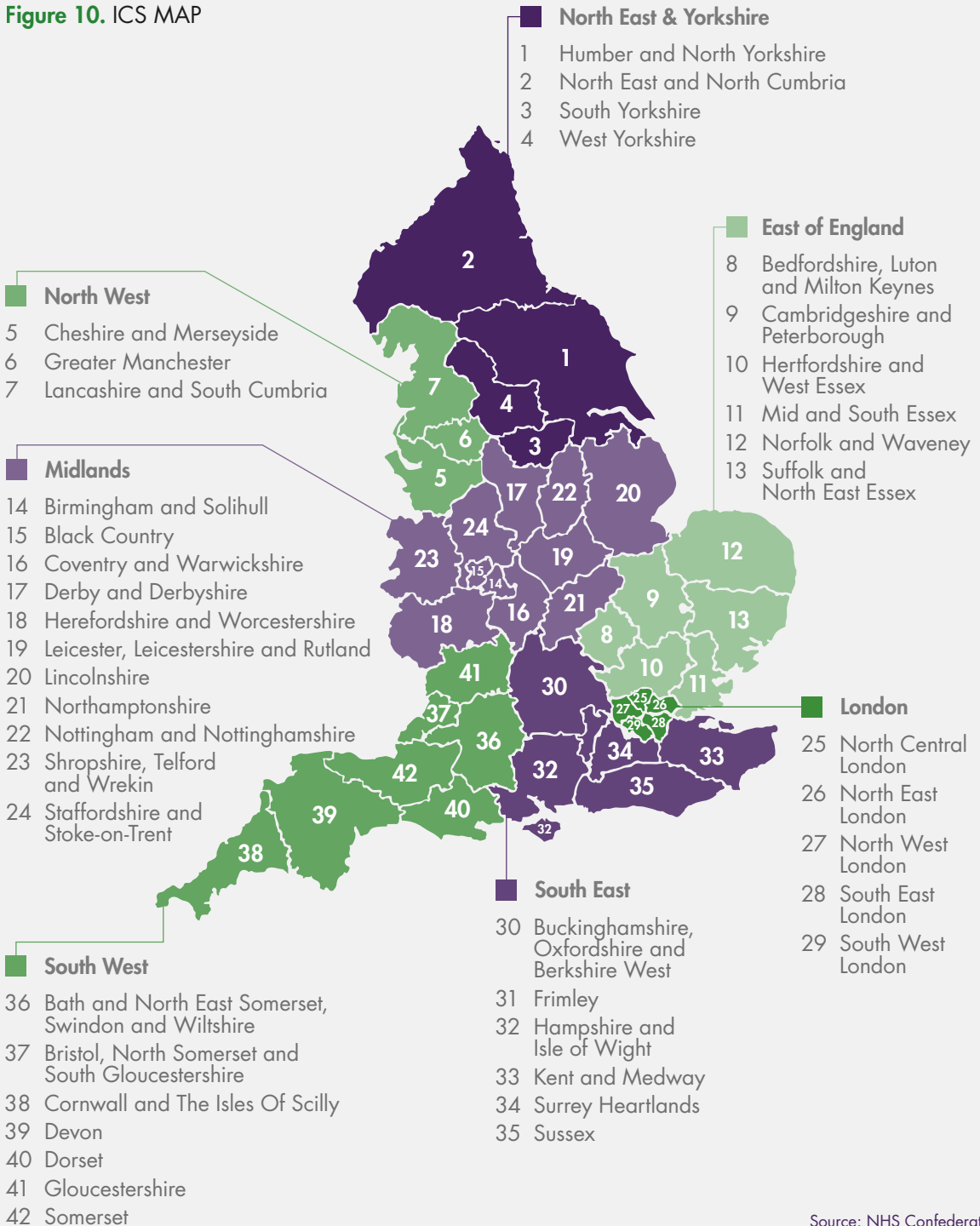
When scoping out the overarching narrative for a regeneration project, it is vital therefore to consider the health perspective and to involve stakeholders that have the expertise or relative influence to enable healthy development. The health perspective can be the primary driver of regeneration, especially where existing public sector assets may be best used to improve NHS provision in the town centre or where there is a desire to move health into the heart of towns and cities. In the latter case, healthcare can benefit from existing infrastructure in the town centre, allowing easy transport to-and-from the place of care. Development plans may respond directly to local need for housing more vulnerable or older people[143], or use estate, demographic and socio-economic population data to deliver targeted services. Alternatively, the vision for place might target the creation of greener spaces, improving social infrastructure, or bringing forward new transport hubs. In these cases, health and wellbeing remain central to development and often see direct improvement from reduced inequalities or a healthier environment.

Integrated working between the NHS, local authorities, and other stakeholders has developed particularly since the introduction of Integrated Care Systems (ICSs) in 2022, local partnerships formed to improve population health and care, tackle inequalities, enhance value for money, and support broader social and economic development[144]. In terms of urban regeneration, ICSs represent the opportunity to pool resources and to benefit from joined-up strategic thinking – as exemplified by the integrated care strategies produced in collaboration between local government and the NHS. They bring a real focus on prevention, which introduces upstream resilience into the built environment. Potentially, the ICS could become a paradigm from which other local regeneration partnerships might in future benefit, following the example of a duty on collaboration between public sector actors in order to reduce risk, improve resilience, and target development where it is needed most.

143   LGA (2022) – Housing our ageing population
144   NHS England (2022) – What are integrated care systems?

Figure 10. ICS MAP

North East & Yorkshire
1 Humber and North Yorkshire
2 North East and North Cumbria
3 South Yorkshire
4 West Yorkshire

East of England
8 Bedfordshire, Luton and Milton Keynes
9 Cambridgeshire and Peterborough
10 Hertfordshire and West Essex
11 Mid and South Essex
12 Norfolk and Waveney
13 Suffolk and North East Essex

North West
5 Cheshire and Merseyside
6 Greater Manchester
7 Lancashire and South Cumbria

Midlands
14 Birmingham and Solihull
15 Black Country
16 Coventry and Warwickshire
17 Derby and Derbyshire
18 Herefordshire and Worcestershire
19 Leicester, Leicestershire and Rutland
20 Lincolnshire
21 Northamptonshire
22 Nottingham and Nottinghamshire
23 Shropshire, Telford and Wrekin
24 Staffordshire and Stoke-on-Trent

London
25 North Central London
26 North East London
27 North West London
28 South East London
29 South West London

South East
30 Buckinghamshire, Oxfordshire and Berkshire West
31 Frimley
32 Hampshire and Isle of Wight
33 Kent and Medway
34 Surrey Heartlands
35 Sussex

South West
36 Bath and North East Somerset, Swindon and Wiltshire
37 Bristol, North Somerset and South Gloucestershire
38 Cornwall and The Isles Of Scilly
39 Devon
40 Dorset
41 Gloucestershire
42 Somerset

Source: NHS Confederation

Planning

With the introduction of ICSs came the requirement for each to develop an infrastructure strategy within the 2023/24 fiscal year[145], to set out how place partnerships can transform spaces by making decisions informed by data on the use of, investment into, or release of estate. Suggested areas of consideration include addressing disparities in health and social care and taking a preventative approach to health and wellbeing[146], considering how all partners can release best possible outcomes for population health through spatial planning and collaboration. The most significant considerations in delivering infrastructure strategies are the importance of engaging in collaborative working, using data to build a good understanding of population health needs and the best ways to utilise existing estate, and engaging with estate stakeholders to detect diverse opportunities for addressing health disparities in alignment with economic growth and other social or environmental considerations.

When addressing health as a material planning consideration, planning authorities must engage not only with housing and design standards, but also air quality and biodiversity considerations, as well as making assessments of noise, transport, retail impact, and sustainability[147]. Good spatial planning can ensure that development engages at all levels of health needs. For instance, appropriate housing for the community can support hospital discharge, provide diverse options for frail residents, and ensure more vulnerable people can benefit from proper insulation and heating while saving on energy costs[148]. The picture painted is one of immense and overlapping considerations, emphasising the real importance of collaboration between stakeholders with different expertise, resources, and obligations. For local authorities, enacting good practice in planning for development that accounts for health impact requires capacity and knowledge, considering accessibility in planning policy, and engaging in health impact assessments[149].

Local authorities can make use of the Health Impact Assessment in order to optimise health outcomes from changes that are made to the local area by identifying the potential health impacts of proposed development on a range of population groups. The stages of the Health Impact Assessment involve screening, scoping, assessing, reporting, monitoring, and evaluating – ensuring that all stakeholders remain

145   NHS Property Services (2023) – Partnering with an ICS to deliver their Infrastructure Strategy
146   DHSC (2022) – Guidance on the preparation of integrated care strategies
147   NHS London Healthy Urban Development Unit (2017) – Healthy Urban Planning Checklist
148   LGA (2022) – Gloucestershire: A joint plan for healthy homes
149   The King's Fund (2013) – Health and spatial planning

engaged in the planning process and that transformation meets local priorities, including reference to wider determinants of health such as social isolation and fuel poverty[150]. Development must remain in line with central government directives such as those set out by the Levelling Up initiative to reduce geographic inequalities – one of the missions set out by the Levelling Up White Paper was to narrow the gap in Healthy Life Expectancy. Unfortunately, the white paper intended to address health disparities was shelved at the beginning of 2023[151], suggesting that central leadership has left the policy environment more unstable than the question of public health warrants. Strategic spatial planning is vital to encouraging healthy urban environments, looking to long-term plans to save on costs, support healthy lifestyles, and ensure that people across the country can access healthcare easily.

Financing

Regeneration that centres health is held back by a number of financial obstacles. The first is the insufficient real-terms increases in government spending on health since 2010 combined with an opacity for ICSs in the process of applying for capital funding[152]. Poor capital funding also leads to healthcare bodies being unable to afford the revenue costs of ongoing maintenance. The second is similar: the reduction in local authority spending power in the same time period and the associated risk aversion among local authorities to engage in costly capital projects while struggling to deliver even necessary social care. Furthermore, there are immense financial risks associated with investment into healthcare-related development, for example the poor viability assessments that developers cite in relation to properties for older people – despite the ultimately cost-effective nature of providing appropriate housing for older people[153]. Finally, in considering financial risk and unlocking the potential of capital assets, friction often arises in balancing capital versus revenue costs in accounting, set against a background of an NHS backlog in maintenance costs and an intense need for renewal of the NHS estate[154].

There is some potential for change to alleviate these issues. In line with the emphasis on integrated care, ICSs represent an opportunity to pool resources across the public sector in order to raise funds and to provide certainty for potential investors, taking

150   Public Health England (2020) – Health Impact Assessment in spatial planning: A guide for local authority public health and planning teams

151   The Health Foundation (2023) – The health disparities white paper disappearing shows a dangerous pattern for action on health

152   NHS Confederation (2021) – Beyond bricks and mortar: capital funding for the NHS

153   LGA (2022) – Housing our ageing population

154   National Audit Office (2020) – Review of capital expenditure in the NHS

on a collaborative approach to capital spending. Although the Better Care Fund does presently provide centrally sourced funding for health and social care partners to act with pooled funds at the place level, funding remains insufficient across the board in terms of healthcare – particularly given the bureaucratic and fragmented approach to sourcing infrastructure funding in the NHS[155] – and wider urban development does not presently benefit from such a mechanism for joined-up working.

Shoring up the ability for organisations to engage with pooled budgets and therefore produce an integrated spending plan and respond to health from a systems perspective relies upon policy and a government that supports such integrated frameworks. One model for funding access that extends across public sector actors, including the NHS and social housing delivery, for instance, could produce positive results. Success in the case of healthcare providers and, specifically, integrated care partnerships could provide a model for future public sector integration in the space of urban regeneration that can unlock cost-saving benefits and provide long-term support for communities, by engaging in cross-organisational sharing of expertise and joined-up strategic thinking. Involving the NHS in development planning may also encourage such a cooperative approach.

Likewise, although associated with a poor legacy, a lack of flexibility, and high costs to NHS trusts[156], Private Finance Initiative (PFI) contracts represent the potential for collaboration between the public and private sectors and for investigating new means of public sector procurement that eases accounting inefficiencies in traditional public sector asset purchases. Many PFI contracts are approaching their first break clause, providing opportunity for withdrawal in order to minimise ongoing and extensive service costs that have led to mistrust and a lack of confidence in such initiatives across the public sector and the public at large. PFI contracts have had evident flaws, but options for novel public sector procurement methods must be explored, particularly in order to enable the best possible utilisation of capital assets for both public health and cost effectiveness. In doing so, it is imperative that any investments made by the public sector into healthcare assets must have regard for longer term revenue expenses, beyond political or funding cycles.

Implementation

The tenets of integrating health into the implementation of urban regeneration are managing risk, responsibility, and economic constraints, in order to influence

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155   National Audit Office (2020) – Review of capital expenditure in the NHS
156   Nigel Edwards (2017) – Capital planning and property in the NHS: lost opportunities

developer practices to privilege health and wellbeing as a target outcome[157]. Large urban regeneration projects are often very complex, involve interacting hierarchies and institutions, and stakeholders with a variety of motivations. Organisations can be held back from healthy urban development by departmental siloes, lack of capacity, conflicting political messages and policy objectives, and financial constraints. Solutions may incorporate regional and integrated, cross-sectoral reorganisation, particularly among public sector bodies, improved funding mechanisms and fiscal autonomy at the local level, certainty in terms of regulations and standards for high quality construction, and a real drive towards improving public awareness. Clear outcome setting from the outset will drive developers to engage in longer-term and sustainable solutions.

There exist a number of mechanisms via which the impact of the quality of the built environment on public health and wellbeing can be measured. The World Health Organization, for instance, encourages the use of the Healthy Streets Approach, which outlines ten indicators for measuring the quality of streets in terms of factors such as pollution, traffic reduction, accessibility, and environment[158]. Transport for London utilises this policy approach, highlighting as two main indicators for the index: "Pedestrians from all walks of life," and "People choose to walk, cycle and use public transport."[159] Frameworks such as this show how creating healthy public spaces relies upon a holistic approach to urban development that relies upon improving infrastructure capacity, the construction of high-density and mixed-use developments, and utilising data to evaluate the accessibility of services – all of which requires detailed, long-term strategic planning, a supportive policy context, and continuous evaluation and improvement of the built environment. The Place Standard tool, which Public Health Scotland champions, provides a framework for a holistic assessment of the physical and social environment[160], highlighting the importance of a systems approach to healthy development. Significantly, models for evaluating healthy urban space should not solely emphasise 'healthy lifestyles' but should aim to identify systemic barriers to health and resilience against environmental and economic shocks[161].

157   Helen Pineo and Gemma Moore (2021) – Built environment stakeholders' experiences of implementing healthy urban development: an exploratory study

158   WHO (2022) – Urban design for health: inspiration for the use of urban design to promote physical activity and healthy diets in the WHO European Region

159   TfL (2017) – Guide to the Healthy Streets Indicators: Delivering the Healthy Streets Approach

160   Public Health Scotland (2021) – The Place Standard tool

161   Helen Pineo and Gemma Moore (2021) – Built environment stakeholders' experiences of implementing healthy urban development: an exploratory study

5.3 Operational concerns

The table below highlights how the strategic concern of ensuring health and wellbeing intersects with key operational concerns for regeneration projects.

Operational concern	Driving health and wellbeing in regeneration
Sustainable design	Taking an integrated approach to design ensures that health and wellbeing are considered from the outset of development, including how it will impact NCDs, pollution, vulnerable populations and provide equitable growth Using data profiles can show what health needs the population has and where these are concentrated, which can be factored into design
Decarbonisation	Breaking down sectoral siloes allows us to consider green development as involving preventative healthcare, so pooling resources and sharing best practice can promote development that is holistic in its approach to public benefit
Property and estates partnerships	Utilising existing property assets in urban centres can bring healthcare into more accessible areas while bringing economic benefits – but this requires integrated thinking across asset holders PFIs have left a negative legacy when it comes to partnerships, so the NHS/healthcare sector – which is already drawing out of those original contracts – will have to be careful but assured in engaging with new contracts with private entities Thorough knowledge of its existing assets and estate can help an ICS to engage in effective decision-making in terms of meeting population health needs[162]

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162   NHS Property Services (2023) – Partnering with an ICS to deliver their Infrastructure Strategy

5.4 Policy recommendations

- As part of the broader turn to subregional health partnerships embodied by ICSs, these bodies should be given **additional funding based on demographic profiles to boost investment in prevention** – this could be used as part of regeneration projects to ensure a healthy environment.

- The **consideration of the impact of development on health in vulnerable communities** should be mandatory in local and subregional plans.

- Government should work with the NHS and LGA to produce a **strategy for community-driven healthcare in urban centres**, to inform the development of local and subregional plans, emphasising the importance of building healthcare provision into regeneration.

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