Regeneration - What are the problems and what can we achieve in addressing them?

A Discussion Paper Commissioned from the Regeneration and Economic Development Analysis Expert Panel for the Regeneration Futures Roundtable

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Preface

The Regeneration and Economic Development Analysis Expert Panel is one of three expert panels established by the Department for Communities and Local Government (DCLG) to improve their analytical capacity. The expert panels aimed to strengthen the links between research, evidence and policy and provide fresh and challenging insights to policy makers by providing access to senior academics and researchers from a range of disciplines.

The analysis, findings and conclusions are those of the authors and do not necessarily represent the views of the Department for Communities and Local Government

This paper was commissioned, along with three others, as part of a ‘round table’ discussion held in 2009 as part of an internal review looking at the future role for regeneration. The three other papers by Stephen Syrett, Anne Green and Paul Lawless are also published on the DCLG archive website.

Introduction

The discussion in this document is in two parts. The first part outlines what I see to be the nature of the regeneration problem. Given space constraints, this section is inevitably relatively brief and I draw upon research undertaken as part of the National Evaluation of the Single Regeneration Budget, the Scoping Study for the Working Neighbourhoods Fund and other studies that I have been involved in recently. Some of this work has not been published and is thus in confidence. The second part describes what I see to be some of the main factors that should be considered in shaping policy responses over the next five to ten years.

Part 1

Conceptualising the problem

The regeneration problem has been conceptualised in a number of different ways by a large number of researchers and I do not believe that it is useful to debate the pros and cons of any particular approach too deeply in this document. However, it is helpful to begin by outlining what I see to be the key features and I draw on the approach that we adopted in the National Evaluation of the Single Regeneration Budget (Rhodes et al, 2007).

Regeneration problems vary considerably. In some places the key issue highlighted is that of a distressed labour market, in others poor housing and worn-out infrastructure and in yet others problems associated with crime, social disorder or ill health. The worst areas have all of these. However, it is possible to consider the problems within a common framework that comprises a number of key features.

The first is that local area regeneration problems *per se* are rarely confined to any one dimension but have economic, physical and social components and there are multiple interactions that generate a genuine circulation of cause and effect between them (see Brennan et al, 2000). Actions to regenerate places have to consider these interactions. However, it is essential to consider the economic dimension. Geographical variations in income and economic vitality underpin the basic problem. I return to this shortly.

Secondly, it is helpful to recognise that the problem usually emerges as an imbalance between supply and demand. This is perhaps most easily illustrated in the local labour market where the problem of unemployment is the result of the supply and demand for jobs not being in equilibrium and there is a shortfall, or *gap*. However, other problems around the quality of service provision can be considered in much the same way. Thus, inadequate services in an area occur because the provision of the service (the supply) does not match the need (the demand). There is, however, a further factor to consider in defining the regeneration problem. The *relative degree* of imbalance, or gap, along any of the dimensions considered is *relatively greater* in the deprived area than that of the nation as a whole. Thus, unemployment in the deprived area is higher than the national average; the level of education attainment is lower etc. *This is the defining feature of the regeneration problem.* In the case of the National Strategy for Neighbourhood Renewal (ODPM, 2001) closing these relative gaps is seen to be a fundamental objective of the strategy.

A further factor that characterises the local regeneration problem is that the gap *persists* through time. That is, it is not a cyclical phenomenon perhaps reflecting a temporary reallocation process, but rather something that remains throughout successive cycles, seems to be permanent and remains sometimes for many decades or more. The fact that the relative degree of imbalance is so entrenched gives it a fixity in the geographic landscape and neither the workings of the market or mainstream public service providers enable the area concerned to move towards the national average such that the relative degree of imbalance (the difference between the nation and the area itself) closes.

In practice, the notion of point convergence along the different dimensions that we use to define regeneration problems is unrealistic, whether it relates to the labour market or any indicator of service level attainment. Certainly in relation to the labour market for variables like unemployment there will always be factors that lead to some degree of variation in a local area from the national average. However, if the long term systemic problems of the UK's deprived areas are to be removed then it must be the case that one would wish to see a reduction in the size of the relevant gaps between the most deprived areas and the nation.

The underlying cause of the problem

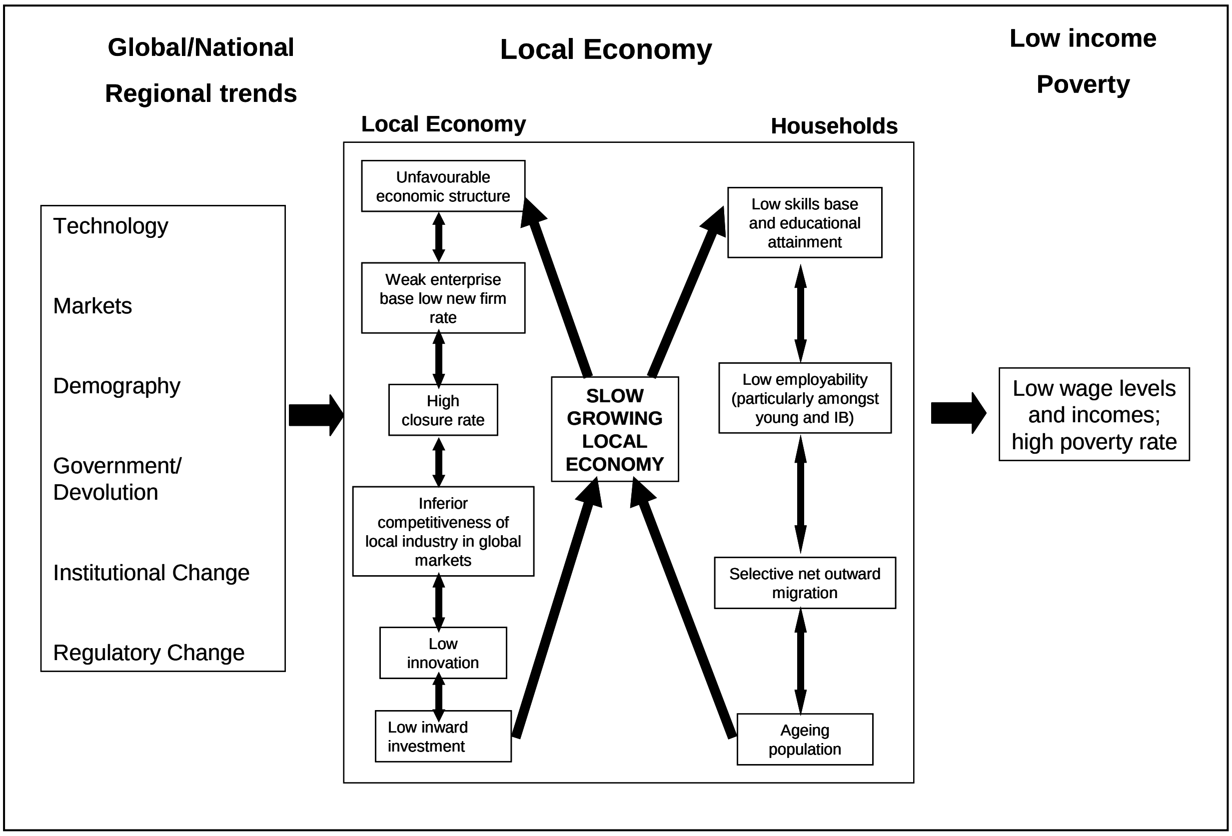
In order to understand the underlying causes of regeneration problems it is necessary to understand more about the factors that lead to geographical variations in economic growth and the ability of areas to adjust to economic change. Although there are many different ways in which we could assess the extent of economic disparities that exist across the settlement pattern in England at the present time I would prefer to focus on disparities in incomes since I see this as a fundamental factor that determines economic well being.

Figure 1 provides a simple framework that I believe is helpful in understanding the factors that influence spatial variations in income. The factors that influence the economic vitality of local economies may have their origin at the international/ national and regional level. In the post war period many of the United Kingdom's traditionally staple industries have lost their competitive advantage internationally and as they have contracted and declined this has had pronounced spatial impacts, particularly in the inner areas of the United Kingdom's core cities.

An unfavourable economic structure, firm closure, weak enterprising behaviour, low rates of new firm formation and weak investment have all interacted to perpetuate economic decline over a lengthy period of time in many areas. The relatively slow growing economy that results provokes a series of labour market outcomes that lead to, and reinforce, relatively low household incomes. A number of interfaces involving migration and commuting, as well as human capital factors that include qualifications and skills and the age of the labour force are important. In this view of the world relatively slow economic growth and thus low household incomes, both reflect and impact upon the human capital and age related characteristics of the workforce. The key characteristics of slow growing economies are high levels of worklessness, significant employment in low-wage sectors, significant numbers of people on a retirement income or incapacity benefits (which all typically tend to be lower than the average wage) and large numbers of young people with little or no qualifications.

Evidence from research that I am currently involved in (Gardiner, Martin and Tyler, 2009) points clearly to the effect on local incomes of employment change, worklessness, employment in low-wage sectors, those with no qualifications, and the proportion of young and retired people.

Figure 1: Understanding the factors that influence spatial variations in income



Source: Gardiner, Martin and Tyler (2009).

The set of interactions described in Figure 1 are relevant to considering how differences in economic activity and incomes occur at the broad local authority level across the United Kingdom. Within local authorities areas a whole series of factors associated with housing, infrastructure and historic patterns of land use concentrate the most disadvantaged in particular neighbourhoods and exacerbate spatial income inequality. As the concentration of the most disadvantaged groups occurs this puts disproportionate demands on the provision of public services which find it hard to adjust and are often overwhelmed. There are associated problems of crime and ill health that reinforce cycles of disadvantage. My colleague Paul Lawless has discussed these issues at length in his paper and I do not discuss neighbourhood problems further here.

The pace of economic change across the United Kingdom over the last forty years has been considerable. Some areas regenerate relatively easily since they attract the new investment and support that revives their economic fortunes. In these areas regeneration is a relatively painless process because the area has sufficient opportunity relative to its need to bring about positive change. However, many areas have found it very difficult to adjust to the structural change in their economic base and thus overcome the legacy of their past. The process of adaptation has often stalled and it may require substantial policy intervention to overcome this because of the scale of the market failures involved and the size of the change required. In many cases areas that find it hard to adjust tend to export their more qualified and enterprising people and the relative concentration of those with lower qualifications and thus relatively low incomes intensifies. (For a discussion of these issues see evidence from the National Evaluation of the Single Regeneration Budget (DCLG, 2007) and the National Evaluation of New Deal for Communities (DCLG, 2009).

Many of the problems associated with market failure are often found in land and property markets but they are also severe in the labour market and elsewhere. The probability that successful adaptation will occur in the depressed area is determined by the rigidities in land, labour and capital markets in that area relative to elsewhere and affected by the *geography* of the area, how it is positioned in the settlement hierarchy and its proximity to more prosperous locations/markets as well as its size and thus its spending power and resource base. Its relative competitive advantage is determined by the attributes of the area (particularly its workforce) relative to other areas.

The probability of successful adjustment by mainstream public service providers to the needs and requirements of areas is, in many ways, more difficult to gauge than the market response. Partly because the response by the mainstream needs to be *coordinated* across the different departments that deliver the service responses required. Moreover, the difficulty is that this coordinated response has to be secured at different levels of delivery vertically and horizontally across the tiers of Government for a range of quite disparate services and at different geographical levels of service delivery. Again, as with market adjustment, the intensity of the problem and the geography of the area (in terms of access, density etc) are of central importance in determining outcomes and thus the degree of convergence that will occur. In recent years most Government departments have been making strenuous efforts to be more sensitive to the needs of particular places (Tyler et al, 2004). There are also interactions between the public and private sector that complicate the adjustment process as well.

In the face of very uneven progress in regeneration across the UK settlement pattern there has been discussion as to what the shape and form of regeneration policy should be. There has been concern that regeneration policy has not been cost effective, that intervention has been too late and even that some areas should be written off because the UK economy would be better concentrating resources into areas that are relatively more productive and that urban and regional polices may even be distortive and constrain national growth. (See Gardiner, Martin and Tyler, (2009)). This is not the place to discuss these issues at length, but simply neglecting areas is *not an option*. To do nothing is neither a responsible or cost effective response. What is needed is a strategic approach to regeneration that ensures that all areas find their appropriate footing and undertake the actions that realistically reflect the best option for them.

In some cases the underlying competitive advantage of an area may be quite strong and what is required is a series of measures to replace inadequate access infrastructure and to kick-start the workings of the local property market. These actions may be sufficient to attract new investment and a new set of economic activities. In other cases the better solution may be to accept a lower density of economic activity but ensure that the area is better connected to adjacent job-markets.

Whatever the precise features of the approach adopted I remain firmly convinced that in every case it is essential that that attention is given to identifying how best to overcome spatial concentrations of worklessness that tend to affect particular groups of people disproportionately, particularly ethnic groups and the young. These concentrations of worklessness have been a stubborn feature of the regeneration problem and I believe that the failure to address them more effectively in the 1980s following the very severe recession at the beginning of that decade allowed some regeneration problems to become more entrenched than they would have been. Key lessons need to be learned in addressing the spatial consequences of the present economic down-turn.

Should quality of life, wellbeing and quality of place be legitimate and achievable outcomes alongside economic outcomes?

As I have argued extensively elsewhere (Rhodes, Tyler and Brennan, 2001), in order to turn areas around, regeneration initiatives must enhance the attractiveness of places for people and investment through the activities of both the market and the mainstream public sector providers. Attractive areas are those where people and business want to come to, stay in and leave reluctantly. They also should, where this is appropriate, ensure that the residents of the area can increase their respective access to jobs as a way of combating the social exclusion that they may be experiencing. Successful regeneration is about enhancing the *core competencies or attributes* of the area and residents so that it is a relatively attractive place for businesses to want to invest in and people to live in. It requires bringing together the relevant *agents of change* from across all sectors be it the government, businesses, voluntary sector stakeholders or residents to work together to address the problems concerned. Enhancing the quality of a place in terms of its housing and other key infrastructure is an important part of the economic revival of an area.

The Review of Sub-National Economic Development and Regeneration (HM Treasury, 2007) and other recent Government documents make it clear that ultimately local economic regeneration has to be delivered by local players including local government. The basis of Local Area Agreements is that the local stakeholders deploy regeneration resources to the best possible advantage. The direction of travel here is clear and increasingly the view of HM Government is that the regeneration funding that it provides is allocated to ensure that the maximum degree of discretion is given to local players.

The logic behind devolution and the recognition that local players knowing their problems best has to be right, but it is essential that the local stakeholders adopt a strategic approach to regeneration that does not spread the resources available to them so thinly that there is no possibility of any real impact. Moreover, resources from the centre have to be used to maximum advantage to lever further resources from the private and public sector.

In concluding this part I would wish to emphasise that much has been achieved by regeneration policy over the last three decades or so and many valuable lessons learned, particularly at the neighbourhood level. In some cases, regeneration funding has transformed the situation and prevented areas tipping into further decline. Whilst there will always be issues around cost effectiveness there have been impressive achievements, against a background of significant economic restructuring.

Part 2

Key challenges for regeneration

In the first section of this paper I have sought to outline the basic local area regeneration problem in the United Kingdom as I perceive it. I have argued that doing nothing is not an option. The core objective is to pay attention to the factors that make for good regeneration, ensure that regeneration resources are used to good effect but that a central focus has to be on securing economic regeneration with particular attention to tackling spatial concentrations of worklessness particularly as they affect specific groups. In this section I outline what I see to be some of the key challenges to successful regeneration in the years ahead and which might inform debate on the future direction of regeneration policy.

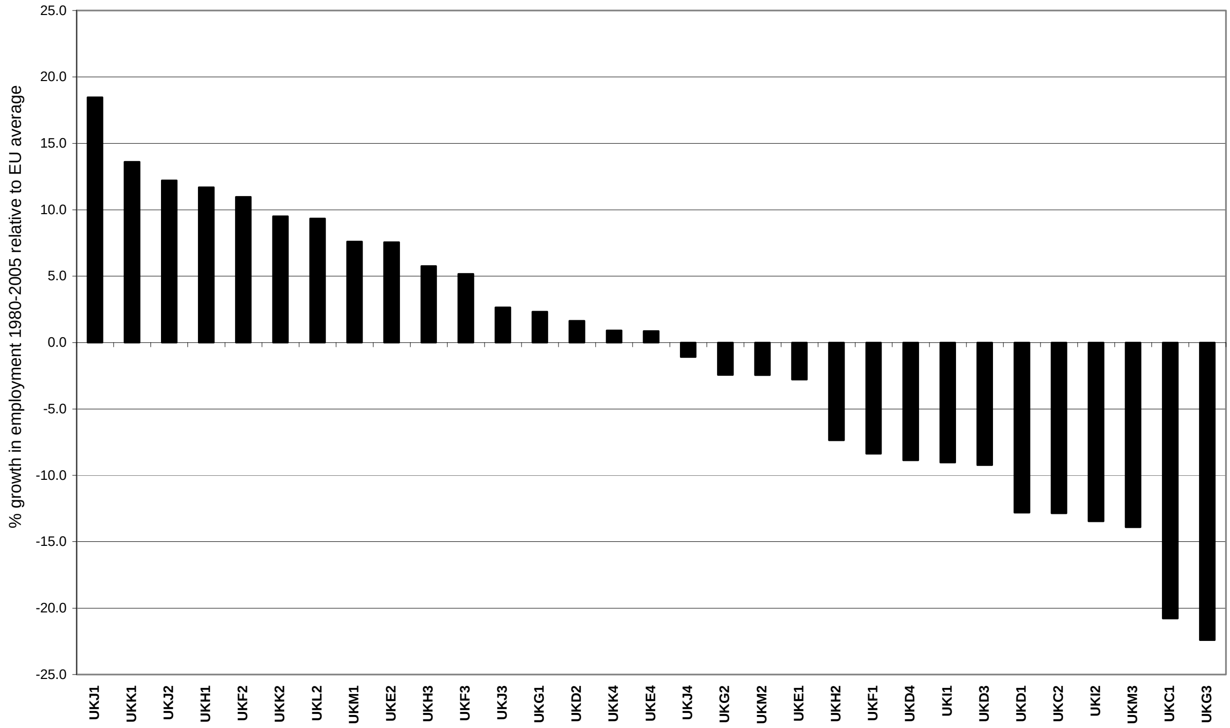
The scale of the problem

Economic change in the post-war period has had a significant impact on the geography of income across the United Kingdom. It is often not realised how extensively the economic adjustment has been. One way of showing this is to consider how employment has changed across the United Kingdom. I have chosen to illustrate the change over the period 1980 to 2005 since this is a period when a significant amount of economic restructuring has occurred and for which there is now relatively robust data. I have benchmarked the growth of employment over the period 1980-2005 to that which occurred across the whole of EU15 using data provided by Cambridge Econometrics.

Figure 2 shows the results at the NUTS 2 level (broadly sub-regional) level. Over the period considered employment in the EU15 taken as a whole increased to 166.8 million jobs from a 1980 base of nearly 144 million, an increase of nearly 16 per cent. Over the same period in the United Kingdom employed changed from 27.2 million jobs in 1980 to 30.6 million jobs in 2005, an increase of 12.5 per cent. However, as Figure 2 shows there were considerable differences across the broad sub-regions of the United Kingdom in the growth of jobs. In job terms the fastest growth in jobs was recorded in the Berkshire, Buckingham and Oxfordshire sub-group where employment growth was some nearly 39 per cent (364,000 jobs), some 19 per cent in excess of the EU15 benchmark – a significant achievement reflective of a dynamic sub-regional economic system.

The areas in the left hand column of Table 1 can, to varying degrees, be characterised as leading Europe in their economic expansion. The areas on the right hand side present an obvious contrast. Over the period concerned the job base of the West Midlands declined by some 7.4 per cent (105,000 jobs) reflecting a relative adverse trend compared to the EU15 position of around 23 per cent. These areas have been falling back.

Figure 2: Growth in employment 1980-2005 relative to EU average across the United Kingdom at the NUTS2 level



Source: Cambridge Econometrics

Table 1

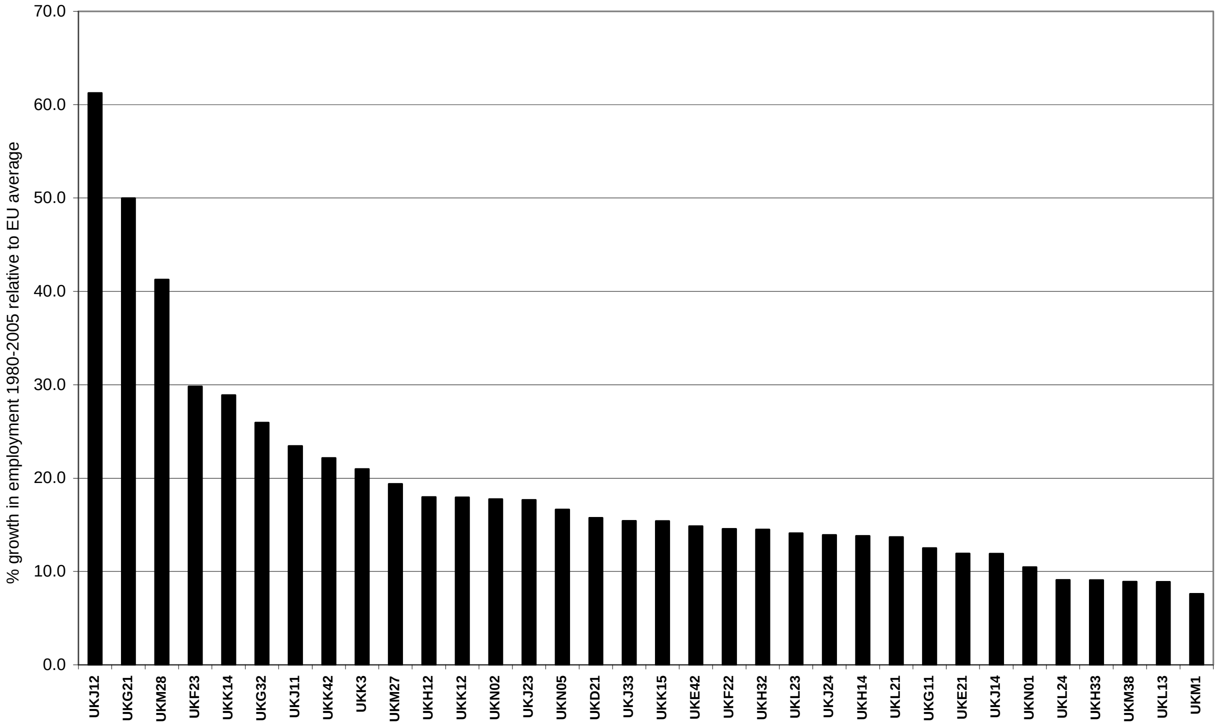
	Moving away		Falling back
UKJ1	Berkshire, Bucks and Oxfordshire	UKJ4	Kent
UKK1	Gloucestershire, Wiltshire and North Somerset	UKG2	Shropshire and Staffordshire
UKJ2	Surrey, East and West Sussex	UKM2	Eastern Scotland
UKH1	East Anglia	UKE1	East Riding and North Lincolnshire
UKF2	Leicestershire, Rutland and Northants	UKH2	Bedfordshire, Hertfordshire
UKK2	Dorset and Somerset	UKF1	Derbyshire and Nottinghamshire
UKL2	East Wales	UKD4	Lancashire
UKM1	North Eastern Scotland	UKI1	Inner London
UKE2	North Yorkshire	UKD3	Greater Manchester
UKH3	Essex	UKD1	Cumbria
UKF3	Lincolnshire	UKC2	Northumberland, Tyne and Wear
UKJ3	Hampshire and Isle of Wight	UKI2	Outer London
UKG1	Herefordshire, Worcestershire and Warks	UKM3	South Western Scotland
UKD2	Cheshire	UKC1	Tees Valley and Durham
UKK4	Devon	UKG3	West Midlands
UKE4	West Yorkshire		

Figure 3a shows the results at the NUTS 3 level. Using exactly the same approach the areas shown have experienced significant expansion in their employment base well in excess of that which occurred across the EU taken as a whole. In employment terms these have been star performers and Milton Keynes which leads the list expanded its employment base some 60 per cent more than the EU 15 average, representing a virtual doubling in the actual volume of employment, adding 83,000 jobs.

The areas shown in Figure 3b have had a totally different experience. The area hit the hardest based on this measure has been Stoke-on Trent that experienced a relative contraction compared to the EU of over 50 per cent, representing a loss in terms of actual jobs of a third of its 1980 employment base (a loss of 50,000 jobs).

It is to state the obvious that the regeneration challenge facing an area like Stoke-on-Trent has been considerably more intense than that experienced by most other areas. Given that the volume of actual resources devoted to regeneration policy *per se* have been relatively small in comparison to mainstream public expenditure and has been fairly widely dispersed across the United Kingdom it is obvious that the majority of resources required to bring about regeneration has to come from elsewhere. In these circumstances the pace of relative adjustment for those areas most affected by economic change has to be relatively slow except in the rather rare occasions where they find they find they have significant oil reserves!

Figure 3a: Growth in employment 1980-2005 relative to EU average – star performers: star performers (NUTS 3)



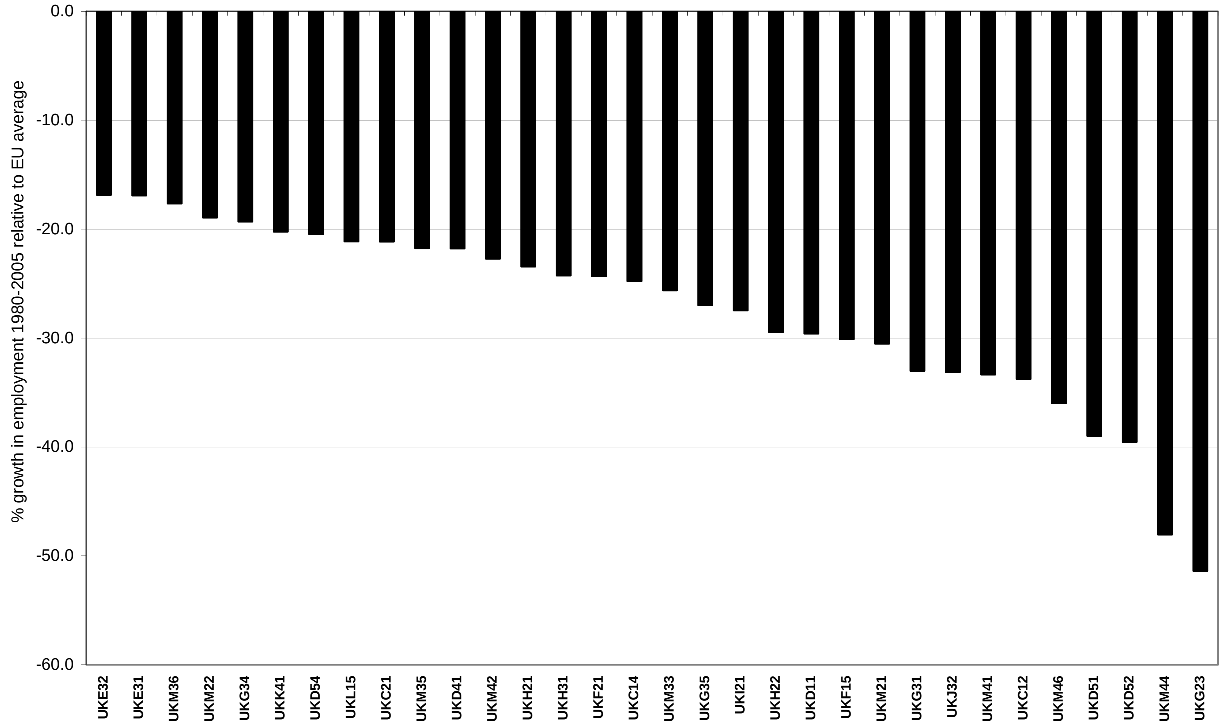
Source Cambridge Econometrics

Table 2

Star performers			
UKJ12	Milton Keynes	UKK15	Wiltshire CC
UKG21	The Wrekin	UKE42	Leeds
UKM28	West Lothian	UKF22	Leicester CC and Rutland
UKF23	Northamptonshire	UKH32	Thurrock
UKK14	Swindon	UKL23	Flintshire and Wrexham
UKG32	Solihull	UKJ24	West Sussex
UKJ11	Berkshire	UKH14	Suffolk
UKK42	Torbay	UKL21	Monmouthshire and Newport
UKK3	Cornwall and Isles of Scilly	UKG11	Herefordshire
UKM27	Perth and Kinross, Stirling	UKE21	York
UKH12	Cambridgeshire CC	UKJ14	Oxfordshire
UKK12	North and North East Somerset, South Gloucestershire	UKN01	Belfast
UKN02	Outer Belfast	UKL24	Powys
UKJ23	Surrey	UKH33	Essex CC
UKN05	West and South of Northern Ireland	UKM38	South Lanarkshire
UKD21	Halton and Warrington	UKL13	Conwy and Denbighshire
UKJ33	Hampshire CC	UKM1	North Eastern Scotland

The outcome of this highly differentiated pattern of economic change across the United Kingdom over the last 20 years is partly reflected in what has happened to average household incomes. Figure 4 shows average household incomes across the United Kingdom in 2006 based on CACI data. (Gardiner, Martin and Tyler, 2009). Concentrations of high incomes are to be found in south-eastern England spreading to Bristol in the west, into Essex in the east and north into the bottom part of the Eastern region and lower parts of the East Midlands and the West Midlands. There are also clusters of high incomes in places in the North that include southern Cheshire, south Manchester, north Leeds and parts of greater Edinburgh and Glasgow and around Aberdeen and parts of Belfast.

Figure 3b: Growth in employment 1980-2005 relative to EU average – bottom ranks: finding it tough going (NUTS 3)



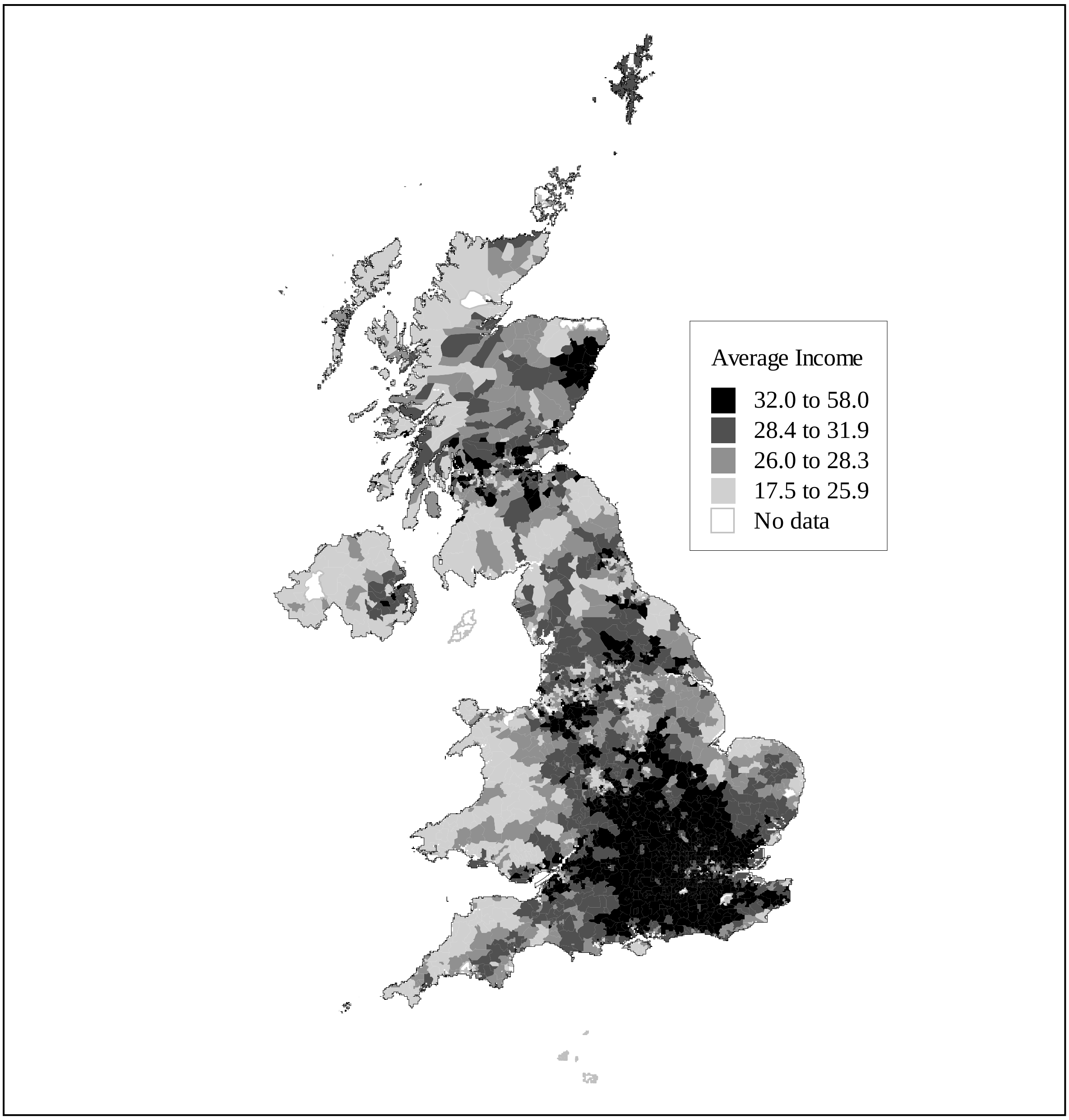
Source Cambridge Econometrics

Table 3

Finding the going tough			
UKE32	Sheffield	UKM33	East Ayrshire and North Ayrshire Mainland
UKE31	Barnsley, Doncaster and Rotherham	UKG35	Walsall and Wolverhampton
UKM36	North Lanarkshire	UKI21	Outer London - East and North East
UKM22	Clackmannanshire and Fife	UKH22	Bedfordshire CC
UKG34	Dudley and Sandwell	UKD11	West Cumbria
UKK41	Plymouth	UKF15	North Nottinghamshire
UKD54	Wirral	UKM21	Angus and Dundee City
UKL15	Central Valleys	UKG31	Birmingham
UKC21	Northumberland	UKJ32	Southampton
UKM35	Inverclyde, East Renfrewshire and Renfrewshire	UKM41	Caithness and Sutherland, Ross and Cromarty
UKD41	Blackburn with Darwen	UKC12	South Teeside
UKM42	Inverness and Nairn, Moray, Badenoch and Strathspey	UKM46	Shetland Islands
UKH21	Luton	UKD51	East Merseyside
UKH31	Southend-on-Sea	UKD52	Liverpool
UKF21	Leicester City	UKM44	Comhairle Nan Eilan (Western Isles)
UKC14	Durham CC	UKG23	Stoke-on-Trent

By way of contrast outside of the greater south east area average household incomes are in many areas one third of those found in the high income areas of the south east. The evidence for a broad north-south divide is compelling.

Figure 4: Average household incomes (£000s), by postcode district, 2006 – before tax and including social benefits)



See Gardiner, Martin and Tyler, 2009

It is possible to undertake a similar analysis of how household income varies across the 10 largest cities in Britain – Birmingham, Bristol, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham and Sheffield (Gardiner, Martin and Tyler, 2009). The evidence is most revealing. In most of the large British cities those on the lowest incomes tend to be concentrated in the inner city areas and in general the position in 2006 is much the same as that in 2001. The main exception to this is where, as in the case of a city like Leeds, there appears to have emerged some relatively tight concentrations of higher income groups in the city centre, no doubt a reflection, at least in part, of the move to develop relatively up-market high quality city centre dwelling units for professionals. Manchester is similar in this respect to Leeds. The evidence for London shows a clear west-east split in income levels – almost a tale of two different nations with some exceptions as evidenced by the rise in incomes in Tower Hamlets.

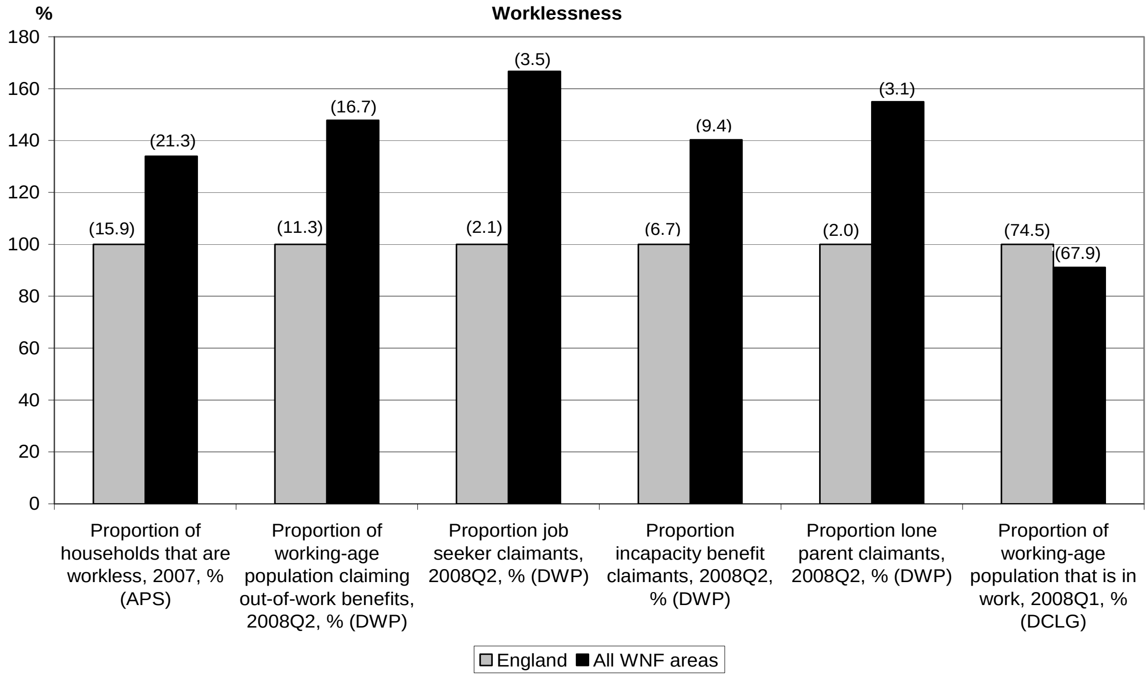
In some places economic decline is still worsening the outlook. The way this process is occurring is indicated most clearly in the inner city areas of a city like Birmingham at the present time (Fenton, et al, 2009). Economic restructuring is driving out what remains of traditionally better paid jobs in the remaining vestiges of manufacturing and they are being replaced by jobs with lower wages or higher levels of worklessness. The faster growing areas in the south east and east of the country tend to benefit from the growth of the higher value added jobs, particularly in the knowledge economy. The favourable impact of growth in producer service jobs, opportunities in retail and construction that helped the inner city areas in the early part of this century is now operating in reverse as the recession bites.

Tackling spatial concentrations of worklessness

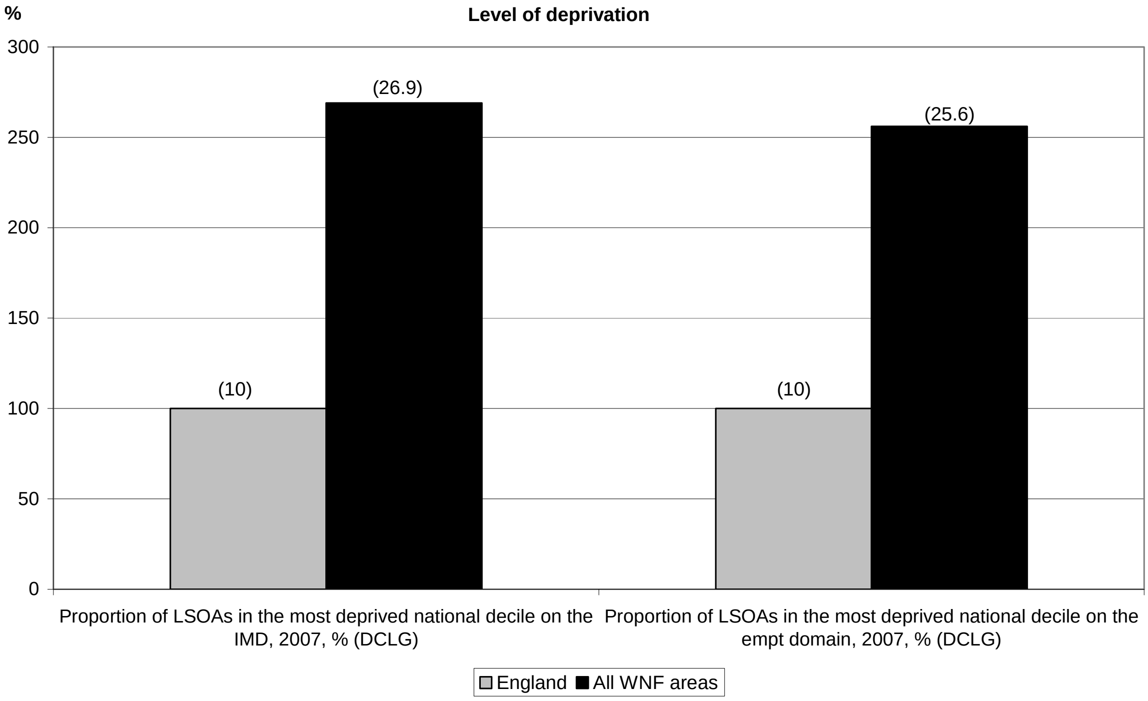
The tendency for high levels of worklessness to be concentrated in certain places is one of the most worrying problems. Moreover, labour market disadvantage and low income tends to be concentrated amongst certain groups, particularly, and increasingly, the young and ethnic minorities. Most recently, the Working Neighbourhoods Fund (DCLG, 2007) has been established to help address the problem.

Figure 5 benchmarks the average performance of Working Neighbourhoods Fund areas against the English average (100) on a range of indicators. The actual value of the indicator is provided on the top of each bar. The Working Neighbourhoods Fund areas have 34 per cent more households that are workless than the English average. Some 40 per cent more of the Working Neighbourhoods Fund population are claiming out of work benefits, 67 per cent more are job seeker claimants, 40 per cent more are claiming incapacity and 55 per cent more are lone parent claimants. The working age population in work in Working Neighbourhoods Fund areas is 9 per cent less than the English average. Of particular note is that the Working Neighbourhoods Fund areas have 170 per cent more of their Lower Super Output Areas in the most deprived national decile than the England average on the Index of Multiple Deprivation 2007 and the percentage is much the same if the employment domain on the Index of Multiple Deprivation is used.

Figure 5: Characteristics of Working Neighbourhoods Fund areas relative to England* (values in brackets)



Source: Working Neighbourhoods Fund Scoping Study, 2009.

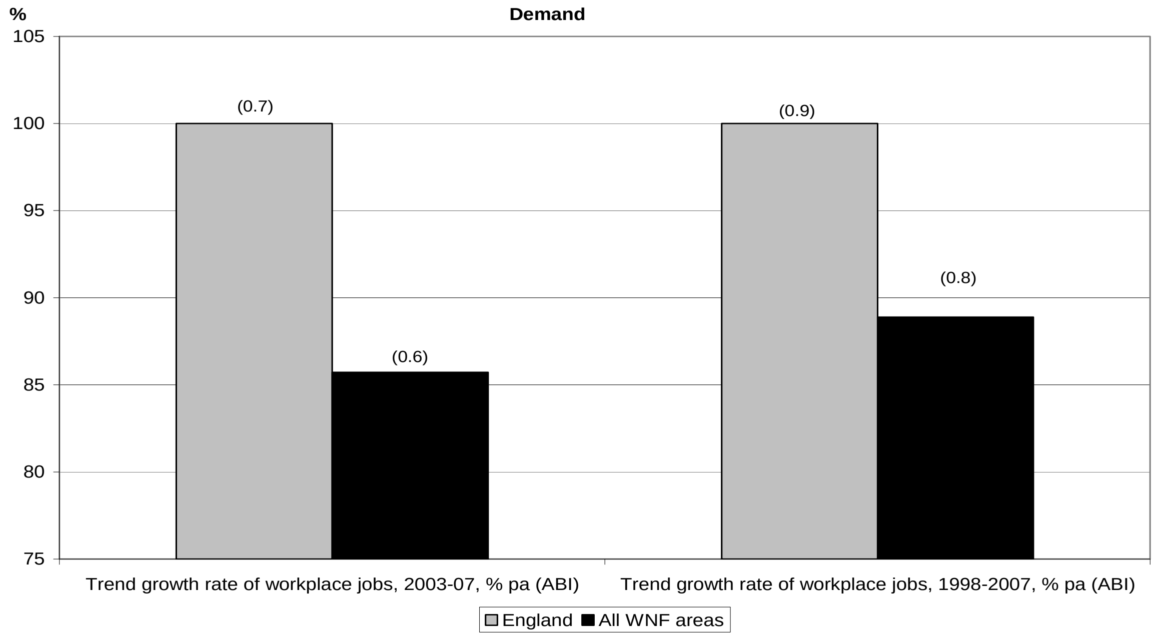


Source: Working Neighbourhoods Fund Scoping Study, 2009.

Figure 6 provides some insight into how labour demand has varied in the Working Neighbourhoods Fund areas compared to the English average. On both measures the growth of jobs has been between 12-15 per cent below the English average during the early 2000s.

It is essential that as far as possible all the relevant policy levers are pulled to tackle these problems. There is a danger that the recession will exacerbate them and make them even more entrenched. The lessons of the 1980s are that such effects prove very stubborn to remove and significantly constrain regeneration endeavour.

Figure 6: Characteristics of Working Neighbourhoods Fund areas relative to England* (values in brackets)



Source: WNF Scoping Study, 2009.

The resources available for regeneration

It should be emphasized that whatever the form that regeneration policy has taken over the years in most cases policy intervention has mainly operated at the *margin* providing resources that lever and induce other funding from the public and private sectors. There are a number of factors that are likely to affect the level of resources available from both the public and the private sector for regeneration over the next five to ten years.

For the public sector the objective of many regeneration initiatives, particularly those that are directly area based, has been to bend the mainstream and seek to change the priorities of the mainstream more towards the people and place regarded as deprived and in need. Unfortunately, although there have been some success, the mainstream response has tended to be relatively slow thus far. Looking ahead, constraints on public expenditure must inevitably mean that regeneration initiatives will be operating in a relatively more difficult environment compared to that of the early parts of this century. Moreover, reductions in the volume of resources available from the European Structural Funds will pose further constraints on the volume of funding available.

The central problem behind insufficient mainstream attention to the problems of the most deprived neighbourhoods is insufficient incentivisation to alter behaviour. This problem was, infact, recognised in early thinking behind the Single Regeneration Budget. The ‘budget’ element of the Single Regeneration Budget emphasised that if sustainable improvements in the well-being of a deprived area were to be achieved then the budgets of all the mainstream service providers would have to be focused on the specific needs of the area for a considerable period of time. How this targeting is achieved, whether through ring-fencing or further incentivisation is a central question that will need to be addressed in the years ahead. Devolved local area budgeting and Local Area Agreements are important in this respect. However, it is essential to ensure with the Local Area Agreement approach that core regeneration funds are not spread too widely across areas and special groups. Such difficulties will be further accentuated if local delivery capacity is weak (to which we return below).

Leaving aside the rather well-worn issue of mainstream bending it has perhaps never been more important that those involved in undertaking local regeneration understand more about the ways by which public expenditure affects the economic vitality of local areas. Too few local authorities and their partners have a good understanding of the size and pathways by which expenditure by the public sector affects local economies and the possibilities for enhancing regeneration that may result, particularly in the labour market.

The private sector

Over the years there has been considerable success in attracting resources from the private sector to enhance the process of local regeneration. Thus, the Single Regeneration Budget managed to lever about 3.5 times the original Single Regeneration Budget resource. However, at least for the immediate future, the relative involvement and willingness of private sector players to become involved in securing continued investment and economic vitality in a local area has changed with the impact of the recession and associated impacts on the housing, retail and banking sectors. Quite simply, the traditional property-led mechanism to local area regeneration is broken (Parkinson et al, 2008) and although talks of its total demise would seem misplaced there is no doubting that the financial landscape has changed.

Incentivising both the public and private sector to alter their investment activity to be more in favour of the most deprived areas in England poses significant challenges for regeneration policy and how initiatives can be best devised and delivered across the levels of government. There is much to say here about how regeneration policy should be considered alongside other aspects of government policy in the areas of education, business competitiveness and R&D, health, the environment and other sectors.

Improving delivery

A lot has been learned over three decades of regeneration policy in the United Kingdom about how to tackle local area regeneration. There is now a significant body of expertise available, a considerable evidence base on which to draw and many highly skilled professionals involved. However, I am firmly of the view that too many regeneration initiatives have failed to give adequate consideration to the capability of the organisations tasked to deliver them. Too often valuable resources have been wasted in moving up a learning curve particularly where area based initiatives have been concerned. Much has been learned, it should not be forgotten!

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