



Design for life

THE SMART REGENERATION JOURNEY TO 2030

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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.