

# Transforming places changing lives

Taking forward the regeneration framework





## **Transforming places; changing lives: taking forward the regeneration framework**

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## A long term commitment to regeneration

1. Last year Government consulted on a new national framework **to shape the way that regeneration is carried out in England**. The approach was built on what we know works. It demonstrated a long term commitment to regeneration which tackles the **underlying economic challenges** that still hold back too many communities. And it was clear that regeneration was at the heart of our drive to increase social mobility and tackle child poverty.
2. This document sets out how the Government is taking forward the delivery of the framework and includes, at Annex A, a summary of the commitments that central Government and its key delivery agencies – the Homes and Communities Agency; and the regional development agencies – have made to deliver the regeneration framework. It also acknowledges the central role of local government in regeneration and in engaging with the communities it represents as well as the key role of the private and third sector in regenerating local communities.

## A clear definition of regeneration

3. As we set out last year, the Government's view is that regeneration is a set of activities that reverse economic, social and physical decline in areas where market forces will not do this without support from government<sup>1</sup>.
4. Successful regeneration strengthens communities by creating new economic opportunities. It is a time-limited investment that transforms places and economies so they do not need long term subsidy. It is not an end in itself, and it is not mainstream funding or a substitute for it. Regeneration is central to our ambition to create **sustainable places where people want to live, work, and raise a family**.
5. As we set out last summer when we consulted on a new approach, delivering our ambition requires a vision and commitment to the economic transformation of a place, shared across public and private

<sup>1</sup> *Review of sub-national economic development and regeneration*, HM Treasury, Department for Business, Enterprise & Regulatory Reform (BERR), and Communities and Local Government, July 2007

stakeholders. Helping people prepare for work and compete for a job is central to that approach.

### Economic outcomes are key

We know that no community can survive in the long term without employment opportunities. Work provides better social and environmental outcomes and an opportunity for **social and economic mobility** – particularly for the most disadvantaged in society, for whom it can be an important first step on the road to independence – and we know that those in employment are happier,<sup>2</sup> healthier,<sup>3</sup> and are less likely to get involved in crime.<sup>4</sup> Conversely, worklessness imposes a cost on society – which we cannot afford to ignore.

The cost of labour market exclusion in deprived areas is one of the many costs of deprivation. Initial analysis shows that **the net national cost of labour market exclusion in deprived areas is £11.5bn per year.**<sup>5</sup> We know that this is only one part of the picture, and will undertake further analysis as we implement the regeneration framework.

## Creating the right conditions for economic transformation

6. As employers and workers become increasingly mobile, creating the right conditions for improved economic performance in our towns, cities and regions is more important than ever. We know that to create and sustain new economic opportunities, places need to be able to attract and retain skilled workers, support the health of the working age population, provide the right transport and communication links, have the right Public Service Infrastructure in place including health and social care services, access risk and venture capital, support sufficient and affordable housing, green space and business space, and offer a

2 *Life Satisfaction: the state of knowledge and implications for government*, Strategy Unit, December 2002

3 *Is work good for your health and well-being?* Gordon Waddell and A Kim Burton, 2006

4 *Crime and Economic Incentives*, IFS, 2000 (Meghir and Machin)

5 This analysis used DWP calculations of average changes in income, taxes and benefits for claimants of Job Seeker's Allowance (JSA), Incapacity Benefit (IB), and lone parents on Income Support (LP-IS). A distributional weight (from HM Treasury's Green Book) was applied to the change in individual income (net of the tax and benefits system) that would result from a claimant entering work. The distributional weight reflects the greater needs of worse-off individuals, meaning they derive greater benefit from extra income, compared with better-off individuals. Fiscal costs of worklessness (benefits plus forgone taxes) were added to the weighted change in individual income. The total costs per JSA, IB and LP-IS claimant were then multiplied by claimant populations in "Deprived areas", defined as the 10% lowest ranked Lower Super Output Areas on the 2007 Indices of Multiple Deprivation (as defined by CLG's Departmental Strategic Objective 3.7). There are several caveats to these figures. One is that the DWP calculations assume an average claimant, which may differ from claimants located only in deprived areas; the figures also exclude unemployed and economically inactive persons who do not claim JSA, IB or LP-IS. In addition, other dimensions of the costs of deprivation, e.g. forgone future output and income due to low education and productivity, the additional costs of crime and healthcare, etc. have not been considered. Further analysis is required to quantify these caveats – the existing analysis acts as a starting point.

high quality of life for employees.<sup>6</sup> Most commentators agree that these local characteristics will become even more important in a globalised world,<sup>7</sup> and councils and other local partners will have a crucial role to play in helping places to adapt, and create the conditions for success.

7. Effective regeneration cannot happen without support from – and full engagement with – the people and communities involved. **Local Government** is uniquely placed to ensure that the needs of local residents and businesses drive regeneration. At the same time we need to make the links between regeneration investment and investment in other key areas, like population health and well-being, which both contribute to regeneration and are impacted by its outcomes. The chances of success are greatly enhanced where the public sector and its partners agree on and work together with the private sector and third sector towards a shared strategy, rather than narrow remits or silos. That is why we have worked with councils to empower them to bring together a range of public sector partners through Local Area Agreements (LAA) and Multi-Area Agreements (MAA).
8. Local authorities increasingly see fostering prosperity in their towns, cities and neighbourhoods as core business and as the recession bites it is becoming increasingly clear that local government has a vital role to play to co-ordinate local efforts to mitigate the effects of the downturn. Local Government provide the civic leadership which brings the local public and third sectors together with private enterprise in order to respond to and address their residents' problems, needs and ambitions – and to deliver solutions in a coordinated way by working in partnership.
9. The third sector and in particular social enterprises also have an important role to play in engaging with communities and improving economic and social outcomes in deprived areas – and it's important that their experience and expertise is sought out.

## Consultation feedback

10. The Government published a summary of responses to the consultation in March 2009.<sup>8</sup> It reported that:
  - **most respondents agreed with the analysis, including the emphasis on economic outcomes as a key driver for regeneration.** However, a minority felt that the framework should take greater account of the many physical, social and environmental issues that many deprived areas face

<sup>6</sup> Productivity in the UK (Treasury, 2001); The importance of transport in business' location decisions, Department for Transport (2004); European Cities Monitor 2008, Cushman & Wakefield (2008)

<sup>7</sup> See, for example Florida, R. (2002) *The Rise of the Creative Class: and How It's Transforming Work*, New York, Basic Books.

<sup>8</sup> *Transforming Places; Changing Lives – a framework for regeneration summary of consultation responses*, Communities and Local Government, 2009.

- **most agreed there is a need to target investment** to maximise benefits and ensure resources are not spread too thinly. However, many felt that more thought needs to go into how deprivation is tackled in rural areas, which are often ignored because of the focus on areas of concentrated deprivation – which is predominantly found in urban areas
- **the framework's primary commitment to deprived areas was welcomed.** However, some thought that there should be more emphasis on promoting opportunities and growth and therefore a greater balance between opportunity and need should be struck
- **almost all respondents agreed with the principle that communities should be given a stronger voice in regeneration.** In particular, respondents felt that the third sector would have a key role to play in empowering communities, but this would need to be backed up by resources and capacity building. A large number of respondents felt that devolving decision-making and funding to local authorities or sub-regional partnerships was the best way to strengthen partnerships

## The changing economic conditions

11. Since consulting on our new approach to regeneration, it has become clear that the world is now facing the most severe financial and economic crisis in decades. The aims the Government set out last year still hold true in the current economic conditions. But the amount of private investment available has shrunk drastically as the old model of rising land values driving investment has faltered.
12. Professor Michael Parkinson's recent report<sup>9</sup> found that residential and commercial property developments are particularly affected by the economic downturn. Mortgage lenders are expecting prospective buyers to raise a higher deposit and are lending on lower multiples of household income. There is limited demand for new office and retail space and few analysts envisage significant rental growth in the near future. Developers are finding it difficult to raise finance for their schemes. Landowners will be reluctant to release land.
13. Many residential and commercial schemes are on hold and few new schemes are starting on site. Many practitioners expect that developers and financial institutions will take a much more cautious attitude to new regeneration schemes for several years. Investors in regeneration – public, private, and third sector partners – are having to make difficult decisions about priorities.

14. This is not to say that the public sector can or should take over all of that role – private investment remains a critically important component of delivering successful places. Rather, the current economic challenges point to the need for continued and effective dialogue with the private sector to understand their priorities and identify where the public, private and third sector can be mutually supportive.

#### Local authorities and the downturn

As well as leading local partnerships to deliver regeneration, councils have a key role to play in maintaining momentum in these difficult times, including through:

- maintaining public sector investment in infrastructure
- supporting housing and property markets
- supporting firms, individuals and jobs

They already have significant powers, including a power to promote the social, economic and environmental well being of their areas. The Government is consulting with local authorities through the Central-Local partnership to see how it can further support councils in dealing with the local impacts of the recession. Local government has also demonstrated its willingness to work to improve the support it gives to local economies. For example, the Local Government Association (LGA) has committed to doubling the number of local government apprenticeships to 15,000 to help drive skills development and to work with central government to improve benefit take up in local areas.

Capital grants for local authorities over the three years from 2008-09 will be a minimum of £22bn. Taking into account supported borrowing, total capital support will be £27bn. Apart from in exceptional circumstances, this capital is un-ring-fenced. Authorities are using this flexibility to respond to the situation in their areas.<sup>10</sup>

15. The recession does not only impact upon physical developments. It is having a real impact on the lives of people all across the country – through jobs and homes that have been lost, and the strain that it places on communities. These impacts are being felt hardest in the most deprived areas.
16. We are now acting to respond to the new challenges we face, and to deliver the strategic framework we set out last year through improved targeting; new resources; increased flexibility; clear policies; and a focus on the outcomes we expect regeneration to deliver.

<sup>10</sup> For further information about local government's response to the recession see [www.lga.gov.uk/recession](http://www.lga.gov.uk/recession)



## The Government's response – targeting

17. In the current economic conditions it is even more vital that we make sure regeneration investment is **targeted in the right places**, and make tough choices about where to invest. As set out in Budget 2009 Government's aim is to reprioritise regeneration investment to where there are opportunities for transforming the economic prospects of areas with lower economic performance. We will do this by targeting market failures and making decisions at appropriate spatial levels – improving the co-ordination of funding and delivery. When the Government consulted on the regeneration framework<sup>11</sup> last year it set out four factors that can be analysed to help partners work together to prioritise and target investment. They were:
  - the level of deprivation
  - the strength of the wider sub-regional economy
  - the economic and social characteristics of the area and
  - the dynamics of the area (whether it's getting better or worse)
18. These factors – as outlined in Annex E of the consultation document – can help local authorities, regional agencies, and partners identify regeneration needs and opportunities and ensure that investment is:
  - more tightly focused on **economic outcomes** and worklessness
  - **driven at the right spatial level – and as close to communities** as is practicable, making the most of opportunities that already exist and
  - **targeted** – not trying to transform everywhere – but investing where it will have most impact by supporting those communities where the most severe **poverty and worklessness** persists and where there is the opportunity to deliver long-term change
19. At local level, LAAs led by local authorities, offer the key mechanism to deliver a targeted and strategic approach. MAAs, and the new regional strategy provide similar opportunities at sub-regional and regional level. These will complement the establishment of employer-led Employment and Skills Boards, usually at city-region level, bringing much greater powers for local partners to direct public funds to achieve local employment and skills priorities.
20. The national improvement and efficiency strategy, agreed between central and local government in January 2008 commits local authorities and regional improvement and efficiency partnerships (RIEPs) to work on “improving economic and neighbourhood renewal leadership capacity” in local government as one of key underpinning themes of

<sup>11</sup> *Transforming Places; Changing Lives – a framework for regeneration*, Communities and Local Government, 2008.

the strategy. The LGA, IDeA and the RIEPs are working closely with the Government to deliver on this commitment.

21. To support these local and regional approaches, last year Government established the **Homes and Communities Agency (HCA)** – the new national housing and regeneration delivery agency – focused on creating thriving communities and affordable homes. The HCA is working with local authorities and leaders; as well as regional stakeholders up and down the country to identify priority places for regeneration – bringing together the key partners in the public; private; and third sector to deliver a tailored package of regeneration investment to support the needs of local people and businesses.
22. The HCA is also working with local authorities and their partners to retain sector capacity in regeneration, and has appointed a panel of regeneration firms who can manage projects in partnership during the downturn.

## The Government's response – resources

23. Investment, targeted in the right places, can help us to build long term opportunities in those places that have been in decline while also retaining jobs and capacity through the current economic downturn.
24. That is why we are planning to **spend more than £6.5bn over the next two years to promote the growth and regeneration of our cities, towns, and communities** and to prepare them for the upturn. This includes investment by the Homes and Communities Agency and regional development agencies (RDAs) as well as targeted support to local authorities and their partners through the working neighbourhoods fund, local enterprise growth initiative, and new deal for communities.
25. The Pre-Budget report announced that we would be bringing forward £775m of housing and regeneration investment from 2010-11 into 2008-09 and 2009-10. In 2008-09 we invested £130m to refurbish an additional 13,000 homes through the decent homes programme and £20m to deliver nine community infrastructure projects.
26. As a part of this package, we brought forward **£180m to support key regeneration projects** that would not otherwise go ahead given the current economic conditions. And we have asked the RDAs and HCA to ensure they are focused on supporting businesses, jobs and communities through the downturn whilst ensuring readiness to take advantage of the upturn.

## Housing

There continues to be a significant gap between supply and rising demand for new homes and the Government remains committed to raising the supply of sustainable housing over the longer term. For decades, the housing market failed to keep up with our ageing and growing population. This has led to significant problems of affordability, particularly for those seeking to buy their first home.

That is why it is important to ensure that regeneration is not used as an excuse to constrain housing in areas of high demand. There is no evidence to suggest that increasing the supply of homes in areas of high demand would compromise regeneration. Indeed, rationing homes in this way could reduce economic growth in the most successful areas of a region, and so lower levels of economic prosperity overall.

However, poor housing – be it public or private – can damage the reputation of neighbourhoods, attract vandalism, drug dealing and other forms of anti-social behaviour, contributing to reduced private investment and, in some cases, abandonment. Run-down and abandoned neighbourhoods can reflect intrinsically unattractive locations isolated from jobs and amenities where people with a choice prefer not to live and which remain unattractive to private sector investment and business start ups. Importantly, housing-led regeneration can provide:

- enhanced community assets, a source of income to support investment, and a basis against which to raise finance and
- part of the 'offer' that a place can make to attract or retain people, businesses and their resources, to build a career and contribute to the economy

The housing market renewal programme is key to rebuilding housing markets and communities where demand for housing is relatively weak. The economic and housing market performance of an area are interlinked, and the provision of new housing, improving the quality of place, and linking this to the wider local economy are critical linkages. That is why the Pathfinders recognise the importance of job creation and the key role that apprenticeships play in improving skills in the local workforce.

27. Budget 2009 announced an additional **£500m to stimulate housing development** in the short term and support capacity in the house building industry, leveraging in private development finance through a combination of reducing up-front costs with equity, gap and infrastructure funding, as well as expanding the provision of HomeBuy Direct, and increasing funding for affordable housing.
28. As we made clear in last year's consultation document, to be effective, these investments in housing and physical regeneration must be supported by economic interventions that create a sustainable economic future for deprived places. That is why we have invested **£1.5bn in the working neighbourhoods fund** – which gives councils extra resources to deliver innovative local responses to long term worklessness in deprived areas.
29. The future jobs fund builds on proposals made in the recently published *Tackling Worklessness Review* led by Cllr Stephen Houghton, Leader of Barnsley council, which set out a key role for local government and the third sector, and in particular social enterprise, to build economic opportunities, particularly for residents in disadvantaged areas where long term worklessness is still too high.
30. It was developed in close consultation with local authorities through the central-local partnership. The fund will create 150,000 jobs between October 2009 to April 2011 providing real help for those who are looking for work and who face significant disadvantages in the labour market, particularly young people and those living in the most disadvantaged areas.
31. Alongside this investment, we will continue to work with the RDAs as they reprioritise their investments to maximise the impact of the single pot on regional economies, learning the lessons from the recent independent evaluation of RDAs.<sup>12</sup> Key to this will be to ensure that **investment in physical regeneration and business investment complement each other** and support the RDAs overarching economic growth objective.

## The Government's response – flexibilities

32. We know that effective regeneration schemes are often not held back by a lack of resources but by a lack of flexibility. That is why, as well as the significant investment we are making, we are also taking steps to make delivery less bureaucratic and increase the number of strategic decisions that are taken at the front line.

<sup>12</sup> Announced in Parliament as a ministerial statement on 31 March 2009

33. We are **giving councils more freedom to deliver by un-ring-fencing money and simplifying programmes and targets**, alongside requiring them to better understand the challenges they face (via the new economic assessment duty) and making them more accountable to the communities they serve.
34. Because local economies often do not match administrative boundaries, we are supporting **city-regions** to drive economic growth and contribute to sustainable development. Budget 2009 announced new pilot city-regions in Greater Manchester and Leeds. The Government will work with these cities to develop proposals for new strategy-setting powers over adult skills funding and new joint investment boards with RDAs, the Homes and Communities Agency (HCA) and other partners which will allow for better co-ordination of activity across planning, housing, transport, employment and skills.

## The Government's response – policies

35. Effective regeneration will not be delivered simply through targeted investment. Bringing together capital investments and mainstream spending by a range of government agencies to ensure they deliver the right mix of infrastructure and activities can deliver more powerful results. We cannot and should not make decisions about how all investments are put together and delivered from Whitehall – we should respond to local and regional needs and opportunities. The Government is therefore making a number of changes to the policy framework that will enable agencies at each spatial level to deliver more effective, targeted regeneration in future.

At **neighbourhood level**, we are continuing to build on the progress central and local government have made in renewing some of the country's most deprived places. As well as providing targeted support through the WNF, LEGI and NDC programme, we are further strengthening community-led organisations through the community builders fund, and supporting local government to build partnership capacity through a network of local improvement advisors and support to neighbourhood resource centres and regional improvement and efficiency partnerships (RIEPs).

36. But we can and want to go further, by ensuring that investment at neighbourhood level is better integrated with wider regeneration opportunities, and by promoting a more strategic approach to supporting all deprived communities in all areas, which builds on the learning and successes of neighbourhoods renewal. We will be working further, and talking to key stakeholders, to identify what additional support or action might be needed to make this happen.

37. **Locally**, alongside flexibilities for councils Government is legislating to give communities more influence on how councils spend money and requiring councils to promote democracy. We expect this package of measures to build on existing good practice in local government to ensure local people and businesses play a strong role in shaping the interventions, plans and strategies that capture priorities and drive investment.
38. Budget 2009 announced that we will go further – working with interested local authorities and city-regions to assess the scope for accelerating development by allowing investment in infrastructure to be financed from the increased property tax base that could be enabled. As part of this, the Government will explore with local authorities the potential benefits, costs and feasibility of piloting such an approach.
39. At a regional level, **regional development agencies (RDAs)** are playing a vital role in supporting businesses through the current economic downturn, and in ensuring that all regions are well-placed to seize the opportunities for economic recovery. Aligning RDAs' business-focused capital expenditure with that of other bodies such as the Homes and Communities Agency, and sub-regional and local partners, including local authorities and city-regions, will deliver this more successfully. That is why RDAs will:
- **work with national, regional and sub regional partners to deliver economic plans and investment** which raise the sustainable economic growth of the region and provide economic opportunities to people throughout the region, helping to connect areas of need with areas of opportunity
  - **work to new additionality guidance** from June, drawing on evaluation evidence, to strengthen the quality of appraisals. RDAs will work collectively across the network to draw on evaluations from across the country to develop similar programmes and projects; and
  - have **an ongoing evaluation programme**; ensuring that evaluation is embedded in all projects; that the evaluation programme is independently audited each year and the results of the evaluation and audit published each year in the RDAs' performance reports. In addition, we will look to the RDAs to publish biennial summaries of the evaluation results

### Regeneration, Climate Change, and the Environment

Physical regeneration can help remove the environmental barriers which hold back local areas and provide an important catalyst for reversing decline and improving prosperity. Improving air quality, access to good quality green infrastructure, healthy waterways and access to nature, can all help retain existing businesses whilst also attracting new inward investment and enterprise.

It is important that regeneration projects take account of the impacts of both current and future climate. These projects involve significant amounts of long-term investment and it is therefore important that decisions are made in a way that takes account of both current climate and a range of future climate change impacts (both risks and potential benefits). These may vary in different parts of the UK, but could include, for example, increased flood risk, water scarcity, and increased frequency and severity of summer heat waves.

An increasing body of evidence and tools is being developed to support better planning for climate change adaptation. Central to these will be the UK Climate Projections, which will enable those carrying out regeneration projects to gain a better understanding at the local and regional level of the changing climate and future climate risks for a particular area where regeneration is planned. Tools such as these will be valuable in assessing future risks and opportunities when decisions are made about regeneration investment. This in turn will enable regeneration activity to be carried out in a way that explicitly builds in provision and planning aimed at reducing the risks presented by projected future climate change and thereby helps to maximise the future benefits of regeneration investment.

40. As set out in *Building Britain's Future: New Industry, New Jobs*,<sup>13</sup> there is a vital role for better coordination of public sector work at the regional and local level, working in partnership with the private sector. Each region has a unique set of challenges and capabilities, and understanding of these is critical to effective policy delivery, as is rapid feedback to Government from delivery partners. That is why we are legislating for a **new regional strategy**, prepared by the RDA and the Local Authority Leaders' Board which will deliver a shared long-term vision for each region that supports clear prioritisation and alignment of resources. It will bring together the key challenges and opportunities faced by each region, and ensure that regeneration activity is targeted where it is most needed.

<sup>13</sup> *Building Britain's Future: New Industry, New Jobs*, BERR (2009)

### Rural areas

Most of rural England is well connected with strong links to nearby towns and cities and good access to local markets and job opportunities. Consequently, most rural areas have been performing well in both economic and social terms. However the evidence also shows that there are some rural areas where levels of economic performance are below average and prospects for growth are more limited, with sparse populations and associated low densities of businesses and restricted labour markets. It is therefore important that the needs of rural areas and market towns are taken into account in developing local and regional strategies.

41. We want to ensure that the regional strategy and associated delivery plans are used to **identify and map priority places for regeneration** and set out policies for prioritising functional economic areas to give clarity and an incentive to the private sector to invest in them.

### Thames Gateway and the Olympics

The growth of east London and the wider Thames Gateway is crucial to the sustainable growth of London and critical to the future prosperity of the UK. The Thames Gateway has a number of economic drivers – Stratford, the Olympics, Canary Wharf, Ebbsfleet and London Gateway – which offer continued potential during the downturn. But to make the most of this potential, we need to address the area's long-term market failures and co-ordination/capability deficits.

To secure a lasting legacy from the Olympics, the five host boroughs, together with their partners, are developing a strategic regeneration framework to guide the regeneration of the area. Government and the Mayor of London are jointly establishing a company centred on securing a lasting legacy for the Olympic Park after the 2012 Games and one that is fully integrated with the wider regeneration plans for east London. This will include the creation of thousands of new homes and jobs, world class sporting, education and cultural facilities as well as the largest urban park created in Europe for more than 150 years.

42. In London, the London Plan already identifies broad areas for regeneration and the main locations for growth and investment opportunity, and it is proposed that it should in future set out which areas should be prioritised for regeneration and how these have been determined.



## Aligning national regional and local priorities

43. The new Homes and Communities Agency will work in conjunction with local Government and regional partners to deliver a tailored package of regeneration investment for communities across England that responds to both local and national priorities. The 'single conversation' will be the approach by which HCA will work with partners to:
  - bridge **local ambition** and national targets
  - achieve a mutually **agreed vision**
  - invest in and **support mixed use schemes** which are key to the creation of successful places
  - agree and secure **local delivery** and funding
  - achieve positive **outcomes for people and places**; and
  - cover the full range of **housing, growth, regeneration, infrastructure and community** activities that create successful places.
44. The single conversation will integrate with existing joint working and strategic governance arrangements, building upon prioritisation and decision making already put in place through multi-area agreements, city and sub-regional partnerships, urban regeneration companies and other such mechanisms. In particular, the single conversation's outcomes will be expected to align and integrate with the new regional strategy, with a clear and identifiable relationship between it and new local agreements.
45. In order to ensure effective alignment, the single conversation is happening – where appropriate – in partnership with the RDAs. This means that the two Agencies will work together, in a way **consistent with local aspirations and plans** (as set out in local area agreements and multi-area agreements). This will secure a complementary and aligned **local investment agreement with partners** that covers and reflects an area's housing and regeneration need, market opportunity, planning policy, land supply and development viability. The agreement should provide a shared basis for directing investment; supporting mixed use regeneration which is key to regeneration and the creation of successful places.
46. It is also important that links are made with the **contribution of other public sector partners to regeneration**. Capital investment in the NHS, for example, was £3.6bn in 2007-08 alone. As a major employer, procurer and purchaser of goods and services, the NHS plays a key role in local economies. Making the right links now will also help reduce costs to the wider public sector in future, for example by 'age-proofing' housing developments.

47. Annex B sets out a timeline of how these arrangements will be implemented.

## Measuring success

48. The consultation proposals published last year signalled a shift in emphasis from output towards outcome targets – giving local Government and other local and regional partners the flexibility to meet local needs – matching the approach government has increasingly taken across the broader public sector and in particular in relation to local authority performance management. This approach was welcomed in consultation with respondents agreeing that regeneration success should **be measured by the outcomes that it will deliver for communities, with a priority focus on improving economic outcomes**.
49. The consultation framework set out **three priority outcomes** that should be used to guide targets set for Government expenditure on regeneration in future.
50. These outcomes were strongly welcomed in consultation but there were concerns raised about how they worked together. Some respondents argued that the third outcome measure – creating sustainable places where people want to live and can work, and businesses want to invest – could be used to justify investment in too broad a range of activity that had limited effect on economic outcomes and therefore failed to tackle the underlying drivers of decline and deprivation. We recognise the risk, but equally, we understand that improving outcomes across a range of measures can provide an important catalyst for reversing decline and improving prosperity by attracting new investment.
51. The answer is to ensure that they are not a list from which to choose, but instead that they **must all be achieved** if regeneration is to be judged successful. Government therefore formulates them as:
- **improving economic performance** and tackling worklessness, particularly in the most deprived areas
  - creating the **right conditions for business growth** which could include investment in infrastructure, land use, and a better public realm; and
  - creating sustainable places where people **want to live and can work and businesses want to invest**.

### World class places

Because of the importance Government attaches to creating high quality places which are attractive to businesses and residents, a cross-Government quality of place strategy, *world class places* is being developed to draw together in one place a clear narrative explaining the activities that are already underway to improve the quality of the built environment as well as setting out a number of areas in which government intends to take action to make further improvements.

52. These new outcomes for regeneration have been agreed across Government as the standard against which all future regeneration will be judged. HCA and RDAs will work to deliver these priority outcomes, focusing on economic performance; jobs; and creating sustainable places. It is important that we measure performance consistently from the national to the neighbourhood level. We have therefore identified key measures within the national indicator set (NIS) which will be used as the best measures available. These include indicators measurable below the district level – and we encourage local partners to disaggregate these indicators where possible to enable monitoring and targeting of the most deprived neighbourhoods.
53. We have been careful to balance indicators that cover the quality of places as well as economic outcomes. Creating places that are attractive, prosperous, safe and sustainable, promote health and well being and combat health inequalities, with a good mix of facilities, services and opportunities, strong sense of identity, ample green space, a lively public realm and good community life are central to achieving improved economic outcomes over the longer term.
54. This means providing people with safe and attractive places to live and work; enhancing connections to jobs, opportunity and education; respecting environmental limits and enhancing the local environment wherever possible (for instance, through the provision of new or improved green infrastructure); planning for the long-term and adapting to climate change; meeting the diverse needs of existing and future residents and contributing to a higher quality of life. It is important to recognise the distinctiveness of each place; value and make the most of the historic environment and ensure the right mix of cultural and leisure activities are available to communities and build green space/infrastructure into new developments.

### Measuring progress

Experience shows us that if we can effectively tackle the underlying economic causes of deprivation the social benefits will follow.<sup>12</sup> Regeneration investment should create more jobs or help people to access jobs over the longer term. That is why the most important indicators are:

- **overall employment rate (NI 151) and**
- **working age people claiming out of work benefits in the worst performing neighbourhoods (NI 153)**

But local partnerships will also need an understanding of the drivers across a full range of indicators in order to properly assess what is holding an area back from economic recovery. From the current National Indicator Set we have identified the following headline regeneration indicators to help monitor progress:

- overall/general satisfaction with local area (NI 5)
- the environment for a thriving third sector (NI 7)
- serious violent crime rate (NI15)
- serious acquisitive crime rate (NI16)
- reduction in schools where fewer than 30 per cent of pupils achieve 5 or more A\*– C grades at GCSE including English and Maths (NI 78)
- proportion of children in poverty (NI 116)
- all-age all cause mortality rate (NI 120)
- working age population qualified to at least Level 2 or higher (NI 163)
- 16 to 18 year olds who are not in education, employment or training (NEET) (NI 117)
- average earnings of employees in the area (NI 166)
- new business registration rate (NI 171)
- working age people with access to employment by public transport (and other specified modes) (NI 176)
- planning to adapt to climate change (NI 188)

## Conclusion

55. Despite the successes of our approach to regeneration over recent years, challenges remain and we must redouble our efforts to ensure regeneration delivers transformative change for those places where poverty and worklessness are still too high. With the commitments set out in this framework we can be confident that we have the clear leadership in central and local government; the resources; and the capability to take those strides in the years ahead.

# Annex A: What will be different

- A1. This annex brings together the commitments central government and the key delivery agencies – the HCA and RDAs – have made to deliver the regeneration framework.

## Partnership working between the Homes and Communities Agency and regional development agencies

The HCA and RDAs deliver regeneration in the regions. It is vital that they work in partnership to ensure that they invest their funding in a co-ordinated way, and in support of shared priorities for an area. Therefore, the two agencies will work together on joint investment planning in each region by:

- holding '**single conversations**' where appropriate with local areas, meaning that the two agencies will work together, in a way consistent with local aspirations and plans (as set out in local area agreements and multi-area agreements), and, at the same time, consistent with the objectives set out in the regeneration framework; and
- working together with local authorities through the new 'duty to involve' to make sure that the **views of local residents and communities** are heard when making decisions about regeneration and investment

### The Homes and Communities Agency

To deliver against the regeneration framework, the HCA will:

- support the development and implementation of **regional strategies** in each region
- develop **local investment agreements with its partners** that cover an areas housing and regeneration need, market opportunity, planning policy, land supply and development viability, in the context of new regional strategies and building on existing strategic priorities where they exist, for example through city regional partnerships, MAAs and LAAs, and on local investment programmes, such as those of URCs and EDCs
- invest in and **support mixed use regeneration** which is key to the creation of successful places
- develop **integrated regeneration and housing investment** programmes to tackle deprivation and improve the economic prospects of deprived areas, including through supporting physical improvements, infrastructure and commercial developments
- work to **support and retain capacity** in the regeneration sector, through the HCA Academy and partnership arrangements
- ensure that **investment in housing and regeneration is linked to employment** and provides opportunities to support training, including apprenticeships and local labour schemes within the construction industry
- work with partners to ensure that **investment in stock is complemented by investment in people** – for example through the use of area based grant
- ensure that strategic priorities for housing and regeneration are worked through at regional and sub-regional levels with local and regional partners. The HCA will **work with city-regions to align investment** through joint investment boards
- **meet the needs for low carbon housing growth**, promoting effective regeneration in changing economic conditions
- **build the capacity** of local authorities and sub-regional partnerships to deliver economic growth and regeneration; and
- **report annually** on its role in delivering the priority outcomes in this framework

### Regional development agencies

RDAs will work with **local authorities, the HCA and other partners**, to:

- **invest in capacity** to deliver sustainable economic development and regeneration activity; and
- **identify the functional economic areas within the region that are the priority areas for regeneration** in consultation with local authorities, businesses and the third sector<sup>13</sup>

RDAs will also:

- **work with national, regional and sub regional partners to deliver economic plans and investment** which connect areas of need with areas of opportunity, through regional strategies, MAAs and the development of area based investment plans
- **work to new additionality guidance** from June, drawing on evaluation evidence, to strengthen the quality of appraisals. RDAs will work collectively across the network to draw on evaluations from across the country to develop similar programmes and projects; and
- have **an ongoing evaluation programme**; ensuring that evaluation is embedded in all projects; that the evaluation programme is independently audited each year and the results of the evaluation and audit published each year in the RDA's performance reports. In addition, we will look to the RDAs to publish biennial summaries of the evaluation results.

<sup>15</sup> Where RDAs and local authorities identify business support as a regeneration priority they should work together to comply with the guidelines on business support simplification to ensure there is no duplication or proliferation of services.



### Government offices

Government offices, as the voice of central Government in the regions, will:

- work with local authorities to ensure efficient performance against **ambitious local area agreements** that deliver key regeneration outcomes. This will require disaggregating indicators (where possible) to enable monitoring and targeting of the most deprived neighbourhoods to ensure that no area is left behind
- work with groups of local authorities to develop **multi-area agreements** that deliver robust and ambitious economic growth and regeneration outcomes
- work with regional efficiency and improvement partnerships to **build capacity** across the region and **identify areas where capacity may need to be strengthened**
- provide **support and challenge to regional partners** over the development of regional strategies, ensuring effective spatial prioritisation – including functional economic areas in the regional strategy and site-specific areas in the LDF and SCS – and that links are made to wider public sector investment and strategies (for example through Strategic Health Authorities and Primary Care Trusts)
- work through LSPs and with other local partners to **support the development of effective regeneration strategies and their implementation plans**; and
- **feedback to Whitehall Departments** about good practice and barriers to the implementation of regeneration policy.

## National Government

### Central Government will:

- **align central government investment** behind regional strategies and their implementation plans
- **revisit investment appraisal processes** that impact on regeneration, including how to effectively measure wider community and economic benefits from investment
- **encourage partnerships** across sub-regions, including through the process of agreeing multi-area agreements and the city/region pilots
- introduce a duty on central government, local government and their key partners to consider how their strategic decisions can better tackle **socio-economic disadvantage** through the new Single Equality Bill; and
- continue to deliver flexibilities to local partners by supporting the development and delivery of **local and multi area agreements**

To support the cross-Government approach, **Communities and Local Government** will:

- **monitor the key outcomes in this framework in the most disadvantaged areas**
- **promote a joint approach to regeneration** at all levels by **compiling a map of regeneration priority areas (from regional strategies)** to help steer capital investment decisions across the public sector and in the private sector; and
- continue to work towards **making all social housing decent and go further**, by encouraging landlords to ensure works to improve their housing stock and estates and, through the Decent Homes programme, contribute to wider objectives such as access to employment opportunities.

# Annex B: Timeline

2007	2008	2009	2010	2011	2012	
<ul style="list-style-type: none"> <li>• Mid-2007: <b>Review of Sub-National Economic Development and Regeneration (SNR) published.</b> This set out a series of proposed reforms that would enable regions and local areas to respond better to economic challenges.</li> </ul>	<ul style="list-style-type: none"> <li>• Early 2008: <b>London Plan published</b> incorporating both the Early and Further Alterations in the London Plan (consolidated with alterations since 2004).</li> <li>• Mid-2008: <b>local area agreements (LAAs) agreed</b> with central government for all 150 first tier local authorities for the period 2008-2011. The development of LAAs is led by local authorities and local strategic partnerships (LSPs). These are 3-year investment plans.</li> <li>• Mid-2008: <b>First set of multi-area agreements (MAAs) signed</b> by 7 groups of councils and local stakeholders, and agreed by central government. These are 3-year investment plans.</li> <li>• Late 2008: <b>Homes and Communities Agency (HCA) launched</b> as the national housing and regeneration agency for England, with an annual investment budget of more than £5bn. It is a non-departmental public body sponsored by Communities and Local Government (CLG).</li> </ul>	<ul style="list-style-type: none"> <li>• Late 2008: Economic Prosperity Boards (EPBs), Local Economic Assessment (LEA) Duty and Single Regional Strategies (RS) put forward in the <b>Local Democracy, Economic Development and Construction Bill (LDEDC)</b>.</li> <li>• Late 2008: <b>RS preparatory work started</b> in some regions and led by RDAs and interim Local Authority Leaders' Boards. This is a long term plan, for a period of about 15 years, which aligns Regional Economic Strategies (RES) and Regional Spatial Strategies (RSS).</li> <li>• Late 2008 to Early 2009: <b>First LAA Annual Review.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Early 2009: <b>LAAs refreshed.</b></li> <li>• Early 2009: <b>Three further MAAs signed</b> off by the Prime Minister.</li> <li>• April 2009: Leeds and Greater Manchester city-region pilots announced in 2009 Budget.</li> <li>• Early 2009: <b>comprehensive area assessments activated.</b></li> <li>• Early to Mid-2009: HCA's <b>'single conversation' approach trialed.</b></li> <li>• Mid-2009: <b>First HCA Corporate Plan</b> developed.</li> <li>• Late 2009: If the LDEDC Bill receives Royal Assent local authorities can begin working towards establishing EPBs</li> <li>• Late 2009: <b>Revisions to RDA appraisal guidance published.</b></li> <li>• 2009: Local Authority Leaders' Boards and <b>joint working arrangements for development of RS and RS Implementation Plans (RSIP) submitted for agreement.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Early 2010: LEA Duty comes into force.</li> <li>• 2010-2011: <b>RS and RSIP adopted and implementation commences.</b></li> <li>• Late 2010- early 2011: <b>new local economic assessment duty comes on stream.</b></li> <li>• 2010-2011: <b>Committed lifespan for New Deal for Communities (NDC) comes to an end.</b> NDC areas succession strategies to be in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Early 2011: <b>80% of all local authorities' key development planning documents (DPDs), within the LDF, adopted</b> in accordance with their agreed local development scheme. DPDs considered to be most important include core strategies and those plans with large housing allocations.</li> <li>• 2011-2012: sustainable community strategies may be refreshed based on findings of local economic assessments.</li> <li>• 2011-2012: <b>RSIP first revision.</b></li> </ul>	<ul style="list-style-type: none"> <li>• 2012-2013: <b>RSIP 2 adopted and implemented.</b></li> </ul>

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