

Lessons for area regeneration from policy development in the 1990s

The limited success of area regeneration policies is, in part, due to the fragmented nature of governance nationally and locally. This study, by Stephen Hall (University of Birmingham) and John Mawson (Aston University), charts the evolution of area regeneration policy in the 1990s. A key focus of this activity has been to improve co-ordination of local initiatives. In the evolving framework for area regeneration, the study found that the following issues stood out:

- f** Central government departmentalism is an important cause of fragmentation of policy at the local level. It presents problems for the territorial management of policy, making it particularly difficult to tackle complex interrelated issues on the ground.
- f** The Single Regeneration Budget (SRB) proved useful in drawing together central and local agencies and recent changes in its management are beginning to tackle previous weaknesses. However, not all government departments and agencies have yet taken on board the issues and the lessons learned.
- f** The Government Offices for the Regions (GORs) have played a pivotal role in providing links between local partnerships and the rest of government. However, their potential contribution to policy-making has not been universally acknowledged at the centre.
- f** The increasing premium placed on achieving national policy objectives through local initiatives presents difficulties for local organisations. It puts pressures on scarce staff resources in competing for funding and engaging in and managing complex partnerships, often arising from a series of separately devised government initiatives.
- f** The researchers conclude that it is only at the local level that the different facets of regeneration can be brought together in 'joined-up' solutions. The New Commitment for Regeneration (launched by the Local Government Association) has the potential to match national policy priorities and resources with local knowledge, expertise and commitment. But its relationship with central government needs clarifying if it is to achieve this potential.

Area regeneration policy – management problems

A crucial management problem in area regeneration is that government is organised primarily on a hierarchical, functional basis. This presents problems for the territorial management of policy, making it particularly difficult to tackle complex interrelated issues on the ground. The problem is manifested in a variety of ways:

- The failure to 'bend' mainstream public expenditure programmes (e.g. benefits payments) to address regeneration priorities.
- The proliferation of separate government initiatives which impose hidden management and bidding costs on local organisations.
- The different ministerial rules and regulations of national programmes and agencies which make local co-ordination difficult.
- The problem of departmentalism within local agencies and weak local co-ordination.
- The lack of a multi-faceted approach to regeneration encompassing economic and social imperatives.
- The lack of a strategic city-region perspective for neighbourhood regeneration.
- The domination of complex inter-agency regeneration initiatives by professionals with little transparency or accountability to their local communities.
- The separate evaluations of regeneration programmes and agencies and consequent lack of best practice dissemination.

Challenge Funding – the solution?

The introduction of Challenge Funding was, in part, a response to organisational weaknesses in area regeneration policy.

Local partnerships were required to devise regeneration strategies which mobilised resources, agencies and programmes in an integrated manner. These were then judged on a competitive basis at a national level.

To facilitate integration, 20 separate regeneration programmes were merged to create the Single Regeneration Budget (SRB) and a network of ten integrated Government Offices for the Regions (GORs) was created, each with a single Regional Director.

The SRB was to be a loosely managed competition: the initial criteria were set and final decisions taken at the centre; regeneration projects were devised by local partners; and the administration of the competitive process was devolved to the GORs.

The SRB proved a useful catalyst to drawing together the work of central and local agencies. It has galvanised the efforts of local partners towards regeneration objectives in an unprecedented manner. However, there were also a number of difficulties:

- The absence of a strategic framework and the focusing of regeneration activities by bidders to

'perceived' government priorities.

- The lack of a clear link between resource allocation and need.
- The variable capacity of localities and particular disadvantaged groups to compete successfully.
- The limited transparency and accountability of the partnerships to their local constituency.
- The lack of a 'critical mass' of resources available to address the worst problems in the cities and deprived neighbourhoods.

Contracts – the alternative?

The European 'contract' approach to regeneration involved a process of negotiation between central governments and local partners to produce a legally binding local regeneration strategy. The most influential example was the French *Contrat de ville* programme, which many academics and practitioners considered could form the basis of an alternative area regeneration policy in England.

The key lessons from *Contrats de ville* were:

- The integration of complex area regeneration initiatives required: strong ministerial intervention to over-ride departmentalism; a pro-active role for central government itself.
- The importance of the strategic framework. The French approach represented a continuum from neighbourhood regeneration schemes to a National Plan via city-wide strategies and regional plans.
- The time required for capacity building and area regeneration. The French system placed greater emphasis on developing relationships between partners than on achieving immediate, tangible results.

The new Labour Government and area regeneration

A new regeneration framework has been emerging since the election of the Labour government in May 1997. Several strands are discernible.

The Single Regeneration Budget

The retention of the SRB reflects a recognition of the value of the partnerships approach and the potential of a single targeted budget to get different agencies and programmes working together. However, there has been a necessary move to a greater geographical focusing, the establishment of clearer national and regional criteria and provision to make local partnerships more 'inclusive'.

Social exclusion and neighbourhood renewal

The Social Exclusion Unit has been charged with addressing the problems of the country's poorest neighbourhoods. *Bringing Britain Together: A national strategy for neighbourhood renewal*, published in September 1998, proposed solutions which extended well beyond the immediate focus of neighbourhood renewal to the whole regeneration policy framework.

The persistence of the problem of multiple

deprivation in many neighbourhoods across England was attributed, in part, to the failures of past area regeneration policies. In addition to a new programme, the New Deal for Communities, the report emphasises the need for improved co-ordination of policy. This was to be achieved by 18 cross-departmental teams from 10 Whitehall departments, each led by a sponsor minister. One of the teams would consider how local authority plans could be linked upward to national and regional strategies and downward to the neighbourhood level.

'Joined-up' area regeneration – central government initiatives

It is not yet clear how cohesion is to be achieved. However, a number of elements are now in place:

- A major Cabinet Office review of “the links between central government and the regions, cities and towns”.
- The remit of the Regional Development Agencies (RDAs) to prepare a regional framework for economic development and regeneration.
- An interdepartmental group, led by DETR, to ensure that new central government area initiatives complement existing programmes.
- An area co-ordination research programme in six localities to explore possible ways of drawing together main programmes and local regeneration priorities.

Local authority leadership – community plans

- Local authorities will be given a duty to promote the economic, social and environmental well-being of their areas.
- New Community Plans will set out a framework for the provision of local services by councils and other local organisations and provide a backcloth for bids for central government funding.
- Local councils will be given discretionary powers to engage in innovative partnership activities.

Local strategic partnership – New Commitment for Regeneration

The New Commitment for Regeneration (NCR) process offers an appropriate mechanism for drawing together regeneration initiatives at the central and local level.

The key characteristics of the approach are:

- The preparation of an holistic, local authority led, area regeneration strategy, providing a framework within which individual area-focused and thematic initiatives could be pursued.
- The involvement of all relevant organisations and agencies, including central government, in the preparation and implementation of the strategy.

Making it work

Whitehall/ Westminster

The impetus for 'joined-up' area regeneration is coming from several different sources within

Whitehall. It is not clear how these elements will come together.

The NCR presents one important vehicle to achieve co-ordination within and between different levels of government. Its potential role needs to be acknowledged throughout Westminster and Whitehall and, perhaps, incorporated within the forthcoming urban policy White Paper.

The GORs have played a pivotal role in providing links between local partnerships and the rest of the government machine. However, their potential contribution to policy-making has not been universally acknowledged at the centre. The submission to Whitehall of the GORs' annual operational plans linked to the RDAs' corporate strategies presents a possible vehicle for co-ordinating regional regeneration priorities with other areas of government activity, particularly if integrated with the work of the Home and Social Committee.

Government Offices for the Regions

The integration of key departments in the GORs has meant that co-ordination of regeneration activities has worked relatively smoothly. However, their work has been made more difficult by the absence of departments such as Agriculture and Heritage and the lack of a direct management relationship with Next Step agencies and Non-Departmental Public Bodies. This structural weakness will need to be addressed both regionally and locally to progress the new regeneration agenda.

Attention will also need to be given to the organisational capacity of the Civil Service regionally to facilitate the management of newly emerging co-ordination initiatives, new forms of local government and the establishment of the RDAs.

The Regional Development Agencies

The RDAs may present some difficulties for a 'joined-up' approach to regeneration. Functionally, the SRB process will be separated from the management of relevant main programmes and other activities (land use planning, transport) which will remain within the GORs.

The formulation of regeneration priorities will involve a complex interaction between RDAs' Regional Chambers, the GORs and other regional stakeholders. The voluntary and community sectors, in particular, will need technical support to participate in whatever mechanisms are devised. Voluntary sector regional networks have begun to appear but they are currently seriously under-resourced.

RDA staff will need to have the appropriate expertise to promote partnerships, fund community organisations and properly monitor community participation. Presently, Home Office staff are seconded to the GORs to fulfil these roles. However, to date, this activity has been chronically under-staffed.

The NCR provides a framework to guide the RDAs' regeneration activities. The framework could be more directly related to the resource allocation process by

requiring SRB bids which fall within NCR boundaries to be consistent with local strategic priorities.

There is an important question as to who will formally represent central government and its agencies on NCR partnerships. It could be argued that the GORs are better placed to fulfil this role than the RDAs as they have a broader remit and more extensive connections throughout the government machine.

Local government and area-based initiatives

An increasing premium is being placed on national policy objectives being achieved through initiatives at the local level. This approach presents difficulties for local organisations. It places pressures on scarce staff resources in competing for funding and engaging in and managing complex partnerships. There is, often, a series of separately devised government initiatives focusing on the same target areas.

The recent changes in the management of the SRB are beginning to tackle many of its previous weaknesses. However, all government departments and agencies need to be aware of the issues and the lessons learned more widely. The recent introduction by the Cabinet Office of procedures to secure inter-departmental co-ordination of area initiatives is one important step in this direction. Perhaps most important of all is the need of all parts of central government to recognise the potential role of NCR in bringing together national and local regeneration efforts.

Strategic partnerships and the New Commitment for Regeneration

Many aspects of policy fragmentation emanate from departmentalism at the centre. However, it is ultimately only at the local level that the different facets of regeneration can be brought together in 'joined-up' solutions.

The NCR process bridges the central and local levels through a strategic partnership matching national policy priorities and resources with local knowledge, expertise and commitment.

A premium will be placed on the leadership and networking skills and analytical and strategic management capability amongst key partners. Support and training is needed to enable the various partners to manage the emerging processes and structures effectively.

Lessons need to be translated as quickly as possible into operational models of management which can be disseminated as best practice.

A key leadership role will, in most cases, be provided by local authorities and it is vital that central government recognises the potential relationship between the new Community Plan process and NCR.

About the study

The study brings together the findings of research undertaken over the past five years for the Local Government Management Board Local Government Association on the Single Regeneration Budget and *Contrats de ville*.

How to get further information

The full report, **Challenge funding, contracts and area regeneration: A decade of innovation in policy management and coordination** by Stephen Hall and John Mawson, is published by The Policy Press in association with the Foundation (ISBN 1 86134 101 6, price £12.95 plus £2 p&p).