

Effective Regeneration Action: Finance and Regeneration

Report of the LFIG Regeneration Group: Summary

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Summary

There can be no regeneration without investment in one form or another. Before any regeneration can take place, public and/or private finance must be secured - if only to ensure that contractors are able to be paid.

The report, *Effective Regeneration Action: Finance and Regeneration*, deals with the practical issues of finance and regeneration in the UK.

It considers recent developments in regeneration funding, and their implications for both financial institutions and central and local government in terms of:

- **changes needed in the public sector** – to enable it to meet the financial challenges of engaging successfully with the private sector, on an expanded basis, and
- **funding structure models developed by the private sector** – to meet the requirements of local authorities and other government agencies engaged in regeneration.

The report includes:

- **a summary of an econometric model of regional growth** – which could be used to develop a systematic tool for anticipating the impact and consequences of regeneration investments

This last feature is intended to provide a rationale for regeneration. The current diversity of initiatives and range of projects makes regeneration policy virtually impossible to control with any consistency.

An econometric model, based on the model discussed in the report, could directly contribute to making regeneration policy far more manageable. It could considerably assist government in effectively prioritising, comparing and monitoring regeneration schemes.

Content and recommendations

LFIG Regeneration Group's aim is to put forward practical options open to Government in order to effectively engage the private sector in urban, rural and regional regeneration.

The first section of the report deals with the role of the public sector in regeneration. This role changes over time and varies from region to region depending on the political complexion of the local authority and the skills of the individuals involved.

The report contains a number of recommendations, including simplifying regulations relating to regeneration, integrating regeneration programmes, and greater operational flexibility on the part of public sector regeneration agencies.

The report also calls for a better career structure in the planning profession, a reduction in the “silo” mentality approach on the part of professionals, an increased understanding of financial implications by masterplanners, and improvements in knowledge, understanding and use of private finance in the local government sector in particular.

It goes on to propose mechanisms for dealing with excess profits being returned to the public sector, developer contributions to infrastructure development costs, better use of revenue streams to create asset value and investor confidence, and the use of Government bonds where other alternatives are not feasible.

It recommends that a new criterion for decision-making, “satisfaction over time”, should be developed to replace the current “value for money” concept.

The main body of the report deals with the practical application of funding structure models to regeneration. The report does not advocate any one model. It suggests, however, that a flexible and responsive consideration of approaches to financing regeneration will help to achieve the results the Government is seeking.

Examples of private sector funding and delivery models which can deliver public sector requirements are considered.

The final section states LFIG Regeneration Group’s conclusions and recommendations.

Comment

Although this report is concerned with issues of finance and regeneration, we are well aware that regeneration is about people, not just buildings. This is why public sector intervention is essential. It is the public sector that can represent the interests of local communities – and should reflect their aspirations.

Whilst this report, *Effective Regeneration Action: Finance and Regeneration*, focuses on practical financial issues, regeneration policy is about improving the quality of life of people. Corporate profits are necessary in order to achieve this. Crucial as the human aspects of regeneration are, we acknowledge at the outset that we have not discussed them in this report.



The **Labour Finance & Industry Group** (LFIG) provides support for policy development in key areas of Government interest. Its members include Ministers, MPs, MEPs and Lords, and senior figures from the UK business and finance community, academics and local government.

LFIG Regeneration Group, which has produced this report, is one of LFIG's working groups. This report, "*Effective Regeneration Action: Finance and Regeneration*", is based on a series of meetings held over the past 18 months. These gathered evidence from senior members of the finance, development, university and other sectors, with experience of working with the public and private sectors at local and national levels. Its findings are supported by a robust econometric model.

The Group's aim is to promote practical solutions in response to changes at both local and regional levels brought about by the restructuring of the economy. It seeks to reinvigorate public debate and thinking on regeneration issues in the UK.

LFIG Regeneration Group is headed by:

Dr Stephen Gruneberg (*Chair*), Research Fellow in the School of Construction Management and Engineering at the University of Reading. An industrial economist, author and co-author of several books specialising in the construction and property sectors, his research interests cover the economics of the construction industry, strategic decision making, corporate planning and property development.

Nicholas Waloff (*Vice Chair*), a regeneration funding consultant, who heads his own company, Waloff Associates Ltd. He specialises in business planning, public affairs and financial communications for public and ex-public sector organisations, as well as emerging markets.

Edward McCauley (*Secretary*), the original founder of the LFIG Regeneration Group in 2003. He is Managing Director of Diligentia Ltd, which provides an auditing service to evaluate and compare the performance of buildings.

For more information, please visit the LFIG website:

www.lfig.org

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