All together now?
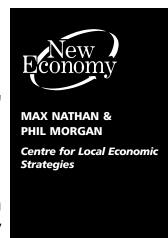
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Testing for joined-up urban and regional policy

New Labour has always promised a fresh approach to politics: so we should also expect a fresh set of policies. Have these come about? Sometimes 'new' policies are often refined versions of old ideas from previous administrations, but in urban and regional policy a mixture of old ideas and new distinctive thinking has emerged.

The new agenda has several welcome elements, particularly its stress on 'joined-up' policy making. There are limits to joining up, however, and some real problems with current policy coherence and delivery. In many ways, urban and regional policy is not joined up – and this has to change.

Three key themes in current policy can be distinguished:

- *Devolution* – Scotland and Wales now have their own parliaments; Regional Development Agencies (RDAs) have been established in the English regions (with parallel Regional Chambers emerging in most)
- *Social inclusion* – the Social Exclusion Unit has been set up to co-ordinate government activity; an array of initiatives is in place, most notably the New Deals, the New Deal for Communities (NDC) and the latest round of the Single Regeneration Budget (SRB)
- *Urban renaissance* – many of the UK's poorest neighbourhoods are in urban areas. The Urban Task Force report argued for policies to reverse the decline of cities.

As this suggests, the elements of urban and regional policy are linked and should be seen as part of a wider national 'regeneration' strategy.

This (mostly) new urban and regional agenda reinforces the area-based policy trend – focused on particular estates in some cases. It also recognises the predominantly structural economic base of exclusion and as such, continues the slow convergence of urban and regional policy which began in the 1977 Urban White Paper.

Several cross-cutting themes are also clear. One of the most important is a focus on communities and community-based regeneration. Community involvement and ownership are not always taken seriously, as the Social Exclusion Unit's report argues:

> *It is now well recognised that, for local regeneration to be effective, communities need to be involved. But, too often, community involvement is paid no more than lip service.*

Community-based regeneration links with another important policy theme – joining up. The Government recognises that the roots of urban and regional malaise are complex and

need solutions that cut across traditional divides. As the Prime Minister has pointed out, 'joined-up problems demand joined-up solutions'.

Linking the social and the economic in this way can bear fruit: at macro and micro levels, a skilled, healthy and motivated workforce can help provide a competitive edge and well-serviced, cohesive cities can help attract investment.

The strongest indicator of New Labour's desire to exemplify joined-up government, in thought and deed, is the establishment of the Social Exclusion Unit. The unit looks at complex problems, operating across departments and is centrally co-ordinated by the Cabinet Office. However, there is a significant gulf between thinking and doing, policy and practice. Joined-up thinking is hard enough; joined-up policy is harder.

"Where two policy objectives conflict, which should prevail and who should decide? A third way is not always at hand"

Thinking and doing

The Social Exclusion Unit has established 18 separate Policy Action Teams. Research commissioned by the DETR – apparently unconnected to the work of the Social Exclusion Unit – has already uncovered extensive governmental failure to join up. Pervasive departmentalism has degraded learning and the capacity to work across departments at all levels. Locally, this means less capacity to deliver new programmes; centrally it means unconnected policy-making, less control over activity and a poor understanding of actual conditions. Local agents are faced with a confusion of overlapping programmes: time is wasted working them out, rather than putting them to use. The current rash of 'initiativitis' – new Zones, Deals, Pilots and Task Forces – is already causing alarm. A further threat is 'initiative fatigue', where some practitioners effectively give up trying to understand policy and resort to 'satisficing'.

Things are slowly changing. The Policy Action Team on 'Learning lessons' highlights some key factors for success on the ground: acquiring key skills and knowledge, developing a knowledge management system and evidence-based strategies, and encouraging entrepreneurship.

Partnership

To make complex policies work, the agencies involved must develop effective partnerships, which are often difficult to achieve. There is significant local experience of partnership – agencies on the ground have been grappling with the notion for some time. The experience of CLES is that partnerships succeed when they:

● include – with an emphasis on extending participation and achieving change
● develop a common language with open communications and clear aims, objectives and actions
● strive to achieve early success and properly balance accountability and effectiveness
● allow relationships of trust and understanding to develop between partners.

The Government's regeneration agenda is ambitious. However, it will not succeed without non-contradictory policies delivered in this coherent and accessible way. As the Government is fond of reminding us, part of the reality of joined-up policy is making hard choices. Where two policy objectives conflict, which should prevail and who should decide? A third way is not always at hand.

A classic recent example is the Government's desire to revitalise cities by, in effect, preventing out-of-town development, whilst injecting price competition into the supermarket sector by scrapping planning controls. The DETR and DTI are at loggerheads along with at least four interests (sustainable

development and consumer welfare versus competitive markets and consumer welfare). There is no clear right and wrong – only incompatibility. Joining up has its limits.

Testing for connected policy-making

So, how is the Government doing so far? To get some idea, we subject the three key ideas that make up the new urban and regional policy to the test.

Devolution

A clear responsibility for policy-making bodies at the regional level are the widespread discrepancies in social and economic conditions that exist across UK regions. In England, the Government has created RDAs with the main remit of driving up GDP per head (see IPPR Indicators, p146). RDAs are also charged with ensuring social inclusion and sustainable development. At the same time, voluntary Regional Chambers – with mostly local authority membership – have been set up in many regions.

At the time of writing, RDAs were on the point of producing their Regional Economic Strategies (RESs). An enormous amount of energy has been spent discussing the new regional agenda, with little concrete result. CLES will shortly be producing its own evaluation of the RES, though concerns have already emerged. A recent House of Commons Select Committee report sets these out highlighting the following three:

● RDAs need to do some long-term thinking about regional economic development, but there is evidence that they lack the necessary power and resources

● there is a danger that RDAs will concentrate purely on economic development – their stated primary goal – contradicting joined-up thinking on regeneration. The Government may need to boost the profile of RDAs' social exclusion and sustainable development remits

● there is as yet no mechanism for reconciling Regional Economic Strategies with the Regional Planning Guidance framework (RPG). The two might easily conflict, with, say, the RES encouraging development on a greenfield site and the RPG forbidding it. The Government's stance is that the two forces can reconcile themselves informally. Until this happens – and it is unclear how it might – we are left with the possibility of paralysis in regional decision-making.

Regional governance is also fragile. The Regional Chambers, which drive Regional Planning Guidance formulation, are the unhappy children of two incompatible needs: preserving RDAs' direct ministerial accountability, and the need for regional and sub-regional devolution. Grasping this tension is crucial to understanding the potential for conflict in regional relationships.

In theory, RDAs need have no real contact with Regional Chambers: though there would then be no local accountability. In practice, large efforts have been made by both sides with RDAs behaving as if Regional Chambers have a democratic mandate; there has been liaison, joint working, consultation, personal contact and so on.

The potential for conflict is still there, however. Local authority leaders sitting on Regional Chambers dislike the fact that RDAs are not accountable to them and RDAs dislike being told they are unaccountable. Government offices – helping to steer RPG and working with RDAs in a number of areas – complicate the picture still further.

So far, both sides have dealt with the problem by not talking about it and in a way, this kind of behaviour is important if there is to be any kind of inclusive regional leadership. However, it is easy to see how things could go badly wrong. Genuine institutional equality will only come with moves towards fully-fledged regional government.

Social inclusion

The Government is committed to social inclusion and sees work as the vital mechanism to re-attach people to society. Employment means inclusion: benefit systems thought to foster long-term unemployment, welfare dependence and exclusion have to be reshaped to deliver unemployed people into work.

It is too early to say how the Government's welfare to work strategy is working. However, there is some real concern about how 'employability' is conceived and how well policy is actually joining up. Recent research by CLES found that, at the local level, unemployed people, employers and agencies engaged in delivery were faced with an ever-expanding range of programmes. This is confusing for all and can be counterproductive, costly and ineffective.

A more coherent mechanism for welfare to work policy delivery at all levels is required. This is true of regeneration policy more broadly where different programmes are currently operated by different levels of government in different locations. An area may receive the New Deal for Communities run by the Government Regional Office; SRB run by the RDA and Sure Start run by DfEE in Whitehall.

At the launch of the Social Exclusion Unit in September 1998, the Prime Minister stressed the need to consider communities in social exclusion policy: 'Our goal is simple: it is to bridge the gap between the poorest neighbourhoods and the rest of Britain.' The NDC develops this idea into policy. The programme, currently underway in 17 Pathfinder authorities, is flexible and very local. Particular neighbourhoods in selected local authority areas compete for NDC funding. Neighbourhood

> *"there is a danger that RDAs will concentrate purely on economic development – their stated primary goal – contradicting joined-up thinking on regeneration"*

programmes can deliver any goals, and any body can lead strategies – including housing associations and the voluntary sector (although few of these bids have been approved). The fifth round of the SRB has also been redesigned to emphasise community and local involvement in regeneration.

The local emphasis of the new policies is welcome. However, an extreme area-based focus is of concern. Does it assist inclusion, or deflect attention from other excluded areas? NDC Pathfinders were selected using the Index of Local Deprivation, arguably the best measure available, but which the DETR recognises needs revision. Until better data is generated, particularly at the most local levels, social inclusion policy risks missing deprived areas. Even allowing for programme expansion and the impact of SRB5, need is clearly more widespread than the areas selected for NDC. Within Pathfinder areas, deprived neighbourhoods compete against each other, and the worst-off communities, with low morale and organisational capacity, may never succeed.

What is most worrying is that the new policy agenda sees only half the problem. The 1977 Urban White Paper pointed out that 'In some cities such as Glasgow and Liverpool, there is a general lack of demand for labour which affects the whole but is particularly severe in the inner areas.'

Over two decades later, what has changed? The 20 major cities in Britain have lost over 500,000 jobs since 1981, while the rest of the country has gained 1.7 million jobs (Turok and Edge, 1999). Nationally, unemployment has fallen, but in many urban and old industrial areas employment growth is slower than the decline in unemployment. Unemployed people are leaving the register and falling out of the system.

Government urban and regional policy has to face up to the problem of the 'jobs gap': there are more unemployed people than vacancies in many areas. Of course, employment generation is only part of the solution to local unemployment. However, as Turok and Edge point out, current regeneration strategies focus on skills, motivation and programme design to the detriment of the demand side of the labour market. It seems unlikely that the Jobs Policy Action Team will bite this bullet either: but without doing so, policy will not get to grips with the structural causes of decline.

Urban renaissance

The origins of the Urban Task Force lie in the debate on where new house building should take place. 3.8 million new households are expected by 2016. Should new homes to hold them be constructed on greenfield – and often green belt – sites, or on urban, predominantly inner city brownfield sites? However, the Task Force's mission has widened to become concerned with the regeneration debate.

The Government's objectives are to protect the green belt, meet the housing target and stimulate urban revival by increasing the share of new housing built on brownfield sites from 50 per cent to 60 per cent of new stock. Trying to pursue several aims at once means some conflict is inevitable. Urban regeneration clashes with the economics of brownfield development; redeveloping is expensive. In many places, even a 50 per cent target is not always realistic from the developers' point of view. One solution advocated is to subsidise developers, or individuals, moving into the city, though this may well go against the wish to keep public spending within prudent limits.

There are two more fundamental problems in the new urban policy. First, it is fighting some powerful market forces. Second, conflating urban revival with meeting housing need risks reinforcing social exclusion in the areas with lowest housing demand, in the inner cities and across the UK.

Spirals of decline in inner city estates stem from low demand: they also help create it. A combination of factors, including macro-economic change, residualisation of housing stock and the sale of council properties can push neighbourhoods into decline and disrepair. Those who can, leave – the vacant properties created reinforce and accelerate the downward cycle.

In some places, demand for new housing can be very high: new research suggests around 23,000 people are migrating from the North to the South of the UK each year. To regenerate cities across the UK, urban policy will have to fight the market: some commentators are very pessimistic about the chances of success. Furthermore, an area-based urban regeneration policy focused on creating attractive new housing stock in some places, risks making excluded areas elsewhere even more undesirable: resulting abandonment can hobble attempts at regeneration.

Conclusion

There seem to be opposing forces at the heart of the new regeneration policy. Unless it is carefully structured and combined with regeneration of all excluded areas, such 'urban renaissance' as may take place may deepen exclusion elsewhere. This puts the Government's goal of more mixed communities at risk. Urban policy has started to join up by fixing resources on the most deprived areas at the same time. The New Deal for Communities and SRB5 are a good start, but are they enough? When jobs leave an area, housing demand falls. For an urban renaissance to become reality, the urban jobs gap must also be addressed ●