

# Regeneration, US-style

## Same game, new rules

As Geoff Cobb put it in the *Future of Funding* article in the last issue of *Locum Destination Review*, many regeneration projects start with an applicant asking the question, 'Can I get a grant?' Rightly, many 'quick buck' projects bite the dust almost immediately after the initial answer: 'No'.

After such a rebuff, the serious applicant usually then retreats, feeling rejected, but resigned to having to do some real business planning before the tight fists of the public sector uncurl into the welcoming handshake of 'partnership'. In economic development, as in business generally, free lunches are now

off the menu. Even lightly subsidised *hors d'oeuvres* are going to be harder to find, with the EU clamping down on schemes such as the UK's Partnership Investment Fund and with the old cash-for-concrete-pouring scams of the Mediterranean countries coming under the Court of Auditors' microscope.

But well-founded projects with a sound business case will still get a good hearing – in the end. Even though securing a partnership contribution from the public sector may become more difficult on a case-by-case basis, schemes promoted in eligible geographic areas or economic sectors, which



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demonstrate the classic positive balance of funding need and economic benefit, will continue to be favourably received by the agencies.

### Red tape

But the 'case-by-case' aspect may, in itself, be a problem. Business expectations of the public partnership system have been raised by the announcement of sweeping, *strategically integrated* funding programmes, such as the laudable and coherent £180 billion plus DETR transport package for the UK. In this climate of integrated *partnership policy* administered by integrated machinery such as the RDAs, many businesses are bewildered by the complex and fragmented *partnership process* that is involved in getting a proposal through the system.

Whilst hard evidence is notoriously lacking – it being difficult to prove a negative – the buzz from the fringelands is that many projects which *could* be eligible are not being put forward, because the project champions simply cannot face the hassle. Net result: continued centralisation of opportunity away from precisely those marginal zones where regeneration, economic development and inward investment programmes are supposed to be at their most effective.

The irony in this situation is not lost on regeneration and economic development practitioners at the 'sharp end'. Whilst the level of private sector expectation increases around them at the policy and programme level, the inflexibility and complexity of their own assessment systems at the *process* level may be damaging their ability to deliver results on the ground.

There is another level of irony here, too. It is precisely because the agencies need to overcome the perceived complexity of their own processes that regenerators everywhere are competing to marshal their resources behind projects with the potential to 'cut through the confusion'. Initiatives whose business and regeneration rationales are powerful enough to subjugate the system, not be swamped by it, make great weapons for regenerators themselves in the battle against their *own* bureaucracies.

### Reversing the equation

The consequence is that the balance is shifting towards private sector promoters of good, sound projects, around which the agencies can integrate *delivery* to match the

policy promises.

But this is happening just as many private sector players seem to be becoming less inclined to go through the hassle of getting their projects through the delivery system.

Final result: the field is now very much open to private sector projects which are *themselves* capable of *driving* partnership strategy, rather than finessing their business plans to *accommodate* themselves to public sector funding tactics. In short, a private sector initiative which both 'fits' with policy *and* which *itself* has significant economic and financial clout can galvanise a regeneration agency into truly acting as the strategic partner which policy requires.

Once this partnership is formed, *joint* action by the agency and the private sector initiator becomes possible. This, in turn, stands a better chance of marshalling the support of other public sector players, such as planners and local funding administrators, than any agency ever will on its own, without a project to concentrate the minds of others in the system.

This is not rocket science: good projects have always 'unblocked' the system. Suddenly, planning permission becomes possible on the back of a good Section 106 agreement, usually offset by a strategic partnership contribution to another part of the scheme.

The challenge is now to carry partnership forward from the traditional project-by-project basis into a genuine collaboration on a strategic level. A clear set of 'rules of engagement' is needed to empower private sector players with proven ability to deliver *individual* partnership-based projects to work with strategic public sector agencies to build that partnership on a *multi-project* basis.

It is the United States which shows a way forward here. In today's US, regeneration projects are overwhelmingly primary-funded by the private sector, with the public sector programmes playing a channelling and facilitating role. Often with no major public funds to deploy, the public sector agencies focus on trying to 'aim' private sector investment towards projects which can deliver the best economic development upside.

Whilst many traditional European regenerators might equate low funding 'leverage' to a reduction in public sector influence, experience in the US is now beginning to provide evidence to the contrary. New-style partnerships are delivering results. The public sector sets the targets and the

private sector finds the funding. And *both* sets of players work to understand each other's policy and commercial requirements and to 'morph' projects to suit them. After a long period of stagnation following the historic successes of the New Deal period, sound regenerative partnerships are now delivering some solid results – with projects facilitated by the public sector but actually delivered by dynamic private sector approaches to funding, promotion and marketing.

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