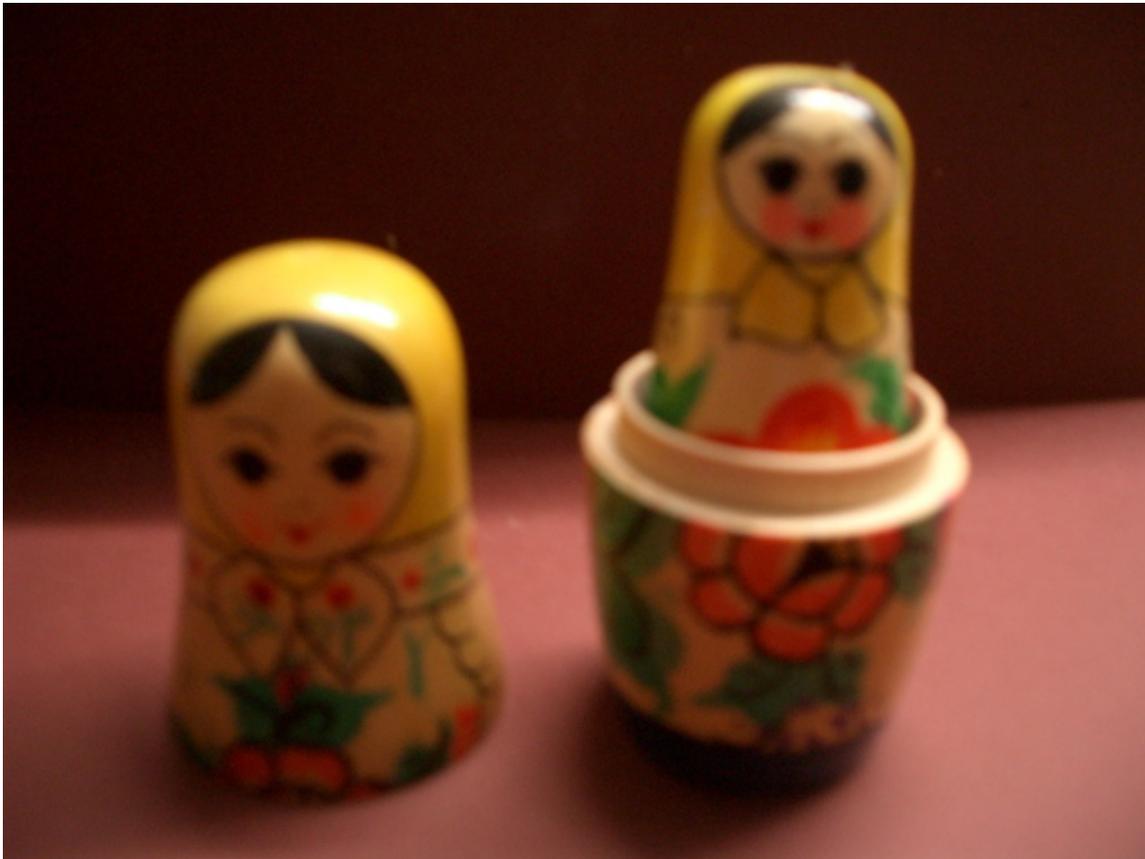




Scottish Urban  
Regeneration Forum

SURF : sharing experience : shaping practice

## The SURF Annual Lecture 2006



### *Regeneration in a Civil Society*

**by Geoff Mulgan, Director of the Young Foundation**

The mid 1970s probably marked the moment when regeneration started playing a mainstream part in British life. If you could go in a time machine back to 1976 and speak to someone trying to regenerate Glasgow, Edinburgh, Newcastle or Manchester, what would you tell them about the last 30 years?

My guess is that you might say that although things looked pretty bad, they were going to get worse before they got better. You might emphasise just how severe some of the shocks would be: for whole cities, whole regions, whole industries. You might tell them that mass unemployment was just around the corner for the first time since the 1930s, along with physical dereliction as industries collapsed and large chunks of land were left vacant along with gas works, old factories and docks.

You might warn them that the worst point would be reached in the early 80s. After that things would get slowly better in most parts of the UK: partly helped by large amounts of money, much of it concentrated in a very few places (like Canary Wharf), and partly helped by lots of people with energy, imagination and cunning.

As a result British cities are now dramatically better than they were 20 or 30 years ago. Yet many neighbourhoods are still languishing - ugly, dangerous and poor, with many more people going to prison than to University.

I want to return later to what advice *you* would give your predecessors.

But first a word about the present. Earlier this year the Young Foundation did a rough exercise trying to map the current landscape of needs across Britain – a pilot for what may become a much more substantial and regular exercise. We were trying to get a map of both what is happening to the official statistics on poverty, housing, health, life expectancy, literacy, debt and so on, but also of what is happening behind them. We did this by interviewing people working in front line roles across the social services and third sector organisations and talking to lots of people about how they felt about their lives. Out of that came a picture of some of the challenges we face: very classic poverty, serious worklessness, ill health, high debt, low educational achievements, violence; but also other kinds of problems that were not so clearly on the radar back in 1976. These include the problems of psychological stress and mental illness. The most stressed people in our society are not you and I, but are often poor middle aged women with multiple caring and work responsibilities, who do not talk about their stress. New groups are suffering the results of globalisation, and in very large numbers. Failed asylum seekers, current asylum seekers, trafficked people, economic migrants and their illegal counterparts. There are also other problems, not of poverty, but conversely the effects of excessive consumption - issues such as addictions, obesity, gambling. There are new problems arising from changing family structures, including higher levels of loneliness, isolation and sense of identity and belonging. I think many of these are different from the kind of challenges which most regeneration industries thought they were responding to in the 70s, 80s and the 90s.

## Connections and capacity

In 2003 I was running the Prime Minister's Strategy Unit. We were asked by the Cabinet to try and take stock of what was happening to Britain compared to other countries. We did lots of number crunching to see how different countries were performing in terms of jobs, GDP, employment, trust and happiness among other things. We found that the best all round performers were generally northern countries. The Scandinavians, Switzerland and Canada seemed to be doing very well. We then tried to make sense of why these places were doing so much better than others.

We found that the explanations boiled down to two key groups of factors.

First, all of the successful places were quite interconnected and had deliberately worked to connect themselves through trade, flow of ideas, information, rail, and technology. They were not bounded nations, but often very open economies, with open political systems and open civil societies. Second, these places had high levels of capacity in terms of three distinct kinds of capital: Human capital - skills and qualifications; social capital - trust between people with a good sense of community; and organisational capital - very effective institutions with businesses and governments that get things done.

The key to their success lay in this combination of 'connections' and 'capacity'. I would suggest that this is also a useful framework for thinking about area, places and regeneration and in what follows I want to briefly cover five key dimensions of regeneration, where a lot has been achieved, but where a lot of challenges remain.

I want to start by talking about prosperity and the economy. My very first job was in regeneration in London, which at that point in the mid 80s looked like it was in pretty terminal decline - there was very high unemployment and very little visible adaptation to the changing economy. What strikes me looking back now is how often we miss the most basic facts about economics and regeneration. Places are usually poor or rich depending on if they have something to sell to other places and other people. London, like Glasgow, had had lots of things to sell - manufacturing, factories, docks - but these were all things that people no longer wanted to buy from them.

It has been true throughout history that cities do not prosper through self-sufficiency but through trading with other places and usually other cities. Yet for many years the regeneration industry had a mental model of the economy which was almost the opposite - a model of communities developing themselves indigenously; self-sufficiency without trade, without connection, without exchange. I saw a lot of very well-intentioned efforts which did not have much effect in really improving opportunities for the people they were trying to serve. I

think that increasingly this very basic point has become much more commonplace. Jane Jacobs, who died this year, knew all this very clearly. Her insights took longer than perhaps they should have done to emerge in mainstream thinking.

Some very simple things have become clear about regeneration. The need for an area to be really rigorous about what it can sell, about what its assets are, what its comparative advantages are and where it sits in the market structures is very clear. Many strategies for physical places, people and business starts ups flow from these points. For example, how to get the right balance of support and pressure for the 18 or the 52 year old who does not think they have anything valuable to sell? How to create those parallel exchange systems, like intermediate labour markets, Time Banks and Electronic Market Systems which give people the confidence to exchange the valuable times they have with others.

I believe that where such strategies have developed, lots of places have bounced back. If we were talking to our equivalents 30 years ago, we would say surprising lessons have been learned about the granularity of intervention. We know which things work best at the level of the City Region where much of the economy operates, and which work well at a local level. Surprisingly, a number of initiatives in the last 30 years got those levels completely wrong, but the lessons are fairly clear.

We have learned a lot about how physical regeneration can be necessary for galvanising areas and making people think something is really changing, but the spending ratios are still unbalanced. In the UK as a whole, the ratios are currently roughly the same as in Scotland. The 10:1 ratios of capital spend to non-capital spend in regeneration budgets does not really fit with what we know about what works.

We have learned that money can also be disruptive. I believe the New Deal for Communities programme in England almost certainly gave far too much money to communities, thereby sometimes crushing pre-existing community organisations. The lighter touch measures such as Neighbourhood Management may achieve as much, with less trauma, though it is still too early to judge.

We have learned a lot about sectors. My very first job in regeneration was doing sector strategies for cities but I have ended up very sceptical about them. It is more important to put in place the underlying conditions for growth. That said, there have been some successes in promoting the knowledge industries - 600,000 people are now employed in the creative industries in London alone, and there is more progress to be made. However, in 20 to 30 years, the biggest employers, the biggest sectors, the biggest parts of GDP, will not be knowledge industries, financial services or biotech. Almost certainly the single biggest industry will be health, contributing probably 15-20% GDP. The second may well be education with around 10% GDP. China already has a target of 11% GDP for

education (the current figure is only 2%). The third largest sector will probably be care – both for the elderly and the young.

## **Skills**

The classic 20th century industries like cars, finance and telecoms will be relatively smaller in 20 -30 years time. Yet we have not yet thought about the regeneration implications of this or tied our publicly dominated sectors into the regeneration story.

Many of the lessons about the economy are about connections. This summer the Young Foundation published a major study by my colleague Peter Hall. He examined nine urban areas across Europe, looking at the most advanced end of the economy: the advanced business services that become the motors of many city regions. The key conclusion was the importance of ‘polycentricity’. This is the way in which cities and neighbouring towns use telecom networks, light rail and so on to create polycentric structures which then allow finance, computing, tourism and consultancies to create complimentary links. Again connectivity is the critical factor. From a more negative perspective however we can see that although there has been an enormous increase in capacities to operate in the new economy, there is also dramatic evidence that many people are not making that change. In many large British cities, including the cities of Scotland, there is mounting evidence that the key problem is no longer getting into universities or problems with literacy, numeracy and IT skills. Rather, the problems are those labelled non-cognitive skills; soft skills that enable 16 year olds to work with others, and to have the motivation to work with others.

Surveys of employers have for many years now shown that these are the qualities they most want from young people coming out of the education system. Employers increasingly use these characteristics, rather than qualifications, to screen applicants and yet the education system is still very focused on 20th century, practically measurable, qualifications and skills. In the 2004 Scottish Enterprise survey, of 20,000 employers in the UK, employers were least concerned about written communication, literacy and numbers, the things that are top of our old fashioned priority list. They were most worried about skills such as customer handling, problem solving and team working. These are pretty striking conclusions, which are already well known in places. Mike Tomlinson has looked at this issue. The Nobel prize winner, Jim Heckman, has too, and suggested that the biggest paybacks for education come from the very earliest years, far more than from spending lots on universities. He could not understand why the education system had not worked out that it is in the early years that the important non-cognitive skills are learnt. He showed non-cognitive skills had more correlation with success in the labour market than cognitive skills, IQ and formal qualifications.

I do not think these lessons are quite part of the regeneration story yet: I hope they will be soon. One of the projects the Young Foundation is working on is trying to create a new kind of school which takes this research seriously.

We are calling these 'studio schools'. We want to locate them in the hearts of cities and aim them at 14 -19 year olds, at precisely those teenagers that have pretty much given up on education, who do not think it is relevant to them. Through a lot of research, and asking these teenagers what they would like to find in a school, we designed a new kind of school. It is a school that will really integrate work and business with the learning environment and will have an ethos much more akin to that of real work than that of school – 'pay for work done' rather than 'play for work done'.

The schools will operate in fields like construction, catering and fashion, but out of educational premises. We have backing from the government and about eight local areas wanting to pilot these schools. Hopefully, within a short period of time 'studio schools' will be up and running. I hope they will embody a very different response to the evidence of the importance of non-cognitive skills. The alternative, I fear, is lots and lots of very good regeneration work which nonetheless will make little difference to the next generation.

### **Governance**

I want to say a bit about connections and capacities in relation to governance. This is sometimes pompously described as collective efficacy. Does a community feel it has control over its world, or is it fatalistic? Does it believe it is on the receiving end of decisions and power from elsewhere?

Much of the regeneration story, dating back to the mid 70s, is made up of stories of central institutions not having much confidence in local communities or local government. They parachute things over them; bypass them and set up any number of complicated institutions to try and make up for a lack of collective efficacy. Sometimes, those centralised institutions were needed. But I think one of the most important lessons in many areas of public policy from the last two decades, is that there are really very few valuable things you can simply 'do' to a passive audience. It is true of education: no one else can learn for you, you have to do the learning. It is true of health: if you want to be healthy you have to manage your diet and fitness. It has certainly been the lesson in welfare to work.

Perhaps it is not surprising that the same is true of communities. Again and again we find central government parachuting in programmes without really engaging the commitment of people on the ground. These programmes land and that's that - the parachute is of course the only flying machine that never takes off. My perception is that the places which really do turn themselves around are not those where someone else has done it for them, but where many of the resources and capacities are in the community already. Nearly always there is

an alliance between institutions with power and money on the one hand, and communities on the other. The same is true in big organizations. Some alliance between leadership and the bottom is a feature of major change in institutions just as all processes of innovation need some alliance between the creative 'buzzing bees' and the 'big trees' - the institutions with the power and money to make it happen.

It is always worth considering what the critical alliances are which can make things happen. In regeneration, they often require political leadership. But the weakness of the parties and political leadership means that in many areas of the UK there is a real issue of incapacity to play that galvanising roll. An equally real issue is that of 'community' and its lack of capacity to mobilise things outside itself. This is as much about ways of talking, ways of organising and ways of networking as it is about formal structures.

Some interesting work has been done recently by a Young Foundation associate on 'virtual network analysis'. This work takes a topic like domestic violence, or household burglaries in an urban area and explores who all the people involved in trying to make a difference to that problem are. These people are asked - 'Who is useful to you in your job, who helps you get things done?' Out of this, a map of the key people in the city is quickly built up. This map is often striking as a junior member of an organisation may turn out to be the connector between the Local Authority, the Police and social services. If that one person goes, if they happen to get another job, everything stops working. Or you will find that information goes into particular institutions but nothing ever comes out. Some places are pleased to take that role.

The main point is that the reality of partnership working and change is very different from the more formal organogram structures. The next step is to map the emotional styles of the people in the institutions and the people on Partnership Boards and to act almost as a therapist to find out how they deal with each other, whether they actually listen to each other's needs and to try to raise the emotional intelligence of their working partnerships. These experiments are still in their infancy, but they are revealing a softer, deeper reality of collective efficacy. I think it is this that the traditional world of formal structures and big building projects have missed out.

## **Civil Society**

I want to say a bit about civil society. This Autumn I'm starting to chair a commission for the Carnegie Trust, exploring the future of civil society. It is about 30 years since they did a similar exercise and the project is in its early stages, but we are trying, amongst other things, to create a map of where civil society is strong, where it is weak, and why. The first part on this map shows a lot of areas where civil society is much stronger than they were 30 years ago – like housing and care.

What is surprising is that civil society has become weaker in many fields too. First, childhood. Children today are far more dominated by commercial culture and messages than they are by civil ones – e.g. from the church, the scouts or the guides. All sorts of problems have arguably grown from this imbalance between civil society and commercial culture. Second, work. In the labour market, civil society institutions - mainly trade unions - were much stronger a generation ago than they are now. This leaves many people, despite the insecurities of the job market, much less protected.

One of the questions we are going to try and answer in each of these fields is: what is the right balance between the state and formal authority, between business and civil society? There are a couple of areas relevant to regeneration where this is going to be a particularly interesting. One is the issue of assets - a very lively debate in Scotland. Should there be further transfer of physical assets and capital to community organisations, for example the right to buy land? There is a strengthening argument for a radical shift of ownership to the community sector. However as institutions gain power, it becomes more important to ask questions about accountability, representation and legitimacy – and not enough thinking has been done about how community based institutions can remain truly representative and in touch. There are certainly many examples where they have frozen the characteristics of the community a generation or two and not kept up, or where a small clique effectively controls the assets. The other issue is about accountability in public services, particularly health. There has been an enormous growth in self help and mutual health groups over the last 30 years. If all the people that were suffering from a particular chronic disease in a city could control the budgets used to provide them with a service, how would they configure it? My guess is that they might choose a very different configuration of services between hospitals, high technology equipment, doctors and mutual self help. Given that we know that chronic disease is going to rise over the next 20 years, as an area of spending this could become one of the key areas to look at in terms of regeneration.

### **Liveability**

When communities get more power and more money, the first things they want to do are to make them more liveable: they want nicer places for themselves, and things for their teenagers to do. I am astonished that there is still so little for teenagers to do. Boredom is an extremely powerful social focus, with what are almost always negative effects on measures of demanding activities, crime levels and educational achievement.

For ten years now, surveys have found that the measure of how good people feel about their communities has been rising. What is striking is that different experiences seem to occur in different classes. The ABs have had a steadily rising sense of satisfaction with place and their communities. This is not because

they know more people living around them, or indeed because they have more friends. The key seems to be that they have more of a sense of having chosen their kind of place and the public assets in it, like libraries and cafes. Whereas, among the DEs there has been a slight decline in community satisfaction, even during a period of quite major capital spend. There is no simple explanation for this - however the hypothesis is that it too is related to choice. DEs make up a large proportion of people who have not chosen where to live and are locked into a particular place by welfare. This is particularly true in Scotland where there are lower levels of ownership.

This is the challenge for a project which the Young Foundation launched this week in three local areas in England - South Tyneside, Manchester and Herefordshire. IDeA and Government departments are also involved. The question we have asked is: what has the best prospects of really improving how people feel about their lives, about their self, about their place? Over the next six months we will be trying to pull together precisely what each area might do to improve on these issues. The five prime activities which we have landed on are different from what would have been part of the regeneration package 10 years ago, let alone 30 years ago.

The first set of activities is around parenting. There are now reasonably well proven interventions helping people to be better parents for their kids, drawing on significant evidence about the impact of better parenting in later life, and also about the impact that taking part in childcare provision, Sure Start and so on, has on communities and feelings of ownership.

The second strand is around cognitive behavioural therapy with eleven and twelve year olds. This is about training young teenagers to be more resilient. Such interventions in the US have resulted in lower rates of depression and less behavioural problems, which in turn help employability later in life.

We are also looking at routes into work, such as guaranteed apprenticeships - tying the public sector into providing apprenticeships in health, Local Authorities and so on.

A fourth strand examines elderly isolation. This is not something which usually comes very high on the generational list but is nonetheless fairly serious in terms of lack of wellbeing and emotional suffering.

The final strand is looking at the neighbourhood level and physical interventions that can give people a better sense of their local area. Our intention is that these strands will all be measurable so that if a chief executive or leader of a local authority council office asked 'What can you do in three years with fairly limited resources that can really make people feel happier?' we will have clear answers.

The fifth thing which I think is going to become increasingly important in Scotland is the question of regeneration and cohesion. We were perhaps lucky in the UK that we did not experience the riots which dominated France last November, riots which even occurred in those cities that thought they had very good regeneration programmes. The outskirts of Paris and Lyon are seen as dismal places, but I thought they were physically nice, rather better than most equivalents in Scotland or England. However, almost everything else about them is deeply flawed.

This is another aspect to the question of connections and capacity. It is one that we have been doing some work on at the Young Foundation, mainly looking at the east end of London; partly because Michael Young wrote his classic book on families and kinship in east London which portrayed a very strong community. The community was made up of family network structures held together by mothers, but was being wrecked by sending people out to tower blocks. A study was published earlier this year – nearly 50 years later - looking at the same place and the same people, which showed that large chunks of the white working class felt bypassed by economic change. They had seen waves of regeneration like Canary Wharf, but they had not got the jobs and their kids had not got the jobs either.

Then they saw wave after wave of immigrants; particularly the Bangladeshis coming in from the mid 70s onwards. After a period they started doing better in schools, in the local jobs market, and in business start ups, and the study found a lot of resentment there. The same story is to be found in the north west of England, in Oldham, Stockton and Burnley. As we enter a period right across Europe where more and more communities are rapidly becoming increasingly diverse, this has led to lots of thinking about how to cope.

I want to stress three or four points which I think are key but not immediately obvious. One of the most influential pieces of writing on this was by Alberto Alesina, who at the start of this decade published work that claimed that there was an inverse correlation between diversity and welfare states. The more migrants in a society the less willing people are to pay taxes for welfare. Alesina's work implies that you can either retain a community of homogenous people, or you must jump to a more American safety net model of welfare state.

His evidence appeared to predict that as countries like England, Scotland, France and the Netherlands become more diverse, they will have to give up their welfare states. Lots of people have produced work that essentially repeats this argument. About six months ago however, an academic went through the numbers again and found that in fact Alesina got his work wrong in a rather important way, certainly with regard to Europe. Peter Taylor Gooby used exactly the same data but included a key variable which made all the difference: the presence of a centre left political party and labour groups. With this addition, the correlation disappears and diversity impacts on the generosity of welfare. What is

all important is therefore the nature of institutions and how they built solidarities, rather than the underlying characteristics of the population.

Work done on violence and conflict in cities from Glasgow to India has shown the same story. You cannot predict conflict just from whether Muslims live next to Christians or Hindus. What is more important is the nature of the political entrepreneurs operating in the area, who either choose to entrench dividing lines whenever an incident occurs, or try to do the opposite. This is why in some Indian cities, furious communal rifts between Muslims and Hindus have developed and in others of exactly the same demographic mix nothing ever happens. The key again is in the institutions and the leadership, rather than the underlying structural factors. I think increasingly we are learning the importance of leadership and of political roles in helping cities survive processes of change and helping prevent small issues becoming catastrophic. Again and again we are learning that integration sits comfortably with diversity. Although integrating is often a learnt and not a natural competence, once it is learnt it can be used to nip tensions in the bud and not allow them to get out of hand. Increasingly this will become part of the regeneration story.

To finish, think back to your time machine, and to what you would say to someone in 1976 - a year before the Silver Jubilee and the Sex Pistols. For many regeneration projects in the 80s and 90s, including a few which I have been involved in, things which were in fact beginning to work felt like failures at the time. I think a lot has been learnt about how to do regeneration and I think the capacities and connections seem to be the dual themes that run through so many dimensions of regeneration, whether it is economic prosperity, how to reshape government or how to promote cohesion and help to make places livable.

My predecessor Michael Young, although he used different language, effectively saw capacities and connections as the key to social change. His most famous creation was the Open University which arose from talking to people who said that they could never imagine their children going to universities. His solution gave people capacities and skills and also connected them to different kinds of communities and changed their sense of possibilities.

I want to return to the harder challenges that Scotland has overcome, perhaps because it had a harder, faster industrialisation in the 18<sup>th</sup> century than anywhere else, and also produced more creative responses. Then again perhaps it is because in the 70s, cities like Glasgow had a harder, faster de-industrialization that demanded a more creative response. What intrigues me is the coming challenges alongside the need for capacities and connections; for example more psychological questions, more behavioural questions, more cultural questions. These are much harder for policy to get to grips with.

So my final question is to ask you to imagine yourself, not back in 1976, but forward in 2036. Ask yourself: what was the really important thing that you did not spot, but really needed to be acted on?

### **Responses to questions from the floor**

In response to a question regarding the pace of change:

When I went into Government I thought my biggest frustration would be the slowness of activities. Rather to my surprise, I found my self saying to Minister's civil servants – as you are now – that I think this ought to be done slower. Do you really want to do this project in one year, two years, three years? This is particularly true for issues around regenerating community capacities. The instinct of bureaucracy is generally to try to move quickly, rather than with a realistic assessment of how fast things can change. This is partly a predictable effect of the nature of politics.

If you are in a Ministerial job for a year and a half, your incentive is to have as many announcements as possible, to shovel as much money out the door as possible so that people feel very grateful to you. You do not want to hear someone say 'slow down'. So most of the programs south of the border, such as Connexions, are projects that take 10 or 15 years to achieve. They require not only new institutions and new community capacities, but also new professions to be created ranging from police community support officers to personal advisers in the job centre system, to administrators who can cope with community development on the ground. I often felt that central government tried to accelerate the pace, partly for political reasons but partly through bureaucrats being penalised for under spending. The very curse of our system is that in February and March people need to shovel money out the door. These things have a very damaging effect on regeneration in practice. People feel very unhappy talking about it because it sounds like you are being obstructive and people in the community feel exactly the opposite – they are frustrated at how long it takes to fix the things they feel are going wrong around them.

Let me give an opposite example. The best regeneration I have seen in the last year was in the city of Seoul in South Korea. The river passed through the middle of the city and 30 years ago a two tier motorway was built over it. Public consultation was done rapid fire, which turned opinion around. A six kilometre project through the densely populated city opened up the centre to the public. The project won the Venice Biennale Architecture award. So regeneration can be done very quickly. I would imagine in a British city this project would take about 30 years, with planning and consultation and so on. It was really refreshing to see someone doing something really fast.

In response to a question about the timescale for the Studio Schools initiative previously referred to:

We started work on it in the spring and now have a detailed plan of structure and economics. We are doing feasibility studies in specific areas this autumn. It depends on the sites and whether we can use existing buildings or if we have to have new build. Ideally we are hoping to have some studio school programmes in existing schools before we open new schools. We are trying to move very, very fast on it. It will be easier in some ways to move quickly as we are only talking about small units of 300 or so pupils, not 1300 or 1500. There are a lot of advantages at this smaller scale both in terms of ethos and culture and also on the business side of things. So, if you have any wonderful bits of space in your city centres needing educational institutions in them, do let me know. This is what is happening in other cities in England – studio schools will really be integrated into broader regeneration packages.

## **End of Lecture**

***The SURF Chairperson, Ian Wall, brought the formal event to an end by thanking Geoff Mulgan for his impressively broad ranging, frank and thought-provoking lecture. He stated that SURF would follow through by transcribing and circulating the text of the lecture to the audience and SURF members.***

***SURF will also use the ‘time capsule’ question posed by Geoff to gather and re-present the thoughts of its members and key contacts. Further information on this will be available from the SURF website at [www.scotregen.co.uk](http://www.scotregen.co.uk), which additionally has details of our future events, in due course.***