

Show me the money pII-III
Replacing UKSPF and the renewed focus on neighbourhood regeneration

The growth solution pIV-V
Chasing economic growth for its own sake isn't working – let's choose to thrive

Creating workable cities pVI
The art of getting a work/life balance at a time when industrial land is disappearing

LGR: putting planning back into the spotlight

We now have a government that puts planning at the heart of economic growth, but does reorganisation provide a golden opportunity for reform, or the perfect storm? **Catriona Riddell** looks at the possibilities

Planning has had a bad reputation over the last decade with successive government's blaming the planning system (and planners!) for all the economic woes. This, together with the austerity measures impacting on local government has seen a significant reduction in spending within planning departments since 2010.

According to the Royal Town Planning Institute's recent *State of the Profession* survey spending on development management in 2025 was 9.6% less than in 2010 (in real terms) and 28.8% less in planning policy functions (local plan teams) within local authorities.

For many people the planning system has become something that stops things from happening, not a force for good. And for many local authorities, it has become a divisive function and a political headache.

The current Government sees things differently. It has put its comprehensive planning reform programme at the heart of its economic growth mission and is investing heavily in the profession. In last year's Autumn Budget, the Chancellor pledged £48m in additional funding to boost capacity in the planning system which includes funding for 350 more planners.

The direction of travel is positive but is also coming at a time when, for many places, local authorities will be implementing a fundamentally new planning system alongside local government reorganisation (LGR), with some also moving towards a devolved structure. A perfect storm or a



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once in a generation opportunity to reset things?

I have produced a new report on behalf of the Planning Officers Society (POS) and following extensive engagement with local authorities and stakeholders, setting out what the prizes for maximising the potential of planning reform, LGR and devolution could be.

It has a strong emphasis on using the parallel timeframes as a way of restoring the value placed on having a well-functioning planning service. Good place-making functions, steered by a strong, well-resourced planning service will have direct benefits for health, the economy, the environment and infrastructure and therefore a direct impact on other local authority services and overall quality of life for local communities.

There are no downsides.

Alongside ensuring that the new authorities are 'safe and legal' on Vesting Day, the report identifies a number of key messages for local authority leaders (both corporate and political leaders).

These include:

- The need to maximise the opportunities

of LGR and planning reform to introduce innovative practices and to rebuild skills and capacity

- The need to create new local authorities with their own culture and values, rather than merging existing authorities
- Realising the full benefits of the wider value of a good place-making function (beyond regulation) for other services
- The need for a clear vision for the new authority to be set out as soon as possible, providing clarity around how the planning service will fit within the organisational structure and how staff will be supported throughout the transition and beyond
- The recognition that organisational and cultural change takes time and will have to be supported well beyond Vesting Day but the earlier plans can be put in place, the more stable the transition will be for all involved, including customers and local communities.

But to maximise the potential benefits, enhancing place leadership must be a priority for all those leading on LGR. In a process where efficiency savings are often the priority, it will be tempting to focus on the regulatory functions of planning where

there is an income stream through planning fees and developer contributions.

If this myopic view of planning dictates the structure and composition of new planning services, the real opportunities will be lost. The opportunity to support other services through the wider place-making functions, delivering better health, environment and economic outcomes. The opportunity to re-set relationships with local communities and customers. The opportunity to provide a clear, long-term vision for 'good' growth.

For those also going through the devolution process and establishing the required new strategic planning capacity to prepare Spatial Development Strategies (SDS), there are opportunities to embed shared resources to support all member authorities, especially around many of the scarce specialist skills we need for good place-making.

There are opportunities to build centres of excellence, especially in relation to housing delivery and national infrastructure. If we deliver the anticipated long-term spatial frameworks for growth and investment through SDS, we have an opportunity to ensure that key stakeholders, especially around infrastructure and utilities, are embedded from the start.

The research that underpinned the report has been used by POS to establish a LGR resource hub. The hub will be kept up to date as LGR is implemented and will eventually be populated with good practice, top tips and sign posts. It is for everyone that works for or interacts with planning services but a key audience will be the local authority leadership that is steering LGR and devolution who will hopefully see a good planning service as an asset for new local authorities. ■

Catriona Riddell is an independent planning consultant providing support on spatial planning issues, working with local planning authorities and emerging strategic planning authorities across England. She is the Planning Officers Society's strategic planning specialist

With the UK's Shared Prosperity Fund expiring imminently, the launch of the Pride in Place programme has placed a renewed focus on neighbourhood regeneration – but the funding shift will not benefit everyone, as **David Blackman** explains



Keir Starmer at the launch of the Pride in Place initiative

Neighbourhood regeneration hit the headlines earlier this month but not in the way that the Government intended. Keir Starmer had gone to Hastings to announce that 40 new neighbourhoods will benefit from the Ministry of Housing, Communities and Local Government's (MHCLG) Pride in Place programme. But few in the press pack were listening as questions to the Prime Minister focused on the then latest fall out from the Lord Mandelson scandal. Pride in Place is part of a regional regeneration package, which is being put in place to fill the gap that will be created in April when the previous government's UK Shared Prosperity Fund (UKSPF) expires. The UKSPF itself was launched under Starmer's predecessor Boris Johnson as a way of compensating those parts of the UK that lost European Union (EU) regional funding programme money post-Brexit. Tim Dwelly, Cornwall Council's portfolio holder for economic regeneration and investment, says that a quarter of a century of EU and then UKSPF funding has delivered a host of benefits for the county. These range from Newquay airport and the county's first university campus to the less visible but groundbreaking broadband fibre network that was the best in Europe for a rural area when first laid down, he says. Other areas that particularly benefited included West Wales and the neighbouring Valleys. The UKSPF, worth nearly £3bn across the UK over four years from 2022 to 2026, was designed to replace the EU Structural Funds. A last-minute announcement by the Government that those councils which haven't spent their UKSPF cash by March will have until the end of the year to do so, means a 'stay in execution' for some projects, says Nigel Wilcock, executive director of the Institute of Economic Development. And while the previous Conservative government had pledged that the regions benefiting from the EU's funding regime would not be out of pocket as a result of Brexit, the actual amounts of funding through the UKSPF have reduced 'considerably', says Tim Peppin, a director of the Welsh Local Government Association. The final 2025-26 year of the UKSPF had already seen a 40% cut in Wales, according to a briefing note from the Industrial Communities Alliance (ICA), an umbrella group for areas that have been hit by the decline of traditional heavy manufacturing and mining. The main impact of the UKSPF's ending will be felt in economic development, says Wilcock: 'For the first time in more than 25 years, we're in a situation where revenue funding for a lot of basic economic development activity will disappear.' Most of the UKSPF money went into business support advice or small-scale capital projects in towns, Wilcock adds. Tom Lloyd Goodwin, deputy chief executive at the Centre for Local Economic Strategies (CLES), says UKSPF revenue funding has helped to 'backfill' economic development capacity within authorities, which would otherwise have had to be cut due to wider budgetary pressures on local government. A letter from Welsh politicians and third sector representatives warns that the funding shift will take a

'sledgehammer' to the revenue-funded services presently supported in Wales by the UKSPF and 'make a mockery' of the Government's commitment to promote jobs and growth that will 'not go unnoticed in Wales during an important election year'. These are also the kind of areas that will mainly suffer in Wales, says Peppin: 'A lot of Wales's businesses are small and the local authorities have been well placed to work with them. They know the local issues and they're able to coordinate with other parts of the local authority that can provide support, whether that's in relation to waste matters or trading standards. Being able to work with small, local companies has been important and we need to make sure we don't lose some of that.' Dwelly says Cornwall's business support and free skills programmes will 'all disappear'. Other areas likely to suffer are support for employability schemes, which seek to bring long-term unemployed people back into the labour market, says Lloyd Goodwin.

'With economic development not being a statutory function, if you're not in a combined authority, this is another hammer blow to routine economic development work'

Much of this kind of employment and skills support has been funded from the UKSPF, he says: 'The worry is that if that's drying up where are we going to get those monies from?' Steve Fothergill, national director of the ICA, argues this will be a big blow in parts of the country suffering from entrenched worklessness. 'There is a huge problem of economic inactivity. It takes a lot of intensive work to get people from where they are to where they need to be,' he suggests. Naomi Mason, Scotland director for CLES, says the hit

on business support and employability initiatives from the axing of the UKSPF is mirrored north of the border. One possible route for funding such programmes could be from strategic authorities' integrated settlements, Lloyd Goodwin says. The Government's replacements for the UKSPF are the Pride in Place programme and the Local Growth Fund (LGF). However, Pride in Place is focused on 75 towns and just over 200 neighbourhoods. The LGF is only operating in England in the 11 areas with mayoral strategic authorities (MSA) with funding distributed to the devolved administrations. By contrast, every UK local authority received some support from the UKSPF. The patchy nature of the new funding regime is illustrated by House of Commons analysis showing that just one town in the entire South West region and two neighbourhoods in London will benefit from Pride in Place. The geographic focus of the new programmes means some areas have 'missed out entirely' on funding, says Fothergill.

Wilcock says: 'With economic development not being a statutory function, if you're not in a combined authority, this is another hammer blow to routine economic development work. We're going to start to see issues where combined authority areas have got some resilience because they've got default funding and it's really unclear what the future holds for those areas that are not part of any sort of combined authority.' Cornwall will be affected more than any other part of England by the ending of the UKSPF, says Dwelly. This is partly because the county was one of the main recipients of the UKSPF but also due to none of its towns winning Pride in Place cash and it doesn't qualify for the LGF due to the absence of a MSA. While communities secretary Steve Reed has announced a bespoke £30m per annum Kernow Industrial Fund for Cornwall, Dwelly says 'on an annual basis, it's a huge, huge drop'. 'The Government has not recognised that the hit to us is bigger than in other areas,' he says.

Neighbourhood watch

Fothergill says: 'They (Cornwall) used to get large amounts of EU money, which in turn meant they got large amounts of UKSPF money but now there is nothing for them. They must be incandescent.' Other areas set to lose out because they lack a MSA include Lancashire and Staffordshire, according to the ICA. Fothergill estimates that there are presently 4,000 jobs directly supported across local authorities by the UKSPF with 'at least as many' in the voluntary sector. 'This is not negligible,' he says, adding that he is aware of redundancy notices already being issued as the end of March looms. Dwelly says that Cornwall is planning to axe 60 posts, which represents a 'major loss of resource' for the county unitary. The impact on employment will be particularly severe in Wales where the UKSPF is estimated to support around 2,000 jobs. Planned job cuts at Bridgend, Caerphilly and Neath Port Talbot councils add up to nearly 250, according to a briefing note from the ICA. Peppin says: 'We're talking about a considerable number of people. Local authorities went through many years of cuts where economic development functions were really reduced and the UKSPF allowed them to build up some of that capacity: there's a real risk that we will see some of those roles going again.' It will be difficult to rebuild this local economic development capacity, says Fothergill: 'Once you break things up and destroy structures and teams, they're very hard to reassemble.' Another big difference between the UKSPF and its replacements is that the new programmes have a bigger focus on capital spending. Meirion Thomas, Wales director of the ICA, says Welsh local authorities have been told that their LGF spending over the next three years must be split 70% and 30% between capital and revenue. And 'meaningful' capital spending on the 'very tight' three-year timescale, which the LGF is operating on, is 'deeply problematic', he says, noting that Welsh local authorities will have little time to find land for development and get plans in place. This focus on capital projects is reflected in the Pride in Place programme too, says Lloyd Goodwin: 'The intent is in the title. It is more about restoring pride in physical assets, upgrading high streets, saving local pubs, creating parks and strengthening community infrastructure. It's not about business support and skills in the way that the Shared Prosperity Fund was.' The potential impact will be even more limited in the neighbourhood Pride in Place programmes, like those that Starmer was in Hastings to showcase, says Fothergill: 'There's very little you can do at that geographical scale. You can't, for example, run significant training and employability schemes in really tiny neighbourhoods.' Recalling an academic evaluation carried out by Sheffield University of the last Labour government's New Deal for Communities programme, which the neighbourhood level Pride in Place is explicitly modelled on, he says: 'The New Deal for Communities was very good for improving the physical living environment, community safety and housing but they couldn't detect in the evaluation positive impacts on levels of worklessness because you can't solve problems in local economies and local labour markets at that fine local neighbourhood scale. You've got to have your interventions at a much bigger geography.' Expressing scepticism about the 'more cosmetic activities' that the new neighbourhood programme is likely to bankroll, Fothergill argues problems of less prosperous parts of the county are rooted in weak local economies and labour markets. 'If you really want to do something in the long term about places, you've got to address those underlying economic problems.' ■

Growth: Solution or problem?



Ian Fytche argues that chasing economic growth for its own sake isn't working. It's time to choose to thrive

The Prime Minister described economic growth as the Government's central mission. The chancellor identified growth as 'the central mission of this government...without growth, we cannot improve the lives of ordinary working people'.

The basic pitch? Grow the economy, boost tax receipts, fund public services and everyone will be better off. Growth is positioned as the pre-condition for investment and funding for public services.

Local government is in on the act. Local Growth Plans are positioned as central to the national mission, with ministers declaring: 'Every place must have a plan for growth as the foundation of our mission to raise living standards.' These plans are central to devolution, aligned to national priorities for skills, transport and industrial strategy.

But is growth the right mission? Will it work? Are there alternatives? The track record is not encouraging. Growth is driving climate breakdown and inequality, with consequences for health, wellbeing and places.

Climate breakdown is accelerating. Fifty per cent of emissions have occurred over the past three decades. Atmospheric carbon dioxide concentration has risen from the safe limit of 350 parts per million (ppm) to 430ppm.

We have breached planetary boundaries for deforestation, unsustainable water use and pollution. Temperature rise is consistently higher than the Paris Agreement target of 1.5C above pre-industrial levels.

The Intergovernmental Panel on Climate Change identified 2025 as the year for peak emissions, yet

emissions continue to rise. The Climate Change Committee has stated the UK is not on track to achieve 2030 targets. The gap is 'substantial' and growing.

This month, a University of Exeter Carbon Tracker Initiative report concluded 'current economic models cannot capture what matters most – the cascading failures and compounding shocks that define climate risk in a warmer world – and could undermine the very foundations of economic growth'.

A recent Joseph Rowntree Report concluded that poverty in the UK is 'deeper and more damaging than at any point in the last 30 years'

Furthermore, the Government recently released its security assessment, which stated 'every critical ecosystem is on a pathway to collapse'.

Current economic models drive inequality. The richest 10% of the global population capture 52% of income and 76% of wealth, while the poorest 50% receive just 8.5% of income and 2% of wealth (2022 World Inequality Report).

A recent Joseph Rowntree Report concluded there had been no progress to reduce levels of relative hardship in the UK 2010-2024. A fifth of the population live in relative poverty, with 3.8 million people experiencing destitution in 2022. The report determined that poverty

in the UK is 'deeper and more damaging than at any point in the last 30 years'.

The consequences of climate breakdown and inequality are well evidenced: hollowed-out places, housing crises, health inequalities and ultimately, fragmentation, geopolitical uncertainty, resort to political extremes and the erosion of democracy itself.

Notwithstanding its negative effects, on its own terms, growth is elusive. Since 2010, it has averaged 1%-2% per year, one of the slowest periods of growth in modern UK history.

Growth is likely to remain subdued, hovering around 1%-1.5%, placing the UK near the bottom of the G7 for past performance and future expectations.

Chasing economic growth for its own sake is not working. It no longer delivers the things people need: good health, secure livelihoods, affordable homes, clean air, strong local services and a resilient, thriving future.

Emerging local growth plans begin to paint a worrying picture. Ecological boundaries are often framed as barriers to be overcome on the relentless march towards extractive growth, rather than earth system boundaries critical to future sustainability, wellbeing and climate justice.

The economist Kate Raworth said: 'We have economies that need to grow, whether or not they make us thrive – we need economies that make us thrive, whether or not they grow'.

Imagine local growth plans reframed as a Local Thriving Plans, meeting the needs of all within the means of the living planet.

Pensions can transform places

Local government partnerships are crucial for turning pension savings into homes and jobs, says Pete Gladwell

There is no shortage of ambition when it comes to growing the UK economy. Nor, increasingly, is there a shortage of capital. Reforms to pensions, planning and capital markets are beginning to unlock long-term investment with the aim of directing savings into UK homes, infrastructure and productive assets – a welcome and overdue direction of travel.

But capital is not the only ingredient. Growth is fundamentally rooted in places. Investors must partner with local government to turn national policy and institutional capital into real outcomes for communities.

At L&G, we invest people's savings and have been doing so in UK productive assets for more than 20 years. We see the growing appetite among investors to back UK growth, particularly when policy provides clarity and stability. Our analysis, delivered in partnership with Oxford Economics, suggests the right combination of reforms could unlock more than £200bn of additional investment over the next decade, permanently adding 0.7% to UK GDP by 2035.

Last year, we committed an additional £2bn by 2030 to drive positive impact across the UK, focused on housing, infrastructure and regeneration. This funding is expected to deliver around 10,000 new social and affordable homes and create roughly 24,000 UK jobs. It is a demonstration of how pension capital can fit with national and local priorities, delivering financial returns and societal benefits.

Yet the UK's challenge has never simply been the availability of capital, it has been ambition and alignment. Too often, national drives to invest pensions into growth and impact fall to pieces locally – tripped up by unnecessary procurement processes or a lack of focus and capacity to get a deal over the line. That matters because impactful growth is often local in practice. Jobs, homes and transport links are rooted in specific places, shaped by local context and constrained or enabled by local decisions.

The Local Government Association estimates that as much as £276bn of economic potential could be unlocked through place-based strategies. Local government sits at the heart of this. Councils and combined authorities understand their areas in a way few national institutions can.

They know where housing pressure is acute, which sites are viable, how transport shapes labour markets and where skills and innovation can cluster. They are uniquely placed to plan to drive local growth, convene partners, identify key sites that deliver growth and set the standards that shape development.

From an investor's perspective, this local leadership is fundamental to delivery. Large-scale, place-based projects – whether regeneration, housing or innovation districts – are complex and long-term.



They require certainty around planning, infrastructure and local priorities. Without that, opportunities are missed.

This is why partnership works best when it starts early. Too often, investors are invited in once plans are fixed, with little room to adapt. Instead, when local leaders and impact-focused investors work together from the outset, projects move faster and outcomes improve.

This allows risks to be shared, incentives to be aligned and responsibilities to be clear. It improves value for money for the public sector and creates investable propositions that can attract additional capital over time. We have seen this approach work in practice.

In Newcastle, we collaborated with the city council and the university to transform a former industrial site into Newcastle Helix, a thriving innovation district. The result was not just physical regeneration, but a place that supports research, jobs, homes and public life, anchored in the city's

Partnership works best when it starts early, allowing incentives to be aligned and responsibilities to be clear

strengths and ambitions.

In Cardiff, we worked alongside the city council and a local development partner and £1bn in long-term capital supported the regeneration of a major transport-led city centre site. The outcome was new offices, homes and infrastructure, 13,000 additional jobs and a £1.1bn boost to the local economy.

For local government leaders this matters because the pressures they face are structural and persistent: housing affordability, ageing infrastructure, skills gaps and fiscal constraint. Short-term, capital-constrained development mindsets – such as those delivered by a typical procurement – are often poorly suited to addressing these challenges. Patient capital by contrast, can invest, own and operate assets for decades.

This is not a trade-off between impact and returns. Well-designed, socially oriented investments often deliver strong risk-adjusted performance precisely because they address essential, long-term demand. Affordable housing, infrastructure and resilient urban places are less exposed to obsolescence and policy risk. From an investor's perspective, that stability is a virtue.

Our capital is ready. Local leaders are developing credible plans for growth. The question is whether we can close the gap between ambition and delivery. If so, the prize is clear: society's pension savings turned into homes, jobs and infrastructure that meet local needs and deliver lasting economic growth. Capital can play its part only when local government is a key partner from the beginning. ■

Pete Gladwell is group managing director, public investment, Legal & General

Creating workable cities

As London boroughs strive to increase housing, industrial land is disappearing. A workable city needs to be a jigsaw of mixed use, says **Patricia Brown**



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It was a good news and bad news email, notifying me that my Bermondsey storage facility – a five-minute cycle away – was set to close. It was proposed to transfer my belongings to King’s Cross, more than four miles away. The branch, the email continued, will be shuttered by the end of February to make way for the next stage of a housing development.

I only took the unit as a short-term domestic fix, so it meant a long overdue deep clear out. For other users, it is more existential, since it is not just a place to store extra dining chairs or out of season clothes. It is a thriving part of a business ecosystem, a hive of activity.

Caterers and hotels store equipment there while traders, makers and small-scale manufacturers store materials and stock. Many service e-bay and Amazon enterprises, with the bonus of deliveries and pick-ups under the helpful eye of the reception team. Where will these people move to?

It’s good to see local authorities giving far more attention to economic development than in the recent past. Many have developed economic growth strategies, either ahead of or in concert with the London Growth Plan.

Combined, they provide blueprints for London’s growing economy, meeting its growth and emerging sectors such as life sciences, while maintaining core strengths, such as the creative industries. They rightly prioritise equitable jobs and lifting living standards.

The elephant in the room is land use. As we make our spaces work harder, where every metre counts, it is vital we understand what makes up the tapestry of our lives.

Housing provision is vital, but so is access to local jobs, with workspace that allows for micro-businesses to spring up, thrive and grow. We need businesses that service our homes, our cars, our schools, an ecology of suppliers that underpin our wider economy.

I have watched inner London morph over the past 25

years, accelerated by the push for an ‘urban renaissance’ that coincided with economic and technological shifts, and the rise of residential development as an asset class.

Printers, petrol stations, back offices, plumber’s merchants *et al* are now homes, largely enabled by local authorities in desperate need of the affordable homes that the private market delivered through section 106 agreements.

Given the inherent tensions, making our existing spaces work harder and smarter is without question part of the solution

This housing need has only increased in recent years, reaching levels that are well-documented. Southwark LBC alone has a target of 2,355 new homes per year and so the site of my erstwhile storage unit will help make a dent in this, however small.

Yet relief for one sector is a burden for another; my empirical experience of the industrial disappearing act is borne out by problematic statistics. London has lost 18% of industrial land since 2001, which the Mayor of London’s 2025 consultation report, *Towards a New London Plan*, acknowledges as unsustainable.

There have been some attempts to stem that loss by industrial intensification, as well as marrying, where possible, the competing needs for workspace and living. This has led to a trend of co-location, with residential and industry or logistics designed to coexist. It is the attention given to achieving this mixity, underpinned by design quality, that results in optimised locations.

Planning consultancy Turley has been charting this new

concept and estimates a 2025 pipeline of 31,000 homes. It is not seen universally as a panacea as it can lead to displacement of heavier industry, deemed less suitable to sit cheek by jowl with homes.

Meanwhile, market forces have shifted our tastes and the way we live. ‘On demand’ consumption impacts further on our built form, which is struggling to accommodate delivery companies, ‘dark kitchens’, hire bike servicing, and more.

Given these inherent tensions, making our existing spaces work harder and smarter is without question part of the solution. Whether this is in the Victorian railway arches that sparked London’s industrial growth, or industrial estates recalibrated to meet traditional and modern businesses, campuses that are home to light industry to design-led manufacturing, such as fashion designer Margaret Howell.

Part of the answer sits with creating an ecology of workspace that adds up to the jigsaw of London’s and Londoners’ needs, whether sustaining enterprise or the fabric of our lives. Workspace that can sit cheek by jowl as a respectful neighbour, with a connecting quality of public and green space and walkable places offering everyone the respite needed to balance this inevitable intensification.

Creating a working and workable city needs a shared vision and a shared sense of endeavour. This can best be achieved through strong public and private sector collaboration, with partnership approaches to achieving the balance to meet the competing needs and accommodating the right uses in the right places. And not by meeting targets alone. ■

Patricia Brown is director of Central and vice-chair of the British Property Federation’s Development Committee