Thriving communities,
affordable homes

Homes & Communities Agency

# TOTAL CAPITAL

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# Contents

# Executive summary

The Homes and Communities Agency (HCA) has been working with local authorities and other public agencies to develop the concept and test the potential benefit of a Total Capital approach to investment in places through five case studies. This report summarises the benefits and barriers identified, and suggests solutions and possible changes that may be necessary to make a Total Capital approach effective. It sets out an initial business case for Total Capital and makes recommendations for the next steps.

The local authorities in the case study areas provided a consistent account of substantial potential benefits that could arise from a more integrated approach to planning and delivering investment in their places. They saw the Single Conversation as an example of the kind of place–based investment model that could be applied to public investment more generally.

Delivering on Total Capital will require new local governance arrangements, streamlined capital programme management and changes to the frameworks for public agencies so that greater local flexibility in the prioritisation and use of public investment is supported by a new approach to accountability. In addition to joining up investment planning at the local level, there is potential for greater efficiency through joint approaches to procurement.

As well as providing a more efficient means of delivering investment inline with local priorities, the local authorities in the case study areas could see potential benefits in terms of increasing and accelerating private investment in capital projects. The current fragmentation of capital programmes militates against levering private investment.

Looking forward, as public investment will be constrained, Total Capital provides a way to deliver investment in places more efficiently, with greater impact and leverage more private investment. It also supports the drive to greater efficiency and seamless service delivery, as set out in *Putting the Frontline First,* through a shared approach to public asset management and co–location of public services.

While the case for adopting a Total Capital approach set out in this report does not quantify the potential benefits of Total Capital, it warrants further testing through a series of pilots which would provide the basis for a more thorough examination of the value for money that Total Capital could deliver. The further development of Total Capital into a series of pilots can build on the momentum that has already built up in the case study areas through Total Place, the Multi Area Agreements and City Region.

# 1. The concept and scope of Total Capital

The idea of **Total Place** is that government and agencies should consider the cumulative impact of all spending on a particular place (in practice usually defined as a local authority area). By considering all spending, it becomes possible to improve service delivery, avoid duplication and inefficiency, alter programmes so that they support one another more effectively and enable trade–offs between different programmes that can tackle the same objective. 13 formal local pilots of Total Place have looked at different families of local services.

These pilots are largely focused on revenue expenditure rather than capital investment. The idea of **Total Capital** is that public investment could benefit from a similar holistic local perspective. This has three key elements – alignment, procurement and asset management.

Firstly, major investments should be aligned in design, timescale and location so as to maximise the overall benefit to the local place. Total Capital could refer to only public investment (e.g. ensuring investment in the transport infrastructure needed to make best use of a new hospital). However it will be more powerful if it also considered private investment over which the public sector has a degree of control through the planning system, such as major housing developments. Secondly, a more joined up approach to investment planning can then lead into a more joined up approach to procurement which the experience of Local Education Partnerships has already been shown to deliver savings. Thirdly, a shared approach to public assets has the potential to significantly reduce asset management costs. The case studies and this report have focused on capital alignment.

Looking at capital investment and revenue spending together, they can be seen as a **Total Place approach** – which brings in a wider range of considerations. It asks how transformational change can be delivered by extending the principle of the collaborative approach at local level to the way central government and its agencies operate with local authorities and partners to have the maximum impact on places and for people.

The scope will vary according to the needs and priorities of local areas. The case studies have necessarily had a particular focus on housing and regeneration, but many of the issues and lessons have a wider application. In each area, Total Capital could include some but not all of:

- capital investment from the Department for Communities and Local Government (CLG), including programmes delivered by the HCA
- funding through Regional Development Agencies (RDA)
- use of other resources, particularly land, as part of leverage and equity investment
- funding from the Department for Children, Schools and Families (DCSF), Department for Transport (DfT), Department of Energy and Climate Change (DECC) and Department of Health (DoH)
- investment from other public agencies, including the Highways Agency, Environment Agency, English Heritage and Natural England
- local authorities' resources
- EU funding
- utilities investment
- other institutions such as universities, faith groups and cultural organisations
- private sector including, industry, commerce, retail, leisure, sport, finance institutions
- lottery funding
- specific major infrastructure projects such as airport expansions or major power stations

Clearly there are important interactions between revenue and capital spending. The project drew on the work being done under Total Place to understand these interactions, avoiding duplication with that existing process.

## 2. Context

This report is part of a wider direction of travel for policy development to achieve more efficient ways of managing public finances and services in localities. It was commissioned – following on from the 13 Total Place pilots launched at Budget 2009 – as part of wider action in the Pre-Budget Report 2009 and the Smarter Government White Paper to let local areas have more control over setting priorities and guiding resources.

It also follows from the commitment in Pre-Budget Report 2009 to examine how housing supply might be increased through more effective and coordinated infrastructure nationally and locally 'through both an examination of the potential of Total Capital as an approach plus developing further reform proposals through Infrastructure UK.' This work also provides evidence to help future decision making for improving outcomes in deprived areas for places and people.

As well as supporting the wider work across national and local government on Total Place, this Total Capital case study exercise is part of a wider government review of funding for economic growth and inclusion, which is also looking at asset management and worklessness.

It is also one element of a range of inter–related activity across government under the auspices of the Operational Efficiency Programme – including the Total Place initiative above – and Public Value Programme (PVP) examining opportunities for efficiency savings and Public service reform, including public sector assets and property. Public sector asset and property management has been excluded from the case study process but is being picked up through separate work on reviewing public sector assets and property.

# 3. Objectives

The aims of this project were to:

- develop the concept of Total Capital
- establish the potential for developing a Total Capital approach to investing in places, for use by local authorities and others investing in a place
- examine the benefits of effective alignment, sequencing and spatial targeting of sources of investment
- show how synergies to deliver good outcomes can be achieved in different local contexts
- demonstrate how the approach will support local places to realise their ambitions
- look at how it could work in different places with different needs and different local governance arrangements
- produce a business case for the approach to be developed in detail
- suggest the next steps

The principles behind a focus on broad, non–programme driven outcomes, synergies and alignment of investment in places is of course not new. The direction of travel established through the creation and evolution of place–based, outcome targeted planning through Local Strategic Partnerships (LSPs), Local Area Agreements (LAAs) and Multi Area Agreements (MAAs) and on to the creation of new City Region institutional arrangements is now well documented. Local Development Frameworks (LDFs) are now being finalised for many areas and form an important part of this picture, as do the evolving Local Spending Reports (LSRs).

In addition there is a wealth of evaluation material from the last 10-20 years that can be drawn on from past programmes and initiatives particularly those focused largely on housing and regeneration, including Housing Market Renewal (HMR); regeneration initiatives such as New Deal for Communities (NDC); National Coalfields Programme; Growth Area funding; plus other specific delivery vehicles including Urban Regeneration Companies (URCs) and over the longer term Urban Development Corporations (UDCs); Single Regeneration Budget (SRB); other Area Based Initiatives (ABIs) and not least the New Towns. These have all, to some extent begun the process of aligning capital investment in a place.

The project did not cover the total finance going into places as this is being covered in the Total Place pilots, which are predominantly focusing on revenue and service aspects. It also did not go into a detailed examination of private investment. The wider availability and use of assets, particularly public land and buildings, is being examined separated by CLG. However, for any approach focusing on the finance of places, all aspects will interact.

# 4. The role of the Homes and Communities Agency

The HCA was well placed to carry out initial research and development around the Total Capital concept because it is a natural extension of our existing work through the Single Conversation. This is the way in which the HCA agrees and will secure delivery at the local level in support of its national objectives by working in an open and transparent way with local authorities and others. It has, at its core, shared visions and objectives for places and began just over a year ago with the creation of the HCA in December 2008. The term 'Single Conversation' refers to its comprehensive coverage including the full range of housing, infrastructure, regeneration and community activities. It draws on the priorities for a local area as set out in key local plans and is an ongoing, evolving and dynamic process.

In some areas the HCA has already started to work with local authorities to bring together investment streams from a range of sources, so has ready access to experience that can inform the development of the Total Capital concept, which can be put alongside the lessons from the Total Place pilots.

The benefits and advantages of the HCA taking it forward were:

- We are, or will be, investing in many places so the effective alignment with other sources of investment, including capital and revenue funding by local authorities their LSP partners, and private and third sector parties, will maximise the impact of the schemes they support.
- It is an extension of our organisational aim to provide an enabling role in supporting local places to realise their ambitions.
- The experience gained so far through the Single Conversation business model informed the co-ordination and facilitation of the project.
- We are a national agency with local relationships and understanding, so support local authorities as they lead decision-making about public expenditure in their areas singly and jointly, through enabling and brokering agreements.

The Single Conversation model has provided a natural starting point for us in this Total Capital study (see more below) and the interim evaluation of that process began in late 2009. Over coming months the further gathering of evidence and feedback from that process should provide additional insight from the experience in the Total Capital case study areas set out here.

The role that the HCA plays is an enabling one, ensuring that our investment supports local place shaping for which local leadership is key. The HCA does not of course have a unique role in helping to align capital investment. Other public sector agencies, such as a Partnerships for Schools, with a similarly broad perspective on place-based investment could be similarly well placed to take forward studies in this area.

# 5. The case studies

Ultimately success will depend on a shared willingness to collaborate in the interests of improved local outcomes. In order to develop an evidence base, the project used five case studies to ensure that proposals are rooted in tangible examples and draws out the ways in which a Total Capital approach will need to be applied in different local circumstances.

The case studies looked at both the past experience of not aligning capital investment, and how benefits have been or will be realised by better alignment.

The basic approach was to:
- identify the existing and proposed major capital investments in an area concerned (type, value and objectives) from existing sources
- identify the potential interactions between those investments
- set out which of those interactions were or were not taken into account in investment planning
- identify the costs and benefits associated with those interactions. These could be direct costs and benefits (changes to the costs of schemes) or more indirect ones (e.g. sub–optimal use of assets, costs or savings to other programmes, better or worse performance on indicators within local strategies)

The case studies were selected to cover:
- a range of regions
- a mix of areas facing different types of economic challenge
- a mix of city, other urban and rural areas
- a mix of types of local authorities e.g. unitary, two tier, MAA/City Region
- areas which between them cover the full range of programmes
- areas where there is progress and information is available to inform the development of the approach

The areas were:
- Swindon
- Birmingham (Total Place pilot)
- Leicestershire County Council and Leicester City (Total Place pilot)
- Greater Manchester City Region (Total Place pilot with Warrington)
- Durham (Total Place pilot)

# 6. Examples from the case studies

The case for adopting a Total Capital approach set out in this report has been informed by the five case studies, the reports from which should be read in conjunction with this report. The case studies face particular challenges and each has highlighted the changes in the policy framework for capital investment that would support delivery of better outcomes in their place.

Key examples of investments in places that would have benefited from a Total Capital approach are set out below.

## 6.1 Birmingham

Birmingham is well advanced in its Single Conversation and the preparation of Local Investment Plan (LIP) with the HCA. The LIP identifies opportunities for a total capital approach to growth and renewal areas of the city. The West Midlands Local Authority Leaders Board has also agreed to build on the Birmingham Total Capital pilot and roll–out the lessons and opportunities across the region.

### Ladyport Birmingham

Ladyport is a significant regeneration opportunity with major areas available, or potentially available to deliver up to 6,000 new homes, 3,000 new jobs and related infrastructure. There are 12 major regeneration opportunities comprising approximately 80ha for which the Council is preparing a non–statutory Planning and Development Framework.

There are nine key funding streams identified with several developers and many other land owners to be involved. Nearby is a proposed new acute hospital (circa £500m) that will serve the existing and new communities. The transport infrastructure is a key to the successful regeneration of this major section of the City.

The absence of a Total Capital approach brings the challenge to ensure all partner organisations share their budget–making activities and identify synergies, cost savings and efficiencies of use, optimising economies of scale, community benefits, logical programme progression and shared outcomes.

Given that the Ladyport initiative is very much in its infancy, there is the major opportunity to simplify the present array of capital inputs to the different regeneration initiatives, seeking investment alignment and synergy at the onset for both the short and long terms, from public and private sources thereby delivering significant efficiency savings and better outcomes for the place.

### Newtown Birmingham

Newtown is an existing social housing estate one kilometre from the City Centre, within the most deprived constituency in the country. Its housing stock is of poor quality and the neighbourhood is blighted by problems of gang and gun–related violence, segregated communities and all aspects of socio–economic deprivation.

For the last four years, Birmingham City Council has been working with the Urban Living Pathfinder, HCA and many other government departments and agencies to deliver real and lasting change within the estate. Some of the most important outcomes relate to jobs, community safety, health and other social issues. The regeneration will also deliver 375 new homes, a new youth and training hub, a new school, a new Primary Care Trust (PCT) facility and a radically improved public realm. The regeneration of the whole estate in a way that optimises social capital and enhances community cohesion will take up to 20 years.

Key funding streams include Birmingham City Council (BCC) and HCA funding, funding through DfT for road improvements, Big Lottery finance and capital support from the PCT/DoH and DCSF and potentially the Department for Business Innovation and Skills (BIS). Synchronisation as in Ladyport will help achieve shared outcomes by reducing the time and costs in managing the different rules and timeframes, and assist co–ordination with the private sector.

### East Birmingham

The three wards in Outer East Birmingham are part of the formally designated Growth Point covering a population of about 70,000 people, with relatively high levels of deprivation and service need. In many ways the area is a neglected, almost forgotten part of the city. It is half way between the international airport and city centre with a poorly used rail station and land available for development. Conventional investment, prioritisation and financial appraisals make it difficult to establish a comprehensive, viable regeneration strategy.

The core proposition developed by Birmingham City Council, HCA and LSP partners is to use a combination of housing growth, regeneration, the development of a new public service offer and improved public sector asset management to transform the area. It includes social and community initiatives such as addressing worklessness and models of engagement, family–based interventions and community participation. These will be combined with measures to ensure low carbon new and existing buildings to address climate change. There is the potential to link to the proposed high speed rail link benefits.

A more integrated approach to prioritising capital investment at a city–wide or 'regeneration zone' level may have identified this as a priority area at an earlier stage, particularly as it is capable of matching need, e.g. intergenerational low aspirations, with potential, e.g. an area half way between an international airport and a major city centre.

The case at a local level is particularly strong in relation to the range of capital programmes that will be necessary for the development of this area, and in sequencing and alignment of planning timetables. For example, a complex set of issues are being addressed in relation to the timing of a decision on the location of the proposed single service hub and a commitment to the scale and ambition of housing growth and regeneration.

The Total Capital approach is also to be developed in the Longbridge growth area of the city.

### 6.2 Durham

Durham has identified a total of 38 major public funding programmes (12 deployed by HCA) impacting on housing and regeneration alone. This reflects the scale of the challenge faced in co–ordinating capital investment in the County.

#### Durhamgate

At Durhamgate there is a 21ha brownfield site with potential for new housing and economic regeneration. To deliver this project there are six different funding streams to align and sequence. In addition to Durham County Council funding (£2.5m from the Working Neighbourhoods Fund) the project has had to have growth fund (£0.5m), RDA Single Programme (£2.4m), HCA property and regeneration funding (£1.5m), Working Neighbourhood Fund (£0.3m) and Local Transport Plan Two (LTP2) (£0.1m).

These multiple funding streams both slowed the process and made it more complex to deliver in a difficult market; at one stage the delays associated with multiple approvals threatened the proposition as a third party (a business that needed to reconfigure their unit to release space for the infrastructure) was beginning to lose patience. In addition the public investment has been in the form of grant and whilst there are standard claw back and repayment provisions, if public agencies and/or the local authority had had the flexibility to negotiate a single investment (rather than grant aid) agreement, the public purse could have had the ability to share both the risk but also the up side. Over time this could have reduced the overall call on the public purse whilst still achieving the desired outcomes for the locality.

#### Seaham

Between 1951 and 1992 the number of jobs in the East Durham coalfield industry fell from 25,000 to under 1,000. In Seaham, all the collieries had closed by 1992 leaving unemployment, environmental dereliction; and health, skills and literacy limitations amongst its 22,000 population.

Regeneration of Seaham commenced in the mid 1990’s with a strategic blueprint to address issues of employment, the town centre, transport links, housing, recreation and leisure. Inherent in each of these elements was the need to undertake considerable reclamation, addressing the environmental impact of the town’s mining history. The list of past and current regeneration activity in Seaham and its immediate area runs to investment of over £500m with specific aims to create over 7,000 jobs and build 1,600 new homes. Seaham has undergone significant transformation but regeneration is still ongoing today and planned for the future. Many issues remain in this community. There has been a disproportionate impact on the town as a result of the economic downturn. A significant drop in the number of house completions and a higher than average repossession rate and there remain a significant number of non decent homes in the public sector and poor standards in areas of the private rented sector.

More could have been achieved if funding constraints had been removed (for example, key criteria for road improvements relate to reducing journey times and improving road safety, rather than supporting economic development) and adult literacy and skills issues had been addressed alongside the physical regeneration.

### 6.3 Greater Manchester – Oldham and Rochdale

Oldham and Rochdale sit within a sub–regional context which has a strong track record of strategic collaborative working. Greater Manchester, through the Association of Greater Manchester Authorities (AGMA), has recently successfully developed a sub–regional Local Investment Agreement and Plan with the HCA through the Single Conversation. As part of this process, it was possible to draw on Greater Manchester’s status as a City region pilot and notable achievements in agreeing a Greater Manchester Strategy and Greater Manchester Housing Strategy for the sub–region.

As a Housing Market Renewal Area, Oldham and Rochdale hold an important position within Greater Manchester. The area is in receipt of significant investment from a range of key partners including Northwest Regional Development Agency (NWDA), Greater Manchester Passenger Transport Authority and Executive (GMPTE), Local Improvements Finance Trust (LIFT), Building Schools for the Future (BSF) along with HCA investment across a number of different funding streams.

There is a well established and close working relationship between Oldham and Rochdale through their Housing Market Renewal Pathfinder and economic skills alliance. They have developed an investment plan and prospectus for jobs, housing and communities to diversify and grow both the employment and housing base over an eight year period (which is part of the part of AGMA investment plan). They have identified a minimum of 14 major funding programmes that could be used to deliver this. For 2010–11, their plan outlines £216m of capital investment including £90 million of education investment from the BSF, £30m for Metrolink, (and opportunity for other transport investment alignment) and just under £40m of LA investment. Other streams are yet to be integrated.

The complexity of the funding streams, sequencing and funding criteria is a major barrier to realising the opportunity for more than £1.5bn of private investment capable of generating over £45m of land receipts to be recycled across the programme. Data sharing and transparency are an obstacle. So is uncertainty over investment planning decisions e.g. on economic development, although this is partly being addressed through the Integrated Regional Strategy.

There has been successful alignment of investment focused on the HMR areas. Rochdale has identified two key economic corridors, however it was clear that funding availability meant that one had to be prioritised. The chosen corridor was the one which was adjacent to two HMR areas, adjacent to Metrolink, and connected the town centre with a regional employment site. This approach has therefore aligned several different initiatives and capital investments, promoting a more holistic approach to regeneration that recognises the potential added value and greater outcomes that could be achieved from targeting investment spatially.

The Joint Service Centre at Heywood is an example of where capital investment has been aligned within an individual project. The £8.8m project brings together Council, PCT Health services, and community services and was funded through Health, local authority and New Deal for Communities (NDC) sources. The Chadderton Health and Wellbeing Centre is the first of a number of integrated services centres planned for Oldham using LIFT and council funding. The centre includes a swimming pool and other fitness facilities along with a library, community police base and community facilities.

East Central Rochdale is a regeneration priority that could benefit from a Total Capital approach. Partners consider there to be a risk of duplication, where separate agencies are developing social programmes and facilities independently. In 2010/11 over £16m of capital investment to support housing delivery is programmed for East Central Rochdale, including £4.4m of private investment. LIFT and education investments are planned here but there are currently no effective mechanisms to join up, target, and sequence investments or think in a Total Capital manner.

The regeneration of Oldham and Rochdale Town Centres is reliant upon significant private sector funding to facilitate extensive regeneration, building upon the Metrolink 3B investment in particular. This includes economic development, the regeneration of the leisure offer to make the centres more family friendly, continuing investment in the higher and further education facilities and the introduction of more housing into the current town centre footprints. This could also provide opportunities for benefits to be realised through a Total Capital approach to investment.

There is a real opportunity to build on this initial partnership working. Securing the public sector funding required to support this initial investment will be a significant issue over the next three to five years, as pressure increases on resources so efficient deployment of every £ counts.

## 6.4 Leicestershire and Leicester City

### Leicester New Business Quarter 2

The Masterplan for the regeneration of Leicester sets out a strategy for the development of a New Business Quarter for the city aimed at creating a concentrated critical mass of high quality office space of up to 50,000 sq m and generating up to 4,000 service sector based jobs. The first phase has already been completed which has created 10,000 sq m of 'Grade A' office space. The second phase will provide a further 35,000 sq m of office space, ancillary retail, restaurants, bars and leisure space around a new public space together with car parking for the rail station and offices. A key element to enable the delivery is the release of an office site for development of the main project. The current funding position is:

| SOURCE | AMOUNT (£m) |
|---|---|
| Regional Single Pot East Midlands Development Agency (emda) | 8.2 |
| Sub Regional Investment Plan (emda) | 1.0 |
| New Growth Point Funding (HCA) + European Regional Development Fund (emda) + Sustrans | 2.05 |
| TOTAL | 11.25 |

This is a complex project requiring a partnership between Leicester City Council, Prospect Leicestershire, emda, Royal Mail (the office owner), Network Rail and East Midlands Trains. All these respective partners and vendors have specific requirements and aligning these together along with the funding streams is particularly challenging. The key issues in securing the funding from emda have been identifying which organisations will share the risks. The funding agreement has a number of default clauses which can trigger repayment of any grant. The burden of risk is therefore not shared between the parties, but is borne entirely by the City Council as project lead and grant recipient. The funding from the RDA is an annual fixed contribution and the City Council is responsible for any variations including making up shortfalls for underspend and liability to cover overspend within any financial year. The lack of delegation has caused uncertainty of funding and an inability to carry over funding has resulted in this capital project remaining at risk which is being borne by the local authority.

### Loughborough Eastern Gateway

The project is the physical regeneration of the deprived area around Loughborough Station. It is approximately 11 acres of largely derelict and abandoned former railway sidings which therefore creates a very poor arrival image of the town. The partners are determined to change this through comprehensive regeneration before 2012 in view of Loughborough's important role in the lead up to the London Olympics.

The purpose is to facilitate a major redevelopment to secure housing and employment opportunities for local people, to improve environmental conditions, to improve access to the station for all users. The key to achieving this is the provision of a new link road which will allow delivery of the other main elements of the scheme 120 new dwellings (100 affordable) a mixed commercial scheme including an 80 bed hotel, major improvements to the station including a new transport interchange, and significant environmental improvements. The development is entirely dependent on the provision of the link road at a cost of £6.4m. The costs severely affect the commercial viability of the scheme and it had been clear for some time that significant public subsidy will be required to deliver the overall scheme. The current funding position is:

| SOURCE | AMOUNT (£m) |
|---|---|
| Nottingham Community Housing Association (HCA) | 3.490 |
| New Growth Point Funding (HCA) | 1.000 |
| Sub Regional Investment Plan (emda) | 0.880 |
| Charnwood Borough Council | 0.550 |
| Leicestershire County Council – Transport | 0.500 |
| TOTAL | 6.420 |

The HCA funding for an affordable housing scheme was crucial and came at a time when the HCA was encouraging a more comprehensive approach to housing and regeneration. The exceptional costs of the road meant that additional infrastructure support was required. New Growth Point Funding allowed additional funding for transport infrastructure to be made available. The funding from emda towards the acquisition of land was essential as was the support of the County Council in finding an additional £500k towards the increased costs of the road.

The main problem has been trying to piece together a funding package from various sources over a number of years in an increasingly uncertain financial climate. This has made advanced planning very difficult and makes the scheme very vulnerable to any changes in any particular funding stream. For example, when the Growth Point Fund was cut recently, the project lost £100,000 which meant the removal of an important public realm link. The loss or reduction of any single element of the scheme could threaten the overall viability and deliverability of the project. The scheme has taken nearly five years to get to the stage where all the funding has been secured and during that time funding streams have appeared and disappeared, which has damaged continuity.

The MAA and sub-regional partnership structures have introduced a more comprehensive approach to funding priorities and means that key organisations like the HCA, emda, local authorities and other partners are able to look at how alignment of funding streams can assist the delivery of major projects. However, the multitude of appraisal and approval mechanisms and the lack of delegation, uncertainty of funding and the inability to vire and carry over funding still means that the project remains at risk.

### Harborough Innovation Centre

The Leicester and Leicestershire MAA identifies the shortage of quality employment space as a major barrier to economic growth in the sub-region. The Harborough Innovation Centre is a managed workspace project designed to help redress this. It will be the first former brownfield site development on the newly created Airfield Business Park, owned by the developer William Davis. The proposed development of 30,000 sq ft of incubation and grow-on units will create space for 70 new jobs, mainly from start-up companies and it is anticipated this will act as a catalyst to raise investment confidence in the business park.

The current project has developed from an aborted project. Prospect Leicestershire became involved in the project during March 2009 through attending a meeting with the emda, Welland Sub Regional Investment Programme (SRIP), Harborough District Council and Boden Developments. At the meeting the project was aborted due to the £1m private sector investment, (a requirement for emda) could not be delivered by the developer and emda could not support the project because they did not have sufficient funds although they had already invested £250k into the project.

Prospect Leicestershire were commissioned to see if the project could be resurrected. It was suggested that an innovation centre would be eligible for European Regional Development Fund (ERDF) funding and proposed that a mixture of ERDF, SRIP and emda single pot could fund the project. An ERDF/emda Expression of Interest (EoI) was submitted at the end of July 2009 followed by a full application to the ERDF/emda appraisal team, with final clearance given in January 2010, which enabled the application to proceed to the next stage.

Whilst the appraisal was going on, emda had announced that they were to withdraw their regional single pot funding (£700k) from the project and requested that the SRIP meet the total emda contribution. As a result of constraints on the SRIP programme and the removal of the single pot funding the project had to proceed with a cap of the original estimate of £4.2m. Although the preferred developer had submitted an excellent bid with a £1m complementary development but had exceeded the original estimate, the additional workspace and quality of design should have justified an increase in investment. The preferred developer was also in a position to commence work on site prior to December 2009. However the programming constraints entailed a revision to the ERDF bid which delayed the approval to a future Board meeting. This project illustrates the problems that can arise when projects are reliant upon a multiple capital funding sources – albeit from one accountable body.

### 6.5 Swindon

'Destination Swindon' is a critical piece of business planning between Swindon Borough Council (SBC) and partners that sets the strategic direction over the next four years. It will create a single plan for Swindon developed by all key delivery partners (health, police etc.). It seeks to build a more effective relationship between partners in the public sector and between communities, with improved resource and planning alignment. The Council has prioritised the key issues of sustainable energy, zero waste, sustainable transport, and local and sustainable food for the next four years. An example of a capital investment project that links to these priorities is the decision by the Council to invest around £8m in an independent waste treatment procurement project to progress its landfill diversion objectives and maximising recovery of heat and power. Up front funding is required to make this happen.

#### Eastern Development Area Masterplan – an example of successful alignment

Towards the end of 2007, SBC jointly procured, with the South West RDA, a masterplan and viability assessment for the Eastern Development Area (EDA). The aim is to have an urban extension of 12,000 homes – the viability assessment is due soon. At the same time SBC jointly procured, with English Partnerships (EP), a strategic Transport Strategy to inform and support the sustainable growth agenda and to underpin the Core Strategy. To ensure that these projects were complementary and consistent, a Masterplanning and Transport Strategy (MATS) Board was established between the three partners to manage both projects. Whilst the developers were not on the Board, the relationship with them was managed separately to ensure their involvement and participation in the process. The MATS Board ensured that the projects were mutually informative and developed strong links to ensure that they support one another. Both projects were concerned with the provision of transport infrastructure for the EDA and therefore had to inform one another. The Transport Strategy had a focus on the wider town, including the strategic infrastructure required to integrate and provide links between the EDA and Swindon town centre.

The EDA Framework had a much narrower focus towards the site and considered the wider place shaping and urban design benefits of transport infrastructure.

The Transport Strategy helped inform the emerging EDA Framework by establishing strategic links and locations for these. The EDA Framework in turn informed the Transport Strategy by considering the impact of the transport infrastructure in creating an attractive and pleasant built environment. This was an iterative process, managed through the MATS Board, which brought together the partners and the two sets of consultants. The outcomes of this process helped to build a Transport Strategy and EDA Framework with a wider perspective and work which melded together to provide a strong platform for the development of planning policy.

# 7. Cross cutting issues

The case studies have highlighted several common issues that need to be taken into account when considering the next stage of developing Total Capital. These common issues fall into four categories:

- At the most general level, there are issues of **culture and change management** that will be integral to any successful Total Capital approach.
- More specifically, the case studies highlight some challenges for **financial strategy** across the public sector.
- Even if the culture and the strategy are put in place, more specific **system and process** issues will have to be addressed.
- At the most detailed level, there are **practical** steps that emerge from the case studies as indispensible to success.

## 7.1 Culture and change management

The case studies demonstrate that success in implementing Total Capital-type approaches will require firm foundations in local culture and ways of managing change. There are three main issues in this area that emerge from the case studies.

First, it is essential to build consensus and supportive relationships. Without this as a basis, it is unlikely that other changes will succeed. As shown in the method AGMA responded to the case study by focusing on two authorities, local politicians, officers and a range of agencies all need to be supportive of a new approach, and to see it as a local priority rather than an imposition from elsewhere. And at the national level, all the relevant public bodies will need to agree on the benefits to be gained by changing their investment priorities and methodologies.

Second, the exercise has to feel real and meaningful. There is a risk that Total Capital could be seen as a token initiative, and largely a resource cutting exercise instead of a positive opportunity. Future development of the concept will need to ensure that the reality of possible change does not lag behind what is 'sold' at a national level and builds on examples of best practice at the local level.

Third, there is a critical choice to be made about the pace of change. On the one hand, bringing about the necessary consensus on meaningful change, as highlighted in the previous points and the potential 14 major funding streams in Oldham and Rochdale, is inherently time consuming. A gradual implementation would deal with the reality of existing programmes and commitments such as major long term transport investment, as well as allowing time for cultures to adapt and come together. On the other hand a much more rapid change strategy, for example at the start of a financial year, would signify immediate real change. Speed also reduces the risk that as priorities change, new streams of funding could emerge that will be difficult to integrate.

## 7.2 Financial strategy

The case studies have highlighted some strategic choices about how the public sector manages its finances.

Most fundamentally, there are two different approaches to a period of increased funding constraints. Either individual agencies will reduce their activities to a tight core, focused on their own priorities, or there will be greater pressure to work together to realise better overall outcomes for a limited pot of money. Total Capital depends on widespread agreement to the latter strategy. For instance, the success of future investment in the Ladywood regeneration area will be realised by a coherent approach by all agencies.

The case studies show that classic distinctions between revenue and capital spending can be problematic. While this exercise was concerned with capital, the interactions with revenue, both public and private, are essential with lessons being learned from the Total Place pilots. For example, the Leicestershire/Leicester case highlighted significant investment by the Forestry Commission in the National Forest which could be capital or revenue: hard distinctions between the two cause problems for local partners attempting to work creatively. Revenue funding of delivery vehicles needs to be considered alongside capital investment plans.

The ability to commit some money up-front for basic infrastructure is often essential to get a joint piece of work off the ground. A tight financial climate will make this harder if all agencies re-trench to focus on specific short-term targets. The key role of transport investment comes from several of the case studies such as the road link in Loughborough. Private sector contributions (e.g. through Section 106) are currently reduced. Therefore a strategic view that recognises the value of up-front spending is essential.

Finally, unless the public sector gets its financial strategy right as outlined here, investment plans will not be credible to private sector partners. Oldham and Rochdale identify a potential investment of £1.5bn by the private sector. Simplicity, alignment and an ability to commit at least some money at the start of a project are essential to deliver this credibility. Major place-making strategies ultimately stand or fall by the private sector response.

### 7.3 Systems and processes

Culture and strategy create the context in which Total Capital can be effective. However, to deliver change on the ground, the case studies show that some more practical steps will be needed, in particular to align systems and processes. Durham highlighted the different funding streams and requirements from the HCA alone. The funding process for the Harborough Innovation Centre demonstrates some of the difficulties.

The case studies show that national level systems have a major impact at the local level. For Total Capital to work, national systems across different funding programmes and agencies need to be aligned or made compatible as far as possible. Areas in which this is particularly important include:

- accounting periods and budget periods
- the number and type of appraisal mechanism used for complex projects
- the variety of indicators and ways of collecting and measuring performance data
- financial regulations., legal requirements and accountability arrangements that make it harder to pool funding
- inspection and assessment regimes
- measuring outputs (e.g. to avoid double counting)

It is clear that it will be extremely difficult to achieve total alignment across all of these system issues. As highlighted by existing work (e.g. the Audit Commission's report into Housing Market Renewal) it is time intensive. Demand led initiatives (e.g. Warm Front) will generally be particularly hard to bring into synchronisation with other funding streams. However, the more that national level agencies recognise the value of aligning the processes outlined above, and are willing to invest some time in doing so, the more likely we are to realise the potential benefits of a Total Capital approach.

### 7.4 Practical steps

Finally, there are some practical issues that emerge from the case studies and, if not considered, could undermine the Total Capital approach.

Firstly, data availability is a basic building block of joint working. All recent exercises to collect data on the finance going into places has shown that it is a difficult and time consuming exercise, with some aspect being hard to attribute such as at regional level priorities are not necessarily linked to places, and some time based allocations are not specified e.g. Regional Funding Allocations. Data currency, reliability and sharing is also variable, leading to difficulties and delays in building the evidence base and making the case for interventions. Some steps are already being taken to make more data available.

Second, as several of the detailed reports on the case studies identify, having separate procurement exercises is expensive and adds major complexity to a project. There are potential gains through economies of scale and also reducing delays.

Third, the case studies have looked at specific areas. The areas are defined according to local understanding of the appropriate spatial scale to take action on an issue or set of issues. Such a flexible approach is the pragmatic way to develop successful approaches. However, boundaries between local economies, housing markets and populations are not fixed and do not respect administrative convenience. Effective Total Capital style working in a certain area must not be at the cost of failing to recognise interactions with other neighbouring places or the wider sub–region, region or indeed the country as a whole.

# 8. Key findings

## 8.1 Overall

All the people involved in the case studies accepted that a Total Capital approach would be more efficient and more effective in the use of resources and delivery of programmes, but reported that as the number of organisations and funding sources increased, so did the level of complexity and difficulty in achieving delivery. This in its turn led to problems in demonstrating the case within the timescale available.

Everyone saw the approach as being the opportunity to adopt a comprehensive and coherent approach to their area covering all the aspects of growth, economic development, regeneration and dealing with disadvantage, effective use of all resources for the benefit of their communities.

## 8.2 Policy

It will be essential to be clear at what level different decisions and allocation are made – what remains at national level, what is at regional level, what can be delegated to sub-regional level and how much decision making is at local authority level. For instance, major transport investment such as High Speed 2 noted in East Birmingham can only be a national decision. Regional and sub-regional architecture and structures will inform, and be informed by, the delegation levels.

Allocation of resources will need to be clear, whether through competitive bidding, weighted needs and deprivation, or a formulaic methodology for instance based on population or economic performance. Any specific funding streams should be able to be applied to meet all vertical priorities – national, regional, sub-regional, area, locality. The allocation of funding should be combined at national level as far as possible to make local joining up efficient and effective. The evidence from the case studies, such as the Regional Funding Advice (RFA) in the detailed Swindon case study, shows that managing multiple funding streams at the local level is inefficient, causes delays and can even prevent investment from happening.

The end of the spectrum of having a 'single area based approach for capital' would enable decisions to be made in one place, often sub-regional, but potentially in a large city such as Birmingham or in a large unitary authority such as Cornwall. There are a series of steps of gradually greater alignment that would realise some of the benefits of a single area-based approach.

The mechanisms for agreeing investment, outputs and outcomes will need to be developed, based on the experience gained from LAAs, MAAs, City Regions and the Single Conversation methodology. The case studies demonstrate the extent to which local responses to these initiatives have laid the ground for a Total Capital approach. Total Capital could work with the inter-relationships with national, regional and local policies and allow for prioritisation of investment locally, in line with national policies. It will also allow for strategic approaches to places with the greatest needs which balance meeting short term needs, outputs and priorities with longer term strategies for economic development, worklessness, growth and regeneration.

## 8.3 Governance

As pointed out in the section on policy above, the level at which decisions are made will be crucial to adoption of a Total Capital approach. This in its turn will have major implications for governance, accountability, transparency for all organisations and at all levels. The scope for greater flexibility and barriers to it resulting from Ministerial accountability to Parliament, the duties of accounting officers in Departments and Agencies, and structures in sub-regional arrangements need to be explored further.

To work effectively joint boards for decision making (probably in the City Regions of Leeds and AGMA) will be part of the solution, but there are other potential arrangements which should be examined, which may require primary legislation in the longer term. In the short term, prior to formal structures being established, there could be informal agreements on decisions and processes to align and sequence investment.

Delegation levels and accountability must be clear.
Once the negotiations with government and the agencies have produced conclusions on the vision and outcomes to be achieved, along with any outputs, all freedoms and flexibilities must be transparent. This includes virement between funding streams and programmes (such as transport and health) to meet location, structural or organisational differences, and the subsequent virement back and further investment. The case studies, for instance the Harborough Innovation Centre, provided examples where current inflexibilities in timing and deployment of resources prevented investments from going ahead that could have provided returns to the public purse as well as benefits to the local community and economy. A longer timeframe is essential for achieving outputs and outcomes from any one stream, along with ongoing reporting in the period being kept to a minimum. It was suggested that the minimum period should be five years. Local accountability to the public and to partner agencies will need to be balanced with that to the centre.

At the local level, the experience of the case studies is that pre-existing partnerships and positive relationships such as the Leicestershire and Leicester MAA, can provide governance arrangements that can be implemented quickly and effectively. Where no multi authority structure exists but are essential to deliver strategies, priorities and programmes, they will take time to become effective as understanding, trust and mutual working are built up.

## 8.4 Delivery

The case studies have shown how the achievement of the local vision and better outcomes requires more effective sequencing and timing of the delivery of physical infrastructure, homes, schools, health, jobs and other community facilities. There will always be decisions about which should come first, and there is no one right answer, as local circumstances will determine the optimum sequence of investments. For example, the sequencing imperatives in growth points will be different from housing market renewal areas. In each case, there should be an examination of why people would move to those areas such as for good schools, which could then lead to using the development of schools as a driver for renewal. Housing investment and schools investment would complement each other so leading to greater outcomes for both housing and schools.

There needs to be a detailed examination of the processes and mechanisms for delivery initially of the outputs, but just as importantly, the outcomes. Existing systems and processes are embedded in most organisations so to permit meaningful change, address silo working, and change organisational cultures will require new management processes over time.

The next stages of development of the approach and any full implementation could include examination of the use of incentives and rewards for all organisations to bring early change. According to the circumstances, there may be opportunities for other agencies such as those involved in Partnerships for Schools BSF and LIFT to identify, with local authorities and other interested parties, local areas where they might also lead the Total Capital approach. The report on investment in East Central Rochdale and other town centres in the two districts shows where the gains can be made.

Consideration should be given to the support for local authorities and other organisations for the effective implementation of the changes. The Local Government Association (LGA), Improvement and Development Agency (IDeA), and the Regional Improvement and Efficiency Partnerships (RIEPs) will be significant bodies in this. The range of topics that could be covered includes, developing coherent visions and ambitions on a place basis, the leadership skills and support for the place focus, partnership skills, developing logic chains to identify benefits and consequences of interventions, techniques for measuring outcomes rather than outputs.

In creating process improvement to achieve a Total Capital approach, the logic chain could be adopted with five clear elements:

- defining a clear **vision** of what more public value would comprise
- defining precise **outcomes** that reflect this vision
- defining precise **outputs** that would achieve these outcomes
- defining the **process** of making capital expenditure decisions to achieve these outputs
- identifying the range of **inputs** and making the capital investments

While there are clear potential benefits to delivery, the further development of Total Capital approaches also needs to acknowledge that greater alignment may have some risks for diluting focus on the delivery of specific priorities, if not managed carefully.

# 9. The business case

The case studies have provided the opportunity to develop and test the Total Capital concept and see how it could be borne out in practice. The context for developing a case for the approach can be the CLG Economic Paper 1: A framework for intervention (2007) and Economic Paper 2: Why place matters and the implications for the role of Central, Regional and Local Government (2008). The approach brings together the Green Book cases and moves from individual interventions and takes it forward to a more coherent and therefore more effective set of interventions. The case studies have informed the business case set out below.

## 9.1 Strategic case

A Total Capital approach would enable a more coherent approach to investment planning in places. Alignment of investment planning and decision making approaches between different funding agencies and sources would support a shared approach to identifying investment priorities. This would enable local authorities and public agencies to ensure that investment delivery was co–ordinated in design, timescale and location so as to maximise the overall benefit to the local place.

A Total Capital approach would:

- lead to clear, agreed priorities to address needs and deliver positive outcomes
- be coherent with national, regional and other policies, strategies and priorities
- give a focus on outcomes for the place rather than outputs for organisations
- enhance the long term view of actions and investment to achieve the vision and ambitions for the place
- improve the quality of long term outcomes
- maximise the impact of interventions
- contribute to achieving LAA/MAA targets

The Total Capital approach would support a wide range of other current policy developments. Apart from the development of the Total Place approach, Total Capital can support the further development of policies for greater local collaboration, MAAs and City Regions. It would also support the objectives in the Smarter Government White Paper to let local areas have more control over setting priorities and greater flexibility over the use of resources. As it aims to meet the vision for the place and people, it will also meet other policy objectives for improving the quality of life of the residents such as providing more opportunities, more mobility and more choice.

## 9.2 Economic case

Total Capital provides a mechanism to maximise the benefits that flow from public investment. The achievement of positive economic, social and environmental outcomes through capital investment in places rarely rest solely with the delivery of a single programme. However, investment decisions about the deployment of resources are frequently taken in isolation from decisions about other public investments that may be going into the same place. This makes it difficult to realise opportunities to ensure that investment from different public programmes is delivered in a complementary way, in design, space and time, to achieve better outcomes where there are overlaps between the policy objectives of those programmes.

Total Capital also has the potential to deliver public assets that can be managed at lower costs through the creation of shared facilities, which can support the delivery of seamless frontline public services. The first round of the DCSF co–location fund demonstrates the potential for integrating the facilities for service delivery across public services. Total Capital provides the means through which co–location of services and the development of shared assets, where appropriate, could become the norm.

The Total Capital approach would enable a more comprehensive and cross cutting approach to be undertaken for options appraisals. Current approaches to options appraisal tend to treat individual investment decisions in isolation from other public investments that may be taking place at the same time. Under a Total Capital approach, joint options appraisals would be possible or at the very least, options appraisals could be undertaken within the context a comprehensive single investment plan for the area.

The degree of risk faced by major public investment projects could be reduced through greater alignment of public funding sources. The case studies exercise has thrown up a number of examples of regeneration and economic development projects that have been aborted because of the withdrawal of funds by a public sector partner, for reasons out with the merit of the project. If the delivery of public investment programmes were planned through a single area approach, with more consistent appraisal and funding lifecycles, then projects would be less vulnerable.

The more holistic approach to planning and delivering capital investment would enable a more comprehensive focus on delivering outcomes for places and people. The interactions between investments, and the additionality that combined capital programmes produced would be better captured in investment decision making processes and the risks of leakage and deadweight would be reduced.

A greater degree of consistency in investment decision making and a single area based approach to investment planning would enable a cross cutting approach to assessing the value for money of investments. As well as providing a more efficient process, local authorities and agencies would be able to consider the impacts of investment from different sources and ensure that these could be deployed in the most effective way possible. This would ensure that the maximum value could be derived from the totality of capital going into a place.

The coherence of this approach would enable greater impact for the area and its people overall so improving their ability to engage in the economy and its development locally as it contributes to regional and national economic growth.

### 9.3 Commercial case

The greater co–ordination and certainty in the delivery of public investment that a Total Capital approach delivered would foster a greater degree of confidence and willingness to commit resources on the part of private partners. The case studies have highlighted the extent to which the current difficulties that places face in coordinating public investment undermines their ability to secure private investment. Private sector investors consider the overall nature of the place in which they may work, and do not recognise or find it easy to work with multiple vertical funding streams in the public sector. In the current economic climate sources of private finance have become more constrained and investors are more risk averse. As the public finances are getting similarly constrained, the means to leverage greater private investment in capital projects becomes paramount.

The potential for Total Capital to strengthen local partnership working between local authorities, public agencies and other local partners will bring a more a coherent partnership approach to investment and delivery, which will also encourage private investor commitment. This would overcome the difficulties that private investors sometimes experience in dealing with multiple public sector partners.

Stronger local businesses employing more and better skilled people stemming from the coherent investment will in its turn contribute to more investment.

### 9.4 Financial case

A Total Capital approach provides a clear structure and process for determining investment priorities and the use of resources to achieve the outputs and outcomes for the place and people. It would reduce the costs of capital delivery by removing duplication of processes across different agencies, speeding up processes for agreeing funding and therefore accelerating delivery. The case studies include examples of projects where local authorities and public agencies have had to devote significant amount of time and strategic resources to investment planning, which could have been achieved more quickly at less cost with simpler more flexible capital programming.

Building on the experience of Local Education Partnerships, LIFTcos and HCA's Public Land Initiative it also provides the basis of reducing transactional costs and greater Value for Money through joint approaches to the procurement of delivery partners.

### 9.5 Management case

As well as being the basis for better co–ordination of investment decisions, Total Capital has the potential to deliver greater clarity in the roles of local partnerships and agencies for the place, from strategy development through to investment and delivery. This would enhance the coordination of activity by partners, speed up delivery and provide for greater efficiency, though single appraisal processes and procurement partnerships.

It would also provide a more coherent approach to the collection of data, and a comprehensive, multi–service approach to monitoring and evaluation of the impact of interventions over time.

With the removal of silo working and the comprehensive approach to investment, there will be improved opportunities to achieve greater impacts on communities and their services so adding to the engagement and cohesion as an integral part of the approach.

# 10. Recommendations for next stages

From this initial scoping project, we recommend that the Total Capital approach is developed further.

1. There should be a programme of Total Capital pilots starting from April 2011. The start of a new spending review period provides the opportunity to provide a more flexible settlement for public investment in the case study places. The pilots could include the five initial case studies, along with other places covering different geographies and circumstances. Through the pilots it would be possible to quantify the benefits of a Total Capital approach.

2. Over the year to April 2011, the Total Capital approach should be developed further, to address the issues raised by this study. Priorities should include further examination of which decisions can be delegated to which level, a range of governance options that are fit for purpose in different local circumstances and greater consistency in appraisal and performance management processes across capital programmes. This will inform decisions on the scope of a Total Capital approach and the extent to which a single area based approach to capital should be adopted. Experience should also be gathered from the Total Place pilots, other areas carrying out similar exercises in aligning both revenue and capital, and from previous relevant policies and initiatives.

3. Practical actions needed to join up funding across Government and its agencies should be developed, that deliver the flexibilities necessary to achieve greater efficiency, whilst maintaining clear lines of accountability. This should include a commitment to place based approaches to capital programme management with more consistent appraisal and reporting frameworks across Whitehall. New approaches would then be implemented and tested in the pilot places. This should draw on the existing work of public agencies and local authorities in moving to place based approaches to investment planning and decision making.

4. Specific proposals should be drawn up with the pilots through mechanisms such as the Single Conversation so that alignment, sequencing and flexibilities can be implemented and tested. Specific aspects for development and testing should be agreed with each pilot.

# Annex 1

## Defining and measuring success

**A Total Capital approach will deliver added public value**
This will involve having a definition of public value which will be based on the improved outcomes being sought. These are outlined below.

As there are several levels of public value, from (supranational) national, regional, sub–regional, local to community, the outcomes to be achieved will be agreed through a process of negotiation such as that for LAAs, MAAs, and City Region investment agreements. This process will therefore set the context for the decision making on priorities for the place and from that the investment. An example is how spatial prioritisation in Hull might happen. It requires the appropriate level of governance for decision making, for example major transport and economic development decisions cannot be made separately from the regional level.

One starting point can be to consider how the area will earn its living and grow economically, while at the same time contribute to the national economy and direction. Local Economic Assessments will provide the machinery to assess this.

### Outcomes

These can be categorised into four overlapping groups, with measures that can show progress and achievement over time:

- Economic: Gross value added (GVA) per capita, jobs created and their quality, incomes, numbers claiming employment related benefits, VAT registrations and de–registrations, land value increases.
- Place: the development of better quality new and existing places, more improved houses where people want to live, connectivity.
- People, both individually and collectively: improved quality of life, health, life expectancy, skills, social and community involvement, cohesion.
- Environment: reduced carbon emissions through management strategies for new and existing buildings, effective green strategies, enhanced biodiversity, people's behaviour changes that contribute to these.

Over time it will be necessary to develop techniques to demonstrate that the improved outcomes have been achieved through a Total Capital approach, covering:

- causality
- contribution
- coincidence
- contrariness

### Success factors

Potential success factors include:

- Partners agree that present, proposed and potential investment and resources are aligned to achieve the agreed vision and direction of each place.
- The effective alignment and sequencing of resources and investment maximises the overall benefits and impact, including cross boundary working.
- The maximised synergies increasingly deliver better outcomes for places and people, specified outputs are achieved or exceeded.
- The approach is effective and works in different geographies and at local levels.
- Policies, programmes and practices are flexible enough to ensure the approach is effective in different circumstances.
- Alternatives and opportunities are examined and agreed to achieve maximum impacts.
- Efficiency and effectiveness are gained by the co–ordination and sequencing of public and private investment, whilst maintaining appropriate accountability for funding streams for all public expenditure to allow testing for value for money.
- There is more effective integration of local strategies, particularly Local Economic Assessments, Sustainable Communities Strategies and Local Development Frameworks.
- Effective, flexible investment appraisal tool(s) are available, which build on best practice in place making and are adaptable enough for use in a range of investment streams. As a single area based approach is an aspiration the number of different tools will diminish over time.
- Decision making is informed and aligned, place shaping is enhanced, and supported by other stakeholders, with priorities being agreed and potential timeframes set.
- The associated revenue implications are taken into account at all stages in line with the wider principles of public service reform.
- Costs are saved by the synergy gained, particularly in a time of reduced public expenditure.
- The specified outputs are achieved or exceeded.
- The outcomes are monitored, measured and achieved (using the National Indicator Set and other indicators).
- Comprehensive Area Assessments are informed by, and inform, the approach.
- There is strong local democratic accountability.
- Commitment and support is provided by all Whitehall Departments.
- There is transparent data, made easily accessible to the public and professionals.

Therefore the proposed success propositions are that a Total Capital approach:

- must reflect established and agreed visions (communities, local, sub–regional, regional, national)
- considers the extent to which visions are defined with reference to measurable and precise outcomes
- sets priorities which are agreed by all
- uses agreed outcome targets as a starting point for capital investment decisions
- uses LAAs and MAAs, Integrated Regional Strategies, Sustainable Community Strategies, and Core Strategies, Local Development Frameworks and emerging Local Spending Reports in a coherent way to inform capital investment decisions, and in due course informs them
- enables the achievement of better outcome targets
- includes clear output targets to achieve the desired outcomes
- enable outputs to achieve multiple outcomes
- contains processes that enable investment and value for money decisions, including coordinated decision making, to consider all capital being invested in an area through joint investment programmes that are transparent and accountable
- covers a range of capital investment that levers private sector investment
- incorporates processes (investment planning mechanisms, forums etc) which enable capital investment to be used to secure the outcomes that are most important to realising the vision

0300 1234 500
homesandcommunities.co.uk
mail@homesandcommunities.co.uk

Homes & Communities Agency

**HCA London**
110 Buckingham Palace Road
London
SW1W 9SA

**HCA Warrington**
Arpley House
110 Birchwood Boulevard
Birchwood
Warrington
WA3 7QH

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