Background & context

- There is significant and increasing pressure to build new homes across the country. Simultaneously, new powers (including some fiscal responsibilities) are being devolved to local government.
- Policymakers should take advantage of these trends to drive investment to improve places, and make beauty accessible locally to all.
- Any action by policymakers to realise this vision must address two challenges.
  - First, policymakers and other stakeholders see beauty as no more than a luxury add-on in developments; there is no recognition that beautiful places are linked to wider outcomes such as public health or crime rates.
  - Secondly, a lack of resource at the local level: local authority planning departments face real financial and time pressures.

The role of state institutions and public finance

- A pooled approach to the Community Infrastructure Levy (CIL) might allow for important large scale public realm investments.
  - But CIL revenue goes to parish councils rather than neighbourhood forums, reducing the potential for direct community influence in deciding what the revenue should be used to fund.
  - A further challenge is ensuring local authorities are willing to collaborate, and don't see the CIL revenue as 'their own'.
- The Lee Valley Regional Park is an example of collaboration and revenue sharing across local authority boundaries to maintain an area of natural beauty.
  - Local authority powers of general competence could be used to establish similar ventures among other local authorities, based perhaps on an environmental protection levy or subvention on local business rates or council tax, where there is an issue of maintaining a beautiful public realm.
- More should be done to encourage current Business Improvement Districts to invest in beauty by highlighting the benefits to local business.
- Ongoing maintenance of the public realm should also be prioritised. Any model for funding investment must also make provision for maintenance costs into the future.
  - Could resources be taken from those who most clearly contribute to the degradation of the public realm, e.g. introduce a levy on utilities companies who cause damage to roads or streets?

Bringing in non-state actors

- To reduce the burden on local government, use the enthusiasm and resources of citizens.
  - For example, hand responsibility for maintaining a public garden or other space to those who cannot afford or access a similar space as part of their residence.
  - Crowdfunding schemes such as those in Manchester and Plymouth both give citizens an opportunity to help shape their area and help local authority funds go further.

- Given the financial pressures facing the public sector, funds should be sought from external sources such as financial markets and institutional investors.
    - These are likely to take a more favourable view of long-term investment for returns further in the future than the public sector at a time of fiscal restraint.
    - E.g. life insurance companies could be asked to invest in schemes which will promote population longevity even if these benefits will not be seen for a number of years. This will incentivise cities to e.g. invest in walkability.
- Private finance could also be drawn in via an endowment model for parks or similarly beautiful areas which provide private benefits.
    - E.g. if the quality of the local water supply can be protected through preservation of park status then water companies should be asked to contribute a one-off payment or continuous stream of payments which can be used to fund maintenance and upkeep of the park.
- Where development is taking place a continuing return to communities can be secured through capturing uplift in the land value.
    - CIL usually provides only an upfront capital sum and not the ongoing funds required to maintain the investments it finances.
    - Can the community take its return from development as a yearly dividend rather than a one-off capital gain, via a community equity stake, perhaps administered by the financial institutions which lend to developers?
- In areas where there is no development, a social impact bond (SIB) model could be used to attract institutional investment.
    - Policymakers should make resources available for, and convene, discussions between community representatives and investors to design a suitable SIB for their area, and develop a 'toolkit' based on best practice to facilitate their uptake.
    - The evidence of recent years suggests that investors are genuinely interested in SIBs as a model for investment, and that there is demand for them.

Investing the revenue

- ResPublica's work has argued a bottom-up approach to local beautification and public realm improvement is essential.
    - Neighbourhood planning is one option to hand autonomy to communities, but a whole range of deliberative techniques exist to substitute for or augment this, such as charrette processes.
    - There remains however a question around ensuring broad participation: neighbourhood planning in particular is still restricted to a relatively affluent subset of the population.
- There remains a challenge to convince decision makers that beauty can save money.
    - There remains a need to define a metric which can capture beauty's real value in terms of the longer-term public policy outcomes it promotes.
    - Natural Capital, perhaps appropriately adjusted for a wide range of urban settings, could provide a base for such a metric.

Realising this vision

- Further devolution, especially of mainstream public services, will incentivise more creative thinking among policymakers about how to bring about improvements in wide-ranging public policy outcomes, and greater interest in 'invest to save' thinking locally in the long-run, particularly in public health.
- Local authorities outsource an increasing amount of public realm work to big infrastructure companies. Beauty should be built into these contractual arrangements, perhaps via the social impact bond model suggested above.
- Local authorities must be clearer and more authoritative in conveying greater ambition for design to developers, at an earlier stage of development.
    - The NPPF does encourage good design, and local authorities should push this harder.
- Some local authorities have design strategies – could these be more widely replicated, or mandated?
    - But planning committees must not become 'aesthetic guardians' on a decision-by-decision basis and crowd out the potential for communities to shape the look of their area.
    - Design skills within local authority planning departments have been hit hard by cuts in recent years; efforts will have to be made to recover these.

Conclusions

- Tax-based instruments are inflexible and so generally unsuitable for our purposes, but CIL / the Improvement District model offer some opportunities if handled carefully.
- Ensure public realm investment is seen as a priority. Create an income stream to maintain the public realm; don't just focus on generating lump sums for single investments with no funds for their upkeep.
- Link with the Natural Capital agenda – this can inspire more ambitious thinking (e.g. around largescale reforestation) and is a language which policymakers are tentatively familiar with. Similarly, consider how a QALY-style (Quality-Adjusted Life Year) unit of beauty's wider socioeconomic value could be designed and developed as a metric which policymakers could use when taking decisions.
- Think at a regional scale: e.g. regional park level schemes such as the Lee Valley can achieve beneficial outcomes across a wide geographical area and open and preserve beauty for a large number of people.
- Make sure the opinions of those who will use the space the most are the first priority in considerations of what will be done with the space. Ensure that any mechanism developed enables mass participation and involves as little bureaucracy as possible. Civil society has great enthusiasm to offer – harness this. In particular local authorities should ensure the community retains an equity stake or similar in sites which see development to ensure they share in the long-term uplift in land value.
- Don't just look to exploit value in successful markets but also focus on creating value, especially in places to which the market pays little attention.
- Ensure that any mechanism is not 'one size fits all'; and that decision-makers have a toolkit of different possible mechanisms to choose from which allows them to adapt to local circumstances. Using the different examples which will arise from this approach, evaluate schemes as they come to fruition and capture best practice to ensure people know what 'good' looks like.
- Consider the opportunities presented by the presence of institutional investors and the long-term perspective they can bring which the public sector does not.