



House of Commons
Committee of Public Accounts

The Thames Gateway: Laying the Foundations

**Sixty-second Report of Session
2006–07**

*Report, together with formal minutes, oral and
written evidence*

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The Committee of Public Accounts

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The following was also a Member of the Committee during the period of the enquiry:

Greg Clark MP (*Conservative, Tunbridge Wells*)

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Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

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Summary

The Thames Gateway is the largest regeneration and new housing programme managed by the Department for Communities and Local Government (the Department). It focuses on the area between Canary Wharf in London and the mouth of the River Thames, a length of approximately 40 miles. The Government intends that 160,000 new homes and 180,000 new jobs should be created in the area by 2016, and further development beyond that date. If successful the Thames Gateway will make a significant contribution to the number of new homes needed in the Greater South East and potentially could add a further £12 billion a year to the nation's economy.

The Department has spent £673 million on the programme (2003–2008), and has sponsored many projects which are helping local partners to accelerate the regeneration of the region. Most of the finance for the development of housing and other infrastructure in the Thames Gateway is to be provided by the private sector. To help secure this investment the public sector has a key role in enabling development through provision of infrastructure, spatial planning, land remediation and ensuring that developers meet the expectations required of sustainable communities.

The Department is, however, only just starting to put in place the mechanisms for managing the programme commensurate with its scale and ambition, and many stakeholders have questioned the Department's ability to show the leadership and influence within Whitehall to persuade other government departments to prioritise the Thames Gateway's regeneration. Without significant improvement in the overall management of the programme it will remain a series of disjointed projects and is unlikely to achieve its potential to make a major difference to economic regeneration and sustainable housing.

On the basis of a Report by the Comptroller and Auditor General,¹ we took evidence from the Department on its overall management of the programme on four main issues: turning aspirations into plans that are delivered; more integrated and better coordinated expenditure; progress on delivering homes and employment opportunities; and achieving high quality and environmentally sustainable development.

1 C&AG's Report, *The Thames Gateway: Laying the Foundations*, HC (2006–07) 526

Conclusions and recommendations

- 1. The Department's management of the programme has been weak, and has not demonstrably added value to the programme.** Its programme management systems are not commensurate with the programme's size and scale of ambition. Instead of retaining direct day-to-day management uniquely for this programme, it should delegate operational management of the Gateway to the proposed new regeneration agency, the Communities and Homes Agency, to sit along side the other housing growth programmes, and utilise the agency's housing and regeneration expertise. The Department would then be better able to concentrate on policy development and achieving cross-government coordination
- 2. The Thames Gateway is one of 15 mission critical programmes prioritised by the Government, with an ambitious vision which will require sustained prioritisation and cooperation across Whitehall.** In response to the Comptroller and Auditor General's Report, the Government has established a cross-government board of senior officials to provide overall strategic management of the programme. Members of the board will need to embed the Thames Gateway programme into their departments' core work, on the basis of explicit and mutually agreed commitments defining their part in the programme, and responsibility for delivering of it.
- 3. The Department has not translated the vision for the programme into comprehensive and measurable objectives, nor are there robust systems to measure progress.** The relevant departments should agree a balanced scorecard of indicators and measure cross-government spending on the programme. The Department should publish reports annually on the programme's progress.
- 4. The delivery chain for the Thames Gateway is unclear.** There are over 100 organisations involved in the Thames Gateway programme across central, regional and local government and the private and voluntary sectors. There are multiple funding streams channelling into projects and multiple lines of reporting. The Government needs to establish and set out the roles of each of the organisations involved and of each layer of government so that there is no unwarranted overlap of responsibilities or duplication.
- 5. The Department does not know how much the regeneration of the Thames Gateway will cost the taxpayer.** It has promised to establish a costed implementation plan by November 2007, linked to the outcome of the comprehensive spending review, but with the risk that the plan will only include those projects that can be immediately accommodated within departments' three year budgets. The implementation plan should cost all the steps necessary to achieve the government's ambitions for the Thames Gateway, including those that have yet to be approved or establish their funding.
- 6. There is a risk that the economic benefits of regeneration will not reach existing residents.** Current employment levels in the Thames Gateway are lower than the surrounding region. The aim is to increase the number of jobs in the Thames Gateway, but the Department does not know how many of these jobs will go to

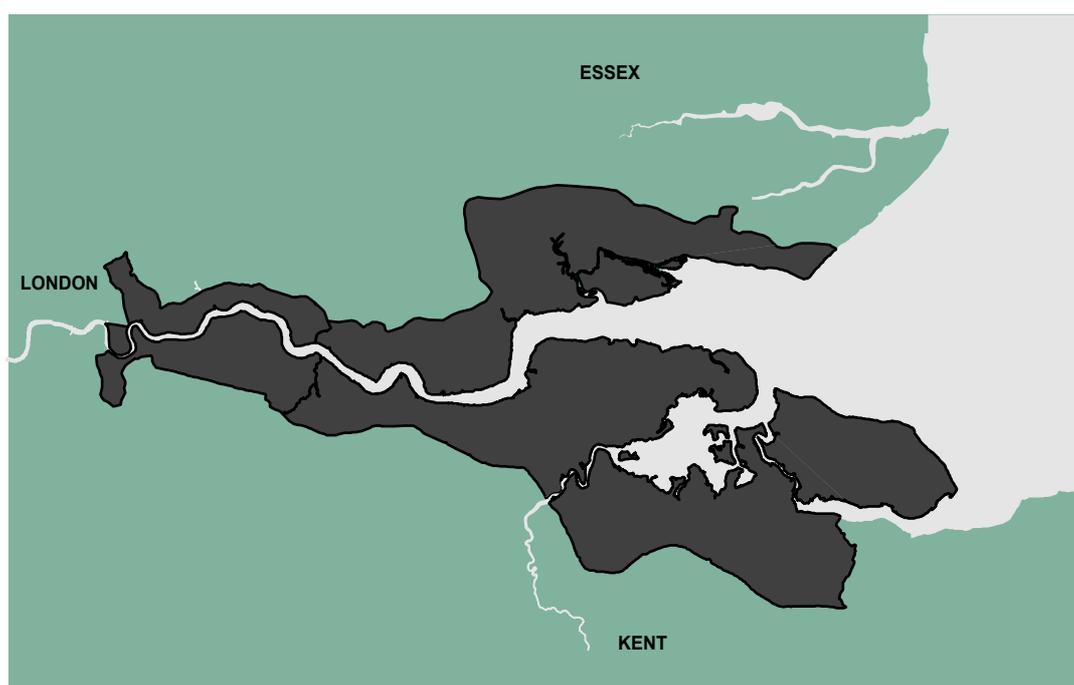
existing residents. There is a risk that improved public services, infrastructure and housing will be concentrated in new developments. The Department should consider the impact on existing residents in developing its strategy, implementation plan and project appraisals, so that both they and new residents share in the benefits of regeneration.

- 7. Some local regeneration partners have low capacity and struggle with complex procurement and engaging potential investors.** The Department has established nine local regeneration partnerships to coordinate local planning and projects and spends £10 million on their administration each year. It needs to establish a clear management and performance monitoring framework for these partnerships.
- 8. Local MPs do not feel sufficiently engaged with the Thames Gateway programme.** The programme would benefit from local MPs having a clearer role in promoting local plans and engaging local communities. The Department needs to consult and engage MPs more systematically through the Thames Gateway parliamentary group and on an individual basis.
- 9. Many stakeholders are calling for better engagement with the private sector.** The private sector will provide most of the investment needed in the Thames Gateway but the Department cannot give assurance on the amount of private funding levered in taxpayers' investment and has not explored all options for raising private finance. The Department needs to bring on board institutional investors and developers to advise them on how better to engage the City and other private investors.
- 10. Multiple inward investment agencies operating within the region and the lack of a coordinated marketing strategy have led to poor visibility of the programme outside the area and amongst potential investors.** To raise awareness of the programme and attract investors, employers and new residents to the area the Department should develop a coordinated marketing campaign including a central marketing suite open to the public and potential investors; a branding strategy agreed amongst all partners; and appropriately targeted advertising.

1 Providing leadership for the programme

1. The Thames Gateway stretches along the River Thames from Canary Wharf to the mouth of the river at Southend-on-Sea and the Isle of Sheppey (**Figure 1**). It covers an area of almost 100,000 hectares and has an existing population of 1.45 million. It is one of the most deprived areas in the Greater South East. The Government wants to reverse its relative decline with the construction of 160,000 homes there between 2001 and 2016, and the creation of 180,000 new jobs.

Figure 1: The Thames Gateway



Source: *The Department*

2. The Thames Gateway is one of 15 mission critical programmes prioritised by the Government² and is the only large scale regeneration programme managed directly by the Department for Communities and Local Government (the Department). The Department is investing £673 million between 2003 and 2008 to accelerate regeneration in the region. The regeneration of the Thames Gateway requires broad cross-government working so that new homes are supported by adequate transport, education, health, community, leisure, green space and environmental infrastructure.³

3. It is unclear how the Department's management of the programme has added value to the projects that they fund. The Department points to its contribution in setting out a vision for the Thames Gateway; winning collective agreement from the Local Authorities; creating local regeneration partnerships to coordinate local delivery; working on specific projects to release sites; unblocking major developments and persuading other government

2 Mission Critical Programmes are the priority programmes monitored by the Office for Government Commerce and reported on to the Prime Minister.

3 C&AG's Report, para 1.9

departments to invest in the area. But the Department could have made these contributions without operational management of the programme.⁴

4. In the future, large-scale growth area programmes will be assigned to a new regeneration body, Communities England, which will take over regeneration and housing delivery responsibilities from the Housing Corporation, English Partnerships and the Department. The Department believes that transferring responsibility for operational management of the Thames Gateway programme to Communities England would cause too much disruption to its delivery arrangements.⁵

5. Local partners and central government officials involved in the programme and interviewed by the National Audit Office (NAO) did not consider the programme well coordinated or joined-up across Whitehall departments. Major sites are being delayed due to a lack of joined-up infrastructure investment. For instance the building of 9,400 homes at Barking Riverside is reliant on further transport infrastructure that is not included in the Transport for London or the Department for Transport's spending plans, whilst development of 30,000 homes in Kent Thameside is reliant on agreement from the Highways Agency, 12 years after they first knew the Channel Tunnel Rail Link would lead to housing growth in the area.⁶

6. Local stakeholders do not believe the Department has developed the strategic influence within Whitehall to solve such problems. The Department's capability review last November found this lack of influence to be a general problem which the Department faces, and may partially be as a result of its history of machinery of government changes. The Department's aim is to gain a reputation for strategic influence through its actions over the next few years. Meanwhile, persuading other government departments to contribute fully to the programme remains one of the Department's biggest challenges, and its perceived lack of clout within Whitehall reduces stakeholder confidence in its ability to manage the programme.⁷

7. Responsibility for strategic coordination of the programme at a ministerial level is through the Cabinet Committee on Housing and Planning. The Housing and Planning Committee has a wide remit "to set the Government's strategy to improve the effectiveness of the planning system and the supply and affordability of housing in England, and to monitor delivery". The Housing and Planning Committee must balance its many responsibilities and cannot devote much time to the Thames Gateway. The Committee assumed responsibility in 2005 from the Ministerial Committee on the Thames Gateway, which had focused solely on the Thames Gateway programme.⁸

8. The Department has already acted on the NAO's recommendation to establish a cross-government board of officials to provide better cross-government coordination and to

4 C&AG's Report, summary value for money statement; Qq 2-3

5 *Delivering Housing and Regeneration: Communities England and the future of social housing regulation, consultation*, Department for Communities and Local Government, June 2007

6 C&AG's Report, summary value for money statement; Appendix four

7 *Capability Review of Communities and Local Government*, Cabinet Office, p 17; Qq 14-16

8 *Ministerial Committees of the Cabinet and Policy Review Working Groups Composition and Terms of Reference*, Cabinet Office, December 2006; Q 116

direct the overall programme. It will look to the Housing and Planning Cabinet Committee for strategic direction, and its effectiveness will rely on getting all departments to agree a forward plan at Ministerial level for which all Accounting Officers will be jointly and severally accountable.⁹

9. The Thames Gateway Strategic Partnership was set up in 2000 to provide cross-government coordination, but the Department modified it in 2005 to focus exclusively on the relationship between the Department and local stakeholders. Whilst the Department and central government are responsible for overall leadership of the programme and investment in infrastructure, most of the delivery will be by local partners. The Department has established a network of partnerships that provides coordination horizontally across both the local and sub-regional level. These partnerships vary in form from unincorporated partnerships managed by the Local Authority to Urban Development Corporations formally accountable to the Department. The Department provides nearly £10 million a year for the administration of local regeneration partnerships and sends a representative to their board meetings.¹⁰

10. This partnership approach has the advantage of bringing stronger congruence between local and central government, local accountability, local knowledge, flexibility of delivery, and ability to bring in expertise. The Department believes this partnership approach effectively balances devolution of power and the involvement and inclusion of local communities, whilst maintaining a strong grip at the centre. But there is a risk of uncoordinated delivery across the Thames Gateway, inefficiencies in procurement, and a lack of capacity in some areas.¹¹

11. The complex partnership networks result in unclear delivery chains for individual projects. Projects have multiple lines of reporting and accountability. For instance the Royal Society for the Protection of Birds was provided with more than £4 million for the new visitor centre at Rainham Marshes from four separate public bodies: the East of England Development Agency, the South Essex Green grid, London Thames Gateway Development Corporation and Thurrock Thames Gateway Development Corporation.¹² As each of these bodies is mostly funded by the Department, departmental funding has used four different funding streams to reach one project. In other areas it is unclear whether projects in the Thames Gateway are part of the programme or not. The Sheppey bridge for example was in the original 1995 Thames Gateway Planning Framework, but did not receive direct support from the Department, whilst Regional Development Agency support in the region is on the same basis as for its funded work outside the region.

12. The Department does not currently have a framework in place to judge the efficiency and effectiveness of partnerships as organisations. Some Local Regeneration Partnerships lack the capacity to manage significant developments, whilst others have been slow to get

9 Qq 18–21

10 C&AG's report, paras 2.6, 3.2; Figures 8, 9; Appendix two; Qq 21–25

11 Q 53

12 C&AG's Report, Figure 2

up to operational capacity. The Department has not set out clear expectations of local partnerships and has yet to establish a clear framework of performance criteria.¹³

13 C&AG's Report, Figure 10, Appendix one, recommendation 5; Qq 65, 131–134

2 Managing the delivery of the programme

13. The Department's overall management of the programme has been weak. It is yet to establish arrangements for controlling the programme such as a budget, implementation plan, joint risk management, appropriate financial incentives, a performance management framework for delivery partners, public reporting on progress, and measurable performance indicators. Of the 48 management tasks that the National Audit Office said it would expect the Department to undertake for the Thames Gateway, it found mechanisms and processes in place for only 14. The Department is currently putting in place processes to carry out 26 more. This reform of its programme management will only be completed after the Department has spent its current allocation of £673 million.¹⁴

14. The Department has allocated the £673 million through a competitive bidding approach. Grants have been allocated against set criteria including whether the project would be quick to get going and thus use the funding available. Such a project by project approach is dependent on the bids received, and assessing projects one at a time does not allow the identification of those projects most critical to achieving the programme's objectives. It also caused a lack of funding certainty which reduced investor confidence.¹⁵

15. The Government's vision for the Thames Gateway has not been fully translated into targets and objectives for the programme. The Department wants housing growth, matched by job creation, transport infrastructure, improvements to locally available public services, an increase in local skills, and improvements to the physical and natural environment. But it only has targets on house numbers, job numbers and quality of schemes as defined by the Commission for Architecture and the Built Environment, which focuses delivery on gross housing numbers and job creation. The Department says it will prepare targets covering other areas of the Government's aspirations after the 2007 Comprehensive Spending Review.¹⁶

16. For the areas where targets exist, the Department does not have processes for measuring the programme's progress towards achieving them. For instance, the Department has not historically collected data on the number of homes being built in the Thames Gateway before 2001 and stopped collecting it after 2005. So the Department is not able to compare house building to its historical trend or monitor the levels going forward. The Department believes it could collect housing numbers through the Government Offices, but other performance indicator data are not available for the Thames Gateway.¹⁷

14 C&AG's Report, paras 2.3, 2.14, 3.14, 3.19; Figures 7 and 10; recommendations 2, 3, 4, and 5; Appendix one and footnote 12

15 C&AG's Report, Figure 18; Qq 121–122

16 *Thames Gateway Interim Plan*, Department for Communities and Local Government, November 2006; C&AG's Report, Figure 7; para 2.3; Q 125

17 C&AG's Report, footnote 13; Q 6

17. The Department estimates that the total capital spending in the region was £7 billion from 2003 and 2006 but it is unable to collect information on how this was spent and so does not know what proportion was part of the Thames Gateway programme. Much of the programme's investment comes through other government departments or from the Department via other bodies such as English Partnerships and the Regional Development Agencies. Many projects are funded by a variety of partners that are, in turn, ultimately funded by the Department, making it difficult to monitor which projects are funded as a result of the programme and which are not.¹⁸

18. The Department's lack of performance and expenditure information provides little assurance that the regeneration of the Thames Gateway as a whole is delivering value for money. The baseline the Department established in November 2006 is a good starting point, but better measurement processes are needed. The current lack of consistent reporting on progress risks undermining investor and stakeholder confidence in the programme and limits the Department's ability to steer the programme.¹⁹

19. Detailed planning for the Thames Gateway is still being drawn up at a local level. Local Authorities in the Thames Gateway are drawing up detailed statutory local development frameworks, which will set out specific development plans for each area of the Thames Gateway, but these are not expected to be in place until 2008 at the earliest. Local regeneration partnerships have established non-statutory local regeneration frameworks which may inform these statutory plans.²⁰

20. The Department has not established an overall implementation plan or budget for the programme. The lack of an overall implementation plan is not unusual for large regeneration programmes in the UK, but of particular importance to the Thames Gateway because of the scale of the area, the number and variety of stakeholders involved, and the amount of infrastructure investment needed. The Department intends to publish a plan following the Comprehensive Spending Review which was published this autumn.²¹

18 C&AG's Report, para 3.15; Figure 2; Qq 63–64

19 C&AG's Report, paras 2.3, 2.4

20 C&AG's Report, paras 2.10, 2.11

21 C&AG's Report, paras 2.12, 2.14; Qq 9, 114, 122, 136

3 Benefiting local residents

21. The Department has set out an ambitious vision for the Thames Gateway to be a world class region with unrivalled locations for living and working. The quality of housing developments is currently below expectations, however, with only 17% of schemes in the South East assessed as 'good' or 'very good' by the Commission for Architecture and the Built Environment. The Department is attempting to encourage better development and has established a target of 50% of Thames Gateway homes to be rated 'good' or 'very good' by 2010, but it has few direct levers. Public sector bodies are trying to raise the overall quality of developments in the Thames Gateway by investing in key sites. They hope to raise the overall level of development in the Thames Gateway so that the market will develop to a high standard as a matter of course.²²

22. The Regional Assemblies estimate that the 160,000 new homes will bring an additional 350,000 people to the Thames Gateway. The Department has established a target of 180,000 new jobs to be created in Thames Gateway based on the amount of available land in the Thames Gateway that will be used for commercial purposes. The Department does not know how many of the new jobs will go to existing residents and how many will go to the 350,000 inward migrants. There are no processes in place to encourage the recruitment of existing residents to new jobs, although the Department is working with the Learning and Skills Council to improve the general skills levels across the Thames Gateway to make existing residents more economically competitive.²³

23. Investment in the Thames Gateway is likely to lead to increases in land and house prices. There is a risk that local residents may be priced out of their local community if insufficient affordable housing is provided. The Department has recognised the need to increase the levels of affordable housing and this is a key requirement of planning permissions for key sites such as Barking Riverside and Ebbsfleet Valley. The Department is waiting until after the Comprehensive Spending Review to determine a Gateway-wide affordable housing plan.²⁴

24. Local Authorities and other service providers will need to be provided with the resources to cope with the 22% increase in population that the new homes will create. The Department told the Committee that they were working with the Office for National Statistics to ensure local government funding better reflects projections of future population. Local Authority funding is currently allocated on the basis of current population and prior trends in population growth which do not fully take into account recent migration. The Department said that the new formula would be in place nationally from autumn 2007.

25. The Committee received a number of submissions from local Members of Parliament complaining about the Department's lack of parliamentary consultation. The Department have met the Thames Gateway parliamentary group on a six monthly basis, but this has not

22 C&AG's Report, paras 1.1, 4.16, 4.18, Figure 23. The 17% figure refers to the whole of the South East including the Thames Gateway, and is considered representative of development in the Thames Gateway.

23 C&AG's Report, paras 2.3, 4.8; Figure 7, footnote 13; Qq 29–35

24 C&AG's Report, Appendix three, para 17; Qq 107–108

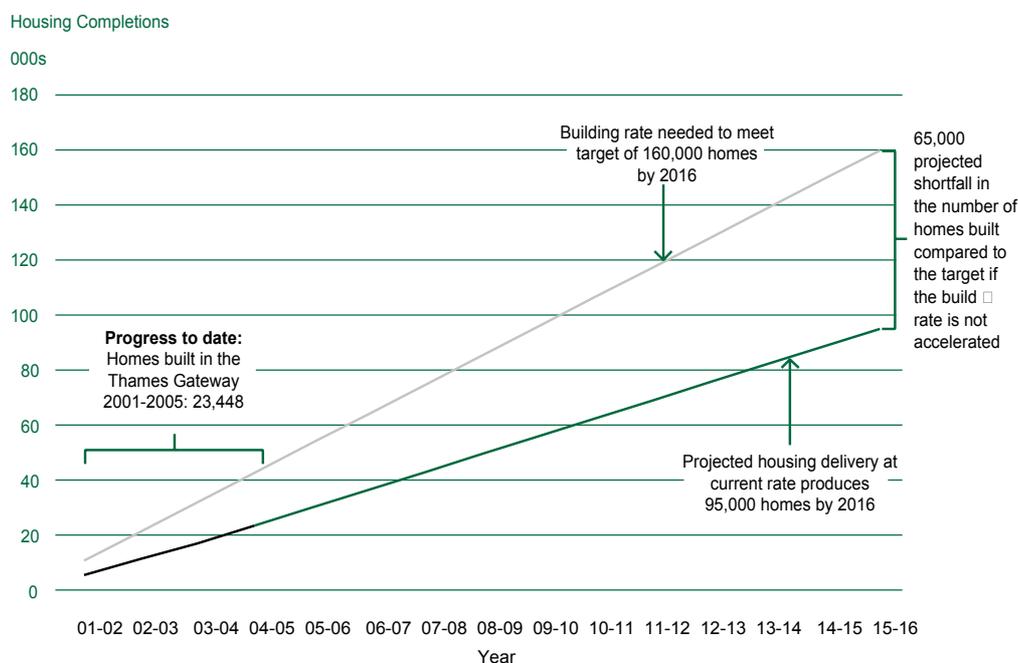
been sufficient for all local MPs to feel engaged with the programme. Local constituency MPs would be able to act as effective champions of the programme and help make the case across Whitehall, whilst also providing an effective route into community consultation and engagement.²⁵

4 Engaging the private sector

26. Most of the finance for the development of the Thames Gateway will be provided by the private sector, either through direct investment or through contributions negotiated under planning law (section 106 contributions). The Department sees its role as coordinating the public sector interventions necessary to attract and facilitate private investment. It estimates that £35 billion will be needed to develop all the sites in the Thames Gateway, most of which will be provided by private developers. Individual investments into specific sites can be quite large: Bellway Homes are investing £175 million in Barking Riverside, and Land Securities have put in an initial investment of £80 million just for the land remediation at Ebbsfleet Valley. There will also be private sector investment stimulated by the Government focus on the region and the investment in infrastructure such as the Channel Tunnel Rail Link.²⁶

27. The housing market in the Thames Gateway is weak compared to surrounding regions. The number of homes built each year in the Thames Gateway has increased since 2001, but less so than in surrounding regions. The average annual rate of home building in the Thames Gateway will need to double if it is to achieve the Department's target of 160,000 homes built by 2016 (Figure 2). The Department hopes the rate will increase to meet their target when larger sites come on stream, but whilst it can influence the rate at which land is brought forward for development it has little influence on how quickly developers build homes on that land.²⁷

Figure 2: The rate of house building will have to accelerate if the Department is to reach its target of 160,000 homes by 2016



Source: National Audit Office analysis of Department's housing statistics as shown in Thames Gateway Interim Plan, 2006

26 C&AG's Report, para 1.7; Appendix 4; Qq 79–80

27 C&AG's Report, paras 4.2, 4.4; Figure 21; Q 57

28. The Department aims only to invest as much in the Thames Gateway as is necessary to stimulate the market. It expects that as the market's confidence in the Thames Gateway improves, the Department's investment in the area will decrease.²⁸

29. Some of the taxpayers' investment will be recouped if the market takes off. The Department has spent £152 million so far on land assembly and remediation. Further land is held by Local Authorities and Regional Development Agencies. Taxpayers' investment in land will be at least partially recouped because the site will either be sold directly to a developer who will invest further in it, or be developed jointly with the developer so the taxpayer will get an equity stake in the profits of the venture.²⁹

30. The ratio of private to public sector investment in the Thames Gateway is unclear. Some sites, such as Barking Riverside and Medway are being developed by joint ventures of the private and public sector where costs and profits will be shared. The Department has not assessed how much private sector investment has already been achieved. Nor has it established guidance on such ventures including how much investment from the private sector local partners should expect in return for public sector investment, or what return on the public investment the taxpayer should expect.³⁰

31. Other local public sector bodies in the Thames Gateway are also seeking to establish ventures with private developers to regenerate their area, including Basildon Council and Thurrock Thames Gateway Development Corporation.³¹ But the Department has not provided support for local partners, and improvements are needed to the way the Department goes about its monitoring, funding and support. The Department has yet to establish a strategy to that end. It has ensured local partners have brought business and developer experience on to their boards, but the Department's Thames Gateway team lacks business experience or experience of working with public-private partnerships. The National Audit Office found that local investors, developers and public sector partners were looking for better engagement of the private sector and a better grasp of what investors want.³²

32. Attracting investment to the Thames Gateway will require much better marketing of the area. The six inward investment agencies involved in the Thames Gateway compete with each other and disagree on whether to promote the Thames Gateway as a whole. The Department has not developed a marketing strategy and has not assessed brand recognition outside the area. In response to the Comptroller and Auditor General's Report, the Department now aims to establish wide-spread public recognition of the programme within 3 years.³³

28 Q 49

29 C&AG's Report, Figure 14; Qq 79–80

30 C&AG's Report, para 3.22; Appendix four: Barking Riverside para 8; Qq 26, 76–80

31 C&AG's Report, Appendix four: Purfleet para 14; Q 76

32 C&AG's Report, paras 3.21, 3.22, 4.11

33 C&AG's Report, paras 4.12; Qq 38, 40–41

Formal minutes

Wednesday 10 October 2007

Members present:

In the absence of the Chairman, Mr Alan Williams was called to the Chair

Mr Richard Bacon
Angela Browning
Mr David Curry

Mr Philip Dunne
Mr Austin Mitchell
Mr Don Touhig

Draft Report

Draft Report (The Thames Gateway: Laying the Foundations), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 32 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Sixty-second Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Monday 15 October at 4.30 pm.]

Witnesses

Wednesday 13 June 2007

Mr Peter Housden, Permanent Secretary, **Mr Richard McCarthy**, Director-General, Programmes and Innovation and **Ms Judith Armitt**, Chief Executive, Thames Gateway, Department for Communities and Local Government

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Twenty-fourth Report	Ofwat: Meeting the demand for water	HC 286 (Cm 7151)
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The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts

on Wednesday 13 June 2007

Members present:

Mr Edward Leigh, in the Chair

Chris Bryant
Mr Ian Davidson
Ian Lucas
Mr Austin Mitchell

Dr John Pugh
Mr Don Touhig
Mr Alan Williams
Derek Wyatt

Sir John Bourn KCB, Comptroller and Auditor General and **David Corner**, National Audit Office, were in attendance and gave oral evidence.

Paula Diggle, Treasury Officer of Accounts, HM Treasury, gave evidence.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

THE THAMES GATEWAY: LAYING THE FOUNDATIONS (HC536)

Witnesses: **Peter Housden**, Permanent Secretary, **Richard McCarthy**, Director-General, Programmes and Innovation, Department for Communities and Local Government and **Judith Armitt**, Chief Executive, Thames Gateway, gave evidence.

Q1 Chairman: Good afternoon. Welcome to the Committee of Public Accounts where today we are considering the Comptroller and Auditor General's Report, *The Thames Gateway: Laying the foundations*. We welcome Mr Peter Housden who is the Permanent Secretary for the Department of Communities and Local Government. Would you like to introduce your two colleagues, please?

Mr Housden: On my left is Richard McCarthy who is Director-General in the Department responsible for housing, planning and regeneration. On my right is Judith Armitt who is the Chief Executive of the Thames Gateway.

Q2 Chairman: We had a very interesting visit, by the way, and we are very grateful to your colleagues and those in the various local authorities who showed us around some very interesting projects. It certainly brought alive to us the enormous strategic importance of this whole project which is very interesting. What we are really concerned with today, Mr Housden, is not the importance of the project but what value your Department has added to this project given the large sums of public money involved. We see this dealt with straightaway in the summary on page five and I will read it out: "But the Department's programme management is not yet capable of demonstrating that resources have always been directed to the most transformational and critical path projects, or that the departmental management of the programme so far has helped to deliver more than the projects would have done alone." So really what that is saying—and something you have agreed to—is that really your Department has not delivered more than what would have been achieved anyway. You could have

just handed the money over to the organisations and we would have got just as much out of it. What do you say to that?

Mr Housden: Chairman, first of all thank you for the opportunity to come and discuss this Report with you and your Committee and through you my thanks to Sir John and David Corner for what we regard as a useful and constructive Report that will help us going forward. I think the key thing for the Committee that I want to begin with is to convey our sense of where we are. I think the first thing would be to recognise some important progress. We have some confident and important things to say about the investment that the Government has made and the funds that I am responsible for as Accounting Officer in the Thames Gateway in this first period of work. We look forward to your challenge on that but we feel that we can point to identifiable, tangible success.

Q3 Chairman: I am sure you can point to good things that are happening. It would be amazing, given the level of public money being spent, if good things were not happening, but what value is your Department adding?

Mr Housden: I think I would begin by pointing you to figure one in the Report, which is this map on page six. This is a map of the agencies at all levels that are engaged in the Gateway and is a very useful diagram. I think without the Thames Gateway apparatus you would have that array of local, sub-regional, regional and national bodies and agencies falling over themselves in the Thames Gateway as they sought properly to tackle the deep-seated and long-running disadvantages and environmental degradation which is apparent in the Gateway. Where we, in this first phase, have added value is first of all to create a vision for how this area might be

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regenerated and, more importantly—because visions are quite straightforward—actually to secure a high degree of buy-in amongst local partners within the Gateway itself. It is often a criticism of regeneration schemes that they have high flown vision but very little connection with what communities believe and want. The first phase of work has actually secured a high degree of buy-in to that vision. We have created strong and effective local partnerships—nine of them in total—who are driving towards ambitious targets on housing and on jobs. We have released some very important and large brown field sites for development. We might want to talk about some of these specifically later on, but Chattenden and Rochester Riverside are immediate examples. We have unblocked some major developments and I think you will see there, again in later discussion, the way in which Communities and Local Government, the Thames Gateway team, have worked with other government departments and local agencies in a very effective and coordinated way to unlock projects which otherwise would not be delivered. I think there is a very significant value-add already apparent in the Gateway.

Q4 Chairman: That is all very interesting but first of all you say that but for you—you referred to figure one—all these bodies would be doing their own thing. Of course there is another concept which you could have done which is the Docklands Development Corporation concept; you could have created one powerful corporation which would have had the clout—as Docklands Development Corporation did—to buy their own land, have planning and all the rest of it. That would have cut through this like a knife through butter, even more effectively that what you are doing; far more effectively I would suggest. Did you consider this?

Mr Housden: I think there is a matter of judgment in any regeneration scheme about whether you go for one body or what combination. I think the scale of this—which I think the Report acknowledges is the largest regeneration programme in Western Europe—probably militates against one single body. I think there will be a trade-off there with local buy-in. The two development corporations that we have established within the nine overall local bodies were done so very carefully in my view. I was not involved in this process, it was before my time. They were attended by careful consultation and engagement with a range of local stakeholders, not least those bodies that currently held the planning powers. I think you will see in some of the examples we discussed that actually the detailed local involvement and knowledge is absolutely fundamental, it is not optional. This is the configuration that we are seeking to make work. I do not doubt, however, that if ministers were to conclude as the programme develops that some variation in that pattern of partnership and powers was appropriate that they would consider that.

Q5 Chairman: If you are doing so well why do we read in these paragraphs 3.1 and 3.5 on page 24

headed by: “The Department needs to provide better leadership across central government” phrases such as the Department: “has few contractual controls” and that: “the Department will need the help of other government departments if it is to solve the perceived lack of leadership”? The truth is, Mr Housden, that there is perceived to be a lack of leadership; you are perceived to lack the clout to impose your will because you are second division department within Whitehall. I am sorry to put it rudely but I have no choice.

Mr Housden: I think what partners, in my understanding and discussion, are referring to here is actually the step-change in ambition for the Gateway that was embodied in the interim plan published in 2006 where you had ministers there actually taking a bolder view about what should be achieved. I think a lot of the NAO’s recommendations about the nature of programme management and other machinery are right in terms of what will be required to deliver that bold and ambitious vision. We very much endorse those recommendations and we may well go on to discuss the ways in which they are already being implemented within the programme. We are moving forward on that basis. I think, Chairman, you are right also to point to the central challenge of coordination and leadership across government because there is no doubt that the buy-in and investment of a range of secretaries of state will be fundamental in achieving this enhanced ambition. We benefit currently from having the Thames Gateway under the aegis of the Housing and Planning Cabinet Committee. We hope that following the changeover that relationship will be maintained. We have established underneath that a cross-government board of officials with very challenging terms of reference.

Q6 Chairman: I have no doubt you have boards and all the rest of it, but let us just look at some of the information. Have a look, for instance, at the little footnote on page 32: “The exact number of homes built in the Thames Gateway each year is not available for years before 2001 and after 2005”. I find that extraordinary.

Mr Housden: It is interesting; it is worse than you think. There is a reference elsewhere in the Report to the fact that a number of government agencies do not collate key information on the basis of the Gateway, the geography.

Q7 Chairman: That is your primary job, is it not? You are supposed to be coordinating and leading all this.

Mr Housden: The cross-government board will have to address this as a key issue. For the things we are responsible for in the Department for Communities and Local Government we can do that. We have housing number completions that come through government offices and they feed into the target monitoring arrangements, but other bodies do not collate their spend in that way and we will be talking

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to them as part of this overall work about the types of information systems that will be necessary to move this forward.

Q8 Chairman: I must let other colleagues get in, but one last point I wish to put to you relates to paragraphs 2.13 and 2.14 on page 22. The truth is that after 12 years you still do not know what this is all going to cost, do you? One very basic piece of information: after 12 years you do not know what this is all going to cost.

Mr Housden: Twelve years goes back to the Regional Planning Guidance in 1995, high level objectives. The first money appeared on the scene in 2003 in the Sustainable Communities Plan. That allocated £846 million in total of money that I am responsible for to be spent against that. I think that is clear and accountable and I am happy to stand accountable for that. You go back then to the step-change in ambition represented in the interim plan. The Report properly refers to two things here. It is said there are some very bold ambitions which are the subject at the moment of feasibility studies. There are no clear, SMART objectives set in particular areas in advance of those feasibility studies. I do not think there sensibly could be; we could not cost anything without actually exploring some of the ambitions there. The second thing, again in the Report, is the recognition that ministers—the Government—will have to determine its priorities in the spending review both globally about how much it wishes to spend in the Thames Gateway as opposed to other priorities across the country.

Q9 Chairman: It tells us in paragraph 3.12 on page 15 that £850 million was allocated. We know that you have committed already for £673 million (we know this from the Report) but we know also from that paragraph that despite all these huge sums of money—and this is a phrase that you have agreed to in paragraph 2.14—“A comprehensive programme plan is standard practice for most programmes, but has yet to be implemented for large regeneration programmes in the UK”.

Mr Housden: Yes.

Q10 Chairman: Why, with so much public money, do you not even have a comprehensive programme plan?

Mr Housden: We are in the process of putting in place—

Q11 Chairman: Why are you in the process of it? What have you been doing for the past 12 years?

Mr Housden: In terms of the money we are responsible for that has been available since 2003 we have had appropriate programme and project risk management associated with that as I would hope and content each Agency and Accounting Officer who reports to you would be able to sit here and say.

Q12 Chairman: We are not interested in them; we are interested in you. You are the one in front of us; you are coordinating all this. You have to tell us.

Mr Housden: I am perfectly happy to be responsible for that. I think what we are talking about here is a step-change in government ambition and progressive work over the last 12 months to create that programme and infrastructure.

Chairman: Over the last 12 months? Well, I must leave it there. Don Touhig?

Q13 Mr Touhig: Following on from the question from the Chair, the Report makes it clear that the stakeholders do not believe you have any significant influence in Whitehall to carry this through. Do you accept that?

Mr Housden: Happily no.

Q14 Mr Touhig: You do not?

Mr Housden: I do think they are right to point to the importance of leadership across government. We will not be able to secure the enhanced ambitions of the Gateway without serious buy-in. That is why the Cabinet Committee will be important to us as will the cross-government board of officials. What we expect to see in the November plan, post the spending review, are a series of inter-laced commitments from different spending departments to achieve specific specified outcomes for the Gateway.

Q15 Mr Touhig: More layers, it seems to me. You do not accept your stakeholders' view that you do not have enough weight in Whitehall. That is their perception; what are you doing to overcome that perception? Setting up more tiers and more layers?

Mr Housden: I obviously cannot challenge their perception.

Q16 Mr Touhig: You need to challenge their perception.

Mr Housden: We will have to do that in practice by their experience. Much the same was said about local government, that our predecessor Department had been unable to capture central government's mind in terms of how the inter-relation with local government might be managed. The Local Government White Paper I think was generally regarded as a significant step forward in terms of a new relationship between central and local government that stripped out bureaucracy, got a clear and single conversation running between all the different departments in local government. I think that has given partners confidence that Communities and Local Government can step up to this plate but they are right to point to the challenge, we accept it and no doubt I shall be sat here in successive years answering to you for how successful we have been in it.

Q17 Mr Touhig: You just seem to set up more committees and no directions. Why is there not some strategic control at the centre?

Mr Housden: You make a committee sound as if it is rather a soft proposition. The terms of reference for this cross-government board are very focussed.

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Q18 Mr Touhig: This is recommendation one of the Report, is it? You have accepted that and you have set up this cross-government board.

Mr Housden: Yes, it has had two meetings. Its terms of reference are demanding.

Q19 Mr Touhig: Does it have any powers of direction? Can it say, as a government committee, to the chief executive or whatever: “You will do such and such; this is our objective, deliver it”?

Mr Housden: The Cabinet Committee will have the responsibility for the overall strategy and spending within the Gateway. Individual secretaries of state and permanent secretaries will be responsible to Parliament for their funds in the appropriate way. The importance of a powerful programme plan, as the Report commends and which we are moving towards, will be to bind partners into those commitments.

Q20 Mr Touhig: Last time you tried this you abandoned it after a number of years. You say this Cabinet Committee has met twice?

Mr Housden: Yes.

Q21 Mr Touhig: But it has no power to direct or guide or insist on these objectives. The objectives are to build 160,000 houses *et cetera* and create 180,000 jobs but this board has no power to actually make that happen.

Mr Housden: I think we will. The plan is that following the spending review settlement and following the completion of the feasibility studies—November is the target date—a plan will be published for the Thames Gateway. That plan, in my estimation, will go to the Cabinet Committee that succeeds Housing and Planning, will be approved and will become government policy. We will then jointly and severally as accounting officers be responsible for making sure our departments and agencies actually deliver those commitments. That does not feel like a committee that is going to allow these things to dissipate. You said that we abandoned but we actually changed the previous arrangement because it did not deliver a sufficiently sharp and focussed accountability; it mixed up local stakeholder engagements with cross-government involvement.

Q22 Mr Touhig: You have a committee with the partners, it is chaired by the Minister.

Mr Housden: Yes.

Q23 Mr Touhig: Does that committee take any executive decisions?

Ms Armitt: The Thames Gateway Strategic Partnership has crucially been a group that agreed the interim plan. There was a very significant step forward which indicates the level of buy-in, as the Permanent Secretary was saying, and I think demonstrates as well that we have for the first time got a collective vision across all of the Gateway. It is a sign, I think, of how much progress has been made in the last four years.

Q24 Mr Touhig: But it does not take any decisions?

Ms Armitt: Coming to the issue of decisions, as the Permanent Secretary was saying, the HP (Housing and Planning) Committee can direct in a situation where there is any disagreement between government departments, but in undertaking regeneration it is critical for stakeholders—over whom of course government may not have direct control because they may, for example, be members of local authorities—that power and influence is achieved by other methods.

Q25 Mr Touhig: You have created another talking shop in other words. Your minister goes along there, feels that the minister has hands-on, the stakeholders feel they have access to a minister, have their two pennies’ worth, off they go and nothing happens. Yes? Tell me I am wrong.

Ms Armitt: I would point to the interim plan as a major step forward. I would point to the level of consensus building that the Thames Gateway Strategic Partnership has achieved and I would point to the recent understandings on flood risk management and on transport infrastructure as understandings of priorities across the Gateway that had not occurred before.

Q26 Mr Touhig: On the visit last week I rather felt that there was not a consensus because certainly the aspirations in Medway were quite different from the hopes and aspirations of Barking. We were told, I thought, by the Chief Executive of Barking that really when you talked about housing development you are thinking of putting housing in but what about all the infrastructure? They had to persuade you that housing does need roads, it needs schools and other facilities and you are really looking at this very much as a housing project. It was quite different when we talked to the Leader of Medway Council about what his aspirations were out of this plan. I do not know where you have got this consensus from. It did not appear to me to be consensual.

Mr McCarthy: If I may answer that, I think first of all the places are very different and we are tackling different issues in different places. The Thames Gateway is both a regeneration and a growth project; it is about economic growth and housing growth. In the context of Barking I hear what you say but in my view it is us and the local council who work together and through our actions create a plan—not just a vision—to deliver more than just housing in Barking. If we look at Barking Reach, one of the largest brown field sites in the UK, on that site which was purely housing as originally planned by the developers, we used our resources through English Partnerships to buy a joint venture stake. We now own 49% of the company that owns Barking Reach. Through that investment and that influence we will have a development that will include shops and schools and local health facilities and jobs as well as housing. Of that housing provided 41% will be affordable housing. My challenge back is that that is a shared vision with the

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local authority and our shared investment has created and brought forward a plan with transport infrastructure and so forth.

Q27 Mr Touhig: That seems to be progress. I have very little time so I would appreciate if you would keep your answers as tight as you can. The point I am making is that I certainly had the impression from Barking that they had to persuade you of the need for all the infrastructure. I also had the impression—I do not know whether other colleagues had the same impression—that they saw you as a source of funding that was in addition to what they would otherwise get. The point I am getting at is that because it seems to me there is no central overall control and strategic direction this cannot succeed effectively. I take the point that the Chairman makes, why have you not gone down the road of creating a development corporation? We have one in Cardiff Bay; it worked very well. Cardiff Bay would not have happened if it had been left to the Wales Office and Cardiff City Council. We needed to bring in a group of people who had business experience and skills and so on in order to make that place change. The Docklands Development Corporation that the Chairman referred to was the same. I know this is a much larger area but it just seems to me that this is drift and hope and aspiration that you can get people to buy in and if they do not buy in you have no sanctions to do anything about it and you go on spending these vast sums of public money.

Mr Housden: The point that particularly resonates with me is the one about this not just being a programme about housing. I think the ambition that is embodied now in the Gateway vision is of a complete community regeneration scheme that is driven by a much more vibrant economy, 180,000 new jobs, mixed sustainable communities, high degrees of environmental protection and development. All of those things in that right vision are what we are talking about. Yes, it will need that but there is no single source of authority in government that can deliver that range.

Q28 Mr Touhig: Not if you do not want to do it.

Mr Housden: Even if you had a development corporation with planning powers they would still need to be persuaded. The Secretary of State for Education and Skills, for example, to mandate the Learning and Skills Council, to engage, to tackle this very low level of skills which is one of the key things for actually generating more economic growth and productivity in the area. No development corporation would be able to do that on its own.

Mr Touhig: I disagree with you entirely. You should travel and see what they did in Cardiff Bay. That is a huge example. Why re-invent the wheel when you have a system that works. I am conscious of time, Chairman. You have mentioned you will be coming back; I am sure we will both be coming back when we are drawing our pensions at this rate before you actually achieve what you want to.

Q29 Ian Lucas: If I could refer to paragraph 4.6 of the Report dealing with employment issues, the good news is that the number of employees in the Thames Gateway has increased by 6% between 2001 and 2004 compared to an increase of 1.6% for the UK as a whole. Have you information about who those employees are? Is it among existing communities or are they people who have come in from outside?

Mr Housden: I am not sure we have that information.

Q30 Ian Lucas: Is that not rather an important point to know?

Ms Armitt: I think we do know actually that both in the number of new houses occupied and in terms of new jobs that there is a surprising level at which existing communities are able to benefit. One test of that was a recent residents survey of new housing in Chatham Maritime (which is one of the award-winning schemes in the Gateway) where house prices are much higher than they are in the surrounding area. This residents survey showed that the average distance of the new residents that they had moved when occupying those houses was 6.5 miles. I think that is an interesting indicator that would tend to suggest that this is not about large numbers of people moving in. Of course there is a degree to which new jobs, for example in Canary Wharf, are occupied by people commuting in and of course it is a very important part of our programme that we should ensure that the existing communities of the Gateway can benefit as we move forward in terms of jobs. That is very much a new theme of the interim plan.

Q31 Ian Lucas: Your response related to housing and residents; my question talked about employment.

Ms Armitt: I do not have an equivalent survey I am afraid.

Q32 Chairman: Why answer a question which is not put to you? What is the point of that?

Ms Armitt: I thought it might be helpful.

Chairman: It is reasonable to attempt to answer the question put to you in future.

Q33 Ian Lucas: Is it the case that you do not have that information? Is it available or is it something you have not looked at? What proportion of jobs created are being filled from individuals within existing communities?

Ms Armitt: We do not have this historically. We will be monitoring it going forward.

Q34 Ian Lucas: How are you going to measure the success of the benefit of the project for exiting communities if you do not have that information?

Mr McCarthy: What is important is that we recognise the levels of unemployment which are higher in the region than for the areas immediately around it. We also have low levels of educational attainment than we have elsewhere and we realise that actually to really build and fuel the knowledge

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economy in the Gateway you need people at level three and level four and we just do not have sufficient numbers at that level. We will have indicators which will show the level of attainment and crucially levels of worklessness which we would expect to see fall during the period. We know where our employment is going to be generated; we are quite clear about the locations. Some 16,000 to 19,000 jobs at Shell Haven will be a very mixed package of port and logistics through to office based jobs in Ebbsfleet. We will have a very mixed economy of new jobs coming in. We will look and track worklessness and we are also working to increase the skills levels which again we will be monitoring with DfES.

Q35 Ian Lucas: Can you tell me a little bit more about what work is being done to increase the skills levels because I think this is key.

Mr Housden: You are absolutely right. We understand it is something like 31% of the population in the Gateway have no formal qualifications. If you set that alongside the estimate that of the new jobs we expect to create something like 60% of them will require a level three qualification you can see the gap. The good thing I think is that attainment in schools, the bedrock of it, is improving slightly more quickly than the national average if you look at the GCSE measure. It is uneven of course between the different boroughs and between different schools but the overall trend is up. There is more work for us to do there. The Learning and Skills Council (LSC) who have the responsibility for vocational education are working hard with us at a number of aspects of all of this. They have made a commitment recently to provide free tuition for people under the age of 25 to secure a level three qualification who currently have none. There are some incentives there. Richard mentioned worklessness, there is some powerful work going on in East London to pilot a scheme. You might be familiar with this *Train to Gain* initiative which is actually engaging with employers and providing tuition on employers' premise. This type of approach across the Gateway we think will be very important.

Q36 Ian Lucas: Those initiatives that you have referred to are mainly central government initiatives that apply everywhere. Is that not right?

Mr Housden: Yes, the LSC's policies are around all this but the important step forward recently with the Learning and Skills Council has been their commitment to produce a skills plan for the Thames Gateway which we would expect in the early part of next year. They are getting more place specific. There has been a very powerful value-add from the actual Thames Gateway project in relation to further and higher education. There is an advisory group that Bill Rammell chairs that underpins the work going on in different localities. The investment of the Thames Gateway, Communities and Local Government, into the Universities at Medway joint venture is a very powerful device there which has increased participation already. Over the other side of the river in South Essex you have the Essex

University Further Education Collaboration which is providing important progression. There are explorations of the idea in which you can provide guaranteed progression. What this actually involves is that when somebody starts on a journey of acquiring vocational qualifications you guarantee them in this case that if they become qualified they will get a place to do a level three and a level four qualification in the Gateway. That type of surety for communities who are not used to educational attainment and ambition we think is important.

Q37 Ian Lucas: Is there a temptation for employers who are carrying out work in the development of the Thames Gateway simply to go for the quick fix and not use residents from existing communities on the project as a whole?

Mr Housden: Clearly there are challenges. If you take the Olympics for example and the expectations around employment growth associated with the actual creation of the Olympic facilities and the Games themselves, there is some specific work going on within the overall Olympic project to make sure that local communities actually benefit from that type of work. I think the difficulty will always be that some of the higher skilled jobs—Judith mentioned Canary Wharf but there will always be other aspects in construction and finance services all across the board—where the needs are immediate. They all show the importance of a serious investment in skills in the Thames Gateway area.

Q38 Ian Lucas: Have you made any assessment of the recognition of the Thames Gateway project across the rest of the UK on the general population?

Ms Armitt: Not across the rest of the UK. We have done a residents survey on the Thames Gateway to find out residents' understanding of it and we are undertaking a series of annual surveys to map how that trend is changing over time.

Q39 Ian Lucas: Do you think it is important to promote the Thames Gateway across the UK?

Ms Armitt: I think it is crucial to promote the Thames Gateway across the world.

Q40 Ian Lucas: I do not think my constituents know anything about the Thames Gateway.

Ms Armitt: I think the NAO Report fairly points to the importance of a new investment in both marketing and in terms of communications. We have accepted that and we have started work on that. The cross-government board that the Permanent Secretary mentioned has already considered the first draft of a new cross-government communications strategy.

Q41 Ian Lucas: So in three years' time my constituents will be able to recognise the Thames Gateway and know where it is.

Ms Armitt: I do hope so, yes.

Q42 Dr Pugh: I was fascinated by the trip we had around there because it gave me some idea of the huge scale of the enterprise you are involved with. I

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think it has already been said but can you confirm that there is nothing quite like it in the UK and do you know whether there is anything quite like it elsewhere in Europe in terms of its scale, its variety and its ambition?

Mr Housden: We think the NAO are probably right to say that it is the largest and most ambitious certainly in Western Europe.

Q43 Dr Pugh: Following on from that I wondered what they could possibly say about what you were doing, given that in a sense you are a one-off in the UK, with certain amounts of complexity attached to the delivery of what your objectives are because of the number of partners and different organisations, councils and boards you are involved with. As I read through the points—I did look at the Report after I made the visit—I tried to anticipate in my mind the sorts of things they would say. The sorts of things they would say are exactly what I would expect people to say in a report of this ilk, that you should coordinate more, assign responsibilities more clearly, establish a shared protocol, but as I went through the recommendations by and large what they were recommending was not that you did something differently but you did some of things you are already doing better or in more clear ways or in more forceful ways and so on. As a result of that I wondered whether you actually learned anything or whether you were surprised by anything as a result of the NAO Report. There is very little in it that I would not have anticipated myself.

Mr Housden: Did we learn anything? I think we did. The process of actually thinking about what the specifics of a programme plan to match the scale and complexity of this I think have not been attempted before. We are trying in the design of this to make the lines of accountability as clear as they can be and to build upon the good working relations that have been established. I think we learned some more about each level of this actually. We learned something about programme management and it made us reflect I think on the nature of the relationships that we have with the local regeneration partnerships and how, through stakeholder management and work on the ground, we bind those together.

Q44 Dr Pugh: What I am asking really is whether you were learning those things anyway or did the NAO Report come to you like a blinding light of illumination that suddenly showed you things you had not rumbled across on your own?

Mr Housden: The paragraph I was wanting to finish in my opening response to the Chairman was just to say that we approach this with, in my view, proper humility and I think the Report will help us and it will help across government and beyond for people to realise the scale of the ambition. Ministers have laid down some very bold statements on carbon neutrality and so forth and properly commissioned a feasibility study to see in that case and in others what these really amount to before they are put into a programme plan. I think all of that was serious and well-measured and will help us and others actually

rise to this challenge. You are quite right, there are a number of aspects of existing work that gives confidence that we can do it and that it will work.

Q45 Dr Pugh: Far be it for me to be over-charitable, but the line of criticism being followed so far by other members of the Committee has been that you ought to behave in a more *gau-leiter* type of way or ought in fact to be a different vehicle for delivery than you actually are. I think your powers are relatively modest although your ambition is great. Is that a fair summary of where you think you stand?

Mr Housden: I think we know how to orchestrate the range of statutory powers and funding levers that are open to us. I have confidence from some of the work that has already gone on in the Gateway that we know how to see round corners and to tackle blockages that would otherwise be bedevilling us. Perhaps you went to Ebbsfleet where there is a classic regeneration log jam in prospect of a very large, powerful development actually being held up by the legal duty on the Highways Agency to be satisfied that actually the scale of the development is consistent with the capacity of the local transport network. The big problem was that you could work out how much it would cost but where was the money actually going to come from. I think the solution that has been developed there which I played no personal part in is innovative in the sense that it does not only draw a capital contribution from the developers themselves and from our Department and from the Department for Transport (DfT), but also looks at the development of tariffs. As that development is rolled out over 20 years and people make investments there, they will actually be contributing to the cost of that mixed range of transport interventions which have enabled the Highways Agency to remove their objection around that M25/A2 junction. That type of thing was complex and difficult. It was driven by colleagues in the Thames Gateway with people in the DfT. It was about solving a local problem that otherwise would not have been solved.

Q46 Dr Pugh: I am interested that you use the metaphor of orchestrate because that is what in fact I understand your role to be but it is not an exact metaphor is it, because, whereas when you are conducting an orchestra you have a symphony already written, in this case you have many of the key players and sub-regional partnerships writing bits of it as they go along. Is that not the difficulty really, that in one sense you have a shared vision which from time to time is modified by whatever government ambitions are imposed upon you and from below you get a different set of designs appearing quite genuinely from individual community initiatives?

Mr Housden: I think you put it well. I used to work in local government and so I have seen this from the other end of the pipe. What was absolutely clear to the council I worked for was that they did welcome support from central government and from regional agencies, but they were accountable to local people for what actually happened in their back yard.

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Q47 Dr Pugh: In a way that the dockland regeneration companies have not been.

Mr Housden: I hear what you say, but going forward that mixture of local accountability, closeness to the people, being able to tune it to local frequency seems to me to be very important. What you want here is the cake and the halfpenny. You want that local buy-in but you want a strong national and regional framework that is going to help you get places that you would not get on your own. I think when I was in local government I underestimated the help that I needed and got from others. I think that is a natural tendency actually.

Q48 Dr Pugh: In terms of what you are spending money on, I looked at the graph and an absolutely huge amount of what you are already spending is being spent on contaminated ground, recovering it and taking the risk out of it and so on. It is an absolutely colossal amount. If we look at that amount and ask where else it could be put into regeneration and what good it could do, there might be a question mark about how far you go down that road. Certainly coming from the North West where we are always keen to see good regeneration we could not see that type of money being spent on ground in our neck of the woods. Do you have a sense that there is a limit to that, that you are going to be in a position relatively soon, given the limited resources you have, of reining back on the amount of land recovery you are doing and looking at other ways and maybe other places to spend the money?

Mr McCarthy: I think the important thing to recognise is that we have an area of market under-performance, we have an area of post-industrial decline, we have a population with low levels of attainment and we have over 3000 hectares of brown field land next to a leading world city. There is an economic opportunity and major international and national infrastructure going through it with two new international railway stations. What you have is a need for regeneration and a huge economic opportunity for London and therefore for the UK.

Q49 Dr Pugh: If it had been that huge economic opportunity private enterprise would have got there ahead of you.

Mr McCarthy: Yes, but the fact is that we are trying to create a market. What we are trying to do is score our intervention and direct it in the way that changes the market conditions that facilitates the much greater levels of private sector investment that is required. A conscious decision has been to try to bring forward significant amounts of that brown field land into the market and to actually set our level of intervention at a level which is only that which is required by the public sector before it trips in, gets you to that sticking point where it is viable for the private sector. As we see values rise so you will then start to see other sites brought forward by the private sector without either the scale or maybe without any intervention. You may find that over time we can adjust our intervention and the balance of it as those

conditions develop and change. We are building a new market; we are creating an opportunity for people there now and for investment in the future.

Q50 Mr Mitchell: Speaking from a basis of northern prejudice which some describe as total ignorance but I describe as shrewd common sense, I think you are heading for a disaster. You have a huge project here with inadequate central control and drive which does not conform to the requirements for success set out by the NAO in its study of European cities *How European Cities Achieve Renaissance* which is the need to develop a clear, shared vision backed up with strong leadership. You have too many fingers in the pie and there is inadequate sense of central direction and drive.

Mr Housden: That is not my sense of it, Mr Mitchell, I must say.

Q51 Mr Mitchell: It would not be would it, but you have to answer.

Mr Housden: I think my view would be that what you have had in the years since 2003 particularly is a gathering momentum of a number of government departments and agencies—with ourselves particularly but also DfT and others—actually recognising the scale of need in the Gateway and also the opportunity. We have not talked much about that but if you think of the opportunities the Channel Tunnel high speed rail link, the Shell Haven investment by Dubai Ports and so forth, there clearly is going to be some significant opportunities for growth and regeneration. The thing is to capitalise on this and use public money in an intelligent way. I think what this Report is saying is that ministers have now seized that opportunity, they have been clear that they want to achieve their broader environmental objectives within the Gateway and to secure an exemplar and we have all recognised that that will require a step-change in the programme management and integration.

Q52 Mr Mitchell: This project has been spun from a department which has been a mess, which has had a cataclysmic failure in housing where our record is worse than any time since the 1920s, which has little authority in central government, it certainly did not have the money to fulfil its projects and since 1997 has been having grandiose visions and very low achievement and you are now rushing to catch up with a government which has now committed to a big housing drive. I assume it is; that is all the reports we are getting. Clearly we are going to have substantial housing drives so you are now jumping on a new bandwagon but have been messing about for ten years.

Mr Housden: I think the Department has actually made very good and effective use of the resources that have been made available to it in terms of housing growth, in terms of increasing the amount of social housing being constructed, in terms of the decent homes programme, the housing market renewal. There are a whole series of interventions

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where we stand accountable to this Committee for the value for money we have secured for public investment.

Q53 Mr Mitchell: These are all patchwork interventions; there are too many fingers in the pie. When I look at it you have Invest Bexley, you have Woolwich Regeneration, you have Swale Forward, Medway Renaissance Partnership and Renaissance Southend. Each of these are area projects looking after the interests of their specific area rather than developing it with an overall vision of this new dynamic focus that Thames Gateway needs to have.

Mr Housden: I think you want both of those because if we were talking about a major area of regeneration including Grimsby I suspect you would want Grimsby to have its hands on the tiller and have a real stake in how public investment in that area was going forward. I think the same story would be true for each of these nine partnerships and communities within them.

Q54 Mr Mitchell: If I was offered in Grimsby—which clearly is central to this argument—a national development and national priority and a development parallel to the new towns of the 1940s I would rather it was furthered by central government and a dynamic drive from central government than by a higgledy-piggledy set of local authorities all fracturing with each other.

Mr Housden: I am sure we would too. Judith, tell it how it is.

Ms Armitt: I think the National Audit Office have seen that one of the great successes of the Department in the early years of the programme has been the creation of the local regeneration partnerships that you mentioned, the nine of them. I think the table that they have laid out—which is table ten on page 21—mirrors in fact both the benefits and the risks that Members of the Committee are drawing attention to. My reading of that table is that actually the benefits outweigh the risks although the risks are of course risks that we must be vigilant about. The area that the Committee is exploring is about how to make the best balance between devolution of power and the involvement and inclusion of local communities (a Member of the Committee was asking questions about that earlier on) and at the same time how to take a strong grip at the centre.

Q55 Mr Mitchell: You are now that strong grip at the centre; do you have enough power?

Ms Armitt: I feel I do.

Q56 Mr Mitchell: So you will not be coming back to us in two years' time saying that the thing failed because you did not have enough authority?

Ms Armitt: I do hope I can undertake to the Committee that if I get to that point I will come back where I need to come back before two years. I feel myself that the authority I need comes from three key aspects. Firstly, the fact that being at the heart of the Department (and this is the largest

programme that the Department invests in directly itself) gives me access to ministers that many people in my position do not have.

Q57 Mr Mitchell: The Department's policy on housing, apart from dismal failure, is subject to variations. Who is providing now for housing? Is it RSLs? Is it PFIs? Is it local authorities? We understand now that local authorities are going to be allowed to build again after years of not building, who is actually doing the housing? The rate of housing development is actually lower in this area than in the rest of the South East?

Mr McCarthy: Yes, and that is exactly because of the market conditions I referred to. We are investing in creating the market conditions that will secure both more housing association investment in affordable housing—

Q58 Mr Mitchell: Not council.

Mr McCarthy:— and more private sector investment. Councils at this point in time are able to invest resources, are able to bid for Housing Corporation funding but the total cost of those developments counts as public sector expenditure. I cannot at this stage comment on speculation during a campaign for labour party leadership and deputy leadership about what may be the arrangements for funding new housing provision in the future. That would not be right at this stage because we do not have a clear policy.

Q59 Mr Mitchell: I appreciate that, but that is part of the uncertainties you have been dealing with for ten years and the policies are constantly changing.

Mr McCarthy: It is quite clear since 1997 there has been a very significant investment in improving the conditions of local authority housing through the *Decent Homes Programme*. Secondly, in recent years the provision of new social housing has increased in the current spending review period; it rises by 50% through that period. The Secretary of State, Ruth Kelly, has recently said that her priority for the current spending review is to increase further still the provision of social rented housing. The third element is, from a low point in 2002 where we had about 130,000 homes provided across the piece in England, we are now up to 185,000 homes being provided, so we have increased our provision. I should also add the level of homelessness now, in terms of new homelessness acceptances, from the latest figures announced on Monday is now back down to the figures for the low 80s.

Q60 Mr Mitchell: Is there going to be any conflict with the plans for the Olympic Games? It is in the area; do its plans cut across the development of this area or does it complement and boost it?

Mr Housden: It will be very important for the Thames Gateway and overall that the regeneration promise of the Olympics is actually delivered. I think it is fair to say that one of the key aspects of the success of the bid was that regeneration promise and we are, within the overall Olympic management arrangements, responsible for two aspects of that

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legacy, about sustainable communities and also about making sure that the diverse communities that are covered by this actually get a proportionate benefit from that going forward. Yvette Cooper, Minister of State for Housing and Planning, is actually within the ministerial structure that oversees all those arrangements. The Olympics is a huge boost for the Gateway as a whole. The importance for us will be to ensure that not only in terms of the construction phrase and the actual running of the Games but going forward it makes a lasting investment.

Q61 Mr Mitchell: Does the Department—which the Chairman characterised as a second order department—have the authority in government to drive through all the concomitant areas because you are not going to have this development unless you expand the hospitals, build new hospitals, new schools and particularly provide transport links. A lot of people are going to come into London via rail, roads and bridges in an area which is very heavily pressed in transport terms already. Can you get these developments, without which your project will fail, out of central government? Is the money there for them?

Mr Housden: The amount of public money that the Government wants to spend on the Gateway will have to be resolved in the Spending Review against all the other priorities it faces. I think the key challenge for government ministers going forward here is actually through the Cabinet Committee to drive their collective commitment. It is worth saying that the Thames Gateway has been a mission critical project for government for a little time now and its importance is likely to go up rather than down; the fact that we are going to have a Cabinet Committee, we are going to have a programme plan binding in spending commitments from the Spending Review backed by the group that Judith chairs that is charged with directing delivery, gives me some confidence that we will be able to do that.

Q62 Mr Mitchell: So you are expecting a new boost from the Cabinet Committee driving it?

Mr Housden: Yes, definitely.

Mr Mitchell: I am delighted to hear it.

Q63 Derek Wyatt: Can I just ask the NAO first of all, the photo on the front does not include the whole of the Thames Gateway; it only includes half of it I think. Is it possible to wrap a photo wrapped round next time? Also, if you go to the map which is included in the back, I hate to say this but you have Sheppey spelt S-H-E-P-P-Y; I do not know who did your reading. I wonder if we could stay with the map, you have two projects in my constituency (I think I am the only MP here representing the Thames Gateway), you have number four which is called Flying Start which actually will need a huge investment from the Lottery, the big Lottery (in fact they are there next week for two days), but that has nothing to do with the Thames Gateway. Secondly, you have a bridge which is a £100 million. I cannot remember a letter I got from the Thames Gateway

about that bridge. I fought single-handedly for that bridge for six years; I do not remember the Thames Gateway ever participating in any of the meetings or having anything to do with it. I am interested that you have four and five but you do not have the Northern Distributor Road which is about £25 million that is going to go, in nor the Rushenden Link Road which is £19 million at Queenborough. I wanted to know why you have just put some in and not all in.

Mr Corner: It was just a choice that we made. We talked with the departments about what would be the key significant developments to actually put on the map and these were the ones that we selected.

Q64 Derek Wyatt: If you take Queenborough this is actually a SEEDA (South East England Development Agency), a development agency project; it is not a Thames Gateway project. I have written to Judith Armit and I have written to Ms Alexander at SEEDA asking if we could have a joint meeting because it does not seem to be that the left hand is talking to the right. I make the point that there is this thing called the Gateway but it is very hard to know exactly what it does. Chairman, you asked if there could be a development corporation. I think you might be right if the Lea Valley area is a development corporation but for this I think it needs to be an RDA and what I want to know is why it is not an RDA. I now want to turn and ask why the government has not made this an RDA? It would be much better if it were an RDA. This is a fudge. The RDAs are working, we know that, we have some history behind them. Why is not an RDA? It would be the biggest in Britain so it would be good to have it as an RDA.

Mr Housden: It would be perfectly possible to re-draw the RDA boundaries. They are of course co-terminus with a whole regional architecture in England so those things would have to be weighed up. What we have tried to do within the existing arrangements, Mr Wyatt, is to make sure that the three RDA bodies who are engaged in the Gateway are actually bound into the project and working effectively together. I understand they are now co-located with Judith, a small group of them, in with the Thames Gateway team so we are seeing a binding in in that way. Can we just make one point about your reference to Queenborough? I think this would be probably true in each of the nine partnerships. There will be developments that were going on which might have been originated wholly by local bodies. The important thing is—this is one of the bits of infrastructure we built up—that there is a local regeneration framework that seeks to understand how each of those programmes from wherever they spring actually adds up to a coherent programme. I think that as this programme develops you will see an ever thickening number of developments and interventions being made. The importance of the arrangements we are putting in place is to enable all of those to genuinely add value.

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Q65 Derek Wyatt: I understand all that but honestly it is drivel. I am sorry; it is just not happening on the ground. I am the local MP and I know what is going on. You have decided the Thames Gateway stops half way through my constituency. Luckily it is in my patch; it is not in Hugh Robertson's patch which is Faversham. Swale Borough Council has not had a Chief Executive for six months; he is on gardening leave. We have Swale Forward which is the way in which you wish to deliver the thing but if you look at what the Audit Commission says about what we do it says that we are either fair or weak. We have been fair or weak as a Borough Council for ten years. What help are you giving to improve the quality of the officers so that instead of being fair or weak they can deliver. For instance, we have now lost the timescale for the Northern Distributor Road so we may lose £19 million because it is out of date. It is because Swale Forward is good only at producing coloured brochures; it is not actually good at delivering projects on the ground. Why do you not close it down? What I am trying to understand is that I do not think in my community we have the core skills. It is your job to actually do something about this. Why have you let it fester?

Ms Armitt: I can certainly talk in terms of Swale Forward and there are, as Mr Wyatt knows, some valuable projects. As you said not all of them are Thames Gateway funded but some of them are. Some very, very good work is going on now. The second crossing of the Swale—you are quite right that is not a Thames Gateway funded project, that is being funded from elsewhere in government—has brought access to the Isle of Sheppey and has brought, for example, jobs such as the recent decision by Aldi to base their regional centre on the Isle of Sheppey which would not have happened before. The work on Queenborough and Rushenden has used a very innovative planning for real exercise as you know. There are projects that Swale Forward are undertaking and are undertaking well. When it comes to the issue of the boundaries, of course boundaries were set some time ago. My understanding is that the boundaries were drawn in order to bring together all the Thames Gateway with a common history and common socio-economic characteristics. The point you mentioned, Faversham, is really rather different to that part of Swale, as you will know, and has more in common perhaps with next door Canterbury than it does with Sittingbourne.

Q66 Derek Wyatt: The thing is though, it is in Swale Borough Council. It does not make sense to have something where one half is in one place and one half in the other and then when the boundary commissioners move the electoral position I have now got parts of my constituency that are not going to be in the Thames Gateway. This is nuts. Let me move on. In the Report it says on page 12, "The Government wants the Thames Gateway to be a world class region with unrivalled locations for living and working". Can you tell me what is world class about the university and further education system in the Thames Gateway? Can you name one

university that is in the top 20 in the world in any of its departments or any of its research facilities? If you cannot, what are you doing to make this a world class area for higher education and further education?

Ms Armitt: I would venture that the new joint School of Pharmacy at the Universities at Medway campus is of world class status.

Q67 Derek Wyatt: In *The Times*, *The Guardian* or in fact the Chinese league which are published it is not in the top 20 in the world.

Ms Armitt: The joint School of Pharmacy is doing phenomenally well.

Q68 Derek Wyatt: It says "world class". You want to be aspirational; I want to be world-beating. We have India and China, Brazil and Russia coming over the hills, what is world class? I have a very large population and I have no further education. I have 400 kids getting on a train every day going to Canterbury or Rochester. That is not world class in my constituency. That is ten years of no further education. My other further education college on the island does hair dressing; that is really skilful and I know we need hairdressers, but the point is that I do not get what you are driving locally. I am a housing theme park. I am going to have 10,500 houses in my constituency forced on me in the next ten years but there will not be the jobs and there will not be the schools, the hospitals and doctors? Why? Why do you want to do this to my community? We do not want these houses.

Ms Armitt: As you know, Mr Wyatt, we are working very hard to try to ensure that we bring jobs to Swale as well as houses.

Q69 Derek Wyatt: The Aldi which you mentioned, to be fair, is a regional headquarters with a hundred jobs maybe.

Ms Armitt: Two hundred.

Q70 Derek Wyatt: Unskilled or skilled?

Ms Armitt: Largely unskilled.

Q71 Derek Wyatt: That is really helpful for me.

Ms Armitt: You will also be aware of the proposal to expand the Kent Science Park which you personally do not support.

Q72 Derek Wyatt: There has been no science park built in Britain without a university attachment, that is why.

Ms Armitt: Okay, but that would be an example of bringing jobs in the knowledge sectors of the economy.

Q73 Derek Wyatt: It will not. It is not a science park; it is a myth; it is a business park. Only a third of the jobs are currently in science. You have been conned by the Mars Bar Pension Fund. I have been there; I have done that. Nobody wants that park.

Ms Armitt: The third project I might mention is Neats Court associated with Queenborough. Of course the new residential developments coming to

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Sheppey are potentially very attractive developments on the waterfront. You are right that there are housing proposals for that part of the Gateway but there are job proposals as well.

Q74 Derek Wyatt: All that is private sector, it is not you. All this is happening without you. If the marina happens, it is private. It is Peel Holdings that own the docks, it is not Thames Gateway.

Ms Armitt: We are seeking to facilitate a whole series of projects in Swale.

Mr Housden: Mr Wyatt, there is a point about the conditions under which private investors have the confidence to come into an area. No-one here on our side of the table or our ministers are seeking to argue that all of the good things that are happening in the Gateway are the responsibility of the Thames Gateway unit. We think we have played our part and have more to do, but we would never make that claim. Can I just take you back to your higher education thing because I absolutely agree with you that the words “world class” are bandied around and the world standard in higher education (happily in this country we have some real exemplars) continues to rise, it is not a static standard. To talk about new university developments in the Gateway in this way is very bold and very ambitious. I think, to go back to a number of comments that members of the Committee have made, here the role of the Higher Education Funding Council (again the Department for Education and Skills are sponsoring) will be crucial in terms of understanding what type of higher education facilities, both in relation to skills transfer and the science park development you are talking and in undergraduate/postgraduate work, will really fire the Gateway forward. I think that is the challenge. Nobody is suggesting that what is currently there meets those aspirations.

Q75 Derek Wyatt: Have you had serious talks with Imperial? Have you had serious talks with UCL or LSE? Have you had talks with Cambridge or Oxford? Can we get a proper, world class university system for the largest regeneration project in Europe? It needs a proper, world class university in it, not just mergers between Greenwich and Kent Universities which languish in the twenties and the eighties in terms of standards in the UK.

Mr Housden: You mentioned further education and the partnership between Essex University and South Essex Further Education College and that is exactly typical of the sorts of developments that are pulling communities—

Q76 Derek Wyatt: I am sorry, I just do not think your ambition is good enough for the largest regeneration project in Europe. I will move on. The £7 billion the Government has funded, can you tell me how much extra that has levered into the Thames Gateway from other sources? Can you tell me whether you have gone to venture capital companies, whether you have thought about

floating bonds in the City? Have you any other alternative methods of adding to the £7 billion or are you just basically a bank?

Ms Armitt: I would point to, for example, the agreement between Medway Council and a private investor to lever in £1 billion worth of investment which is to be seen in the scale of the support from the Thames Gateway of £100 million. Clearly that is a very significant leverage. Similar initiatives are being sought in Basildon and there are other parts of the Gateway that are showing great interest in what is happening in Medway and Basildon and we are seeking to assist those parts of the Gateway to develop similar initiatives. Ideas like that have come from our own unit in terms of seeking to make best use of the public sector money which is going into the Gateway and therefore we are typically seeking that if we make an investment as a Department that investment and those other public sector partners will eventually be recycled as sums to be received into other projects in the Gateway.

Q77 Derek Wyatt: You have been going 12 years and what you have just said is that £1 billion has come from one individual or one organisation in 12 years for additional money.

Ms Armitt: I think, as the Permanent Secretary said, it is only since 2003 that there has been any separate money going into the Thames Gateway.

Q78 Derek Wyatt: In four years.

Ms Armitt: I think it is fair to say that that is the product of four years' work. I think that is quite a significant development.

Q79 Derek Wyatt: What is your anticipation? Do you think you will lever in another £7 billion from the private sector?

Mr McCarthy: Significantly more than that. If you look at our investment into individual sites we might see our investment at the moment, for example, in remediating a site, maybe acquiring it, it looks like all of the investment. What is happening is that we are getting that site ready for onward sale and therefore significantly greater levels of investment. I think we are expecting something like £38 billion of investment here in the Gateway.

Q80 Derek Wyatt: By when?

Mr McCarthy: By 2016, of which a modest proportion is going to come from the public sector. Also, if you look at our activities and our investment, some of it is directly an investment. I expect us to get most, if not all, of our money back from the investment we put into that site in Barking in Barking Reach because we have taken an equity stake to enable that project to come forward and actually come forward with the sort of mix of the range of quality that we want to have. Our job is all about the level of public sector intervention that is required to facilitate private sector investment. If you take Shell Haven, that is the second largest inward investment project of its kind in the country and actually requires no significant investment from Thames Gateway funds but required our input as a

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planning department alongside Transport to facilitate from the private sector significant contributions through the planning agreement which was reached into infrastructure into the local area. We are now working with Transport to see what else we need to do to add to that infrastructure to facilitate further housing growth which flows from that economic investment by the private sector.

Q81 Mr Davidson: I enjoyed the visit we had. I thought it was really quite interesting and the number of projects you had there gave us room for thought. It is clearly a very ambitious scheme. What I am not so clear about though is whether or not you have special powers and responsibilities. Who is actually championing the Thames Gateway within government in ministerial terms?

Mr Housden: Ruth Kelly and Yvette Cooper.

Q82 Mr Davidson: Do they both have a degree of ownership on this and sit on and chair boards? Will their reputations be damaged if this does not succeed?

Mr Housden: Yvette Cooper is Minister of State for Housing and Planning and has a very active role. She chairs the strategic partnership with stakeholders.

Q83 Mr Davidson: And Ruth Kelly?

Mr McCarthy: Ruth sits on the Housing and Planning Cabinet Committee and also sits on MISC 25, the Olympic Committee. Yvette is represented on the Legacy Committee working with local partners on the legacy plans for the Olympics. Yvette also attends Housing and Planning committees with Ruth Kelly as appropriate.

Q84 Mr Davidson: I am not entirely clear from that response the extent to which they see this as one of the main issues that they will champion as distinct from other responsibilities. I would feel much happier if I thought that there was a single champion in government of this. I am very surprised and considerably disappointed by the exchange you have just had with Mr Wyatt as a local member. Can I ask when you last met all the local MPs?

Ms Armitt: There was a meeting of the Thames Gateway Parliamentary Group that I attended about three weeks ago. Not all the MPs from the Gateway attended.

Q85 Mr Davidson: How often do these meetings take place?

Ms Armitt: I have been very keen that they be reconstituted.

Q86 Mr Davidson: When did the last meeting take place, that is what I asked you? Before the one three weeks ago, when was the previous one?

Ms Armitt: It has been some six months since the last meeting.

Q87 Mr Davidson: I have made the effort to go and speak to some of the MPs who are in the area and almost uniformly they are pretty scathing about yourselves and do not feel involved in any way. I

think one of them said to me “If they give me another strategy document I will take it and shove it up . . . ” and you can imagine the rest. I think the general view was that you were very strong in producing documents but you were not very strong either in terms of delivery or in terms of consulting and involving them in any way. I find that surprising and disappointing and comes back to the question of championship and so on. If you do not have the local MPs behind you and based on the evidence of the exchange you had with Mr Wyatt it hardly seems that you are involving people in the way that we perhaps would like to believe. Can you comment on that?

Mr Housden: We would certainly want to see Members of Parliament seriously and regularly engaged. I think Judith is exactly right in her ambition to see those meetings held more regularly.

Q88 Mr Davidson: Why have they been either scathing or dismissive of yourselves do you think?

Mr Housden: It is difficult to argue with their perceptions. They feel what they feel about these situations.

Q89 Mr Davidson: That is right; I had noticed that as well. Surely you have to accept some responsibility. It is a bit like the point one of my colleagues, Mr Touhig, made earlier on about the other stakeholders feeling that you were a second division department and so on and did not have the clout to push it through. Everybody cannot be out of step bar yourselves and if this image has been created that you do not seek to involve MPs then you are not going to be able to call on their assistance when the time comes to push your projects. Has that ever occurred to you?

Mr Housden: It must be right that we need to involve MPs more and regularly in the way that Judith has talked about here. I think the important thing to recognise in terms of people’s perceptions is that there has been a phase of work where ministers have lifted their level of ambition. I recognise what you say about documents but if you run the other way round, if you make for example the types of statements that the Government has made about carbon neutrality and being exemplar you really do need to understand what would be involved in securing those objectives in a real area like the Gateway, hence the feasibility study.

Q90 Mr Davidson: Why, if this is so good and exciting, are the local MPs not jumping up and down with excitement and enthusiasm and telling me how wonderful it is and how much behind it they are and playing a part and feeling a sense of ownership? It seems to me that either you are talking mince or you have failed completely to communicate this vision to what should be, in my view, one of your key stakeholder groups. Does that not seem fair to you?

Ms Armitt: May I say that I actually would be very keen to see MPs across the Gateway more frequently. Some MPs are very keen on what is happening in the Thames Gateway and I can mention, for example, that the MP for Gillingham

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and the MP for Chatham and Aylesford were very pleased at the recent announcement by the Ministry of Defence, after discussion with this Department, that it was going to relocate from Lodge Hill and thereby release the site.

Q91 Mr Davidson: I completely understand that individual MPs are of course going to be enthusiastic about individual projects that are going on in their area but that is not quite the same as buying into the whole vision or being prepared to back the vision as a whole. Maybe I could just move on because I had a whole string of things relating to that that individual members have given me but I think it is much better that they sort it out with yourselves. I understand completely the points that were being made about preparing sites and about facilitating the market and making the infrastructure. What I want to explore is the extent to which you are prepared to intervene in the market. The first point I want to raise is in terms of employment. I was concerned, when I saw the scale of some of the projects, about whether or not this just simply becomes an employment boom for Eastern European construction workers as well as officials and planners. I was not convinced that there was actually enough effort being put in to make sure there was actually going to be local recruitment and training. You were delightfully vague when this was raised earlier on by one of my colleagues and it just gave me the impression that this is not as high up in your list of priorities in what is, I think, the poorest area of the South East as perhaps the Government would want. Could you just clarify that for me?

Ms Armitt: I would contend that this has come up the agenda very significantly since the publication of the interim plan.

Q92 Mr Davidson: Which was when?

Ms Armitt: The publication of the plan was in November last year.

Q93 Mr Davidson: So you had not thought of this before?

Ms Armitt: I do not think it is fair to say that we had not thought of it before.

Q94 Mr Davidson: It was not one of your prime objectives before November.

Ms Armitt: I would say that this is a very significant issue for the Thames Gateway. The socio-economic characteristics of the Gateway are such that none of us would want the target of 180,000 jobs to be created and for the communities of the Gateway—

Q95 Mr Davidson: I know all about that and it is waffle. Of the 180,000 jobs to be created how many are going to go to locals? What is your target?

Ms Armitt: Most of them.

Q96 Mr Davidson: What does “most” mean? Is that 51%? Is that 75%?

Ms Armitt: We have not set a precise target.

Q97 Mr Davidson: When do you intend to set a target?

Mr Housden: The target that we are currently working to in the sustainable communities plan is for 180,000 jobs. We of course do not create these jobs; we create the conditions where people will invest.

Q98 Mr Davidson: So you have no target.

Mr Housden: We have 180,000.

Q99 Mr Davidson: That is overall but you have no target for local employment. Usually when somebody says, “We do not employ these people directly” it is an alibi, as it were, that they are preparing in advance. Other organisations have been able to set targets. Organisations that I chair, for example, in my own constituency have clear targets of how many people from the local area we want to get into jobs that we know are coming. I am asking you, if I can do it can you and have you done so?

Mr Housden: I was going on to say that at the moment there is no target that would describe the reach of local people into those types of jobs. It would be open to government, when it sets the plan the other side of the spending review, to specify a target.

Q100 Mr Davidson: Let us be clear then, there is no target whatsoever that would see anything wrong in the entire 180,000 jobs being created being filled by people from outside the area.

Mr Housden: That would not be right.

Q101 Mr Davidson: In that case, there is a target is there not?

Mr Housden: There are a series of measures being taken in different parts of the Gateway.

Q102 Mr Davidson: I am not doubting that. I am asking you if there are targets and effectively you are telling me that there are not. Maybe I could move on. Could I just clarify whether or not, if you did ever get round to setting targets, you would have the power to enforce these on others. Take, for example, construction, would you have the power to tell people that contracts had to have a local labour specification? Would you have the power to say that labour must be directly employed rather than self-employed?

Ms Armitt: That sort of approach can be encouraged through procurement measures.

Q103 Mr Davidson: Not only can it be encouraged, it can be made mandatory. I am asking you whether you have the power to do that.

Ms Armitt: Our local partners have the power to do that through procurement and we could encourage them, but better than that would be to ensure that local people are sufficiently well-skilled that they would automatically stand a better chance.

Q104 Mr Davidson: You are trying to answer a question that I did not ask, as you did before. I am trying to clarify whether or not you have the power to enforce these rules on your local partners. This is

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the issue about whether or not you have sufficient powers for the objectives that we might wish to see set. If you are saying to me that you do not have the power to tell the local partners that they have to either directly employ or have other conditions applying to construction, then just tell us that. I also want indications from you as to whether or not it is your intention or whether or not you have the power to stop, say, gangmasters operating on construction sites, doing things—as is prevalent in some sites at the moment—such as reclassifying construction workers' security in order that they can sleep on sites. I do not think that is an acceptable practice; I do not think it should be an acceptable practice. I want to clarify whether or not, if you also believe it is an unacceptable practice, you actually have the power to stop it in your area or whether or not you say that this is something you have no control over in which case we then pursue another solution about whether or not your powers should be extended.

Mr Housden: In both those instances everybody working within the Gateway, whether they are public, private or something in between, will be working under the law in terms of procurement and in terms of employment regulation and enforcement. That is the framework within which we will work.

Q105 Mr Davidson: That is a no then, really, because employing people on contract specifications which make no mention whatsoever of local employment is within the law. If you are saying that your only criteria is that they employ people within the law then that totally washes your hands of putting any contract compliance rules in about employing local people.

Mr Housden: I am saying exactly what you are saying actually, that within the law there is scope for people within procurement—

Q106 Mr Davidson: I know there is scope. I am asking you whether or not you are in favour of that and also, if you are in favour of that, you have the powers to enforce it.

Mr Housden: It will be for ministers to determine the framework that they want to establish for Thames Gateway investment as part of the process going forward so whether I am in favour of it or not is of no consequence really. The important thing is that in both instances you describe they will be working within the legal framework.

Q107 Mr Davidson: You have evaded that one. To finish, again it is coming back to the question of benefiting local people, there has been some quite impressive transport infrastructure being proposed. What steps are being taken to ensure that that does not simply mean an explosion in house prices as commuters flood in to use the new transport links, thereby disadvantaging local people, some of whom will be on relatively modest incomes?

Mr McCarthy: What we cannot do is get into the business of trying to control market conditions and control market prices. What we can do is to try to ensure that we have a transport infrastructure that

benefits local movements as well as enabling movements outside where you live to work in another place. If you look at Kent Thameside which includes Ebbsfleet, if you look at Barking Reach, we have local new fast track bus services connecting with train and car. A lot is about the movement of people within a local area as well as the ability to commute. The second thing is about ensuring that our new housing developments have an appropriate mix of affordable housing, both social housing for rent and low cost equity sharing housing for first time buyers. As values rise we will have to adjust the appropriate balance of that housing to meet the local conditions at the time.

Q108 Mr Davidson: Do you have enough money available to ensure that the provision of affordable housing for local people on modest incomes will be sufficient?

Mr McCarthy: I can only say that we hope so. We are subject to three year spending reviews as you will be aware. I did make it clear earlier that our secretary of state says that she wants more money for social rented housing and if that is secured we will build even greater amounts of social rented housing within the Gateway, but we do have a growing programme already which you can see in the Thames Gateway right now. That is why I am confident about the 41% in Barking Reach of affordable housing.

Q109 Mr Williams: Mr Housden, is this a shambles or is it low priority or is it low priority and a shambles?

Mr Housden: None of the above, Mr Williams.

Q110 Mr Williams: It must have been low priority because you said that ministers have recently lifted their ambitions so that suggests they were not exactly at the top of their ambitions earlier. You do remember saying that?

Mr Housden: Yes, I do, but I think your interpretation of it is rather harsh because it is quite clear that you can start with ambitions for an area but conditions develop and opportunities arise. I think the issue around climate change would be a particular case in point where I think the general awareness—

Q111 Mr Williams: I do not think we need to go down those issues in the limited time we have available.

Mr Housden: In terms of the way the ambition for the Gateway has grown I think that is one of the key areas. That is the only point I wanted to make.

Q112 Mr Williams: Yes, that is what I am saying, it was low priority. It seems obvious. There were seven policy documents since 1995, that is a policy document every 21 months. It suggests that PR has been more a priority than getting anything done, or do you keep changing your minds?

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Mr Housden: I think one of the things that policy documents do is that they give you a platform to engage people so they can understand what is proposed and they can contribute to it and they can consult on it.

Q113 Mr Williams: It does that the first time but when you have your second policy document they get more dubious about whether they want to get involved. When you do it a third time they get even more circumspect about whether they get involved. When you do it a fourth time, a fifth time, a sixth time and a seventh time they are standing back and saying, "Does anyone really mean it now?" Is that not the reality? You cannot keep changing it all the time.

Mr McCarthy: First of all, I have most of them here actually for the Thames Gateway. The documents, if you look at them, have added depth and detail. If you look crucially at the document issues last November it was not just a policy document and a vision, it was also a detailed development prospectus that set out the projects that will go in the costed plan this year. I think it is important to recognise that. The second thing is that it was only in July 2003 that money was allocated to be spent and given the level of activity, the level of investor interest it would suggest that there is now a greater sense of belief there.

Q114 Mr Williams: That is interesting because it differs from what we were told in a briefing from the National Audit Office. They tell us that even after seven major policy documents since 1995 the Department still does not have an implementation plan and because of that it is unable to provide an overall picture of what needs to be done and unable to identify the additional investment needed to help ensure that the resources are targeted at critical projects. That is pretty damning, is it not? After all those years you cannot do any of that.

Mr Housden: The point I believe the NAO are making here, Mr Williams, is that the £672 million of Communities and Local Government investment from 2003 to 2008 was and is the subject of a proper overall plan with targets, with programme management, with investment criteria for which we stand accountable. The NAO are saying that given the Government's current level of ambition for the enhancement of the programme, a much more comprehensive, wide-ranging programme plan and all the things that go with it is required. We accept that and we have been working in that direction during the course of this year.

Q115 Mr Williams: Did I understand correctly, because I am not quite sure in view of subsequent answers you gave to Mr Davidson, that a Cabinet Committee has now been given responsibility for this?

Mr Housden: It has had that responsibility for a while.

Q116 Mr Williams: When was it set up?

Mr Housden: I am not sure when the Housing and Planning Committee was set up.

Mr McCarthy: The Housing and Planning Committee was established after the last election. Prior to that, MISC 22 was the Cabinet Committee.

Q117 Mr Williams: There is all the difference in the world between other cabinet committees having it as a part of their responsibility and having a cabinet committee with a responsibility. You say this committee was set up since the last election, so within the last two years.

Mr McCarthy: The MISC 22 specifically had Thames Gateway responsibilities when it was established.

Q118 Mr Williams: Yes, it had those responsibilities. I have served on 22 cabinet committees and there is all the difference in the world between having a cabinet committee dedicated to something and having a cabinet committee that has a whole range of responsibilities. When you tell me there is a cabinet committee with responsibility I begin to take it seriously. Before that I do not believe a project as complex as this could be getting anything other than notional attention, otherwise why did they need to set up a separate cabinet committee? Why bother? Why not leave it with MISC?

Mr Housden: Just for the absence of doubt, the Housing and Planning Cabinet Committee has a wide range of responsibilities; it is not dedicated to the Gateway.

Q119 Mr Williams: It is not dedicated? That was the impression the Chairman got as well, that there was a special cabinet committee.

Mr Housden: If there is a choice I think the advantage of it actually being under an umbrella committee is that when—

Q120 Mr Williams: If you tell me it has not been set up that even more underlines my conviction that this has been low priority and possibly remains low priority. So you do not have a dedicated cabinet minister with all the involved departments serving on one committee working towards a particular objective, which was the impression I am afraid I drew and I think the Chairman drew from one of your answers very early on. It is just as well we have clarified that otherwise we would have had a misunderstanding. Coming back to the shambles concept, if you go to page 27 we are told that there is still no identification of critical path projects. The critical path projects are those which facilitate the achievement of the carry-on objectives. There is no identification of these according to this Report. Is it wrong? You signed up to it.

Mr Housden: It is correct.

Q121 Mr Williams: So from 1995 to now you still have not identified which are the critical path projects, so how on earth could you be getting anywhere with the non-critical path projects in any meaningfully organised way?

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Mr Housden: I think if you look at what is happening on the ground at Ebbsfleet and Rochester Riverside and Barking Riverside you see mission critical aspects of the Thames Gateway programme being vigorously addressed on an inter-agency basis. The point the NAO Report seems to me to be making is saying that with the enhanced ambition, when the feasibility studies on environment and other aspects have been completed, when there is a spending review settlement a proper programme plan will identify visibly those dependencies across the programme.

Q122 Mr Williams: That is not what they are saying. You said earlier in answer to another question that you want to use the public money in an intelligent way. That was your phrase, I wrote it down as you said it. Still on page 27, because you do not have the critical path projects—and you signed up to this as well—the Department could not fully prioritise projects on the basis of contribution to the whole programme. It really is just blundering around without any sense of direction.

Mr Housden: I would be very concerned to be in front of you if I thought that was the case. If you take the £672 million that we are scheduled to spend, each of those programmes has actually been evaluated in relation to Treasury criteria; it has been required to demonstrate its contribution towards the target on housing or the target on jobs; it has to fit within the regeneration framework and it has to be in a position to actually spend its money rather than just be an idea on the shelf.

Q123 Mr Williams: Perhaps that is because you only give them 44% of their money in the last month before the end of the financial year. Is that not a fact? Is that intelligent use of public money, giving it to them in the last month of the financial year?

Mr Housden: I think this is spend rather than giving it to them. To address your previous point because it was an important one, each of those projects and that funding that I am accounting them for has been rigorously evaluated in that way. The NAO are saying that as the programme gets across government a wider range of more ambitious objectives we will need a higher level—this is the most ambitious regeneration programme in Western Europe—of programme management. We accept that and we are putting it in place.

Q124 Mr Williams: Yes but you do not have a financial regime that would allow you to do it anyhow, do you? In the same section it says, “Short term revenue funding makes planning for local partners difficult, especially as many regeneration and development projects take longer than the life expectancy of regeneration partnerships” so you have partnerships who are getting short term funding. It then goes on to say, “It is difficult for the Department to commit funds beyond its three year funding cycle”. That is a reality; we understand that.

Mr Housden: It is, but I think it is the reality that all

government departments are operating under and the government’s spending review cycles give an indication of what departments have got. I have to say, that is a big advance on years gone by when governments both locally and nationally, used to go on an annual cycle. I am expecting that when we get the spending review settlement determined for the Gateway we will be able to offer higher degrees of certainty across those three year funding horizons and move forward in that way. I do not think we are any different in having those disciplines than other government departments involved.

Q125 Mr Williams: We are told that targets, in particular about housing and for employment growth, are not actually meaningfully in existence. Many aspirations for the Gateway, including improving the economic performance, skill levels, health, environment, all these facets of the area, are not translated into objectives or targets against which progress can be assessed. That comes back to the shambles. Listen to the list again: no meaningful targets for housing, skill levels, health, environment and economic performance. By the time you take those out you are not doing much, are you?

Mr Housden: We have a target on housing which is SMART; we have a target on jobs. One of the tasks clearly, as we move through the spending review, will be to pull in those other areas you describe, for example skills, into commitments that are backed by funding streams from the relevant secretary of state. That is what is involved in creating a programme plan in the way that we have described. The Report properly says that those objectives need to be properly specified and that is our intention.

Q126 Mr Williams: We are also told that the Government aims to increase the population of the Gateway by 22% in the years 2001 to 2006 but the funding of local authorities that are going to have to deal with this increased population is calculated on the basis of current population and the past trend. The past trend has been 3% a year, so whoever is in charge of the financial regime has not recognised the need that if you are going to increase the population by that amount, the local authorities need at least appropriate adjustment in the formula by which you have provided funding. If you are providing on a historic basis you could conceivably have the population going down in the past and they could get less money not more. As it is they are getting very little more and they are having to deal with a massive increase in population. How are you going to deal with that in the time available?

Mr Housden: This is a very important question, Mr Williams. I was talking to the chief statistician about this two or three weeks ago. You are probably aware that they are currently looking to improve their estimation, particularly around the impact of migration which has been complicated to get right within census cycles, and bear in mind that the

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forecast that are used to fund local authorities, the historic trend you referred to is the historic trend of growth or decline.

Q127 Mr Williams: Yes, that is 3% a year but you are increasing by 21% in five years which is 4.5% a year. They have a shortfall by definition.

Mr Housden: We will use the best figures that the national statistician is currently improving.

Q128 Mr Williams: You can use the figures but you have to provide the money.

Mr Housden: They will be used to distribute the quantum for local government.

Q129 Mr Williams: When?

Mr Housden: After the spending review.

Q130 Mr Williams: In three years' time?

Mr Housden: No, in the autumn of 2007, so just a few months away now. We will use those figures to distribute the local government quantum. They will include a projection.

Mr Williams: We, and I suspect the local MPs, will look with fascination to see how these changes are reflected.

Q131 Chairman: On the subject of local members of Parliament which Mr Davidson has referred to, I have had an opportunity to receive a briefing from the member for Thurrock. He makes the point that the All Party Thames Gateway Group think it is a very good vehicle in general terms but is not substitute for individual meetings. I wonder whether you can answer, for instance, some of these questions: why did it take over a year for the chief executive to be appointed to the Thurrock Development Corporation?¹

Mr McCarthy: I cannot answer the details of that.

Q132 Chairman: Why did it take approximately one and a half years for the Thurrock Development Corporation to get an HQ in Thurrock?

¹ *Note by witness:* The Development Corporation's inception date was October 2003. In December candidates for the position of Chief Executive were interviewed, but the Corporation did not make an appointment and the Corporation's Board appointed an interim Chief Executive in February 2004. In order to find more attractive candidates for the permanent post the remuneration package was revised and the position re-advertised in June 2004. Sifting and interviews occurred over the Summer and the current Chief Executive was appointed in October 2004.

Mr Housden: These are the types of things, Chairman, we would be happy to provide a note on if it helps.²

Q133 Chairman: They are very important things I would have thought. Why did it take about two years before planning powers were invested in the Thurrock Development Corporation?³

Mr McCarthy: I know that required a subsequent and second formal legal consultation process which you have to go through.

Q134 Chairman: As we are talking about Thurrock, I have an interesting map here showing the various government regions including the Eastern Region which Thurrock fits into and then just south of the river is the government's South East Region. Then you have the London Boundary Region immediately next to it. What relevance does the Government's Eastern Region have in relation to the Thames Gateway in Thurrock?⁴

Ms Armitt: One of the features of the Thames Gateway, as the Permanent Secretary was saying earlier on, is that it crosses three regional boundaries so that is true for government offices, it is true for regional development agencies. There is a key role for my team to make sure that we do draw together the interests of all three regions and I am very active in talking, for example to the government offices, including the Government Office for the East of England (GOE), in order to ensure that there is that input into South Essex in this case. I can reassure the Committee that I know that the regional director for the East of England Region is very keen as well to be taken into this process and to contribute as far as possible.

Q135 Chairman: I am sure he is but with his enormous responsibilities stretching all the way up in Norfolk how much relevance all this work has to this I do not know. I wonder if, while you are giving us a note, you could tell us how much the Thurrock

² *Note by witness:* In January 2004 the Development Corporation's Board commissioned an extensive market search in Thurrock for suitable office accommodation for the Corporation's headquarters. This initial search failed to identify any suitable property due to the limited office market in Thurrock and it was not until October 2004 that the current location became available. After fit out the offices were occupied in August 2005.

³ *Note by witness:* After the inception of the Development Corporation, planning consultants were appointed to make recommendations to the Secretary of State on planning powers. The consultants' proposals were then negotiated between the Development Corporation and Thurrock Council and then sent to the Department in January 2005.

⁴ *Note by witness:* Thurrock lies within the region of the Government Office for the East of England. GOE performs a central role within the planning system at both a strategic and local level through matters such as call-ins and co-ordinating the Government's response to the Regional Spatial Strategy. In addition GOE and Thurrock UDC are working closely together on the development of the economic block of the Thurrock Local Area Agreement. Similarly they lead on the sustainability element of Thurrock's Local Strategic Partnerships.

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Urban Development Corporation has cost to date and how many residential and business units has it built or developed. Do you know?⁵

Mr Housden: No.

Q136 Mr Mitchell: Following what Mr Williams was saying, I get the impression of a project that has languished in the torpids of the Thames Triangle for a long period with a mixture of high promise and low performance. Now suddenly you have the wind behind you in your sails and a cabinet committee and a minister to drive it forward. Why not seize that opportunity to publish the kind of timetable of priorities that you need: this bridge by that year, this tunnel by that year, this hospital, this school, this crossrail by such and such a year and all the things you are going to need because you are going to need a lot from other departments. If you timetable that it is going to give investors the confidence of knowing it is going to happen and avoid prejudice to the risks table of divided authority which says that it hinders the ability of potential investment, developers and commentators to understand the programme. If you set out a programme and your priorities, it puts it forward to government that it wants to fulfil this programme and to potential investors and you strengthen your hand. Mr Housden said the proper approach was proper

humility but frankly proper humility is no bloody use in a project of this scale which needs central driving.

Mr Housden: I think you put very well the type of promise that a programme plan post a spending review will need to deliver. You will know from your scrutiny of other accounting officers and their departments this will be no straightforward thing to secure because it requires secretaries of state to make funding commitments to the Gateway; there are huge, huge pressures on their priorities for other parts of England and the UK that this is the implication, that you would have those critical dependencies established. We are clear with you on terms of wanting to establish investor confidence. I do not know if you went on the visit but the land securities—

Q137 Chairman: We do not want too discursive and long an answer. We have been going for the best part of two hours, so get on with it.

Mr McCarthy: Can I just add one thing, if you look at the development prospectus last year it will show you for each of the nine areas of the Thames Gateway a list of projects with very clear outputs and a clear timetable.

Q138 Mr Mitchell: Are the dates achievable?

Mr McCarthy: Yes, we believe those are achievable dates, but what we are now doing is putting a cost against that so you have a proper worked-up programme plan. If you look at that from last year it gives you that level of detail. The NAO has recognised that our money has gone to key strategic locations to support key strategic priorities. Those are the NAO's own words in the Report.

Mr Davidson: Following on from the point I was asking before, I was wondering if we could have a note from you of your targets for local employment. If you have none, we would quite like to have that in writing.

Chairman: That concludes our inquiry. You have done the best you can. I would particularly like to commend Mr McCarthy who seems to be a very competent witness. It still remains that we are very worried about this, that bold schemes like this without detailed planning do have the propensity to waste billions of pounds. Our Report will certainly make clear that the Department must get a much tighter grip on this whole project. Thank you very much.

⁵ *Note by witness:* The Corporation's revenue costs are given in box 28 on page 60 of the NAO's Report. Since 2003 the Corporation's revenue spending has been £6.5m.

The Corporation's primary objective is to facilitate and enable market-led employment and housing growth. The Corporation has been set a target of 26,000 new jobs and 18,500 new houses by 2021. The Development Corporation has not built any commercial premises or residential estates itself but within the last financial year the Corporation has determined 53 planning applications, giving planning permission for 670 new dwellings and employment developments that on completion will deliver approximately 1,850 new jobs. It has begun assembling strategic sites around Thurrock which will be offered back to the market with supporting Development Briefs and Design Guides. The first site disposals will commence during 2008.

Local Employment Targets

As set out in the Thames Gateway Interim Plan, we are committed to creating the conditions for a further 180,000 jobs in the Gateway by 2016. The Thames Gateway programme is seeking to ensure that this demand is met both by attracting new highly skilled residents and through the provision of education and training for the existing population. Officials in the department are examining the feasibility of local employment targets and will advise Ministers on this issue as soon as is practicable.