House of Commons
Communities and Local Government Committee

Regeneration
Sixth Report of Session 2010–12

Volume II
Additional written evidence

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The Communities and Local Government Committee

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List of additional written evidence

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Written evidence submitted by Professor Paul Lawless, Sheffield Hallam University

SUMMARY

Evidence from the previous administration’s 1998–2011 New Deal for Communities (NDC) Programme has important lessons for the new approach to regeneration.

A. LOCALISM

The NDC Programme was premised on devising and implementing 10 year local strategies across 39 NDC areas, each of which received £50 million. Evidence from the NDC evaluation suggests:

— it is difficult to devise evidenced, plausible, local strategies;
— local approaches need the active involvement of existing delivery agencies, many of which work to national, not local, agendas and objectives; and
— NDCs improved these 39 areas, but there was little change in relation to people-based outcomes such as worklessness and education: major problems affecting deprived localities might appear within areas, but will not be resolved at that scale.

B. COMMUNITY

The NDC Programme placed a major emphasis on engaging and empowering local communities. Evidence suggests:

— there is no guarantee that locality based activities will “bring together” residents;
— most people in deprived areas do not get involved locally, even within the context of a well funded initiative such as the NDC Programme: they have other priorities; and
— it is difficult for locality based initiatives to shift social and community indicators in a positive fashion.

And evidence in relation to residents on NDC governing boards suggests they helped improve the quality of local decision making, but:

— they were unrepresentative of NDC populations as a whole; and
— community residents are not always right about the scale of local problems or what might be the most appropriate policies to help overcome these.

How should the success of the Government’s approach be assessed in future?

It is vital the Government’s new approach is assessed. It provides a clear counterpoint to previous regeneration strategies.

Because of the localist theme inherent to this new strategy, there will be a temptation for Government to withdraw from any notion of “monitoring or evaluation”, on the assumption that this is best done “locally”. That is the wrong thing to do. If evaluation and learning are left to local agencies or communities it will be difficult if not impossible to draw generalised conclusions.

The Government should set in train a national evaluation programme based on:

— defining broad over-arching objectives;
— analysing change across different outcomes at different spatial scales; and
— carrying out in-depth case-study work to understand how and why change is, or is not, occurring in different places.

Introduction

The publication of the Coalition government’s “Regeneration to enable growth”, neatly coincides with the ending of one of the most important area-based initiatives (ABIs) ever introduced in England, or arguably anywhere: the New Deal for Communities (NDC) Programme. It is now almost 50 years since the launch of the first English ABIs, such as Educational Priority Areas and the Urban Programme in the mid to late 1960s. Since that time many similar area-based regeneration schemes have been introduced by governments of different political persuasions. One marked weakness in this strand of policy has been a reluctance on the part of new administrations to learn from previous regeneration initiatives. There is every possibility of this happening again, as a new government launches a regeneration programme with little if any acknowledgement of lessons from previous interventions. However, there are important lessons to learn from the NDC Programme of direct relevance to the new regeneration policy.
New Deal for Communities: the Programme and its evaluation

The NDC Programme, launched in 1998, was designed to reduce gaps between some of the poorest neighbourhoods in England and the rest of the country. 39 NDC Partnerships were established across England, to attack problems within relatively small deprived areas each consisting of about 10,000 people. NDC Programme-wide funding was to be about £2 billion, approximately £50 million to each of these 39 locations. Each NDC was expected to achieve positive change over 10 years in relation to six outcomes, three relating to improving these places: crime, the local community, and housing and the physical environment, and three for people living in these areas: health, education and worklessness. NDC Partnership Boards, consisting of local residents and representatives from key delivery agencies, were to provide overall direction working with agencies such as the police and local authorities, whilst at the same time ensuring the community was at the heart of the initiative. In short, the NDC Programme was one of the most intensive, well resourced and persistent ABIs England has ever seen.

In order to learn lessons from this scheme in 2001, the Office of the Deputy Prime Minister (ODPM), later Communities and Local Government (CLG), commissioned a major evaluation of the Programme, which culminated in the publication of over 30 final reports by March 2010.1 I directed this national evaluation from 2001–11. This material provides what, in the UK context, is probably an unprecedented evidence base through which to assess change associated with neighbourhood or “community” level regeneration programmes.

As such it has direct relevance to two questions being considered by the CLG Committee:

— what lessons should be learnt from past and existing regeneration projects to apply to the government’s new approach?

— how should the success of the Government’s approach be assessed in future?

What lessons should be learnt from past and existing regeneration projects to apply to the government’s new approach?

The Government’s approach is laid out in what amounts to slightly more than three pages of text. Little of this is new. Indeed the document as a whole does no more than reiterate existing initiatives falling somewhat vaguely within the remit of “regeneration”. Moreover, some of the ideas laid out in this document appear questionable. The assumption, for instance, that private sector employment will everywhere take up labour market slack occurring as a result of public sector cut-backs seems heroic. Other commentators will no doubt be reflecting on these kinds of issues. But two themes central to the Government’s approach resonate strongly with what the NDC Programme was designed to achieve: A: Localism and: B: the role of the community.

A: LOCALISM IN REGENERATION

The Government’s approach emphasises the importance of decentralisation and localism to help “local areas to do things their way”. This approach clearly mirrors sentiments laid out in the Big Society: government should “shift power to local communities and business, enabling places to tailor their approach to local circumstances” (BIS, 2010). Interestingly, the NDC Programme was also designed to see what changes could be effected at the local level over ten years. This Programme thus became a laboratory within which to explore what could be done locally to regenerate deprived neighbourhoods. And some evaluation evidence reflects positively on this localism inherent to the NDC Programme. After initial teething problems, all 39 Partnerships produced strategies for their areas encompassing the Programme’s six key outcomes alluded to earlier. These schemes engendered trust in local NDCs. Of more than 90 indicators, that showing greatest change was the 27 percentage points increase in those who, knowing about their local Partnership, thought it had improved the area. But even in 2010 many sources of available data are dated and will not cover arbitrary “local” areas. There will then be a strong temptation to prioritise local problems on hearsay and anecdote, as was often the case with NDC Programme. Even assuming it proves possible to establish the real scale of problems affecting local areas, another issue will then emerge: what interventions might move localities from identified problems to plausible outcomes. NDC Partnerships had no evidence base to guide them: it is not one of the ideas laid out in this document.

In order to identify investment priorities, many NDC Partnerships undertook community surveys. Crime consistently emerged as the most pressing of local problems. But how should that be addressed? Was the best strategy to fund “crime” interventions and/or a diet of projects rooted in other outcomes such as education, worklessness, training, or environmental improvements? There is still no “off-the-shelf” evidence base to assist those facing this kind of dilemma. Even within the privileged position of having such a relatively large local

1 Final reports can be accessed at: http://extra.shu.ac.uk/n/dc/ndc_reports_02.htm

2 http://www.neighbourhood.statistics.gov.uk/dissemination/LedAreaSearch.do?sa=7&i=1001&m=0&ks=1293187859515&enc=1&areaSearchText=&areaSearchType=14&extendedList=false&searchAreas=
resource, NDC Partnerships struggled to devise, and implement plausible, evidence based 10 year programmes. Local strategies emerging from neighbourhoods not in receipt of that kind of funding will find this process at least as daunting.

Second, local approaches to regeneration will inevitably depend on working in partnership with other, existing delivery agencies. By 2008 on average each NDC Partnership board had representatives from seven other delivery agencies, most frequently local councillors, Primary Care Trusts, and the police. There were various reasons why this partnership approach was encouraged. For example, although NDC resources were generous compared with previous ABIs, they amounted to less than ten percent of money anyway going into these areas from existing agencies: these 39 local strategies had to encompass what other agencies were doing. If privileged NDC Partnerships felt it imperative to work with delivery agencies, then those seeking to moderate local problems within the approach now laid out by the Coalition Government will find it absolutely essential so to do. And that is where problems will emerge. Despite more of an emphasis on localism, most delivery agencies will still be working to achieve national targets: less crime, higher educational attainment levels, fewer unemployed people, and so on. “Locality” doesn’t mean a great deal to many delivery organisations. Some agencies, notably the police, were prepared to work with NDCs to effect neighbourhood-level schemes. However, others with a primary remit towards individuals or households, such as schools, PCTs, or social services departments, proved far less enthusiastic about being incorporated within area strategies. As one NDC Chief Executive pointed out: “the professionals (from other agencies) were all...very helpful in advising NDC how to spend its money—it was just very hard to find ways to get them to change the way they spend their own” (CLG 2010). It will take a major cultural shift to get some delivery agencies to embrace notions of “locality”.

And third, and most importantly, NDC areas didn’t see a great deal of relative outcome change over the six year period 2002 to 2008. The national evaluation was able to trace through change across these 39 areas against what was happening in similarly deprived comparator areas. NDC areas saw more statistically significant positive change than did the comparators for nine of some 34 core indicators, the reverse being true for just one. However, many of these positive net NDC gains reflected place-based change: feeling more satisfied with the area, and experiencing less crime in particular. There was far less evidence of positive net change with regard to people-based outcomes, notably education and worklessness. The NDC Programme did not preside over “transformational” change when compared with improvements which were anyway occurring in other deprived localities. The main reason for this is because many problems cannot be resolved locally. Take worklessness as an example. NDCs funded a wide range of initiatives designed to moderate worklessness, such as training and job mentoring schemes, Project managers, NDC staff and project beneficiaries were all positive about these initiatives. Yet there is no evidence that NDC areas, or their residents, saw net positive changes when compared with other deprived areas and their residents. There is a simple answer to this apparent conundrum: problems may well occur in, but are not of, areas. Worklessness, and other people-based issues, will not be resolved through local interventions. Each year across the 39 NDC areas around 60,000 people came off, or went onto, worklessness benefits in the mid 2000s. In that context the efforts of NDC Partnerships to moderate worklessness were inevitably going to have only the most marginal effects. Indeed in this context it is worth pointing out that efforts were made by the national evaluation team to understand why some NDC areas saw more positive change than did others. This extensive exercise was able to identify only one “explanatory” factor within the control of local NDC Partnerships. Even then that was an inverse association between less change and higher rates of spending on education. Change occurs to small areas for a wider range of market trends and policy factors beyond the capacity, even awareness, of local agencies and communities.

B: COMMUNITY-LED REGENERATION

The Government flags up its approach as one based on supporting community-led regeneration. This very much complements what the NDC Programme was designed to achieve: no previous ABI has ever placed such an emphasis on the community dimension as did this ABI. The community dimension to the NDC Programme attracted almost one-fifth of total spend (over £300 million by the end of 2007–08). This experience is best explored through two dimensions: (i) neighbourhood level community empowerment; and (ii) direct involvement with Partnerships.

(i) neighbourhood level community empowerment

Areas selected as NDCs often lacked much in the way of voluntary or community sector infrastructure. The challenge of engaging local communities varied, reflecting degrees of ethnic and cultural diversity, the stability of local populations, the extent of existing community organisations, and the history of local regeneration schemes. Within each local context, Partnerships developed strategies to help engender the community dimension. Activities included community audits, local community fora, community based media, capacity building initiatives, community workers, and so on. And there are numerous stories of positive individual-level changes brought on by local residents engaging with their local NDC Partnership. At first glance, this narrative might be seen as supportive of the community-led approach signalled by the Government.

But digging deeper, the NDC experience actually highlights problems inherent to “community”. For a start, even if it is possible to define communities in “places”, they do not exist at the scale of 10,000 people. There was a consistent message that this was simply too big to make sense to residents, whilst, interestingly, widely...
seen as too small for there to be much mileage in agencies changing patterns of service delivery therein. Moreover, far from the Programme inevitably instilling a stronger sense of collective purpose, the narrative in some areas was dominated by conflict and tensions, often driven by race. To the Community Regeneration Manager in Newcastle NDC: “there was a quite overt view amongst the community that it was a competition to grab resources for one ethnic community or another” (CLG, 2010). There were the usual problems in engaging more “distanced” groups: the young, older men, some ethnic communities. It was difficult at times too, to manage community expectations: residents assumed an unexpected windfall of £50 million would lead to massive and immediate changes. And community interest in the Programme tended to die down. To the Chief Executive at Manchester NDC: “people move out of the area and get replaced by people who’ve not engaged before, people fall out with us or each other, decide that they’re not interested any more or that they’ve got a life after all” (CLG, 2010). A simple question underpinned many of these tensions: what was the community dimension and what it was supposed to achieve? Definitions of, and polices appropriate to, “community engagement” were never made clear in the NDC Programme, and as a result Partnerships adopted a catholic range of initiatives designed in some imprecise manner to enhance “community involvement”.

Perhaps not surprisingly then, there is not a great deal to suggest net positive change in relation to community. Community and social capital indicators improved across NDC areas in that six year period 2002 to 2008, but then they did everywhere. Of 11 indicators of change relating to issues such as trust, neighbourliness and local decision making, just one showed NDC areas seeing statistically more positive change than other deprived areas: people in the area being friendly. But for other indicators of change there was no suggestion that this massive effort on the part of NDC Partnerships had led to statistically significant positive change. So for instance, trust in the local council rose eight percentage points in NDC areas, but six in the similarly deprived comparator areas; residents thinking they could influence local decisions two percentage points in both; and feeling part of the community actually rose one percentage point more in comparator areas (11 percentage points) than in NDC areas. One obvious reason why net positive change proved limited, was that most residents did not engage much with their local NDC Partnership. In 2008 only about 17% of all residents had been involved in any NDC organised activity in the previous two years. And over 80% of those had played a participative role attending events, and meetings, using services, and so on. Very few had been directly involved, say, in helping to run events. In brief the notion of coherent, identifiable, spatially defined, communities is debatable; there is no guarantee that locality based activities will “bring together” residents; most people in deprived areas do not get involved locally, even within the context of well funded ABIs: they have other priorities; and as a result it is difficult for locality based initiatives to shift social and community indicators in a positive fashion.

(ii) Direct involvement with Partnerships

NDC experience allows the community dimension to be cut in a different way by exploring what happens to those who were directly involved with their local Partnership: resident board members (RBMs). In all 39 NDC areas, local strategies were overseen by Partnership boards comprising local residents and representatives from delivery agencies. In 2008 the average size of Partnership Boards was 21, with residents then holding a majority in 26 of these cases. At some stage in the evolution of the Programme virtually all 39 Boards saw residents in a majority.

In 2009, a survey was carried out of more than 300 RBMs who either then were, or who had been, on NDC Boards. There are positive things to say about the experience of this group of residents. For instance, residents were well placed to comment on the added value of proposals emerging from delivery agencies: should the relevant organisation anyway be delivering this service? In addition RBMs were themselves generally positive about their experiences on boards, their involvement in most decision making activities, and the effect this process had on their lives.

But this direct involvement in NDC activities also raises some intriguing lessons and tensions. For a start, RBMs are not reflective of NDC populations as a whole. When compared with all NDC residents, there is an over-representation of older, white, employed, more ‘middle-class’ and better qualified sections of the community. Whilst a predictable finding, this does nevertheless suggest that more deprived localities accommodate fewer people willing, and able to take on key ‘community facilitator’ roles. Will those areas that most need benefits from regeneration, be those least able to secure them?

The history of governance within the Programme also contains lessons for current regeneration policy. The early days of the Programme were characterised by disagreements between RBMs and agency representatives. These were partly driven by a sense on the part of community representatives that delivery agencies, often lumped together into a mythical “local council”, had consistently failed to provide an adequate level of service. But often underpinning this frustration was a more principled point. Community representatives might have strong views as to the league table of ills affecting their areas, and ideas as to how these might be addressed. But the reality is these understandable assumptions were sometimes wrong. There was a consistent overlaying of problems associated with crime, and an equally prevalent under-emphasis of other more pressing issues, such as say educational attainment levels, and health standards. Equally so, community representatives often sought to address local problems informed by views gleaned from the popular press, rather than from a robust evidence base. Crime was seen as likely to be moderated through “more police”, rather other approaches rooted, say, in crime prevention measures or restorative justice. Education was too often equated with spending...
more on local schools, when a more effective policy would have been to focus on parents and children living in NDC areas. Not surprisingly, when reflecting on relationships between RBMs and agency professionals, the Chief Executive of Lambeth NDC suggested: “it might have been good if the partners had been more willing to challenge residents when they are wrong-headed” (CLG 2010). It is disingenuous to assume neighbourhoods contain the experience, expertise and capacity accurately to reflect on local needs and sensibly to define solutions to local issues.

**How should the success of the Government’s approach be assessed in future?**

One initial comment to make here is that it is vital the Government’s new approach is assessed. It’s markedly more market-orientated, “disengaged”, approach provides a clear counterpoint to previous regeneration strategies. It is in everyone’s interest, including the Government’s, that change associated with this new approach is identified and lessons learned from it.

Because of the localist theme inherent to this new strategy, there will be a temptation for Government to withdraw from any notion of “monitoring or evaluation”, on the assumption that this is best done “locally”. That is precisely the wrong thing to do. If evaluation and learning are left to local agencies or communities:

- local authorities and agencies tend anyway to be uninterested in evaluation and learning;
- the quality and comparability of any evaluation evidence will be compromised if evaluation design and dissemination are left to local players;
- it will be difficult if not impossible to draw generalised conclusions; and
- it will therefore be impossible to establish the degree to which this approach is working, where, why, and how.

The Government should set in train a national evaluation programme based on the following principles:

- defining broad over-arching objectives: what is the approach designed to achieve? If this is not done it will be impossible to gauge ‘success’: this will clarify what the approach is designed to achieve;
- using existing statistical evidence, undertaking analyses of change across different outcomes for the country as a whole; moreover, because there is a strong possibility that this more market driven approach will actually widen spatial disparities, it will be important to pick up change in at least a representative sample of city-regions, local authorities and neighbourhoods: this task will identify the degree to which the approach has succeeded at different spatial scales; and
- carrying out in-depth case-study work to explore change at different spatial scales in different localities spread across the country; this task will help explain how and why change is, or is not, occurring in different places.

**References**


*March 2011*

**Written evidence submitted by the East Thames Group**

East Thames Group’s views, as the largest Housing Association operating in east London, on the Communities and Local Government Committee inquiry into regeneration is as follows:

We welcome the replacement of over-bureaucratic and centralised directives and feel that the new ideology; based upon enabling and facilitating local people and communities to drive change in their areas can be effective if it adequately takes account of the following:

1. It must be sufficiently resourced, well-led and properly focused and to achieve this Local Authorities must be equipped and enabled to understand the impacts and benefits of their investment in communities over the medium—fully considering such qualitative measures as job-creation, health, crime reduction, etc. This capacity-support should also consider the potential tension of aligning local authorities and community groups where views are diverse or where there is potential for conflict between local and the wider concerns.

2. We are very concerned about the cumulative effect and impact of the various changes to benefits, planning, available grant funding and affordable rent and this should be fully modelled and explored.

3. “Barrier busting” is critical and we would suggest consideration of forming larger, regional bodies to focus upon and co-ordinate initiatives and resources; particularly in strategic regeneration areas. We would envisage that these bodies would be set up to be managed more effectively than previous Development Corporations and RDAs with a focus on real comprehensive delivery rather than
undeliverable master plans. We do not feel that LEPs would be effective in fulfilling such a role. This would counter the risk of capital funding being extremely limited and potentially diluted across too widespread an area to generate multiplier effects.

4. Full consideration should be given to the benefits to the economy of large scale capital regeneration projects—both in terms of supporting the economy as it moves from recession into recovery as well as demonstrating a confidence to investors to boost this recovery.

5. Consideration should be given to potential conflict which may arise from giving local groups/ neighbourhoods powers to create neighbourhood plans and buying community assets etc whilst at the same time giving councils new powers of General Competence and the chance to retain greater control of their income streams as this may deadlock regeneration.

6. The nature, and demographic structure of communities would appear to favour those which are more stable and established and this may impact upon lower income and/or more transient areas in a negative way, additionally areas where Council/community do interact well this will bring great benefits whereas in cases where this interaction is not effective the result may be negative—with amplifying effects for both cases. Again support to overcome this should be considered.

7. A mechanism to gain community support for estate regeneration particularly where tenants are on social rents is necessary as moving from “social” to “affordable” rent tenancy is a disincentive and will incur costs. Some form of gap-funding is necessary to overcome this as there appears no vehicle to deliver estate regeneration otherwise.

8. New proposals should recognise, and take account of, the positive effects of stock transfers and where these have delivered real transformational change to areas—such as Poplar Harca in east London—as well as other Housing Associations which can draw in necessary private finance to deliver regeneration.

9. Initiatives should support and enable Compulsory Purchase Orders on sites where strategic land assembly is necessary and difficult to deliver.

10. Housing Associations should be considered fully and their role as primary agents of change and long-term stakeholders within communities should be recognised fully. Housing Associations can play a key strategic role as independent co-ordinators in their operational areas.

11. Public sector assets such as land other regeneration opportunities should fully consider benefits and societal gains such as health, crime reduction, etc. and new models to assess longer-term value for money rather than short-term purely quantitative gains should be adopted to support sustainable regeneration. This includes joined up thinking about transport and how regeneration can benefit from this.

12. Tax efficient vehicles should be considered to attract additional private-sector funding and so support new initiatives and models which have the potential to deliver regeneration. This should include Private-Rented Finance Initiative related tax efficiencies to create a high quality private-rented sector through attracting institutional funding. This would create a high quality private rented sector, well managed and sustainable in which people would be happy to live for the longer term and comparable with European and US models.

If you have any queries or require any further information on the above points then please do not hesitate to contact me.

March 2011

Written evidence submitted by Balsall Heath Forum

Lessons From Present and Past Projects

— Government has known for 40 years that there is something the matter with life in many urban neighbourhoods.
— A whole series of initiatives have been taken to redress this problem—ICP, Urban Aid, SRB 1–8, NRF, WNF, NDC’s etc. How much money have they spent? Very many billions. How many neighbourhoods have been renewed? Very few.
— Why?
  — Because they were time limited and renewal takes time.
  — Because they were top-down and failed to gain real local engagement.
  — Because they came on top of existing mainstream budgets and failed to change the way they were spent.

Therefore, if future, time and effort must be spent on building the confidence and capacity of Active Citizens, then enabling them as customers to significantly influence the way existing mainstream budgets are spent—see attached Neighbourhood Budgeting.
— Look carefully at projects like ours and Castle Vale which have succeeded. One key lesson is that the problem we face is less material poverty but social poverty and the powerlessness of the customer. HMG has been addressing the wrong problem and wasted both time and money.

**WHAT SHOULD HMG DO TO ATTRACT MONEY?**

Not a lot. It really does need to address the way existing money is spent in top-down monopolistic ways. You must ask: “How can it be that we do not know what is spent in each neighbourhood where people live and with which they identify.” Plus, “why does the customer have no influence over that spend?” No wonder services are poor.

It’s not new money we need, but to spend existing money differently and more cost-effectively.

Doing that will take real leadership and direction. Getting existing money out of Council and into the hands of the organised customer will take prescription as well as persuasion.

**HOW TO ACCESS SUCCESS IN FUTURE?**

— By whether more residents say:
  — They can make a difference.
  — They trust each other and the Council.
  — By whether the vote goes up because people believe they can influence the system.

Attached—Neighbourhood Budgeting

*March 2011*

**NEIGHBOURHOOD BUDGETING**

**BACKGROUND**

For 100 years residents have been taxed and paid their Council charges. But, they have never seen their money again until it came back to them in the form of top-down and uniform one-size-fits-all services which are delivered over vast administrative areas. The only influence which residents have had over their money and the provision of services which they pay for has been via a vote once every one or five years.

Yet, Representative Democracy has increasingly been seen by residents to be distant and ineffective. As few as 15% of eligible residents now vote in some areas. So, services have become more and more remote and inadequate to the needs of particular residents in the neighbourhoods where they live, with which they identify and where they raise their children.

Thus, in Balsall Heath and a limited number of other neighbourhoods residents have:

— Taken matters into their own hands and built the Big Society from the Bottom-up. This has dramatically improved their quality of life. But, while it has cost a little extra money, that cost has come from jumble sales and other unreliable sources. It has not come from the far larger sums paid by residents as taxes.

— But, these far larger sums and the services they fund have been beneficially affected by what residents have done. For, in building a more caring community residents have prevented problems from arising and, thus, have reduced the need for many expensive services. They have saved large sums of money. How much? Where is it? Why don’t we know?

The more residents themselves helped to improve their area, prevent the need for some services and provide others in place of inadequate top-down ones, the more they have begun to ask these key questions:

— On the High Street where we shop we can influence the quality of the product on offer via the purchasing power of our purse. Why can’t we do the same in the Back Street where we live?

— Indeed, why don’t we know what the local budget or neighbourhood purse is and, as it’s our money, why can’t we use it to commission the services which we want not the ones the provider thinks we want?

— Why can’t services be tailor-made and joined up to suit the specific needs of our area?

— More, while we’ll go on holding our jumble-sales and using volunteers, can we retain a small portion of the taxes we pay to sustain our preventative and representational work?

— That is, we’ve changed, we’ve become more responsible. Can our statutory partners now also change and partner us properly?

**THE FUTURE**

While residents wish to further refine their work in building a Participatory Democracy, they have already been recognised by both Government and Opposition as being a model of the Big Society which is able to
show others the way forward. They say it has been a crucial influence upon their policies and they want to
know how to replicate it all over the country.

However, Statutory Partners and Representative Democracy lag behind. Astonishingly, we still don’t know
what the neighbourhoods budget is. If Balsall Heath was a private business or a voluntary agency but had no
budget and nobody responsible for spending it, it would be declared to be “incompetent and not fit for purpose.”
In effect, this is the situation which the Public Sector is in. So, it’s is clearly urgent to remedy it and give
Representative Democracy a brand new image.

Therefore, could we agree by the end of, say April (two months) that each partner and the NSP will have
completed these six tasks:

— Agreed what the neighbourhood budget is.
— Agreed what part of it and which services have to be retained and delivered centrally.
— Agreed which part (and services) can be devolved to the neighbourhood via local managers.
— Agreed which part could be pooled into a neighbourhood pot for general use.
— Agreed which of the preventative functions of the Forum save them money and which, thus,
  qualify for an “invest to save” Service Level Agreement with the residents Forum?
— Plus, can we agree just how much money is saved via preventative practices?

If we can ask, answer and act on these questions, then the following should result:

— Residents will be pleased and further empowered.
— They will also be sustainably funded.
— The quality of local life will be improved.
— Problems will be prevented from arising and money will be saved.
— The Budgets for Balsall Heath will not only be known but used more cost-effectively. Residents
  will commission the services which they want.
— In place of cuts and “less for less” we can have savings and “more for less” and a replicable way
  of sustaining renewal and the Big Society.
— Participatory and Representative Democracy will form a new and productive partnership. The vote
  will go up.

**Remarkable Results**

We are only part of the way there. The full effects of Neighbourhood Budgeting and customer empowerment
have yet to be felt. But, Be-Birmingham’s own survey already shows that:

— More people trust each other, the police and council than anywhere else in Birmingham. The vote
  has already risen.
— Make people feel pride in their area and feel they can make a difference to it than anywhere else.
— House prices have risen faster than in any other part of Birmingham.

Just imagine how much more we could achieve if the suggestions made in this paper were bought to fruition.

**A Guiding Principle**

The old Chinese saying underpins all of the above. It asks: “How do you feed a hungry person?” If you
provide them with a fish you fed them for a day. But, you make them dependent on you to provide them with
another one tomorrow. But, if you teach them how to fish you feed them for life. Plus, you make them
independent and proud. You free us to do other things. And it’s more cost effective.

**A Proposal**

It is proposed that we now proceed with some speed to answer the above questions and to create a
neighbourhood and pooled budget and form SLA’s with the Forum. In order to help partners to proceed the
Forum has asked the Chamberlain Forum to work alongside them with a view to meeting the end of April
deadline. Colleagues will recall that the Chamberlain Forum have just produced a valuable report for the three
RSL’s. It can and will now do the same with each of the partners and produce a shared outcome.

If we fail to make this progress not only will we be missing a major opportunity to take the Balsall Heath
Vanguard forward, create a replicable model and help government, the residents Forum will become
unsustainable, could end and Balsall Heath will slide backwards into its bad old ways and days. So, we can’t
afford to fail. We must succeed.
Written evidence submitted by Furness Enterprise

1. INTRODUCTION

Furness Enterprise is a local enterprise partnership of the public and private sector set up in 1991 as a response to the massive loss of jobs in the Furness area, SW Cumbria, from the local shipyard and other key manufacturing employers. Its focus is on the regeneration of the Furness economy through job creation, job safeguarding and helping local unemployed people to access jobs. This activity is very challenging in a deprived community (Index of Deprivation 29) with high levels of worklessness, particularly with significant numbers of Incapacity Benefit claimants. Furness is an Assisted Area and consequent grant schemes such as Grants for Business Investment have enabled Furness Enterprise to help businesses create some 9,700 jobs, safeguard 3,500 jobs and help over 1,000 unemployed people access jobs. Its focus on “people” based regeneration has been very effectively complemented by “place” based regeneration carried out by the local Urban Regeneration Company, Barrow Regeneration, and the local authorities. It is this highly successful approach to regeneration which won the Barrow area the only “Green Flag” award in Cumbria in 2009 for its work on worklessness where improvements in the infrastructure of the area, eg new business parks, was integrated with incentives to business to create new jobs and help given to unemployed local residents to get jobs.

Recently the House of Commons Business, Innovation and Skills’ Select Committee in its report “The New Local Enterprise Partnerships—An Initial Assessment” identified Furness Enterprise as an organisation which offers a track record of successful co-working between local authorities and business.

2. SUMMARY OF SUBMISSION

Regeneration in the new era will depend very much on private sector job creation and the involvement of the private sector. While the new “localism” approach of the Government is welcome, the ending of the Grants for Business Investment scheme (GBI) will severely impact the ability of deprived areas, especially Assisted Areas, to create private sector jobs. Its withdrawal will also be further disincentive to businesses to be involved in regeneration.

Enterprise Agencies have an important role in providing support to enterprises within functional economic areas such as Travel to Work Areas.

3. REGENERATION—DETAILS OF SUBMISSION

We welcome the Government’s commitment to localism and potentially providing local people, authorities, and businesses with the means to drive growth and improve the social and physical quality of their area.

The British State is considered to be one of the most highly centralised within the advanced industrial economies and because of this, any Government finds it very difficult to accommodate local differences which are critical to the successful pursuit of regeneration. This centralising approach brings with it the “dead hand” of excessive bureaucracy which stifles innovation and enterprising thinking. Regeneration becomes “process driven” powered by a tick box mentality. Hence an attitude of “localism”, if matched by an appropriate level of resources will be much more effective at solving local regeneration challenges and maximising local opportunities.

However to make a success of a “localist” based approach to regeneration there has to be a relevant level of resource consistently applied recognising that some areas regenerate easier than others due to such factors as good communications and access to markets attracting new investment. Other areas find it difficult to adjust to major structural changes in their economic base because of the scale of the change involved, and the lack of inbuilt success factors in the local economy such as a high business density, good skill base and good access to markets. This has been recognised to a certain extent in the way that certain areas have been designated Assisted Areas, ie. needing additional support.

The future of regeneration activity in the UK given the major cutbacks in public funding and the demise of Regional Development Agencies will depend on private sector job creation. Particularly in those deprived areas which have suffered a major loss of employment in a key industry such as shipbuilding, coal mining or steel, much regeneration has depended on the public sector both for physical regeneration and job growth. To replace public sector job losses in these areas, due to public sector expenditure reductions, with private sector jobs would be very challenging even in buoyant economic conditions. Hence it is very hard to understand why the Government has eliminated in England the Grants for Business Investment (GBI) scheme designed specifically to encourage investment and job growth by all sizes of companies in Assisted Areas and small to medium sized companies outside of Assisted Areas. Over the last six years, GBI and its predecessors have provided £428 million in grants to 1,787 projects in order to support £3.9 billion of investment helping to create/protect 77,000 jobs in the English Assisted Areas alone. Scotland and Northern Ireland retain their versions of GBI and Wales their modified version.

It is extremely challenging in any case to get the meaningful involvement of employers and business interests in regeneration activities. Businesses particularly small to medium sized enterprises feel regeneration processes are dominated by public sector interests and delivery mechanisms that operate slowly and stifle initiative, enterprise and risk taking. Businesses are interested in focused interventions when they can see a clear and
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immediate benefit. The GBI scheme provided a clear regeneration mechanism focused on business needs and designed to encourage them to invest in plant and jobs particularly in the Assisted Areas. Getting businesses involved in regeneration will be made even more challenging in difficult economic conditions and with the lack of incentive previously provided by the GBI scheme. The Smith Institute’s “Rebalancing the Economy: prospects for the North” published on 14 March 2011 called for greater support for declining industrial areas, including a new Grant for Business Investment scheme, to provide a simple way of supporting firms in areas of economic disadvantage, in a way compliant with EU rules on State Aid. The newly formed Local Enterprise Partnerships (LEPs) will likewise struggle to get business engagement unless they can provide clear benefit to the business community.

The new Regional Growth Fund (RGF) is seen by the Government as replacing the incentive to invest to businesses in deprived and Assisted Areas currently dependent on the public sector. However RGF is a much less flexible, less attractive, less certain scheme for the vast majority of businesses, particularly small to medium sized ones. For example the minimum under the Regional Growth Fund is £1 million; the minimum grant under the GBI scheme is £10,000.

In summary, with the Government’s “new” approach to regeneration, while its emphasis on “localism” is welcome as is the focus on private sector job creation, it is extremely difficult to see how private sector led regeneration will occur in deprived areas. One clear action the Government could take to signal its understanding of this difficulty would be to restore the Grants for Business Investment scheme. Regeneration of areas with high worklessness can only be solved by the supply of jobs that can be accessed, allowing for any appropriate re-skilling and up-skilling. Those jobs in the new era of regeneration will depend very much on the private sector.

The Government’s 10 March 2011 “Coalfields Why a Special Approach is Still Needed” policy paper highlighted the key role enterprise agencies can play in supporting smaller enterprises in the new business improvement landscape. Together with the Federation of Small Businesses, the enterprise agencies are a reliable route for business support which needs to be adequately resourced, especially in disadvantaged areas.

March 2011

Written evidence submitted by the Building & Social Housing Foundation

EXECUTIVE SUMMARY

BSHF welcomes the opportunity to respond to the government’s strategy on regeneration and agrees with the aspiration that every part of Britain should grow and prosper.

— There are real challenges that stand in the way of realising this aspiration. The background to the regeneration environment is very challenging. Barriers include historic issues, employment challenges and financial constraints in the public sector.

— These formidable difficulties should be balanced against the benefits of a localist approach to regeneration. Self-help housing, where community groups bring empty properties back into use, offers a specific example of the benefits of community-based responses to housing need.

— The government states that it is “taking a different approach”3 to regeneration. However, the “tools” that are available to local communities to deliver this (such as funding sources) are similar to those used by previous governments.

— It is important that the new approach to regeneration builds on a clear understanding of both the successes and failures of previous programmes. This should include responding to the views of existing communities, combining different aspects of regeneration (community, economic and physical) and taking a long term approach. Gaining some level of cross party consensus on regeneration, particularly its funding, would create major long term benefits through greater stability.

— Building a sustainable funding package from different funding sources will be a significant challenge, particularly for large scale programmes. It may test the skills and capacity that are available in local authorities and others stakeholders when they are already under pressure from funding constraints. The experience of self-help housing provides a specific example of the difficulties that local community programmes have in accessing government funding.

— Evaluation of the government’s approach will depend on agreeing a more specific definition of what regeneration is trying to achieve. It will also be important to assess whether a localist approach to regeneration achieves results in some communities but is not successful in others. If so, how will the government respond to communities that are struggling to benefit from a localist approach?

1. How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

1.1 BSHF agrees with the government that regeneration is “important to individuals and communities, but it matters for the country too—we need every part of Britain to fulfil its potential so we can prosper and grow as a nation.”

1.2 There are real challenges that stand in the way of realising that aspiration. The background to the regeneration environment is very challenging. Barriers to realising this aspiration include historic issues, employment challenges and financial constraints in the public sector.

1.3 This new localist approach will need to achieve change in areas that have been the subject of regeneration efforts for many decades. For example, the city of Newcastle upon Tyne has been described as an “urban laboratory” where many different regeneration policies and strategies have been attempted over at least the last forty years. As the Audit Commission (2003) recognized in its early assessment of Bridging NewcastleGateshead, “the pathfinder area has been subject to numerous programmes of interventions in the past…but all have failed to halt the area’s decline.”

1.4 Many of the residents in regeneration areas will have lived through a number of different initiatives. Residents in Bridging NewcastleGateshead described themselves as suffering from “consultation fatigue” and may not immediately embrace another new approach to regenerating their local area.

1.5 The government is clear that it is “taking a different approach” to regeneration. However, the “tools” that are available to local communities to achieve this are similar to those used by previous governments. Many of the funding sources are a continuation of existing programmes such as Supporting People, Decent Homes and the European Regional Development Fund. Other funding sources have been developed by government departments for several years such as Community Infrastructure Levy, Tax Increment Financing and self financing for council housing. New funding sources, such as the New Homes Bonus will be available and other changes such as reform of planning policy are being proposed. Overall the “tools” available for regeneration represent an evolution in policy rather than a revolution.

1.6 Regeneration areas are intimately connected to the cities and regions that they are part of. They will be affected by changes that take place in the local economy and local government. In fact, they are likely to be more vulnerable to these changes than other areas which have more successful histories to draw on.

1.7 Public sector employment is particularly important in many regeneration areas. For example, in Newcastle upon Tyne 30.5% of the workforce are employed by the public sector. The government states that “parts of country previously over-reliant on public funding [will] see a resurgence in private sector enterprise and employment.” The government will need to ensure that these new opportunities are available to people who are living in regeneration areas.


diacon, d., pattison, b., and vine, j. (2009) the future of housing: rethinking the uk housing system for the 21st century, http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=4FF3F1F7–15C5-F4C0–99959BAD3ED44A50


bshf (forthcoming) self-help housing: supporting locally driven housing solutions, available on request.


2. See Tables in “Regeneration to Enable Growth” for details.

3. the guardian (2011) public sector workforce by local authority, https://spreadsheets.google.com/ccc?key=0AonYz4MzJzDfVvyd3U0WfXTFvZeWixXmnhVUExM2c&hl=en#gid=0

1.8 Local authorities are expected to make significant savings in the next few years. Some commentators have suggested that poorer areas will be most affected by these cuts.15 People in regeneration areas may also be more reliant on public services than those in more affluent areas. They may therefore be more affected by reductions in public services.

1.9 These formidable difficulties should be balanced against the benefits of a localist approach to regeneration. Question 3 focuses on the wider lessons that can be learned from the successes and failures of current regeneration policy. Self-help housing offers a specific example of the benefits of community-based responses to housing need.

1.10 “Self-help housing involves groups of local people bringing back into use empty properties that are in limbo, awaiting decisions about their future use, or their redevelopment. It differs from self-build housing which involves constructing permanent homes from scratch”16.

1.11 Fresh Horizons17 is a community social enterprise based in Huddersfield that has successfully adopted a self-help housing approach. It became involved in self-help housing in response to local problems with abandoned buildings and dereliction. Local private sector empty properties have been targeted and seven options developed to encourage owners to bring empty properties back into use. This generates work for the construction employment and training team and also provides additional housing opportunities for the local community. Tenants have expressed their appreciation in having responsive, local support from Fresh Horizons. While initial empty homes activity has been on a small scale, the aim is to undertake “street level regeneration” based on local clusters of around 30 properties.

1.12 Analysis of self-help housing by the Third Sector Research Centre18 suggests that it provides:
- an additional source of affordable and accessible housing to meet local housing needs;
- opportunities to gain construction skills and training;
- a catalyst to bring socially excluded people and the wider community together to work on specific local issues;
- an opportunity for owners of empty properties to bring them back into use; and
- a contribution to wider neighbourhood regeneration.

When these are taken together, the potential of self-help housing to deliver social and economic benefits is apparent. Self-help housing can provide “win-win” situations for a variety of different groups.

2. In particular: Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on? Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

2.1 Regeneration programmes have been conducted for decades, often with many different programmes being undertaken in the same areas. These programmes have shown significant examples of both success and failure. It is important that the new approach to regeneration builds on a clear understanding of both the successes and failures (see response to question 3).

2.2 The dangers of allowing regeneration to cease are clear. “There are real concerns that if regeneration activity is halted now a generation of skills and capacity which has been slowly built up during recent years might be lost.”19 Perhaps more importantly is that regeneration seeks to ensure that “every part of Britain [can] fulfil its potential” and that no communities are left behind.

2.3 The government’s new approach to regeneration clearly places a greater onus on local authorities and others (including housing associations and community groups) to assemble a viable financial model from different funding sources. It outlines a “menu” of different options that are available. “The actions taken and tools employed from this menu will vary from place to place and need to happen at the right spatial level.”20

2.4 This new approach means it is difficult to get a clear picture of whether there will be sufficient funds to deliver regeneration programmes, particularly major town and city programmes. It will depend on the individual circumstances of every local area and local authority.

2.5 An added complication is the number of new initiatives being implemented by the government that will affect the financial viability of regeneration programmes. These include
- New Homes Bonus.21

17 http://www.freshhorizons.org.uk/
NewcastleGateshead described the problems with their area very differently to the regeneration programme and those described by politicians, policy makers and regeneration practitioners. For example, communities in and others have focused on people-based interventions.

3. **What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?**

3.1 The government is adopting a “different approach” to regeneration. However it is still important to learn from the successes and failures of previous regeneration programmes. The history of these policy interventions has contributed to the history of families and communities in regeneration areas.

3.2 For example, people in the NewcastleGateshead regeneration area have experienced the emotional impact of being involved in demolition and relocation programmes. One of the residents who had been moved to allow demolition described her feelings in this way: “it was a real trauma moving... [it was] where I’d lived all my life, a home and we’d all been brought up together and we’d had happy times.”

3.3 The impact of these regeneration programmes on a community should not be underestimated. It means that the government will need to build their new approach on existing experiences of communities in regeneration areas rather than attempt to start again from scratch. This should include clarifying the aims of regeneration, understanding the importance of definitions of “community” and ensuring the regeneration is “holistic”.

3.4 It is important that the government clarifies the aims that it has for regeneration. The strategy outlined in “regeneration to enable growth” provides little information about what the government is intending to achieve beyond general statements about the desire to “breathe economic life into areas”.

3.5 Historically there have been a variety of different reasons used to justify interventions to regenerate communities. These include reducing “irresponsible behaviour”, developing active citizenship, building social capital and creating sustainable communities.

3.6 However, there is often a disconnect between the problems described by local communities themselves and those described by politicians, policy makers and regeneration practitioners. For example, communities in NewcastleGateshead described the problems with their area very differently to the regeneration programme.

“There was one bit missing in their [Bridging NewcastleGateshead's] analysis and that was how the community sees themselves—the personality and character of Walker—that should underpin the vision for Walker Riverside.”

“Working class residents revealed in discussions that they desired an improvement to their communities for themselves, their families and friends... They wanted fewer takeaways and more opportunities to

There are issues about how each of these initiatives will affect regeneration areas. For example, some commentators have suggested that Affordable Rent is unlikely to deliver new housing supply outside of the South of England. In respect of Universal Credit, if direct payment of housing support to social landlords is limited, it may reduce the amount of private finance that can be raised to support new development.

2.6 There is a further issue about how the new initiatives will interact with each other. For example, will the cap on overall benefits received by one household proposed in the Welfare Reform Bill undermine the use of Affordable Rent in high cost areas?

2.7 There are also questions about how much funding can be secured from the private sector. Is the private sector ready and willing to invest in regeneration areas?

2.8 Building a sustainable funding package from different funding sources will be a significant challenge, particularly for large scale programmes. It may test the skills and capacity that are available in local authorities and others stakeholders when they are already under pressure from funding constraints.

22 DCLG (2010) Local decisions: a fairer future for social housing
3.7 The government is clear that it is seeking a localist approach. It has yet to explain what will happen if the priorities of the local community conflict with those of national politicians and policymakers. Without a clear, shared understanding of the problems and challenges facing regeneration areas it will be almost impossible to begin to address them.

3.8 This leads on the importance of definitions of “community”. The government has stated that “our approach is localist—putting residents, local businesses, civil society organisations and civic leaders in the driving seat.”

3.9 If this localist approach is successful it could overcome the weakness of some previous regeneration programmes that have failed to adequately respond to the views of existing communities. However, there will be major challenges in delivering this aspiration.

3.10 “Community” is a contested term. There are different overlapping communities and other stakeholders (including business and civic leaders) that will have different priorities. Developing a localist approach will require careful balancing of different interests.

3.11 Communities are dynamic. The needs and aspirations of communities will change profoundly and sometimes rapidly. Bridging Newcastle Gateshead was criticised for putting the needs of “future communities” above “existing communities”.

3.12 The localist approach will also need to ensure that it is able to combine different aspects of regeneration—community, economic and physical. “Evidence from earlier urban initiatives such as City Challenge and Single Regeneration Budget had shown that, even with successful economic regeneration, if the quality of the urban environment did not significantly improve then residents who became “empowered” moved out of poor quality neighbourhoods thereby increasing residential volatility.”

3.13 Despite aspirations for “holistic regeneration” previous programmes have tended to emphasise one aspect. For example, Housing Market Renewal focused on physical changes to the environment such as demolition, mixed development and new building. There was little emphasis on sustainable development, community participation or employment beyond acknowledging that housing market failure may not derive from houses but may derive from “non-housing factors”.

3.14 A long term commitment will be needed to successfully implement a localist approach. Previous regeneration programmes such as the New Deal for Communities have found that “community engagement requires consistency, dedication and commitment”. It also requires continuity in staff working on regeneration programmes, clarity on how communities are going to be engaged and realistic timescales for delivering change.

4. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

4.1 One of the key issues for any funding for regeneration is providing long term stability. Critiques of regeneration have often highlighted the issue of short term funding for long-term regeneration yet the lessons have been ignored. Uncertainty is one of the main concerns expressed by residents experiencing the regeneration process. There can also be pressure to show progress within electoral cycles which can be difficult for long term programmes. Gaining some level of cross party consensus on regeneration, particularly its funding, would create major long term benefits.

4.2 The experience of self-help housing provides a specific example of the difficulties that local community programmes have in accessing government funding. BSHF has made a number of recommendations about how the government can better support this type of programme.

4.3 Government funding should be accessible to local community groups (such as organisers of self-help housing). The Department for Communities and Local Government (DCLG) and the HCA should ensure that qualifying criteria and reporting requirements are proportionate to the amount of money being distributed, either directly or through intermediaries.

4.4 Government should ensure that legislative and funding frameworks, such as the New Homes Bonus and the Community Right to Reclaim Land, actively promote the involvement of local community groups.

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4.5 Government should review procurement procedures for contracts so that they do not disadvantage small organisations wanting to bid for construction work. For example, they should ensure that wider community benefits are included in considerations of value for money and that the procurement and monitoring processes are proportionate to the size of the contract.

4.6 The DCLG and HCA should play an enabling role to build up the capacity of community organisations to contribute to regeneration. They should play a brokering role to facilitate local partnerships with organisations such as local authorities and housing associations.

5. How should the success of the Government’s approach be assessed in future?

5.1 Evaluation of the government’s approach will depend on two of the issues outlined earlier in the submission.

5.2 The first is that it will be impossible to evaluate the approach without a more specific definition of what regeneration is trying to achieve. A recent review found that “it is important to set realistic targets for regeneration schemes.”

5.3 Secondly, a much clearer definition of the “community” being targeted by the approach will also be essential. Who is expected to benefit from regeneration programmes? This submission has already highlighted the different communities and interests that exist in regeneration areas.

5.4 With a clearer definition it will be possible to assess the extent to which the local “community” benefits from regeneration programmes. This can be determined by the level of responsibility and resources received by different stakeholders such as residents, community leaders, local government and the voluntary sector.

5.5 It will be important to assess the impact of the government’s approach across the country. Will a localist approach to regeneration achieve results in some communities but not be successful in others? If so, how will the government respond to communities that are struggling to benefit from a localist approach?

5.6 The assessment of success should be an ongoing, participative process which seeks the views of a wide range of stakeholders. Communities are always changing and are never “completed” so it is important that different views are recorded throughout the regeneration process. It should seek to build on the lessons that can be drawn from previous regeneration projects.

5.7 Assessment of success should also been seen to be credible. In order for this to happen it will need to identify both the successes and failures of this approach. Independent monitoring should be incorporated in the assessment process from the beginning to enhance credibility.

March 2011

Written evidence submitted by the Campaign to Protect Rural England

EXECUTIVE SUMMARY

1. The Campaign to Protect Rural England (CPRE) views successful regeneration as an essential contribution to achieving long term sustainable development. By reusing and revitalising existing infrastructure and previously developed land, the countryside can be protected from unnecessary development. The benefits for existing communities of well thought-out and executed regeneration projects have also been made clear since urban regeneration was made a national policy priority in the early 1990s.

2. In making recommendations to the Government on its regeneration strategy we propose that the Committee considers the following key points:

— Regeneration should be seen as about more than just short term economic growth. Successful regeneration should be supported by a robust spatial planning framework, designed to deliver long term environmental and social, as well as economic benefits;
— The use of incentives should not result in the unintended consequence of a return to unnecessary and unsustainable greenfield sprawl. Local authorities and developers alike must be incentivised to direct growth and development to places in need of renewal;
— The “duty to co-operate” to be placed on planning authorities by the Localism Bill needs to be robust enough to secure effective strategic planning for regeneration. Due to their narrow economic growth focus, CPRE does not believe that Local Enterprise Partnerships (LEPs) should be given planning powers;
— The Government should include in the forthcoming National Planning Policy Framework (NPPF) a continued commitment to the efficient and effective use of land, to be implemented locally, supported by targets for the reuse of previously developed land;
— The NPPF should also maintain support for a “town centre first” approach to retail development; and

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— So that the Government’s approach to regeneration can be monitored and evaluated, important statistics, such as the Land Use Change Statistics, should continue to be collated and published.

INTRODUCTION

3. CPRE welcomes the opportunity to submit evidence to the Communities and Local Government Committee’s inquiry into regeneration. As a leading environmental charity, we have worked to promote and protect the beauty, tranquillity and diversity of rural England by encouraging the sustainable use of land and other natural resources since our formation in 1926. We believe that a critical element of sustainable use of land concerns directing economic growth, with associated environmental and social benefits, to existing communities.

4. We welcome the Government’s continued commitment to regeneration, articulated in Regeneration to enable growth: what Government is doing in support of community-led regeneration published by the Department of Communities and Local Government (DCLG). The drivers for economic growth described in this publication need to be supported by a continuation of those spatial planning policies which in recent years have reinvigorated existing communities, namely the efficient and effective use of land, targets for the reuse of previously developed—or “brownfield”—land, and a town-centre first retail policy. We also believe that neighbourhood planning, currently being legislated for by the Localism Bill, presents an opportunity to engage communities in bottom-up regeneration on a scale not seen before.

DETAILED COMMENTS

How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

5. CPRE is concerned that the Government’s approach to regeneration, as outlined in Regeneration to enable growth, focuses solely on economic growth alone. This approach neglects and, therefore, potentially undermines equally salient environmental and social objectives which should underpin regeneration strategies.

6. CPRE is also concerned that the New Homes Bonus to be introduced in April, which will incentivise housebuilding according to quantity alone, could have the perverse outcome of incentivising greenfield sprawl at the expense of the renewal of existing communities. CPRE acknowledge that the Bonus will award the refurbishment of empty homes; something that we warmly welcome, and that could contribute to bringing some of the around 700,000 homes in England that were recorded as being empty in April 2008 back into use. At a time of huge financial pressure, however, the Bonus may encourage local authorities to grant permission for new build schemes that would otherwise be unacceptable in terms of their impact on land use and long term sustainability. It is well known that developers, particularly many volume builders, tend to favour greenfield development as an easier and more profitable investment than brownfield renewal. By paying the Bonus regardless of the extent to which proposals meet local planning objectives, the Government could undermine its own ambitions for the efficient and effective use of land, which should drive development to existing settlements and promote regeneration. To overcome this problem, CPRE believes that the New Homes Bonus should be linked to delivery of the development plan, to ensure that the spatial planning framework within which economic development and regeneration takes place is not undermined.

7. Following the abolition of regional government, Local Enterprise Partnerships (LEPs) will form the only level of governance between the national and local levels. They are likely to have a significant influence therefore over regeneration proposals and outcomes. CPRE is concerned that because of the exclusively economic remit of LEPs, their pursuit of economic growth could be at the expense of improving environmental and social objectives. We believe successful regeneration is dependent on tying economic growth to environmental improvement. The current remit of LEPs does not recognise this.

8. CPRE does not support a wider planning role for LEPs in their current form. As non-statutory organisations, the transparency and accountability of LEPs is not guaranteed. These characteristics are essential for ensuring a fair planning system. Their opacity is also at odds with the Government’s wider localism agenda, which aims to improve public involvement in the planning system. Even if statutory standing and therefore transparency were guaranteed, the sole economic focus of LEPs means that they are not, in CPRE’s view, suitable planning bodies.

9. Rather than a planning role for LEPs, CPRE supports legislating for a strong “duty to cooperate” on all planning authorities. In particular this duty should require authorities to prepare Joint Development Documents, where necessary, that address strategic renewal issues.

10. There is potential, however, for the Government’s plans for neighbourhood planning to reinvigorate public involvement in planning for the future, and therefore form the basis for community-led, collaborative regeneration. Parish and village planning already play a significant role in rural regeneration across the country. For example, Sustainable Youlgrave, a voluntary community organisation set up by the villagers of Youlgrave in the Peak District National Park, is exploring innovative ways to make Youlgrave more self-sufficient and sustainable. Most recently, the organisation has with the support of the Parish Council put together a proposal for eight affordable houses for local people on an infill site in the village. These homes when complete will allow local families to remain in Youlgrave, and to continue to contribute to village prosperity. CPRE believe...
that a well-resourced and genuinely effective neighbourhood planning system could nurture regeneration successes across England, in both rural and urban places.

Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

11. CPRE believes that the success of regeneration in recent years has resulted from investment directed by a robust spatial planning framework. As the Government pursues reforms of the planning system with the aim of passing decision-making powers back to local authorities and communities, it should ensure that this framework is not weakened. The National Planning Policy Framework (NPPF) should offer a statement of key, defining principles for the future development in England, within which local authorities are able to shape truly sustainable places.

12. In CPRE’s view, three planning policies introduced in the last two decades have in particular been tremendously successful in promoting regeneration, and subsequently protecting greenfield land from unnecessary development. The first is a national direction on a minimum density for housing development; the second is a national target for the proportion of homes to be completed on previously-developed—or “brownfield”—land; and the third is a “town centre first” approach to retail development.

13. Building at medium to high densities of around 50 dwellings per hectare need not equate to high-rise “town-cramming”, and an excess of flats being developed at the expense of family housing. CPRE’s 2008 report The Proximity Principle found that Victorian terraces, often lauded as an example of good design at higher densities, tend to have densities of around 60–80 dwellings per hectare (dph). While the high-rise tower blocks of the 1960s and 1970s, now almost universally derided for their complete failure of function and form, were built at comparable densities of around 75 dph, as a result of the large expanses of open space required around their bases. Equally, while providing around the same amount of living space as terraced homes, the semi-detached properties typical of much 1930s development are a far less efficient use of space, achieving densities of around 15–30 dph. These examples illustrate the importance of density directions sitting within a framework for good design.

14. As well as ensuring the efficient use of land, building at medium to high densities has been shown to foster communities that are more economically, environmentally and socially sustainable, arguably the overriding objective of regeneration, than those that are more dispersed. The Proximity Principle discusses at length the benefits that compact communities deliver. In brief, key benefits include well-supported local services and enterprise, not only ensuring access to key facilities but providing important social hubs, which especially in the context of an ageing population and smaller households, can be a source of essential social interaction. Compact communities also reduce the need to travel, and increase the potential for any necessary travel to be active; this has a wealth of benefits, including reducing carbon consumption, promoting tranquillity and improving public health and road safety.

15. As a consequence of the national density direction, the average density at which dwellings are built in England has risen from 25 dph in 2001, to 43 dph in 2009. This national density target has now been removed from Planning Policy Statement 3: Housing (PPS3), as part of the Government’s drive to return planning powers to local authorities and communities. CPRE acknowledges the Government’s rationale for removing the national direction. In particular we recognise concern about excessive densification, which in the absence of strong local policies can undermine the character of some locations. We would strongly welcome, however, the inclusion in the forthcoming NPPF of a statement of support for locally defined minimum density targets for housebuilding. We believe that this should be accompanied by a strong national policy which requires the efficient use of land.

16. In 1998 the Government increased the national target for residential development to be delivered on previously-developed (brownfield) land from 50% to 60%. The increased target was met by the accusation from some quarters that it was unrealistic. In the early 2000s, when the 60% target was passed for the first time since records began, reports suggested that this would be a short term success and brownfield land supply would soon be exhausted. On the contrary, however, in both 2008 and 2009 80% of new homes were built on brownfield land. If the brownfield target is to be reviewed as part of the NPPF drafting process, then the tremendous success of the direction in increasing the reuse of brownfield land makes a compelling case for increasing, not weakening, the national target. As well as increasing the target itself, CPRE believes that implementing a nationwide, sequential, “brownfield-first” approach to development through the NPPF would further promote investment in renewal, as well as strengthen protection for the countryside.

17. CPRE believes that an essential part of such a sequential approach to land use is giving local authorities flexibility to allow for anticipated windfall contributions in their site allocation development plan documents. This flexibility was an established part of the planning system until 2006, when Planning Policy Statement 3: Housing (PPS3) was introduced. Under PPS3, local planning authorities can only include an allowance for windfalls if they can demonstrate exceptional circumstances which require it. In spite of this policy change many local authorities continue to deliver a significant proportion of housing on windfall sites. For example, over the period 1999–2009 69.7% of all new homes in Shropshire were built on windfall sites.

38 http://www.cpre.org.uk/filegrab/TheProximityPrinciplefinal.pdf?ref=3524
39 CPRE Shropshire analysis of Shropshire Council Annual Monitoring Reports
this evidence, Shropshire Council are still required to allocate greenfield sites for housing, which in turn can lead to “cherry-picking” by developers, undermining opportunities for brownfield renewal and regeneration. CPRE views the reinstatement of national support for local planning authorities to use an allowance for windfalls in planning new housing in the forthcoming NPPF as a priority if the Government’s objectives for regeneration and countryside protection are to be met.

18. Recycling land, like encouraging the efficient use of land, has a wealth of benefits. Faced with the multiple difficulties that declining and deprived urban areas can present, it is easy to propose, as did the previous Government, an “eco-towns” solution, to begin again with a blank slate. As well as demanding irreversible environmental loss, “starting again” will not in itself resolve the problems of existing communities. The CPRE report Brownfield market signals concluded that in certain cases making more greenfield land available for development can reduce the viability of renewal projects. As public funding for regeneration is squeezed, and the responsibility for investment falls more than ever to private enterprise, it is critical that the Government provides a framework that makes renewal a more competitive option for investment than greenfield development.

19. A further policy of recent years that has been instrumental in delivering both small and large scale regeneration objectives, while protecting swathes of countryside from unnecessary development, is the “town centre first” approach to retail development. By tackling the trend towards car-dependent, out-of-town hypermarkets, many local authorities have successfully implemented regeneration master plans in their district and town centres. In response to questioning from the Competition Commission’s investigation into the UK’s groceries market, Tesco and Sainsbury’s said that the “town-centre first” policy had forced them to explore a wider range of store formats which were compatible with centre and edge-of-centre locations. Supporting neighbourhoods to retain existing economic activity is a critical element of successful regeneration, which the “town centre first” approach has been proven to deliver.

20. As well as a supportive economic framework, successful regeneration policy depends on positive spatial planning. Such policies are clearly not a compromise solution, but have real benefits for the environment, society and economy. In supporting regeneration, the Government should not allow a return to the sprawling, greenfield-hungry and car-dependent development that characterised much of the late 20th century.

How should the success of the Government’s approach be assessed in future?

21. Assessing the success of policy depends on consistent, reliable and accurate evidence gathering. It is because of this evidence that we are confidently able to declare the success of policies, such as the national brownfield target, and examine how the policy can be developed and further improved. Particularly important are the Land Use Change Statistics collated by the Department for Communities and Local Government, and the Housing key facts fact sheet published quarterly by the department. CPRE believes it is essential that this data continues to be collected and published, so that the outcomes of policy decisions relating to planning and regeneration can be properly evaluated.

March 2011

Written evidence submitted by NewcastleGateshead

SUMMARY

NewcastleGateshead are pleased to see that the Select Committee are conducting an inquiry into this important issue and are grateful for the opportunity to submit evidence to it.

Our main conclusions are:

— The successful regeneration of certain areas in Newcastle and Gateshead has been—and remains—a key local priority. Due to the extent of issues of low demand housing and loss of population, we have been a Housing Market Renewal (HMR) area since 2002.
— We have been successfully delivering a long term, complex programme and are at the stage we expected to be at eight years into the programme. Much is in place to facilitate private sector led transformation of our areas—but not all.
— The abrupt ending of HMR funding without any phased withdrawal causes us significant problems:
— Neighbourhoods will have to face incomplete investment activities—derelict and boarded up houses, homes not improved, demolition and new build not carried out;
— Community reaction to perceived “abandonment” will be strong, especially as HMR has secured unprecedented levels of local engagement and support;
— The economic benefits of existing investment on jobs created and retained may wither away;
— Value for money for past public investment, and its ability to bring in other public and private finance, will be challenged and economic potential undermined; and

40 http://www.cpre.org.uk/filegrab/1brownfield-market-signals.pdf?ref=3950
— Regeneration skills and experience with their emphasis on cross cutting professionalism and people engagement will be lost to the local community.

— While there are positive aspects to the proposed way forward, overall it represents an inadequate response to the scale and complexity of the challenge that Newcastle and Gateshead are tackling; and the lack of recognition of the point that we have reached in a carefully phased programme.

— Successful bids to the Regional Growth Fund would be helpful, although we recognise the extent of competition, as well as the challenge of fitting the Fund’s criteria (which was understated by officials and Ministers initially).

— New incentives such as the New Homes Bonus work less well in areas such as ours and mean there will be minimal benefits to us. Gateshead’s initial allocation is £68,000 and Newcastle’s is £455,000, compared to an HMR programme of £220 million over the past eight years. Alongside the loss of HMR, this is a double challenge. Overall, there are not likely to be enough available resources.

— Furthermore, the strategic thrust of a number of the new policies may have unintended consequences unless carefully planned. The chief of these is that development will only be economic in green field, peripheral sites, with the burden on established infrastructure and the need to provide new infrastructure which that brings.

— The long term costs of not regenerating are likely to be more than actually undertaking the regeneration.

— The importance of using robust evidence to inform strategy development—and resourcing the collecting of this—is vital.

— Effective partnership working and community involvement and engagement are key.

— Attracting private finance and support is critical, but this is challenging in our areas without public support. The establishment of Joint Ventures in NewcastleGateshead offer a local solution to this problem; there is also a great deal of local expertise and learning that has been gained from their creation which can be shared.

— The government’s focus on localism and the lack of any national regeneration priorities means the task of judging success is difficult.

Context

The task of regenerating our most deprived neighbourhoods has been a long term priority for Newcastle and Gateshead. It forms a key part of our wider economic and spatial strategy to both strengthen the economic core of the Tyne and Wear city region and to reduce future demands on the Exchequer.

Since 2002, we have been one of the Housing Market Renewal areas and are now eight years into what was intended to be a 15 year strategy. This is a strategy that we are making good progress with, as evidenced by our consistent assessment of “Performing Strongly” from the Audit Commission.

Thanks to our efforts, the foundations have been established for the private sector led transformation of our priority areas, while outcomes are beginning to improve in these areas. £224 million of HMR resources has been invested in our areas, alongside a further £137 million of other public and private complementary funding—an overall sum of £361 million.

These plans have the support of local politicians, officers and—most importantly—local residents. We are able to demonstrate improvements in numbers of empty properties, house prices and many key deprivation indicators. In short, we are at the stage that we thought we would be in the programme. Any stopping or loss of momentum at this point was always likely to cause significant issues, including potential collapse of what remain very fragile housing markets. We have done substantial research, and can demonstrate that in some of our renewal areas market provision is unlikely to be viable in the next 15 years. We would be happy to share this research with the committee.

We obviously understand the overall financial issues that the country is facing at this time, but are concerned that abruptly cutting HMR resources in the unprecedented way that has happened, with no transitional funding, puts at risk the considerable investment that has been made to date. We fear a repeat of failed regeneration activity of the past where fragile progress is not sustained and slips back, bringing a further cost to the Exchequer in the future.

Of most pressing concern is the issue of blight and the quality of life of our residents where neighbourhood plans are either part way through or about to start being delivered. Community reaction to perceived “abandonment” will be strong, especially as HMR has worked hard to secure local engagement and support—which was acknowledged in Building Houses or Creating Communities? A review of government progress on Sustainable Communities, (May 2007), which states “Engagement processes in almost every other area … have not met the standard set in NewcastleGateshead”.

Ev w20  Communities and Local Government Committee: Evidence

RESPONSE TO SPECIFIC QUESTIONS

We do agree with certain issues in the new framework, as set out in the detailed answers below, however overall we feel that it is not an adequate response to the extent of the long term structural issues that we are tackling.

Most of the new potential sources of funding will see minimal benefits to us and, combined with the removal of HMR, cause a significant disruption to our plans. Furthermore, the strategic thrust of much of the new framework is in danger of exacerbating many of the issues that led to the need for regeneration in NewcastleGateshead—namely encouraging decentralisation of jobs, housing and people out of the urban core to surrounding areas. This has had the effect of leaving issues of low demand for housing and high levels of deprivation in many of our central neighbourhoods. It will put pressure on existing roads and other infrastructure, and create demand for new schools, shops and community facilities which are unlikely to be affordable.

If our neighbourhoods are not supported and we cannot finish the job we started—to create a transformational offer to retain and attract population—and we are further undermined by national policy changes, we risk wasting the considerable resources invested to date and will continue to be a cost to the Exchequer in terms of mainstream resources and future regeneration funding.

In short, as well as the immediate issues of residents being left living in blighted conditions, we risk missing this once-in-a-generation opportunity to finish the job and create self sustaining neighbourhoods that fully contribute to economic growth.

Q. How effective is the Government's approach to regeneration likely to be? What benefits will the new approach bring?

The Government clearly is faced with a challenging situation in terms of tackling the national financial situation and this would have been true of any government. Even under previous arrangements, funding for regeneration would have had to reduce.

There are aspects of the new approach that we feel are likely to have benefits. We agree with the proposal for un-ringfencing of budgets to enable local pooling of resources. This is likely to be of significant benefit for us and other areas. We also feel that it is valuable, for example, that the HCA is working with the Regional Development Agencies to ensure that the land and property assets of the latter are managed in a way which delivers the best outcomes for regeneration.

Wider changes such as the creation of Local Enterprise Partnerships, the granting of new borrowing powers in the form of Tax Increment Financing and the creation of new Enterprise Zones will need time to bed in before any potential benefits can be judged, although we remain hopeful.

Overall, however, we feel that the current set of national funding and policy proposals for areas facing deep seated social and physical structural issues are inadequate. As well as the cuts to funding, the abolition of Regional Spatial Strategies and the thrust of many of the policies could result in the further weakening of fragile neighbourhoods. There is no recognition of either the stage that we are at in long term, carefully planned programmes or the complexity of delivering the necessary transformational change in some of the most deprived areas of the country.

While successful bids to the Regional Growth Fund would be a help, we recognise that this fund is substantially over subscribed in the first round. We have bid into this fund for one of our priority HMR areas as we were advised to, while other bids are being considered for future rounds of this fund. Further bids have gone in for other projects in Newcastle and Gateshead.

Other incentives such as the New Homes Bonus work less well in our areas because of both the stage we are at in our carefully phased programme with further demolition being needed, and the historic challenge of increasing effective housing supply in Newcastle and Gateshead. Also because New Homes Bonus is most likely to go to areas where housing demand and viability are highest, and because future allocations are top-sliced from formula grant to Local Authorities, there will be a further redistributive effect from poorer to richer regions of the country. We have a long term aspiration to increase housing supply but are working towards this through a carefully phased programme of Renewal and Growth. We will be penalised by the New Homes Bonus as many of our potential sites suffer from physical constraints or are in low value areas and can be unattractive to developers. Our research on viability shows that there is currently a requirement for gap funding to fund new build in our more deprived, inner urban areas.

The projected income figures show that Gateshead is projected to receive £68,283 in year 1, the lowest in the North East. This compares to £10 million of HMR resource in the last financial year. Similarly, Newcastle’s figure is likely to be £455,753—compared to HMR grant of £14 million last year. These are huge reductions in funding. Added to the loss of HMR, this is a double blow.

Finally, and potentially most damaging, is the strategic thrust of the Bonus. Rewarding net development and larger housing units, regardless of the sub regional nature of housing markets and the level of need in both...
individual boroughs and adjacent ones, risks exacerbating the long term processes that have actively contributed to the decline in the HMR area.

Removing the need for strategic planning and potentially allowing unfettered development to take place in surrounding areas is arguably the biggest risk to Newcastle and Gateshead overall, but particularly the HMR area, running the risk of further exacerbating the decline of the core. There are clear sustainability and economic arguments for prioritising development in NewcastleGateshead.

All of this runs the risk of furthering the long term processes that led to the decline of our neighbourhoods, leaving the risk of future increased costs to the Exchequer.

Q. Will it ensure that progress made by past regeneration projects is not lost and can, where appropriate, be built on? Will it ensure that sufficient public funds are made available for future town centre and city regeneration projects as well as for more localised projects?

As set out above, the loss of funding together with the new framework give a severe risk that progress is lost and causes significant problems. Newcastle and Gateshead remain determined to secure the long term sustainability of our priority neighbourhoods, and have much of the groundwork laid for future private sector led transformation—but not all. Our ability to complete the task has been made substantially more difficult.

In addition, the economic benefits of existing investment on jobs created and retained may wither away, value for money for past public investment, and its ability to bring in other public and private finance, will be challenged and economic potential undermined, while regeneration skills and experience with their emphasis on cross cutting professionalism and people engagement will be lost to the local community.

The loss of HMR funding together with the minimal benefits of new schemes for NewcastleGateshead means that there are not sufficient funds available at present. We have always been realistic about the level of resources required and clearly HMR funding was going to have to finish at some time. This would ideally have been in a managed and phased way with a focus on each area’s priorities, rather than the abrupt end that has happened.

Q. What lessons should be learnt from the past and existing regeneration projects to the Government’s new approach?

The Government’s new approach needs to understand the scale of the regeneration challenge in certain parts of the country. There are deep seated geographic differences and drivers in different parts of the country caused by historically uneven patterns of economic change.

The key lessons therefore are that policy changes and churn are profoundly unhelpful. They lead to political waste of resources, market uncertainty, and short term planning and decision-making.

The most deprived areas, particularly in the North and Midlands have been further undermined by the recent recession and are at considerable risk from public sector cuts.

Many of the measures set out in the new framework are peripheral to the reality of the regeneration needs of these areas. Regeneration resources and strategy needs to be tailored to the needs and scale of the challenge in different localities.

While current resources are clearly stretched, the government may also consider the costs of not intervening. These create considerable direct economic benefits in activities such as construction, they create indirect economic and social benefits in terms of creating a housing offer close to economic centres to encourage both businesses and people to locate—and they prevent longer term costs to the Exchequer.

Both Newcastle and Gateshead spend disproportionate amounts of stretched mainstream budgets just on managing decline—and the social consequences of that.

A lesson that is likely to be learnt is the need to provide longer term certainty on funding streams and to avoid rapid closure of existing regeneration schemes without a sensible exit strategy. This can cause significant problems for local authorities, private developers and—most importantly—existing residents.

The importance of evidence—and resourcing the collection of it—is vital. Understanding the needs of areas to design appropriate strategies, then to actively monitor and ultimately evaluate success is a key point to mention.

Partnership working is a key part of successful regeneration. Depending on the scale, this might include working across local authority boundaries, as well as with other agencies, community groups, private partners and local residents.

Finally, particularly in Area Based Initiatives, the need to engage with local communities and keep them onside is a critical aspect of regeneration. There are a number of aspects to this from involving them in the early stages of scheme design and masterplanning as well as finding mechanisms to feed their views in on an ongoing basis.

For example, in Gateshead, to ensure that the longer-term strategic direction for each of the BNG priority neighbourhoods were based on a sound evidence base and reflected the views of local residents, four
Neighbourhood Planning exercises were started in 2004. Drop-in sessions at key times during the process were the main point of contact for residents, with a total of 3,289 individual recorded visits to 35 different events.

Further outreach work with faith communities, BME groups and sections of the community deemed hard to reach, promotion of a free telephone number, use of the Council website and a number of household surveys and exhibitions meant that over 4,000 contributions were received across the four areas. Development of the Neighbourhood Planning in Schools programme working with head teachers and classes within the communities also provided information and useful contribution from the children.

The Council also developed community capacity in the form of Street Reps, engaging residents as the ‘eyes and ears’ of their communities, and accessing those individuals who are not members of formal groups; and a Residents’ Design Reference Group, working with Gateshead Council to create community awareness of urban regeneration through good urban design.

In Scotswood, a governance model for the regeneration of the Scotswood Benwell area has been established based upon a partnership approach to planning and implementation. This acts as the Project Board and has responsibility for the strategic direction of Scotswood regeneration and for the management of the Area Action Plan and major investments, including BNG schemes, in Scotswood Benwell. The Project Board comprises of elected members from Newcastle City Council, local community representatives and key partners and stakeholders. Regular meetings are supplemented by special meetings and workshops to consider the preparation of key documents and strategies in detail.

There is also a resident focused Scotswood Joint Working Group which has been actively engaged in the development and progress of the plans for Scotswood Benwell since the original publication of regeneration plans in 2001. The JWG worked closely with councillors and Council officers to agree realistic proposals for the location and scale of housing clearance that are still the basis for HMR pathfinder activity in the neighbourhood.

An inclusive community engagement event called “One Big Month” was held in Walker Riverside between February and April 2007, and generated 1,500 responses from local residents about plans for a new district centre in Walker. For the Walker Riverside Design Code, residents participated in a five day Enquiry by Design process which allowed community members to visualise the features they wanted to see included in the projects. Recently, an artist has been employed to help residents design attractive and welcoming features to Harbottle Park.

Their views are also key throughout as projects are monitored and evaluated. For example, the BNG Residents’ Panel has played a key role in HMR strategy development since 2008.

Q. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

Attracting other public and, particularly, private sector resources is a key facet of any successful regeneration programme. This has been a key focus and expectation of the HMR scheme, as well as many past regeneration programmes.

Going forward, attracting specific public resources will be more problematic given current financial constraints. The concept of mainstreaming can be considered by local authorities and other organisations, and other services and parts of budgets can be used to help regeneration objectives. The un-ringfencing of local authority budgets should assist with this.

Equally important is the need to align public funding to secure increased value for money.

Securing private investment is both more important—particularly at the current time—and more difficult to achieve. Private finance and activity has always been particularly difficult to attract to our regeneration areas. However, BNG has been particularly successful, as for every £100 of HMR spent, we have attracted £69 of additional investment. Private housebuilding had been absent from our neighbourhoods for decades. Securing it, however, clearly represents a key success in being able to fully regenerate neighbourhoods—reflected by our support for, funding of and involvement in the various joint venture initiatives across Newcastle and Gateshead.

The key point to recognise is that private organisations need an incentive to invest—as profit is what ultimately counts and they are unlikely to get involved if it is not viable or risks cannot be shared. This is part of the original rationale for HMR, that public resources would both prepare the land and, if necessary, gap fund development in the most challenging neighbourhoods.

Negotiation and business skills are key, and we have had particular successes in these fields through the creation of Joint Venture Vehicles in both Newcastle and Gateshead.

Hitherto, new homes and communities have required high levels of grant intervention in deprived/brownfield areas. Without that, alternative mechanisms such as fiscal incentives, Tax Incremental Financing, or further support for Prudential Borrowing are essential if development is to proceed. An affordable homes bonus of £350 per unit for six years does not equate to past gap funding grants of £30–£40,000 per unit.
Q. How should the success of the Government’s approach be assessed in future?

The Local Growth White Paper set out a number of high level ambitions for locally driven growth, encouraging business investment and promoting economic development. The White Paper says the policy set out will be successful if “…it delivers strong, sustainable and balanced growth of income and employment over the long-term; that is broad-based industrially and geographically; creating a business environment that competes with the best internationally; and ensuring everyone has access, including future generations, to the opportunities that growth brings.”

There is little in this paper or indeed in the Regeneration proposal about the specific regeneration challenges from a government perspective, other than that it can be at the heart of driving economic growth.

As such, this makes the task of judging the success of the government’s approach problematic. A pragmatic way of doing this would be to design an evaluation framework around these broad points, to assess a basket of local economic, labour market, housing and demographic outcome indicators and analyse them at different spatial geographies across the country to look for both temporal and spatial change.

Other key indicators will be capturing amounts of match funding—especially private—and outputs achieved. Specific evaluations (both formative and summative) of RGF projects as well as policies such as the New Homes Bonus will also be important.

Given the government’s focus on locally driven solutions, there is a need for robust monitoring and evaluation for particular local schemes and approaches—whether undertaken by local authorities, LEPs or other sub regional bodies.

Findings from these could inform any national synthesesising of policy impacts.

For the reasons set out above, it will be vital that negative changes to places, whether through unintended consequences of policy, adjacency effects or other factors are monitored and, where necessary, responded to or mitigated.

March 2011

Written evidence submitted by the City of Bradford

— Successful regeneration can only be delivered through local partnerships.
— There remain significant structural issues with some economies in the North that require support.
— Local Authorities and their partners have experience and track records in delivery.
— Incentives need to be flexible and locally relevant.

Bradford is a great example of how regeneration can, and is, making a difference to people and places. A large part of this success is down to our strong local partnerships, although innovative approaches to how resources are used and a targeted approach on how funds have been deployed have also greatly contributed.

Given the recent extraordinary changes to the landscape for regeneration and economic development we welcome the Government’s stance on reviewing the general approach taken and the recognition that successful regeneration requires a significant amount of effort and input from local partners, stakeholders and communities.

We have always taken this approach in Bradford, putting residents, local businesses, civil society organisations and civic leaders in the driving seat. We take a partnership approach to regeneration which creates a shared focus and a clear set of priorities for intervention.

But, while significant progress has been made in some areas, we continue to have some significant structural issues which act as a brake on local economic growth and regeneration. Work to develop the Local Economic Assessment and Economic Strategy shows that high levels of long-term unemployment, low skills levels and low levels of private sector investment and job growth continue to impact on the nature of regeneration and economic development in the district.

Given the challenges to economic development and regeneration that we, along with other areas in the North of England face, we strongly suggest the Government retains a focus on areas which may not have fully benefited from the last 10 years of economic growth.

The Local Authority and our partners have a track record of delivering successful outcomes for the district in terms of physical and social regeneration and we would expect this to continue in this new approach to regeneration.

For example the Local Enterprise Growth Initiative has been recognised as a major success in supporting local people to move into self-employment, supporting 1,219 business start-ups, safeguarded 2,781 jobs and created 3,949 new jobs. Indirect benefits include increasing enterprise in higher education, tackling barriers to employment, embedding enterprise in local communities, supporting business survival and growth through investment, access to finance and providing locally relevant business support.
It is important we are able to continue to deliver interventions that are locally relevant. Any national delivery identified within the Localism Bill must be sufficiently flexible to allow us to complement it with local perspectives and priorities.

We welcome the new incentives for growth highlighted as part of the new approach. Particularly the proposals for new methods of raising finance through Tax Increment Finance. We are keen to explore how a TIF could help secure the delivery of local schemes that have stalled as a result of the recession. We are already working with local partners and investors to explore how the TIE model could support the regeneration of Bradford city centre. We urge the Government to ensure the Localism Bill fast-tracks the implementation of TIE the model to ensure we can maintain momentum.

We are also keen to explore how the proposed Enterprise Renewal zones could work for Bradford. As a district Bradford is heavily dependent on public sector employment. If we are to meet forecast demand for 25,000 new jobs by 2020 then we have to significantly increase private sector growth. Offering incentives through Enterprise Zones could provide an opportunity to do this.

Incentives provide a short term win that can help kick start local economies. A longer term strategy to deploying resources will contribute enormously to economic growth and regeneration.

In order to secure this we believe that capital assets from the Regional Development Agencies should be disposed of in a manner which provides the most opportunity for local areas. Our perspective is that these should be transferred to the Local Authority for appropriate action. Having ownership of these assets could provide a significant opportunity for local authorities to lever in additional investment or to unlock further development potential.

In conclusion we would like to see the Government lead by example with this new approach and ensure that, when decisions on investment or the deployment of public resources are being taken, they take into account local perspectives and input partners and take into account the need to create and maintain momentum and support growth in deprived areas.

We encourage the Government to deliver this new approach in partnership with LEPs and Local Authorities who are best placed to support implementation on the ground.

March 2011

Written evidence submitted by the Sustainable Communities Excellence Network

BACKGROUND

— The Sustainable Communities Excellence Network. (SCEN) is a membership organisation comprised of the Regional Centres of Excellence for Sustainable Communities (RCEs) and the Regeneration Centres of the three devolved Governments.
— The Regional Centres of Excellence were established in all regions by the RDAs at the request of CLG.
— The purpose of the RCEs was:
  — the development of skills, knowledge and capacity at the local level to raise standards of planning and delivery of integrated regeneration interventions;
  — Leadership in cross occupational learning and competence; and
  — Design Review and Enabling Services to raise standards of practice across the board.
— Seven of the RCEs ran or commissioned a Regional Design Review Service.
— Many of the RCEs piloted activity on behalf of CLG; eg the Neighbourhood capacity building.

Respondents have been asked to address these issues:

How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

Regeneration is effective where there is scale and where economic development and social needs form part of a holistic solution. It is accepted that the solutions need to be built around people’s needs otherwise buildings have no function but to occupy a site or measures to address peoples’ behaviours are meaningless without support for economic development or buildings that are fit for purpose. Until the “Big Society” is defined, it is difficult to identify the benefits.

There is a need to avoid dogma such as “growth is an essential pre-requisite for regeneration.” Regeneration is about change. The weakness of the last government’s Sustainable Communities Plan was its dependence on poorly evidenced housing growth targets. In the same way, the appetite of the banks to invest in new AND

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42 Only 10% of RICS members responding to the January Housing Market Survey felt the government would be successful in increasing the number of new homes in the market and close to 40% of respondents believed it would have no effect at all.(dash24.com)
EXISTING businesses will play a much bigger role in regeneration and economic recovery than government interventions.

Business accommodation changes to meet the needs of the new economy, neighbourhoods change to meet the needs of society. Cities need to change and adapt to address the physical restructuring caused through redundant uses for industrial and commercial buildings in the town/city centres cannot be addressed by the private sector alone. Eg The local Authorities can use their CPO powers to assemble sites made up of multiple owners/tenancies and easements. Partnership working and collaboration between sectors has in the past been effective in managing these complex arrangements. This type of expertise will be lost; eg commissioning clients need to know what they want and how to support and negotiate with the private or public sector.

Consultation and community empowerment have played an increasing role in regeneration process since about 1970 and the benefits are well recognised. Further empowerment as proposed in the Local Growth White Paper may not have the desired effect. For example, What the community wants, and what the evidence directs or concludes may be required may be different.

The SCEN approach has been to support community learning through best practice that can balance need and want and operates at a scale the can exchange good practice and innovation in planning and delivery. Localism can not necessarily address the benchmarking of good practice as the scale needs to be at the greater spatial level.

The Community relationships and capacity to act will need supporting; there is insufficient monies to keep all happy but there is an expectation that all can benefit, particularly through the local authority distribution of the Community Infrastructure Levy.

As a general statement, the local authorities are competitive seeking to secure development within their boundaries. This can mitigate against sharing knowledge and expertise. We are at the very earliest stages in seeing truly effective local government collaboration, not just across different geographies but though the “tiers” of government. SCEN aimed to provide a vehicle that provided a shared resource.

Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

Whilst the “Storyline” of the regeneration projects can be captured, what is in danger of being lost is the professional skills that relate to complex integrated regeneration projects. Skills and knowledge need to be captured, transferred, refreshed. It is the experience of all professionals involved in these area regeneration interventions that has enabled a body of knowledge of what works and what doesn’t to develop in their decision making throughout the planning and implementation process. There is a risk that this will be lost. There is a real need for excellence to be placed where it can be used by practitioners and the community the paradigm for this to take an example from the private sector who can demonstrate that where they operate at scale—nationally or internationally the organisation manages its knowledge through a KMS framework. It is not clear how the Growth White Paper plans to address the KM issues.

Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

This is a matter for the government to decide. There should be an evidence gathering mechanism that demonstrates if targets are being achieved within the desired timescales.

It is a matter for the Local Authorities to manage expectations and set out their programme of investment.

It is a matter for the LEPs to influence strategic investment—if they have any funds.

Some local authorities are taking serious steps in devolving responsibility for the administration of key funding sources such as Section 106 to their local communities (such as Bristol City Council.) SCEN would question whether communities have the skills to realise these undertakings.

Will the new Government’s approach ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

The impact of the closure of the RCEs

— The closure of the RDAs has effectively terminated the funding to the RCEs leaving the integrated approach to investing in local place making by developing the skills and knowledge of the whole community of practice in doubt.

— SCEN facilitated RCEs and other membership organisations to exchange knowledge, specifications for events and other commissioned services. This brings both business improvement and efficiencies to bear.

— The RCEs managed a large network of local contacts; This means the loss of a conduit that reaches from central government to the local level. SCEN assumes that this local level is vital for engagement in the Big Society.
— As a collective of like-minded organisations, the loss of the RCE equates to a loss of scale and impact where each RCE could have close dialogue with other Agencies, the LGA Networks and other third sector and private sector organisations.
— Can share specifications nationally to avoid reinventing the wheel.
— Integrate officer/member and practitioner learning into the Design Review process.
— Similarly some RCEs link into enabling and Constructing Excellence to provide up skilling at all stages in the procurement route. This is a business model that provides efficiencies and a legacy for a wide community of practice.
— The RCEs provide a public resource of knowledge and knowledge transfer that is practitioner focussed. This is different to the KTP with Universities which focus on research and knowledge acquisition for the development of their business requirements.
— In Summary; The loss of the RCEs and the SCEN means the loss of knowledge which will be archived and the loss of tacit knowledge which due to the swiftness of the cuts, the RCEs have not been able to capture. Former personnel will now drift away.

What lessons should be learnt from past and existing regeneration projects to apply to the Government's new approach?

Drawing on the SCEN members’ experience:
— Sharing specifications nationally avoids reinventing the wheel and is cost efficient.
— Integrated occupational learning generates the ability for practitioners to collaborate to create effective solutions for complex area regeneration interventions.
— Sharing knowledge gained at a larger scale than the local authority level enabled a strategic response based on the extraction of learning rather than on one authorities experience.
— In establishing the RCEs, it was evident that knowledge capture and the capture of tacit knowledge was limited, especially given the competitive nature of previous programmes such as City challenge and the Single Regeneration Budget. Whilst documents may have been archived they had a general lay narrative, the practitioner knowledge had not been extracted and the tacit knowledge rested within individuals that had often moved on into other roles.

The last 10 years has seen more of a focus on evidence and learning and much has been learned from regeneration programmes such as the New Deal for Communities and the Market Towns Initiative which really did explore community engagement in both the rural and urban context and have much to ‘teach’ the new localism agenda. SCEN would support activities that make good practice available to communities through informal mechanisms. Ie Action learning and focused seminars rather than academic courses.

How should the success of the Government’s approach be assessed in future?

We need to go much further than just analysing what money has been spent (down to the nearest £500) and maintain a proper evidence base about what works and does not work in regeneration. This MUST be independent of government and other political parties so that it has credibility with practitioners and local residents alike.

Our definition of “success” needs to be defined across the broad range of issues that have already been identified (by local people) as essential to the creation of great places in which to live and work. We must avoid a return to the silos of the past or the government’s regeneration agenda will flounder as, indeed, will the whole localism policy.

The Government needs to think about how to share knowledge between local authorities or communities in different local authority areas since reinventing the wheel is both costly and time consuming. Enabling knowledge for community empowerment needs to address the issue of who makes the decision, the community or the professionals?

March 2011

Written evidence submitted by the Centre for Comparative Housing Research, De Montfort University

Summary
— We welcome the role of this inquiry in generating a much-needed debate on the future direction for regeneration. The impacts of the credit crunch, the recession and public expenditure cuts necessitates a rethink.
— The coalition government’s commitment to community-based regeneration is, in principle, to be welcomed. But the detailed proposals are biased against towns and cities in many parts of the North of England and the Midlands.
The significance of community-based regeneration has been underplayed in recent decades but has considerable potential in shaping a future trajectory. There are many neglected examples of community-based regeneration such as social enterprises, community land trusts and neighbourhood initiatives.

However, strategic leadership by local authorities is essential if community-based regeneration is to flourish. Councils have a vital role in setting the strategic agenda and providing a supportive environment.

There are important lessons to be learnt from the successes and failures of regeneration in North America and Europe. In particular, community development corporations in North America and the “shrinking cities” programmes in the USA and Eastern Germany are relevant.

A major omission from the community-led regeneration guidance is the lack of focus on measuring outcomes.

**INTRODUCTION**

The Centre for Comparative Housing Research (CCHR) at De Montfort University has a track record of engaging with research, policy and practice on regeneration. We have undertaken research on housing markets and neighbourhood regeneration in urban and rural areas of England including Birmingham, Coventry, Shropshire and parts of South & West Yorkshire. We have worked with councils and communities in Shropshire on the development of a community asset trust to regenerate a rural district. Dr Tim Brown was previously a neighbourhood regeneration advisor for the government. He has recently participated in conferences and symposiums in the United States and Europe on initiatives for tackling regeneration issues. In 2009–10, the Centre undertook research, in collaboration with Hull City Council, for the Northern Way on “co-ordinating regeneration”.

Our evidence centres on the latter study including on-going work in Hull as well as comparative material from the USA and Europe. Our response focuses on the following questions:

1. Will Progress Made by Past Regeneration Projects Be Lost and Can They Be Built On?
2. How Effective is the Government’s Approach Likely To Be?
3. What Benefits is the New Approach Likely to Bring?
4. What Action Should the Government Be Taking to Attract Money from (a) Public; and (b) Private Sources into Regeneration Schemes?
5. What Lessons Should Be Learnt from Past and Existing Regeneration Projects to Apply to the Government Approach?
6. How Should the Success of the Government’s Approach be Assessed in the Future?

1. **Will Progress Made by Past Regeneration Projects Be Lost and Can They Be Built On?**

Lessons from the Last Decade

Whilst we may, with hindsight, be tempted to look back on the last decade of a multiplicity of programmes and big scale projects as a progressive era, the successes should not be over-estimated. In summary, there is compelling evidence that, although the built environment can be transformed, deep-seated health inequalities remain and educational attainment levels in deprived neighbourhoods are persistent. Private investment supported by a favourable economic environment and the facilitating role of central and local government helped to transform prime sites, but peripheral locations remained stubbornly unattractive. Gap funding from the public sector was insufficient to transform the financial viability of projects for such sites.

The proliferation of partnerships and local delivery vehicles, such as urban development corporations and economic development companies, was promoted as a means of ensuring the implementation of strategies and specific projects. A myriad of time-limited national programmes, such as education action zones and health action zones were established. But councils and their partners were faced with abortive costs in putting together bids for competitive national programmes with no guarantee of success. Even “winning councils” were faced with unforeseen transaction costs in co-ordinating a multiplicity of programmes, acting as the “accountable body” and succession planning at the end of time limited projects. From a private sector viewpoint, there was often confusion, if not dismay, on the apparent overlap and duplication of initiatives. Research by Brown and Lishman found that there were over 20 regeneration initiatives in East Hull involving a range of separate local delivery vehicles. Similarly, local residents, while acknowledging some of the benefits of investment and community engagement after many decades of perceived neglect, were bewildered by the number of proposals. This duality of view was summed up by a resident in East Hull, who commented:

43 The Northern Way was set up in 2004 by a coalition of partners to promote the North of England and address the challenges of improving economic performance and the quality of life.


“We ain’t neglected no more. There’s lots happening but I don’t have a … clue who’s doing it and why. Do I care? I don’t know but I think I should…there are too many cooks spoiling the broth.” (Interview with East Hull resident, 18 November 2009).

2. How Effective is the Government’s Approach Likely To Be?

Current State of Play

The credit crisis, the economic recession and public expenditure cuts have transformed the regeneration landscape. After at least a decade of supportive government approaches, such as housing market renewal pathfinders, public private partnerships (including private finance initiatives—PFIs) and new deal for communities (NDCs), major schemes are in retreat in many midlands and northern cities. The current state of play is now one of uncertainty. The Audit Commission in its strategic review of Gateway (the housing market renewal pathfinder) highlighted that the abrupt ending of the specific regeneration programme only halfway through its lifespan has left the city’s housing market in a fragile position.

This has been more generally highlighted by Hull City Council in a report entitled “Tipping Point City”. It contrasts the progress made over the last decade with the challenges ahead. On the one hand, it has completed, in partnership with the private sector, the internationally acclaimed St Stephens Centre that has transformed the retail, leisure and cultural offer so enhancing the city’s sub-regional role. It has also made considerable progress in delivering the building for schools programme. Gateway has facilitated the demolition of over 1,300 units and the development of over 1,800 properties, and enabled the development of over 350 new units. Opportunities continue to be exploited. In early 2011, there was extensive media coverage of the joint initiative by Associated British Ports and Siemens for a proposed wind farm manufacturing facility in East Hull. This has, in part, been facilitated by the local authority and may create between 500–1,000 jobs directly.

But, on the other hand, over 40% of neighbourhoods in Hull are within the bottom 10% nationally on indices of deprivation. The city has an employment rate of less than 63%. At the same time the ring-fenced funding for Gateway has been withdrawn by the coalition government and the Treasury has announced that it will no longer support a housing PFI scheme to regenerate the Orchard Park estate in North Hull. In relation to the former, the abrupt cessation of guaranteed funding has meant that Gateway cannot even meet its current contractual obligations to contractors and existing residents.

The coalition government’s change of thinking on regeneration and the timing of the related public expenditure cuts put in jeopardy many well-developed policies and programmes.

3. What Benefits is the New Approach Likely to Bring?

Community-Based Regeneration

A community-based approach potentially has interrelated advantages. These include, firstly, empowering local people to work with other stakeholders to develop and deliver solutions that address neighbourhood issues. Secondly, it helps to build social capital and enhance community cohesion. Thirdly, it makes more effective use of resources, which is of paramount importance in an era of financial austerity and uncertainty.

A useful starting point is to analyse the coalition government’s proposals for community-led regeneration. The publication of “Regeneration to enable growth: what government is doing in support of community-led regeneration” is a welcome “in principle” sign of commitment. It links with the Toledo Urban Development Declaration in summer 2010 by the relevant European Union Ministers. The coalition government highlights four areas. Firstly, reforming and decentralising public services are emphasised, for example, a simplified national planning framework and the focus on neighbourhood policy making. Secondly, incentivisation is stressed (rather than the carrot and stick approach of the previous government) for councils and their partners to “go for growth”. Thirdly, removing barriers to investment is highlighted, such as the continued abolition of ringfenced funding for councils. Lastly, there is a focus on targeted infrastructure investment such as transport.

However, despite the rhetoric of localism and a different strategy from the previous administration, it is still a top-down approach through measures such as enterprise zones, local enterprise partnerships (LEPs), local housing trusts, the regional growth fund and tax increment funding (TIFs). Each of these initiatives is subject to much debate and scrutiny. Collectively, they represent a continued requirement for councils and their partners to adopt a competitive bidding strategy with no guarantee of success. But, a major difference with these coalition government proposals is that there is a greater reliance on private rather than public sector funding. This is evidenced by the cut backs in regeneration funding announced in the comprehensive spending review...
in October 2010. On the one hand, the regional growth fund was highlighted as providing £1.4 billion of investment over the next three years. But existing funding streams were withdrawn, for example, the working neighbourhoods fund of £0.5 million per annum, while specified programmes (such as the housing market renewal pathfinders) were no longer protected.

Modelling the impact of these policy changes is not straightforward. But, overall, there is a bias against towns and cities in the North of England and the Midlands. For example, the major element of the affordable housing programme for the next four years is the affordable rent scheme. This involves setting rents at 80% of market level and providing fixed term tenancies as short as two years. From a financial viability perspective, this approach does not stack up for providers in areas where social housing rents and private sector rents are approximately the same. Similarly, providing short term fixed tenancies does not help to build and sustain strong communities in neighbourhoods where stability and social investment by residents is required as part of the coalition government’s big society.

Nevertheless, the principles of community-led regeneration remain pivotal in a period where there is a consensus among the main political parties in England on the need to tackle the public spending deficit even if there are differences in the timetables for action. Indeed, there is cause for optimism as there is a wealth of evidence stretching back over many decades of diverse and successful community-led regeneration initiatives. But much of this material has been marginalised and neglected because of the focus on large scale projects. They include neighbourhood initiatives in the 1970s to improve older housing areas in inner cities rather than wait for slum clearance and redevelopment, the use of community land trusts in rural areas to protect and enhance local facilities including workspace and affordable housing and the growth of social enterprises in many parts of England to provide training and employment opportunities for disadvantaged communities as well as improve the quality of life.

In the case of Hull, our research on co-ordinating regeneration identified a diverse range of interrelated actions. These included, firstly, the work of the Goodwin Development Trust, which is a large social enterprise that employs over 300 people. It was set up in 1994 by a group of residents on the Thornton Estate. It has developed and runs a large number of city-wide schemes including a community warden project, a community integration service and training and support for residents groups. Secondly, the city council and its partners have been investigating the opportunities presented by urban community land trusts. Thirdly residents on the North Bransholme council estate have been instrumental in taking forward a stock transfer proposal that will help to ensure that the decent homes standard for the properties will be achieved. These findings were reinforced in September 2010, when CCHR staff participated in a ‘gearing up for the big society’ event in Hull led by the Institute of Community Cohesion. This found a wealth of neighbourhood initiatives operating at the grass-roots level in some of the most deprived areas of Hull.

4. What Action Should the Government Be Taking to Attract Money from (a) Public; and (b) Private Sources into Regeneration Schemes?

Strategic Leadership Role of Councils

Our research on co-ordinating regeneration found that public and private funders wanted clarity and certainty. Councils as strategic leaders have a vital role to play in creating the appropriate climate to link investment with community-based regeneration.

The strategic enabling and facilitating role of local authorities is essential. Each of the examples from Hull in the previous section illustrates this point. Debates on the stock transfer option in North Bransholme have been facilitated by the council. The idea of urban community land trusts was taken forward as part of a city-wide discussion on the future of regeneration. The Goodwin Development Trust works in partnership with the local authority on many projects and is integral to the activities of One Hull—the local strategic partnership. Investment from the public and private sectors followed.

Our research illustrated how Hull City Council was fulfilling its strategic leadership role by:

— Working with the Homes and Communities Agency on a geographic investment programme to target funding on agreed priorities.
— Realigning the focus of Gateway on delivery rather than strategic policy and research.
— Transforming the urban regeneration company, Hull Citybuild, into an economic development company, Hull Forward.
— Establishing a regeneration board comprising chief executives and leaders of the main organisations and projects to co-ordinate strategies and action plans.

However, for the current decade, the strategic leadership role of councils is even more necessary yet additionally challenging. As we have already pointed out, public sector funding for large scale regeneration projects will be the exception rather than the rule. At the same time, councils and other public sector bodies...
are faced with an unprecedented requirement to cut expenditure. This puts in jeopardy their ability to provide previously taken-for-granted support for community groups (for example, advice, loans and grants, secondments, etc) either directly or through funding to third sector agencies.

Nevertheless, there are opportunities as well as challenges. At a strategic level, policy direction and co-ordination are vital in setting the context for community-based regeneration. The former centres on vision setting, prioritisation and policy development through local strategic partnerships. The latter involves aligning the activities and programmes of public, private and voluntary organisations. In relation to supporting and facilitating community-based regeneration, there is a strong case for councils helping to establish a city-wide local delivery vehicle in the form of, say, a community asset trust. This would overcome a frequently cited weakness of neighbourhood organisations in England that are unable to benefit from operational economies of scale and lack the skills and resources to achieve their ambitions. The role of a community asset trust could include:

- Pro-actively managing land and property from an asset transfer, including generating funds for reinvestment.
- Commissioning projects that meet city wide visions and priorities where there are currently no active community groups.
- Facilitating community engagement by building up the skills and expertise of local communities (including the business sector) so that neighbourhood plans and initiatives can be developed.
- Providing expertise and support for in the development and delivery of community-based regeneration. This might include budgeting, project management and administrative support.

A community asset trust would be managed by a board comprising council representatives, the business sector and the community. In the medium term, it would be expected to be self-financing. But it would need an initial injection of resources that should be derived from the transfer of assets from public and private sector organisations.

5. What Lessons Should Be Learnt from Past and Existing Regeneration Projects to Apply to the Government Approach?

Lessons from Abroad

It is important to appreciate that learning lessons from other countries is not straightforward. Policy transfer is often problematic because of different economic, political and social environments. However, a comparative approach can provide a useful role through “shock therapy” ie challenging our existing and traditional approaches as well as providing inspiration for new ideas that can be developed to reflect our own needs.

The concept of community asset trusts is inspired in part from community-based regeneration initiatives in North America and Europe. In the former, as in England, there is a tension between large scale initiatives such as the HOPE VI (housing opportunities for everyone) programme and neighbourhood-based community development corporations. The former focused on redeveloping large public housing estates in the major cities to form mixed communities. Actions included redesigning areas using new urbanism principles, encouraging through subsidies higher income households to move into the redeveloped neighbourhoods, intensive local management and helping low income households to relocate to suburban property. The overall principles have been similar to initiatives in England with the outcomes being a higher quality built environment but persistently low levels of health and educational achievement for low income households that remain. The latter (ie community development corporations) emerged in inner city areas and declining rural communities as a local response to the neglect by municipal, state and federal governments to the problems of urban and rural decline. There is no one single community development corporation template. They have developed to reflect local requirements over the last three decades. They may deliver affordable housing, carry out property modernisation projects, provide training and employment opportunities for local people, supply health services, run schools and offer neighbourhood policing. As such they are able to benefit from economies of scale in terms of back office functions and manage their property portfolios to ensure a stream of income from investments. The outcome have generally been positive in relation to neighbourhoods and services with relatively high degrees of on-going community involvement.

Community development corporations are useful in provoking a debate on the type of community-based regeneration that may be relevant for some parts of England over the next decade. It is, however, not the only model:

- In parts of rural USA, community land trusts are well established and operate on a much larger scale than in England. Frequently they operate on a town scale providing and managing significant numbers of affordable housing, undertaking property renovation, offering grants and loans to homeowners and providing serviced-business units for local entrepreneurs. They work in partnership with local government to help deliver the equivalent of our sustainable community strategies.
- In a number of Dutch cities, such as Amsterdam, there are neighbourhood councils that form the lowest tier of representative government. These formally are responsible for delivering a small range of services as well as putting forward plans and policies for the area.
— Effective public private partnerships to drive forward regeneration are also a feature in Dutch cities. In Enschede, in the Eastern Netherlands, where there has been a major decline in the traditional textile industries over the last three decades, this involves the municipality, the university, housing associations, the equivalent of our chambers of commerce and a local financial institution. The latter is particularly relevant as they focus on providing loans at preferential rates for local organisations. There is less reliance on national and international financial institutions.

Equally relevant and thought-provoking are the initiatives in parts of the USA and Eastern Germany to tackle the phenomenon of “shrinking cities”. There are many definitions and they focus on population decline though short and long distance migration, fundamental shifts in the economic base leading to high and persistent levels of unemployment and a fiscal crisis through a falling tax base coupled with an increasingly dependent population. Frequently quoted examples in the USA include Buffalo, Cleveland, Detroit and Youngstown (Ohio). The latter witnessed a halving of the population between the 1970s and the middle of the last decade. In Eastern Germany, a similar phenomenon has affected cities such as Dresden and Leipzig. The population of the latter has declined from over 700,000 to less than 500,000 (and this figure includes a suburban area of over 50,000 population which was recently annexed to form part of the city). The overall housing vacancy rate is over 20% which equates to neatly 60,000 units and 15% of the land area comprises derelict and vacant brownfield sites. This is not to suggest that the trajectory of some towns and cities in the North of England and the Midlands will necessarily follow this scenario. Instead it is illuminating to consider the initiatives that have been put forward to address the issue of shrinking cities.

In both the USA and Eastern Germany, there is a tension between large scale regeneration projects focussing on revitalising high order functions (for example, retail, commerce and culture/leisure) and neighbourhood initiatives. The former continue to be difficult to implement because of the global financial crisis and there is evidence that they may detrimentally affect the economic position of nearby towns and cities. The latter centre on planned downsizing of cities and neighbourhoods with an emphasis on:

— Demolition of vacant stock: In Eastern Germany since 2000, federal government subsidies have been available for demolition as well as new construction. Match funding is required from state and municipal authorities and clearance proposals must be in line with the urban planning and development strategy. In the USA, the focus has been to de-urbanise through encouraging the emptying of neighbourhoods by offering incentives for businesses and households to relocate prior to large scale demolition and clearance.

— Socially integrative cities programme: This initiative in Eastern Germany focuses on preparing a long term integrated plan for failing neighbourhoods with an emphasis on aligning strategies and actions across a city-region/municipality. In the USA, cities such as Detroit are attempting to manage “decline programmes” so that the population and businesses are concentrated in fewer neighbourhoods.

— Project specific plans: In the USA, the emphasis is on creating more green space and new parks. In Leipzig, for example, the municipality is working with major public and private land owners to regenerate brownfield sites for public open space use.

6. How Should the Success of the Government’s Approach be Assessed in the Future?

Measuring Outcomes

One aspect of the coalition government’s announcement on community-led regeneration that was of particular concern was the paucity of information on evaluating outcomes.

There is a general recognition in policy making of the importance of an evidence-based approach. This is in order to assess successes and failures as well as to improve programmes. There is a wealth of coverage of this issue in the work of the Audit Commission in its assessment of housing market pathfinders as well as in evaluation of the “new deal for communities” programme and the neighbourhood renewal strategy. These sources need to be revisited.

There is, however, one additional element that is now required. A community-led approach needs to measure the outcomes in terms of capacity building, participation and empowerment.

March 2011
Written evidence submitted by Leslie Huckfield Research

SUMMARY OF THIS SUBMISSION

— From the 1970s onwards, a series of Central Government “top down” managerialist interventions have been unsuccessful in securing community involvement or empowerment. Extensive research shows difficulties for community engagement in many previous initiatives. The Localism Agenda represents a “clean break” with this approach.

— Research and audit examples show little real community involvement or empowerment in various planning mechanisms.

— Though the Localism Agenda represents a “clean break” with the past, lack of resources at a critical period may result in too little happening on the ground.

— Despite the list of initiatives in “Regeneration to Enable Growth”, these do not compare with the size of public expenditure reductions in key service delivery areas, which may impede increased levels of community involvement.

— The success of these initiatives in future should be the extent to which local communities are engaged and empowered. Projections are made for further localised spending to ensure greater community empowerment.

Will the Government’s approach ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

Background and Context

This submission to the House of Commons Communities and Local Government Select Committee takes its cue from opening paragraphs in Sherry Arnstein’s “Ladder of Participation” in 1967—at a time when the need for community participation was recognised in the USA and UK. (Arnstein 1967)

“Empty Ritual versus Benefits
There is a critical difference between going through the empty ritual of participation and having the real power needed to affect the outcome of the process”.

This was echoed in the Labour Government’s Skeffington Report two years later: (Arthur Skeffington MP and Ministry of Housing and Local Government 1969)

“Consultation was tokenistic, occurred late in the planning process, was the preserve of the articulate, and was typified by one-way communication conducted through public meetings and written comments. It did not build the capacity to participate and was characteristic of the lower rungs of Arnstein’s (1969) much-cited ‘ladder’ of participation.”

Following this, 40 years of centrally-imposed, “top down” regeneration do not have a successful history for community involvement. As a starting point, the Government’s Localism Agenda described in “Regeneration to Enable Growth” shows a refreshing break with previous practice.

Urban Development Corporations

The Conservative Government’s 1980s’ Urban Development Corporations in England’s larger cities and urban areas had land ownership and planning powers, with considerable achievements in property development. But there was little real community involvement: (Department of Communities and Local Government 1998a)

“Their focus on property-led regeneration, however, was too single-minded. The social dimension of regeneration was largely ignored. All future regeneration agencies need to recognise that the incidence of social benefit is a key component of successful regeneration. An implication for future regeneration agencies is that their boundaries might be drawn to incorporate resident communities.”

Evaluation of earlier UDCs showed a need for community involvement and concluded: (Department of Communities and Local Government 1998b):

“......Some of the disadvantages of UDCs could be overcome if delivery agencies focusing on physical renewal are more firmly anchored in policy objectives and strategies for the wider areas of which they are part, and are more closely integrated with other agencies tackling problems related to social exclusion, so that the benefits of investment-based regeneration are channelled to deprived local communities.”

Communities and Top Down Structure

Throughout the 1990s there is also a long evidence catalogue on difficulties for communities in dealing with top down area based structures. The Joseph Rowntree Foundation in 1996 published a Report from a study by University of Glasgow on ten local communities and estate regeneration, which concluded on “Building the capacity”: (McArthur et al. 1996a)
“A lengthy process of community development is normally required to create an active and confident community. It probably takes at least five years to get most communities to the point where they can begin to become involved in community regeneration partnerships”.

This research also concluded on “Engaging the Community”: (McArthur et al. 1996b)

“Initiatives which are ‘imposed’ or simply announced by local authorities or central government can take years to establish a working partnership, with the community fully on board.”

**Area Based Initiatives and Social Exclusion**

Though after 1997 a succession of area based initiatives to tackle social exclusion sought to move power away from local government structures, this did not result in further community empowerment. “Urban Renaissance? New Labour, Community and Urban Policy” analyses this shift of power further away from communities:(Imre and Raco May 2003a)

“However, at local level, responsibility for policy development has not reverted to local authorities...... Instead, it has shifted to a range of supra local organisations based on partnerships, Neighbourhood Renewal Teams, Local Strategic Partnerships and Regional Development Agencies, all operating under central government control and guidance.”

Imre and Raco provide an analysis of area based projects under the 1997 Labour Government. This showed that, though well intentioned, many of these initiatives were not really community driven (Imre and Raco May 2003b):

“In essence, what we see is communities of one form or another playing a key part in the New Labour Project, but in turn being subject to contradictory roles, definitions and pressures. For policy makers, the instrumentalisation of communities is primarily a vehicle for the promotion of instrumental or governmental efficiency.”

In 2004 research for the Office of the Deputy Prime Minister again showed evidence of local communities’ difficulties in engagement with wider partnerships. McWilliams wrote about difficulties for community involvement in Glasgow. (McWilliams 2004)

“Many (communities) lack the material capacity and resources to become adequately involved, while many local authorities have still to find an appropriate and effective means of involving local people. Further, many local organisations have little experience of working in genuine partnership and many institutional barriers still exist (not least the differing objectives of different sectors) which inhibit the pursuit of a partnership approach”.

Johnston and McWilliams (Johnson and McWilliams 2005) highlighted difficulties caused by a “managerialist approach” for tackling social exclusion. They suggest a ‘strong degree of continuity’, with Labour and Conservative urban regeneration programmes couched in the wider belief that economic growth, especially investment in buildings and physical infrastructure, can be integrated and jointly managed with social cohesion and inclusion:

“New Labour and Conservative urban policy highlight the need for partnership working between communities, the private sector and government. Whilst the language used by New Labour may differ to that of the Conservatives, by stating the desire to place the community at the heart of decision making, there is still a clear managerialist approach to solving urban problems”.

Detailed reviews of regeneration elsewhere reach similar conclusions. For Greater Manchester, the Manchester Independent Economic Review is typical: (Manchester Independent Economic Review 2009)

“Alongside this, planning and policy management need to be more responsive to market signals of demand and better co-ordinated between the key agencies and players, including local communities.

At present there is too much uncoordinated overlap between initiatives, often addressing policies to a different spatial level. The overview report for the MIER also identifies evidence of serious mismatches between housing demand and supply, due to over-rigid planning, which does not respond to people’s actual demands.

... It might seem disheartening, as the economy heads into a severe recession to discover that some neighbourhoods in MCR have remained trapped in deprivation during the good times.”

All these examples describe a top down, managerialist approach to regeneration, against which has been a growing reaction from local communities which seek more ownership and control over buildings and services in their areas.

Against this background, if adequately and properly resourced, the Government’s Localism Agenda in “Regeneration to Enable Growth” may offer a way forward. However, as shown below, much of this Agenda will need intensive support from local councils with severe public expenditure restraints for service delivery and Third Sector and community structures, many of which lack capacity and resources.
Little Community Engagement under Top Down Planning

There is also abundant evidence of difficulties and lack of capacity of local communities for community engagement. One of best examples is a study by (J Doak and Parker 2005) of community involvement in preparation of Reading Local Development Framework (similar to Scotland’s new Local Development Plans). Their conclusion (2005, p 37) stands as a timely warning:

“The government’s apparent emphasis on involving hard-to-reach groups and un-represented (even undefined!) interests obviously chimes with this network building approach, but many local authorities are not yet organised enough, or even committed to achieving this level of sustained integration or deepening of community involvement.” (Office of the Deputy Prime Minister 2003)

There were even bigger difficulties for community involvement in the preparation of a Regional Spatial Strategy. Few community organisations have a resourced regional structure for RSS consultation. Even better staffed local councils were faced with “Conformity Protocols” for their Local Development Frameworks and the Regional Spatial Strategy. The West Midlands Regional Assembly shows these intricate and complex conformity requirements. (West Midlands Regional Assembly 2006)

“In Scotland, despite detailed Community Planning Partnership structures, progress on community involvement has also been slow. Audit Scotland on Community Planning Partnerships showed that only half included community representation: (Accounts Commission and the Auditor General for Scotland June 2006 ) “63. All the main statutory partners (NHS boards, local enterprise companies, police and fire services) are represented on all boards. The majority of CPP boards have voluntary sector representation and over half have community representatives (other than elected members) or business representatives. The national organisation most often included in CPP boards is Communities Scotland”.

In response, the Scottish Government’s has provided funding for “Third Sector Interface” structures to resource Third Sector and community representation on Community Planning Partnerships.

Lack of Resources

Because of severe resource pressures, much of the Government’s Localism Agenda faces a significant risk that through inadequate funding and resources, little may happen at a critical period. Participation in various structures described in “Regeneration to Enable Growth” for local councils and others will be resource intensive. With enhanced local Community Rights, Neighbourhood Orders and Plans, conduct of referenda and ensuring fit with Core Strategies and other LDF documents, the resource burden will coincide with severe local authority and public expenditure reductions. A further difficulty is future dependence on regulations and implementation orders which the Secretary of State is obliged to make, about which there are few details.

Though the Localism Agenda represents a “clean break” with the past, it runs a severe risk that it will suffer through inadequate resources.

Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

None of the Government’s “Regeneration to Enable Growth” initiatives below in themselves will ensure that sufficient funds are available for regeneration projects, whether at city wide or local level. The paper describes a very wide variety of initiatives, with most not directly related to planning or the planning process. Though DCLG and others have made commitments to these initiatives, many are still taking shape:

— Supporting Communities and Neighbourhood in Planning scheme, under which DCLG will fund neighbourhood groups to assist their producing Neighbourhood Development Plans and Neighbourhood Development Orders.
— Sustainable Communities Act, giving communities and residents more powers to seek local improvements, including support for “barrier busting”.
— 5,000 Community Organisers will be trained.
— Free Schools, with easier planning processes, Community Right to Buy and Community Right to Build.
— Community First—a small grants programme.
— Big Society Bank, with around £300 million to invest in its first year. This compares with around £200 million a year that already going into social investment.
— Local Council Asset Transfers.
— Transition Fund of £100 million for community and Third Sector organisations spending at least 50% of total income delivering public services for listed groups.
— Some proceeds from New Homes Bonus and Community Infrastructure Levy.
— Community Neighbourhood Budgets and Local Integrated Services, building on the Total Place approach.
— Rural Community Action Network with £8.5 million until 2014.
— Vanguard Communities and Pathfinder Mutuals.
— Community Benefit contributions from windfarms.

Though there are many initiatives, few are tried, tested or piloted. Referring to the Big Society Bank, Nicholas Timmins in the Financial Times poses the basic dilemma:

“At most it will have £300 million to invest in its first year, some £200 million from the big four banks, but lent at commercial rates, and some £60 million to £100 million of unclaimed assets.....

The resources the bank would command compare with just under £200 million a year that is already going in to social investment. But in the face of tens of billions of pounds in spending cuts, and billions likely to be cut from public service contracts the voluntary sector already holds, it is very small”.

Beyond all this, apart from various Corporate Social Responsibility initiatives, there are further interesting ideas for social finance, including Social Impact Bonds and Community Shares in Industrial social Provident Society structures. None of this will happen overnight but the Government’s Localism Agenda may provide a basis.

How should the success of the Government’s approach be assessed in future?

Funding and resource constraints will be a major problem for any assessment of evaluation of the Government’s approach. A significant test should be the extent to which local communities become involved, engaged and, most importantly, empowered. Examples above show a history in England and Scotland of “community initiatives” in which real community engagement has been at best minimal and at worst token. Perhaps the best assessment measure is posed in the Scottish Government’s current “Building a Sustainable Future” Regeneration Discussion Paper? (Scottish Government 2011)

“We need to understand better the wider economic and spatial factors at play when designing neighbourhood interventions. This is particularly true if we are to address the persistent problem of worklessness in some of our communities.

“To ensure regeneration is lasting and sustainable, more needs to be done to support the role communities themselves play in regeneration, including how communities are empowered to improve their neighbourhoods at their own hand.”

With severe limitations on further expenditure, physical regeneration programmes should focus on removal of risk, gap funding and front end initiatives, working with existing structures including housing associations, local authority joint venture companies, JESSICA and local asset backed vehicles. This partnership approach should involve Local Enterprise Partnerships and other local regeneration partners. This partnership approach should be supported by the private sector using public land assembly, infrastructure and planning facilitation role. This is already underway with Local Planning Authorities’ publication of Infrastructure Development Plans to be shared with the private sector for discussion on how components of these might be funded.

Community Based Social and Economic Regeneration might be separately funded as follows:
— enhancement of Housing Associations’ funding;
— specified elements of local council expenditure to be community based projects;
— more direct funding for Community Development Trust and Third Sector projects; and
— earmarking of section of the Regional Growth Fund allocated to community projects.

REFERENCES


1.0 Summary

1.1 We welcome the government’s approach to supporting communities to drive regeneration. Many areas, including Hull, have developed their approaches in full partnership with their local communities, as part of a long term strategy for social and economic regeneration.

1.2 Delivering regeneration requires a balance of people and place based approaches. In some places lasting change will not be achieved without significant levels of physical restructuring, which requires a long term public funding commitment.

1.3 Successful regeneration requires an alignment of public sector effort and funding to create private sector confidence and a co-ordinated approach to the delivery of people based and place based interventions.

1.4 The government’s approach to regeneration is set against a background of significant reductions in public spending. Whilst some of the government’s proposed measures are welcome it is clear that they cannot deliver the level of intervention required for lasting change in Hull and the advantages are more than offset by the loss of funding.

1.5 Many of the proposed mechanisms are not well suited to Hull and other places with failing and dysfunctional markets. For example:

- The New Homes Bonus will be calculated based on net additions to housing stock. Hull needs to demolish substandard housing and replace it with modern family housing, so the net addition to its housing stock will be minimal.

- The new 80% market rent model only works where market rental values are high enough. In Hull, where market rents are close to social rents, 80% of market rent would not raise additional finance to replace the proposed loss in subsidy.

- Tax Increment Financing works if the assumed increases in tax revenue are sufficiently certain, not in places where there is a substantial risk of them not materialising.
— In areas such as Hull where development is only marginally viable imposing additional contributions through the Community Infrastructure Levy will act as a disincentive to development.

1.6 These new funding mechanisms are much less certain than previous ones, with some depending on competitive bidding. The Regional Growth Fund, the only likely source of replacement funding for significant housing interventions, has to cover a wide range of interventions across the country. This makes building community and investor confidence problematic.

1.7 Development of sustainable regeneration programmes that build vibrant city takes significant time and effort in working with established communities. Sudden changes, like those resulting from the impact of financial restraint over the past year, need to be managed extremely carefully in order to ensure ongoing support from residents and public/private sector partners. The need to respond to these changes in funding, have affected the confidence of residents locally who were fully engaged in developing plans for their area and has put private sector investment at risk. Many neighbourhoods have only been partially dealt with, with many families left in difficult conditions in boarded up and/or partially demolished streets. There is also a real risk that the investment to date will be wasted as these neighbourhoods deteriorate. Staff skilled in regeneration and project delivery will be lost.

1.8 The deployment of locally specific fiscal measures could assist in capturing the full benefits of economic regeneration for the city.

2.0 Introduction and Context

2.1 The City of Hull lies on the Humber estuary, a gateway to global trade. The port has always been a key driver of Hull’s economy. Hull now has a once in a generation opportunity to capitalise in its economic and manufacturing assets—especially renewable energy—growth areas with the opportunity to attract inward investment and create additional jobs. The city has historically suffered from significant leakage of its wealth beyond its borders into the much more prosperous hinterland of the East Riding of Yorkshire, as middle and higher earning households choose to locate outside of the city. This has resulted in a deep polarisation between the housing markets of Hull and the surrounding East Riding, and a loss of spending power and its multiplier effects within the city.

In January 2011 Siemens announced its intention to build Britain’s first major offshore wind turbine manufacturing plant in the city. This will place Hull at the forefront of wind power technology. It will create 800 jobs initially with the potential for a further 9,000 jobs in the supply chain. The plant would be the first in the world to make 6MW turbines, double the capacity of today’s biggest.

The Prime Minister has acknowledged the significance of the Siemens announcement saying: “Brilliant news for Hull and the region. I really believe this could be the start of a new era for Hull. In the years ahead, who’s to say your city can’t become the world’s leader in offshore manufacturing? You can. And with this potential investment, you have moved one step closer”.

2.2 Without a co-ordinated approach to regeneration there is a huge risk that past patterns will be reinforced and that the economic benefits of these new investments will leak away as workers choose to live elsewhere and commute. There is a risk that without an attractive housing and neighbourhood offer within the city higher value activities in the supply chain will not even locate in the city.

2.3 Hull is the 11th most deprived district in England.
— 43% of the population lives in the 10% most deprived neighbourhoods nationally.
— It has the 5th highest benefit claimant rate in England (20.8%).
— In the 12 months ending June 2010, it had the highest unemployment rate in Britain at 14.1%.
— The city has an employment rate of less than 63%.

2.4 As a result many people are unable to afford market rental or sale housing. Low values and low rents within the city result in new development not being viable in most areas.

2.5 Strategic Approach

A co-ordinated, long term, city-wide plan is in place to promote economic growth, in tandem with substantially restructuring of the housing and neighbourhood offer to create attractive places where people will choose to live. Area action plans for key neighbourhoods have been developed based on extensive community and stakeholder engagement. They are truly localist.

Visible improvements are being delivered on the ground, with significant levels of private sector investment being attracted as a result of the confidence that our vision and delivery plans have created.

2.6 The key constituents of this approach have been:

**Housing Renewal**—In mid-2010 Hull was just a few years into delivering a long-term strategic neighbourhood renewal programme in two areas of the city—Newington and St Andrew’s in west Hull and the Holderness Road Corridor in east Hull. These aim to deliver 5,000 new homes, 4,000 frontage refurbishments and the clearance of 3,000 of the worst houses in the city. To date over 700 new high
quality homes are completed or on site, 1,500 homes are refurbished and over 1,000 properties have been acquired to make way for new improved housing. The next phase of neighbourhood renewal was under development through the preparation of an outline business case for PFI round 6 funding for the Orchard Park Estate in north Hull.

**Building Schools for the Future**—Hull is committed to improving education standards in the city and its £400 million Building Schools for the Future programme remains intact. The programme includes 10 new and improved schools including three new academies.

**Economic Strategy**—Hull’s strategy builds upon its key assets—the port, established health care industries (including Smith and Nephews) and new opportunities in renewable technologies, especially in wind turbines.

### 3.0 How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

3.1 There are a number of areas where the government’s approach will support the delivery of regeneration. However, there are some areas of particular concern where we do not feel that the tools being offered are appropriate to our market conditions and will not support the level and pace of delivery required.

3.2 Localism

We welcome the government’s commitment to localism. Hull has developed Area Action Plans (AAPs) which were community-led by steering groups of locally elected members, resident and community representatives. There is now a significant risk that the sudden and severe withdrawal of funding for these plans will result in a loss of confidence and cynicism in communities that have been heavily engaged in planning and decision making but will not witness much delivery.

3.3 Flexibility

The government’s intention to increase flexibility in the use of public sector resources is also supportive. Hull is a “Total Capital Pathfinder” and as such is leading the way in the government’s drive towards pooling of local budgets and channelling of public resources more effectively. However it would be unrealistic to expect this increased flexibility to fix Hull’s fundamental problems. It will help to make us more efficient but it will not drive a strategic rebalancing of our economy.

3.4 Local partnerships

We agree that local partnerships are essential to successful regeneration. Hull has a track record in building strong partnerships.

3.5 RDA Assets

We support the proposal to use RDA assets to deliver the best possible outcomes for regeneration, rather than simply being sold to the highest bidder. In many cases assets were bought in more prosperous times so this will necessitate substantial write-downs in value. Clear guidance is needed as to how assets will be incorporated into regeneration schemes, on what basis they will be transferred and at what value in order to maximise local outcomes.

3.6 Fiscal Incentives

The principle of retaining **business rates** locally is attractive, although in the context of the wider review of local government financing and the possibility of service cuts there will be considerable debate about where the benefits should be directed.

**TIFs** will allow local authorities to borrow against future increased tax revenues to fund infrastructure or regeneration projects. Where these increased tax revenues are sufficiently certain the model will work, but where the risk of tax increases not materialising is significant it will be more difficult. The success of the model will depend on the attitude of lenders to specific projects or the ability of the public sector to underwrite risk.

In relation to **CIL**, the issue of economic viability is critical, due to marginal land values often meaning that contributions of as little as £2,500 per property render schemes unviable in Hull. The next stage of CIL requires the Council to produce a charging schedule and determine the appropriate level to set CIL. This work is being progressed but it is unlikely CIL will raise substantial sums of money, and any requirement will further impact on our ability to require contributions for affordable housing.

3.7 Housing

We have particular concerns in relation to the financing of housing led regeneration, where the tools now on offer will not address the level of need:
— **HRA self financing** brings with it a fundamental change with significant controls over capital expenditure in the form of a borrowing limit which will means, in effect, no new borrowing from 1 April 2011 in Hull. As a result the Council will have no resources to address the serious structural issues with much of its system built stock. We will be left with housing that we cannot to afford to demolish and that we cannot afford to maintain. This will severely impact on the city’s ability to improve its housing offer to support economic rebalancing and will result in residents living in very poor housing and neighbourhood conditions.

— New house building in Hull carries additional costs due to the city’s ground conditions, which require expensive piling and the mitigation measures needed to address the high flood risk in the area.

— The **New Homes Bonus** is a potential gap funding opportunity for new build homes. However, the bonus is based on net additions to the housing stock. This disadvantages places such as Hull where the priority is to improve the quality of its housing stock more than the quantity. Demolition of obsolete and structurally deficient stock and replacement with attractive family homes is required to support economic rebalancing.

— Our **Housing Market Assessment** identifies a need for more affordable housing across Hull. Unlike some locations Hull cannot secure affordable housing through Section 106 agreements, although we are currently consulting on a possible 10% target for affordable housing within the core strategy. Viability will be an issue for most sites. New build affordable homes in Hull therefore currently require 50% gap funding from the **National Affordable Housing Programme** (NAHP). Without this most schemes in the priority regeneration areas are unviable. It is clear, moving forward, that there will be less NAHP funding. The proposed “Affordable Rent Model” will allow social landlords to set rents at 80% of the market rate in order to create an income flow to finance the building of new homes. In locations where Registered Providers (RPs) are currently charging less than 80% of market rent this will provide them with additional income which will help to finance new build. However because market rents are very low in Hull most RPs are already charging around 80% of market rent, so therefore the new approach will not deliver additional homes unless RPs are prepared to cross subsidise from elsewhere.

— The **Regional Growth Fund** has been proposed as an alternative source of funding for housing interventions linked to economic outcomes. However the fund is not targeted at housing interventions and has to cover the whole country. Keepmoat our Lead Developer Partner in Newington and St Andrew’s has submitted a bid to the fund.

### 4.0 Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on

**4.1 Sudden changes**, like those resulting from the impact of financial restraint over the past year, need to be managed extremely carefully in order to ensure ongoing support from residents and public/private sector partners. The immediate impact, to Hull, of the national funding changes has been the sudden halting of the acquisition and relocation programme leaving part-demolished neighbourhoods and the residents who remain there in an extremely vulnerable state.

**4.2 Community Engagement and Capacity**

The loss of community confidence is significant threat to any future work with communities in Hull. Central to all of the regeneration work has been the development of trust and support to help local communities realise joint aspirations. The Area Action Plans are based on years of community consultation and engagement, and the halting of the programme is generating cynicism and mistrust of the regeneration process. The interventions have not only addressed bricks and mortar issues, but the regeneration funding has also made a significant contribution to developing social capital and enhancing community cohesion in the priority neighbourhoods.

**4.3 Key regeneration skills** have been developed in recent years and many of which will now be lost. These are the very skills needed to work with local communities to achieve their ambitions.

**4.4 Private Sector Confidence**

Private sector investor and developer confidence is also at risk if alternative funding cannot be secured to continue the regeneration. If alternative funding/delivery mechanisms cannot be identified, an anticipated £400 million in public and £800 million in private sector investment in Hull’s homes and neighbourhoods may not be realized and there is a significant risk that a proportion of the over £130 million of HMR funding invested to date and the £125 million of private sector investment already made will be wasted.

**4.5 Inevitably plans** will be scaled back and less will be delivered. This is particularly worrying given that areas that are now part acquired and part demolished and desperately in need of further investment to take them to a “tipping point” beyond which they can sustain themselves.

**4.6 For area-wide regeneration to work** critical mass is essential. Keepmoat are currently delivering two phases of development in Newington & St Andrews which total circa 260 houses—but these first phases sit
adjacent to dereliction and degradation. If future phases cannot be delivered then demand for these first phases is bound to suffer, and in time values will fall and deprivation will return. The Area Action Plan anticipated 1,800 new houses and 1,800 demolitions. Coupled with refurbishment and public realm improvements this is enough to fundamentally change the character of the neighborhood. 260 new houses alone is not.

5.0 Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

5.1 Hull suffers from low property values across all sectors, and for this reason most major schemes require substantial gap funding. Whilst some of the new mechanisms are helpful to a degree it is difficult to see sufficient funding being available for major city centre regeneration.

6.0 What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

6.1 Area based regeneration is, by necessity, a long term process. The preparation of plans, full engagement with the public, setting up reporting structures and forums for engagement, selection of development partners and approval of schemes all take time and significant financial investment to deliver within a democratic framework. Five years is not an unusual length of time to get an area-wide regeneration programme from inception to the point where results are starting to be delivered, and 15 to 20 years is not unusual to get a place to “tipping point”. Continuity of strategy and long term commitment are crucial. The democratic system will inevitably lead to shifts in national priorities and in approaches to delivery, but if these shifts are too sudden and too dramatic they can make area-wide change very difficult to deliver and can potentially lead to investment being wasted.

6.2 Successful regeneration requires the alignment of a number of funding streams and the ability to deliver people and place based interventions in tandem. In 2000 the Preston Road New Deal for Communities was awarded £53 million over a 10 year period to regenerate the estate. The NDC delivered environmental works including play areas for children, garden boundary treatments and creation of parking. A Village Centre was created which provides retail, office space, child care and other public sector and community facilities at the heart of the estate. However funding was not available to address the major problems of structurally defective housing stock in the area, or to create a wider range of housing tenure and type. Therefore despite the NDC investment Preston Road remains one of the most deprived area of the city.

7.0 What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

7.1 Building the private sector confidence in the public sector’s commitment to delivery and to a long term approach is crucial. Before the HMR programme in Hull no new housing had been built in Newington & St Andrew’s for over 20 years. Private investment was non-existent.

Based on their strategic partnership with Gateway Keepmoat have now committed circa £50 million of private investment to Newington & St Andrew’s, and subject to their £8 million RGF bid being approved they intend to commit £118 million over the next 13 years. The HMR programme offered Keepmoat confidence that an area wide change could be delivered and critical mass could be achieved. However if the demolition programme cannot continue then the commercial success of Keepmoat’s first phases will be at risk and this will put their ability to invest in further phases at risk. If the Government wishes to attract private sector investment then it should invest in creating viable investment platforms.

7.2 A co-ordinated city-wide approach is essential. If Hull can raise education attainment levels, create jobs and improve its housing offer then over time the city’s economy will improve, property values will rise and private investment will be attracted to the city. The alignment of funding streams to ensure that education, health, job creation and housing strategies can come together is key. The Government’s localism policy should support this concept provided that interventions do not become too fragmented. Local strategic leadership is essential.

7.3 Fiscal measures

For policy makers, the issue of the “north-south divide” is arguably still a major factor in current thinking about how to address the regeneration challenges which become more focused when examined at the regional level and ultimately at local level. As the government seeks to “rebalance the economy” it is clear that for cities such as Hull, the ability to further regeneration activity is compromised by both the fiscal measures put in place to address the national deficit and the potential low baseline (say tax revenues) and ability to benefit from the known or emerging financial fiscal interventions that are being progressed by government. In this context the Budget is likely to provide a clear direction on the ability of local authorities, in particular, to pursue such innovative measures.

7.4 The concern is, particularly given that some may require primary legislation to be enacted, that such interventions, eg Tax Incremental Finance schemes and Enterprise Zones, “underperforming” economies will not be in a position to support market opportunities as they arise, compounded by potential lengthy
implementation timescales. Therefore, areas such as Hull that have seen major increase in unemployment indicators, will find themselves at a disadvantage as things stand with a common timescale.

7.5 Hull recognises that the city is in a competitive market for all types of investment, reflected by the approach taken by the Regional Growth Fund. However, as exemplified elsewhere in this submission, it has a number of major market opportunities that have the potential to be realised. To enable these to be maximised, there is an evident need for rapid development (deployment) of local fiscal measures with businesses / market opportunity; including the Governments proposed “tool-kit”; enterprise zones, relaxed planning areas, TIFs, potential business rate retention, etc—in essence progress the ideas and quickly reflect our opportunity to deliver on market potential.

7.6 However, the ability to deploy such intervention in a sustainable manner; thereby avoiding the mistakes of previous deployment of such initiatives where the benefits were arguably “short-lived”, will be to ensure a combined physical, social and economic approach to regeneration. In short building on lessons learned. In that context we would suggest that businesses, in a leading role, need to demonstrate “good citizenship” behaviours including mutuality in “activising” community relationships beyond what is seen as often cosmetic CSR activity.

7.7 To support such behaviour and recognising the challenges for businesses in raising employment, for localities such as Hull, the ability to also benefit from Work Programme flexibilities to address “local” conditions will be paramount. Changes in the Welfare to Work regimes will present future challenges and this needs recognition. An example of such flexibility could be the opportunity to create a local apprenticeship standard to allow the latent capacity of the local economy over a three period to be exploited—in essence local flexibility to meet known employment demands.

7.8 For “low value—low knowledge” economies such as Hull the ability to promote and develop local investment funds (under local governance arrangements) to realise opportunities arising from academia / high growth potential business sectors, thereby supporting universities in their engagement / economic development role, would be one way of supporting “rebalancing”. This would not comprise the competitive environment that the fiscal measures are enabling.

7.9 To aid this general direction, the opportunity for local authorities to consider any investors’ wider contribution to the area in terms of planning decisions / policy frameworks plus potential to “fast-track” planning decisions would be seen as beneficial to individual localities, accepting that there may some risk or merely moving the “money” (investment) around.

7.10 It is clear that Innovative models such as Tax Increment Financing and Local Asset Backed Vehicles should continue to be explored, and in some higher value areas these will help but if a degree of urgency is deployed, other localities may have the opportunity to benefit more fully. However, it also needs to be recognised and therefore some degree of accommodation made that the new financial interventions, often predicated on a risk and reward scenario, will need to be carefully considered by many local authorities on that basis. This need to duly consider this change of approach from the “grant aid” of previous years may deter some local authorities from engaging, placing relevant local economies at risk.

7.11 We suggest that a piece of work could be commissioned to investigate whether, with the right structures in place, tax breaks could be used to attract investment to deliver specifically defined community-led delivery plans such as those that exist in our priority areas.

8.0 How should the success of the Government’s approach be assessed in future?

8.1 Evidence-based policy making is important. However, an assessment of regeneration policy is never straightforward because of the difficulty of distinguishing the effects of policy from other influences. One obvious criterion is the gap, according to a range of neighbourhood renewal indicators, between the most deprived neighbourhoods and the norm. With a focus on community-led regeneration, measures of community empowerment and involvement will also be relevant.

REFERENCES


Written evidence submitted by HACT Fit for Living Network

SUMMARY

— Regeneration programmes need to encompass mechanisms/approaches that will effectively include low income older home-owners.
— There is no national policy framework which addresses the new social phenomenon of high levels of low income home-ownership combined with increased longevity. This is needed to ensure the necessary co-ordination between a wide range of policy areas including housing, health, public health, social care, information and advice, financial services and tackling fuel poverty/the Green Deal.
— If regeneration programmes do not encompass mechanisms/approaches that will effectively include low income older home-owners, significant additional costs will fall on services, most particularly health and social care.
— The loss of private sector housing funding from 2011–12 means that innovation and creativity will be needed to meet the needs of low income older home-owners living in poor and unsuitable housing.
— The approach set out in the paper Regeneration to enable growth: What Government is doing in support of community-led regeneration will not address the needs of low income older home-owners living in poor and unsuitable housing which should be an integral component of regeneration.

BACKGROUND

HACT, (the Housing Action Charity), works with housing providers to improve the well-being and living conditions of poor and marginalised people. HACT has a long track record of working on older people’s and private sector housing issues, right back to when the organisation was first established in the 1960s. This includes its role in supporting Care & Repair services as an innovative way of addressing poor private sector housing conditions.

HACT’s Fit for Living Network is looking at new ways of improving the housing conditions and well-being of the most vulnerable and marginalised older home-owners who are living on low incomes in the poorest quality and most unsuitable housing conditions.

The Network brings together around 15 well-connected policy makers, practitioners and older activists engaged in housing, finance, care and support and home improvements for older people from across the public, private and voluntary and community sectors. A list of Network members is provided at Appendix 1.

The Network is focusing on identifying solutions that:
— are person-centred;
— enable people to do things for themselves, ie a supportive self-help approach;
— are evidence-based;
— involve effective collaboration and partnership working;
— can demonstrate impact;
— provide value for money; and
— reflect the diversity of places in which older home-owners live.

Why is there a need to focus on older home-owners living on low incomes and in poor/unsuitable housing as part of regeneration programmes and approaches?

A growing number of older home-owners living on low incomes also live in poor and unsuitable housing. The preferred tenure of owner occupation in the UK today is working its way through the age groups, creating a situation which is new in both scope and scale.

How this group understands the options for meeting the cost of, and managing, home repairs, maintenance and adaptations is a growing social issue with significant social ramifications, particularly for health, social care and the well-being of the older people themselves, if it is not addressed. This is a group who, predominantly throughout their lives, have taken responsibility for themselves and their housing, but now find themselves unable to continue to do so without financial and practical assistance.

The following facts are particularly pertinent:

57 For the first time since 1949 national government has allocated no funding for private sector housing (Care and Repair England (2010), The Perfect Storm)
58 www.hact.org.uk
59 www.hact.org.uk/fit-for-living
— Owner-occupation amongst lower income households has been encouraged for more than three decades. The shift from social renting to owner-occupation has resulted in low income homeowners outnumbering low income households who rent their homes. However, there is poor awareness about the lifetime costs and responsibilities of owning a home and there have been few changes in financial support in recognition of the shift towards more widespread home ownership.

— Two-thirds of low income older households are home-owners.  

— One in six low income home-owners lives in a home which is considered “non-decent” and one in three live in homes that do not meet their needs in terms of accessibility or adaptations.  

— A significant proportion of low income home-owners do not have significant equity in their homes to enable repairs, improvements or adaptations to be carried out.

— Many older home-owners face significant problems when trying to maintain, repair and improve their homes and older home-owners with sensory impairment, dementia or other age-related conditions face particular challenges.

— If the number of low income older home-owners living in poor and unsuitable homes is not to increase, with associated impacts on services such as social care and health, new, innovative financial models, policy frameworks and practice are needed. Impacts on social care and health include increased admissions to hospital, delayed discharge from hospital and increased demand on social care services including residential care.

— Enabling vulnerable older home-owners to maintain and adapt their homes so that they can continue to live independently will generate significant savings in health and social care budgets, eg:

— a fall at home that leads to a hip fracture costs the state £28,665 on average—over 100 times the cost of installing hand and grab rails;  

— where it is appropriate, postponing entry into residential care for one year saves an average of £28,080 per person;  

— a hospital discharge service that enables older people to return to a safe and suitable home environment saves over £100 per day—the amount charged to local authorities when patients “block beds”; and  

— just one year’s delay in providing an adaptation to an older person costs up to £4,000 in extra home care hours.

Developments in a number of policy areas including energy efficiency/tackling fuel poverty, public health, health and social care provide an opportunity to establish a focus on older low income home-owners and how they can be supported to remain safely and independently in their own homes for as long as they chose to do so. Specific examples worthy of note are:

— the Green Deal. Along with low-income private sector tenants, low-income homeowners are most at risk of experiencing fuel poverty. Exciting initiatives are already being developed that incorporate microgeneration and energy management, eg the London Rebuilding Society, Energy Saving Trust and Easy Town Shimmer scheme. The Green Deal will provide an opportunity to scale up such initiatives; and  

— the new arrangements for GP commissioning provide a significant opportunity to link health and housing in very practical ways to benefit older low income home-owners, through mechanisms such as repairs and adaptations on prescription and commissioning of minor repairs and improvements by GP consortia.

How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

Regeneration programmes need to encompass mechanisms/approaches that will effectively include low income older home-owners, a growing number of whom live in poor and unsuitable housing and struggle to meet the cost of repairing and adapting their home so that they can stay living there for as long as they chose to do so.

If regeneration programmes fail to do this, the growth in the number of older home-owners living on low incomes and in poor housing will result in additional costs to services, most particularly health and social care, as well as costs to the individuals concerned, their families and the communities within which they live.

60 DWP (annual series), Households Below Average Income  
62 Laing and Buisson (2008), Care of Elderly People: UK market survey 2008  
63 Heywood et al (2007), Better outcomes, lower costs  
64 University of Birmingham (2010), The billion dollar question: embedding prevention in older people’s services—10 high impact changes  
65 Care and Repair England (2010), Home adaptations for disabled people  
66 www.londonrebuilding.com/Blog/shimmer
The loss of private sector housing funding from 2011–12\textsuperscript{67} means that innovation and creativity will be needed to meet the needs of low income older home-owners living in poor and unsuitable housing. This will need to involve new partnerships between private, public and civil society organisations and financial intermediaries.

There is no national policy framework which addresses the new social phenomenon of high levels of low income owner occupation combined with increased longevity. This is needed to ensure the necessary coordination between a wide range of policy areas including housing, health, public health, social care, information and advice, financial services and tackling fuel poverty/the Green Deal. A planning framework which sees addressing population ageing as an economic and social priority is needed.

The approach set out in the paper \textit{Regeneration to enable growth: What Government is doing in support of community-led regeneration} will not address the needs of low income older home-owners living in poor and unsuitable housing which should be an integral component of regeneration. Within the document, the listing of programmes that provide support for vulnerable groups does not include any that focus on older people.

\textbf{What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?}

The 2003 report, \textit{Now You See Me...Now You Don’t,}\textsuperscript{68} examined how older people were faring in regeneration. The main finding of the report was that there were significant shortcomings in the extent to which older people were being engaged in regeneration of their housing or having their housing needs and aspirations met. These shortcomings must not be repeated in the new approach.

\textbf{What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?}

Recognise that:

- action is needed at both national and local levels to enable low income older home-owners living in poor quality housing to live independently in their own homes for as long as they chose to do so;
- despite older low income home-owners having a potential asset which can be used to pay for repairs and improvements (their home), many currently have limited, or no, access to conventional sources of finance and credit to fund work to make their homes fit to live in;
- social lending to low income marginalised groups living in lower equity homes is unlikely to be taken up to the extent needed by private institutions;
- the private sector is also likely to have a limited role in relation to directly providing financial products to this group because many older people don’t trust the financial products they offer, and because there are a range of other needs that have to be addressed for people to buy into schemes and make use of the money. These include the provision of independent information and advice and practical support to get repair and improvement works carried out;
- the support of trusted intermediaries enabling investment by corporate bodies, banks and wealthy individuals into civil society organisations is needed to unlock the value of homes to make them fit to live in. Such organisations will have a crucial role in raising awareness of appropriate financial products and increasing trust and confidence amongst older low income home-owners in relation to such products. These organisations could include local authorities, housing associations, voluntary sector organisations, Home Improvement Agencies and Community Development Finance Institutions,\textsuperscript{69} all of whom have knowledge of, and working links to, local communities; and
- approaches to address the home repair and improvement needs of older low income home-owners can contribute to regeneration through the creation of jobs and training opportunities.

Specifically to attract money to address the home repair and improvement needs of older low income home-owners as an integral part of the approach to regeneration, the following are needed:

- Government promotion of:
  - local solutions, encouraging local authorities to take a place-based budgeting approach to the provision of finance for older and vulnerable people; and
  - partnerships between local authorities, housing associations, Home Improvement Agencies and Community Development Finance Institutions\textsuperscript{70} and other social lenders to ensure appropriate forms of loan finance are available to older low income home-owners.

\textsuperscript{67} For the first time since 1949 national government has allocated no funding for private sector housing (Care and Repair England (2010), \textit{The Perfect Storm})

\textsuperscript{68} Riseborough M, Jenkins R (2003), \textit{Now you see me, now you don’t} Age Concern, London

\textsuperscript{69} Work is currently being supported by the Joseph Rowntree Foundation to pilot a new equity release product, the Home Cash Plan, which involves local authorities and local voluntary bodies ensuring that older people get the information, advice and support they need (www.jrf.org.uk/publications/equity-release-older-home-owners)

\textsuperscript{70} See eg London Rebuilding Society (www.londonrebuilding.com) and Wessex Reinvestment Trust (www.wessexrt.co.uk)
— for financial innovation in the delivery of home repair and improvement for vulnerable and older low income home-owners, building on existing best practice;
— to the banks to deliver on Corporate Social Responsibility commitments;
— for investment in this area of work from banks, benevolent funds and philanthropists; and
— to Local Economic Partnerships to take a role in ensuring that home improvement loan funds are co-ordinated.\(^71\)

— Government investment in growth of existing social equity release/loan schemes with a track record (such as London Rebuilding Society and Wessex Reinvestment Trust) through application of Big Society funds which would lever in private sector resources. These organisations are currently facing barriers to accessing the necessary capital to express their work which includes providing various forms of loan products to low income older home-owners.\(^72\)

— Government stimulus of the market for social investment tools, such as social impact bonds, local social investment bonds, and long-term finance using the Big Society Bank.

— Reform of the banking sector to:
  — make it more competitive and encourage partnerships to create new financial products and services; and
  — encourage new financial intermediaries, competition and greater fairness and inclusivity in financial services (through a UK Community Reinvestment Act).

— Legislative, technical and capacity support from Government and the mainstream lenders to enable charitable grant makers and benevolent funds to deliver housing equity related loans, as an alternative to non-repayable grants, within a compliance and consumer friendly framework.

These actions need to sit within the context of:

— The development of integrated, but locally sourced, information, advice and support services to enable older and vulnerable low income homeowners to make informed choices and access appropriate fair and affordable finance.

— Recognition by housing providers of the role that they can play in meeting the needs of low income older home-owners who live in the communities within which they work. Such roles may include making services and/or home improvement products available to home-owners and working in partnership with Community Development Finance Institutions to enable the provision of appropriate financial products.

— Practical links to the energy efficiency agenda including the Green Deal and Renewable Heat Incentive schemes which are areas of activity that can regenerate and stimulate growth as well as tackle fuel poverty amongst older people, including those home-owners living on a low income.

— National and local promotion of effective local initiatives and services which can be defined as “small input, big impact”. These are interventions and initiatives that involve relatively small amounts of resources that can have a significant impact on individuals and their quality of life, eg handypersons schemes, repairs on prescription, hospital discharge schemes etc.\(^73\) Their promotion should include, (where possible), cost benefit analyses, in particular in the context of changes to the ways in which health and social care services are delivered.

March 2011

APPENDIX 1

FIT FOR LIVING NETWORK MEMBERS

Sue Adams, Care & Repair England
Marjory Broughton, South East Regional Forum on Ageing
John Bryson, independent consultant working with Warwick University
Martin Cheeseman, London Borough of Brent
Patrick Conaty, Common Futures
Stewart Fergusson, Orbit Housing Group
Domini Gunn-Peim, Audit Commission
Lindsay Hay, Bristol Care & Repair
Naomi Kingsley, London Rebuilding Society

\(^71\) The Foundations 2008 report Lending Some Comfort noted the rationale for regional models for home improvement loan funds linked to local delivery of information, advice and support to vulnerable older home-owners

\(^72\) www.wessexhil.co.uk/loans.html and http://lrs.raisingit.com/how-the-scheme-works/f5ef2f1b-cc88–4215–9276–5efacdaa6aa

\(^73\) Joseph Rowntree Foundation (January 2011), How can local authorities with less money support better outcomes for older people?
Written evidence submitted by the Construction Industry Council

— Regeneration which is focussed on locally-driven initiatives (rather than a top-down approach) is a logical policy progression in line with similar Government moves such as: the general direction of the Localism Bill; the New Homes Bonus and the LEPs strategy. It is also in line with the overarching aims of the “Big Society”.

— While much policy details is still outstanding, a key element in the success of any such strategy has to be the ability to access new sources of finance, as public spending will be limited.

— The transition from, (the soon to be abolished) RDAs, to LEPs needs to be carefully managed. If the nine RDAs were simply replaced by up to six times as many LEPs, they may be too small to be effective. A larger co-ordinating mechanism may be required for large scale urban regeneration projects. In this way, some regional specialisms developed under the RDAs may be retained.

— Localism might quickly degenerate into parochialism especially in competition for scarce resources. Regeneration funding to kick-start private/public sector partnerships needs to have an element of targeting. An urban regeneration, growth hub strategy is preferable to a counter-productive proliferation of LEPs.

— The devolution of power to LEPs has been announced in a piece-meal uncoordinated way. While there is much information as to what they could do, it is less clear what they actually will do. One thing certain is that the level of funding will be much less than with the RDAs.

— Regeneration as an on-going, self perpetuating, largely privately funded exercise will depend on an initial kick-start from public sources, with the construction sector a key element in this process. Clear strategic direction, the co-ordination of activities and the creation of innovative funding mechanisms are other elements in the process.

— Structural frameworks (such as Enterprise Zones) are potentially a step in the right direction and initiatives such as Tax Incremental Financing are to be applauded, but the best approach is probably the creation of a range of tools which could for instance include local tax raising powers, taking localism to its logical conclusion.

— A commitment to Regeneration is a vital part of the declared intention of encouraging development outside the south-east of England.

— There must be a commitment to “seed funding” regeneration. The amounts committed in the Regional Growth Fund (RGF) are much less than those received by the RDAs. There also needs to be a commitment to the RGF for more than three years.

— Meaningful consultation at community level needs good information. Whether large scale urban regeneration or neighbourhood plans the Planning Aid scheme run by the RTPI needs to be continued. Under present plans, it is to be abolished.

Regeneration is a cyclical process with on some levels is constantly occurring. Buildings and infrastructure have to be constantly renewed and employment patterns change over time.

There has been a long history of urban regeneration in the UK. In the past, the focus tended to be on physical regeneration, particularly in relation to housing. Examples of substantial projects particularly involving regenerated dockland areas are in London, Cardiff and Liverpool, although in some of these cases, there are those who question the degree of involvement of the existing local communities within the new developments.

Regeneration within the built environment is a multi-stranded task. Transportation infrastructure, neighbourhood renewal, the treatment of “brown field” land (often contaminated); the creation of funds for
land assembly, re-cycling buildings, the creation of the mix of housing, and attracting the all-important new jobs are part of a complex urban planning process. Co-ordinating all this on a large scale requires the establishment of a suitable organisational framework and innovation in raising finance. In this context, news of a renewed interest in the concept of “Enterprise Zones” and the establishment of the UK’s first Tax Incremental Financing initiative for Edinburgh’s Waterfront are encouraging developments.

Funding regeneration in a regime of spending constraints will depend on targeting for maximum effect. Essentially this will involve a focus on urban regeneration, probably involving some sort of growth hub strategy. If, for instance, the UK is serious about carbon targets and wishes to develop an off-shore wind industry, development of coastal manufacturing hubs would be a positive development. These could be centres for producing the turbines, towers and cable needed, as well as acting as a base for shipping. In the 1970s and 1980s, Aberdeen performed this function for the North Sea oil and gas industry. With a certain amount of regional planning, the off-shore renewable industry can have a profound multiplier effect. Money could be accessed from the new Green Investment Bank or from the European Regional Development Funds, formerly administered by the RDAs.

**The Current Situation**

Commenting on regeneration issues at present is difficult as the structure which formerly facilitated regeneration is in a state of flux. The Regional Development Agencies which operated on a top down basis are soon to be abolished. Their role to an extent may be taken over by Local Enterprise Partnerships, although the scope and funding of these new bodies is not yet clear.

In addition to this, the Localism Bill, currently going through Parliament, has abolished regional spatial planning and also the concept of housing targets. While this Bill takes account of nationally significant infrastructure programmes, and discusses the concept of local neighbourhood planning at length, the position of “larger than local” planning is still in some doubt. There are fears that the Bill allows a “strategic gap” between the neighbourhood level and the national one. It is true that within the Localism Bill, there is a duty on local authorities to co-operate but it is not clear how this will work.

Underlying all this confusion is the effect of the recession. Nowhere is this more evident than in relation to house-building. The credit crunch has made borrowing difficult for developers and buyers, the result being that the national level of house-building is at a record low. In 2010 there were just 102,570 completions, the lowest level of house building in peace time since 1923. As a reflection of this situation, some mechanisms, such as the Community Infrastructure Levy (CIL) and the so-called Section 106 agreements, by which private sector developers undertook to fund infrastructure development and even some affordable housing, no longer work in the way in which they did in the past.

**Regional Development Authorities**

The Regional Development Authorities (of which nine were established from 2000) were set up specifically to promote employment and further both economic development and regeneration. These statutory bodies are now going to be abolished.

At present the core activities of the RDAs are financed through a single pot of money from contributing Government Departments such as BIS, CLG, DECC, DEFRA, DCMS and UKTI. RDA budgets for 2009–10 were £2,263 million and £1,748 million in 2010–11. RDAs also have responsibility for managing the distribution of the European Regional Development Fund (ERDF) and the Rural Development Programme for England (RDPE), which both run from 2007–13 and combined are worth £9 billion over the period. These programmes operate on a regional basis and there have been some concerns regarding administration and the securing of match funding under new arrangements.

Some £1.4 billion has been identified over the Spending Review period to wind down the RDAs. This funding will see that economic development contracts are concluded, along with money for redundancies, cancelling facilities contracts and closing down buildings. The stated intention of the Government as indicated on the BIS website is that the “wealth of knowledge and experience” of the 3,000 RDA staff is captured and handed over to Local Enterprise Partnerships and other successor bodies. The Regional Development Agencies will be wound up by March 2012.

**Local Development Partnerships**

The shape of the landscape to replace RDAs is not yet clear. A key element in the new situation will be the newly established Local Enterprise Partnerships (LEPs). These are joint local authority/ business bodies, which will have a private sector chair in most cases. Local enterprise partnerships are supposed to provide strategic leadership in relation: housing; planning; local transport and infrastructure priorities; employment and enterprise and; the transition to the low carbon economy.

Local Enterprise Partnerships (LEPs) will fill some but not all of the roles formerly exercised by the RDAs. The Government is not proposing that local enterprise partnerships should take on all existing RDA functions, as some are best led at the national level. These include inward investment, sector leadership, and responsibility
for business support, innovation, and access to finance. However, the intention is that local enterprise partnerships will support the local delivery with many of these functions.

To date 31 LEPs have been approved in England, which collectively represent 87% of England’s population. The economic geography of some of these LEPs is a little curious and there are certain gaps in coverage. For small-scale regeneration projects, LEPs may have a role, provided they can assess funds but the major limitation is that most of the funding will require privately generation. One possible route for public “seed funding” may be through the Regional Growth Fund, which has been set up specifically for areas that are overly dependent on the public sector. This however is only a three-year fund, running from January 2011 and only has £1.4 billion. Long term commitment to sustained regeneration will require public funding, to generate momentum in economically depressed areas.

The Local Growth White Paper published last October made clear that LEPs will be self-financing in terms of day-to-day running costs. It also stated that, although they may bid for the Regional Growth Fund, they would not receive preferential treatment. How the new LEPs will rise to the challenge is uncertain but reports in February 2011 that just two LEPs have firm intentions to lead on strategic economic planning, are not encouraging.

Further clarification on funding will come in the budget due on 23 March 2011. This will set out a new delivery structure for ERDF funds. In relation to the disposal of RDA assets, CLG will be in charge of disposal. It is claimed that this exercise will however, not be in favour of either local councils or LEPs.

Leeds City Region LEP councillor, Stephen Houghton, summarised the situation when he said that “There is going to be very little money, so government has to let go of powers instead. LEPs have to be thin and small, acting as commissioners, because of the current economic circumstances.” Houghton also urged ministers to decentralise powers over skills, housing and transport to LEPs—perhaps, through three-year franchises, while they prove their worth.

Some of the ideas that are emerging which will play a part in filling the funding gap include: Tax Incremental Funding; Enterprise Zones; and the proposal to allow councils to keep locally-raised business rates.

**TAX INCREMENTAL FINANCING**

Tax Incremental Financing (TIF) is a tool to use future gains in taxes to finance current improvements (which theoretically will create the conditions for those future gains). When a public project such as a road or school is constructed, there is often an increase in the value of surrounding land and perhaps new investment (new or rehabilitated buildings, for example). This increased site value and investment sometimes generates increased tax revenues, which are the notional “tax increment.” Tax Increment Financing dedicates tax increments within a certain defined district to finance debt issued to pay for the project.

Widely used within the US, TIF is to be welcomed as another tool in relation to regeneration but is probably only applicable in relation to very large projects. Questions are already being asked how the numbers “stack up” in relation to the regeneration of the Battersea Power station, a leading TIF site in London. With this project, there seems to be a funding gap between the £1,059 million infrastructure costs (£563 million for the Northern Line Extension and another half billion for new roads, bridges, services, schools and clinics) and the £1,001 million anticipated income from a development levy.

**LOCALLY RAISED BUSINESS RATES**

Ultimately, reducing local authorities’ heavy reliance on central funding might only be possible if other sources of local funding such as: local sales and fuel taxes; reformed parking levies and; wider borrowing powers, are developed. Within the coalition these are matters of some contention. The debate as to how far localism will go has only just begun but it is of profound importance for regeneration.

One idea discussed at present is to cut many richer local councils loose from Whitehall control. At present business rates are collected by local government, but then all sent to central government for redistribution using a complex and little understood formula. Business rates raised £24 billion in 2009–10; £20 billion of this applies to England. It is estimated that at present about 300 councils receive subsidies from business rate redistribution and approximately 80 councils, such as Westminster and the big metropolitan authorities, put money in from the business rate.

The Conservatives and the Liberal Democrats have differing views on these matters and it is a topic of lively debate at present. It should be noted that business organisations want to maintain a nationally set uniform business rate. Whatever happens, an effective form of cross-subsidy has to be retained so that poorer councils with a low business base are not damaged.

The development of local financing options needs to be opened up. A much larger basket of measures is needed. Local bond issues, tax breaks for infrastructure financing and perhaps even regional stock exchanges are options which need to be investigated for regeneration programmes.
Enterprise Zones

As a way of encouraging growth without funding either the purchase of land or expensive secretariats (as in the old RDA model), it is interesting to see that the 1980s idea of the Enterprise Zone is being recycled. George Osborne promised that 23 March budget would include an announcement introducing these zones.

The idea behind Enterprise Zones is simple. For small areas, tax would be cut and planning rules stripped back to attract new businesses and create jobs. The Government is planning to invest at least £100 million in this idea before the next general election, targeting mainly poorer areas of the Midlands and the North of England. Up to ten zones are to be created in England and the idea is that councils will be allowed to keep all the business rates they raise in these zones.

Thirty eight enterprise zones where created between 1981 and 1996 and some (most famously the Isle of Dogs—now Canary Wharf were very successful) but reports from the Centre for Cities and the Work Foundation, which were issued before the Chancellor’s recent announcement, argued that these zones were expensive and ineffective. In response to this, it can be said that the new zones are supposed to be sited in areas of high growth potential rather than simply those just in physical decline, although no definite locations can be identified as yet.

The Enterprise Zone approach can be criticised in that while on one hand, it encourages early action and the concentration of resources, on the other it serves to suck finance from “harder to treat” areas. Infrastructure provision (generally mostly publically funded) and skills development so that the local population are not left behind in the new environment, are other elements in what needs to be a “holistic approach”. Large-scale regeneration cannot simply be a “gentrification” exercise with an imported labour force.

Creating the Right Structure

As noted earlier, there is a history of urban renewal and redevelopment going back many years. Entire new towns were created by Urban Development Corporations (URCs), although these bodies were taken over by the Homes and Communities Agency (HCA) in 2008. Up to April 2010, there was a complex evolving architecture of Urban Regeneration Companies (URCs) and Economic Development Companies (EDCs) which worked with the HCA. This approach has now changed completely. The HCA budget has been drastically reduced and the HCA itself has been refocused to that of a smaller, more strategic body, working at the request of local authorities and their communities.

As with the RDAs, there is still a legacy of the former approach. One key element in the future will be how HCA deals with some 8,500 hectares of land, which it has inherited. Much of this land is in former new towns and regeneration areas. The announcement, of a new model for the disposal of publically owned sites under the Public Land Initiative, with the public land owner sharing in the rise or fall of house prices when homes are completed, is an interesting model of how public land might be disposed of in future.

While the last Government thought in terms of a very large scale approach, the new emphasis is on efficient working on a local or sub-regional level. One interesting template for the new approach might be the example of the Cricklewood, Brent Cross regeneration in North West London.

Cricklewood Brent Cross Regeneration

The Cricklewood Brent Cross regeneration project is one of London’s largest regeneration schemes (covering 150 hectares) which aims to create 27,000 jobs, 7,500 homes, three schools, new health facilities, high quality parks and open spaces together with more than £400 million in improving transport. The whole project will take around 20 years to complete. Delivering the scheme in stages is designed to help to minimise disruption to local people, while a series of agreed “triggers” will ensure that community and other facilities are delivered in parallel with the new homes, shops and offices. Construction is planned to start around 2012–13.

This scheme is also an interesting collaboration between the private and public sector. The private sector is represented by Brent Cross Cricklewood Partners which brings together the owners of Brent Cross Shopping Center, Hammerson and the Standard Life Investments UK Shopping Centre Trust, with a separate joint venture between Hammerson and Multiplex. All three principal partners are global companies with a formidable track record. They are working with the London Borough of Barnet in relation to this project.

In 2004, Barnet Council adopted the Cricklewood, Brent Cross and West Hendon Development Framework as Supplementary Planning Guidance. This framework was drawn up in collaboration with the Council’s partners in consultation with local residents, community groups, businesses and statutory organizations. It includes the key strategic principles for future development in the regeneration area and serves as a working document to guide developers, prospective purchasers and investors.

Barnet Council owns the freehold of the shopping centre, and much of the land to the south of the North Circular Road. This gave the Council considerable leverage in negotiating a £1 billion Section 106 agreement in December 2010 which will provide major new transport and community facilities including state of the art waste recycling.
In March 2010, the Mayor of London gave his support to the project but in the same month, Labour Minister John Denham called a halt to it, perhaps a reflection of the considerable local opposition to the scheme. However, in June 2010, Eric Pickles the new Secretary of State for Communities and Local Government confirmed that he would not call in the £4.5 billion scheme for further scrutiny on the grounds that the planning issues identified had been properly addressed by the council and “the application did not raise issues of more than local importance which would be more appropriately decided by him rather than the local planning authorities”.

The Brent Cross Cricklewood regeneration is proof that large scale projects are possible but it should be noted that the whole scheme was ten years in preparation and there was considerable effort put into communicating with the local residents. Would such a model work within more economically deprived areas outside of the South-East, it might be asked?

Looking Towards the Future

While we may be in a time of constrained public finance, there are some interesting pointers ahead. One device for stimulating urban regeneration in more marginal economically challenged area involves a European financing mechanism known as Joint European Support for Sustainable Investment in City Areas (JESSICA).

European Funding

JESSICA has been developed by the European Commission and the European Investment Bank (EIB), in collaboration with the Council of Europe Development Bank. It allows the use some ERDF grant allocation as a source of loans, equity investment and guarantees that, alongside complementary resources from the EIB and others, will help de-risk developments in regeneration areas currently considered too marginal for commercial lenders or investors. A range of activity that directly supports employment can be supported through JESSICA; along with measures to support growth industries, such as renewable energy.

The fund has the potential to lever in additional sources of public and private investment; and to create a sustainable fund to support regeneration activity well into the future. The underlying principle is to use ERDF to invest in projects with the expectation of a return on the investment, rather than following the traditional grant approach that allocates ERDF funding with no expectation of repayment.

Planning Obligations

Financing social infrastructure is always an issue in large scale regeneration. All the political parties in recent years have favoured the use of tariff schemes whereby a planning obligation is introduced so that there is payment by a land owner to the local planning authority. The use of planning obligations (such as Section 106 agreements) were a feature of the Brent Cross Cricklewood regeneration which the new Government has said will continue but will be scaled back so that they relate directly to the proposed development. The report Valuing Planning Obligations in England: Update Study for 2005–06 published by Sheffield University in 2008 showed that only six per cent of planning permissions made any contribution to the cost of new infrastructure via planning obligations.

The last Government also launched the Community Infrastructure Levy (CIL) just before the election in April 2010. On 18 November 2010, CLG announced that it will retain CIL but it will be amended to allow more control for councils over the levy. There is, however, to be a system of independent examiners to ensure councils do not set unreasonably high levies.

Other Mechanisms

Smaller scale regeneration can be facilitated through “design, finance build and operate” arrangements. While there are examples within the transportation sphere, the concept can also be used on a multi-scheme basis. The Kent “Better Homes Active Lives” Care PFI Project was a design, build, finance and operate contract consisting of 12 schemes over 16 sites providing extra care sheltered housing for older people, and supported living for people with learning disabilities and other health problems. The project is one of the largest of its type consisting of 340 specialist homes, receiving £72 million in PFI credits and was the first of its kind to be procured in partnership with 11 local authorities when finished in 2007.

Where Construction Fits In

Construction is at the core of any regeneration effort and construction activity produces jobs at many skill levels throughout the country from unskilled through to high specification design work. Research by the economic consultants, LEK, have shown that every £1 spent on construction output generates £2.84 in total economic activity when the knock-on effects of manufacturing, real estate and business services (such as architecture and surveying) are taken into effect. This research also showed that of every £1 spent, 92 pence stayed in the UK, which still retains a major construction products’ industry.

Construction lies at the heart of any physical regeneration of any area, but physical regeneration will only work in conjunction with economic regeneration and in tandem with a functioning social infrastructure. The complexity of producing co-ordinated re-development in sequence and in tandem requires extensive
consultation with local communities. These communities can only give a meaningful contribution if they have adequate information and the means to evaluate it. Whether in the context of large scale urban regeneration, or just neighbourhood plans, the Planning Aid scheme run by the RTPI ought to be continued. Under present plans, it is to be abolished.

March 2011

Written evidence submitted by English Heritage

English Heritage is the Government’s statutory adviser on all matters relating to the historic environment in England. We are a non-departmental public body established under the National Heritage Act 1983 to help protect England’s historic environment and promote awareness, understanding and enjoyment of it.

English Heritage has extensive experience of regeneration programmes, both through our own area-based grant schemes, those of the Heritage Lottery Fund with whom we work closely, and through the expertise and guidance we offer to local authorities and other stakeholders involved in regeneration projects involving historic buildings and areas.

KEY POINTS

— Heritage-led regeneration has proven effectiveness in terms of its economic and social impact—it has benefits in terms of establishing a “virtuous circle” of economic activity as a result of added confidence in localities.
— It reflects local issues and engages local communities.
— Assessment criteria governing bids to the Regional Growth Fund should be widened, and the £1 million threshold for bids lowered in future rounds.
— Pressure on local authority resources and capacity needs to be addressed if they are to maximise their contribution to regeneration activity.
— The impact of regeneration schemes (including heritage-led regeneration) is often to be seen in the long term, and this factor needs to inform future strategy.
— Relatively small scale funding can be critical in creating the right kind of conditions for larger scale investors to become involved.
— There is a role for “arms-length” Government agencies to offer their knowledge and skills in particular types of regeneration to local authorities and other bodies with the support and endorsement of Government.
— Government needs to continue to take a coordinating role to regeneration activity and to commit the necessary funding when circumstances allow—both to ensure that activity and resources are directed to the areas most in need and to take advantage of “multiplier” and synergy effects of complementary projects.
— Flexibility and ability to react to changing circumstances must be built into the Government’s approach.

Q. How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

It is worth noting that the approach set out by the Government in Regeneration to Enable Growth takes a very wide definition of what constitutes regeneration, and examines almost everything that is currently being done with the objective of driving economic growth nationally. It also has a significant emphasis on the areas of decentralisation of decision making and reform of the frameworks within which regeneration operates, particularly planning and local government. This is not the same as the more widely understood definition of regeneration, which more often includes projects and programmes specifically intended to revitalise economically under-performing geographic areas and industries and equalise economic disparities between regions. While each of the areas set out by the Government for action clearly contributes to core regeneration objectives of economic, social and environmental improvements, it is when the totality of initiatives and projects are coordinated that the regeneration benefits greatly exceed the sum of investment.

The interest of English Heritage in the regeneration sector lies primarily in the long-term advantages that flow from heritage-led regeneration: those that benefit the historic environment (the refurbishment and reuse of historic buildings and areas as part of wider regeneration projects) and those that benefit the local community (the economic, social and environmental impact of such projects). Nevertheless, there are now a significant number of other benefits from such projects that are well understood and which often form part of regeneration strategies—in areas such as sustainability, tourism, local distinctiveness and sense of community around a

place. There are significant economic impacts, both in terms of the economic value of work undertaken and the leverage effects of funding secured.\(^{76}\)

Attractive local environments and quality of place are also important elements in investor confidence and public perceptions of quality of place and liveability—careful intervention in the form of heritage led regeneration can help create a virtuous circle of increased confidence, investment, economic vitality and care for the local environment. Research for English Heritage in 2009 demonstrated the positive and significant relationship between the historic environment and sense of place.\(^{77}\)

Any analysis of the regeneration sector and the strategies that will be put in place over the next few years needs to be considered against the realities of likely funding. It is clear that physical regeneration activity will be much reduced as a result of overall public spending reductions, although much of the need for such projects remains in the form of under-performing areas of the country and continuing pockets of deprivation.

In this respect, heritage-led regeneration represents a neat fit with the current emphasis on localism and decisions being made at the closest level possible to those areas and communities involved. Viewed from this perspective, heritage-led regeneration represents a “micro” level of regeneration as against the “macro” level of nationwide strategies and policies. Projects that place individual heritage assets and historic areas at their centre almost always reflect local issues. These small scale schemes ensure a viable use for important elements of our heritage that have significant community value.

Within this context, there are a number of comments that English Heritage would wish to make.

— Given current funding constraints, the emphasis within the Government’s approach on economic growth and the reform of the regulatory framework is understandable. Nevertheless, it will be important not to overlook the importance of physical regeneration schemes and the role that they can play. Environmental, economic and social regeneration of underperforming areas are all closely interlinked, and it is doubtful if a strategy that focuses on one of the three strands to the exclusion of the others will be entirely successful.

— RDA funding has been hugely important in recent years in regeneration terms, and has played a highly significant role in some of the most successful examples of heritage-led regeneration, including:

  — Grainger Town in Newcastle;
  — Chatham Historic Dockyard;
  — Ancoats and New Islington in Manchester; and
  — Liverpool waterfront.

— The level of resources available from the Regional Growth Fund, while providing a route to funding for some regeneration activity, will not be able to adequately fill this gap. While we have been encouraged to learn that some of the bids to the fund in Round 1 have contained proposals with an historic environment element, it remains to be seen if they will be successful. As above, the emphasis in the assessment criteria on the creation of private sector jobs and economic growth is understandable in the context of current economic circumstances. Nevertheless, we would strongly argue that these criteria should be made more flexible and allow greater scope and encouragement for bids relating to environmental improvements and place-based projects in later rounds. We would also hope that the £1 million threshold for bids would be relaxed, to enable a greater number of small scale and locally focused projects to receive support. This would allow for a much more rounded approach to the many problems apparent in those areas of the country in need of regeneration.

— RDAs also played a role along with the Homes & Communities Agency (HCA) in site assembly and remediation of contaminated land to create sites attractive to developers—in effect, “derisking” them. There is no certainty that the HCA will continue this role even if it is asked to take on some of the more problematic RDA assets. Government needs to consider how it can encourage partnerships between the public and private sectors to continue this derisking task on brownfield sites. We believe there is a role for English Heritage expertise to assist in finding solutions on those sites that contain heritage assets.

— Tax Increment Financing, as referenced in the CLG document, may offer an alternative source of funding for local authorities although much of the detail remains to be confirmed. If TIF systems are to be established, we would propose that local authorities should be enabled to spend the funds collected on environmental improvements (including heritage assets) where appropriate.


\(^{77}\) Heritage Counts 2009—www.hc.english-heritage.org.uk
— There can be no doubt that the reality in terms of funding for regeneration schemes for the next few years is very clear. This issue is further exacerbated by the fact that at the same time as available funding is becoming much scarcer and harder to secure, local authorities are also losing much-needed capacity and expertise through reductions in staff with a consequent impact on their ability to prepare for and undertake regeneration programmes. Measures to mitigate this issue are urgently required if it is not to have a major impact on local outcomes, particularly in the light of the localism agenda.

— Similarly, funding from local authorities to third sector organisations have either been reduced or will be reduced in the coming financial year. This is having a significant impact on the ability of these organisations to carry out locally based and highly responsive regeneration work.

— The role of the Homes & Community Agency (HCA) over the immediate future remains to be defined. While it would appear that the HCA is likely to focus on housing supply, this has yet to be made explicit and there are no details in Regeneration to Enable Growth. Clarification on the future programme for the HCA, including its asset disposal role for its existing estate and any sites owned by RDAs, would be welcome.

— It remains to be seen if the New Homes Bonus will be successful in incentivising local authorities to approve greater numbers of developments. If it were to be, we believe there should be some mechanism to ensure that it results in high quality development, given the implications for local character and distinctiveness. Consideration should also be given to the use of funds generated on environmental improvements, including investment in the historic environment.

Q. Will it ensure that the progress made by past regeneration projects is not lost, and can, where appropriate, be built on?

— It is important that the outputs and achievements of regeneration activity over the last 20 years are recognised—and in so doing the opportunities created by that investment are exploited to the full. HCA research submitted as part of the 2010 CSR included evidence on the achievements of regeneration projects going back over two decades.  

— There is now a significant body of evidence regarding the benefits of heritage-led regeneration demonstrating that investment in historic buildings and areas affects both area perceptions and economic activity. Research has found that one in four businesses in historic areas considered that investment in the historic environment had directly led to an increase in business turnover, and agreed or strongly agreed that the heritage setting was an important factor in their decision to locate in an area. It has been estimated that, on average, for every £1 invested in the historic environment an additional £1.60 has been generated in local economies over a ten year period.

— The historic environment is also a significant driver of tourism. Over 50% of inbound tourists plan to visit historic sites. The tourism activity in the UK (from both domestic and international visitors) which can be attributed to heritage (including landscape heritage, and cultural heritage) directly generates £7.4 billion of GDP per annum and supports employment for 195,000 people.

— This economic activity is important to local communities. It is estimated that, on average, over half the jobs created by historic visitor attractions are not on the sites themselves, but in the wider local economy, such as shops, restaurants and hotels.

— While accepting that regeneration activity is going to be much less than in recent years, there is a very real concern that the significant amount of experience and expertise gained in a huge range of projects, particularly those involving place based work and environmental improvements, is at risk of being lost in the immediate future. For example, the West Midlands RDA has withdrawn its offer of over £2 million of funding towards the £4.33 million Townscape Heritage Initiative scheme in Dudley, potentially putting at risk the entire scheme and the expenditure and resources already committed towards it since its inception in November 2008.

— Additionally, mechanisms such as the Regional Growth Fund are likely to mean that heritage-led regeneration schemes, at least in the short-term, will find it harder to secure funding and will become rarer due to the existing assessment criteria. While we would hope that an economic upturn and increased confidence in the property market in the medium term will enable this type of project to be possible again, there is further risk of experience, knowledge and practical benefits for local communities being lost.

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78 Homes & Communities Agency 2010 Lessons for Regeneration Policy & Practice
81 GHK (2010), “Impact of Historic Visitor Attractions”. 
— New and emerging models of decision making and planning are likely to place greater emphasis on the importance of both local authorities and communities together with greater autonomy to decide what is best for their area. It will be crucial that in such a scenario that people and organisations are able to work with information that clearly indicates what has worked (and not worked) in similar circumstances. To this end, we would recommend that CLG issues, or perhaps works with stakeholders to produce, clear guidance and information on this area. Archiving of research, documentation and data from recent and ongoing physical regeneration projects and their accessibility will be important in this respect.

Q. Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

— As above, it has to be accepted that in the short term there will be insufficient funding to meet regeneration need—bids for Round 1 of the Regional Growth Fund were oversubscribed against available funding by a ratio of ten to one.\(^{82}\) The focus of the Government's approach is on changing the institutional framework within which regeneration happens—this is not likely to provide the scale of funding required to undertake large-scale physical regeneration projects, at least in the immediate future.

— Local Economic Partnerships (LEPs) are now expected to lead on economic growth for their areas, including via bids to the Regional Growth Fund. However, there is a concern that the thin structure of LEPs is such that they will lack capacity to undertake a variety of projects simultaneously—this may mean in certain cases they focus on what are perceived to be more straightforward or conventional projects involving job creation or training and at the expense of projects involving environmental improvements. We would reiterate our point about greater flexibility for the assessment criteria for bids to the RGF.

— In terms of heritage-led regeneration, the approach as set out in *Regeneration to Enable Growth*, when coupled with the current financial climate and the decreasing ability of English Heritage and other organisations to offer grants is likely to lead to greater pressure for Heritage Lottery Fund grants. Given the point above about the loss of skills and resources in local authorities (vital partners in almost all heritage-led regeneration schemes), this could lead to problems in terms of the HLF’s own capacity and resources.

Q. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

— For a number of years, the total amount of money English Heritage has been able to give as area-based regeneration grants has been in decline due to reductions in our overall funding. Nevertheless, our experience has demonstrated that even relatively small amounts of money can be invaluable as “pump-priming” for very large regeneration schemes. It can allow for master planning and project briefs to be drawn up, or can ensure that heritage assets and historic areas are protected while further funding for wider schemes is secured. Similarly, small scale investment and projects can often demonstrate that regeneration in a particular area is viable and create confidence among other public sector bodies and potential investors. The importance and impact of this kind of funding should not be overlooked.

— Evaluation of heritage-led regeneration projects tends to support the theory that their economic impact is greater over the long term. Evaluation of HLF Townscape Heritage Initiative projects demonstrated that much of the economic impact is over a ten year period.\(^{83}\) Given that the sector is changing rapidly, it is important that this factor (together with the long term benefits of other regeneration programmes) is not disregarded as organisations and individuals adapt to the new framework.

— As indicated elsewhere in this response, the focus on economic growth in the Government’s approach is logical at this point. However, a continued focus on this area over the medium to long term is likely to overlook the inter-relationship in many areas of the country between economic, social and environmental factors. Investment in the local environment, public realm and historic environment can be crucial in addressing perceptions of quality and creating confidence and needs to play a role in regeneration activity as soon as is possible.


What actions should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

— Regeneration schemes for economically underperforming and deprived areas are required, by definition, because of market failure. Without any intervention at all by Government or other public sector bodies, it is unlikely (at least in the short to medium term) that economic underperformance and inequality or the environmental and social issues that come with it will be corrected. Lack of confidence in the local economic base, or concern about the level of investment required to make a site suitable for development can prevent funding being secured. Some form of coordination role on the part of central Government, if not funding, is required to create the circumstances whereby private sector funding is attracted to these areas. Without this framework it is difficult to see how or why private sector funding would be forthcoming for such areas on any meaningful scale. Government needs to analyse regeneration need and put in place frameworks and strategies to address the issues, including the necessary funding, when circumstances allow.

— English Heritage is currently undertaking a survey of the development industry, in order to assess a series of potential policy changes that could encourage developers to invest in historic buildings. In addition, it will examine the factors that facilitate the successful reuse of historic industrial buildings. The project is due to be completed by the end of May, and could potentially have some useful recommendations from the perspective of removing barriers and incentivising the development industry.

How should the success of the Government’s approach be assessed in future?

Circumstances largely dictate what is possible at the moment, but flexibility in approach is key. We would hope that CLG will allow for changes to the current approach, when circumstances allow, so enabling a much wider focus to regeneration and ensuring that social and environmental benefits are taken into account. Furthermore, it is important that greater resources for place based projects are allocated as and when the economic situation and Government finances improve.

March 2011

Written evidence submitted by the London Borough of Waltham Forest

SUMMARY OF KEY MESSAGE

— We are working hard to ensure we can respond effectively to changes in government policy, particularly in housing, to ensure the continued support for our key regeneration areas where we will prioritise investment and development.

— There is not a coherent policy approach in place and there needs to be a refreshed definition from the Government of what a sustainable community is.

— The Affordable Rent product will be detrimental to housing supply, affordability and estate renewal.

— The funding of infrastructure and enabling works is critical to successful regeneration.

— The New Homes Bonus is not a sufficient tool to support development in an inner city environment, and estate regeneration projects should be excluded from calculations when determining the bonus to be paid.

— The Government’s approach to Localism is undermined by the shelving of Devolved Delivery and the potential flaw that new powers for neighbourhood planning exercises will only be utilised to prevent development.

— In order to support development the Government should review the Universal Credit, work with lenders to support Housing Associations and pilot Tax Increment Financing.

BACKGROUND

The London Borough of Waltham Forest is situated in North-East London and is one of the Olympics host boroughs. While we are an outer London borough much of the borough has the character of an inner city area.

The resident population of the borough is growing and is expected to reach 248,236 by 2031, although there are indications that our population is already near that level now. We have both a young and a diverse population. In the 2001 Census 36% of the population were BAME (Black, Asian and Minority Ethnic). The BAME population is growing and is projected to reach 47% by 2031. Health in the borough is much worse than the average for London and England. This reflects the level of deprivation in the Borough which ranks 27th most deprived local authority area of 354 in England. Waltham Forest currently has the smallest economy of all the London boroughs with a low number of total jobs and a high proportion of low value jobs. The local economy is currently heavily reliant on public sector employment which in the current economic climate presents a major challenge to the borough.
There is a shortage of family sized housing in the borough and over 40% of households in the borough are in rented accommodation. At present, Waltham Forest has nearly 18,000 households on its social housing waiting list.

The delivery of both new housing and appropriate new social infrastructure is a major priority for the Borough and the provision of educational facilities remains a particular problem in our borough.

The case for regeneration in the borough is overwhelming. We currently have four regeneration areas. These are Blackhorse Lane, Walthamstow Town Centre, Northern Olympic Fringe and Wood Street. Accompanying Area Action Plans are being prepared in partnership with the local community for each of these areas to guide future regeneration and development, demonstrating our commitment to deliver real long lasting change for our residents. We have also identified a priority estates intervention programme. The Council considers that continued targeted intervention in these key areas will bring the opportunity to transform places and communities which should have a ripple effect throughout the whole borough. We welcome the regeneration benefits that the Olympics and Stratford City will bring to East London.

We acknowledge that the existing models for regeneration may no longer work in this economic climate however we believe that the Government needs to reconsider much of its approach to regeneration otherwise projects are unlikely to proceed.

**TERMS OF REFERENCE**

1. *How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?*

   The new approach is likely to bring greater devolution of power to local communities as established through the Localism Bill and power for referenda. This is seen on the whole as a positive step, however, our ability to transform our priority estates though housing regeneration initiatives is likely to be particularly challenging given the new affordable rent framework and the introduction of flexible tenancies. Furthermore, the decision by the Homes and Communities Agency (HCA) in London not to devolve funding and powers to local authorities will mean that the over-arching aspiration of enabling local decision making will not become a reality.

   The Government’s new approach to regeneration is likely to be limited due to the absence of funding for infrastructure and wider public realm improvements which are a vital form of intervention in order to kick-start regeneration. The rationalisation of funding streams by the Department for Communities and Local Government (CLG) and the HCA in recent years has led to a position whereby the only form of substantive funding to support regeneration and housing projects is the National Affordable Housing Programme, which has been limited in its ability to fund wider infrastructure works.

   In Waltham Forest, we have begun to undertake a review of Council owned housing estates and are at the stage of short-listing those priority estates for intervention. We fear that, as a result of way that the new affordable rent framework operates, with payment of grant on completions, reduced grant to support development, higher rents and the potential for shorter tenancies, the future of our estate regeneration programme will be jeopardised.

   The Affordable Rent model will allow Registered Providers to charge up to 80% of market rent under new fixed term flexible tenancies. Indicative research undertaken by East London Housing Partnership and POD consultants has revealed that in some parts of our borough, rents could increase on average by 94%. We therefore anticipate that in approaching estate regeneration projects where comprehensive demolition and redevelopment is required, existing tenants will be not be prepared to move into new properties with higher rents and shorter tenancies without guarantees of preserved rights; consequently this will increase the costs of these regeneration projects. LBWF will need to seek additional grant funding assistance to transform its estates in order to provide guarantees to tenants which will help to get regeneration off the ground.

   Viewed nationally, the New Homes Bonus could be an effective tool to encourage development in areas which have capacity and the ability to commence quickly. We are pleased that there is a bonus for the development of affordable homes, though we would like there to be recognition that development of affordable homes in London is more challenging than in other parts of England because of the availability of land, high land values and the demand for affordable housing.

   In Waltham Forest as at March 2011 there were 17,932 households on the Housing Register and, as rents for affordable housing increase, this number is likely to increase. In London the implementation of the Affordable Rent model is likely to make development of affordable homes to meet this demand more challenging, and in turn this will limit the ability of our borough to benefit from the New Homes Bonus than in other parts of England. We therefore advocate a higher reward per home for development of affordable homes in London boroughs than for the rest of England, in recognition of these issues.

   In London, demolitions often occur in areas of estate regeneration. Our consultation response stated that the New Homes Bonus should ensure that demolitions of estates in need of regeneration are excluded from calculations in determining the level of grant payable to a local authority, since it is likely that these homes
will be re-provided in the future, potentially with a net increase in housing provision which we would argue is rewarded upon separately.

2. In particular:
— Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?
— Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

In Waltham Forest we have four key regeneration areas: Walthamstow Town Centre, Northern Olympic Fringe, Blackhorse Lane and Wood Street. These projects are identified within our Borough Investment Plan which was approved by the HCA London Board in November 2010.

A good example of a project that has benefitted from grant funding for enabling works is the Blackhorse Lane Regeneration Project, which has received grant funding including £7 million of Growth Area Fund and £300,000 from the LDA. This has enabled us to buy assets in the area in order to support the regeneration process and to fund the master planning exercise to form the basis for planning policy for the area, and bring about real long lasting change. In the absence of further funding from Government to enable the regeneration of the area, the scale and pace of change anticipated by the Council will now not be possible. An estimated 1,000 new homes are forecast to be constructed at Blackhorse Lane, and several hundred jobs to be created, but these will not be realised until development is kick started. It is recognised that wider market conditions will play a significant part in this, but progress is also reliant on funding being available to support enabling works to bring development forward.

Our Decent Homes programme will also suffer as a direct result of cuts in funding. The Comprehensive Spending Review has allocated HCA £2 billion to deal with backlog of 150,000 homes nationally, of which 46% of homes are in London. In Waltham Forest we submitted a bid of £11.4 million to make the remainder of our 1,300 homes decent by 2012. However, the Council’s bid was unsuccessful and as a result of this we anticipate that our stock will not be made decent until 2017 at the earliest. We will continue our dialogue with the HCA as the majority of homes affected by the withdrawal of Decent Homes funding are in the Friday Hill area of Waltham Forest. This will have a significant impact on this neighbourhood and will not help to realise any further regeneration of the area.

At the request of HCA, we prepared a Borough Investment Plan (BIP) which was approved by the HCA London Board in November 2010. The document brings together the spatial and thematic priorities for regeneration and housing in Waltham Forest and as we face greater pressure upon resources and the BIP is already proving to be a very valuable document in terms of prioritising future opportunities for investment. We will update this document to take account of emerging priorities arising from, for example, the introduction of the affordable rent model.

However, we have concerns that the Government’s vision of devolving local decision making powers is being undermined on a number of counts. This was recently illustrated in the HCA Affordable Homes Programme Framework document which stated that local authorities are now no longer required to prepare a BIP and we are concerned that this will undermine the status of our document. Furthermore, we also understand that the proposals for “Devolved Delivery” have now been shelved, which would have offered us a real ability to more effectively prioritise and manage funding for housing and regeneration locally and help to realise the Government’s aspirations for localism.

3. What lessons should be learnt from past and existing regeneration projects to apply to the Government's new approach?

From a period between 2000 and late 2008 there was unprecedented growth within Britain. This was reflected in the growth of the development sector and a model of regeneration which relied upon cross subsidy from private sales and government grant. There were huge advances in construction techniques (for example the English Partnerships £60k Home Competition) and the sustainability of house building (notably the introduction of the Code for Sustainable Homes) and a coherent effort to involve local people in the regeneration of their communities.

Whilst economic growth enabled regeneration to happen, it was also accompanied by a policy approach that provided a robust basis for the regeneration of our communities, and the key objectives that regeneration sought to achieve. The Sustainable Communities Plan (2003) provided this basis for regeneration, the objective being to create sustainable communities.

It is noted that the Localism Bill and reform of the planning system will allow local communities to determine their own priorities and objectives for regeneration, however there is a notable lack of direction from Government on a coherent policy approach to regeneration, what it understands as sustainable community, and the objectives needed to achieve the creation of such communities.

We believe that there is a clear rationale for the Government to redefine what it understands a sustainable community to be in order to provide to local communities a basis upon which to pursue their individual objectives for their area through devolved decision making. Given cuts in spending, reform to social housing,
introduction of the Affordable Rent model, and a lack of funding for infrastructure there is a clear need for this definition to be refreshed within policy. We look forward to Government providing a coherent policy approach to regeneration.

Lessons can be learned from Housing Action Trusts (HATs) which were established to tackle not only the physical regeneration of housing areas in most need, but to address the lack of opportunities in these area by funding associated social and economic regeneration projects that were required to support long lasting change.

Community consultation has been a key facet of regeneration over the past decade, and has allowed communities to effectively influence regeneration projects in their neighbourhoods. Whilst the Localism Bill and reform of the planning system will give communities greater power to plan for their future, we are concerned that the most vocal and eloquent members of the community may have a disproportionate ability to determine and influence local decisions, often utilising these new freedoms to oppose rather than positively influence development. This ultimately may act as a barrier to regeneration, and may not reflect the views of the wider community who, in straightened times may not have the time or inclination to engage in a local neighbourhood planning process.

It is imperative that advances in sustainability, the creation of mixed communities and building standards should not be compromised. However, the repeal of building standards by the Housing Minister on public land will potentially jeopardise the progress made in recent years to build quality housing.

4. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

In recognition of the fact that funding is required for enabling works and infrastructure in order to unlock the development potential of projects, we believe the Government should implement pilot Tax Increment Financing (TIF) areas in a range of areas across England with differing economic characteristics, including an outer East London borough in order to evaluate the potential to raise finance for regeneration from such a mechanism, as well as evaluating the impact on neighbouring communities outside of the TIF boundary where the impact of a TIF could be detrimental.

The Government could also give greater assistance through expert support to local authorities who wish to take a more creative approach to the use of their landholdings in order to subsidise development and regeneration directly. Setting up a Local Asset Backed Vehicle or joint venture requires significant and specialist resource in the short term, but in the longer term could generate significant income to support development.

We also believe that in order to prevent homelessness and encourage affordable housing development the Government should review the decision to cap housing benefit under the Universal Credit in London boroughs. Indicative research undertaken by ELHP and POD reveals that a five person family who is not earning under Universal Credit will only have a surplus of £1.99 per week to pay their rent under the new Affordable Rent model. This provokes particular issues around compounding housing need and homelessness, but also makes the development of affordable family housing very challenging. We understand that the basic premise of the Affordable Rent model is to allow Registered Providers to fund development by borrowing against future rental revenue streams. However, if no revenue stream exists for a particular product, for example family homes, then it is likely that they will not be developed.

The Government should be working with lenders to ensure that Registered Providers (specifically Housing Associations) can raise finance in order to fund development under the Affordable Rent model. Since the model is untried and untested we anticipate that Housing Associations may face considerable difficulties raising finance upon which to undertake development of affordable homes. Since Housing Associations will no longer receive the majority of their funding to finance development through grant, which has traditionally been paid in two tranches at the start and completion of development, it is a possibility that in considering funding future scheme their lenders may choose to re-price existing loans, which would be detrimental to the business of a housing association.

In our view the imposition of the Community Infrastructure Levy (CIL) will be challenging and will make development less likely to come forward. In more detail it will impact as follows:

**Economic Viability—CIL:** regulations require the Mayor to strike an appropriate balance between the desirability of funding infrastructure from CIL and the potential effects of the imposition of CIL on the economic viability of development across its area. However, it is not clear what effect the proposed CIL rates will have on the economic viability of development across London boroughs.

**The Mayoral CIL & Borough CILs**—the Mayoral CIL is only one part of the CIL equation—the other part being the combination of borough CILs and planning obligations. Although the borough CILs legislation specifically requires the boroughs to have regard to the Mayoral CIL, it is hard to understand how a true picture of the likely consequences of the Mayoral CIL can be assessed unless the Mayor has given some thought to the levels of borough CILs that boroughs will seek.

**Property Markets**—the impact of the Mayoral CIL on the London development market given the present economic situation, may have a negative effect in the short term.

**Local focus**—it is unclear how any of the Mayoral CIL monies generated would be able to be allocated back to the specific neighbourhoods that they have been raised from, as the Government’s latest guidance...
makes clear is required. In many respects, Crossrail is an exceptional project that requires an exceptional funding package. Nevertheless, the Mayor is planning to use a mechanism that has been specifically adapted to fit in with the Government’s wider localism agenda, and it would be interesting to see if the Mayor comes under pressure to make local concessions from the money raised.

**Mayoral CIL represents an additional tax**—Mayoral CIL is, like the Business Rate Supplement, a new tax on development. The impact of the Mayoral CIL on the London development market given the present economic situation may have a negative effect in the short term.

**Pressures on affordable housing are growing**—it is not sensible to examine Mayoral CIL in isolation from wider demands that the Greater London Authority and London Boroughs is placing on development. The most pressing of these is for the provision of new affordable housing in London. Given recent changes in housing benefit, and a wider “benefit cap”, the need to subsidise social and intermediate tenures in London is likely to increase. Given that it is drawn from the same development surpluses required to make contributions towards affordable housing provision, the implementation of the Mayoral CIL, may make this more difficult to achieve.

5. **How should the success of the Government’s approach be assessed in future?**

The success of regeneration should not simply be measured in the number of homes or jobs created. Whilst these indicators play an important part is tracking investment, they are not the only form of indicators that should be monitored and we believe that monitoring, for example, such factors as educational attainment, improvements in the health of residents and deprivation are equally as important.

In considering the approach by which outcomes should be monitored in the future, we would like to see an approach which allows progress to be monitored against outcomes determined locally in addition to a core set of national indicators. We would like further guidance from Government on how this approach can be implemented.

**March 2011**

**Written evidence submitted by England’s Regional Development Agencies**

**INTRODUCTION**

1. This submission is intended to inform the committee’s inquiry into regeneration. It represents the views of the Regional Development Agencies (RDAs) outside London, but not those of the London Development Agency (LDA), given London’s unique governance arrangements.

2. The Government has announced its decision to abolish RDAs, working to a timetable of closure by April 2012. RDAs are working with Government and local partners to achieve a smooth and orderly transition to new arrangements, including the formation of LEPs.

3. In this submission, we draw upon the eleven years experience of England’s RDAs in promoting sustainable economic development and regeneration, and highlight a number of issues which we believe should be considered by the Government as it moves forward with its new approach to regeneration.

4. The submission therefore focuses on the third of the questions set out by the Committee; namely: What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

5. It sets out lessons RDAs have learnt over their lifetime from delivering many different and complex regeneration projects and gives some past and present examples to illustrate these.

**CONTEXT AND BACKGROUND**

6. Regional Development Agencies were established in April 1999. They brought together a number of economic development structures that had been operating at sub-national level and several different funding streams, mostly focused on regeneration. RDAs were assigned the following statutory purposes:

- to further the economic development and the regeneration of [their] area;
- to promote business efficiency, investment & competitiveness in [their] area;
- to promote employment in [their] area;
- to enhance the development and application of skills relevant to employment in [their] area; and
- to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to [their] area to do so.

A regional development agency’s purposes apply as much in relation to the rural parts of its area as in relation to the non-rural parts of its area.

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84 Including English Partnerships, Rural Development Commission, Regional Inward Investment Organisations, Regional Supply Chain Offices, Single Regeneration Budget Teams and Innovation and Enterprise Teams (Government Offices).

7. RDAs’ founding legislation required RDAs to prepare and keep under review a strategy relevant to their purposes. These Regional Economic Strategies were developed with the involvement of a wide range of regional partners; they set economic development goals and priorities, and provided an implementation framework showing how different partner bodies would contribute to achieving the goals, within a national policy framework. Supported by a comprehensive evidence base, the strategies underpinned RDAs’ ability to take a long view of regional economic issues.

8. From 2002 onwards, the advent of the Single Programme concept allowed RDAs to merge departmental funding streams to target spend on identified regional priorities. This flexibility enabled RDAs to unlock opportunities and address issues in an integrated manner, in a way that other bodies with more specific remits are not always able to do. Typically, RDAs’ budgets accounted for on average 0.7% of public expenditure in their regions.

9. As NDPBs, RDAs have been directly accountable to central Government through BIS, with Chief Executives, as Accounting Officers, answerable to Parliament. RDA board members are appointed by the Secretary of State. A majority have business backgrounds, but every board also includes four appointees from local authorities as well as members from the trades unions, the third sector and, usually, education. The focus and perspective of RDAs has nevertheless been from a business orientation.

10. For the period 2010–11, as part of a national RDA Performance Framework, we have been required to make six monthly reports to our sponsoring Department (BIS) reporting progress against the following six core outputs:
   — Jobs created or safeguarded.
   — Businesses created.
   — Business supported.
   — People assisted in skills development.
   — Cross-Regional collaboration.
   — Carbon reduction.

11. These replaced the previous “Tasking Framework” which required RDAs to demonstrate how they were supporting the delivery of a range of national PSA targets, including the Regional Economic Performance PSA.

RDAs DELIVERING REGENERATION

12. In one of the largest independent evaluations of its type, commissioned by BERR (now BIS), PriceWaterhouseCoopers found that between 2002–03 to 2006–07 each £ invested by RDAs directly benefited regional economies by £4.50 rising to £6.40 if future benefits were taken into account. The report also found that the RDAs had levered in £5.7 billion of private sector expenditure.

13. The RDAs have spent approximately £3.6 billion on a range of interventions designed to promote regeneration through physical infrastructure, including through bringing land back into use, improving public realm and promoting tourism.

14. This demonstrates that there is considerable knowledge in the RDAs experience of regeneration which can help inform the future direction of regeneration policy.

15. RDAs have helped to deliver physical regeneration in their regions by:
   — helping to identify strategic priorities for physical regeneration;
   — helping places to identify their advantages in order to support the regeneration of local economies;
   — building agreement with other public and private bodies to support priorities;
   — funding and managing their own projects;
   — partially funding projects in partnership with Local Authorities or other public agencies;
   — working with private sector partners through agreements or, more formally, through joint ventures;
   — funding other delivery organisations; and
   — providing capacity, expertise or advice to others.

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86 Including local authorities, strategic companies, business organisations, Government Offices (and other parts of national government), further and higher education bodies, third sector groups, and other publically funded bodies (eg Highways Agency, Environment Agency) whose investments could be aligned with regional priorities to support economic growth.

87 Independent evidence (see Impact of RDA Spending; March 2009) has highlighted the role of RDAs in being able to integrate a range of tools, (articulate needs and allocate resources) to provide an integrated economic development function that maximises the opportunities for sustainable economic development.


89 PSA 7: “Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions”.


KEY LESSONS RDAs WOULD WISH TO HIGHLIGHT ARE:

The need for a long-term vision shared across the public and private sectors

16. In delivering substantial benefits for communities through economic development and regeneration, it is critical that an evidence-led long-term vision is established. This requires a cross-sector and in many instances, cross-boundary consensus on these priorities. It is vital that the right conditions exist to attract private investment and mitigate any potential risks preventing this investment.

17. Equally important is for the partnership to recognise the long-term nature of realising maximum benefit from schemes and from investment. A study of factors that influence deprivation\(^\text{92}\) found that effective regeneration requires a long-term, adequately resourced approach to ensure continuity of action, avoiding wasting of resources through continually establishing, delivering and ending short-term interventions. This helps in providing certainty to communities, thereby presenting an opportunity to develop their involvement.

The need for strong partnerships

18. Therefore, tackling deep seated structural and social problems requires a joined-up, multi-disciplinary approach to regeneration which brings together a range of partners locally to deliver improved inward investment, enterprise and innovation support to drive productivity and improve demand for jobs, whilst also tackling the issues of labour quality and supply. To truly and effectively tackle worklessness, experience has also demonstrated that this joined-up approach ensures people are connected to employment opportunities in adjacent economic areas through transport and ICT. It is vital that this type of approach drawing in partners continues in the new and emerging sub-national landscape.

19. Successful examples of RDAs delivering regeneration through bringing together partnerships designed to change communities for the better over the long-term:
   - The EEDA-led partnership across the public and private sector, drawing in Ipswich Borough Council and Wharfside Regeneration (Ipswich) has stimulated the wider regeneration of Ipswich Waterfront. This has provided accommodation for businesses, homes and leisure facilities as well as campus developments for the Universities of East Anglia and Essex in addition to upgrades to the transport network, delivering a link between the town centre and Waterfront.
   - Through the remediation of Shirebrook, emda brought together a wide partnership including Bolsover District Council, The Coalfield Regeneration Trust (CRT), and the Homes and Communities Agency to ensure that the employment opportunities generated would directly benefit the local workforce. Working with CRT, emda developed a series of exemplar programmes to develop local training opportunities and thus improve access to employment opportunities for local people by augmenting the support offered through mainstream job centre plus provision. This is noted as a national exemplar where work with the Coalfield Regeneration Trust (CRT) led to the Family Access to Employment initiative, which is now being rolled out at a national level by the CRT.
   - Following the closure of the Rover site at the Longbridge Works in Birmingham, Advantage West Midlands led a task force to respond to the immediate aftermath of closure. The Agency also worked in partnership across the public and private sector to redevelop the site, working to shape and agree the Longbridge Area Action Plan (LAAP). This sets out a fifteen year vision to transform the former car plant and surrounding area into an exemplar, employment led, sustainable mixed use development.

The need for collaboration across the public and private sector

20. In these partnerships it is essential to secure early private sector buy-in to ensure that public intervention will maximise both the employment potential and private sector leverage. Up-front public sector investment in matters such as site assembly, infrastructure and local capacity has often been necessary for schemes to secure investment and value further down the line. Given the current state of the property market this is likely to continue to be a quandary for Government and localities to contemplate, albeit within the confines of even tighter levels of available funding. To be able to deliver this requires a strong degree of knowledge and expertise in understanding the needs of the business community.

21. This highlights the critical need in approaching major regeneration projects to have strong links with the private sector, understanding the realities of current and emerging business opportunities, the strengths, weaknesses, opportunities and threats of businesses, supply chains and sectors. It is also vital to engage directly with business leaders in delivering successful regeneration projects that maximise private sector investment and economic return. RDAs have proved successful in achieving this business-focused outlook.

THE ROLE FOR THE PUBLIC SECTOR IN PROVIDING A BASIS FOR PRIVATE SECTOR INVESTMENT

22. The need for initial public sector expenditure has been and remains acutely the case in areas where either market failure or significant opportunity exists, but the private sector cannot or will not act alone. In particular,

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these conditions are often found in those areas requiring the most support and in greatest need of the benefits investment can bring.

23. From the experiences of the RDAs these conditions are usually one (or a combination) of the following:

(a) Positive externalities: the benefits of the investment cannot be captured to generate a return on the investment, in a classic market failure. Support for R&D, innovation and technology demonstration facilities is an example of this, where the benefit from that investment cannot be captured by one body. A further example is the spill-over benefits of a visitor attraction, which may accrue to local hotels, retail businesses and more widely via improved profile. In such cases, RDAs would typically invest alongside other public partners, ensuring that the wider economic benefits were realised.

(b) Disproportionate costs: for example in reclaiming brownfield land or provision of smaller business accommodation in rural areas that cannot be recouped from the end use of the investment, or would take too long to recoup. In such cases, RDAs would intervene at the minimum level necessary to attract private sector investment, whether by covering abnormal costs, or providing "gap funding".

(c) High levels of risk and uncertainty: for example in providing business accommodation in a location or for a particular sector where there is uncertain demand. In these situations, businesses may not have all of the information available to RDAs on current and likely future performance and the prospects of making a sufficient return to repay interest and capital, particularly where RDAs are playing a catalytic role in planned policy and technical developments, or wider regeneration plans. In such situations, RDAs typically co-invest with private sector bodies, taking a share of the risk and a share of eventual returns.

24. Through adopting this approach RDAs have demonstrated their ability to successfully lever in private sector funding to deliver effective and long-lasting regeneration in areas that may otherwise have missed out:

— The Ancotes Regeneration Programme in Manchester: led by the North West Development Agency, which is aiming to create a sustainable mixed-use community in which people can live, work and play is on target to lever in around £330 million of private sector investment on a return of £69 million invested by the RDA.

— At the Steetley Colliery site: emda managed to secure and nurture interest from Laing O'Rourke. This resulted in leverage of £57 million of private sector investment and the creation of new 270 jobs.

— Through the Strategy for Success: investment by One North East in innovation assets such as NaREC and CPI are providing real opportunities in the emerging offshore, marine and green chemical industries. The New and Renewable Energy Centre (NaREC) was established in Blyth by the Agency in 2002 as a public/private industry facing energy technology centre with a global customer reach but an objective to drive economic benefit from these technologies to the UK and North East. Over £30 million of capital investment has been invested by One North East in NaREC since and to date NaREC has helped to create or safeguard over 330 jobs in the North East and assisted over 550 businesses. Their support has also been vital in securing key investments in the UK, such as Clipper Windpower, and they have contributed to leveraging over £21 million into the region. This development has led to local office development as well as considerable investment in housing in Blyth, which would not have been the case without the initial investment in NaREC. Evaluation has demonstrated the value of adopting a long-term vision in approach and investment to delivering these tangible benefits which will continue to grow.93

— Investment of £9 million from Yorkshire Forward in the Scarborough Urban Renaissance project alongside £6.5 million ERDF funding and £7 million from the local authority have successfully levered in £200 million private sector investment in the town.

— At Shirebrook, emda were able to attract Sports Direct to the site to establish their new central headquarters on Brook Park. This development alone is predicted to bring forward more than 1,800 new jobs and involves an investment from Sports Direct of over £80 million.

— A total investment of £17.7 million from the South West Development Agency has yielded investment of nearly £40 million from the private sector, which has led to huge improvements in the Gloucester Docks area, raising the economic and social environment in an area with economic social and physical problems.

25. RDAs have sought innovative methods of attracting both expertise and investment from the private sector to enhance delivery of regeneration. These types of approaches continue to be invaluable given the unstable property market at the current time and its impact on the resolve of the private sector to invest.

— One North East established a public private partnership, Buildings for Business with UK Land Estates to manage the Agency’s portfolio of industrial property (some 1,700 across 49 business estates), utilising private sector expertise to drive regeneration and enable re-investment in the portfolio for refurbishment and redevelopment. The project has already produced income for the Agency of £90 million which has been reinvested to improve the range and availability of business premises across the region, addressing a market failure.

The “blueprint” limited partnership was established by emda in May 2005 to kick-start development in the region by leveraging in private sector funding and expertise. Investment, ownership, risk and profit are shared equally between the public and private sector. blueprint’s principle focus is on projects where the mainstream developer market might struggle to deliver the outcomes desired and/or the right regeneration solution might not coincide with a purely market-driven approach, such as delivering innovative and sustainable design.

The £100 million Northwest Urban Investment Fund, an ERDF-funded JESSICA initiative, is a lasting legacy from the NWDA, potentially delivering millions of pounds of investment through a recycled fund that will also move government assistance away from grants towards a repayable investment that can fund future projects.

Advantage West Midlands brought public sector partners together in 2008, to agree on priorities for regeneration investment. A total of 20 Impact Investment Locations were identified. Their selection reflected the inter-relationships in securing co-ordinated public sector investment from a diverse range of sources including the Homes and Communities Agency, the Department for Transport, AWM and local government, plus leveraging in private sector investment. It is estimated that total current public sector commitments of £1,880 million have helped to secure an additional £1,113 million of private sector investment. Local Enterprise Partnerships in the region are taking forward the same priorities as part of their approach.

The Need for Leadership

26. Regeneration sites (as well as their impacts) often cross administrative boundaries. RDAs have worked strategically to lead and establish a partnership of local and central government together with the private sector and the local community to deliver a truly multi-agency solution. RDAs, the Homes and Communities Agency and Local Authorities, with various partners, have worked together to; improve economic performance and tackle worklessness, create the right conditions for business growth, create sustainable places where people want to live and can work and where businesses want to invest.

27. Given the potential impact of major investments that can often cross over administrative boundaries, it is important to note that tough choices are often needed to be taken in delivering successful regeneration schemes and in an era where resources are even scarcer, it is essential that investment decisions are based on achieving the greatest economic impact. The importance therefore, of a robust evidence base for prioritising investment cannot be under-estimated. Investment decisions need to be taken based on the best available evidence on economic conditions, technological developments, property markets and many other areas that investment cannot be under-estimated. Investment decisions need to be taken based on the best available evidence on economic conditions, technological developments, property markets and many other areas that

Strong Community Engagement

28. This response has highlighted that RDAs have demonstrated the benefits of combining economic development and regeneration, including tackling worklessness to secure better outcomes for people living in deprived areas and promoting opportunity in these locations. A key strand of this that should continue to be encouraged is through close community interaction. In particular, RDAs have found that close working relationships with partners such as Urban Regeneration Companies, local authorities and the third sector, particularly in areas of severe deprivation has been important in enabling local communities and local knowledge to influence and achieve transformational change:

— emda’s independent evaluation noted that a particular factor of success (particularly in delivery of Sherwood Energy Village and Avenue Coking Works) was the community-led approach taken whereby extensive systems of customer and stakeholder engagement were established at early stages of each project.

— Scarborough’s Urban Renaissance, led by Yorkshire Forward has been recognised regionally as leading the way in public participation and has led to the development of an enterprising culture within the town through the establishment of several enterprise networks, highlighting how it has raised local people’s aspirations and sense of pride.

— The North West Development Agency’s £20 million investment in bringing together a partnership to capitalise on the coastal and waterfront assets of the whole of Merseyside led to a creation of a £91 million environmental and economic development programme to harness the assets in a coordinated way. This includes universal support from the six local authorities and incorporates “People’s Panels”, putting local people at the heart of the programme enabling them to critique and challenge project ideas.

Conclusions

29. This response has set out the key features from past and present regeneration schemes that England’s RDAs feel need to be taken forward in the new approach of the Government.

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30. In summary, the lessons RDAs have highlighted in this response are:
   — The need for a long-term vision of regeneration;
   — The need for the public and private sector to work collaboratively in achieving that vision;
   — The need for strong partnerships to exist;
   — The role for the public sector in providing the basis for private sector investment;
   — The need for leadership; and
   — The need for effective community engagement.

31. From the outset, it is vitally important to recognise that regeneration is a process that can deliver significant benefits, but the evidence cited earlier from the PwC Report highlights that the maximum benefit comes in the long-term. The lower level of resources available through the Regional Growth Fund makes it even more critical that long-term factors are given strong consideration in how regeneration is taken forward.

32. This lower level of resources makes it more critical that the public and private sector work collaboratively to achieve this vision, both understanding each others roles and qualities and cementing a strong partnership over the long-term to deliver the shared vision. If managed effectively, collaboration can exist between Local Enterprise Partnerships which has the potential to secure future investment in regions:
   — through attracting investment by national and global businesses;
   — supporting the ability of regional businesses to grow and therefore reinvest in their place and their people;
   — and attracting public investment from Regional Growth Fund, ERDF and other EU funding; and
   — and government programmes in, for example, science and the low carbon economy.

33. In some areas that are most in need of regeneration however, the public sector may need to be prepared to take pro-active steps to provide the basis for private sector investment. Private sector investment is driven by market forces and sometimes support is required that the public sector can still provide. Examples in this submission have highlighted how this type of leadership can result in profound changes to lives in communities through engaging with and inspiring communities to become part of this change.

34. Equally important will be collaboration by LEPs to work with national bodies delivering functions around innovation, foreign direct investment and sectoral development. Furthermore, joint working to address key infrastructure requirements—roads, rail, energy, water, waste, broadband—which cross local boundaries will be essential to provide a top quality environment for securing investment by private companies and others in the regions across England. Proper, open, strategic collaboration will be essential to provide the right spatial footprint to attract and influence the large-scale investment necessary for regional economies to continue to grow and prosper.

35. RDAs feel it is essential to understand the integrated nature of regeneration and economic growth, where the outcome can only be achieved with good communication and joint planning between the functions of skills, sites and premises development, transport planning, environmental protection, enterprise support, and many other aspects. It is in delivering this integrated, multi-expert approach to economic development that the true benefits of regeneration schemes are achieved.

March 2011

Written evidence submitted by the Affordable Home Loan Network (AHLN)

Regeneration to enable growth: What Government is doing in support of community-led regeneration:
   — How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?
   — In particular:
     — Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?
     — Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?
   — What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?
   — What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?
1. Summary of Key points

— Our submission is concerned with the Government’s current approach to funding vulnerable homeowners to complete repairs and improvement to their homes and the consequence of low-income homeowner’s inability to bring their home to Decent Homes Standard. We would contend that in order to make progress in community-led regeneration, progress must be made within the private sector housing in terms of vulnerable people living in decent homes.

— We would suggest that Government removal of the Private Sector Renewal budget will have detrimental effect on the ability of vulnerable homeowners to achieve economic growth for themselves and their communities and that the government is not doing enough to build on the progress made to date in private sector renewal with decent homes standard. The total removal of this budget line means all the good work completed in this area cannot be built on.

— We would propose that Government take a leading role in working with Affordable Home Loan Network to leverage in Private sector investment to allow the continuation of the good work of all the network members. While all the members acknowledge the current economic situation in relation to Government funding, it is important for government to take a lead in attracting money from private sector. Project Merlin or any agreement within government needs to be visible to members to allow them to work with their representatives to source money from both mutuals and commercial banking sector.

— We will provide evidence of the good work and impact of the last three years of public sector funding and the implication of member’s inability to continue the work with vulnerable homeowners in enabling growth and achieving community—led regeneration.

2. Introduction

The Affordable Home Loan Network is a newly established Special Interest Group by Local Government Association (LGA) our role /task is to make direct representation to Government on issues that directly impact on our special interest. The special interest for the group is providing affordable home loans to vulnerable homeowners to enable them to bring their homes to Decent Homes Standard.

As a group we have the opportunity to present factual information on Government policy that directly impacts on funding for vulnerable homeowners living in non decent homes.

The work by all affordable home loan network members has transformed the way public money is used by adopting the use of loans rather than grants as a form of financial assistance to help homeowners meet Decent Homes Standards. This changing ethos from housing grant to housing loans has focused on asset rich and cash poor vulnerable people and enabled more people to benefit from housing repairs and Improvement to their homes. As these loans are repaid into a revolving loan funds, this then permits additional households to benefit from these funds.

All members offer equity release loan products or low-cost loans designed to assist vulnerable home-owners with the repair and improvement of their homes. With Independent Financial Advisers to advise on the most appropriate loan product, Home Improvement Agencies to schedule and supervise the building works and additional safeguards to employ reliable and responsible building contractors this is an invaluable and comprehensive service for those unable to help themselves.

The range of services provided by AHLN members: while detailed arrangements vary, members of the AHLN network are part of a series of partnerships which usually comprise the following elements. These are:

— improvement and repairs expertise often contributed by local authorities and/or Home Improvement Agencies (HIAs)—these agencies may identify clients, draw up schedules of work and supervise the building works whilst in operation;

— regulated financial advisors, whose role it is to give independent financial advice to clients regarding the choice of a loan product which seems most appropriate to their needs in order to pay for the works;

— a fund management agency which administers the revolving loan fund—these may be local authorities, eg Yorkshire and Humberside Home Loans Service, or independent not-for-profit agencies, the Five Lamps Organisation in the North-East;

— the services of approved building contractors with considerable experience of carrying out residential maintenance and repair works for elderly, disabled or vulnerable households. HIAs may also carry out building works themselves under the supervision of local authorities; and

— a range of loan products available in order to provide choice to the home-owner in meeting the costs of the works.

In addition to these “core” services, all of the Partnerships offer advice and guidance to prospective clients. In many cases this can result in a positive outcome for the client by securing alternative sources of funds, (such as charitable bodies), by giving practical support towards building works, (such as the preparation of schedules of work), or by making referrals for other forms of support. It is often difficult to measure the impact of this kind of activity, but in one case in the North-East where three local authorities have attempted to
quantify the outcome, an additional £60,000 of funds was invested in home repairs and maintenance by prospective applicants themselves in the first nine months of this financial year. This kind of outcome is likely to be replicated across all the partnerships in the AHLN.

Some partnerships may also draw on additional areas of expertise. The London Rebuilding Society, for example, works with the most vulnerable, often elderly and disabled households, or those with a long-term limiting illness. It works in partnership with social services departments and other support agencies for the elderly, eg Age UK and the Royal British Legion, which can provide care and support to these households after the works have been completed. Examples of other related services include the North East Partnership where advice and guidance is given on skills development and employability for young people.

In the South West, the Wessex Reinvestment Trust also provides financial support for small business start-ups and for community initiatives, such as community savings schemes and affordable homes projects. Most partnerships also seek to provide advice on welfare benefit entitlement as part of an income maximisation strategy. In addition to the primary objective of assisting poor and vulnerable households with help and support in repairing and improving their homes, therefore, most if not all the partnerships also contribute some “added value” to the local communities they serve.

Geographical coverage: AHLN members are organised on a regional basis and in the West Midlands, Yorkshire and Humberside, and the South-West of England the service provided by the West Midlands Kickstart Partnership, Yorkshire and Humber Home Loans Service and Wessex Home Improvement Loans includes the majority of local authorities in those regions. South Coast Moneyline works in collaboration with 16 authorities in the South of England; PUSH with seven authorities in South Hampshire and the London Rebuilding Society with seven London Boroughs. The North-East Home Loans Partnership works together with 12 local authorities in the North-East region and the Borough of Oldham is seeking to establish an agency to service the North-West where a number of authorities currently offer a home repair and improvement loans service. Together these agencies provide affordable home loans services in almost every region and to 109 local authorities across the country, including most of the major provincial cities.

The contribution of AHLN members: AHLN members have made the following achievements:

— they have assisted 4,891 households with completed loans to date. The vast majority of these loans have been to bring poor housing conditions up to the Decent Homes standard;
— they have funded £64 million worth of loans at an average of over £13,000 per loan; and
— a further £10.6 million worth of investment has been approved or comprises “work in progress”.

At the same time, through the advice and guidance given by these agencies, significant additional investment has been generated from other sources of finance, eg from families themselves, or from other agencies such as charitable bodies.

3. How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

3.1 Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

Government invested over £1 billion of public money in private sector housing renewal between 2008–09 to 2010–11. During this period the current rate of public and private investment in the owner-occupied stock was just about keeping pace with the level of deterioration and given economic forecasts for the next few years, these circumstances are likely to worsen.

Currently...

— 1.3 million “poor” home-owner households live in properties that fail to meet current minimum housing standards;
— 766,000 owner-occupied households living in such poor housing conditions have children under five years old;
— and almost 150,000 elderly home-owners are residing in homes which are excessively cold.

In recent years a wealth of research has been undertaken on the impact of poor housing conditions on the health and welfare of residents. This research evidence demonstrates that poor housing conditions in general have been linked to increased levels of limiting long-term illness, respiratory and infectious diseases, accidents, psychological problems and perceived poor general health; even to increased mortality.

In particular the health and well-being of the young, the old and the poor are seriously jeopardised by the housing standards in which they live.

Hence the renewal of owner-occupied homes for the poor and vulnerable presents a critical challenge. It affords:
— the greatest problem of scale in tackling poor housing conditions;
— poor levels of energy efficiency;
the loss of jobs that will result as a consequence of the decline in investment in housing repair and maintenance.

In order to embark on the repair and improvement of their properties and regenerate their community, the country who will no longer receive the support they need, or be able to access affordable loan finance, in discontinued service are unquantifiable. They will be borne, however, by the thousands of households all over the country with the “worst upkeep problems”.

The potential social and economic costs of discontinuing this embryonic “national” affordable home loans service

The implications of poor housing conditions for vulnerable homeowners

Affordable Home Loan Network members have developed in support of the private sector renewal agenda of local authorities which has focused on “vulnerable households in non-decent homes”. Because a major part of their role has been in making equity based loans, however, they have also prioritised home-owners rather than private renters. Hence, this section will analyse the impact of these poor housing conditions on “vulnerable” home-owners—the poor, households with children and the elderly.

**Poor households:** there are over 1.3 million “poor” households living in non-decent homes in England and many of these households will be home-owners. As the EHS (2008) makes clear these households suffer some of the most serious housing problems. The poor “are much more likely to live in homes in serious disrepair”, with problems of “serious condensation and mould” or in neighbourhoods with the “worst upkeep problems”. Almost 50% of households in the lowest income quintile are also living in properties in the three lowest residential energy-efficiency bands. Households in this income group also accounted for 78% of all households experiencing fuel poverty.

Poor ethnic minority households were particularly vulnerable. According to the EHS (2008), “22% of poor ethnic minorities were living in homes in disrepair, 15% in homes with serious condensation and more than one in four (26%) in neighbourhoods with worst upkeep problems”. With the most limited financial resources and living in some of the worst housing conditions, this is the group which is most vulnerable to persistent problems of ill health, social anxiety and depression. It is these households who will suffer most if local budgets for private sector housing renewal are withdrawn and make it impossible to achieve community-led regeneration. They have scarce funds of their own, limited experience of institutional loan finance, and by virtue of their “high risk” postcode or poor credit-rating, very few would be able to access commercial loans from “High Street” lenders.

As a consequence, it is precisely on these households that the financial assistance of the Affordable Home Loan Network membership is focused. In addition to the advisory and supervisory services provided by the AHLN Partnerships, most offer a range of loan products which include an interest free equity loan requiring no monthly repayments—absolutely essential in seeking to help the very poorest households.

The impact of poor housing conditions on children’s health and well-being is especially important. Lisa Harker, a specialist in children’s development, observes that, “The impact (of poor housing) on children’s development is both immediate and long-term; growing up in poor or overcrowded housing has been found to have a lasting impact on a child’s health and well-being throughout their life”. Children living in poor, damp or overcrowded conditions are more likely than adults to experience respiratory problems, to be at risk of infections, and to exacerbate psychological problems. Housing conditions are also imperative to the safety of a child and in 2001–02, the Child Accident Prevention Trust estimated that almost 900,000 children under the age of 15 years attended hospital and around 100 died, as a result of accidents in the home.

Similarly, educational attainment is important in subsequent years to economic well-being and those children whose growth and educational development were impaired as a result of poor housing conditions during childhood may experience an increased risk of unemployment and/or working opportunities limited to low-paid employment. Sparkes (1999), for example, found that adults with low basic skills were five times as likely to be unemployed as those with average skills.

This analysis suggests that intervention to improve the housing conditions of households with children is likely to have a double benefit, first on improving the immediate health and well-being of family members; and second, on being an investment for the future in improving the subsequent housing, health and economic opportunities of the children. The needs of households with young children are also a key concern of AHLN members and hundreds of such households have been helped out of very poor housing conditions over recent years.

3.2 What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

The potential social and economic costs of discontinuing this embryonic “national” affordable home loans service

In the event that the current services provided by AHLN members fail to attract the political and economic support that they now need, there will naturally be economic and social consequences. The social costs of a discontinued service are unquantifiable. They will be borne, however, by the thousands of households all over the country who will no longer receive the support they need, or be able to access affordable loan finance, in order to embark on the repair and improvement of their properties and regenerate their community.

Some costs are quantifiable, however, and these include the loss of potential savings to the National Health Service and to society in general associated with the failure to tackle poor housing conditions. They include the loss of jobs that will result as a consequence of the decline in investment in housing repair and maintenance.
and the impact on the environment of the failure to reduce carbon emissions from largely old, owner occupied dwellings.

Roys et al have developed a methodology to calculate the costs of medical treatment in the NHS arising from various accidents in the home associated with poor housing conditions. They have calculated an initial (and theoretical) estimate for the total cost of poor housing. Using data from the English House Condition Survey (2007) regarding the incidence of hazards in the home, they argue that the current state of repair of the English housing stock results in accidents, such as falls, burns and scalds, carbon monoxide poisoning, etc, which costs the NHS over £600 million per year. From their methodology one can infer that had the £75 million investment made by AHLN members been spent in precisely the same way as advocated by Roys et al, then it would have saved the NHS around £2.55 million per annum and something like £6.375 million per annum in total costs to the community. The latter involves a pay-back period for the initial investment of about 12 years.

The loss of housing investment will also result in a loss of jobs. This would not only involve those immediately employed by AHLN members but most particularly those engaged in the construction industry in the HIAs and the building contractors who actually undertake the building work. HIAs in the West Midlands are already planning redundancies and an exercise undertaken by the North-East Partnership suggests that many of the small building contractors currently used by the partnership are heavily dependent on the business provided by them. According to “Construction Skills”, (part of the Construction Industry Training Board), the loss of £1 million to the construction industry results in the equivalent loss of 32 full-time jobs in the repair and maintenance sector. Hence, if the £75 million investment made by AHLN members is to be discontinued, then this would result in the loss of the equivalent of 2,400 full-time jobs in the construction industry.

The damage to the environment as a result of the discontinuance of the investment can also be quantified. Using figures from the EHS (2008), if 5,000 owner occupied properties had all been improved to Energy Performance Certificate standards then total carbon emissions would have been reduced by around 9,500 tonnes per year and the savings in fuel costs to those low-income households would have been around £167 per year or £835,000 collectively.

These, then are some of the potential costs of discontinuing the services of AHLN members:

- the social costs associated with the burden of continuing poor housing conditions will fall on thousands of the most vulnerable households in our society;
- significant potential long-term financial savings to the NHS and society more generally will be lost; around 2,400 jobs will go in the construction sector; and
- carbon emissions savings will be lost as well as the opportunity to reduce fuel costs for low-income households.

3.3 Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

Why should the government and other agencies continue their support for members of the AHLN Network?

- To enable continued access to affordable loan finance—in circumstances where 1.3 million “poor” home-owners live in conditions below the current minimum standard and in an environment of growing financial exclusion, these vulnerable and low-income home-owners will have very few alternative sources of finance to enable them to repair and maintain their homes.
- Public expenditure savings—improved housing conditions for poor, vulnerable and elderly households will reduce the demands on the NHS and other public services in the long-term.
- To save local jobs—sustaining AHLN member services will save at least 2,400 jobs in the construction industry and other service industries.
- Improved environmental conditions—energy efficiency measures in the home will continue to reduce carbon emissions and mean lower heating costs for some of the poorest households.
- Greater satisfaction, independence and security for the most vulnerable households—this can continue to be achieved through the targeting of improved housing conditions on those most in need.
- Demographic change will impose an even greater burden on health and public services in the future—interventions to maintain and improve housing standards now for the elderly and disabled will ensure “that little bit of help” that is necessary to ensure their continued independence for as long as possible.
- Value for money—partnership arrangements involving many local authorities serviced by a single provider of financial advice and fund management have secured significant economies of scale and effort for those authorities.
- Added value—the advice and guidance role of these agencies has ensured the attraction of additional sources of finance and resulted in higher numbers of repaired and improved homes than the overall statistics reveal.
3.4 What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

In the final report of Communities and Local Government Committee on *Beyond Decent Homes—Fourth reports of Session 2009–10*, the recommendation on funding was:

“CLG undertake or commission work to develop means of levering in private finance for the improvement of private sector stock. The results should be made widely available to local authorities, who should be encouraged to develop schemes appropriate to their areas to facilitate access to those funds”.

— **Leverage**—Affordable Home Loan Network members continue to be faced with difficulty in engaging with private financial institutions to attract money from private source. Therefore government need to provide leverage nationally especially with the Banks where government has a commercial stake and work with the network to agreed the process to achieve this objective. This process will ensure that the proposal for government community-led regeneration will be achievable.

— **Sustainability**—the nature of these “revolving loan funds” means that a limited injection of public capital on a “once and for all” basis now will ensure their ability to attract private capital and lay a sustainable financial foundation for the future.

— **The Big Society**—the role and function of Affordable Home Loan Network members is compliant with the priorities of the Coalition Government and lies at the heart of community-led regeneration programmes which the government wishes to pursue.

*March 2011*

**APPENDIX**

MEMBERS OF THE AFFORDABLE HOME LOANS NETWORK

**THE WEST MIDLANDS KICKSTART PARTNERSHIP**

The Partnership was established in September 2003 following the liberalisation of local authority powers for private sector housing renewal under the Regulatory Reform Order of 2002. It was set up by the seven “urban authorities” in the West Midlands conurbation in response to the challenge of the nature and scale of poor housing conditions within private sector housing in the region. At that time the project was seen as a pilot scheme with a particular emphasis on testing the market for equity release loans amongst low-income and vulnerable home-owners in order to undertake the repair and improvement of their homes.

The pilot scheme was largely successful in its implementation; using public resources it made 375 equity release loans over three years to the value of £6.424 million across all the participating authorities. Hence the scheme was extended in 2008 to include all housing authorities across the region who wished to become involved. Currently there are 27 participating authorities covering the vast majority of the population in the region. The Partnership offers a range of financial products and with a small secretariat, is administering a loan programme of approximately £20 million during 2010–11. It operates in partnership with a fund management agency, (which is regulated by the Financial Services Authority (FSA) and works in collaboration with the Home Improvement Trust (HIT) which provides private finance for specific types of loan. Independent financial advice is provided via a panel of Independent Financial Advisers (IFAs), and its improvement and repair programme is delivered via local authority and other Home Improvement Agencies (HIAs). It has a current loan book in excess of £30 million with a further pipeline of over £6 million.

**WESSEX REINVESTMENT TRUST—WESSEX HOME IMPROVEMENT LOANS**

The Trust was established in partnership with several local authorities in the south-west region in 2004–05. It now offers a range of financial services to the community through Wessex Community Assets, small business loans and support via the Fredericks Foundation, as well as a range of loans for home improvement and repair through the Wessex Home Improvement Loan Partnership (WHIL). The Partnership was initiated with a similar remit to the WM Kickstart scheme, to assist low-income and vulnerable home-owners with repairs and improvements to their homes. It was established as a not-for-profit Community Development Finance Institution (CDFI) and whilst it does not offer equity release loans to home-owners, the interest rates on its loans, (as well as the set-up costs), are subsidised by local authority partners. WHIL is also regulated by the FSA. In recent years it has not only expanded the number of local authorities with whom it works, but also the range of loan products available and the type of clientele it addresses. It currently receives financial support from 19 authorities in the West Country and has a loan book of about £3.9 million with a further £2.5 million of work in progress.

**SOUTH COAST MONEYLINE**

South Coast Moneyline describes itself as a sister organisation to the Wessex Home Loans Partnership. It was established in 2006 by the Portsmouth Area Regeneration Trust. Accordingly, it was set up for similar
reasons and offers a similar range of loan products to those initially provided by WHIL. It is also a not-for-profit agency whose products are subsidised by local authority partners, although its rates are higher than those in WHIL. It is currently working with 16 local authorities primarily, as the name would suggest, along the south coast of England. As with other AHLN members, it has experienced significant growth over recent months and has a loan book of just over £1.1 million and a pipeline of £150k.

**PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE (PUSH)**

Within the context of the wider partnership of local authorities in South Hampshire to pursue “sustainable, economic-led growth and regeneration”, is the “PUSH 4 safer homes” initiative. “PUSH 4 safer Homes” operates two partnerships in the South Hampshire area. The first is in three local authorities together with South Coast Moneyline (as mentioned above). The second is a partnership of seven local authorities led by Southampton City Council for the renewal of private sector homes in the remaining South Hampshire authorities. The partnership was launched in January 2009 with funds of £8.4 million for expenditure on the repair and improvement of private sector homes over a three-year period. Under the scheme, loans are available for a variety of purposes to low-income home-owners and to landlords for bringing empty properties back into use or for serious hazards in high-risk rented accommodation. The Partnership also includes local HIAs, landlords’ associations and an Energy Advice agency. It has a current loan book of £5.3 million.

**THE LONDON REBUILDING SOCIETY—HOME IMPROVEMENT SERVICES**

London Rebuilding Society is a social enterprise specialising in innovative forms of finance. It currently operates in three different areas of activity; it provides loan finance for small scale social enterprises in London; a Mutual Aid fund for migrant communities providing credit and training; and a Home Improvement Scheme helping vulnerable low-income home-owners to renovate their homes through equity release loans. Its home improvement activities have focussed very much on elderly and disabled people and it often funds the difference between the DFG grant and the ultimate costs of works. LRS also works in partnership with other agencies such as AGE UK and the Royal British Legion to provide support to clients after the work has been carried out. It has completed 29 schemes in six London Boroughs amounting to almost £2 million.

**HOMES AND LOANS SERVICE (FORMERLY THE YORKSHIRE AND HUMBER REGIONAL HOME LOANS SERVICE)**

This home loans agency has been operational since 2005. It provides home loans services to all of the twenty-one local authorities in the Yorkshire and Humberside region and is administered by Sheffield City Council. It was set up using funds from the Government Regional Office with the intention of assisting home-owners in need of assistance to repair or improve their homes, either for health and safety reasons, for disabled adaptations, or to meet decent homes standards. The main loan product is an equity release loan, but uniquely with a cap on the annual rate of growth of the loan for repayment purposes. The Homes and Loans service also covers the cost of the set-up and administration of the loans. Approximately £10.6 million has been invested so far on equity-based home improvement loans and a further £5 million on relocation loans.

**THE NORTH EAST REGIONAL HOME LOANS PARTNERSHIP**

This is the most recent of the regional agencies to become operational. After much preparatory activity, the Partnership was launched in April 2010 with the aim of aligning the way in which local housing authorities in the region went about the process of assisting low-income home-owners in three areas of activity, to maintain and improve healthy living conditions in private sector housing; to contribute to the regeneration of older residential areas suffering from market vulnerability; and to encourage home-owners to undertake work which will make their homes more energy efficient. The Partnership now consists of 12 authorities with an initial budget of £2.4 million to provide a range of loans and a variety of types of grant assistance for these purposes. Since its inauguration, the Partnership has relinquished the services of Sunderland as lead authority and has moved into offices with the Association of North East Councils (ANEC). It has also appointed a loans administrator to handle the loans process. In recent months, the Partnership has been approached to broaden the basis of its work to include the administration of council mortgages, the re-use of empty properties and the funding of renewable technologies to improve energy efficiency in the home.

These are the key members of the recently established Affordable Home Loans Network. There are, in addition, several individual local authorities, such as Oldham, which are members but are not part of a regional organisation, (but are seeking to establish one), and those who are already members of one of the regional consortia outlined above, (eg Hastings, Bristol and Wolverhampton).
Written evidence submitted by Care & Repair England

This submission concerns the Committee’s questions:

— How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

— In particular:
  — Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?
  — Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?
  — What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?
  — What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?
  — How should the success of the Government’s approach be assessed in future?

SUMMARY OF KEY POINTS

— The majority of non-decent housing is concentrated in the private sector, with vulnerable, older home owners who are aged 75 and over being particularly over-represented in this sector, and hence a group particularly affected by regeneration initiatives.

— There are no Government strategies or plans to address the housing and regeneration issues arising from the combining of two major social phenomena—population ageing and the large rise in low income home ownership.

— We therefore have serious concerns that whatever other benefits there may be, the new approach to regeneration will not address the concentration of substandard private sector housing occupied by vulnerable older people.

— Added impetus to regenerate homes and neighbourhoods for vulnerable groups, particularly older people, is particularly crucial because of the potential impact on related demand for health and social care services.

— Higher priority needs to be given to regeneration of private sector housing in ways that are planned and delivered in partnership with the health and social care sectors. The remit of the planned new Public Health and Well-Being Boards should specifically include a requirement to address the wider social and environmental determinants of poor health, including through regeneration of the built environment.

— Whilst in no way denying that there is a national issue with regard to debt and borrowing, some rebalancing of public funding for housing related costs is overdue and regeneration warrants some targeted public investment for low income home owners who have worked hard to buy their (often low equity) home but who now face major problems with affording repairs and maintenance.

— As this is a sub-prime market, state supported social lending, combined with high quality, impartial and independent financial advice and information about such key financial and housing decisions, will be critical to the success of future regeneration initiatives with regard to low income, older home owners.

— The Big Society Bank, combining forces with the charity and community finance sectors and supported by government, could be one way to create more equitable social lending products, eg up front funding of repairs with a simple charge placed on low equity homes or reverse shared ownership may all be worth exploring as ways to combine public and private resources to benefit the most disadvantaged.

ABOUT CARE & REPAIR ENGLAND

Care & Repair England is a national charity established in 1986 to improve the housing and living conditions of older and disabled people.

Its aim is to innovate, develop, promote and support housing initiatives, and related policy and practice, which enable older and disabled people to live independently in their homes for as long as they wish.

BASIS OF RESPONSE

— Care & Repair England was established 25 years ago specifically in response to the high incidence of unfit and poor housing conditions amongst older people living in private sector housing and the failure of successive regeneration and private sector housing improvement initiatives to adequately improve the living conditions of disadvantaged older private householders.
— The organisation was responsible for the early promotion and local development of independent home improvement agencies. The aim of these services was to support older and disabled people who were living in poor housing in the private sector to undertake repairs and adaptation of their homes utilising any means that were available to them.

— The focus of the organisation has remained in the improvement of housing and living conditions of disadvantaged older and disabled people living in inadequate housing, particularly those in the private sector, in order to enable independent living.

— For a number of years we have been working with local older people’s groups across England to raise the profile of older people’s views about their housing during retirement and to identify shortcomings in the current provision of housing related services for an ageing population.

— We have worked with local authorities and older people with the objective of increasing the level of engagement with the latter in shaping local housing initiatives and programmes, including regeneration, in ways that are rooted in the everyday experience of older people.

— Tracking and interpreting national data about trends in housing condition, disrepair and suitability in the context of an ageing society, and commenting on this from a policy perspective, has also been a key part of the organisation’s work.

1. Question

How effective is the Government’s approach to regeneration likely to be?

What benefits is the new approach likely to bring?

We have serious concerns that whatever other benefits there may be, the new approach to regeneration will not address the concentration of substandard private sector housing occupied by vulnerable older people.

1.1 The likelihood of living in a non-decent private home is higher for people who are over 75 years, older single women, black and minority ethnic elders and for those who have lived in the same home for more than 25 years. This reflects the profile of housing occupancy in many regeneration areas.

1.2 Since the start of systematic collection of data about housing conditions in the 1960s, older people have been consistently over-represented in poor housing, particularly the “older old” (people over 75 years and over 85 years), with private tenants proportionately the worst housed, followed by older owner occupiers.

1.3 Data from the 2007 English House Conditions Survey96 again shows that:

— 84% (3.2 million) of older and elderly householders in non-decent homes live in private sector housing.

— Vulnerable householders aged 75 or more are most likely to live in non-decent homes (36.5%).

— Over one million (67%) vulnerable older and elderly householders in non-decent housing live in private sector housing.

— 86% (865,000) of older and elderly householders in houses in serious disrepair live in private sector housing.

— Over 76% (380,000) vulnerable older and elderly householders in houses in serious disrepair live in private sector housing.

— Non-vulnerable householders aged 75 or more are the most prevalent in cold homes.

1.4 In relation to housing in serious disrepair, whilst the overall proportion of households in serious disrepair remained static at 10%, between 2001 and 2005 the position of older households worsened.

1.5 The situations of vulnerable householders aged 75 or more declined the most, with the percentage in housing in serious disrepair increasing from 10.8% to 14.4% for this age group. Vulnerable householders aged 60 or more saw an increase from 10% to 12.3%.

1.6 Despite this situation, in “Regeneration to Enable Growth” the section concerning Government Support for Vulnerable Individuals (p25–28) does not even mention poor housing and vulnerable older people, nor any remedial strategies to address this issue.

1.7 There are no Government strategies or plans to address the housing and regeneration issues arising from the combining of two major social phenomena—population ageing and the large rise in low income home ownership.

1.8 This issue has been documented in detail, and the implications discussed, in “A Perfect Storm: An ageing population, low income home ownership, and decay of older housing”.

1.9 This report highlights how older people’s health and well being, and hence their quality of life in older age, are closely linked to the quality of their homes and neighbourhoods.

97 Adams S, Ellison M A “Perfect Storm: An ageing population, low income home ownership, and decay of older housing” (2010) Nottingham, Care & Repair England
1.10 Older people are the primary users of health services and many of the common chronic health conditions experienced by older people have a causal link to, and/or are exacerbated by, particular housing conditions. These include heart disease, stroke, respiratory conditions, mental health, arthritis and rheumatism.98

1.11 One of the major causes of death, injury and decline amongst older people are falls in the home.99 There is a well documented link between housing conditions and falling, thus the prevalence of poor or unsuitable housing conditions amongst older households increases the risk of falls.

1.12 The cost to the NHS of hip fractures alone is in excess of £1 billion.100 Consequently, failure in regeneration policy and practice to address the poor housing amongst older residents has major cost implications for health and social care.

1.13 Higher priority needs to be given to regeneration of private sector housing in ways that are planned and delivered in partnership with the health and social care sectors. The remit of the planned new Public Health and Well-Being Boards should specifically include a requirement to address the wider social and environmental determinants of poor health, including through regeneration of the built environment.

2. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

2.1 Successive regeneration approaches have failed to reach out to older, vulnerable and marginalized groups.

2.2 In a joint publication about the inclusion of older citizens in regeneration,101 Now you see me… now you don’t: How are older citizens being included in regeneration?, Riseborough and Jenkins noted that despite the fact that older people are a highly diverse group, there was still a tendency to lump all older people together and age discrimination impacted on the effective involvement of older people in regeneration.

2.3 Targeted and specific interventions are therefore needed to avoid this failure to continue. Unfortunately, in “Regeneration to Enable Growth”, unlike children, young people, students and families, older people do not get a single mention, which does note bode well for learning from past experience.

3. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

3.1 We note above that home ownership amongst low income households has risen dramatically, up from around 50% in 1970 to just under 70% today (higher for older age groups). The main growth was amongst low income home owners, stimulated by government policies, such as Right to Buy, and unprecedented access to mortgages amongst lower income households.

3.2 This has major financial benefits to state expenditure primarily through savings in housing benefit, but also in from income arising from taxes such as stamp duty and inheritance tax and savings in social care has home owners are use equity to meet residential care costs.

3.3 Expenditure on housing benefit was £20 billion in 2009–10, even though low income home owners now outnumber low income tenants.

3.4 This compares with minimal financial support for private households. Over the past 25 years state expenditure on improvements to private sector stock has fallen from £1,040 million in 1983–84 to £317 million 23 years later in 2011–12.102

3.5 The government has recently further reduced the budget for private sector renewal to zero in 2011–12.

3.6 Whilst in no way denying that there is a national issue with regard to debt and borrowing, some rebalancing of public funding for housing related costs is over due and regeneration warrants some targeted public investment for low income home owners who have worked hard to buy their (often low equity) home but who now face major problems with affording repairs and maintenance.

3.7 As this is a sub-prime market, state supported social lending, combined with high quality, impartial and independent financial advice and information about such key financial and housing decisions, will be critical to the success of future regeneration initiatives with regard to low income, older home owners.

3.8 The Big Society Bank, combining forces with the charity and community finance sectors and supported by government, could be one way to create more equitable social lending products, eg up front funding of repairs with a simple charge placed on low equity homes or reverse shared ownership may all be worth exploring as ways to combine public and private resources to benefit the most disadvantaged.

98 Blackman T (2005) Housing Risks and Health Inequalities in Housing London Department of Health Housing LIN
101 Riseborough M, Jenkins C (2004) Now you see me… now you don’t: How are older citizens being included in regeneration? London, Age Concern
4. How should the success of the Government’s approach be assessed in future?

4.1 Success with regard to the private sector older homeowner should be measured through assessment of improvement to the state of the housing stock, e.g., measured through the English House Conditions Survey and more latterly, the English Housing Survey, methodologies, thereby provide a clearer picture of improvements over time.

4.2 Success should also be measured through impact on individuals and populations, both with regard to their health and well-being (e.g., reduction in health inequalities) and reported satisfaction with home and neighbourhood.

March 2011

Written evidence submitted by the National Audit Office

SUMMARY

The Government has set out in its 2010 Local Growth White Paper its ambition for locally-driven growth, encouraging business investment and promoting economic development. The Department for Communities and Local Government has said that, when at its most effective, regeneration can be at the heart of this approach, supporting local leaders to strengthen their communities drive economic growth and support people back into work.

In examining the Government’s approach, the Select Committee is considering what lessons should be learnt from past and existing regeneration projects and how success should be assessed in future.

In a period of relative financial constraint, it is more vital than ever that funds available to support regeneration are targeted to deliver the maximum benefit.

From our work on regeneration over the last decade, the National Audit Office has identified two key principles that should help guide future decision-making on regeneration projects and programmes at all spatial levels and inform future assessments of success.

Regeneration programmes and projects need to be:

(a) Appraised rigorously on the basis of robust evidence, so that funds can be targeted on those interventions likely to maximise benefits; and

(b) Evaluated thoroughly so that the outcomes of interventions are quantified and that lessons from projects—good and bad—are fed back into the appraisal process.

To Achieve Rigorous Appraisal

— Objectives and outcomes should be stated clearly and well communicated, reducing as far as possible the potential for confusion and ambiguity.

— Subsequently, there should be a clear, logical link between the objectives sought and the interventions or projects funded.

— Where there are a number of partners involved, clarity is key. Objectives and outcomes should be agreed or developed with partners, and priorities should be aligned with those of partners. Roles and responsibilities of different parties also need to be clearly stated and agreed.

— The effectiveness of appraisal is dependent on the quality of information used. The National Audit Office has examined a number of regeneration projects where poor or inadequate market intelligence led to unrealistic or over-optimistic expectations of costs and benefits.

— Standardised approaches to appraisal (and evaluation) of programmes and projects can help develop the evidence base for future regeneration activity. Simple and streamlined appraisal can also assist in reducing delays to projects getting started that may deter potential funders.

To Achieve Thorough Evaluation and Learning

— Evaluation processes should be embedded within a clear framework of quantifiable and measurable outcomes.

— Evaluation needs to be continual, especially where projects slip or are changed significantly.

— Keeping evaluation measures clear and simple increases the likelihood of gathering data that is replicable and therefore comparable across interventions, contributing to the overall evidence base.

— Formal and structured mechanisms or forums can facilitate sharing of good practice between projects and localities.

103 HM Government, Local growth: realising every place’s potential, CM 7961, Department for Business, Innovation and Skills, October 2010

104 Department for Communities and Local Government, Regeneration to enable growth: What Government is doing in support of community-led regeneration, January 2011
DETAILED EVIDENCE

Introduction

1. The Government has signalled a new environment for the operation of regeneration programmes and projects, in which local communities and business determine local economic priorities and lead on commissioning the regeneration projects that will support those priorities. In a period of relative financial constraint there is a premium on ensuring, regardless of the spatial level at which commissioning and delivery arrangements are organised, that public funds are targeted to deliver the maximum benefit.

2. The National Audit Office has, through its value for money reports and other work, including Independent Performance Assessments and Independent Supplementary Reviews of Regional Development Agencies, developed a significant body of work on regeneration. Details of our past reports are shown in Appendix 1. We have consistently found that project appraisal and evaluation are vital. They ensure that actions are well thought through, are framed by evidence on what works and what does not, and that lessons and knowledge from projects and programmes are fed back systematically to improve future decision-making.

Appraisal

3. Appraisal helps decision makers understand and challenge the business case for an intervention, and the potential risks involved. It provides assurance that public sector investment can be justified given two basic tests:
   - Are there better ways to achieve the project objectives?
   - Are there better uses for these resources?

4. The purpose of an appraisal is therefore to provide a rigorous and thorough assessment of a project. It should provide an assessment of whether a proposal is worthwhile, by providing, for example: clear identification of a market failure, a cost-benefit based assessment of whether a proposal is feasible (and better than alternatives) and the nature and scale of benefits and beneficiaries. The principles and approach of good appraisal are outlined in the Treasury’s Green Book.

Findings on Appraisal in Regeneration Projects from the National Audit Office’s Work

Understanding and articulating outcomes

5. When the overall regeneration objectives and outcomes expected from a programme are not well defined and communicated, there is a risk of overlap and inefficient use of funds. The National Audit Office reported in 2009 that the Department for Communities and Local Government launched three key initiatives to regenerate former coalfield areas at different times, each with its own aims and objectives. However, there was no overall strategy for coordinating these three initiatives and the benefit of the interventions was not maximised because of poor integration between the initiatives.

6. There should be a clear and logical link between the outcomes that are being sought from a regeneration programme and the interventions (ie the specific projects or initiatives) that are developed to deliver those outcomes. This is easier when those outcomes are carefully specified. Where they are not, it will be more difficult to arrive at transparent decisions on the prioritisation of projects competing for limited funding. For example, the National Audit Office reported in 2007 that in the initial phase of the Housing Market Renewal programme, many of the projects funded were “off the shelf” schemes that had previously been identified, but had not been implemented due to lack of funding. Many of these interventions were not clearly linked to solving the problems that the programme was meant to address: ie housing market renewal, and the subsequent investment contributed more towards other, broader objectives such as the Decent Homes target.

7. Clarification of priorities and objectives can therefore help target funding on the projects that are most likely to make a strong contribution. Regional Development Agencies went through a reprioritisation process in response to reductions in funding and the need to consider the relevance of their activity in the downturn. Some Agencies developed systems to help prioritise projects in this context. For example, the East of England Development Agency developed a set of criteria to guide its prioritisation process that included: evidence of market failure, significant Gross Value Added returns at or above benchmark levels, ability to attract significant leverage, aligned to other strategic drivers such as transport or pan-regional growth agendas.

Partners’ buy-in to objectives and roles

8. Successful and cost-efficient interventions require all the bodies involved in the delivery chain to be clear on what their roles are and what is expected of them. The National Audit Office found in its 2005 report on

105 Comptroller and Auditor General, Regenerating the English Coalfields, HC 84 Session 2009–10, National Audit Office, December 2009
106 Comptroller and Auditor General, Housing Market Renewal, HC 20 Session 2007–08, National Audit Office, November 2007
107 National Audit Office, Independent Supplementary Reviews of the Regional Development Agencies, June 2010
109 Comptroller and Auditor General, Building more affordable homes: Improving the delivery of affordable housing in areas of high demand, HC 459 Session 2005–06, National Audit Office and Audit Commission, December 2005
affordable housing, for example, that the building of affordable housing in areas of high demand resulted in a complex delivery chain because of the interrelationships between organisations and processes at a local and regional level. This lack of certainty led to inconsistencies and confusion, which in turn led to challenges and appeals by developers and costly delays.

9. Clarity on roles and expectation is also important for communication with external bodies and potential investors. The Thames Gateway Programme, for example, involved several forms of partnerships at different spatial levels (regional, sub-regional and local) to help coordinate investment. The National Audit Office found that, whilst this allowed flexibility to adapt to local circumstances, the complexity of decision-making and delivery chains made it difficult for potential investors, developers and Government to understand the programme and integrate investment as a whole.¹¹⁰

Quality of information

10. The National Audit Office has examined a number of regeneration projects where poor or inadequate market intelligence led to unrealistic or over-optimistic expectation of costs and benefits. For example:

— The National Audit Office’s 2010 report on the Regional Development Agencies’ support to physical regeneration projects¹¹¹ found that, in general, appraisals made clear how projects contributed to regional priorities but were less robust in the technical and financial appraisal of projects. Whilst physical regeneration projects supported by the Regional Development Agencies had added to regional growth, weaknesses in project appraisals meant Agencies were unable to demonstrate that they had consistently chosen the right projects to maximise economic growth and minimise value for money weaknesses. Figure 1 presents the weaknesses identified by the Central Project Review Group,¹¹² which was responsible for Regional Development Agency investments above £10 million.

Figure 1

WEAKNESSES IN REGIONAL DEVELOPMENT AGENCY APPRAISALS AS IDENTIFIED BY THE CENTRAL PROJECT REVIEW GROUP

| Market Failure | In a number of cases the Agencies have “struggled” to identify market failures to justify action, or where they have, the proposed intervention bears little relation to the market failure identified. |
| Options Analysis | Many projects did not contain a comprehensive value for money analysis or proper adjustment of the forecast outputs to show those directly attributable to the Agency, and which represent additional jobs created. This makes it difficult to judge whether the preferred option represents value for money. |
| Sensitivity Analysis | More extensive sensitivity analysis is required in initial appraisals to allow for the risks from rising costs. |
| Optimism Bias | Little evidence of optimism bias being allowed for, despite the clear identification of many risks. |
| Risk Mitigation | There was not always an adequate consideration of risk, or of risk mitigation. |

Source: Central Projects Review Group

— The National Audit Office’s 2008 report on progress in regenerating the Greenwich Peninsula¹¹³ found that the pace of residential development had been slower than forecast. This coupled with an assumed scenario of “residential value growth outstripping inflation in every year for almost 20 years” resulted in financial returns for the public sector being lower than forecast.

Shared approaches to appraisal

11. The development of shared systems or approaches can help embed the principles of robust appraisal across a number of bodies. The Regional Development Agencies based their appraisal processes on a single source of guidance: The Single Programme Appraisal Guidance (which was issued in July 2003 and was replaced by Guidance for Regional Development Agencies in Appraisal, Delivery and Evaluation in March 2008).¹¹⁴ This guidance drew, in turn, on existing good practice, such as the Treasury’s Green Book.¹¹⁵

¹¹¹ Comptroller and Auditor General, Regenerating the English Regions: Regional Development Agencies’ support to physical regeneration projects, HC 214 Session 2009–10, National Audit Office, March 2010
¹¹² The Central Project Review Group is an inter-departmental panel that appraises and approves Regional Development Agency funding for projects of over £10 million or are considered novel or contentious
¹¹⁴ Comptroller and Auditor General, Regenerating the English Regions: Regional Development Agencies’ support to physical regeneration projects, HC 214 Session 2009–10, National Audit Office, March 2010
¹¹⁵ Department for Business Enterprise and Regulatory Reform, Guidance for Regional Development Agencies in Appraisal, Delivery and Evaluation, March 2008
Evaluation

12. Evaluation is a retrospective analysis of a programme or project to assess how successful it has been and what lessons can be learnt for the future. Effective evaluation is an integral part of good project and programme management and helps build the evidence base around “what works”.

Findings on evaluation in regeneration projects from the National Audit Office’s work

A framework of clear and measurable outcomes

13. In order to assess the effectiveness of a programme, commissioners need to be able to measure how it has delivered against the objectives they set for it. It is difficult, however, to evaluate the effectiveness of programmes if measures of success are ill-defined or not quantifiable. For example, the National Audit Office’s 2009 report on Regenerating the English Coalfields found that clear and measurable objectives had not been established for the Coalfields Enterprise Fund, nor had the contribution of the Fund been evaluated. This posed the risk that the Fund did not address the particular venture capital needs of the coalfield communities.

14. A good evaluation framework will develop a more accurate understanding of the effectiveness of an intervention by measuring the net impact (ie disentangling benefits from other initiatives or those that would have happened anyway without the intervention). The National Audit Office’s 2011 report into the preparations for the London 2012 Olympic Games found that the Government Olympic Executive was developing an evaluation framework for assessing the impact of the Games. We recommended that it should set baselines against which to measure whether the expected legacy benefits are achieved and that the evaluation framework should set out how the effects of the Games will be separated out from “business as usual” activities.

A culture of evaluation

15. Poor or inadequate evaluation inhibits learning and poses risks to the delivery of future projects. The National Audit Office’s 2003 report, Success in the Regions found that regional stakeholders believed the Regional Development Agencies were not evaluating past projects adequately and were concerned that experience from past projects may be lost. Better evaluation would help to identify effective interventions and provide early warnings of risks to be managed in future projects.

16. Embedding a culture of evaluation enables an organisation to monitor its effectiveness and drive improvement. The National Audit Office’s 2010 Independent Supplementary Review of Advantage West Midlands, for example, reported that the Agency placed significant emphasis on identifying its impact and improving its return on investment. There was clear communication of the anticipated return on investment from projects and evaluations were in place to assess the impact. This was designed in turn to feed lessons learned from evaluations into investment planning.

Continual and consistent evaluation and benchmarking

17. Projects should be monitored and evaluated throughout their life to ensure they are on course to return the expected benefits and that objectives are met. The National Audit Office’s 2009 report on Regenerating the English Coalfields identified that, despite the Department for Communities and Local Government doubling the number of sites and more than doubling the associated expenditure in the light of remediation required, the Department did not significantly change the target benefits, and that achieving those benefits in full would take twice the ten-year timescale of the original programme.

18. Using consistent evaluation measures across a range of projects facilitates the comparison of outputs of different projects to help prioritise future funding. The Regional Development Agencies’ guidance on evaluation, for example, stipulated that Agencies should always report the net Gross Value Added impact of an intervention. Similarly, the National Audit Office’s report on Regional Selective Assistance and Enterprise Grants found that the then Department for Trade and Industry undertook a series of evaluations using a consistent methodology that allowed the cost effectiveness of the programme to be tracked over time.

19. If consistent metrics are in place, there will be opportunities to use benchmarking as a useful way of comparing achievements and learning from others. However, this type of activity has not always been exploited fully in the past. The National Audit Office’s 2010 Independent Supplementary Reviews of Regional Development Agencies found that only a small number of Agencies had developed a systematic approach to...
benchmarking. The Agencies were using inconsistent benchmarks, resulting in unreliable comparisons between Agencies and across projects.

Sharing learning

20. Learning from others, whether through formal benchmarking or more informal networking, can help improve performance and promote efficiency. The National Audit Office’s Independent Supplementary Review of the East of England Development Agency,\(^\text{124}\) for example, reported that the Agency had identified financial savings from sharing good practice in its review of Business Link contracts. The Agency visited other regions and drew on the performance data of others, which informed a new Business Link contract that achieved a 5% efficiency saving in its back office function.

21. A lack of networking opportunities reduces the likelihood of good practice being spread between organisations. There is a key role for bodies with a strategic role to facilitate such networking. The National Audit Office’s 2009 report on Regenerating the English Coalfields\(^\text{125}\) found that the Department for Communities and Local Government did not play a sufficiently strong role in bringing together the elements of the Programme. As a result, opportunities for smarter working locally and across Whitehall to coordinate physical regeneration with enterprise and skills initiatives had been missed.

March 2011

APPENDIX

Figure 2

EXAMPLES OF REGENERATION ACTIVITY EXAMINED BY THE NATIONAL AUDIT OFFICE

<table>
<thead>
<tr>
<th>Title of report</th>
<th>Subject</th>
<th>Year of publication</th>
</tr>
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<tr>
<td>Preparations for the London 2012 Olympic and Paralympic Games: Progress report February 2011</td>
<td>Examined progress of preparations for the London 2012 Olympic and Paralympic Games, looking at the Olympic Delivery Authority’s construction programme, how the Government is coordinating the Olympics programme, the legacy from the Games and the cost of the Games.</td>
<td>2011</td>
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<tr>
<td>Independent Supplementary Review of Regional Development Agencies</td>
<td>Assessment of the effectiveness of prioritisation, improvement planning, and performance management and evaluation of Regional Development Agencies outside of London.</td>
<td>2010</td>
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<tr>
<td>Regenerating the English Regions: Regional Development Agencies’ support to physical regeneration project</td>
<td>Examined how well Regional Development Agencies support physical regeneration projects and, in particular, how well: priorities are determined; funds are targeted; projects are appraised for value for money; outcomes are evaluated; and lessons are learned.</td>
<td>2010</td>
</tr>
<tr>
<td>The Decent Homes Programme</td>
<td>Examined the achievements of the Decent Homes Programme, in particular, progress towards targets, impacts, and costs and the Department’s management of the Programme.</td>
<td>2010</td>
</tr>
<tr>
<td>Regenerating the English Coalfields</td>
<td>Examined the progress and impact of the Department for Communities and Local Government’s three specific initiatives to tackle coalfields’ regeneration in England.</td>
<td>2009</td>
</tr>
<tr>
<td>The Regeneration of the Greenwich Peninsula: A Progress Report</td>
<td>Examination of the regeneration of the Greenwich Peninsula looking at progress of redevelopment, forecast financial returns to the taxpayer, and governance, accountability and risk management.</td>
<td>2008</td>
</tr>
<tr>
<td>Housing Market Renewal</td>
<td>Examined whether the Housing Market Renewal Programme was on course to meet its objectives of addressing the problems of low demand housing markets in the pathfinder neighbourhoods.</td>
<td>2007</td>
</tr>
<tr>
<td>The Thames Gateway: Laying the Foundations</td>
<td>Examination of whether central government had laid solid foundations for delivering its ambitions for the Gateway and in particular whether the risks to success have been identified by the Department for Communities and Local Government and are being actively managed.</td>
<td>2007</td>
</tr>
</tbody>
</table>


Title of report | Subject | Year of publication
---|---|---
Mind the gap: tackling disparities in regional economic performance | Review of six factors that Government believes influence the economy’s output and how they affect regional economic performance, related government action and relevant identifiable public expenditure. | 2007
Enhancing urban green space | Examination of the impact of urban green space initiatives including the identification of barriers and the progress made. | 2006
Building more affordable homes: Improving the delivery of affordable housing in areas of high demand | A joint study with the Audit Commission that looked at the delivery chain associated with the delivery of affordable housing | 2005
Getting Citizens Involved: Examined the extent to which the Single Community Participation Programme is helping to get deprived communities involved in neighbourhood renewal, influencing local decisions and shaping local policy making. | 2004
Success in the Regions | Considered practical measures that Regional Development Agencies and departments can take to ensure sustained success. | 2003
Regional Grants in England | Examination of the operation of the Regional Selective Assistance and Enterprise Grant schemes and the effects of the scheme on identified economic problems. | 2003

NOTES
1. Reports are available from the National Audit Office’s website: www.nao.org.uk

Source: National Audit Office

Written evidence submitted by The Heritage Lottery Fund

1. Introduction to HLF

1.1 The Heritage Lottery Fund (HLF) is the largest non-government funder of the UK’s heritage, currently distributing around £205 million a year. The recent change in the share going to the heritage Lottery good cause combined with strong Lottery ticket sales will mean an increase to £300 million a year in 2012–13.

1.2 HLF is now consulting on our strategic framework for 2013–19. We have set out our proposals on a range of issues, based on analysis of the emerging funding environment for heritage in the next few years, research and evaluation of the impact of our funding, and discussions with other organisations, partners and funders across the heritage sector. It will focus on three areas:
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- what we should continue doing;
- what we may need to do differently;
- and what new initiatives could have the greatest impact.

1.3 HLF’s approach is driven by the nature of its funding from Lottery players. We support heritage that is valued by the public and helps them to get involved with and learn about it, thereby sustaining heritage for future generations. Lottery funding totalling £4.7 billion has been awarded to a broad range of heritage—from national icons and collections to small, neighbourhood projects; from landscapes, National Parks and Areas of Outstanding Natural Beauty to castles and piers; from projects that develop and promote skills, training and job creation; and from steam trains, museums and parks to oral history and local traditions. More than 34,000 projects of all sizes have been funded, with grants ranging in size from £500 to over £20 million, in every part of the UK. Almost half of this funding has been awarded to voluntary and community organisations with nearly all projects involving volunteers. The need and demand for Lottery funding remains strong. In 2009–10, HLF received applications for £524 million—more than two and a half times its annual grant budget.

1.4 HLF’s investment of £4.7 billion has been matched by partnership funding of £3.4 billion giving a total of over £8 billion for the UK’s heritage since 1994.

1.5 We operate a number of different grant schemes: the most relevant to regeneration are:

1.5.1 Heritage Grants
Grants of £50,000 or more can be awarded to projects that relate to the national, regional or local heritage of the UK. This is the programme through which the bulk of larger capital grants for the repair of historic buildings have been made, the refurbishment of national museums and galleries, and the restoration of iconic industrial, transport and maritime heritage.

1.5.2 Townscape Heritage Initiative (THI)
Through THI we support schemes that aim to regenerate the historic environment in towns and cities across the UK—explicitly targeting areas of social and economic deprivation. In England
THI’s are generally managed by local authorities. An independent, long-term evaluation of the programme since 1998 has demonstrated the impacts of this heritage-based approach: improving the quality of townscapes, bringing vacant properties back into use and changing the perceptions of local areas. We have found that the most successful schemes have been those where the THI has been underpinned by a positive trend in the local economy and—especially—where our funding has been combined with that of others, in a larger, strategic approach to area-based regeneration.

1.5.3 PARKS FOR PEOPLE
This is a programme directed towards historic public parks. They are usually owned and managed by a local authority. Parks for People is jointly funded by HLF and the Big Lottery Fund.

1.5.4 YOUR HERITAGE AND YOUNG ROOTS
These are smaller-scale projects of less than £50,000—frequently run by local community and voluntary organizations—that can be very successful in delivering community benefits in areas of social and economic disadvantage. Though both are UK-wide programmes, 40% of funding has been awarded to projects within the most deprived quarter of all local authorities in the UK.

1.5.5 SKILLS FOR THE FUTURE
In May 2010 we awarded £17 million to 54 projects that will create 800 new heritage training opportunities. Skills for the Future offers work-based training in a wide range of skills that are needed to look after buildings, landscapes, habitats, species, and museum and archive collections, as well as equipping people to lead education and outreach programmes, manage volunteers and use new technology.

2. HLF funding for regeneration

2.1 HLF is not dedicated solely to regeneration funding. Our income is from the National Lottery and our funding must always be for heritage of all kinds, in all parts of the UK. However, the previous government issued HLF a set of policy directions in 1998 that included a requirement that we take into account “the scope for reducing economic and social deprivation” in our grant making. As a result, local authorities amongst the 25% most deprived in England, Scotland, Wales and N. Ireland have benefited from our funding to a greater extent than the rest of the UK, having received around 30% of our funding to date, a proportion which has been close to 40% in more recent years. On this basis HLF recognises that our role in regeneration is an important and potentially growing one.

2.2 Partly in order to encourage more applications from deprived areas, in 2002 we established geographic priority areas in each of our regional and country offices, which are a focus for development activity.

2.3 For HLF regeneration of places needs to start with what people already have—which could be local iconic buildings, distinctive housing and streets, historic parks and other open spaces or the civic buildings in the area, including museums and galleries. We also believe it includes areas which are not physical—customs, traditions, a collective “memory”. Heritage projects in deprived areas—including activity projects—have the potential to contribute to regeneration. Good heritage-led regeneration is based on what people value locally which fits very well with the government’s emphasis on localism and enabling communities to determine their own future.

2.4 Given that places have individual and independent histories, so heritage-based regeneration ensures that the unique distinctiveness of place is retained, helping to maintain a sense of identity that is vital for social well-being and economic vitality. Research undertaken by the HLF since 2005 has consistently demonstrated the benefits of local heritage to people—for example three quarters of people believe HLF projects have made their local area more attractive, and 61% believe HLF projects have made their area a better place to live. A snapshot of several individual projects illustrate the ways in which HLF funding can contribute to regeneration through:

2.4.1 PROVIDING A COMMUNITY FOCUS FOR REGENERATION
An HLF grant of £1.7 million to Midlands Regen Limited brought Nechells Baths in Birmingham back to life. Threatened with demolition, the restored baths became a community hub, home to Nechells Regeneration Partnership, an employment service and other community groups.

2.4.2 CREATING EMPLOYMENT
The regeneration of Chatham Dockyard with £12.3 million of grant from HLF, has helped to create a site that is both a visitor attraction and a base for 140 businesses, employing over 1,000 people. The historic attractions at the dockyard attract 170,000 visits a year and improvements to the site have already had wider regeneration implications for the Thames Gateway area, in which Chatham is situated.

2.4.3 ENCOURAGING SUSTAINABLE TOURISM
Bexhill-on-Sea’s De La Warr Pavilion was the first Modernist public building to be built in the UK. An HLF grant of £2.3 million contributed to its renovation, including a new gallery space.

126 Oxford Brookes University, 2008: Evaluation of the Townscape Heritage Initiative
128 GHK for HLF, 2010: The Economic Impact of HLF Projects
and refurbishment of the original 1,000-seat auditorium. De La Warr received over half a million visits in its first year of completion—a 60% increase on the pre-refurbishment figure. Over 70% of visitors come from outside of the local district, with three-quarters of staying visitors travelling to Bexhill specifically to see the Pavilion. Economic impacts of the project have been strong, with 67 jobs created within the local tourism economy, and more than £1 million generated in annual value added through profits and wages for local businesses and employees.

2.4.4 Enhancing People’s Quality of Life
Alexandra Park in Oldham has been transformed with £3 million of HLF funding from a vandalised space, not regarded as a safe place to play, into a focus for community life. An HLF survey of local residents found 60% saying the appearance of the park has improved and 40% believing there is now more to do at the park. For a third of local people their perception is that the park is now safer than it used to be and 44% say the restoration of the park has made a positive impact on their own quality of life. 129

2.4.5 Contributing to Social Inclusion, Learning and Health
The Sherwood Initiative received a £3 million award from HLF and brought together more than 40 organisations and landowners for a five year scheme that combined landscape restoration with a training programme. The project took place in an area dominated for a century by coal mining, and some of its greatest impacts were through training and education activities, including garden nursery, archaeology, catering and forest ranger schemes. The project has had a big effect on how local people think and feel about the landscape, and seven former coal tips have become community woodlands. 130

2.4.6 Contributing to Attractive Living and Working Conditions
Birmingham Cathedral Square is one of the key open spaces in the city. An HLF grant of £2 million has restored the physical fabric of the square and provided a high-quality open space. This has acted as a catalyst for the widescale regeneration of the surrounding area and contributed to a fall in vacancy rates in the nearby business premises.

2.4.7 Developing Skills
All projects receiving an HLF grant of more than £1 million need to involve an element of training. In addition, our Skills for the Future programme—set up partly in response to the recession—is providing training opportunities that link with regeneration strategies in some areas. For example Tyne & Wear Archives and Museums are currently delivering a project that aims to address an identified heritage skills gap in engineering, by providing work-based training for people who are keen to develop the practical skills associated with maintaining working industrial exhibits across the North East.

3. How effective is the government’s approach to regeneration likely to be? Will it ensure that progress made by past regeneration projects is not lost and can, where appropriate, be built on? Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

3.1 Sections 3 and 4 of our submission are based on the interpretation we have made of the government’s regeneration policy, as laid out primarily in the Local Growth White Paper and the DCLG publication, “Regeneration to enable growth”, alongside other departmental papers such as the BIS Discussion paper “Understanding Local Growth” dealing with changes in thinking about economic geography. 131

3.2 The recent changes in government policy have most obviously been seen in the abolition of the regional development agencies and the creation of local economic partnerships. However, our interpretation is that there is a more fundamental change in thinking about regeneration taking place, beyond the matters of spending cuts and institutional changes.

3.3 The abolition of RDAs is already having an adverse effect on projects that we have jointly funded. We are currently aware of six projects in our Heritage Grants programme where partnership funding is under threat due to the withdrawal of RDA funding, along with two of our recently funded Townscape Heritage schemes.

3.4 A further concern is that important projects we have already committed to supporting may struggle to maintain the local authority match funding that has been put in place, including both capital commitments and forward revenue funding. We are already experiencing a rise in the number projects seeking grant increases to deal with funding shortfalls, however it is still currently extremely difficult to accurately predict where the pressure will come and to what degree.

3.5 Looking to the future, reductions in budgets are likely to make it more difficult for local authorities to develop and bring forward for consideration new heritage-based regeneration projects. In our THI and public parks programmes, for example, the proportion of match funding coming from the public sector has traditionally been high.

129 BDRC for HLF, 2007: Neighbourhood survey for Alexandra Park, Oldham
130 GHK for HLF, 2010: The Economic Impact of HLF Projects
131 BIS Economics Paper No. 7 “Understanding Local Growth” October 2010
3.6 Equally important may be the loss of skilled local authority staff, especially conservation and archaeology officers, who we know are key to the management of heritage-based regeneration schemes.

3.7 Furthermore, we know that the impact of our funding can only be sustained if local authorities operate the system of statutory heritage protection effectively and fairly, including statutory consent, enforcement, repairs notices, compulsory purchase orders and directions. The loss of other types of local authority staff—such as parks, biodiversity and countryside officers, and museum and library departments—could also have a detrimental effect on heritage-based regeneration initiatives.

3.8 All of these issues mean that we are concerned that the legacy of Lottery investment of the last 16 years, which has achieved so much for heritage and people, should not be jeopardised. As we have outlined in a previous Select Committee submission, the increase in heritage funding through the Lottery can in no way make up for the reductions in central and local authority budgets.\(^{132}\) We estimate that the loss of central and local authority funding for heritage in England will be over £500 million a year—far more than the additional £50 million that we are receiving in additional income for grants.

4. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

4.1 We do recognise that the country is in a very different fiscal environment compared to the last 10 years. In our recent submission to the CMS Select Committee we acknowledged that with less public funding available, the heritage sector’s financial model will have to be re-configured. The same applies to regeneration. Here too organisations will need to evolve, to be flexible and to adapt to overcome the loss in public funding. Heritage organisations in regeneration areas certainly have the willingness to play a new type of role—reflected, for example, in the recent increase in applications to HLF for asset transfer projects.

4.2 The government’s Local Growth policy does present wider-ranging challenges to HLF and other funders interested in regeneration, which go beyond the matter of public spending cuts. It is very evident that a radical rethinking is underway among all those involved in physical-led regeneration and we have reflected our own commitment to new approaches in our consultation.

4.3 HLF has already begun to address some of these concerns through our own business processes and criteria. We have, for example, responded by relaxing our match funding requirements to allow greater flexibility in funding arrangements that are coming under greater pressure.

4.4 However we recognise that we may need to go further and are keen to play a full role in shaping and responding to emerging regeneration strategies. It may be the emphasis on “place making” as part of regeneration will have less prominence than during the last 10 years. Beginning with the 1998 Urban Task Force, the objective of the “urban renaissance” was to attract knowledge and service industries back into major towns and cities through high density mixed use redevelopments, improvements to public realm, quality streetscapes and investment in culture. Heritage was often used very effectively—including through our THI scheme—with successful examples from around the country such as Sheffield, Liverpool and Glasgow. In the future it seems likely there will be fewer resources available for this type of physical regeneration. Instead, economic growth will need to arise from new private sector activity, based on the skills, traditions and ambitions of local businesses. We still see an important role for heritage here, since economic development that is locally distinctive will be based on the history of trading, production, invention and creativity that enabled places to first develop.

4.5 This change of emphasis appears to be reflected in the criteria for the new Regional Growth Fund: that initiatives should specifically be for private or private/public partnerships, and not from public sector organisations alone; and that proposals must show how they will create private sector jobs, achieve private sector leverage, have a commercial logic and contribute to green economic growth.

4.6 We believe that HLF—and other heritage organisations involved in regeneration within the public, private and civic sectors—will need to be responsive and flexible to this changing regeneration environment. For example, though tourism and property re-development are frequently thought of as the most obvious ways in which heritage has a role to play in economic regeneration, there are other important connections, especially within the context of a growing knowledge-based economy in the UK. Heritage fits very well within the bigger picture of structural change predicted for the next decade, and “anchor” heritage organisations could form an important component of local regeneration strategies.\(^{133}\)

4.7 These issues are very much a part of our current strategic consultation, which is underway until the end of April 2011. We are currently considering what the best options will be for our funding in the period beginning 2013, and have made regeneration a particular feature of the consultation, in order to inform our future direction in this important area.\(^{134}\)

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\(^{132}\) Heritage Lottery Fund, 2010: Submission to Culture, Media and Sport Select Committee on funding for arts and heritage

\(^{133}\) The Work Foundation, 2010: Heritage and the 2020 Knowledge Economy

\(^{134}\) Heritage Lottery Fund, 2011: Shaping the Future: Consultation on the HLF strategy 2013–19
HLF FUNDING BY CURRENT PROGRAMMES APRIL 1994–MARCH 2011

<table>
<thead>
<tr>
<th>Programme</th>
<th>Value of awards (£m)</th>
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<tr>
<td>Heritage Grants</td>
<td>2,967.2</td>
<td>4,738</td>
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<tr>
<td>Your Heritage</td>
<td>186.9</td>
<td>4,911</td>
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<td>Public Parks Initiative / Parks for People</td>
<td>601.9</td>
<td>567</td>
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<td>Townscape Heritage Initiative</td>
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<td>Repair Grants for Places of Worship</td>
<td>150.1</td>
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<td>Landscape Partnerships</td>
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<td>Collecting Cultures</td>
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March 2011

Written evidence submitted by Liverpool City Region

INTRODUCTION

The Liverpool City Region comprises the City of Liverpool and the surrounding local authority districts of Halton, Knowsley, Sefton, St. Helens and Wirral. This is an economy of 1.6 million people and 47,500 businesses, worth £22 billion to the UK Economy. The City Region is the sea and air gateway to the North West of England. It connects to North America, Ireland, the Isle of Man, Europe and beyond; serving international, national and regional markets, investors and visitors.

The response is made by the Liverpool City Region Local Enterprise Partnership secretariat on behalf of public and private sectors across the Liverpool City Region. It highlights the excellent progress that the Liverpool City Region has made in its regeneration efforts over the past 10 years, as well as reflecting future priorities relating to Government’s proposed approach to regeneration.

RECENT RENAISSANCE

Over the past 10 years, the Liverpool City Region (LCR) economy has experienced an impressive economic renaissance and provides one of the UK’s best examples of regeneration-led transformation.

Visitors to the City Region will recognise the physical transformation of Liverpool City Centre underpinned by Grosvenor’s £1 billion investment in Liverpool One, a substantial expansion of the City’s commercial and knowledge districts, and new visitor and cultural assets. Significant investment has also been made in new housing and housing market renewal through the NewHeartlands Pathfinder. There has also been investment to create significant new employment opportunities at Daresbury, 3MG, Wirral International Business Park, Knowsley Industrial Park, Atlantic Gateway and Haydock Business Park.

Between 1999 and 2008, the economy grew by around 50%, with personal wealth (as measured by GVA per capita) growing at a comparable rate to the UK. Over the same period, the number of jobs grew by 50,600—an expansion of 8.2% since 1999, similar to that of the UK overall. Added to this is the strong growth in the business base, driven by robust enterprise start-up rates.

Improvements have also been made in education and skills, with the GCSE attainment now matching the UK average (a closing of a 7% gap in five years), and a closing of the gap across NVQ levels.

As a result of this decade of renaissance, the economy was far more resilient entering the recession than in previous ones and, consequently, has performed relatively better than many other cities across the UK.

ECONOMIC CONSTRAINTS

Despite these positive trends, a number of significant challenges remain for the City Region—a legacy of the economic fracture caused by the long-term de-industrialisation.

— The City Region still contains some of the most chronically deprived neighbourhoods in the UK. One in three of the UK’s most deprived neighbourhoods (in the bottom 1%) are in the City Region (as measured by the Index of Multiple Deprivation).

— A relatively high level of benefit claimants, with especially large numbers of people claiming inactive benefits, including Incapacity Benefit and Employment and Support Allowance.

— An over-reliance on public sector employment. According to the Annual Population Survey, around 30% of the population work in the public sector compared to about 25% nationally.

All quoted data is the most recent available at the time of writing.
A major cause of these challenges has been the persistent and continuing divergence in wealth in the LCR compared to other areas. In 2008, GVA per capita stood at £14,700 compared to £21,100 for the UK as a whole. Analysis suggests that this gap is primarily a result of a deficit in productivity in the local economy—a deficit that is forecast to grow.

LCR: OPPORTUNITIES FOR GROWTH

There is a recognition that the investment into the LCR’s basic infrastructure now needs to be supported by a greater drive to support the growth of the private sector. In particular, local economic development policy has three overarching objectives:

“accelerate the rate of growth, improve productivity and rebalance the economy towards the private sector.”

Overseeing the delivery of these objectives is the LCR Local Enterprise Partnership, which was established in Autumn 2010 with a membership drawn from a number of private- and public-sector stakeholders. A Growth Strategy is currently being written that will set out the actions that will support the delivery of these actions.

Complementing this activity, four Growth Sectors have been identified that provide the potential for strong and sustainable employment growth. These growth sectors build on areas in which the Liverpool City Region is distinctive, have the market potential to deliver both employment and productivity growth over the next 10–15 years, and are recognised as opportunities within the private sector.

In each of the four sectors, a dedicated private sector led committee has been established, who have subsequently agreed a detailed action plan for growth, including job targets and specific investment opportunities. This is a distinctive approach to delivering growth, and provides the method to draw together the tools outlined in “Regeneration to Enable Growth”.

Visitor Economy: The Liverpool City Region has the UK’s strongest package of cultural, sporting and visitor assets outside of London, with strong growth in visitor numbers and overnight stays yielding growth in hotels, bars and restaurants across the City Region—reflecting the importance of the visitor economy and Liverpool’s position within it to the UK economy.

Liverpool SuperPort—the combined strengths of LCR’s port, airport and logistics operations provide substantial opportunities in a national and global context. Liverpool City Region has a strong maritime and logistics heritage; specialist provision in its professional services, existing physical assets, a strong Atlantic location and a project pipeline that will be able to deliver both goods and visitors directly into the North West in the next 20 years. Major capital investment, led largely by the private sector, is at the core of developing SuperPort. It will create an infrastructure with the capacity to handle significantly higher volumes of freight and passengers and support thousands of new and existing jobs.

Economic and business opportunities are arising at a significant pace from the radical changes that need to be made to technology, methods of production and forms of consumption to become a low carbon economy. The challenge for businesses and economies, including Liverpool City Region, is in being ready to capture and realise these opportunities. The Low Carbon Economy for the Liverpool City Region centres on the four key areas of energy, networks, transport and buildings. These areas show the greatest growth potential for the City Region, based on the existing business and research base and geographical location.

The City Region is home to a wide range of significant Knowledge Economy assets and, over the last decade, employment in knowledge intensive businesses has grown by over twice the rate of the rest of the economy. More effective application of these assets in support of the growth and development of those business sectors will create more jobs and raise productivity and GVA. In particular, activity will focus on the following sectors: life sciences; creative and digital industries; advanced manufacturing; and financial and professional services. It will also include maximising the benefit of Daresbury Science and Innovation Centre and the re-development of the Royal Liverpool University Hospital and associated Bio-Innovation Centre.

These four growth sectors are not the only opportunities for regeneration and growth in the Liverpool City Region. The delivery of the Mersey Gateway crossing will open up enhanced access to and from the Liverpool City Region by 2015, delivering 4,640 jobs and £61.9 million per year. The first planning permissions have been granted for Wirral Waters, the biggest scheme of its type anywhere in the UK, with £4.5 billion private investment and 20,000 potential jobs over the next 30 years. Liverpool Waters will transform 150 acres of disused docklands in North Liverpool to create a world class mixed use waterfront quarter, an investment of £5.5 billion. The outline planning application for this was submitted in October 2010. Major regeneration initiatives are also underway in Kirkby Town Centre, North Liverpool / South Sefton and St.Helens.

The initiatives outlined in “Regeneration to Enable Growth” in specific geographies are not sufficiently comprehensive to reflect the major opportunities that exist within the Liverpool City Region.

REGENERATION POLICY

In recent years, much of the regeneration effort has focused on addressing market failures left over from de-industrialisation, thereby improving the attractiveness of the City Region as a location for private-sector investment. This has primarily been achieved by public-sector pump-priming of major developments using
funds distributed through the European Regional Development Fund Objective 1 programme and the North West Development Agency. This has underpinned significant successes:

— Redevelopment of the Liverpool City Centre and Waterfront.
— Housing market renewal.
— Physical redevelopment of strategic employment sites.
— Meeting the commercial gaps in investment capital in both revenue and capital markets.
— Significant investment in education and health.

In some parts of the Liverpool City Region there is a requirement to continue this physical regeneration, but ultimately regeneration is about people and not buildings. Increasingly the focus needs to shift away from physical infrastructure, and towards skills, enterprise, innovation and business growth.

“Regeneration to enable growth” provides comprehensive coverage of physical regeneration issues, but one of its weaknesses is the lack of coverage of complementary policy areas. In particular, further integration is needed between the economic requirements (ie to create jobs and start and sustain businesses—key drivers for the Liverpool City Region) and neighbourhood management, including health, education, and climate change.

Liverpool City Region needs to create jobs and accelerate growth, but also needs to ensure that local people are able to access these opportunities, and that private investment not only delivers major schemes, but provides benefits at a local level (for example, the impact that energy company investment can have on local housing).

A study, by IPPR North, looking at different growth trajectories of communities within the north of England, including two located in Liverpool. It provides evidence that supports the case for a multi-dimensional approach to local economic development. In particular, it shows that while economic growth is necessary for addressing deprivation, it is not sufficient in and of itself, and needs to be supported by the coordination of local supporting services.

PRIVATE SECTOR INVOLVEMENT

Given the economic challenges set out above, as well as Government’s programme of reducing the national deficit, continued delivery of regeneration for growth will be heavily dependent on the private-sector playing a lead role in delivery, with support from local authorities. Liverpool City Region welcomes the emphasis put on private sector engagement, and the work that we have already undertaken (through private sector led committees and action plans, and progress made with our Local Enterprise Partnership) demonstrates our commitment to this way of working.

The Liverpool City Region has been shown to be an attractive location for major investment, and the policy, planning and regulatory environment needs to continue to be conducive to such activity.

We expect there to continue to be gaps in the commercial model for development, be that in new housing, commercial or industrial property, or in small business finance. We are currently reviewing the availability of finance, but initial work points to the need for additional funding.

We would welcome the early implementation of innovative new schemes that remove barriers to investment and provide tax incentives for growth, such as Enterprise Zones, and Business Improvement Districts, within the Liverpool City Region.

ROLE OF LOCAL AUTHORITIES IN REGENERATION

The paper does not provide enough detail about the role of local authorities in supporting regeneration and growth.

Local Authorities within the Liverpool City Region are fully committed to growth, and see themselves as important enablers, working with the private sector where appropriate, to deliver this. We have a track record of a joint public and private partnership approach to regeneration which will be further strengthened through the Local Enterprise Partnership.

We recognise the Government is intending radical changes to the planning system, and the very broad principles of this change are set out in “Regeneration to Enable Growth”. However, Liverpool City Region would like greater dialogue on the detail of these proposed revisions. The local planning framework plays an important regulatory role in ensuring the supply of appropriate development land, protects assets of key economic importance (world heritage status for example) and providing some confidence to the developer market.

A balance will be required between taking away constraints whilst protecting assets, and clear guidelines for regeneration will need to be established.

Local government provides the democratic accountability at a local level, and the conduit for neighbourhood management (above). Local Authorities are also powerful drivers for regeneration in their own right.

136 Rebalancing Local Economies, IPPR North, October 2010
particularly through their collective purchasing power. We would encourage the further exploration of innovative public/private models of investment.

**Skills and Education**

Liverpool City Region has set out ambitious plans to create jobs and accelerate growth over the next 10 years. This will be done by focusing on key sectors of the economy and on private sector investment opportunities.

We need to ensure that there are sufficient and appropriate skills within the local economy in order to maximise these opportunities, and to reduce dependency on welfare.

“Regeneration to Enable Growth” details a number of policies aimed at improving skill levels and linking them to employment opportunities, but it is critical that these are able to be tailored locally, responsive to business needs, and meet the likely demand of the future economy. The key issue here is how providers can be encouraged and assisted to be more responsive to business needs.

We have taken measures through our Employment and Skills Board to link employers and providers more closely together. The lead-in times for training in appropriate occupations means skills-providers need the freedom and incentives to ensure they can provide courses that reflect the skills needs of employers. Current skills funding provision, driven by learners, does not necessarily fit this agenda. There needs to be consideration given to supporting providers to develop courses where there may not necessarily be a business case at the moment.

Employers locally have identified underlying educational attainment, particularly in science, and maths as crucial to meet the likely future demand in technical, engineering and science based industries. In addition, the careers service needs to play an important role in raising aspirations in young people to drive demand for courses in likely growth sectors of the future—this is particularly important in advanced manufacturing sectors. This will become more difficult with the potential fragmentation of information, advice and guidance provision.

Given the number of people currently claiming benefits within the Liverpool City Region, welfare reform will have a major impact on the local economy. There is recognition that benefit dependency is a significant problem for the City Region. However, the introduction of the universal benefit system needs to be complemented by progressive policies to help vulnerable people adapt to this change. Particularly important will be enforcing contactors to the new Work Programme to enter into dialogue about local needs.

**Funding Availability**

The suite of policies outlined in Regeneration to Enable Growth provides a broad range of tools for undertaking local regeneration, there is concern and doubt over whether their impact can be maximised during a period of fiscal tightening. Smaller local authority budgets will constrain the ability of partners to encourage private-sector growth and achieve a rebalancing of the local economy away from public sector dependency.

Given the size of the public sector within the LCR, the ambitiousness of the area’s plans in relation to economic development and the leading role of the private sector in delivering it, there is a strong desire to adopt new and innovative models of funding. Liverpool City Region will seek to be involved as a test-bed for new funding models, to ensure that funding is available to continue our economic renaissance in the future.

**Concluding Comments**

Over the past 10 years, Liverpool City Region has undergone a remarkable transformation. There is a positive and vibrant atmosphere, increased private sector confidence and a clear vision for the future. The Liverpool City Region Local Enterprise Partnership provides the foundation to deliver this vision. We will continue to work constructively, across both the public and private sectors, to implement “Regeneration to Enable Growth”, to ensure that it fits with our ambitious agenda, and to tailor new initiatives that build on progress made to date.

*March 2011*

**Written evidence submitted by the Chartered Institute of Environmental Health**

1. **Summary**

   — The Government’s decision to cut entirely the private sector renewal budget will seriously impair the ability of local authority environmental health practitioners (EHPs) in local authority private sector housing teams to bring empty homes back into occupation and ensure properties meet the requirements of the Housing Health and Safety Rating System.

   — This will similarly have a knock-on effect on the capacity of EH teams at the local level to improve owner-occupied homes.

   — The Chartered Institute of Environmental Health (CIEH) has produced a toolkit that provides a method of measuring and showing the value of private sector housing intervention to health, society and quality of life; it includes a cost calculator. (paragraphs 3.3–3.4)
— The CIEH has commissioned research that estimates the costs to the NHS of excess cold hazards and states these costs by region. (paragraphs 6.1–6.2)
— The CIEH has carried out a survey of our members working in local authority private rented sector housing teams which illustrates the impact of the cuts in the renewal budget. (see paragraphs 2.5–2.6)
— Homes that stand empty are a wasted resource and have a detrimental effect on neighbourhoods. Bringing them back into occupation is vital to regeneration and environmental health practitioners are key to this objective.
— Housing is a key part of urban renewal, and is often the driving issue behind the establishment of renewal areas by local authorities.
— The CIEH would welcome the opportunity to present oral evidence to the Select Committee.

2. Resources

The impact of the cuts in the private sector renewal budget

2.1 Reliance on the private rented sector (PRS) is growing because of limitations in social housing supply and because first time buyers cannot afford owner occupation until much later now. The PRS has grown by over one million households between 2005 and 2009 and is integral to community regeneration strategies.

2.2 But 40% of PRS homes are over 90 years old, and nearly 30% have serious health and safety hazards compared to 13% in the social rented sector. Forty five percent of PRS homes also fail the Decent Homes Standard. There are 1.4 million families, many of these elderly owner-occupiers, living in homes that fail to meet the decency standard. Housing renewal policies need to be carefully integrated with the wider regeneration agenda. Renewal will not prove cost-effective without a clearly identified economic future.

2.3 The demise of the Housing Market Renewal programme, eight years into what was originally envisaged as a 10–15 year programme, is particularly damaging in this regard. The aim of the programme was to deliver change and regeneration on a large scale, working through partnership across areas with weak housing markets, irrespective of local authority boundaries.

2.4 The Audit Commission in their recent review of the HMR commented:

“Cumulatively, HMR achievements have been significant and, in a difficult year, pathfinders have continued to make progress. The HMR programme is making a difference to the communities it serves, with fewer empty houses, reduced crime, and more jobs and training opportunities, especially in those neighbourhoods that are more advanced in their programmes.

By March 2011, pathfinders will have:
— Refurbished more than 108,000 existing homes;
— Attracted private investment to complete over 15,000 new homes;
— Readied substantial sites for future development through selective acquisition and clearance of up to 30,000 properties;
— Generated some £5.8 billion of economic activity across the economy;
— Created some 19,000 jobs in construction and related industries;
— Helped maintain over 2,600 jobs in the construction industry each year.”

CIEH survey on the impact of the cuts in the private sector renewal budget

2.5 In January 2011 the CIEH conducted a survey of its members in local authorities to gather information and feedback on how the loss of this funding would affect their housing renewal activity in 2011–12 and beyond (see box at 2.6).

2.6 Eighty percent stated that the number of properties to be renovated with assistance from the local authority would reduce, with 27 of these (57% of all responses) saying they would reduce substantially or there would be no renewal assistance provided. Just ten responses (5%) stated that the number of properties renovated would stay the same or increase only slightly. None stated that the number would increase substantially.

Which of the following reflects the local authority’s situation best:
Number will increase substantially 0
Number might increase slightly 4
Number will stay the same 6
Number will reduce slightly 2
Number will reduce substantially 17
Number will decrease from an already small number 7
There will be no renewal assistance provided 15

137 “Housing Market Renewal” (Audit Commission, March 2011)
2.7 Many local authorities stated that they expected provision for both housing renewal and DFGs to substantially contract in 2012–13. The following comments are taken from the responses and provide a further snapshot of the situation at local level:

“The recent Comprehensive Spending Review and local government grant settlement has had a double impact on this Authority. The total cut of the national private sector housing renewal budget has led to the necessary but unfortunate decision to withdraw all forms of private sector housing assistance to vulnerable households within this district. All available council resources will be targeted at ensuring our statutory duties will be met in respect of mandatory DFG’s. In addition the reduction in public sector funds and the need to streamline the Authority has led to a reduction in numbers of the housing renewal team via compulsory redundancy”.

“No decision has yet been made regarding our Housing Assistance Policy for 2010–11 but the feeling is that we may have to abandon our funding for discretionary grants for the next financial year. If it remains, it is likely to be substantially reduced”.

“We are hoping to keep a small sum for HRA for dire emergencies, in the form of loans. We will also be having discussions with a local credit union about potential roles for them”.

“We have been heavily reliant on the Targeted Funding Stream and so all we will have to spend next year is the residual funding from that programme which ended in 2010–11, most of which is for empty homes and in fairness there is still quite a lot of that funding uncommitted. Where we are facing problems is in ordinary renovations for elderly people and will have to rely entirely on the equity release programme which, from past experience, doesn’t deliver that many cases. I’m very worried about fuel poverty given that Warm Front is being cut and our own TFS funding is winding down”.

“Housing Renewal Assistance—there will be no renewal assistance provided. We have a budget of £60,000 for 2010–11. This will be cut completely in 2011–12”.

2.8 In the context of the cuts, alternative investment sources and creative funding packages to support housing growth and regeneration will need to be explored by local authorities and their partners. As uncertainty over departmental budgets is set to prevail, local authorities will need to be proactive in securing funding from alternative sources including the EU, reforms of the Housing Revenue Account and the government’s New Homes Bonus.

2.9 As the public sector shrinks, housing and regeneration will be increasingly reliant on the private sector. New approaches to investment and risk management from the private sector will need to emerge. Public bodies can invest land and property assets to build portfolios of projects that can recycle investment, cross subsidise and spread risk.

3. EMPTY HOMES

3.1 Homes that stand empty are a wasted resource and have a detrimental effect on neighbourhoods. Bringing them back into occupation is vital to regeneration.

3.2 Most empty homes are privately owned. Measures available to authorities to bring them back into use range from informal advice and encouragement through practical measures such as private sector leasing schemes to the use of enforcement powers. If only 5% of long term empty homes in England could be brought back into use, councils would cut annual homelessness costs by £500 million.138

3.3 Environmental health practitioners play a key role in restoring empty homes to occupation and in promoting Decent Homes in the private sector. To assist its members and local housing managers in achieving a better understanding of the links between housing and health, the CIEH commissioned the Building Research Establishment (BRE) Housing Centre to produce a toolkit.139 The aim of the toolkit is to show how links between homes and health can be made, including where possible, the cost benefit of some specifically linked housing and health issues. Providing evidence of cost benefit is important when resources for improvement or enforcement are lacking.

3.4 The toolkit provides a method of measuring and showing the value of private sector housing intervention to health, society and quality of life. One of the tools available is a cost calculator based on the Housing Health and Safety Rating System (HHSRS.) which demonstrates the value interventions by producing a baseline of likely numbers of incidences within local authority areas, together with the health costs and costs of mitigating the hazard. This figure can be used as evidence of the cost and subsequently compared to the costs of improvement works.

138 “Building Better Lives” (Audit Commission, 2009)
139 “Good Housing Leads to Good Health: A Toolkit” (Chartered Institute of Environmental Health and Building Research Establishment, September 2008)
4. REGENERATION

4.1 The housing, regeneration and planning landscape in the UK is changing fast. Public funding for affordable housing and regeneration has decreased dramatically and shall continue to do so, with the imminent closure of the Tenants Services Authority and the Audit Commission and with bodies such as the Homes and Communities Agency (HCA) expected to play a “leaner” enabling role.

4.2 Of course there are major challenges for delivery and local authorities will have to explore innovative solutions, for example through working collaboratively with partners, embracing new funding mechanisms and income sources and using public sector assets more creatively to leverage investment.

4.3 Local authorities and their partners should drive regeneration and housing growth in response to community needs. As the public sector shrinks and the need to attract private sector investment becomes more important, tough decisions will be necessary to prioritise schemes with the best chance of success and where there is scope for making better use of the public estate.

4.4 Research carried out by the Audit Commission\textsuperscript{140} showed that while local authorities acknowledge that housing can contribute to wider objectives, including regeneration, councils themselves do not see these as a priority. In concluding that local authorities needed to take a broader approach and integrate their planning, housing and regeneration strategies, it noted in contrast that the strategic housing function was often dispersed across the council structure. Any disconnection between private sector renewal and regulation and some strategic housing functions represents a missed opportunity.

4.5 Furthermore, the Audit Commission has asserted that few local authorities focus on the potential of their regulatory powers to help achieve their strategic housing and regeneration objectives.\textsuperscript{141} Only 14% of local area agreements had objectives relating to making better use of their existing stock and only 6% have a specific objective to bring empty homes back into use: both critical components of community regeneration strategies. This also indicates the low priority that councils generally give to regulating the private sector. The CIEH found in a 2008 survey that many local authorities are reluctant, or are not sufficiently resourced to use the regulatory and enforcement powers they have at their disposal to improve the housing stock.\textsuperscript{142}

4.6 Regeneration programmes are most often area-based, looking to address physical, economic, and social problems. Aligning the resources and work of private rented sector teams with these areas can help maximise their impact.

4.7 Bristol City Council\textsuperscript{143} has targeted decent homes funding has been targeted at areas with both poor housing and poor educational attainment, in an attempt to support improved educational performance through improved housing standards. Poor management and maintenance of rented properties and management of tenants’ anti-social behaviour can contribute to neighbourhood problems that lead to a poor reputation and concentration of deprivation.

4.8 B.A.R.L.O. Housing Ltd\textsuperscript{144} (Bolton’s forum for private rented sector housing) has area-based information on property and tenancy management standards including complaints, nuisance, anti-social behaviour and empty properties. This information is used to target grants, enforcement, landlord and tenant support, and referencing, training and housing management advice in order to achieve coherent and effective area based regeneration.

5. ENERGY EFFICIENCY

5.1 Innovative financing and energy efficiency represents a further opportunity to integrate the strategic housing function firmly within the regeneration imperative. Innovative funding models combining funding and investment from a range of sources are required by local authorities and their partners in retrofitting existing homes and exploring opportunities to improve energy efficiency when addressing non-decent housing stock.

5.2 There are opportunities for community empowerment based on capturing revenues from alternative sources such as renewable energy. Funding models can reinvest profits from renewable energy generation in further community projects and lead to community ownership of assets.

5.3 Only 5% of private homes are top rated for energy performance compared with 21% of social rented homes and 2.1 million private sector homes are a health hazard because of excess cold. Poor energy efficiency is a major contributory factor in causing fuel poverty and two thirds of all households in fuel poverty are owner occupiers or private tenants. Older people are more likely to experience fuel poverty than other age groups with those over 75 most likely.

5.4 Substantial resources are available nationally to improve energy efficiency. Local authorities have an important part to play in raising awareness and facilitating access to energy efficiency grants, offers and advice from external agencies.

\textsuperscript{140} “Building Better Lives: Getting the Best from Strategic Housing” (Audit Commission, 2009)

\textsuperscript{141} ibid

\textsuperscript{142} “Survey of local authority regulatory activity under the Housing Act 2004” (CIEH, February 2008)

\textsuperscript{143} Taken from “Cinderella Strikes Back: Strategic Housing and the Private Rented Sector” (Chartered Institute of Housing, 2005)

\textsuperscript{144} ibid
5.5 The CIEH is supporting Friends of the Earth and the Association for the Conservation of Energy in their campaign for a minimum energy efficiency standard for private rented homes.

5.6 Private rented homes are the worst maintained part of the housing stock and contain large numbers of vulnerable households and those living in fuel poverty.

— People living in private rented homes are over four times more likely to be living in a cold home than people living in social rented homes.

— The private rented sector has a greater proportion of the most energy inefficient homes—those in Energy Performance Certificate Band G. They are twice as common in the private rented sector as in other sectors.

— Half the properties in the private rented sector are not considered to be of a “decent” standard by the Government.

6. EXCESS COLD

6.1 The CIEH has commissioned, on behalf of Friends of the Earth research into the costs to the NHS of cold dwellings across England and in particular to private rented dwellings. The methodology used two different techniques for measuring and explained the relationship between Category 1 Excess cold (under the Housing Health and Safety Rating System) and Energy Efficiency Rating (EER) bands. This additional report more clearly defines the estimated costs to the NHS of Excess cold hazards and states these costs by Region.

6.2 The research estimates the likely costs to the NHS of private rented dwellings with F and G EER bands. This is associated, as far as possible, with dwellings with Category 1 Excess cold hazards. The cost to the NHS of Excess cold in the private rented sector, using the BRE Category 1 calculator, puts this figure as somewhere between £50 million and £270 million dependent on the combination of risk likelihoods used. It is reasonable to assume that the cost to the NHS for not improving these dwellings will be at least £145 million per annum. The table below illustrates the potential regional and national impact:

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Dwellings estimates to be Associated with Excess cold</th>
<th>Cost to the NHS of NOT improving these dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>17,000</td>
<td>£5,497,000</td>
</tr>
<tr>
<td>Yorkshire and Humber</td>
<td>66,000</td>
<td>£13,968,000</td>
</tr>
<tr>
<td>North West</td>
<td>66,000</td>
<td>£10,493,000</td>
</tr>
<tr>
<td>East Midlands</td>
<td>67,000</td>
<td>£12,073,000</td>
</tr>
<tr>
<td>West Midlands</td>
<td>65,000</td>
<td>£12,823,000</td>
</tr>
<tr>
<td>South West</td>
<td>97,000</td>
<td>£24,717,000</td>
</tr>
<tr>
<td>East of England</td>
<td>68,000</td>
<td>£14,690,000</td>
</tr>
<tr>
<td>South East</td>
<td>128,000</td>
<td>£32,197,000</td>
</tr>
<tr>
<td>London</td>
<td>82,000</td>
<td>£18,878,000</td>
</tr>
<tr>
<td>All privately rented dwellings</td>
<td>656,000</td>
<td>£145,335,000</td>
</tr>
</tbody>
</table>

Excess seasonal deaths

6.3 Environmental health practitioners (EHPs) are at the forefront of efforts to combat excess cold and damp in the owner occupier and private rented sector and are important in addressing the wider impacts of climate change on health. In the UK, deaths are likely to fall because of milder winters, although in the last five years, more than 130,000 people over 65 have died from cold related illnesses during the winter months in Britain.

6.4 For EHPs who work in housing there are clear opportunities for input. EHPs can provide advice and assistance for occupants on issues such as improved insulation. They can also engage specific proactive interventions designed to identify and assist particular individuals or types of property. Improving our housing stock is a key component of reducing carbon emissions and has clear health benefits.

6.5 It is equally important to ensure that our communities and dwellings are able to cope with abnormally high temperatures and heat waves, such as those in 2003. Advance planning is at the core of all early warning systems, together with identification of these high-risk groups so they can be protected.

7. SUSTAINABLE COMMUNITY STRATEGIES

7.1 An effective sustainable community strategy expresses the overarching vision for a local area and its people. It should address the social, economic and environmental elements needed to build and maintain sustainable communities. The local housing strategy must be incorporated in the sustainable community strategy.

145 “The Health Costs of Cold Dwellings” (Friends of the Earth, Chartered Institute of Environmental Health and the Building Research Establishment, to be published April 2011)

146 ibid

147 “Climate Change, Public Health and Health Inequalities: A Resource for Environmental Health Practitioners” (November 2008)
7.2 Local authority structures should ensure that portfolio holders, as well as housing strategists, are feeding into the local strategic partnership (LSP). Local authorities also need to have clear structures and processes that help to develop, within the LSP, an understanding of all housing in its area and how actions to influence, support or address problems across tenures can play a part in delivering more sustainable communities.

8. THE ROLE OF THE PRIVATE RENTED HOUSING SECTOR IN REGENERATION

8.1 12% of all homes are in the private rented sector. It also has the highest percentage of housing still to reach decent homes standard (around 40%), having therefore a major impact on local housing markets, and on many people’s housing experiences.

8.2 Local authorities have an important place-shaping role and there is a renewed emphasis on the importance of the strategic housing function in contributing to the delivery of place shaping. The strategic housing role involves local authorities taking a considered approach to housing and making detailed plans which use all resources and powers at their disposal to help achieve specific outcomes across the whole housing market.

8.3 The nature of the private rented sector at local level and the way it operates (as a sector and as individual properties) can have a significant impact on households, communities, and service providers.

Selective licensing and regeneration

8.4 Selective licensing of private rented sector properties can be used to consolidate aspects of the regeneration programmes, where local authorities have done as much as possible to tackle decline using voluntary methods.

8.5 Salford and Gateshead councils are both using selective licensing to support regeneration. In Salford, the selective licensing scheme requires landlords to either use the Salford Private Landlords Tenancy Agreement or insert a clause into their own agreement that allows the landlord to take reasonable steps to deal with anti-social behaviour.

8.6 In Gateshead, selective licensing has contributed to regeneration because problems remained in the private rented sector despite use of an accreditation scheme and support provided to landlords and tenants. The area suffered from low demand, there were large numbers of empty properties, low value housing with low rental values and a lot of complaints about housing relating to standards and anti-social behaviour. The selective licensing scheme was designed to tackle low demand by acting as a lever to improve housing standards as well as reducing anti-social behaviour.

8.7 The accreditation scheme has driven up standards. Accredited landlords have been able to access match funding for work to update properties. The selective licensing scheme is therefore indirectly helping bring properties in the private rented sector up to the decent homes standard.

9. THE STRATEGIC ROLE OF THE LOCAL HOUSING AUTHORITY

9.1 The CIEH has recently contacted key decision makers in local government to highlight the value of private sector housing services. They make an important contribution across a broad range of policy areas, delivering real benefits for vulnerable people and local communities, including:

— Preventing homelessness.
— Tackling fuel poverty.
— Older people’s social care.
— Health protection and improvement.
— Carbon reduction.
— Sustainable neighbourhoods.
— Increasing housing supply and widening choice.
— Regeneration strategies.

9.2 Managing the private rented sector strategically within the aim of balancing housing markets can maximise housing’s contribution to economic wellbeing and regeneration.

9.3 Delivery of these strategies relies on the contribution of a range of partners, including landlords. Local housing authorities have worked to move their focus from management of social housing to oversight of the whole housing market, and new structures have been developed to support this approach. For many areas priority is on increased supply of market housing.

10. THE CHARTERED INSTITUTE OF ENVIRONMENTAL HEALTH

10.1 The CIEH is a professional body; we set standards and accredit courses and qualifications for the education of our professional members and other environmental health practitioners. As a knowledge centre.

148 “Cinderella Strikes Back”, ibid
149 “Local Authority Private Sector Housing Services” (CIEH, 2011)
we provide information, evidence and policy advice to local and national government, environmental and public health practitioners, industry and other stakeholders. We publish books and magazines; run educational events and commission research.

10.2 As an \textit{awarding body}, we provide qualifications, events, and trainer and candidate support materials on topics relevant to health, wellbeing and safety to develop workplace skills and best practice in volunteers, employees, business managers and business owners.

10.3 We are also a \textit{campaigning organisation}, working to push environmental health further up the public agenda and to promote improvements in environmental and public health policy. We are a \textit{registered charity} with over 10,500 members across England, Wales and Northern Ireland.

10.4 In support of this submission, the CIEH offer to provide expert witness to the inquiry so that we might give further evidence on the importance for the regeneration of communities of safe and healthy housing. EHPs play a key role in ensuring that properties in this sector meet the standards in the housing health and safety rating system.

\textit{March 2011}

\textbf{Written evidence submitted by East Riding of Yorkshire Council}

\textbf{Summary}

The East Riding of Yorkshire Council welcomes the opportunity to contribute to the inquiry of the Communities and Local Government Committee, following the publication of the DCLG “Regeneration to Enable Growth: What Government is doing in support of community led regeneration”. The following report provides the Council’s response to the questions raised, with key issues in the East Riding summarised as follows:

— LEP arrangements are welcomed, although approval has not yet been given for the Hull, East Riding and Scarborough area LEP bid.

— The scale of interventions proposed by Government, thus far, appears in many respects to be beyond the reach of local level community led regeneration.

— The new arrangements for business support through local councils is welcomed, although delivery mechanisms for other services have the potential to take local delivery beyond the reach of existing service providers, particularly voluntary and community sector organisations.

— There appears to be limited recognition of genuine cases of market failure, where there is little or no prospect of private sector interest in investment for economic development.

— Specific consideration of the economic circumstances relating to coastal locations would be welcomed.

— The lack of a strategic approach due to the removal of Regional Economic Strategies places greater reliance on LEPs and local authorities to work closely to align priorities for functional economic areas.

— The existing local Partnerships in the East Riding are well developed, and provide a good basis for delivering the principles of the Big Society and Localism agendas.

— The revocation of the statutory guidance for the preparation of the Local Economic Assessment leaves the potential to limit future ability to undertake comparisons of local economic growth between areas.

In addition, the report uses case examples to illustrate some of the responses more fully.

1. \textit{How effective is the Government's approach to regeneration likely to be? What benefits is the new approach likely to bring?}

The white paper “Regeneration to Enable Growth” raises concern over how effective the emerging policies for regeneration may be in the Council’s area.

There appears to be mismatch between the local aspirations set out in the document and the scale at which the interventions mentioned in this paper can be influenced and delivered.

At present the delay in reaching a decision on the Local Enterprise Partnership proposal for Hull, East Riding and Scarborough, is causing some uncertainty, but this is not preventing activity to develop arrangements based on the functional economic areas, which were identified through the preparation of the Local Economic Assessment for the East Riding. This approach offers a positive way forward, especially the potential to work more closely with partners in neighbouring locations which fall within a different County Council administrative area (ie Scarborough, York and North Yorkshire).

With regard to local support for business, the proposals to move away from the regional Business Link arrangements to provision through local Councils is welcomed. Prior to Business Link, business support services provided by the Council in the East Riding had been aimed at bespoke support to meet specific local
business needs, where over 90% of the businesses are SME's. This has included formation of local business networks, “Meet the Buyer” (supply chain) events, rural support programmes, and “Wheels to Work” projects, which have been particular important in remote rural areas. Much of this “localism” had been lost under the previous arrangements.

**Case Example 1 — The Work Programme**

An example of this concern is the mechanism which is being implemented to deliver the Work Programme in England. The decision to contract the delivery of this scheme to Primes, who then in turn subcontract with delivery organisations, is having the impact of limiting the number of local providers, including those in the community sector, who are able to successfully tender for the work through this scheme. This is having a detrimental impact not only to the financial viability of local workforce skills delivery organisations but introducing a risk to the success of the Work Programme in individual localities due to a lack of local knowledge of those contracted with delivering the scheme. This approach is also taking delivery away from some of the voluntary and community sector organisations who already have capacity, and have been providing local delivery—at odds with the “Big Society” approach.

**Christ Church Community Services, Bridlington delivering Job Centre Plus Contracts**

Christ Church Community Services provide a range of community services through sustainable social enterprise activities. Training programmes are offered, delivered by their own staff, who are equipped with the requisite qualifications and skills to deliver the long term unemployed “return to work” programmes on behalf of Job Centre Plus. They have an excellent track record of engaging with hard to reach sectors of the community. They are able to take referrals from Job Centre Plus, offering a full range of social support at all levels of the community, including the “Door Step” project to support homeless people through to volunteering opportunities, IT skills, and GCSE level qualifications. Much resource has been invested through innovative use of both their own funds, and opportunities to access external funding, to enable these delivery structures to be put in place, but revised delivery arrangements for Job Centre Plus services present new challenges to the viability of continued service delivery at a local level.

This concern is also illustrated in the targeted investment section of the paper, where there is no opportunity for local groups to influence the targeted investment in transport mentioned in the paper, the investment in the Olympic Park has already been committed, and only a limited role for local communities can be foreseen in the affordable homes strand or the greatly overcommitted Regional Growth Fund.

With regard to High Speed Rail 2, there may be potential for the benefits of the investment to be realised in provincial areas, if there can be advance investment in regional rail services, to ensure that the linking infrastructure and routes are prepared in advance of the main line upgrades, to allow faster, and direct services onto the upgraded High Speed 2 routes.

Although this targeted investment may support regeneration in specific locations, the examples provided in the consultation paper are aimed at regional or subregional intervention, rather than at a local level. There appears to be no recognition of the need for investment to deliver local regeneration/economic development activity, especially transformational projects which cannot directly attract private investment due to the initial returns being either marginal or negative.

**Case Example 2 — Goole Infrastructure Development Requirements**

Two examples in Goole—strategically positioned river based town at the western end of the Humber Estuary, ideally located for economic growth being an inland port and located on a major motorway junction (M62 Junction 36) provides examples of the issues to be overcome on a varying scale:

**Capitol Park** — a 305 acre development site is now gridlocked from processing any new planning applications until infrastructure funding can be secured to deliver the final sections of a new link road, to open up access to industrial land. The current changes in regional economic development arrangements ie demise of the RDAs, mean Yorkshire Forward can no longer act as project sponsor, and a transfer of this role is necessary to have any chance of securing ERDF funding within the remaining lifetime of the programme. There is now a high risk that this funding approach may not be achievable as a result, and may lead to further pressure on the Regional Growth Fund as an alternative delivery mechanism.

**Goole railway crossing & subways** — The one main road through Goole town centre is severed across its centre by a rail line, bisecting the town, and causing long delays for traffic and pedestrian movements between the two sides. Whilst the frequent trains on the Hull–Doncaster line are valuable to the movement of passengers accessing employment, services, and onward rail connections, the closing of the barriers hinders town centre economic activity as people avoid the area due to the resulting traffic congestion. The problem is further exacerbated by the low quality urban realm and pedestrian footways on the approaches, influencing more vehicle movements from one side of the rail crossing to the other, rather than on foot. For the last 20 years both the residential and business community of Goole aspire that this should be a priority for action. However, the costs involved to date have been unable to demonstrate a regeneration value for money return. Nor is an improvement of this type of any significance to the rail network or service operators, thereby failing to attract any rail infrastructure investment.

It is projects at this level where local communities can directly influence the delivery, own the benefits derived, and often see that the basic intervention acts as a catalyst to encourage business confidence and local economic growth.
The formation of the Community First fund is welcomed. In the past, community groups have struggled to secure funding to undertake small projects which can help them gain legitimacy in their area and boost their capacity whilst addressing a localised need.

2(a) Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

Of primary importance is the need to ensure the protection of assets acquired with the assistance of Regional Development Agency programmes and funding, either directly, or in partnership with local authorities for the purpose of delivery of strategic regeneration programmes. In general, the original investment is protected by a legally binding funding agreement, to ensure that where a commercial return is generated at a point in the future, then the original investors benefit from a share of the uplift value when it is realised.

A major concern is the potential for any backward move in the assembly of land and property which places any call on local authority funds, which may already have been accounted for in initial investment appraisal and impact analysis for regeneration schemes. There is a compelling case for any land and property to be retained within local ownership, for the purposes originally intended, to ensure that community endorsed regeneration programmes can continue to be realised.

**Case Example 3—Bridlington Area Action Plan: Strategic Site Assembly**

The East Riding of Yorkshire Council is promoting an Area Action Plan (AAP) for Bridlington Town Centre as part of the Local Development Framework for the East Riding. Bridlington is a large seaside resort, a principal town in the planning hierarchy, and the largest town in the East Riding with a population of approx. 35,000. It ranks in the 10% most deprived locations nationally, with two super output areas in the 3% most deprived. It is therefore the priority location for economic development interventions within the East Riding. The AAP aims to deliver major strategic development to correct several market failures in the local economy, has been under development since the Issues and Options Consultation in 2006. The Publication AAP is due to be submitted to the Secretary of State (Planning Inspectorate) in Spring 2011. As part of the supporting evidence at public examination it will be necessary to demonstrate that the development schemes proposed by the AAP can be delivered. Fundamental to this has been the strategic site assembly of property within the area of interest covered by the AAP. To date over 35 individual properties have been acquired by the East Riding of Yorkshire Council, the majority of which have been purchased through funding agreements with Yorkshire Forward.

Any uncertainty over the future vesting of the property acquired for the sole purpose of assembling a viable development footprint to enable the major town centre scheme to proceed, could compromise the viability of the commercial development proposals, should the AAP be confirmed by the SoS later this year. In challenging economic circumstances, much work has been undertaken on the development appraisal and impact analysis to ensure that the original regeneration strategy objectives of the planned developments can still be achieved, albeit through a phased approach. Any “clawback” of assets already committed to the site assembly process at this critical stage of the procedure, could result in financial shortfalls which cannot otherwise be covered.

It is considered essential, that mechanisms which in the past have allowed locally elected members, residents, businesses, civil society organisations and other civic leaders to engage and shape the regeneration of their town or area are able to evolve and metamorphose to take account of emerging policy, rather than being removed and replaced.

It is also considered very important, in this period of policy transition, to ensure that the local community remain engaged and informed about the changes being implemented, and understand how this change is likely to impact upon their involvement, and the regeneration programmes they have already influenced. Each community has only a limited pool of people with the necessary skills, ambition and patience to dedicate to the regeneration of their town or area. These resourceful community representatives are exactly the part of society upon which the success of the “Big Society” will depend, and their contribution must be retained to ensure that the best possible outcomes can be achieved in those localities that have already made significant progress.

**Case Example 4—Local Partnerships**

The Bridlington Regeneration Partnership was established in 1996, to encourage the local community to become involved in the delivery of European and Government funded grant programmes for regeneration projects, to deal with some of the more complex economic problems being experienced by the town.

The Partnership had a clear vision for Bridlington to be an attractive, welcoming, safe and prosperous town, and agreed to work together to achieve the renaissance of the town, with Partners representing many of the town’s key stakeholders, learning from each other by becoming involved. Regeneration activities from 1997 to 2002 were enabled by the Single Regeneration Budget Programme, and laid sound foundations within the community, which achieved much low key work around the theme of “Building a Better Bridlington”. This early development of community capacity formed the right climate for continued investment in Bridlington by lead partners, the East Riding of Yorkshire Council, Yorkshire Forward, and Government Office for Yorkshire and the Humber (Objective 2 Programme 2000–06), which has led to
significant public and private sector investment as part of the ongoing “Strategy for Regenerating Bridlington”.

This would not have been possible without extensive “buyin” from the local community, made possible through the local forums of the Steering Board of the Partnership, and special interest groups under themes of Town Improvement, Community, Learning and Skills, and Business. Some of the representatives have remained steadfastly involved throughout the whole process acting as community champions, and conduits for communication between the lead partners and the groups and organisations that they represent in the local area. This was particularly important during the development of projects under ERDF Objective 2, where proposals were expected to demonstrate endorsement of the local community. This has also resulted in minimal resistance to change on the scale proposed. This long term history of community involvement in the regeneration process has also proved invaluable for:

- Statement of community involvement for the proposed Area Action Plan for Bridlington Town Centre (as mentioned in Case Study 2); and
- White Rose Award for Tourism Destination of the Year 2007 in recognition of the sustainable approach to tourism strategy and growth, and the involvement of the local community, residents and businesses.

Such has been the success of community engagement through this approach, that other towns across the East Riding have now benefited from local Partnerships, with bespoke structures and themes to respond to local needs.

It is concerning, however, that the earlier work developed through the cross party Coastal Towns Inquiry appears to have lost momentum in the new Government’s approach. The second government response to the Coastal Towns Inquiry was particularly encouraging, in recognising the specific problems and challenges being faced by coastal areas. “The Strategy for Seaside Success” published by DCLG on behalf of the previous Government in March 2010, translated this recognition into a positive policy framework, which could be applied at local level. The challenges of Coastal Towns were also recognised by Opposition through the publication of “No Longer the End of the Line” (Dec 2009), and the opportunity to revisit the issues raised at that time would be welcomed.

**CASE EXAMPLE 5—ADVANCE BRIDDLINGTON NEIGHBOURHOOD PROGRAMME**

Recent community-led regeneration programmes that have been found to be effective in the East Riding operated under the Safe and Stronger Communities Fund. Advance Neighbourhood Programmes were introduced in Goole and Bridlington in 2006, with targeted resources aimed at super output level to the most critically deprived areas of those towns. While dedicated grant funding ended in March 2010, the Council committed to support continued activity for a further year. This programme has led to increased levels of interest and engagement, particularly with the “hard to reach” sectors of the community. The Neighbourhood Needs Analysis, and the resulting Neighbourhood Action Plans, were developed through the programme, and have provided the opportunity for much progress to be made, albeit at a very basic level, but of importance to those communities in greatest need. This has also helped to encourage a multiagency approach to tackling many of the social and environmental problems that have affected the local community and quality of life for residents, which has been particularly important for residents to see, in parallel with the major public investments in infrastructure regeneration projects.

The programme has successfully used “Street Surgeries” as a means of encouraging residents to raise issues that affect their daily lives, and has taken a range of services out to the people including local authority elected members, environmental health, benefits advice, police, fire, dog warden, housing. Selected streets have been visited on dates that are publicised well in advance, also providing the opportunity for “drop-in” appointments to residents at home, on request.

2(b) Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

The main concern is that the mechanisms being put in place for funding any transformational regeneration schemes at local level will rely on either:

- Private sector development ie Community Infrastructure Levy, or;
- Strategic regeneration/development sites which are marginal and require a moderate public sector investment to satisfy development appraisal ie Tax Increment Financing.

In the current economic climate, characterised by a failure of commercial property markets, very limited commercial lending by banks, and severe constraints on public sector funding, there is clearly a substantial lack of significant private development taking place. This is particularly marked in deprived areas, where development is often much needed, but not particularly commercially attractive, unless there are incentives available to the developers.

**CASE EXAMPLE 6—HORNSEA SOUTH PROMENADE REDEVELOPMENT**

East Riding of Yorkshire Council prepared a Development Brief for this important but derelict site in the seaside town of Hornsea, that provided the opportunity for a wide variety of uses to be brought forward including tourism and leisure. In 2005, expressions of interest were sought from the private sector.
However, only one comprehensive development proposal was forthcoming; this was for a purely residential scheme which would not meet the site development brief objectives. Whilst a purely residential scheme would provide the greatest financial return for the developer, and was perhaps the only way the developer could justify his investment, this approach would not on its own achieve the much needed regeneration objectives which the local community is looking to achieve. The developer subsequently withdrew, and the site remains undeveloped.

The level at which targeted funding thus far has been directed, by the Government’s new proposals, appears unlikely to filter down to a local level where regeneration needs are specific to a neighbourhood or district. The lack of flexibility to target available funding to specific local regeneration projects could result in many local aspirations being impossible to take forward for the foreseeable future.

These circumstances make the resources available from the Regional Growth Fund (RGF) and European Regional Development Fund (ERDF) critical in delivering major local regeneration projects, and will require these funds to be closely aligned in order to maximise the potential benefits to the regeneration of deprived areas in England. At this time there is no certainty that the RGF and ERDF will be aligned, particularly in view of the over subscription to the RGF.

Due to the scope of the RGF, and the limited amounts of funding compared to demand, it cannot be seen as a replacement for the scale and range of funding that had previously been available through the Regional Development Agencies. Whilst it is acknowledged that it will not be possible to return to the generous allocations delegated to the RDAs, it is significant that although RDA funding was allocated through a competitive process, distribution was made on a strategic basis for agreed priorities within a specific geographical area. Therefore, there may be benefit in allowing packaged bids to be promoted by a LEP, where several smaller initiatives have the potential to generate benefits to the local economy. This could have disproportionally positive impacts for the amounts involved, particularly in areas predominated by SME activity.

In this connection, Yorkshire Forward is continuing to look at innovative methods of securing funds, and thus ensuring the continuing viability of local regeneration programmes which extend beyond the remaining life span of the organisational.

3. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

An overall strategic underpinning and easily communicated vision at a range of geographical scales is important to ensure resources are allocated in a way that meets an evidence based need and are allocated in a transparent manner which can be communicated to local partners.

In the East Riding of Yorkshire, it is considered that the previous work of Yorkshire Forward in developing the Regional Economic Strategy, has provided an effective framework within which local regeneration programmes can be developed and delivered to encompass integrated regeneration activity at a local level.

Without a similar strategic framework, it is expected to become much harder to provide a rationale and evidence base to support proposed interventions, when compared with other localities elsewhere in the subregion or region. Similarly, it is hard to see how the competing activities of LEPs within a region can be considered equitable without clear structures and strategies that can be applied to local regeneration programmes.

This may lead to disengagement, if local priorities, based on the needs of an area, do not readily fit within either government departmental priorities, or the priorities established by the business led Local Enterprise Partnerships.

As highlighted in Case Example 4, a broad based partnership approach of empowering local elected members, residents, business leaders, civil society representatives and civic representatives to take an active part in developing and informing the strategic vision and actions on regeneration activity within their area, has worked well within the East Riding of Yorkshire. These transparent partnerships which have a remit to engage in all areas of regeneration including Education and Skills, Economic Development, Worklessness and Economic Inclusion, and Planning, in order to ensure a coordinated approach, have been a successful vehicle for agreeing a strategic direction and then gaining community buyin during the development and delivery of associated projects. We would advocate that this model should continue to be used.

There is concern that the publication appears to use the terms “Regeneration” and “Economic Development” as interchangeable terms, which they are clearly not. In consideration of the questions, it has been observed that these two terms are discrete, and that regeneration is a much more complex activity which takes account of social, physical and environmental factors, through an integrated approach to market failure and the development of the local economy.

**Case Example 7—Development of Land and Buildings alone does Not Deliver Regeneration**

Using the example of the Bridlington Regeneration Strategy, which is the most advanced in terms of delivery achieved, it is notable that public investment in infrastructure alone carries limited potential to deliver wider economic benefits. While there have been several projects to address market failure in the...
commercial property market these have only produced modest direct economic benefits relating to business space. These are not as significant as the potential impact of the long term strategic programme of regeneration which will include:

1,500 additional jobs
Recapturing spending leakage back into the town
Increased footfall in the town centre
Improved public space
Increased property values
More office based business in the town centre
Day visitors converted to staying visitors
Increased duration of staying visitors
Increased visitor spend

In addition, regeneration activity should engage existing democratic structures, including town and parish councils to counter democratic deficit and explore ways of pooling resources in this challenging public sector fiscal environment.

4. **What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?**

   As already noted, regeneration activity is much more complex than pure inward investment or the development of capital assets. As such, there is potential for a wide range of public sector involvement where pooled resources could reasonably be expected to result in substantial regeneration benefits. Strengthening local partnership working particularly between different public services, and how they work with voluntary and community groups could improve effective services at a local level. This could include sharing buildings, facilities, staff and other resources.

   Examples could include mental health benefits of good quality open space or the motivational effects of workplace visits to successful businesses by school children from areas characterised by low skills and aspirations. Further challenges however may be experienced where there are new governance models being developed for local service delivery eg schools (trust schools), healthcare (General Practitioner led consortia), economic development (business led LEPs).

5. **How should the success of the Government’s approach be assessed in future?**

   The most robust and transparent quantitative tool for measuring the need for, and success of, the regeneration activity is the Index of Multiple Deprivation (IMD).

   This measure provides a broad based indicator, including a range of facets which either impact on, or are a result of, the economic performance of a local area. The IMD can be interrogated down to super output area, providing a very precise economic assessment of a targeted geographic area. It is updated regularly to allow a time series of comparable rankings.

   Allied to this, the Local Economic Assessment (LEA) of an area should also be able to quantify the impact of the preferred approach to local regeneration, providing information on business structure of the locality as well as productivity and business health in the area. The LEA can also assist in identifying key barriers to economic growth, and the opportunities to deliver growth in the area.

   However the removal of the statutory guidance associated with the preparation of the LEA and removal of the duty on local authorities to report to government any NIs concerning Economic Development, may result in local authorities collecting and communicating different data. This would make benchmarking and comparison across local authorities or Local Enterprise Partnerships very difficult, and remove any likelihood of ascertaining what success may have been achieved from the Government’s approach to regeneration.

   Alternatively, a more qualitative approach to measuring success could be employed. The progress made with regeneration activity in recent years has required a broad based partnership approach, to develop and deliver locally based solutions to economic problems. The local partnership structures which have been employed in recent years have built capacity and empowered residents, the local business community, civil society organisations and civic leaders, to develop and lead local regeneration programmes in conjunction with the local authority. By empowering a range of stakeholders in this decision making process, it has been possible to achieve the long term buyin which has allowed local people to develop a greater understanding of local regeneration processes, and also appreciate why some ideas will not have the desired effects in a local area, and therefore are not taken forward. Individuals have also become more aware of successes elsewhere, what has worked well, what will not, eventually allowing them to selfassess any success of approaches to regeneration in their area and communicate that back in a appropriate manner. This approach has been effective in overcoming the “not in my back yard” type of respondent who will judge a whole policy approach in a negative manner because of one individual intervention which has impact upon them.

March 2011
Written evidence submitted by British Council of Shopping Centres

1. BCSC

BCSC represents businesses operating in the retail property sector. Our mission is to promote industry best practice and advance the professional aims of the retail property industry. Our membership is around 2,600 property professionals, including owners, developers, retailers, surveyors, architects and public sector managers.

The retail and retail property industries together play a strategic role in sustaining communities, with 7.6 million people currently employed in the UK. In 2008 alone around £6 billion was invested in the UK by the retail property industry, creating tens of thousands of new jobs. Since 2008, as a consequence of the economic crisis the retail property pipeline has faltered, with 50 million sq ft effectively on hold, awaiting a significant improvement in economic conditions before building can commence. The consequence of this is that jobs, in construction and in retail, are not being created, public spaces are not being renovated, and, in some cases, town centres are suffering further degradation and decline.

Given our unique position at the heart of the retail property industry—an industry which has played a crucial part in revitalising many of our towns and cities, including in recent years Liverpool, Manchester and Bristol—we welcome the opportunity to put forward our response to the CLG Select Committee’s Inquiry.

2. Summary

— BCSC is committed to working with the Coalition Government to develop the most suitable policies and frameworks for the successful regeneration of the UK’s towns and cities.
— We recognise that the Government is keen to introduce a fresh approach to regeneration and that this requires a significant policy shift in the areas of: localism/decentralisation, planning, business rates, and funding.
— Whilst supportive of the principles underpinning the Government’s commitment to a more decentralised framework for decision making, we do have some concerns about certain aspects of the Localism Bill, including local referendums, neighbourhood planning and neighbourhood forums.
— We welcome the decision to review National Planning Policy, however, we must work to ensure that, in haste, we do not remove from the planning system elements that were working well.
— We are strongly in favour of a presumption of sustainable development and of Town Centre First policy.
— BCSC fully welcomed the Government’s proposal to establish a broad new power allowing a local authority to grant relief to any ratepayer, but we do have some questions regarding a fully re-localised business rate.
— We welcome indications that the Government is committed to the roll out of Tax Increment Financing (TIF). We firmly believe that a specific TIF variant—known as Local Tax Re-investment Programme (LTRIP)—should be introduced urgently.
— The main lesson that can be drawn from our industry’s retail-led regeneration experience is that it is crucial that the Government does not create uncertainty and add to risk in times of limited new development by tinkering with town centres first policy or introducing new hurdles which could delay planning.

3. Regeneration—Retail Property Context

The continuing effects of the recession have had a dramatic effect on the UK’s Shopping Centre Development Pipeline. In 2010, the total additional retail space built was 2.2 million sq ft, the lowest proportion of new space for some 18 years and the situation is likely to get worse.

In 2011 the total new space will be 2.55 million sq ft, which can give the impression of an improvement in supply. However, this is an anomaly as it is skewed by the 1.75 million sq ft Stratford City opening in September, where construction commenced before the recession.

The future from 2012 onwards is very bleak. The most optimistic predictions for 2014 show 1 million sq ft open and trading and 3.4 million sq ft in 2015. In reality these figures are optimistic as they rely on a growing UK economy during the next two years, which at present, would appear to be uncertain.

The reason for no new centres opening in 2012 is clearly the recession. The construction period for new shopping centres is usually two to three years and the recession of late 2008–09 effectively prevented the implementation of any new centres. Trinity Leeds, which is being developed by Land Securities, is standing proudly on its own for 2013, with a total development of 1 million sq ft in the centre of Leeds.

Against this backdrop, it is worth noting that the focus of our industry is on renewal and upgrading of the existing retail floorspace, and not just on the pipeline of new space. Renewal and the repositioning of existing centres should be understood as a significant part of regeneration strategies and planning policy.
4. How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

BCSC is committed to working with the Coalition Government to develop the most suitable policies and frameworks for the successful regeneration of the UK’s towns and cities. We recognise that the Government is keen to introduce a fresh approach to regeneration, and we clearly acknowledge, as outlined in the Government’s January 2011 publication Regeneration to enable growth, that this approach requires a significant policy shift, particularly, but not exclusively, in the areas of: localism/decentralisation, planning, business rates, and funding.

To take the benefits and challenges of each of these in turn:

Localism/Decentralisation

We welcome the Government’s decision to look at ways to enable communities to better take a lead in the direction of the development of their local area, with the proposed creation of Local Enterprise Partnerships (LEP) to replace Regional Development Agencies (RDA) and increased powers for local neighbourhoods.

The retail property industry is broadly supportive of the principle that local communities will set out local economic priorities. This clearly makes sense, as those closest to an area are best placed to determine what is best for it. We have always supported local consultation processes, as these serve to better development outputs for both the communities involved and the business partners. There is no commercial benefit to delivering a scheme that the local community does not support and therefore will not visit. The lengths to which companies go to involve communities in the decision making process already can be seen in the example of the Liverpool One regeneration project. The Grosvenor team undertook many rounds of consultation with local communities. For more information on this, please see http://www.liverpool1.co.uk.

Whilst supportive of the principles underpinning the Government’s commitment to a more decentralised framework for decision making, we do have some reservations about certain aspects of the Localism Bill as it currently reads. There are some parts that, if progressed without amendment, may in turn hinder future regeneration prospects.

We have significant concerns about the proposal for local referendums, as outlined in clauses 40, 41, 42 of the Bill. Given the stifled development pipeline that exists today, as outlined at the beginning of this document, our industry is concerned that enabling petitions to trigger referendums on local planning decisions could add a significant delay to the planning process. The prospect of such a delay, and the associated costs, would need to be included in the risk assessment when determining whether or not to take forward a development. This will impact on the viability of some schemes and tip them over into the unviable category. This is clearly a damaging consequence of the proposal at it means some retail-led regeneration projects will not be progressed.

The planning process, unlike other functions of local government, already provides many clear opportunities for interested parties to lodge opinion and shape outcomes. We would therefore urge all MPs to consider excluding planning applications from the scope of local referendums. There will be an opportunity to revisit these clauses at the Third Reading of the Bill and again as it proceeds through the House of Lords.

That said, if Government is minded to keep planning within the scope, we would strongly recommend that the practical application of referendums is more vigorously interrogated. We have significant concerns about the low percentage of the electorate required to trigger a referendum. If the number of electors of an area were that of an average sized council ward, the 5% threshold required could be as small as 600 signatories—and even fewer if one were to look at a neighbourhood level. We believe that this would be a NIMBY’s charter—enabling a minority to significantly delay a planning process that could create jobs and opportunities for a less vocal majority. We also recommend that the proposed number of councillors required to call a referendum is revisited. At present, the Bill requires only one councillor to call for a referendum which could then delay a planning decision for many, many months.

Turning to the Government’s flagship policy of neighbourhood planning, as indicated above, we are cautiously supportive of the need to increase the role and engagement of local neighbourhoods in planning decisions. That said, we do have some reservations about the resources available to support such neighbourhoods in their decision making processes. In times of public sector constraint, we would welcome further clarity from Government to clarify how neighbourhoods will be able to resource their planning activities. We would also appreciate more information on the status of the neighbourhood plan. For example to what extent it must be considered by the local planning authority and to whom a neighbourhood could complain if it felt its plan had been ignored by a relevant authority. As things stand, there remain a number of unanswered questions which, if not dealt with, may serve to derail some regeneration prospects.

We have publicly welcomed the role of neighbourhood forums in neighbourhood planning. However, we are particularly concerned to note that at present there is no requirement/ability for local business to take a seat on a forum. Again, we believe that this could undermine the intention of the Government to encourage businesses and communities to work together to revitalise local areas. We would urge the Select Committee to call for Government to adapt schedule 9 of the Localism Bill to allow for local business leaders to take seats, where appropriate, on neighbourhood forums. BCSC believes that the rollout of BIDs across the country has
demonstrated the significant benefits of involving local businesses in the management and development of local areas.

Planning

Planning Minister Greg Clark has announced a review of planning policy, designed to consolidate policy statements, circulars and guidance documents into a single consolidated National Planning Policy Framework. It has been announced that the new Framework will be localist in its approach, handing power back to local communities to decide what is right for them, and accessible, providing clear policies on making robust local and neighbourhood plans and development management decisions. We fully acknowledge that this rationalisation of planning policy is being undertaken with the best intentions to create a climate in which Britain will re-enter a period of growth, enabling regeneration schemes to prosper.

We welcomed the Prime Minister’s recent comments in which he outlined his determination to take on "the enemies of enterprise…. The town hall officials who take forever with those planning decisions that can be make or break for a business—and the investment and jobs that go with it.” However, we must work to ensure that, in haste, we do not remove from the planning system elements that were working well.

With this in mind, we have responded to Government’s calls for comments regarding the planning review. We welcomed this opportunity to outline some of the key principles that we believe should be explicitly retained in the new planning framework.

We stressed that BCSC favours a clear and transparent plan-led approach to sustainable economic development. We believe that plan making and development management should be evidence based and take full account of the views of local communities, of which local businesses are a key component. We also believe that neighbourhood planning has to be compatible with the rationale for a presumption in favour of sustainable economic development and that it must not add additional bureaucracy and cost for businesses.

Specifically we endorse the intention of Government to make the current “town centres first” policy more robust, as set out in a ministerial statement on 17 February 2011, and reiterated more recently by Bob Neill MP. The firm application of an impact assessment is also something that we are strongly in favour of. This considers both positive and negative indicators so that any significant adverse effects can form the basis for refusal of out-of-centre schemes that are not in line with the local development plan. We are strongly of the belief that to truly enhance the UK’s regeneration prospects promoting the vitality and viability of town centres must be explicitly included as one of the primary spatial planning objectives of the National Planning Policy Framework.

Business Rates

Retailers contributed around 25% of Government’s annual £25 billion in business rate receipts in 2009–10, and with the 2010 revaluation and the power for local authorities to raise additional rates revenue through a Business Rate Supplement (BRS), the cost of business rates to retailers is likely to increase. Escalating business rates at a time of falling sales driven by weak consumer confidence continues to have a detrimental impact on many retailers’ ability to remain profitable. This has resulted in large numbers of retailers going into administration and an increase in the amount of empty property on our high streets. A recent publication by the Local Data Company (LDC), entitled Terminal Illness or Gradual Decline, concluded that the number of empty shops on the UK’s high streets continues to increase (with a national average of 14.5% of the UK’s shops vacant) and the “North/South” divide is large, and is growing. The full report is available at www.localdatacompany.com. Vacancy rates, made worse by the imposition of empty property rates, impacts on the value of retail property as an asset class, and thereby reduces its appeal to investors, who now, instead of financing regeneration schemes, may seek to move their funds elsewhere.

We have made representations to Ministers on the subject of this year’s Uniform Business Rate (UBR) uplift and have argued that a lower rate than RPI should be applied given the fragile state of the economic recovery coupled with the tax rises and public spending cuts.

Against this backdrop, we fully welcomed the Government’s proposal, as published last year, to establish a broad new power allowing a local authority to grant relief to any ratepayer, subject to local eligibility criteria. We believe that this will help support town centres during the current difficult economic climate. We are particularly pleased to note that relief will also be available on empty property. This is an area where the localism agenda can enable communities to seize the initiative and act to protect local retailers and landlords and thus preserve their own high streets.

Turning to the specific proposal to empower some local authorities to retain their rates, we would welcome further explanation from Government on the exact workings of this. In principle it seems fair to the local authorities involved, but we would like to learn more as to how areas that are currently net beneficiaries of the business rate redistribution mechanism would be adequately financed were the overall rates pool reduced. In addition it should be noted that previous Inquiries into local government finance, most recently the report undertaken by Sir Michael Lyons in 2007, occupiers strongly favoured the retention on a UBR. We see no reason why this position should have changed. A large number of business rate multipliers across jurisdictions results in administrative and systems costs that create costly business inefficiencies. In addition the uncertainly
that might be created by councils having the power to set the business rate makes it more difficult of retail and retail property businesses to forward plan investment. The private sector needs Government support in establishing the most efficient regulatory and fiscal framework within which it operates to ultimately create business growth and all the subsequent economic and social benefits this brings.

On a positive note, we do welcome the commitment from Government that any local supplements on business rates will be subject to a binding business vote in order to ensure that business rate income is spent on activity that will have a material impact on private sector growth. This is a crucial, particularly given the Government’s aspirations for future economic growth to be very much private sector led.

Finally on business rates, BCSC strongly believes that Government should take this opportunity, as part of the Local Government Resource Review, to revisit its approach to empty property taxation. Our industry has the capacity to create employment and regenerate towns and cities but remains handicapped by this financial burden that significantly adds to the risk of speculative development.

Funding

BCSC acknowledges that crude public sector investment is no longer a viable funding option for many retail-led regeneration projects. We welcome the Government’s commitment to continue to deliver some funding for regeneration via the Regional Growth Fund, however, it must be stressed that this will still leave many schemes unsupported. With this in mind, we do believe that there is still a role for Government to play in creating a broader framework in which local authorities and commercial organisations can come together to leverage funds to deliver regeneration schemes from the realm of unviable into the sanctuary of viability.

We therefore welcome indications that the Government is committed to the roll out of Tax Increment Financing (TIF). We firmly believe that a specific TIF variant—known as Local Tax Re-Investment Programme (LTRIP)—should be introduced urgently. Unlike other tax increment proposals, including ADZs, we believe that the introduction of LTRIP transfers risk to the private sector for upfront infrastructure investment without relying on public sector money and in our view does not require primary legislation given, as you will be aware, that the Local Government Act 2003 s70(4a) gave powers to Ministers to allow additional business rates, over and above those assumed in annual financial settlements and which would normally be retained by Government, to be returned to local government and allocated to principal authorities.

As indicated above the key point to note about LTRIP is that it does not require any initial borrowing by the local authority. Instead, the expenditure can be financed by the developer’s own resources, and the developer is then repaid out of a tax increment, from increased business rates, as and when it arises. Thus the local authority can entirely transfer to the developer the construction risk and the risk that the tax increment will fall short of expectations.

There is every reason to assume that an LTRIP model will be attractive to private sector funders given the parallels with traditional development finance, which relies on payback from a developer from future rental flows whereas LTRIP would require payback from future tax receipts. Given future tax flows are safer than future rental flows (the latter being subject to void periods), there is every reason to believe that the private sector may more readily support LTRIP than traditional development finance tools.

5. Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

We welcome the Government’s previous attempts to quantify the benefits of previous regeneration projects, most recently in the publication Valuing the benefits of Regeneration, published in December 2010. Documents such as this do help to ensure that previous lessons are not lost.

We fully accept that there is also a role for trade bodies in the collation and dissemination of best practice and education, and this is a core function of our own organisation. We would be particularly keen to explore ways in which we, and other industry bodies, can help to provide local authorities and other local decision makers with the necessary education and experience that they require to make informed regeneration choices for their communities. We are currently undertaking some research alongside BiTC (Business in the Community) to try and quantify the wider benefits of regeneration to communities and their local areas. We would be more than happy to share this work with the committee at a later date if useful.

6. Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

As discussed above, we note the Government’s decision to establish the Regional Growth Fund to support local projects. Our understanding of this fund is that it can be directed to any size of community so we do not believe that it favours town and city over smaller communities.

To ensure that there is sufficient funding for large and small regeneration schemes we must again stress that the Government should introduce the LTRIP model, as part of a suite of TIF options, without further delay.
7. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

Over the years, BCSC has produced a number of publications which touch on the benefits of new schemes and so help to pass past learning on to newer projects. For a full list of these publications, please see: www.bcsc.org.uk/research

The main lesson that can be drawn from our industry’s retail-led regeneration experience is that it is crucial that the Government does not create uncertainty and add to risk in times of limited new development by tinkering with town centres first policy or introducing new hurdles which could delay planning. Successful projects—like Exeter (Princesshay), Bristol Cabot Circus and Bath Southgate have all required consistency to give investment confidence.

On a separate point, we have previously provided the Government with our opinion on the adverse implications for the financial viability of regeneration schemes of requiring excessive counter-terrorism measures through town planning.

BCSC made representations on the previous Government’s proposals for requiring the physical hardening of “Crowded Places” in May 2009 but the policy seems to have been maintained. The economic position has deteriorated since made those representations and therefore getting regeneration schemes to fly in the current climate is, as noted previously, even more difficult—delaying or completely frustrating town/city centre improvements and employment generation. Our experience would suggest that more flexible approaches to counter terrorism, perhaps involving more and smarter use of “human factors”, is likely to mean more regeneration schemes being able to start.

8. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

As outlined above in part 4.

9. How should the success of the Government’s approach be assessed in future?

We would welcome a commitment from Government to evaluate the localism agenda at a reasonable point in the future, to thoroughly assess whether the framework has indeed released enterprise from the shackles of bureaucrats as is hoped. It is crucial that the Government does commit to review its policies, perhaps at five yearly intervals, as to continue further along this policy path without an understanding of the consequences would be ill-advised and possibly undermine regeneration aspirations in the long run.

10. To Conclude

BCSC would be pleased to expand on some of the points raised in this submission at an oral evidence session.

March 2011

Written evidence submitted by Devon County Council

1. Summary

The recession has affected Devon as severely as any other part of England emphasising some of the inherent weaknesses in the county’s economic structure. Devon County Council’s views are that:

— The centralisation of funding creates acute difficulties for rural communities when there are acute shocks to the economic fabric.

— Most local authorities have a clear understanding of the problems facing their communities, particularly the local impact of the recession. Too few national schemes harness local knowledge to maximise their impact.

— The Watermark Centre in Ivybridge is a successful community-led regeneration.

— In Okehampton, where three businesses have recently closed and the unemployment rate doubled, Devon County Council and partners are working together to address the skills and training needs of individuals, businesses and potential employers in the town and its hinterland.

2. Introduction and Background to Devon County Council

2.1 This is Devon County Council’s submission to the Communities and Local Government Select Committee Inquiry into the Government’s plans for regeneration to enable growth. Devon County Council has 62 members (41 Conservative, 13 Liberal Democrat, 5 Labour, 2 Independent and 1 Green Party) representing 750,100 people. Its gross budget for 2010–11 is £1.385 billion. The County Council’s Strategic Plan 2009–13, prepared after the local elections in May 2009, has four core principles and five priorities.
A. Core Principles:
1. Care—To deliver high quality services that care for Devon, its residents and environment.
2. Community—Work with local people to help build strong and prosperous communities and ensure a sustainable future for all.
3. Enterprise—To develop a competitive economy as the key to a better quality of life for all.
4. Value—To be a businesslike Council that is lean and focused, providing good value for money.

B. Priorities:
1. Support local business and tourism.
2. Improve knowledge, skills and productivity.
3. Promote green travel, improve roads and reduce congestion.
4. Provide responsive services that support people and families in need.
5. Reduce waste, improve recycling and reduce landfill.

2.2 Devon is one of the largest economies in the South West covering a land area of 6,564 square kilometres. It is home to almost 400,000 economically active people, 32,000 VAT registered businesses and almost 70,000 self-employed people. 50% of Devon’s businesses have a turnover below the VAT registration threshold and there are three times more people employed in agriculture and twice as many working in tourism than the national average. People in working in Devon earn £2,600 less than the national average—that’s equivalent to the Devon economy losing £1 billion a year because its business can’t match average wage levels. This loss of earnings is compounded by a high number of part time workers and a high dependency on the public sector.

2.3 The recession has affected Devon as severely as any other part of England emphasising some of the inherent weaknesses in the county’s economic structure. The low productivity, low wage businesses that characterise Devon’s economy present a number of challenges as it emerges from the recession. Devon businesses operate within a relatively weak in-county market, but also face the problem of distance to external markets. This is exacerbated by poor or no connectivity to even standard 2Mbps broadband. The challenge all of this poses to local economy may well be further exacerbated as public sector spending cuts filter into the economy.

3. Effectiveness of the Government’s Approach: Regeneration is Hampered by Problems of Organisation Complexity

3.1 The organisational landscape is quite complex. In addition to the three tier local authority structure (county council, eight district councils and 407 parish/town councils) there is the plethora of agencies organisations and partnerships within the county with different remits, linked agendas and funding arrangements, making a concerted and joint effort often hard to achieve. As part of our move to establishing and supporting a private sector-led Local Enterprise Partnership the organisation landscape is being reviewed and the number of partnerships will be reduced and streamlined.

3.2 Delivering national Government’s aspiration to support private sector growth and rebalance employment away from the public sector will continue to require localised support in the changing landscape. As we move away from regional and national economic development structures (abolition of the RDAs and regional Government Offices, centralisation of the Business Link service and European programmes etc), there is an increasingly important role for upper tier authorities like Devon County Council to show strategic leadership but very much working alongside and with the private sector and following the wishes of local communities.

4. Effectiveness of Government’s Approach: The Need for Local Resourcing for Community-led Regeneration to Enable Economic Growth

4.1 Government sets out a vision for its role in enabling regeneration as:
— reforming and decentralising public services—lifting bureaucracy and empowering local areas to do things their way;
— providing incentives to drive growth—freeing up local areas to grow their economies;
— removing barriers that hinder local ambition—abolishing outdated planning rules, enabling local tax increment financing and facilitating Big Society innovations;
— providing targeted investment and reform to strengthen the infrastructure for growth and regeneration and to support the most vulnerable—almost £20 billion central government infrastructural investment in developments including the national high speed rail network, new affordable homes.

4.2 It is not clear that these roles are entirely consistent. Identifying the right level and scale to develop and deliver regeneration is absolutely the right approach. Devon County Council’s experience is that the more successful regeneration schemes are those which originate from within the communities. However, regeneration activity needs to be adequately resourced. It is the resourcing of regeneration activity which causes concern.
On the one hand power and freedom is being decentralised and localised, and we feel this is right, but on the other funding is being centralised and directed to the private sector and the growth agenda.

4.3 The planned investment in the high speed rail network will not benefit the business or communities of Devon or the far South West. The first round of the Regional Growth Fund was not accessible to the majority of business in Devon. Disadvantaged by their scale of operation, business in Devon are further hampered by the uneven playing field of European funding and state aid intervention constraints. If Government is fully committed to localism it must complement the freedom it is giving to local communities with the local resources that enable them to do the job.

4.4 The intentions to revise the management arrangements for the Rural Development Programme for England to create “national consistency” seems at odds with the Government’s “localism” agenda and inappropriate when the relatively modest amount of funding is being reduced and the programme has only a couple of years to run.

4.5 The centralisation of funding creates acute difficulties for communities when there are acute shocks to the economic fabric. This is the situation currently faced by Okehampton, a market town on the northern edge of Dartmoor, which had been struggling with the impacts of the latest recession but is now also trying to cope with the closure of three substantial firms which has caused 350 redundancies and suddenly doubled the unemployment rate. With much of Dartmoor in its catchment area, this community has made especially productive use of Local Action Group funds under the RDPE programme. However, without this source of finance, there seems to be very little scope to attract any central government funding to stimulate economic recovery which underpins local regeneration.

4.6 Devon County Council led an emergency meeting on 16 March 2011 to agree a support and economic regeneration package for Okehampton. The meeting included representatives of the town, local business leaders, members of the Town Council, West Devon Borough Council, Devon and Cornwall Business Council, local training providers, the community planning partnership, Devon Heartlands, and local business support agency BIP. A working group will be established to review the skills and training needs of individuals, businesses and potential employers in the town and its hinterland.

4.7 The Council’s view is that the correct approach in deploying funding will be one that achieves parity between rural and urban areas. Devon is a largely rural county and benefits little from national funding sources. Lack of high speed broadband connectivity is a prime example of how the regeneration of rural economies has lagged behind urban economies. A significant number of business premises in rural areas have no or very slow connectivity (less than 2Mbps).150 This places our businesses and communities at a real competitive disadvantage and we would look to Government to help redress this imbalance. Supporting enterprise growth in rural areas is far more costly and time consuming that in urban areas. Flexibility in approach and delivery is needed if funding is going to be effective and deliver meaningful results and impacts. Adopting a one size fits all approach in terms of the focus and solutions will not work. Competitive bidding processes are not necessarily the answer: they can be resource intensive and do not always lead to optimum allocation—reflecting the ability of “bid writers” rather than community need.

4.8 Whilst new initiatives and funding mechanisms put in place by Government to drive economic growth are welcome, it is not clear that they will help local communities and local economies in Devon. The core principles of reform and decentralisation; removing local barriers and freeing local communities to drive their own growth accord very much with the ambitions of Devon County Council and the communities it represents. In many cases, either the constraints to enterprise growth are location specific or the solutions require locally tailored implementation. The support needs to be flexible to allow each location to implement the solution that reflects local issues. Support should not be constrained to certain activities headings but should be considered against the likely long term impact on enterprise growth.

5. Lessons from Regeneration Projects: Example of the Ivybridge Watermark Centre

5.1 Devolved programmes are notoriously difficult to manage; striking the right balance between due process, deployment of funds, early deliverables and contribution to local and wider objectives is difficult. It requires skills and experience that is not always present within a community. But “parachuting” those skills into a community does not create ownership and passion for change within the community which is the critical component of long term success. Balancing the roles and interests of each partners or representative group is also problematic.

5.2 The Watermark project is an example of a sustained partnership between Devon County Council with the people of Ivybridge to produce a state of the art community anchor building that addresses long standing needs in the community for economic, social and environmental regeneration of this market town. The new building, opened April 2008, provides a 21st century Library and IT centre, one stop shop information point on local services and advice agencies, a 200 seat performance/meeting hall, meeting and conference facilities and 16 offices for local people with complementary business support advice.

150 A survey conducted by Devon County Council in May 2010 that 30,548 households (9.03% of total) and 1,018 business premises (7.58% of total) receive slow broadband (less than 2Mbps), and 15,159 households/497 business premises receive no broadband (less than 0.5 Mbps).
5.3 The Watermark Centre was voted as the community’s top priority through the Market and Coastal Towns Initiative in-depth consultation process. Supported by DCC a partnership with a broad range of statutory agencies and the local community was formed to:

- Assist the Town Council to build a robust steering group to drive the project forward. This included DCC Library Service, the District Council, local enterprise agencies, local Regeneration and business groups and community arts and culture groups.
- Help develop a capital and ongoing sustainable revenue five year plan.
- Advise on selection and procurement of an architectural services and construction team.
- Facilitate discussions with and develop funding applications to European and regional funding streams, netting over £1 million in external funding (Objective 2, RDA Devon Renaissance and Renewable Energy 4 Devon).

5.4 The funding package of £4 million was secured at the end of 2006, building work commenced in March 2007 and the scheme was completed in 12 months; opening to the public in April 2008.

5.5 After just 18 months from opening, the Watermark is having a dramatic affect on the town’s fortunes and its community:

- The Watermark has provided direct employment for nine full-time and over 20 part-time local people.
- The library continues to see unprecedented levels of footfall—214,202 visitors in first year of opening and membership—600 new members within one week of opening and footfall increase of over 161% from the old library facility.
- The 16 business offices are fully let; producing 13 FTE jobs, 11 part-time posts and four volunteer placements to date.
- Over 600 arts, theatre and cinema events have been staged; appealing to a wide spectrum of audience tastes and pockets.
- The “one stop shop” Information Desk has responded to over 32,000 requests for local information and advice.
- A community office hosts advice services (CAB, Relate, Credit Union) and for the first-time ever, an “Ivybridge Cares” bureau to support carers living in the area.
- The Centre generates an annual spend of over £50,000 on local food and service suppliers; 66% of whom are located within a 15 mile radius of the new Centre.
- The number of “high street” vacant retail units has decreased from 19 to 10 and many are under negotiation for rental by local business interest.
- Nine new enterprises have started trading as a result of increased footfall and business confidence in the town’s future.

5.6 The Watermark is raising other communities’ aspirations for “community hub/anchor” facilities across Devon and has received regional and national acclaim:

- The Association of Market Towns South West Regional Winner “Best Partnership” Award.
- 2009 UK and Ireland Public Library Awards Highly Commended Award for Partnership.
- Shortlisted to the third round of the 2009 British and Urban Regeneration Awards.

6. LESSONS FROM THE PREVIOUS GOVERNMENT’S APPROACH TO REGENERATION

6.1 Regeneration is not a short term activity. The conditions that ensure businesses remain competitive in an expanding global economy are constantly changing. The mechanisms by which communities share in and benefit from business growth are complex and fragile. It should not be the role of the public sector to subsidise investment in individual firms but it does have a long term role to ensure that business is not disadvantaged by location and that communities are not disadvantaged by business location. The culture of persistent grant giving has to end. Government support will be required until a cultural shift can be created where the private sector contributes to wider area investment and self sustaining funding mechanisms for community investment are developed.

6.2 Most local authorities have a clear understanding of the problems facing their communities, particularly the local impact of the recession. Too few national schemes harness local knowledge to maximise their impact. The last Government announced around 50 economic, labour market, social, and housing recession initiatives which were a reaction to short-term priorities rather than a comprehensive, considered, strategic response.

6.3 The previous Government’s approaches had little regard for local circumstances, tending to be one-size-fits-all: making them difficult to apply to local issues. With over 10,000 people currently claiming unemployment benefit, the County has seen some of the harshest impacts of the recession in the South West and currently has one of the highest unemployment rates of any non-metropolitan area. But Devon is bypassed by national and regional responses which are biased towards urban areas and large scale manufacturers.
6.4 Rural economies are fragile: they depend on part time seasonal works where both partners in a household often need to work to survive. Under the previous Government, the benefits systems and mortgage relief programmes did not account for people on reduced hours or the vast number of self employed that have seen their incomes reduce. Similarly the mix of agricultural and tourism industries gives rise to a great deal of seasonal and temporary work in Devon: removing job security and certainty of income. Jumping from one short term job to another hides any issues of long term unemployment that are the trigger for many national support schemes further disadvantaging communities in counties like Devon.

March 2011

Written evidence submitted by the Institute of Historic Building Conservation and Historic Towns Forum

The Institute of Historic Building Conservation (IHBC) is the professional body of the United Kingdom representing conservation specialists and historic environment practitioners in the public and private sectors. The Institute exists to establish the highest standards of conservation practice, to support the effective protection and enhancement of the historic environment, and to promote heritage-led regeneration and access to the historic environment for all.

The Historic Towns Forum's (HTF) mission is to promote the prosperity and heritage of historic towns and cities. Its work is rooted in the recognised value of heritage assets to social, economic and environmental well-being. It is the only UK-based organisation which represents all professional disciplines and all sectors working in the historic built environment.

Thank you for inviting us to participate in this Inquiry. We welcome the Committee's interest in this important area of public policy and hope that it can make recommendations to the Government that reinforce the need for the proper strategies and resources needed to regenerate our flagging local economies.

We submit that regeneration that builds on the existing capacity of heritage assets and places is often the most sustainable, economic and reflective of the aspirations and interests of local communities.

To start with, therefore, we feel we can do no better than quote the Committee’s own findings on the role of historic buildings in economic regeneration published after Inquiry in 2004 which we believe apply as much today as they did then. An extract from the Report is attached as Appendix 1.

We believe that the Committee’s views expressed in 2004 continue to apply today. Indeed it is arguable that building upon existing economies, and sustainable communities that are often represented by heritage assets, locations and urban environments is the most sustainable and deliverable outcome in these days of reduced public and private sector resources. They also can be seen to fit well with the Government’s Localism agenda as historic assets are almost always valued by the communities in which they are situated for a range of economic, social and cultural reasons.

In the circumstances of today we would add the following points:

— The loss of capital funds for regeneration schemes previously provided by RDAs is impacting badly on areas of market failure and high deprivation.
— This feature has been compounded by the loss of EP funding (since that body was subsumed into HCA, which has little focus on regeneration and is itself now contracting).
— The availability of capital resources is being further compounded by significant reductions in local authority resources and capacity.
— The Regional Growth Fund, while welcome, is too limited in scope and capacity to make up for these significant losses of resource.
— There is not enough emphasis on the part of many LEPs on heritage as a means to regeneration. The Institute believes that this flies in the face of all the evidence identified by the Committee in 2004 as set out in our Appendix 1 to this letter. We also attach (as Appendix 2) the Institute’s document Valuing Historic Places which sets out the case for using historic places a building-block of sustainable development.
— There appears to be evidence that the uncertainties surrounding public sector commitment to heritage regeneration schemes may undermine the commitment of the Heritage Lottery Fund to the programme of Townscape Heritage Initiatives which has resulted in very significant regenerative improvements in some places—eg Stoke-on-Trent.
— The loss of funding to the voluntary/community sector from both local authorities and the various special interest non-governmental bodies is having a serious impact on many local organisations. This is limiting capacity for third sector led regeneration projects and seems to fly in the face of the Government’s aspirations for The Big Society and locally determined policies and agendas. It seems to us that the harnessing of local initiative and enterprise through heritage retention is an obvious solution to the widely acknowledged problem of “clone towns”.
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— Reduced capacity in Local Planning Authorities is undermining planning and environmental protection as well as economic development. Many local authorities are losing specialist skills, such as design and heritage skills, necessary to deliver effective and sustainable regeneration. This increases the risk of poorly designed, unsustainable development and, potentially, repeating the mistakes of the past.

— 20% VAT on building refurbishments is a barrier to investment (especially in marginal areas) and sustainable development.

— The current lack of certainty in the building and development industry is harming business confidence.

— We regret the loss of CABE in the public spending review but welcome the survival of some of its functions (notably design review) as part of the Design Council. We look forward to working with the Design Council in improving design in the public realm.

— We continue to be concerned that the location of the heritage interest in the DCMS undermines the importance of built heritage when so many of the policy decisions that affect it are taken in DCLG. We would urge better integration of these portfolios.

March 2011

Written evidence submitted by Edinburgh World Heritage

INTRODUCTION

1. This is submission is made on behalf of Edinburgh World Heritage by its Director, Adam Wilkinson MA MSC FSA FRSA.

2. Edinburgh World Heritage is a Registered Scottish Charity charged, in partnership with Historic Scotland and The City of Edinburgh Council, with the management of the Old and New Towns of Edinburgh World Heritage Site

3. Our work focuses on three main areas:

(a) Learning, outreach, promotion.

(b) Conservation and repair of the fabric of the World Heritage Site.

(c) Influencing decision-making in relation to the World Heritage Site.

4. We believe that our model of operation, developed over 40 years of community based regeneration, provides a potential way of empowering communities in the regeneration of their areas through community led repair schemes, creating the confidence and wider conditions for others—individuals, companies and agencies to invest in these areas.

5. This memorandum aims to outline our experience in the field with the view that elements of it may be of benefit to those seeking to understand the conditions for long term, sustainable community led regeneration in a historic environment.

THE LONG TERM EXPERIENCE IN RELATION TO REGENERATION IN CENTRAL EDINBURGH

6. In the late 1960s and early 1970s the awareness of the importance of Edinburgh Georgian architecture in the form it its consecutively planned New Towns, and concern at their perilous state, led to a survey of the so called “tattered fringes” of these areas, and a concerted long term effort to rehabilitate them.

7. The initiative for this enormous effort sprung from the 1970 conference on the New Town, which focused the minds of both local and national government to address the issue of protecting this inheritance while also providing modern living conditions—what we would now call conservation led regeneration.

8. The state of parts of the New Town was such that banks were not willing to provide mortgages for the purchase of properties in these areas. There were also sharp class divisions from street to street, with Cumberland Street, for example being regarded as a street that a single young woman should not walk down after seven o’clock of an evening, and policemen having to walk around Picardy Place in fours on a Saturday evening.

9. Out of this initiative came one of our predecessor bodies, the Edinburgh New Town Conservation Committee. The committee had a small secretariat charged with disbursing grants for the repair of historic buildings within the New Town, and providing advice to owners, private and public, on the repair and restoration of their properties.

10. The giving of advice culminated in a publication called “The Care and Conservation of Georgian Houses”, which acted for many years as the key reference point on the subject. However, it is now in need of a thorough revision, as conservation techniques and knowledge have moved on significantly.

11. The work in the repair of buildings across the New Town continues today through our organisation. The essence of the repair work is that we are supporting the owners in the repair of their property rather than taking
on the buildings ourselves. We ensure the employment of conservation professionals to ensure the best quality
long term repair possible, and support the reinstatement of missing features.

12. The reinstatement of missing features may appear, at first, a luxury, but we regard it as highly important:
in nearly every city in the UK the details of historic buildings have been lost through incremental change,
creating areas lacking in visual coherence. In restoring these features we are creating the impression of
regularity and stability, giving confidence to others to invest in the city.

13. In supporting owners rather than taking on the repair of buildings ourselves, we might be regarded as
ceding power. However, we rather see it from the other end of the telescope—in that we are supporting
communities. This is particularly relevant in Edinburgh, where the pattern of property ownership, with
tenemental blocks means that you might find over 70 owners in a block or more typically, half a dozen to
a dozen.

14. To ensure a successful project, every owner in a block must agree to repair. This requires a great deal
of work on our part in encouraging owners to meet with one another, understand the problems they face and
how we can assist them. In essence we are bringing together and supporting the community as a part of
the process.

15. In the 1980s, the work on the New Town was well underway (although it continues to this day) and the
focus of the authorities turned to Edinburgh’s Old Town, romantically perched on a ridge high above the
New Town.

16. Here, the city faced social, economic and physical collapse. There were less than three thousand residents
remaining in the historic city centre, a process arguably commenced 200 years earlier with the start of
construction of James Craig’s first New Town.

17. To address this challenge, an organisation with a broad remit—social, economic and physical, was set
up by the City Council to start to address these issues, again through careful investment in the city’s buildings
and in the Old Town’s community. Through this holistic approach the Old Town Renewal Trust carried out a
great deal of excellent work in supporting the community and its place.

18. Both these organisations benefited from professional staff, excellent leadership and the long term
commitment of their governmental sponsors, which gave them the confidence to continue their work in the
long term. They also benefited from communities which organised themselves into associations, be it for a
block, a street or an entire area.

19. The importance of this long term approach cannot be emphasized enough. Support for the communities
has come (and continues to) not only in the form of grants and advice in relation to building repair, but also
in the form of listening to the range of problems the communities face, placing these in the bigger picture and
communicating these up to officials and politicians. In turn, we act as a conduit from officialdom to the wider
community in Edinburgh.

20. With the inscription of the Old and New Towns of Edinburgh on to the World Heritage List in 1995,
the Old Town Renewal Trust and the New Town Conservation Committee were merged to form Edinburgh
World Heritage.

21. The holistic approach to the regeneration of the city has been retained by EWH, but within the framework
of the management of the very broad attributes of the World Heritage Site (technically known as its Outstanding
Universal Value). The management of the WHS is carried out through a partnership of Edinburgh World
Heritage, the City of Edinburgh Council and Historic Scotland.

22. From the establishment of the New Town Conservation Committee to the present day, the repair of over
1,000 buildings in the city centre has been supported (out of a total stock of around 1,000). This represents a
significant achievement in itself, and is an important factor in the success of the city as a place to work, live
and play.

23. One of the challenges upon us (and most other cities) is how to ensure that the goose that laid the golden
egg is not killed and shoved in the oven through harmful overdevelopment, taking the physical regeneration
process beyond the capacity of the historic fabric. In this regard, the city centre WHS is just that—one small
part of a larger city, where there is plenty of capacity.

**OUR CURRENT WORK IN TERMS OF HERITAGE AND COMMUNITY-LED REGENERATION**

24. Our current model of operation is rare within the UK and in terms of World Heritage Sites, unique.
Partnership with a broad range of institutions, agencies and community bodies is critical to making the public
and charitable funds we receive go as far as possible.

25. Of the three areas of our work, the repair and conservation of the built environment has the most obvious
effect, yet it requires both the other areas of our work (learning outreach/promotion and influencing decision
making) to ensure that it is sustained.

26. In terms of conservation and repair we seek to work in two ways, firstly by running a Conservation
Funding Programme (CFP) and secondly through World Heritage projects.
27. On the surface, the CFP is a traditional heritage grants scheme, with our organization distributing grants in and around the WHS for the repair of buildings of architectural and historic interest on behalf of the City of Edinburgh Council and Historic Scotland.

28. We believe it is a much more subtle tool than it might initially seem. The grants are specifically for betterment or restoration. Firstly, the majority of grants are repayable on the sale or transfer of the property, meaning that we are building up a sustainable pot, which should in future years only be reliant on the state for the occasional top up, rather than constant support. Our aim is to be able to give out over £750,000 in grants per year, currently dependent on Government’s finances (four years ago this figure was £1.25m).

29. Secondly, the nature of property ownership in Scotland, with up to 70 separate owners in a block (more typically a dozen or so), requires a great deal of patient work to build up the confidence of all the owners to tackle the repair rather than putting it off. We guide the owners through the process, and ensure that they have an appropriate professional team and fully understand the building. This process brings the community together and ensures that they have full ownership of the project.

30. Thirdly, the scheme is based around clear priorities, given the limited pot available—in short routes, risks and regeneration. These translate as (a) key routes into the World Heritage Site (allowing us to go beyond the boundary); (b) areas with high concentrations of buildings at risk, with the notion of creating confidence in an area for others to invest and (c) areas of social deprivation: there are many who simply cannot afford long term repair.

31. Every £1 of public funding invested through this programme anchors in £5 of private investment in the built heritage, which is used to support local businesses, traditional craft skills and so forth. As the pot recycles, so this figure will increase.

32. The World Heritage Projects programme focuses on improving the public realm of the WHS, with the notion that the visual continuity this provides supports society, acts as a focal point for community pride and tackles monuments, buildings and spaces that might otherwise be low priorities for the city.

33. Central to this over the last three years has been the 12 Monuments, where we have used a small proportion of our funding to attract funding for the repair of major monuments across the WHS, anchoring in donations from the private sector and charities for projects that are both worthy and attractive, from the National Monument on Calton Hill to statues in Princes St Gardens.

34. The WHP programme has also allowed us to explore other areas with the community, such as how we can reduce the carbon emissions of both the building stock and the community—to this end we employ a Energy Efficiency project officer who has effectively used heritage as a tool for both bringing together the community and addressing the challenges of climate change. A particularly good example of this is the Coiyiehouse Close Project, taking a neglected space in the Old Town, and working with the residential community at one end and the pupils of Panmure St Annes School (for excluded school children) to create gardens on the site of the old mint and giving them the skills to maintain them.

35. Learning, outreach and promotion are areas of our work that are less tangible areas in relation to sustainable regeneration, but are vital. They are about supporting and enabling the creation in the long term of a sense of place, using history and heritage as a tool for doing so.

36. Heritage has the joy of being a shared experience and enforcing common bonds between people, hence supporting community. We are at present exploring how it can be used as a tool for social inclusion, and have run a number of small and successful pilot schemes, from youth art projects based around neglected spaces, to writing groups to giving school leavers a taste of the different career options that the historic environment might offer them.

37. These actions support people’s understanding of place and hence their care for it, sustaining the investments made by ourselves and others in the repair of the fabric. Without the communities we would be left with a giant museum piece, albeit a very attractive one.

38. The third area of our work is about influencing the way people make decisions in and around the city to ensure that they have due regard for the WHS and its outstanding Universal Value. This means “people” in the broadest sense, from private owners to the roads department to investors to politicians.

39. We seek to influence decision making in two main ways—firstly through ensuring the people have the right information in their hands at the right time to make the right decisions (from householder leaflets on the repair of their buildings to information on the Outstanding Universal Value for developers before their architects put pen to paper); and secondly through discrete project that might influence thinking.

40. An example of this is street lighting. Unprepossessing as this might sound, it is the details that make a place and that separate Edinburgh from many other cities in the UK- get them right and the rest will follow. A small project to reinstate historic rail mounted lights on Lyndoch Place in Edinburgh, with the support of the residents, has led to city council officers being in a position to reassess the provision of street lighting across the city, with the intention of replacing worn out concrete standards with historic patterns.
41. In all of this we are in a position to act as a conduit for local upward to the officials and politicians, placing these concerns in the wider context, while also communicating down from officialdom.

**Some Conclusions**

42. While this may all sound like some form of marvelous conservation nirvana, the reality is that all this takes a great deal of intense work, negotiation and patience, with the backdrop of declining governmental funding for the work we do and increasing expectations.

43. Furthermore, the governmental funding that we receive for these activities, generous as it may be, is tightly regulated. We have to work extremely hard at maintaining the trust of our sponsor organisations, which like many large public organisations do not always have a single point of view.

44. However, the simple fact remains that sustaining the long term effects of regeneration requires a steady trickle of investment. The model that we operate ensures that this investment is made carefully, efficiently and transparently: board minutes and accounts are all publicly available. With the mentality of a charity we are able to ensure that our overheads are low and that we are able to respond to changing circumstances in a way that larger organisations might find difficult.

45. A full study of the economic benefits of our work was carried out as part of a wider study by the Inter-American Development Bank in 2010. This looked at the conditions required for successful urban renewal, by looking in detail at case studies from Europe, the Near East and Latin America. Its conclusions might also be of assistance to this inquiry, and is available on request to the IDB’s events team.

46. We had held high hopes that we might be able to benefit during this time of governmental cut backs and the search for efficiencies. However, our experience is that public bodies appear, on the one hand keen to retain staff and skills, and so not farm out work to organisations such as ours, yet on the other hand they are looking to alternative business models that would see large scale private sector involvement.

47. Put simply, it would appear that public authorities are institutionally ill-equipped to hand over power to the community groups and charities that are able to deliver real savings and benefits. Institutional change will take much longer than one or two electoral cycles.

**What might be learned from our experience?**

48. In terms of the rewards and incentives this inquiry is investigating, the means is an end in itself. From our 40 years of work in the field, we might bring the committee’s attention to the following thoughts, bearing in mind that we are only one of a myriad of organisations working at a grass roots level:

- The role of charities in our sort of position is in creating the edge conditions for long term regeneration and for others to invest, rather than being principle actors in it: this is a role reserved for the community.
- Long term community involvement, creating a sense of ownership and giving meaning to place, is a prerequisite for successful and sustainable regeneration.
- Steady investment at a low level is as effective, if not more so, than a single big hit. It creates the confidence for others to invest.
- A range of projects of all sizes should be included in any regeneration programme. It takes the same effort to spend £500,000 as it does £5,000.
- Regeneration doesn’t necessarily mean new buildings and spaces. It does however mean renewed buildings and spaces through the communities that use them.
- Interpersonal relations are vital—my predecessors in both the ENTCC and OTRT had what might be best described as patient fortitude, and survived years in their posts.
- The separation of charities and community groups from governmental structures creates trust for local people, yet requires work to build trust with governmental bodies.
- Partnership working can be tough but brings about excellent value for money—whether the partners are public sector, private individuals or institutions.
- Both political will and active officialdom are needed XXX.
- Long term and consistent funding from Government is.

47. I trust that these comments are of assistance to the committee in its deliberations. I would be pleased to give further evidence in person to the inquiry should it aid its members’ deliberations

*March 2011*
Written evidence submitted by the Urban Renewal Officers’ Group

1. ABOUT THIS SUBMISSION

The Government has recently published the document Regeneration to enable growth: What Government is doing in support of community-led regeneration.

In response to this the Communities and Local Government Committee has said that it will conduct an inquiry into regeneration. This submission by the Urban Renewal Officers’ Group relates to the following questions raised by the Committee:

— How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?
— In particular: Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on? Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?
— What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

2. ABOUT THE URBAN RENEWAL OFFICERS’ GROUP

The Urban Renewal Officers’ Group (UROG) is a long established organisation whose primary interest is in private sector housing renewal. Members are drawn from 17 local authorities in England, together with the Chartered Institute of Environmental Health, the Chartered Institute of Housing and Care and Repair England.

The group promotes good practice in housing renewal and actively seeks to influence national and regional policy. Assistance for vulnerable low income owners of private sector housing and the area-based renewal of private sector housing are of particular concern to the Group.

3. SUBMISSION SUMMARY

The Government’s stated ambitions for regeneration are flawed because:

— There is no recognition of the important role that cross-tenure housing repair and improvement has to play alongside economic renewal.
— The lack of a holistic housing strategy for the nation means that policy is fragmented and will fail to tackle the challenges presented by the private sector stock.
— If localism is to truly work, local authorities need to be in a position where they can respond effectively to community demands for private sector housing programmes.
— The needs of vulnerable, low income owners are completely overlooked.
— The deletion of the £317 million private sector renewal budget seriously undermines the efforts of local authorities and home improvement agencies to address property-based and client-based issues in the private sector.
— Area-based private sector housing renewal does not appear to have any place in the Government’s thinking. The stoppage of the housing market renewal programme will for instance leave plans to repair, improve or clear houses unfinished.
— The adverse effect that unregulated poor quality private rented sector properties can have upon regeneration has gone unnoticed by the Government. Hard pressed local authorities are unable to allocate sufficient human resources to deal with this problem.

4. WHY THE GOVERNMENT’S APPROACH TO REGENERATION WILL BE INEFFECTIVE

4.1 The need for a holistic approach that includes housing

The Government has stated its ambitions for locally-driven growth in the recent Local Growth White Paper, and has placed business investment and economic development at the centre of this.

The document Regeneration to enable growth: What the government is doing in support of community-led regeneration states that “when at its most effective, regeneration can be at the heart of this approach—driving economic growth and helping local leaders to strengthen their communities and support people back into work”. But to be effective, regeneration needs to encompass housing supply and renewal across all tenures, yet the Government’s stated intentions lack coherence in this respect.

4.2 Failure to get the balance right—social rented and private sector housing

In the absence of a well developed, holistic housing strategy for the nation, Government policy puts only a limited emphasis on the role that housing has to play in regenerating neighbourhoods. What there is seems to be focused on the provision of new homes, the continuance of Decent Homes investment for the social rented sector only and significant changes to the way that social housing is financed and managed.
The significance of repairing and renewing the existing private sector stock, the physical, social and economic uplift that this provides in deprived neighbourhoods, and the health and well-being benefits that flow from this are being overlooked.

It is very wrong to assume that all owners of private houses can look after themselves and their properties without any assistance. The reality is that:

— The majority of non-decent housing is concentrated in the private sector. The reason that private sector homes are in a poor condition is often because the owners don’t have sufficient disposable income to repair them.

— Vulnerable, older home owners are particularly over-represented in poor housing conditions. 75% of people over retirement age are owner occupiers, around half of them living on low incomes. 84% of the older and elderly households who have to endure non-decent housing conditions are in the private sector.

— Only 5% of private homes are top rated for energy performance compared with 21% of social rented homes, and 2.1 million private sector homes are a health hazard because of excess cold. Two thirds of all households in fuel poverty are owner occupiers or private tenants.

If the Government’s approach is to be about localism, putting local residents in the driving seat through things like the new neighbourhood plans, we will soon hear that a major concern for deprived communities is the condition of their homes and their own inability as owners to fund repairs and improvements. Unfortunately the tools that local authorities have at their disposal to address these concerns will have to remain un-used for the most part because of the severe cuts imposed by the Government.

A blinkered approach that simply concentrates on making improvements to social rented housing will not deliver the right outcomes in deprived neighbourhoods. Regeneration to enable growth: What the Government is doing in support of community-led regeneration acknowledges that the Decent Homes Programme will be concentrated in deprived areas, but is silent for instance on how improvements to social rented housing ought to be co-ordinated with work to tackle the run-down homes of marginal owner occupiers that are intermingled with them. In many cases, what are perceived to be estates of social rented homes, actually consist of very substantial numbers of owner occupied properties bought under the Right to Buy.

4.3 Overlooking the needs of vulnerable low income owners

In Regeneration to enable growth: What the Government is doing in support of community regeneration, the table headed ‘Government Support for Vulnerable Individuals’ makes no reference at all to the important contribution made to the regeneration of areas by loans, grants and handypersons support provided by local authorities and home improvement agencies. Perhaps this is because when it was written, the authors were already aware that the Government’s decision to delete the £317 million annual budget for private sector renewal would have a devastating impact on these services?

Faced with the deletion of this budget, local authorities are having to make very difficult decisions about the private sector housing in their areas for 2011–12 and beyond. The Chartered Institute of Environmental Health carried out a survey in January 2011 in which 80% of local authorities that responded said that the number of properties to be renovated with loan or grant assistance would reduce. Of these, 57% said that the assistance would reduce substantially or that there would be no renewal assistance at all.

A specific example of the cuts that are having to be made to private sector housing is Sandwell MBC in the West Midlands. With great reluctance the local authority is having to consider these changes for 2011–12:

— Private sector renewal funding to reduce from £6.2 million to £995k after taking into account not only the stoppage of the Government’s private sector renewal budget but also the loss of housing market renewal funding and the Working Neighbourhoods Fund.

— Contracts with the local Care and Repair Home Improvement Agency and Warmzone will not be renewed.

— Equity share loans for vulnerable low income owners will stop. In 2011–12 approximately 100 loans were made available. Homeowners will not only be deprived of the opportunity to make essential repairs and improvements but they will also miss out on the advice and signposting to other services that went with this.

— Disabled Facilities Grants will be severely constrained. Although the Government provides separate funding to local authorities for this, the allocation only ever represents 60% of the assessed need, with local authorities having to find the remaining amount. Many local authorities have used funding from the now deleted private sector renewal budget for this purpose.

For many local authorities like Sandwell, the scale of the cuts being required across so many different service areas means that it would simply not be possible to protect private sector housing.
4.4 Missed opportunities to regenerate areas of private sector housing

Area-based private sector housing renewal does not appear to have any place in the Government’s proposals for community-led regeneration. The stoppage of the housing market renewal programme in March 2011 will have an adverse impact on communities that up until now were benefiting from a planned approach to the regeneration of whole streets. It was clearly understood in the market renewal pathfinder areas that private sector housing renewal had to go hand in hand with economic regeneration in order that the future of run-down areas could be secured.

Eight years into what was supposed to be a 15 year programme, the Pathfinder areas are not going to be able to see through their plans now that funding is to stop. This will leave substantial programmes to repair, improve or clear private sector housing unfinished.

Some local authorities have continued up until now to tackle areas of run-down private sector housing by declaring Renewal Areas. Where these have already been declared, programmes are having to be scaled back, and in other instances plans for Renewal Area declarations are being abandoned. This again is because the Government has deleted the private sector renewal budget.

In some areas of older inner city housing, nearly one in four houses are privately rented. With nearly 30% of all privately rented properties having serious health and safety hazards compared to 13% in the social rented sector, there is a very real need to intervene and raise standards. To be effective this should be done in a proactive manner that targets neighbourhoods and/or property types but for hard-pressed local authorities this is becoming more and more unlikely.

The human resources needed for private rented sector enforcement are becoming increasingly depleted and most local authorities can only respond reactively to individual complaints received from private tenants. There are also signs that local authorities are curtailing the landlord accreditation schemes that have helped to raise standards in the sector. The experience of the housing market renewal pathfinders was that concentrations of poor quality unregulated private sector houses push neighbourhoods down into a spiral of decline, yet the lesson doesn’t seem to have been learnt from this.

March 2011

Written evidence submitted by the Association of Greater Manchester Authorities

SUMMARY

AGMA welcomes the opportunity to respond to the DCLG committee inquiry into regeneration. We broadly agree with the Government’s approach to supporting community led regeneration and feel that many of the proposals build on the positive work on public sector reform that Greater Manchester (GM) is already undertaking with Government. Our response to the Inquiry is threefold and focuses on:

— evidence of the progress that GM and Government have made to date through joint working across a range of policy areas;
— the challenges that we face in progressing our work; and
— some suggested areas for discussion with Government focused on we continue to work together to secure growth and ensure all our residents benefit from and participate in economic success.

Responses to the individual questions posed by the Committee are attached at Annex 1.

INTRODUCTION AND CONTEXT

AGMA is a voluntary partnership of the 10 Greater Manchester local authorities, plus key public and private sector partners. We are working to take over 20 years of voluntary collaboration to the next level to secure sustainable economic growth and ensure our residents able to share in and contribute to that growth. All our authorities share the same aims—to create jobs, deliver growth sustainably, and shape places where people want to live and in which all residents have the ability to share in the rewards sustainable growth brings.

Independent analysis of the Greater Manchester Economy demonstrated that the scale of the opportunity to drive forward growth in Greater Manchester is of national significance. Outside of London, GM is one the few locations which has the potential to drive private sector growth at a scale which will have a national impact. We have evidenced potential to generate 75,000 jobs over the next four years, and achieving this potential will be critical not just for GM but for the wider region given the extent and reach of Greater Manchester’s labour market. However, alongside this huge private sector potential GM continues to have pockets of intense and persistent deprivation which much be addressed to ensure that all parts of the conurbation and its people benefit from and contribute to growth.

AGMA welcomes the opportunity to respond to the CLG committee inquiry into regeneration. We broadly agree with the Government’s new approach to supporting community led regeneration and feel that many
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aspects of this approach build on the positive work on public sector reform that Greater Manchester (GM) is already undertaking with Government.

Our joint working has achieved much. Our pioneering reforms are leading to reduced dependency and contributing towards the central goal of reducing the deficit. This is facilitated by the improved governance structures we have developed to enable cross-authority, cross-agency, evidence-based interventions.

Our success to date has also been helped by the establishment of a strong working relationship with Government. Being designated a statutory city region helped strengthen the relationships that now underpin the cross-agency delivery models needed to grow our economy. The Greater Manchester Local Enterprise Partnership and our Combined Authority provide a real and practical foundation for continued collaboration with Government to explore the range of roles the LEP could take on. At each stage GM partners have met the challenge set by Government, through agreement on the aligning of activity and the development of more streamlined governance systems.

Despite this success, there are a number of areas that remain a challenge and we would welcome a continued dialogue with Government to explore how we continue to move our reform agenda forward. Our response to the inquiry flags the risk that the significant progress made may yet stall due to a combination of distractions as so many of our agencies and authorities restructure, and a range of continuing challenges across several policy areas. It concludes by identifying a number of practical areas for further discussion with Government as to how we can help unblock the challenges identified. This is what is needed to ensure that GM realises its potential to make a significant contribution towards tackling dependency, reducing the deficit, and delivering private-sector led growth.

PROGRESS MADE BY GM AND GOVERNMENT

Our partnership with Government has helped us to make progress in many policy areas. We have developed innovative approaches to closing the productivity gap, including in our most deprived communities and boosted the prospects of our most dynamic sectors. These joint initiatives include:

— spatial pilots, under which local agencies are developing integrated approaches to identifying, tackling and reducing dependency amongst those who place the greatest demand upon public services;
— establishing the mechanisms for a GM Community Budget that will only invest in interventions that are proven to reduce dependency, and which will re-invest the savings that result, delivering year-on-year public service reform at no additional expense to the taxpayer;
— establishing a robust LEP that puts business in the driving seat and adds significant value to driving economic growth and prosperity in GM;
— our LEP has submitted 16 projects for a total of £85m to round 1 of the Regional Growth Fund, covering physical development, low carbon initiatives, business support, housing and other policy fields. All projects will deliver jobs and growth in the short term and all have the potential to deliver returns on an initial investment. Our RGF bid represents a move away from grant funding of individual projects;
— embarking on a process of working with college and training providers to create a centre of excellence that will ensure that GM skills demand is matched to the supply of training opportunities;
— providing an integrated package of business support for our fastest growing and most productive businesses; and
— groundwork to establish Next Generation Broadband access for all GM businesses and residents.

With these and other innovations we have sought to balance demand-side interventions, which will create economic opportunities, with the supply-side interventions needed to turn opportunities into reality. Achieving this balance will help to ensure that future growth in GM is broad-based and sustainable.

Alongside our commitment to innovative delivery, we have invested in our ability to performance manage these innovations:

— LEP members, working with the Combined Authority, will ensure that all our activities are aligned to our jobs and growth strategy;
— we are developing a single assessment framework that will align housing, transport and infrastructure investments in a way that maximises return on investment and attracts high value businesses and highly skilled workers. Working with the market, we will use the framework to identify and enable those private sector schemes which deliver the most growth and, importantly, deliver this growth for the benefit of communities currently dependant upon the state; and
— we have a team working with Government departments, led by HMT, that has developed and agreed a cost-benefit analysis tool which can forecast and demonstrate the financial savings we achieve from our new approaches to issues such as worklessness, crime and anti-social behaviour, and family breakdown. This tool, a UK first, is giving Government confidence in our stewardship of public funds, and can also give private investors the transparency they seek before becoming investors in new funding instruments such as Social Impact Bonds.

Our governance structures require that these and other mechanisms be applied to all the decisions we take. They ensure that decisions on which programmes to fund and what investments to make are based on sound evidence that demonstrates the impact of that decision upon reducing dependency, reducing costs to the taxpayer and delivering growth. In sum, they help us to deliver maximum returns in a period of fiscal constraint.

**Key Areas for Discussion**

Whilst much has been achieved, we are concerned that a number of financial and structural challenges could impact on our ability to make continued progress. We have suggestions and proposals to address these and would welcome a discussion with Government on a number of areas including:

— **a single GM budget for economic development, housing and transport.** A GM budget would mean that prioritised schemes would no longer have to seek a cocktail of different funding elements, involving a series of complex processes which are not conducive to following a single strategy and remain a significant drag on attracting investments from private investors and leads to sub-optimal investments.

— **skills needs.** Our LEP shares Government’s ambitions to reduce bureaucracy and create a high quality, private sector-led skills market driven by current and future demand that meets the needs of employers and the GM economy. However, experience suggests that skills providers compete hard in some courses but not at all in others, meaning that opportunities for productivity growth will be lost. Responding to the aspirations of employers and providers, the GM LEP is developing proposals to support a more effective skills market, better understanding and stimulating demand, enabling competing providers to meet the needs of employers. A joint assessment with Government of our skill needs and a jointly agreed approach to addressing any shortfalls would maximise the opportunities created by the Government’s skills policies. We feel this is of critical importance as while the GM economy now has an excellent platform for driving growth and prosperity across the North, its low skills base is a major challenge to that ambition and a key barrier to ensuring many of our residents, especially in our most deprived communities are able to benefit from and contribute towards growth. Enhancing GM influence over skills policy would also be potentially very beneficial. Such flexibility would enable our LEP to implement innovative approaches, such as loan funds, careers advice and co-commissioning with Work Programme providers.

— **ERDF.** We believe that ERDF should be focused on local, rather than regional priorities and GM partners would like to play a lead role in ensuring that future ERDF funded programmes better address the business and economic development needs of Greater Manchester.

— **inward investment at a GM level.** Our inward investment agency, MIDAS, has a strong track record of success and we are concerned that it may have to “compete” with a nationally-led service. We would welcome a dialogue with Government on how to mitigate this possible risk and how we can develop a partnership approach with UKTI.

— **local business support.** Research by Experian on high growth SMEs ranked Manchester as the first in the UK outside London with the highest potential for future jobs growth. We are keen to ensure that the interface between national and local programmes of activity focused on supporting businesses is a smooth one. We would therefore like Government to work with us to understand how local partnerships such as the GM LEP can work to improve national delivery models and ensure we minimise duplication of activity.

— **a GM Growth Hub.** A GM centre of excellence for business support, trade and inward investment will ensure more effective alignment and delivery of cost-effective core services. This will include the development of a Growth Hub proposal for GM, aimed at increasing growth and innovation by identifying and supporting high growth businesses, with a network of public and private sector organisations operating as a referral network for businesses with high growth potential. This will be designed to ensure that GM businesses make full use of national support systems and incentives such as Coaching for High Growth, the National Insurance Holiday for new businesses and the patent box. We want to ensure that business leaders, through the GM LEP, are empowered to act as a catalyst for increasing business and economic growth by overseeing the GM Growth Hub.
— **Collaboration on community budgets.** Our ambition is to create a GM Community Budget, through which the ten local authorities and key GM agencies will agree to pool portions of their budget. We are keen to ensure key partners such as Work Programme prime contractors, PCTs and GP Commissioners are fully engaged in our Community Budget work. Without their engagement, interventions that start to move people back towards the labour market may not be integrated with the health, skills and training interventions that secure re-entry into employment. Also, without sufficient access to data on all outcomes from Community Budget interventions our cost benefit tool cannot make the case for upfront, equitable, joint investments which lead to long-term savings. Our cost-benefit tool shows that the more partners involved with an intervention, the greater the potential to identify fiscal savings, the stronger the case for decommissioning excess capacity in the system. A clear statement that partners such as Work Programme prime contractors and health commissioners should actively look to partner (meaning bringing their mainstream resources into consideration) in Community Budget areas, would be an important step. For DWP in particular, there is a need to encourage Work Programme providers to work closely with GM to ensure this new service is properly integrated with our Community Budget projects.

GM would like consideration to be given as to how we engage with Government to support our next round of reform.

We have set out above a series of areas for further dialogue where we feel we need to make progress to make our drive for reform more effective. We feel that direct meetings between the all-party leadership of GM, our business leaders, as represented by the LEP, and Ministers would help us to resolve these and show that Government is committed to this joint agenda of delivering reforms that truly reflect the wide range of ambitions that inform the localism and devolution agenda. These would build on the meetings we have had with senior Whitehall officials, led by HMT, which have enabled us to address the challenges we have faced. This would be a very significant stimulus to further meaningful discussion.

**Conclusion**

For much of its history, Greater Manchester has been synonymous with innovation and reform leading to economic growth. We have every intention of keeping up this reputation with the Local Enterprise Partnership and Combined Authority driving the UK’s largest functional economic area outside London towards renewed growth and prosperity.

By working with Government we have already produced the evidence for, and the fit-for-purpose governance structures to underpin the cross-authority and cross-agency activity that is vital to genuine public service reform. Through our LEP we have placed the private sector in the driving seat of this process. Initial application of these reforms has led to ground-breaking approaches on issues such the scaling up of social interventions proven to reduce dependency, getting learning and skills providers to align provision to GM business need and prioritising infrastructure investment based on maximising economic value and generating return, so that investment is recycled and used again and again. This was a central design element for our Regional Growth Fund Bid, which sought not gap funding but financing for viable projects that form part of a consistent and sustainable investment strategy.

To move these reforms forward we would like joint consideration with Government on how we can address the challenges we face. Suggested ways forward are establishing a coherent investment strategy, streamlining national and sub-regional policy and fostering a culture at the centre which believes in and gives material support to GM’s ability to deliver on the reform agenda.

We believe that the proposals outlined here are a natural fit with the new approach that Government sets out in the paper “Regeneration to enable growth”. Furthermore, by working with us on these issues, Government will be in a position to deliver the tens of thousands of jobs that are needed to reignite the North’s economy, and provide tangible evidence of the beneficial impact that public service reform can have on reducing the deficit and boosting economic growth.

*March 2011*
ANSWERS TO SPECIFIC QUESTIONSPOSED BY CLG COMMITTEE

AGMA is already engaged with the Government in a dialogue as to how we pursue our strategy for growth and the covering report outlines this approach in greater detail.

1. How effective is the Government's approach to regeneration likely to be? What benefits is the new approach likely to bring?

— AGMA welcomes the Government’s localist approach to regeneration and supports the view that local areas understand/are better placed to tackle the issues inhibiting growth in their areas. In Greater Manchester our LEP and Combined Authority will allow us to work alongside private enterprise and our partners to drive private sector growth in Greater Manchester. However, the continuing impact of the recession and the ongoing impact of welfare benefit changes and public sector cuts are likely to make some of the proposed interventions a challenge for both local authorities and communities.

— Devolution of some funding and decision making powers to the LEPs, in areas such as skills for example, would maximise the opportunities created by the Government’s policies.

— Some of the proposals, for example on public health, will give local authorities greater freedom to improve the situation in their area, however the government needs to empower local authorities to carry out this leadership role.

— We welcome the Government’s plans to introduce Tax Increment Financing (TIF) as part of a broader suite of tools to enable local authorities to secure growth. TIF can allow authorities and partners to take a more targeted approach to balancing risk and to generate revenue to support package of interventions. TIF should be seen as one of a suite of tools made available to local areas to secure private sector led growth and to reinforce success. It will be particularly important for any TIF regime to operate in a way that allows it to make a substantial contribution towards the whole life costs of infrastructure provision.

— The Government’s investment in infrastructure to support growth and regeneration is also welcome. In the current climate, focussing on the infrastructure needs of cities, and in particular the major cities and those that have the greatest potential to grow at a scale that could effect national growth, should be the centre of priority.

2. In particular: (a) Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on? (b) Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

— In a resource constrained environment there is a need to focus activity on where the greatest results can be achieved. Independent research (MIER) has shown that outside of London, GM offers the greatest potential for growth. Investment here will drive growth and prosperity across the North as a whole and thus make a significant contribution to national growth. It therefore offers Government the greatest opportunity to meet its own growth objectives.

— AGMA is keen that the role of local authorities in connecting the demand and supply side of the economy in their local areas is fully recognised and supported by devolution of powers in areas which can realise economic benefit and where devolution is linked to:
   — an evidenced based growth strategy across functional economic areas;
   — the extent to which local priorities are consistent with and deliver value to the national interest;
   — areas where robust and fit-for-purpose governance arrangements are in place;
   — there is organisational capacity in place to deliver; and
   — there is demonstrable economic potential and capacity to deliver growth.

3. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

— In line with the Government’s new localist approach there will be a continuing need to involve communities in regeneration projects. Considerable thought must be given to how this is best achieved as past experience would suggest that some efforts to involve communities have had limited success.

— The Government is asked to work with local partners to learn help overcome some of the institutional challenges and structures that can prevent integration of activity and local and neighbourhood level.
4. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

— AGMA believes that the focus should be programmes which demonstrate significant potential to leverage monies from other private and public sector sources, including but not limited to ERDF, and to generate returns on public sector investment, thereby creating a sustainable funding source for economic growth moving forward.

— National and local investment should be focused on investing in economic infrastructure that increases capacity to support growth and productivity through generating private sector co-investment and revenue returns that result in recycling of funding.

How should the success of the Government’s approach be assessed in future?

— As previously stated, AGMA believes that in the current climate there is a need to focus activity on where the greatest results can be achieved. Formula should be developed to assess the impact of outputs achieved against public sector spend on regeneration activities in terms of the impact of spend on jobs and economic growth.

Written evidence submitted by Voluntary Sector North West

Submission

1.0 Our experience of community-led approaches to regeneration

Over the past three years Voluntary Sector North West (VSNW) has consulted the voluntary, community, and faith sector including social enterprises (VCS) about how to develop an effective community-led strand of a coherent approach to regeneration in the North West.

This extensive consultation exercise resulted in strand 3 of Future North West (fully outlined in the appendix: http://www.nwda.co.uk/media-library/publications/strategy/future-north-west-interim.aspx) and drew on three main phases of consultation:

— Between June 2008 and September 2008, consulted on and explored the evidence base concerning VCS capacity to regenerate communities in the North West.

— Between 12 February 2009 and 23 April 2009, VSNW held seven consultation events involving 196 participants from 153 VCS organisations in the North West.

— During February 2010, VSNW held or supported a further 13 consultation events (7 BME VCS events with the regional BME Network 1NW, one event with the North West Environment Link) involving over 250 participants from 200 VCS organisations in the North West.

2.0 Key qualities of an effective approach to regeneration

The government paper on community-led regeneration provides a broad and extensive list of initiatives. While the “Conclusion” emphasises (i) the need for coherence, (ii) interlinked spatial activity and (iii) local decision-making (all essential qualities), it is difficult to estimate how these qualities will be enacted. Nevertheless, these qualities are essential in order to estimate the effectiveness of the Government’s approach to regeneration.

For example, if LEPs are the driving vehicle… (a) How will they influence or interact with delivery of the Work Programme? (b) How would LEPs understand or provide sufficient overview? The former may be outside their influence and the latter beyond their internal capabilities to provide sufficient “stewardship”.

This may work well in some economically coherent LEP areas like Greater Manchester, however, we need to think about other example areas, that are less neat, when assessing the effectiveness of this approach to regeneration, eg Lancashire.

3.0 Who’s driving?

LEPs, in terms of their governance, do not reflect the make-up of the lead players working within or with the policy initiatives outlined in the government paper on community-led regeneration. While direct VCS engagement is lacking from the majority of LEP boards, there is also little or no room for public health leads or even Work Programme providers, etc. The worry is that the current approach will create a fractured approach that lacks drivers, and an understanding of the vital importance of a mixed but linked approach to growth. There is a need to spark communities and markets into mutual life.

4.0 Coherent regeneration mix

As part of a mixed, coherent, spatially-aware, locally driven economic development approach there will need to be effective community-led regeneration initiatives. The current approach provides a significant number of tools without seeking to assess or outline what the current approach is, or what tools might be missing or unnecessary. This is a growing area of thought and activity and the work of the Committee is to be welcomed.
5.0 Top-down Work Programme: how will local links be made?

It is unclear that the Work Programme will offer greater local control to tackle local need. There is a big question mark hanging over how this gap is tackled and how a top-down programme can best deliver what local community leaders need done in order to support people into employment. What influence will local communities and councils have over how the Work Programme operates and links in? Will the voluntary and community sector (in particular niche providers) be able to engage as much as before? How will local activity be co-ordinated with the Work Programme?

6.0 Locally-led “tackling worklessness” initiatives

Local authorities and the local voluntary and community sector have developed significant capacity to tackle worklessness and the worry is that this capacity will be significantly reduced (beyond the level of cuts). These funding streams (Working Neighbourhoods and other area based initiatives, New Deal, ESF, ERDF, RDA, pots matched through LAAs) are either gone, going or on hold (EU). Of these initiatives, particularly those previously run through local authorities, University of Manchester research highlights that VCS groups were involved in about half: Tackling Worklessness in the North West.

The work includes a literature review of the “Characteristics of Effective Initiatives to Tackle Worklessness”. See page 4 of this VCS focussed summary of Professor Alan Harding’s research: http://www.vsnw.org.uk/files/Publications/29_Tackling_Worklessness_in_the_North_West(1).doc

7.0 Scaling up community-led regeneration

The key question for community-led regeneration and the role of VCS groups is: how can we most effectively engage niche VCS providers and support them to scale up their delivery? See 8.0 and 9.0 below.

8.0 Shaping the market through a type of personalised budget approach

The Future Jobs Fund (FJF) provided an effective and rapid model for creating employment and building an intermediate labour market (for young people and people living in areas of deprivation) that could be used again and used to drive a change or scaling up in local VCS approaches to supporting growth:

(i) seeking to develop social enterprise employment opportunities (there are a significant number of examples of such activity in the NW which as a region was extremely positive about working with local community-led projects);
(ii) exploring an individualised payment by results model: FJF was previously funded on the basis of what would have been the benefits-based cost of each out-of-work individual to the state; and
(iii) using this model to positively shape the future direction of non-state dependent VCS activity (ie alongside the cuts and the Transition Fund which, it is felt within the sector, has been misdirected and not effective).

A notable and surprising absence (relatively) that this would address, in the current set of tools, is a positive behavioural change regeneration tool.

9.0 Intelligent use of financial models better suited to local community-led regeneration and “the case for grant funding”

Contracts, sub-contracts and the current Work Programme (with its extended chain of sub-contracting) is a poor financial model for small, local VCS groups.

There are also problems with consortia building particularly at the local level:

(i) cost-effectiveness for each delivery partner;
(ii) time and resource intensive demands of building consortia: requires many groups to prioritise a gamble or else need adequately skilled and available VCS infrastructure support;
(iii) the biggest problem is one of culture: firstly, the contract culture does not suit community group culture and, secondly, the necessary and intensive development work needed is a distraction from the everyday work with local people and therefore not a priority; and
(iv) currently, all models of engaging the voluntary and community sector in delivering regeneration require it to move away from its grass-roots life.

There is a tested solution: The Association of Greater Manchester Authorities funded a £0.5 million (“towpath”) project to support small, local community groups to develop their ability to tackle worklessness. The project was a great success and has been evaluated by academics. Each group was given a grant of no more than £10k each through a brokerage agent: Greater Manchester Council for Voluntary Organisation (GMCVO). As the trusted local broker, GMCVO ran the risks and managed the complexity on behalf of the service commissioner. We understand that the success rate of groups involved was, in the face of significant concern about risk, absolutely amazing: 85%+ of groups involved succeeded.
We have been working with the Centre for Local Economic Strategies (CLES) to pull together research, vision and the economic case for a modernised model of grant.

10.0 Further relevant research

Recent thinking, which supports the case for a VCS role in a new model of regeneration, and that makes clear links between the social, economic, and the environmental include:

(i) **Theory**: Government Economic Service Review of the Economics of Sustainable Development

(ii) **Practical application**: Future North West: our shared priorities outlines a strategic framework for growth that combines environmental, economic, social, and housing themes. Theme 3 is crucial: Releasing potential and tackling poverty (p.25ff and appendix): http://www.nwda.co.uk/medialibrary/publications/strategy/future-north-west-interim.aspx

(iii) **Assessing economic strategies**: The Centre for Local Economic Strategies’ resilience model. In particular, the 10 danger signs of flawed local economic development on pages 5 and 6 and their recent research about building resilient communities.

(iv) Full consideration should be given to the LSC report of September 2009: Understanding the Contribution of the Third Sector in Learning & Skills

There are too many pertinent points to place in this response, but as a flavour, the document states:

Analysis of ILR data shows that within the three funding streams explored (Further Education [FE], Work-Based learning [WBL] and European Social Fund [ESF]), third sector provision reaches a distinct learner demographic compared with non-third sector provision.

Within every funding stream, third sector learners are more likely to have a learning difficulty or disability, and in WBL and ESF provision, they are more ethnically diverse and also more likely to be resident in a deprived area.

Almost half (45%) of WBL third sector learners live in the bottom 20% of the most deprived areas, compared with 28% of non-third sector WBL learners.

30% of those learners on an FE course with a non-third sector provider. As well as showing demographic differences, third sector learners engage with learning and skills from different backgrounds and less “traditional” routes. In 2007–08, around two-thirds of WBL third sector learners (67%) were unemployed when they started their course vs. just 12% of learners in non-third sector WBL. Here the third sector has a significant role to play in delivering Entry to Employment (E2E) programmes; over 19,000 E2E programmes were provided in 2007/08, representing just over one-quarter of all the total E2E aims delivered nationally.

This statement alone shows the importance of third sector learning providers in the employability and skills agenda and we request that all the recommendations are considered in the actions on this area of the strategy (http://readingroom.lsc.gov.uk/lsc/National/Understanding_the_Contribution_of_the_Third_Sector_in_LSC_-_Summary_Report.pdf)

In addition to this:

There was consistent feedback that 16–19 (bullet 2) was too late to raise aspirations and this was an area where the strategy needed to reference younger age ranges

Increase the value placed upon vocational skills by both employers and young people: focus on a strong further education sector (including the third sector as a key deliverer

Encourage an asset based approach to working with people and communities

Promote and support flexible working as a way of improving routes back to work, improving wellbeing and for tackling congestion and other environmental issues.

Recognise the role of the third sector as an employer: in Cumbria it employs more people than in agriculture, and much of the success of Future Jobs Fund in the region has been as a result of third sector employer involvement

Ensure that the decline in ESOL provision is tackled and that provision to increase the engagement and engagement of BME communities

(v) VSNW’s Briefing on VCS activity to Tackle Worklessness which includes a number of case studies, that sit alongside the University of Manchester case studies: http://www.vsnw.org.uk/files/Publications/29_Tackling_Worklessness_in_the_North_West(1).doc

One of the case studies is included below:

**CASE STUDY 6 WAI YIN CHINESE WOMEN SOCIETY’S “WOMEN CONSTRUCTION SOLUTIONS PROJECT 2006–07” (GREATER MANCHESTER)**

**Key Outcome**: 120 women engaged, 80 level 1 awards, 12 level 2 awards, engaging a wide diversity of women including single parents, 50 women volunteering, 13 work placements
The Women Construction Solutions Project works with hard to reach women learners and has developed positive partnerships with a number of employers, including New Charter that enable successful and sustainable work placements and employment for women within the construction industry. The project has won ESF awards including: an Embracing Diversity Award (which was awarded to the provider who has demonstrated great diversity in both engagement in learning and employment) and the Excellence Award (which was awarded to the provider who has made an outstanding contribution to a project through designing, developing and effective delivery with challenging objectives). The project was also runner up in the Innovation with Employers Award, which was awarded to the provider who has used the most innovative approaches with employers especially in hard to reach sectors.

In addition to Key Outcomes the project achieved:

- Most diverse project 1/3 of women were Chinese, other communities represented.
- New National Accredited ASET Awards written and developed “in house” which have resulted in big advances on training women/volunteers in practical skills in the community.
- Building skills and confidence, especially for lone parents, conquering one of the last frontiers!
- Innovation with employers, resulting in the formation of an “Employers Diversity Forum” in the NW, a case study published by Housemark in their publication “Embracing Diversity” contributing to groundbreaking and ongoing advances for women in the construction industry.
- The project was originally funded by the LSC to December 2007.

Website—www.waiyin.org.uk

Written evidence submitted by London Tenants Federation

1. INTRODUCTION

The London Tenants Federation (LTF) is an umbrella body bringing together borough wide council tenant federations and organisations across London

LTF focuses principally on regional housing, planning and community related policy issues and how those impact at the local level. LTF members are represented on the Mayor Housing Forum and have taken part, via formal invitation, in Examinations in Public of the London Plan.

It attended 18 policy debates of the Examination in Public of the draft replacement London Plan, including those on the regeneration, housing targets, density and space standards, Lifetime Neighbourhoods, the Olympic Legacy, social and community infrastructure.

2. KEY BULLET POINTS

- LTF is concerned that despite high and ongoing development in London, sometimes called “regeneration”, that the gap between rich and poor in the capital continues to widen. A quarter of London adults and more than 40% of children across London as a whole live in poverty.

- Large regeneration/redevelopment schemes often fail to address need for both housing and employment of existing “deprived” communities.

The GLA's housing requirement study found that to address existing need for social-rented housing in London over a 10 year period would require that of all homes built in the capital, 58% should to be social rented. Its 2008 Housing Market Assessment indicates that with housing benefit changes taken into account; this need rises to 64%. Monitoring reports of the London Plan show that between 2006–09, only around a third of evidenced need for social rented housing, while double that for market housing is produce in the capital (see table attached).

- LTF is concerned that whilst it is generally suggested that regeneration is about addressing “deprivation”, that there is little evidence of the tracking of benefit or otherwise to existing deprived communities and no tracking of levels of displacement.

- There is increasing amounts of academic evidence that would suggest that the policy focus of creating ‘mixed tenure’ in regeneration areas is “faith-based” rather than evidenced-based. There is increasing concern at the grass roots level that the focus benefits wealthier sections of the community but ignores the needs of poorer sections.

- LTF members suggest that London “regeneration”/development has often resulted in:
  (i) reductions in social-rented homes;
  (ii) monopolisation part of London for luxury developments;
  (iii) replacement of: local shops, services and amenities that had previously met the needs of poorer communities, with exclusive shops, restaurants, cafes and facilities that they cannot afford;
  (iv) increased levels of transience and anti-social behaviour resulting of increases in buy to lets on local authority and housing association estates; and
  (v) loss of valuable and precious green space.
— LTF members are critical of the fact that many regeneration schemes operate in a top down rather than bottom up fashion; many being developer-led, with the community only involved in any discussions once plans that already been drawn up. Where there is discussion at an early stages, there is often a focus on drawing up unrealistic “wish lists”, that lack of transparency about how plans might be achieved and how much funding may or may not be available.

— LTF members say that there are examples of regeneration schemes that have been successful and that have facilitated carefully planned and sustainable community-led projects. They suggest that such schemes have been developed and tailored to meet existing need rather than being imposed from above/being developer led.

— There is need for social impact assessment benefit or otherwise to existing and poorer communities in regeneration schemes, clarity and transparency around funding and monitoring of any displacement of existing communities.

3. Academic Evidence

(a) CLG’s: “Delivering Mixed Communities, learning the lessons from existing programmes” March 2009—www.communities.gov.uk/publications/housing/deliveringmixedcommunities suggests that developing mixed tenure communities is “based on hope rather than evidence”. It says there are huge gaps in understanding about the approach including: the impact on original or indigenous populations, what happens to non-returners, the consequences of segregated as opposed to integrated developments and whether the range of incomes in any development or whether the accommodation mix matters, in creating sustainable communities.

(b) Paul Cheshire’s “Policies for Mixed Communities: Faith-Based Displacement Activity?” says that although empirically income mixing, even in very small neighbourhoods, is considerable, it is still true that poor people tend to be concentrated in poor neighbourhoods and richer people in more affluent ones. He says careful examination of the evidence suggests that such policies for neighbourhood mixing are based more on faith than on any real evidence of additional social ills stemming specifically from geographical concentrations of poverty and affluence.

(c) CLG commissioned research on long-term New Deal for Community Schemes “Tackling economic deprivation in New Deal for Communities areas” (January 2010) www.communities.gov.uk/publications/communities/trackingeconomicdeprivation provides evidence that significantly improving indicators of deprivation in certain areas (through introducing wealthier communities) can in fact skew area based indicators of deprivation and can conceal actual increases in deprivation levels for existing deprived communities.

(d) CLG’s “Tenure and change in deprived areas: Evidence from the New Deal for Communities areas”—www.communities.gov.uk/documents/communities/pdf/1462924.pdf (February 2010) concludes “The evidence would seem to suggest that all that encouraging mixed tenure will do is dilute the concentrations of worklessness in a particular area, not improve the life chances of the workless or disadvantaged individual themselves.”

(e) Paul Cheshire’s 2007 “Segregated Neighbourhoods and Mixed Communities” (Joseph Rowntree Foundation/LSE) provides evidence that moving wealthier residents into poorer areas results in increases in property prices and goods and services; actually making life harder for less well-off residents.

(f) Irmie and Thomas in “The limits of property-led regeneration” (1993) argues that the property-led approach can undermine local and community interests, particularly as it prioritises the short-term objectives of the property industry.

(g) August and Walks “From Social Mix to Political Marginalisation?” The Redevelopment of Toronto’s public housing and the Dilution of Tenant Organisational Power 2009 found that diluting concentrations of poverty was found to break up “a strong sense of community, a history of political activism in the face of unsupportive housing management, a significant degree of political influence in local decision making, and in turn a dense network of tenant-led and tenant serving organisations”.

4. LTF and Grass Roots Evidence (Negative)

(a) Tower Hamlets

The £10 billion investment in Canary Wharf created 80,000 jobs and a 22% average pay of high-value male workers to over £100,000; yet two-thirds of the children living in Tower Hamlets continue to live in households officially defined as poor.

CLG’s case study of Tower Hamlets in its ‘Tackling economic deprivation in NDC areas’ shows that majority of LSOAs in Tower Hamlets became relatively more deprived between 1999 and 2005. However one LSOA in the borough experienced a significant improvement. The size of the improvement in this single LSOA was sufficient to result in Tower Hamlets showing an overall improvement in relative deprivation between 1999 and 2005.
(b) West Hendon regeneration, LB Barnet

West Hendon is an area of 680 council homes situated on 10.5 acres of land with a children’s playground, a community centre and green spaces adjacent to the Welsh Harp Reservoir. Whilst it is clear that existing homes need investment, that there is a need for additional community and social infrastructure; including doctors, dentists and additional school places, and that the local high street looks much poorer and less varied in terms of shops than in the past, plans appear to be for over-development that fail to address the need of the existing community. It is proposed that the 680 homes will be demolished and replaced with 2,171 new homes some of which will be £1 million and £1.5 million penthouses. There are to be no new/additional social-rented homes and it is unclear as to whether replacement homes will actually result a loss of social-rented homes in favour of intermediate housing and will result in some displacement of existing residents. In London intermediate housing is outside the reach of most tenants (the GLA's 2004 Housing Requirement study found that only 7% of those unable to afford market housing in London could afford the cost of intermediate homes).

Local residents say are not aware of any assessment carried out of the need for additional community facilities, schools or nurseries.

The Welsh Harp is a special scientific interest area with 170 hectares of open water, marshes, trees and grassland. Residents fear that noise and shading from some of the proposed taller blocks and will scare away wildlife.

Residents say the “regeneration” plans were presented to them as a fait accompli, with no genuine concern to address the needs of existing residents.

c) Exclusive luxury river-side developments/regeneration schemes providing little or no social-rented housing

Many of the “regenerated” areas set out below were once areas of employment for ordinary working class people—serving communities living adjacent to them.

St Georges Wharf development, Lambeth

Comprises studio, one, two and three bed luxury apartments and penthouses for sale, retail units, offices and restaurants units, and a 24hr health/fitness facility. It contains 1,021 private homes and 389—intermediate shared / ownership units, but no social-rented homes. The development is in Oval ward which is made up of eight smaller geographical areas Lower Super Output Areas, (LSOA), five of which are among the most deprived areas nationally.

Albert Embankment and other Lambeth riverside developments

Parliament View, a 190 luxury apartment block, has no social-rented homes. £1.3 million in lieu of affordable housing was spent in 2004 on only eight units in Herne Hill; a different ward.

The average house price paid at the Albert Embankment development is £614,468.

Doon Street, (behind the National Theatre in Bishops Ward) has a 329 luxury flats with no affordable housing. It is in Bishops ward which is made up of six LSOAs; four are among the most deprived areas nationally.

Battersea Reach, Wandsworth

A new 12.8 acre riverside development which, when complete, will have 1,380 apartments. Only 72 (5%) of which will be social-rented.

Its 17 story tower has 40 two and three bedroom apartments and a penthouse. Apartments have a private balcony or terrace with “stunning panoramic views of the River Thames from Putney through to Chelsea Harbour”. It has a 24 hour concierge with CCTV, a health and fitness suite on site. It contains no affordable homes.

Wandsworth Riverside Quarter is a development of six buildings up to 15-storeys in height, 504 residential homes and 8,336 sq m of commercial floor space. Only 49 (9%) of the homes will be social-rented.

The 170 million Beetham tower beside Blackfriars Bridge

Southwark. Developers received permission in 2008 for a 7* hotel and 64 luxury flats marketed at £1 million to £8 million each plus 32 intermediate flats in an outhouse on-site. £15 million was agreed by Southwark to provide 45 social-rented flats on a site in the New Kent Road which has 99.1% affordable housing and is in the most deprived 5% LSOA of the country.
(d) **Bunhill and Clerkenwell, Islington**

Bunhill is adjacent to the City Fringe opportunity area and Clerkenwell contains the Smithfield / Farringdon intensification area. The area currently covers 80% of employment floor-space for Islington’s part of the London’s Central Activity Zone.

Buildings that formerly housed its manufacturing/light industry/engineering-base were gradually replaced by office buildings from the 1980s and loft/luxury apartments (at least 2,500) from the 1990s. Dominant employment is now office work, in the financial/other service sector and creative/media industries.

Clerkenwell has been more heavily gentrified— with wealthier loft and luxury apartment dwellers moving into the area than in other areas. Local shops have been replaced with expensive specialist shops, delicatessens, cafes, restaurants and galleries, which meet the needs of wealthier loft/luxury flat dwellers. Extreme wealth sits cheek by jowl with extreme poverty with absolutely no evidence of benefit (and more so of detriment) to deprived sections of the community.

A once more “deprived” Clerkenwell community no longer appears in area-based analyses of deprivation. The mean household income level has risen to £55,041. However, half of the households have an annual income of £18,000 or less and in parts of the ward that fall within the EC1 New Deal for Communities area this drops to £12,045 (a weekly income of £232) or less.

Bunhill’s gentrification has occurred more recently and at the City Fringe/Shoreditch/Clerkenwell edges. More of the EC1 New Deal for Communities area is in Bunhill than in Clerkenwell.

Attempts were made by the authorities in 2006 to develop luxury apartments on council estates in the area, which failed as a result of strong local campaigning against the proposals. Analysis carried out by a consultant in 2006 expressed annoyance at this—something she deemed to be flying in the face of CLG policy on “mixed communities”.

Place based outcomes have been relatively successful and more people feel happy with the area they live in, but despite the extra funding and encroaching wealthier incomers/offices/creative and media base industries on the edges of the NDC area, there appears to be no change in relation to indicators of deprivation.

The percentage of EC1 New Deal residents in paid work, (including government schemes and apprenticeships) remains as it did at the start of the scheme at 49%. Percentages of residents registered unemployed/not registered but seeking work remains at 8%. The percentage of residents who are long-term sick or disabled residents has increased from 5 to 6%. 55% continue to claim some form of benefit. 19% of residents still have a long-term illness.

All LSOAs in the EC1 New Deal area have shown improvement in their ranking of deprivation since 2002, but the spread and spatial distribution of deprivation within the EC1 LSOAs is still broadly, the same. The situation regarding the number of children living in poverty has worsened significantly.

A majority of employment in the area is for people living outside the area (LB Islington evidence base for the Bunhill and Clerkenwell area action plan) and the cost of local goods and services has increased significantly.

7.7% of homes are overcrowded. 17.3 live in unsuitable housing (through overcrowding, special needs or needing repairs). In 2008 it was estimated that an additional 242 homes are required per annum, the majority are only able to afford social rented housing.

Average flat prices in EC1 were £432,433 in 2007, compared to £348,216 in Islington as a whole.

(e) **Elephant and Castle regeneration**

Plans are for demolition of the 900 homes on the Heygate estate and for massive new housing developments (some already built)—but of the 2,000 homes that have been built or have planning permission at the Elephant and Castle, only 89 (4%) are social rented.

Most Heygate households have been decanted to other council homes leaving others languishing even longer on the council waiting list.

Residents who were decanted have a right to return to other housing sites, but only one of these is at the Elephant and Castle. None of the other sites have been built or have been reduced to 11. Six sites with 286 replacement homes have planning permission.

**Strata Tower**—a 43 storey “eco”-tower with 408 homes, built over the demolished Castle House and the old popular Castello’s pizzeria. There is some intermediate housing, but no social-rented homes.

**Eileen House**—near the Elephant & Castle tube is due to be demolished and replaced by a 40+ story tower block. Plans show no social rented units and only 80 intermediate homes.

**360 degrees London**—a 44 storey tower with 470 residential units, described by the developers as “the jewel in the crown” of the Elephant redevelopment. The whole development was backed by the Government regeneration agency English Partnerships who had bought the site for £18 million with the express intention
of developing affordable homes for key workers. However, 43 key-worker homes knocked out in the new plan and market homes will increase from 282 to 319. Only 35 social-rented homes are planned.

(f) Customs House and Canning Town

In Custom House and Canning Town (one of the previous government’s large mixed-tenure regeneration schemes) 1,650 existing homes are to be demolished with around 10,000 new homes built. Only 35% are to be “affordable homes”—split 50/50. In terms of social rented homes this means enough to replace those planned for demolition and only 100 additional.

Housing demolitions have added to the ever increasing housing waiting list (which stood at 24,000 in 2007, 28,000 in 2009 and has now reached 36,000 households).

Residents are concerned about the fact that where flats have been decanted, squatting and sub-letting is occurring and making the area feel less safe and impacting on residents’ health.

Many from the community have been dispersed and remaining residents have not been able to retain contact with those who left (five or six years ago). Those whose homes were demolished were told they would be the first back—but in reality, some years on, they have settled elsewhere.

Residents say that all the planned social-rented housing in this area is to be in high-rise blocks above shops while the new private housing is to be in smaller blocks with better views.

Initially the local authority consulted with residents as a group, but will now only consult with people as individuals, until they are ready to decant them. Some residents have recently set up a TMO as they feel this is the only way they will be heard collectively.

Residents assumed they would move back to council homes and now understand that this will mean going back as housing association tenants. They are worried that there will be higher rents and that many of the promised new affordable homes will be shared ownership, which existing and decanted residents cannot afford.

Residents say their existing homes are deteriorating. They are concerned for elderly and disabled residents who need accessibility modifications made to their bathrooms to enable them to use them, but are being refused. They fear that it could be another 8 years or longer before they are decanted.

From 2006–09 (according to the last three monitoring reports of the London Plan), of the total 2,905 homes built in Newham only 544 (19%) were social rented, (while the existing target is for 35% social rented homes).

Huge numbers of families who are living in overcrowded homes have to wait for much longer periods of time for suitable accommodation as decants from demolished housing take priority—causing additional stress and increased indicators of deprivation.

Between 2004 and 2007 Newham became more deprived (according to December 2007 Indexes of deprivation), with deprivation equally spread across the borough and with the two wards of Canning Town being the third and fourth most deprived wards in London). Canning Town was featured on a Channel 4 News report after the recent publication of the National Audit Office showing that the gap between life expectancy in government-designated areas of high deprivation and the national average has continued to widen.

(g) Ferrier Estate regeneration, Kidbrooke, Greenwich

There is significant loss of social rented housing in the Kidbrooke (Ferrier Estate), regeneration scheme. 1,900 council homes are to be demolished, 4,000 new homes to be built,—only 1,480 will be affordable and only half will be social rented (a loss of 1,160 social rented homes).

Of the 2,583 new homes built over the last 3 years in Greenwich, only 13% (346) are social rented.

(h) Deptford regeneration, Lewisham

Deptford is an “opportunity” area in Lewisham with plans for large mixed (mostly riverside) developments, which many local residents feel ignores their needs.

Convoys Wharf—plans approved in 2005 are to be resubmitted, but are likely to be broadly the same. Three tower blocks at 40, 32 and 26 are proposed, containing offices, leisure, cultural, restaurants, cafes, bars and retail spaces. 3,500 new homes are planned with only 35% “affordable”.

Deptford Wharf—plans are for demolition of existing buildings and construction of 905 flats in blocks from 4 to 18 storeys with only 22% social rented homes.

Cannon Wharf—approved plans, subject to possible amendments are for buildings of up to 23 storeys with a business centre, studio workshop space, a children’s nursery and 756 homes of which 20% are to be social rented.

Marine Wharf—plans are for 532 homes only 78 of which (14%) will be social rented and no other affordable homes.
Local residents say that money obtained from Berkeley Homes when they took over one of the towers at the Pepy’s (council) estate, is being used to improve green spaces adjacent to the river—paving the way for new and up-market development, where the existing community’s need is for revenue funding to sustain local community facilities including a community centre, Sure Start and youth centre.

5. GRASS EVIDENCE OF POSITIVE REGENERATION

(a) Fellows Court Estate has an active tenants and residents association that has worked on housing and community-based regeneration projects in partnership with the Hackney Homes, Shoreditch New Deal Trust and other agencies.

They say that a key element in the success of their regeneration has been the involvement of and support for the existing community. They were aware from the start how much money was available; were allowed time to develop plans for the improvements and security to their homes (which they led on) and focused much on community focused projects.

A communal garden area and recycling programme was developed. Young and old worked on a “Memory Box Exhibition”, capturing elders’ memories of life during the war for all to see.

(b) Lordship Rec, Haringey. This is Tottenham’s largest but most neglected green space. Improvements and regeneration of the park are being made through the setting up in 2001 an effective “Friends Group” and bidding for funding from a variety of sources including the Lottery. Members suggest this is as a result of the group involving local tenants and residents, carrying out their own consultation, campaigning and working with a variety of organisations including the council.

The group has also taken charge of restoring and improving the lake area and woodlands, managing notice boards, publishing leaflets on the history of the park and organising a range of activities and events.

6. LTF PROPOSALS

LTF feels that there is need to ensure that in all regeneration schemes are required to address the specific needs of existing “deprived” communities as determined by them, in terms of homes, social and community infrastructure and jobs, rather than the imposition of “redevelopment” schemes that often not only fails to meet need, but too often displaces it.

It proposes that there should be a legislative requirement to carry out social impact assessments to assess the impact of any regeneration or redevelopment scheme on existing communities; assessing issues such as displacement and ensuring that regeneration is not about communities about careful assessment of need and delivery of homes, social and community infrastructure and jobs to meet that genuinely meet the needs of communities rather than the market.

It suggests that money should be allocated to facilitate training and the building of bottom-up democratic and accountable tenants and other community organisations to ensure regeneration is focused on local needs and to ensure cost-effective use of funding.

It proposes that there should be clarity of process in regeneration schemes, with existing communities setting out what they feel their problems to be and how best to resolve them and transparency around how much funding (including existing budgets) is available.

March 2011

Written evidence submitted by the Local Government Association

The Local Government Association represents authorities in England and Wales promoting the interests of around 500 authorities which represent around 50 million people and spend around £74 billion a year on local services.

The LGA supports a locally led approach to regeneration with decisions taken by democratically accountable local councils working with residents, local businesses, the voluntary sector and social enterprises to promote economic growth and a high quality of life locally.

The LGA campaigned for the decisions about economic regeneration to be taken at the level of real economic geography and welcomed the government’s policy on local enterprise partnerships. Local economies vary significantly across a wide range of economic indicators and local decision-making allows policies to be targeted to local need in accordance with local priorities.

To successfully create the conditions for local economic growth though, it is crucial that local enterprise partnerships and local councils have the tools to be able to promote it.
The Communities and Local Government paper Regeneration to enable growth—what the government is doing to support community-led regeneration catalogues the way in government policy supports local economic growth.

Some of the key policies will be considered as part of the Local Government Resource Review, others are in the process of being legislated for and some are being implemented.

The way in which these policies are taken forward, and the pace with which they are implemented, will be central to the success with which local government working with their local communities can help promote local economic growth.

In our response below, with more detail on some points in Annex A, we set out the principal ways in which the menu of tools and resources from which local places can draw on could be strengthened and how policies to improve people’s employability and skills could be more tailored to the needs of local people and the local economy.

**The LGA would like to See**

*The re-localisation of business rates*

In the Local Growth White Paper, and the Local Government Resource Review’s terms of reference the government announced that it was committed to examining ideas for retaining business rates, whilst ensuring that all authorities have adequate resources to meet the needs of their communities. Currently all business rates are collected and paid into a central pool and then redistributed as part of formula grant. A re-localised model would see councils retain the majority of this and create a direct incentive to promote growth. There would however still be a need for any system to take account of the differing levels of need amongst different authorities.

*Tax Increment Financing (TIF)*

Implemented quickly giving councils the power to borrow against the revenue from local developments, incentivising development and growth. It is particularly important given that the reductions in the public budgets available for regeneration will take effect from the next financial year that we do not lose momentum on regeneration and that the new tools available locally are brought forward as quickly as possible.

A transfer of assets from the previous arrangements for regeneration held by Regional Development Agencies to local councils. It is important that the transfer of Regional Development Agencies’ assets takes account of the wider taxpayer interest (including council taxpayers) and the important role those assets can play in current and future regeneration projects. Councils are being asked to pay full market value for RDA assets—this payment transfers funds from the council taxpayer to the Exchequer. A fair approach to the local taxpayer would recognise that the transfer of an asset from an RDA to a council is in fact neutral to the public sector balance sheet, and should not therefore require a charge on council taxpayers.

Democratically accountable local councils taking the decisions about the Community Infrastructure Levy balancing the wider concerns, interests and needs of the local community (see Annex A for detail);

The remaining European Regional Development Fund delivered in a stable and locally-responsive way, enabling councils and local enterprise partnerships to shape programmes and projects to fit with local need. Commitments to invest the remaining ERDF are welcome, but it is important Government ensure sufficient match-funding is available to draw it down. Looking ahead, it is important to begin designing altogether more joined-up, locally responsive set of European programmes for 2014–20.

A new homes bonus which could stimulate house building and offer significant financial benefits to local neighbourhoods is welcome. However this must incentivise the right kind of housing where it is needed. Technical concerns about the detail of the proposal are outlined in Annex A.

**On the Government’s Welfare Reforms**

The decision about who provides the Work Programme are being taken by the Department of Work and Pensions, and the decisions about the employment support available to local people will be taken by the providers. It is not yet clear how providers will work with local enterprise partnerships, or how local government can work alongside providers, and hold them to account. Given that providers will have considerable discretion about the employment support services they offer—the "black box"—and the importance of the services they offer to local regeneration, it is important that local enterprise partnerships and councils have a role in the commissioning and performance management of the providers. This will bring together the local work to promote job growth with the support to help people into jobs.

The introduction of the Universal Credit is an opportunity to help people see work as more financially attractive. But many people will require personal help with their claim; help to see how it improves their financial position and wider support to move back into employment. Face-to-face help will be critical to the success with which universal credit achieves its policy objective to improve work incentives. There is a strong
case for taking the decision about this support locally allowing the service to be accessible, trusted and integrated alongside other local public services.

Councils fully support the principle that planning decisions should be based around the needs and aspirations of local people and there are many examples of this taking place effectively locally, with councils working across areas to plan growth strategically. Greater freedom and flexibility for councils to be able to work together to plan strategically for growth, without top down targets and strategies is welcome. We would question the need for central government to issue guidance to councils and their partners at the local level on how to cooperate in relation to the planning of sustainable development.

Decisions taken in the Spending Review have reduced the budgets for economic regeneration, and the cumulative size of bids to the Regional Growth Fund illustrates the needs for the resource with which to take forward regeneration programmes. Against that background, it is important that the government provide alternative financial mechanisms with which local councils, local enterprise partnerships and other local partners can help drive up local economic growth.

Annex A

Community Infrastructure Levy

Supporting the development and growth of local areas is about balancing spatial planning decisions with appropriate capital investment to support the right combination of infrastructure. It is important to ensure that development brings real and visible changes for local people. Such important decisions are best taken by democratically elected councils and groups of councils working together to plan effectively for the needs of their areas.

LGA research demonstrates the important role that appropriate investment in infrastructure plays in encouraging growth and development locally. Over half of Councillors surveyed by the LGA felt that felt residents would be supportive of development if it brings improvement to the local area and local services and nearly half (47 per cent) of respondents thought residents would be supportive of housing development if there is the infrastructure required to support new housing and populations.

Community Infrastructure Levy is important as part of a wider package of measures designed to stimulate local growth and we welcome the proposed removal of some unnecessary national controls and complexity. Decisions on how CIL is spent locally should be taken by democratically accountable local politicians, subject to the safeguard of independent examination. While we support local people having more power to influence decisions in their areas, it is important that key infrastructure decisions, which will affect people outside of one local area, are taken by accountable representatives who can take into account wider concerns and needs across the region.

New Homes Bonus

Councils recognise the important role development plays in stimulating local growth and sustainability. Research conducted by the LGA demonstrates that councillors are overwhelmingly in favour of appropriate development locally. 80% of councillors surveyed agreed that their local authority area needed more housing and almost 50% agreed that more housing was required in their ward and over 50% agreed that they were in favour of housing development in their ward area.

Housing is a vital part of the local economy and the proposal to establish a new homes bonus which could work to stimulate house building and offer significant financial benefits to local neighbourhoods is welcomed. However, it will be important to ensure that the scheme incentivises the right kind of housing where it is needed. In some areas this might involve reinvesting in blighted neighbourhoods as well as building new housing in areas of high demand. We note that the suggestion for the net increase in the council tax element of the bonus to make some allowance for demolitions has not been taken into consideration by the government in their final scheme design. This will have implications on councils who for very good housing strategy reasons have to replace significant parts of their housing stock.

We are pleased with the confirmation that the affordable housing enhancement will look at the gross change and act as an incentive in areas where regeneration schemes include the provision of affordable housing definition. However, as noted above, the issue remains for regeneration and redevelopment schemes that do not include affordable housing. These schemes will be more difficult to bring forward without any grant funding. The New Homes Bonus will be paid based on increases in effective stock.

Following year one of the programme (which will be funded by £200 million from DCLG) the funding for the bonus will be derived from top slicing formula grant. More grant-dependent authorities will have to build more homes to make sure they get more New Homes Bonus to reverse the losses from the formula grant top slice.

Strategic Planning

Councils fully support the principle that planning decisions should be based around the needs and aspirations of local people and there are many examples of this taking place effectively locally. Elected councils, both
individually and across wider areas, play a central role in ensuring that democratic and representative decision making balances the interests of, and considers the impact on, all sections of the community.

Clause 90 of the localism bill provides a new duty to cooperate in relation to the planning of sustainable development. This places a duty on local planning authorities and other bodies as prescribed to cooperate with each other in the preparation of development plan documents, other local development documents and other activities that support the planning of development. Councils are already working together across areas to plan strategically for growth. They do this not because of a duty or centrally imposed requirement but because councillors recognise the pressing needs of their areas are willing to work together to tackle joint priorities.

Defining in Whitehall what is meant by cooperation, in what circumstances it is appropriate to cooperate and how to cooperate is inappropriate and is not our understanding of localism.

March 2011

Written evidence submitted by Birmingham City Council

How effective is the Government’s approach to regeneration likely to be?

Birmingham City Council submit the following statement. This is supported by two Background Papers; ADZ Proposition 2009 and BCC Evidence to the Transport Select Committee 2010. In summary:

— The Council welcomes powers that allow local authorities and neighbourhoods within them to shape their own destiny.
— The resource implications for local authorities to support Neighbourhood Plans needs to be recognised.
— Birmingham has a successful track record in leading and delivering with the private sector major regeneration projects where it has used its assets and powers to support new development.
— This approach has been plan led where the Council has set out a vision and strategy as in the recently launched Big City Plan, which is attractive to development and investment.
— With lower levels of public sector funding and access to finance for developers there is a need for new models such as ADZs.

What benefits is the new approach likely to bring?

The City Council welcomes in principle the provisions within the Localism Bill to give greater power to local authorities, and neighbourhoods within them, to shape their own destiny. This requires commitment from the government and key departments (CLG, BIS etc) to work with local authorities to ensure their programmes can be aligned to complement regeneration at the local level. This will allow Councils to inform the strategic support needed from government based on their knowledge of priorities on the ground and in the context of the wider framework of national aspirations (e.g. sustainability and the green and knowledge economies). In this respect the inclusion of a duty to co-operate amongst local authorities and public bodies within the Localism Bill is welcomed by the City Council.

In terms of the Localism Bill we are seeking for a national planning policy framework to be produced and have parliamentary approval. The emphasis on a concise and clear national planning policy framework should enable the local level in the absence of regional strategies to operate without significant top down pressure but provide clarity and leadership on the national interest and the wider sustainability aims including economic growth, housing and climate change. The planning system has a central role in meeting the challenges presented by Climate Change.

It is a little early to say what benefits the new approach will bring particularly with the lower levels of public sector funding in the immediate future. However in principle the greater freedom for local authorities to spend monies and the impact of incentives to deliver new development is welcomed. The City Council is keen to develop new means of delivery including TIFs/ADZs and maximise European funding instruments such as Jessica and Jeremie.

The City Council has always sought to work with both local communities and businesses in the planning and regeneration of the city. The focus on planning at the neighbourhood level is therefore welcomed and is something that the City Council feels it has been progressing at the local level in recent years. The government’s focus on development and growth is welcomed and should be integral to planning at the neighbourhood level—there will be a need to balance a wide range of issues and tensions as plans are progressed.

An integral part of regeneration at the local level is ensuring that communities have appropriate education, skills and experience to engage economically and drive the productivity of local economies.

The relaxation of local government controls will help overall but enabling greater neighbourhood / community involvement (which is already evident) will need resourcing and support. The introduction of neighbourhood planning presents a positive step toward engaging a much wider interest in planning at the local level. However a challenge will be the ability of Local Planning Authorities to resource the introduction of
neighbourhood planning whilst still meeting the existing pressures to achieve sustainable development and deliver an efficient and effective service. The Bill proposes a range of procedural changes but these are minimal in terms of lifting the burden on Local Planning Authorities through freeing up resources. There is a need to be mindful of the limited impact of those changes while at the same time acknowledging the additional requirement that neighbourhood planning presents.

In particular will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate be built on?

Major regeneration projects led by the public or private sector have traditionally been plan led. Local authorities, such as Birmingham, have rarely been a stumbling block to regeneration, for example in Birmingham, the City Council, often working with the private sector, has led on the transformation of the city including regeneration projects such as Brindleyplace and the Bullring. This has continued up to the present day with the transformation of New Street Station and the new Library of Birmingham both on site. Crucial to this has been a shared strategy which provides certainty for investors and developers moving into an area or development. The launch of Birmingham’s Big City Plan has been welcomed by the business and investment community as setting out a vision and direction that they can share and promote.

Birmingham has also been the beneficiary of major area based investments from New Deal for Communities (Kings Norton and Aston) to Regeneration Zones. At Kings Norton the City Council has been the accountable body for community led regeneration projects—this has raised issues in terms of the Treasury’s approach to risk (including potential clawback) and the ability to pursue innovative solutions. It has also to be acknowledged that exit strategies which prolong the benefits in areas with low private sector investment are not easy to deliver.

It is not yet clear if changes to the planning rules and the introduction of community led planning documents could introduce potential uncertainties that deter investment by the private sector.

Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

Most of our significant regeneration projects have been public sector led, partnerships. The replacement of RDAs by LEPs has not as of yet been followed by public finance transfer and it is unlikely that the Regional Growth Fund targeting private sector projects will be able to meet demand for gap funding or public sector led infrastructure projects. We consider that there is potential for TIF/ADZs to fill some of the gap and have been developing our proposals. A copy of our ADZ proposal is attached. The City Council is also very keen to explore and pursue new initiatives such as Enterprise Zones and develop further more localised initiatives such as Business Improvement Districts (BIDS) within local centres and business districts, something which Birmingham has successfully developed in the city centre and two suburban shopping centres. In addition we are interested in the potential of financial instruments such as Jessica and Jeremie, as tools that could help maintain viable major schemes with short term loans in the future.

What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

Many of the most successful regeneration projects rely on initial public sector funding for infrastructure and reclamation in order to provide a platform for redevelopment and marketing of sites. It is these often expensive, elements where current funding is in short supply and it will be a test for the new approach that projects that are needed to make an impact can be brought forward. We see TIFs/ADZs as critical to this.

Integrating the role of area plans and regeneration strategies underpinned by a strong understanding of the local market and fundamentals such as the availability of development ready land have all played a part in bringing forward major regeneration projects. The City Council has also used its full range of powers, including compulsory purchase, to facilitate development. The need for a holistic approach to secure economic, social and well-being for local communities needs to be recognised.

The purchasing power of the public purse should not be under-estimated. For example in Birmingham a Procurement Policy Framework has been adopted to ensure social benefit clauses are incorporated within contracts to realise economic benefits for priority target groups (including apprenticeships, training and work experience). A similar approach by other public agents could achieve enormous impact locally.

What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

The availability of loans and grants to meet up front costs such as land reclamation and purchase is important. Bank lending has become risk adverse and initiatives to promote greater liquidity and lending to support growth and businesses would be welcomed.

TIFs and ADZs will be part of the solution as will initiatives to raise and retain elements of local business tax. It is right that where local authorities have encouraged and enabled businesses to locate and expand within their area that they should benefit from the benefits that accrue, including business rates.
How should the success of the Government’s approach be assessed in the future?

As the lack of finance is a major stumbling block for regeneration schemes and market confidence, we suggest that a key factor for measuring success of the Government’s approach is investment unlocked. This could be measured by benchmarking investment returns from regeneration schemes to compare against the IPD property index.

Secondly success needs to be measured at a local level and the impact it has on neighbourhoods in terms of income, employment, skills etc and closing the inequality gap between the neighbourhoods with the highest deprivation and the city average. This has been the approach taken in Birmingham in targeting its priority neighbourhoods.

March 2011

Written evidence submitted by Places for People

1.0 Introduction

1.1 Places for People is one of the largest property management, development and regeneration companies in the UK. We own and manage more than 62,000 homes and have assets of £3.1 billion.

1.2 Our vision is to create and manage places where people want to live and our approach looks at all aspects of communities rather than focusing solely on the bricks and mortar provision of homes. Places for People’s innovative approach to place management and placemaking allows us to regenerate existing places, create new ones and focus on long-term management.

1.3 Places for People has a strong track record of delivering successful neighbourhood-based regeneration in terms of both new developments within deprived areas and transforming existing communities through a combination of physical, economic, social and environmental change.

1.4 For the past five years, we have delivered a comprehensive neighbourhood planning approach in a number of challenging areas across the UK. The impacts have included reduced turnover, increased customer satisfaction, reduced crime, increased customer involvement and improved housing management performance. All these elements contribute towards sustainable neighbourhoods. The approach incorporates the use of five high-level Key Performance Indicators which are applied to each neighbourhood and test long-term impact. These include customer satisfaction, turnover rates, surplus per property, tenure mix and economic activity levels amongst our customers.

1.5 In our response to the CLG’s inquiry, we give some general comments in section 3 before responding to the detailed questions posed by the Select Committee in section 4.

2.0 Summary

2.1 Places for People expresses the following views in this submission:

— We believe that the approach to regeneration set out by CLG could bring tangible benefits for local communities.

— We believe it is vital for the Localism Bill to include a requirement for local authorities to take account of the requirements of Local Enterprise Plans (LEPs) or in areas where they are not in existence the agreed economic strategies of neighbouring local authorities, in order to deliver economic growth.

— We feel that the Government needs to structure TIF-type incentives so that they are applied to the types of schemes or projects that they are most suited for.

— In our view, a balanced (economic, social and environmental) approach is the most appropriate way to deliver sustainable regeneration.

— We feel that there is a need to establish how the incentives and funding models being considered by the Government will complement each other (ie New Homes Bonus, TIF, etc).

— We advocate the introduction of a Decent Neighbourhoods Standard as an effective framework for linking outcomes relating to themes that underpin the sustainable communities concept (see Appendix 2).

3.0 General Comments

3.1 We welcome the opportunity to respond to the CLG Select Committee’s inquiry into the Government’s new approach to regeneration. In principle, we believe that the approach outlined in the “Regeneration to enable growth” paper can bring real benefits to local communities. As we have set out in previous submissions, we also agree with the principles of the growth incentives such as the New Homes Bonus, although we feel that these incentives should in some way be tied directly to future housing production.
3.2 We have long advocated the introduction of a Decent Neighbourhoods Standard. This standard would provide an effective framework for linking outcomes relating to themes that underpin the sustainable communities concept, such as housing, environment and health. Place-making is vital to the long-term success of neighbourhoods and the requirement to maintain Decent Neighbourhood Standards provides a trigger to prevent long-term decline. Details of a proposed outcomes framework for the standard can be found at Appendix 2.

3.3 In light of the above, we believe that it is vital that the Localism Bill include a requirement for local authorities to take account of the requirements of Local Enterprise Plans (LEPs) or in areas where they are not in existence the agreed economic strategies of neighbouring local authorities. By turning the Duty to Co-operate into a statutory duty instead of merely an enabling power, the Government can ensure that the benefits of public investment are accrued across local authority and neighbourhood boundaries. Money would be spent more effectively and efficiently, waste would be minimised and the impact of the investment maximised.

4.0 RESPONSE TO THE SPECIFIC QUESTIONS RAISED IN THE PAPER

4.1 As set out above, we welcome the Government’s localism agenda and believe that the approach to regeneration set out by CLG could bring tangible benefits for local communities by removing bureaucracy and enabling local people to make decisions about regeneration in their community.

4.2 We previously indicated in our response to the CLG inquiry into Localism in October 2010 that we feel that Whitehall has an important role to play in ensuring that the right outcomes are delivered. Incentives for sustainable growth are crucial and we feel that the Localism Bill needs to explicitly reference the presumption in favour of sustainable development as an outcome of the neighbourhood planning process.

4.3 We are concerned that the new approach to regeneration, in particular the creation of Neighbourhood Forums, could potentially frustrate development, including regeneration projects, by advancing claims, plans or permissions for other developments which could “spoil” larger projects on social, economic and environmental grounds that might run counter to Local Economic Partnerships or wider benefits.

4.4 As stated above, we feel it is important that local authorities should take account of the requirements of Local Enterprise Plans (LEPs) and/or economic strategies of neighbouring local authorities. The objective of the Government’s planning framework is to support sustainable economic growth and it therefore needs to support development and/or infrastructure where it will subsume local authority boundaries.

4.5 The “Regeneration to enable growth” document makes reference to reforming public funding through using mechanisms such as tax increment financing (TIF). We support the introduction of TIF and business rate schemes, in particular to support the development of new and existing mixed income mixed use communities. As we outlined in our response to the TIF consultation embedded in the Local Growth White Paper (December 2010), we believe that the Government needs to structure these incentives so that they are applied to the types of schemes or projects that they are most suited for. For instance, TIFs are suitable for projects that require “gap funding” for large infrastructure investment, like the Northern Line Extension at Battersea, whereas business rate finance schemes would be more suitable for smaller-scale investment into the community, notwithstanding that they have been used for large schemes such as Crossrail (probably in the absence of TIFs).

What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

4.6 Previous regeneration programmes have often had a greater focus upon the physical regeneration of an area. It is our view that a more balanced (economic, social and environmental) approach is the most appropriate way to deliver sustainable improvements.

4.7 In many regeneration areas, consideration of the long-term management of the area has not been addressed, which results in the physical improvements alone not being enough to sustain the neighbourhood in the medium to long term. It is clear that housing-led regeneration will not be successful in the current climate. Economic-led regeneration will provide a truly sustainable option in the long term and the changing economic environments will drive the sustainable future of many local areas.

4.8 Our experience of existing regeneration projects is that:
— Physical changes lead more directly to improvements in area satisfaction levels. However, increased satisfaction (with eg a new Health Centre) does not lead to improved levels of health.
— Physical improvements to an area do not always stop people leaving the area—people change in the main because of who they are, not where they are.
— Improvements to an area do not always lead to increased community involvement. Involvement can actually reduce as areas improve; however, resident involvement is critical to better decision making.

— Education and health improvements are difficult to achieve, attach to specific interventions and often have a significant period of “lag” before things change.

— Each neighbourhood is different and therefore the interventions and outcomes will differ. Outcomes to be achieved should therefore be prioritised, not standardised.

— The timescales for improvement are not short-term. Three to five years is realistic and some improvements can be achieved in this period. However, twenty years is when long-term impacts can be measured.

— Geography is important:
  — “Connectivity” is key—if a place has good links, it has potential. Some areas which do not have good connectivity have little potential to improve.
  — London is different in that it is totally dominated by housing market pressures.

— Alignment of different programme objectives and funding streams has historically not been effective. Different initiatives have not been “joined up” so regeneration has been too narrow and not outcome focused. This does not encourage the co-ordinated approach from developers/investors that is required to deliver interventions in an integrated manner (eg Decent Homes and Housing Market Renewal and approaches to the role and allocation of affordable housing). A clear sustained framework which is linked to an agreed wider vision is critical.

4.9 Specific examples of our regeneration activity and experience are attached as Appendix 3.

**What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?**

4.10 We put forward in our response to the TIF consultation referred to in paragraph 3.5 above that there is a need to establish how the incentives and funding models being considered by the Government will complement each other. For instance, there might be opportunities for the Government to extend or enhance the New Homes Bonus scheme for some larger-scale and/or longer-term mixed-use residential schemes (either new or redeveloped) in order to invest in community infrastructure and incentivise development. A similar point exists for the inclusion and operation of complementary funding vehicles such as Local Asset Backed Vehicles (LABVs) to enable Local Authorities to use their land to incentivise private sector development.

**How should the success of the Government’s approach be assessed in future?**

4.11 We believe that the Decent Neighbourhoods Standard (see section 2 above and Appendix 2) would be an appropriate mechanism to assess the success of the Government’s approach in future. The framework we have proposed would evaluate outcomes across a range of measures and provide a tangible measure for success.

**APPENDIX 1**

**ABOUT PLACES FOR PEOPLE**

Places for People is one of the largest property development and management companies in the UK, with more than 62,000 homes either owned or managed in a mixture of different tenures. With over 2,000 employees, it is a unique organisation that provides a diverse range of products and services to build quality, safe and sustainable communities. Places for People is active in 230 local authorities.

Places for People regards itself as a housing and regeneration organisation that puts people first. We provide solutions that not only cover a range of different housing tenures but also offer a range of support services including affordable childcare, elderly care and financial services—all the things that contribute to making neighbourhoods of choice; prosperous, popular and truly sustainable.

Places for People currently has around 40,000 affordable rented properties, over 6,000 properties available for market rent and just under 10,000 properties where we retain a freehold stake as part of either shared ownership or “right to buy” arrangements in a number of developments throughout the UK. We also own and manage around 6,000 homes for older and vulnerable people. Our portfolio is designed to “Create neighbourhoods of choice for all” and covers the following broad mix of products:

— Places for People Neighbourhoods—investment, regeneration and placemaking.
— Places for People Homes—neighbourhood and property management.
— Places for People Individual Support—support for independent living.
— Places for People Property Services—in-house maintenance services.
— Places for People Development—master planning and building new developments.
— Places for People Financial Services—financial products for customers.
— Places for Children—early years childcare.
Communities and Local Government Committee: Evidence

— Cotman HA—managing more than 2,000 homes across East Anglia.
— Emblem Homes and Blueroom Properties—homes for sale and rent.

We want all our neighbourhoods to be places where people are proud to live. To do this, our developments need a mix of homes, easy access to shops, schools, healthcare and leisure activities, safe public spaces, good transport links and job opportunities.

When we create new places for people to live we plan a mix of tenures and house types designed for communities that have people from different social backgrounds. All of our homes whether for sale or for rent are designed and built to the same high standards with the same specification, making different tenures indistinguishable.

APPENDIX 2

DECENT NEIGHBOURHOODS STANDARD—FRAMEWORK

<table>
<thead>
<tr>
<th>Key Theme</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing and Community</strong></td>
<td>To create places where people choose to live and are able to participate</td>
</tr>
<tr>
<td>Outcome:</td>
<td>Number of houses built that lead to mixed income communities and ensure a mix of housing tenures, types, use and size</td>
</tr>
<tr>
<td></td>
<td>Supportive housing services that manage properties in a way that is customer-focused—providing a service that responds to customers’ requirements (eg repairs measured in terms of satisfaction)</td>
</tr>
<tr>
<td></td>
<td>Increase the housing market to the regional average in low demand areas and to prevent displacement of social problems to surrounding areas</td>
</tr>
<tr>
<td></td>
<td>Map and identify areas that are potentially declining and develop innovative housing, and non-housing measures (with partners) to prevent downturn</td>
</tr>
<tr>
<td></td>
<td>Increase the number of affordable houses in areas of higher demand</td>
</tr>
<tr>
<td></td>
<td>Reduce the number of empty properties in an area in a way that increases mix and serves the general need of the whole community and those needing social housing</td>
</tr>
<tr>
<td></td>
<td>Build houses that people want—ones which are market driven</td>
</tr>
<tr>
<td></td>
<td>Increase commercial role if financially viable and enable reinvestment in social housing services eg provision of housing management services for non-social tenants, provision of renovation services or advice about access to renovation services that are cheap, Right to Buy, or Social Homebuy owners.</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
</tr>
<tr>
<td>Outcome:</td>
<td>Reduce derelict land</td>
</tr>
<tr>
<td></td>
<td>Percentage of new build to be Eco-Homes Excellent standard or the equivalent under the Code for Sustainable Homes standard</td>
</tr>
<tr>
<td></td>
<td>Reduce the number of existing stock which are not environmentally friendly</td>
</tr>
<tr>
<td></td>
<td>Investment in quality landscaping and design</td>
</tr>
<tr>
<td></td>
<td>Innovative design and provision of new green spaces in areas of low demand and adapting unused spaces for recreational use (development of recreational / leisure sites for commercial use)</td>
</tr>
<tr>
<td></td>
<td>Maintenance and improvements of run down and dysfunctional streets, lights and the public realm</td>
</tr>
<tr>
<td></td>
<td>Work with nature to encourage biodiversity in green spaces of all types, protection and long-term management</td>
</tr>
<tr>
<td></td>
<td>Air quality improvement to continuously move in line with national future targets</td>
</tr>
<tr>
<td></td>
<td>Long term management of public realm to reduce incidents of “enviro-crime”—fly tipping, graffiti, abandoned cars</td>
</tr>
<tr>
<td></td>
<td>Street cleanliness to a level that ensures a sense of belonging</td>
</tr>
<tr>
<td></td>
<td>Increase in children using green spaces for recreation and education purposes, including provision of sports facilities</td>
</tr>
</tbody>
</table>
### Key Theme | Outputs
--- | ---
**Infrastructure** | Improve provision of the availability of public transport in deprived areas
**Outcome:** | To ensure good transport services are available linking people to jobs, school, health and other services

**Employment & Opportunity** | Improve local access to employment and training opportunities
**Outcome:** | Encourage businesses into local area / number of business start-ups enabled where appropriate
**To increase availability of employment and training opportunities and ensure they are accessible** | Increase careers advice and support available to local community

**Health** | Provision of support facilities for those with drug/alcohol addictions (provision of individual support services)
**Outcome:** | To reduce inequalities and help people at all stages of their life to enjoy the best possible health
**Work with partners to ensure the delivery of health initiatives in areas of deprivation** | Improve delivery of services for the elderly

**Crime** | Reduce rates of anti-social behavior
**Outcome:** | To reduce crime and disorder and the fear of crime among people
**Work in partnership with local authorities to reduce vehicle crime to regional average** | Increase partnership working with police and safer neighbourhood teams
**Provide support services to known ex-offenders to enable re-integration into the community** | Improve delivery of services for the elderly

**Education** | Provision of school buildings where there is a key need for the community
**Outcome:** | To ensure the highest quality opportunities exist in education, learning and training, improving school performances and raising aspirations and standards of achievement for all age groups
**Maintenance and support services** | Improvement and support services

## APPENDIX 3

### EXAMPLES OF REGENERATION ACTIVITY AT PLACES FOR PEOPLE

#### Area-based Regeneration

At **Walker Riverside in Newcastle-upon-Tyne**, the overall aim of the regeneration programme is to provide a mixed-tenure/mixed-use neighbourhood, underpinned by the appropriate infrastructure. However, the variety of partners and programmes involved with different objectives and priorities (eg investment in schools) means that activity has not always effectively aligned. The LSP Community Strategy and the Masterplan for the area were not sufficiently aligned to ensure that the partners, programmes and funding delivered the wider goal of re-development and regeneration.

At **Norfolk Park in Sheffield** the regeneration programme involved extensive demolition of tower blocks replaced by a mixed tenure neighbourhood. The views of existing and, crucially, future customers has been integral to its success and popularity, as the regeneration has included much needed and high quality community provision (eg new school and extra care scheme) as well as a range of housing for rent and sale. This market-led approach has delivered a neighbourhood that will be sustainable in the long term.

#### Investment Bonds

Places for People has a long track record of developing and delivering innovative solutions to neighbourhood regeneration and renewal. Working in partnership with Citylife (the Industrial and Provident Society, who have developed the Investment Bond model), we have delivered Investment Bonds in Sheffield, Newcastle and London which have raised in excess of £10 million in investment, secured significant additional match funding, built public, private and third sector partnerships and delivered significant impact.

The model is based upon local people and businesses investing in a five year zero interest Bond. Places for People borrows up to 80% of the monies raised, which is repaid with compound interest over a five year period. The remaining 20% is used to fund revenue-related activities which have been identified as priorities.
by the investors and the local community. In most cases the monies loaned to Places for People have been used to fund a high-profile capital project which complements the revenue activity supported by the Bond.

March 2011

Written evidence submitted by The Riverside Group Ltd

1. Riverside and its Credentials
   - Riverside is one of the largest social housing and regeneration groups in England, owning or managing around 50,000 properties across the country. The Riverside Group Limited (TRGL) is the main asset-owning association in the group. As well as general needs properties, we own or manage some 10,000 sheltered/supported properties and 1,600 shared ownership homes. We have been engaged in sustainable regeneration and renting homes for a social purpose for 80 years.
   - Riverside is active in a number of Housing Market Renewal Pathfinder areas, including Merseyside, Oldham/Rochdale, North Staffordshire and Newcastle/Gateshead. However it is our involvement in the Merseyside pathway, where we own over 8,000 homes, which has prompted this submission to the Select Committee.

2. Summary
   - This evidence focuses on the potential impact of the curtailment of the Housing Market Renewal programme, with particular reference to Merseyside.
   - It argues that the sudden cessation of the programme half way into its original planned life, will have a significant impact on the competitive recovery of the areas where the programme has been focused. At the very least there needs to be an orderly continuation strategy which ensures that schemes which have started can be completed and obligations to residents fulfilled, even if the level of resources available is significantly reduced.
   - It further suggests that Housing Market Renewal needs to be re-cast, particularly where former pathway areas are located adjacent to the Government's new Enterprise Zones (as is the case on Merseyside).

3. Housing Market Renewal on Merseyside: Context
   - The Housing Market Renewal Initiative was announced by the last government in 2002–03, in an attempt to provide a long term and comprehensive solution for failing housing markets in a number of cities in the North and Midlands, generally characterised by older industrial housing. Nine Pathfinders were established as vehicles for channelling investment for housing renewal, linked to broader regeneration and service improvement initiatives.
   - Unusually, HMRI was initially presented as a programme that would last at least 15 years—far longer than previous areas based regeneration initiatives—in recognition of the scale of the problems being tackled, and the long lead in times required to deliver transformational change.
   - On Merseyside, the Government identified a pathway area covering parts of inner Liverpool, Sefton and Wirral, with delivery overseen by a new partnership organisation, NewHeartlands, with a board primarily comprising representatives of the three local authorities and the wider communities affected.
   - NewHeartlands established four specific goals:
     - create conditions for revival of housing markets;
     - create attractive and sustainable neighbourhoods through delivery of more balanced mix of housing—for existing population and new residents;
     - build sustainable communities, through quality public services and through supporting infrastructure; and
     - contribute to the competitiveness and prosperity of wider Merseyside conurbation.
   - Despite housing market renewal being falsely characterised as a slum clearance programme, the targets associated with HMRI on Merseyside were for the acquisition and clearance of just over 7,000 homes, their replacement with 9,500 new homes (a net gain of 2,500) and improvements and repairs to over 37,000 properties.

4. Housing Association Investment Activities
   - Housing associations have played an important role in delivering the aims of the HMR programme in many pathway areas.
   - In the Merseyside Pathfinder, Riverside has played a lead delivery role in a number of neighbourhoods in each of the three local authorities. Riverside’s role has been comprehensive and has included:
— Neighbourhood consultation and participation in (and sometimes leadership of) neighbourhood masterplanning.
— The disposal of empty (and occasionally tenanted) homes to permit local authority clearance and site assembly.
— The disposal of empty properties into affordable home ownership.
— The construction of new, mixed-tenure, housing.
— Investment in our own sustainable homes, and the acquisition and refurbishment of empty private sector properties (limited).
— Intensive housing management activities, particularly associated with decanting and rehousing.
— Bespoke neighbourhood management services, focusing on the management of ASB, void properties and the wider living environment (scaled up through “living through change” programmes).
— A range of other community investment activities.

— Over this period, Riverside has delivered the following:
— The development of 648 new or refurbished homes, costing £73 million (£112k per dwelling) and attracting £30 million social housing grant representing around 41% of total scheme costs. This programme has been split 72% social rent, 23% shared ownership (with 116 sales) and 4% outright sale, although most homes have been delivered as part of much larger mixed tenure schemes, incorporating up to 70% homes for outright sale provided by a private sector developer in an attempt to radically shift the tenure of the target neighbourhoods.
— The disposal of around 1,300 homes for clearance to create sites for redevelopment. In addition Riverside has sold 112 existing properties into affordable home ownership through a discounted sales initiative called OwnPlace.
— Improvements and major repairs to 7,114 of our own homes at a cost of £38 million, an average of £5,374 per dwelling. This has brought all of our homes up to the decent homes standard (and beyond) with the exception of those awaiting disposal or demolition.
— Significant investment in supporting communities through the process of housing market renewal. An estimate would put the total investment in neighbourhood management activities over the period at £10.3 million, with £4.6 million Riverside funds levering in £5.6 million of external funding.

5. Eight Years On—What has been Achieved?
— The whole NewHeartlands programme had delivered the following outputs by the end of 2009–10 (see table below). This indicates that, considering HMRI was originally intended to be a 15 year programme, the programme was on track, with two thirds of acquisitions achieved, and new build completions (understandably) lagging behind.

<table>
<thead>
<tr>
<th>Revised Target</th>
<th>Achieved to Date</th>
<th>Still To Do</th>
<th>% complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Build</td>
<td>9,520</td>
<td>2,297</td>
<td>7,223</td>
</tr>
<tr>
<td>Demolitions</td>
<td>7,128</td>
<td>3,276</td>
<td>3,852</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>7,566</td>
<td>4,945</td>
<td>2,621</td>
</tr>
<tr>
<td>Refurbishments</td>
<td>37,226</td>
<td>18,263</td>
<td>18,963</td>
</tr>
</tbody>
</table>

— From a Riverside perspective HMRI has helped us go a long way towards meeting our asset management goals for the inner core of Merseyside, both in terms of stock investment, where the vast majority of homes now meet the decent homes standard, and rationalisation, where a significant proportion of stock which had reached the end of its useful life has now been demolished to create sites for new affordable housing.

— There is compelling evidence that this investment has had a real impact on the communities where we operate—genuine “green shoots” of recovery in neighbourhoods which had previously been blighted by low demand and abandonment.
— For Riverside, tenancy turnover in the pathfinder area has halved from 13 to 6.5%, close to Group average. Tenants are no longer leaving these neighbourhoods.
— The number of long term empty properties has declined dramatically from nearly 14% of Riverside stock in pathfinder areas in 2002–03 to 3.5% in 2009–10.
— Tenant satisfaction has increased. The two Riverside Divisions involved (Mersey North and South) now have overall satisfaction levels at about Group average, 16% points higher than the level reported in 2007. Looking at Riverside tenants living in HMR areas only, their satisfaction with their local area as a place to live has risen by nearly 20% since 2007.
Communities and Local Government Committee: Evidence

6. Evidence of transformation

— Where shared ownership properties have been developed average sales prices (based upon 100% valuations) almost doubled over the first four years of HMRI from £65k to £125k, and have fallen a little since the peak of the market in 2006–07 (reflecting overall movements in the market).

— We know that other housing associations share a similar experience.

— Whilst the short to medium term impact of HMRI has been impressive, evidence for longer term transformation is more mixed.

— We have reviewed the way that HMRI neighbourhoods perform in relation to our own internal measure of neighbourhood sustainability, applied across over 190 Riverside neighbourhoods throughout the country—the Riverside Sustainability Index (RSI). We have four years of continuous data, and can chart the proportion of stock in HMRI neighbourhoods which falls into each decile of the index (ie splitting the index into 10 equal groups).

— This analysis indicates that whilst stock in HMRI neighbourhoods is no longer as concentrated in bottom decile neighbourhoods (over 50% in 2008 reducing to under 32% in 2010), the shift has been to the next two deciles, and in particular the second decile. In other words overall, the profile of stock in HMRI neighbourhoods has improved a little, but it is still “stuck” in the worst 30% performing Riverside neighbourhoods. Six of the ten worst performing Riverside neighbourhoods are located in the Merseyside Pathfinder area, of which five are in North Liverpool/South Sefton where multiple deprivation is clearly entrenched.

— This evidence underlines how, despite huge investment, these areas have a long way to go—which is why HMRI was conceived as a 15 year programme in the first place. However as the performance indicators in section 5 show, there are clear gains, and it is important that these are not prejudiced.

7. Conclusion: Looking Ahead

— In terms of investment and effort, from a housing association perspective Housing Market Renewal on Merseyside has been impressive. Much of the worst housing has been cleared, remaining homes have been improved, new homes have been delivered, and the whole process of change has been managed in a sensitive and dignified way.

— The short to medium term impact of the programme has been encouraging as evidenced by a range of performance indicators including: falling levels of empty properties, falling tenancy turnover rates and increased satisfaction. Homes for sale have been built in areas previously “red-lined” by the private sector, and at least until 2007, house prices increased dramatically.

— Yet evidence of long-term transformation remains more elusive—not because the programme has failed, but because it is only 50% complete and has yet to achieve the critical mass required to have a city-wide effect. Large areas originally scheduled for comprehensive redevelopment now face uncertainty, and in some areas abandoned and empty streets remain without a long-term solution.

— An abrupt halt to the programme will invite the risk of reversal—real gains being lost and local confidence sapping away. At the very least there needs to be an ordered continuation strategy to ensure a managed wind-down of the programme, even if this has to be delivered with lower resources.

— The Regional Growth Fund could provide such an opportunity, and we understand a number of bids have been submitted by partnerships of private sector developers and local authorities. But with the required outputs being focused on short-term sustainable employment, the rules seem stacked against significant funding being attracted for housing renewal projects, even where an indirect long-term economic benefit can be demonstrated. This approach needs to be challenged.

— Further, in a number of areas (including Merseyside) the designation of the new Enterprise Zones may present an opportunity to re-cast housing renewal in the context of creating a competitive housing offer for adjacent areas, which will ensure that the benefits of economic development are not narrowly confined, but genuinely reach into surrounding communities.

— We urge the DCLG select committee to explore such an approach, where a clear economic benefit to continued housing renewal can be demonstrated.

March 2011

151 This charts the relative performance of neighbourhoods in relation to 20 variables including measures relating to the housing market, education, income and work, health and crime and ASB.
Written evidence submitted by the Pennine Lancashire Local Authorities (PLACE)

INTRODUCTION TO THE SUBMITTER

Andrew Lightfoot is Managing Director of Local Government Services at Blackburn with Darwen Council. Andrew joined the council as Director of Policy in 2002 and was promoted to Executive Director Corporate Resources before moving to his current role. He has previously worked for KPMG and has held regeneration roles at Rochdale MBC and Bolton MBC.

Andrew leads the PLACE Strategy Unit which supports the Pennine Lancashire authorities. The local authorities in Pennine Lancashire are Blackburn with Darwen, Burnley, Hyndburn, Lancashire County Council, Pendle, Ribble Valley and Rossendale. We have a population of over 522,000, bigger than neighbouring cities, and a wide travel to work area covering Manchester, Leeds and Liverpool.

Despite our administrative boundaries and two tier local government structures, the local authorities have worked collectively to bring about change for Pennine Lancashire. This has included a change in the perception of Pennine Lancashire as an area to live, work, shop, and visit. The private sector, colleges, voluntary sector and health services are working as a collective with the local authorities to achieve improved outcomes for local people.

EXECUTIVE SUMMARY

— The Government’s approach to regeneration needs to give careful consideration of the impact the cuts in the public sector will have on future growth, particularly in deprived areas.
— The front-loading of spending cuts doesn’t allow for an orderly transition of programmes and will leave big gaps in projects which have either been significantly scaled back in a short time frame or halted mid-way through the programme (eg HMR). We do not believe that these policies will be sufficient to fill that gap and that momentum in regenerating areas will be lost.
— In areas with low land value, gap funding represents the most appropriate vehicle for levering in private investment and the development of capital schemes. Deprived areas are regarded as high risk in investment terms and will continue to need public sector support to lessen risk and attract investors to bring forward developments.
— We welcome the increase of local control of public finances, particularly the de-ringfencing and local pooling of budgets which will allow us to better address the wider impact of funding cuts across the public sector. It is right that Local authorities should play a central role in aligning funding, setting strategy and providing Leadership.
— The abolition of RDAs is a positive step to greater devolution to local areas within a democratic setting, however we have concerns that the replacement Local Enterprise Partnerships are too large and do not truly reflect functioning economic geographies.
— We welcome the opportunity to bring the local authorities and private sector together through Local Enterprise Partnerships. The private sector and local authorities are separate entities that will need to recognise the role each plays in an area in regeneration. The private sector can bring expertise, a focus on realistic goals and fresh investment to stimulate the economy; whilst the public sector will provide the democratic accountability, transparency and flexible approach to delivering statutory services (eg planning).
— Regeneration needs to be seen wider than just development and growth. There are other social impacts which need to be considered eg health, education. A healthy neighbourhood both physically and mentally can have positive effects on regeneration.

TOPICS

How effective is the Government’s approach to regeneration likely to be? What benefits will the new approach bring?

Reforming and decentralising

— We welcome the government’s intention to reduce bureaucracy and bring forward a simplified, streamlined planning policy framework.
— Whilst we agree in principle that abolishing regional strategies in favour of local and neighbourhood plans is the right way forward, care needs to be taken in the approach to communities determining and influencing what happens in their area. Some communities will be better equipped to properly consider and influence planning in their area, however, some of the more deprived communities may struggle to determine what’s best for their area, what regeneration is needed and what impact some planning decisions will have. Mechanisms will need to be put in place to support these communities to ensure a good balance and fairness between neighbourhood plans.
— We welcome the increase of local control of public finance, particularly de-ringfencing and local pooling of budgets. In Blackburn with Darwen we are part of the community place based budgeting pilot which brings the opportunity to co-ordinate public sector spend in the area.
— It is right that the public sector should be open to scrutiny by local people and the need to strengthen accountability. Good councils already have these arrangements in place through democratic arrangements or by pro-active engagement with the community. However, it is equally important that councils capacity to deliver services isn’t stifled by being questioned on every detail.

— We have concerns about the Free Schools policy. It is important that schools that operate under this policy have entrance criteria in line with neighbouring schools. Whilst we recognise that some faith schools have rigid criteria based largely around attendance at church etc, it is important that Free Schools do not target specific residential areas where they are likely to attract more affluent and brighter families taking these children away from other local schools where the attainment levels are more mixed and communities are integrated.

— In areas such as Blackburn with Darwen, the Free Schools policy has the potential to de-stabilise our work on community cohesion and undermines our planning for pupil places going forward. Massive investment through the BSF programme could be jeopardised with the advent of additional pupil places in free schools.

— We have concerns around interpretation of a “broad and balanced” education through Free Schools which do not need to follow the national curriculum. Some children can achieve more than they would ordinarily through a more flexible approach to learning, however, it is important that education attainment levels do not go down and children have the ability to leave school with the same levels of understanding and knowledge regardless of the school they attend.

— We welcome the commitment to continue the reforms to the benefit system. Blackburn has a history of generational benefit dependency, an unhealthy cycle and culture which needs to be broken. However, in order for the Work Programme to be a success it is vital that there are enough jobs in the local economy. The OBR figures suggest that there will be 6,500 job losses across Pennine Lancashire as a result of the public sector cuts, with the potential to create 13,500 new private sector jobs in the area by 2016. However, as the cuts in the public sector have been front-loaded, unemployment will increase before the private sector jobs become available, creating a new generation of people reliant on benefits.

— Pennine Lancashire was used to trial the Work Capability Assessment which found that of those reassessed, just 6% were deemed not fit to work. If extrapolated this would equate to 2,914 people classified as fit to work, and over a period of time would move onto JSA until they find a job. On average this equates to around £100 a month less benefit for each individual. The Centre for Cities Outlook 2011 report estimated that wider welfare spending cuts would take £27.3 million out of the local economy.

— We welcome the Government’s changes to allow local government the freedom and responsibility to develop public health. This will allow local authorities to have a more integrated role with health services and provide a more cohesive approach. It recognises local government has played a key role in tackling public health for years through its services such as environmental health; housing; licensing etc.

Incentives for Growth

— The incentives for housing through the New Homes Bonus will provide a new source of funding to areas which have previously not benefited from housing grants.

— However, based on the New Homes Bonus calculator for 2009–10, Blackburn with Darwen would draw down just £110,500 for 2011–12. Neighbouring authorities such as Chorley will receive £377,395 whilst other areas in Lancashire will get £348,291 (Fylde); £850,259 (Wyre); £289,283 (Lancaster). This new funding stream and others brought in by the government, go no way to address our concerns as to the long term damage of simply halting existing HMR mid-way through its programme. HMR was a 15 year programme which has ended after just seven years. A recent review estimated that at least £20 million is required just to bring the programme in Pennine Lancashire to an orderly end. A copy of our position statement and review of priorities submitted to DCLG in February is attached for your reference.

— In Blackburn with Darwen, we have accessed funding to address serious structural weaknesses in the local housing market, from Housing Market Renewal; National Affordable Housing Programme and Property and Regeneration Grant. In 2009–10 this totalled £19.7 million and for 10/11 is expected to be £11.2 million.

— This leaves areas like Blackburn with huge challenges. Not only will some residents now be left in homes where neighbouring houses are derelict, boarded up and vandalised, they live with the prospect of not being able to move out as their homes are worth so little on the open market. The New Homes Bonus scheme is not an effective tool to leverage in private sector growth as it favours the more affluent areas and goes against regeneration schemes based on demolition.
— We welcome the move to replace the RDAs with smaller more focused local enterprise partnerships bringing the public and private sector together. However, the two are separate entities and will need to recognise the role each plays in an area. The private sector can bring expertise, a focus on realistic goals and fresh investment to stimulate the economy; whilst the public sector will provide democratic accountability, transparency and a flexible approach to delivering statutory services. Each adds value to the other and puts more power in the hands of local businesses and residents.

— However, despite the guidance that Local Enterprise Partnerships be based on real economic geographies, in large parts of the country this is now not the case and it appears to be the bigger the better, the more influence, rather than a more focussed approach where the public and private sector really can work together on economic footprints.

— Community Infrastructure Levy (CIL)—in a low value area the additional cost of a “tax” to fund infrastructure or other works as a result of development is unlikely to attract private investment in and in Pennine Lancashire would detract investors. Flexibility to use the CIL over wider areas and to cross subsidise from higher value areas to low value areas may be helpful but developers are extremely sensitive in low value areas to accept any further costs to development.

Removing barriers that hinder local ambitions

— Whilst we welcome the Government’s plans to introduce new powers around borrowing against future business growth, consideration needs to be given in those areas where future income in business growth is untested or previously weak and authorities are left with empty units and debt.

— Tax Increment Finance could be a useful tool in certain cases in Pennine Lancashire and there is an appetite to test the scheme in the sub region. It is frustrating however that the tool may not be available until 2013 at the earliest. It would be useful if limited pilot schemes were able to proceed immediately to test the robustness of this initiative in some of our most difficult markets.

Targeted investment

— In Blackburn with Darwen, 58% of the population live in the 25% most deprived areas in the country, 17% is below Decent Homes Standards and average earnings are 22% lower than the national average.

— The Council’s Revenue Spending Power has been cut by £18 million for 2011–12 and a further £8.7 million for 2012–13. As a deprived area we benefited from Area Based Grant, Working Neighbourhoods Fund and LEGI and with the cuts to these funding streams the council is facing an overall reduction of £33,174 million (24.9%). Whilst we are making massive back office cuts, there are unavoidable cuts to front line services which will affect all residents and impact on their daily lives, eg 20 play areas closing, bowling greens closing, reduction in opening hours at libraries and leisure centres etc.

— We welcome the government’s Early Intervention Grant and the recognition that intervention needs to be undertaken in a child’s early years. Blackburn has a good history of focussing resources in early years and has successful Children’s Centres across the borough. Blackburn with Darwen has send educational attainment levels at GCSE improve over recent years and dedicated resources in early years will help to ensure this continues.

— We support the government’s intention to reduce the national deficit, however, the cuts are severe for areas such as Blackburn who have relied on area based grants. This grant has provided funding support to a long term strategy of regeneration and improvements in the area. We fear that these harsh, front-loaded cuts will widen the poverty gap further.

— We believe the Affordable homes programme works better in higher value areas with a greater proportion of people renting. In low rental areas such as Blackburn, it is going to be extremely difficult to raise additional finance on properties where in some cases private sector rentals are lower than social rent. This will act as a disincentive for Registered Providers to invest in areas like Blackburn.

— We welcome the government’s Regional Growth Fund to support private sector enterprise and economic growth and look forward to the guidance on round two bidding. We hope that round one successful bids will be targeted in areas in most need rather than for political gain.

Approach

— The severe front loaded cuts in local government will have a massive impact on front line services as mentioned above. This also needs to be taken in context with other cuts across the public sector in the police, health and FE/HE institutes.

— When these impacts are felt in the same wards, estates or families that have experienced cyclical derivation in the past, there is also a cumulative effect over time, with these patterns of worklessness, vulnerability and high demand on services perpetuating themselves. With the gap between public sector cuts and private sector growth, the impact is likely to require extreme interventions in already deprived areas in the future.
— We welcome the ending of ring-fenced budgets and less bureaucracy and are pleased to be a pilot for the government’s place based budgeting as mentioned above.
— We welcome the emphasis on the strategic leadership role that Local Authorities will play.

Will it ensure that progress made by past regeneration projects is not lost and can, where appropriate, be built on? Will it ensure that sufficient public funds are made available for future town centre and city regeneration projects as well as for more localised projects?

— We believe that many of the government’s regeneration policies will not be sufficient to gap fund existing schemes and that the impetus will be lost.
— Many areas in the North are only just showing signs of improvement—regeneration is long term and in many instances eg HMR, we are mid-way through long term intervention strategies.
— Given the governments intention to reduce the national deficit within such a short time frame and the impact on cuts in local government we do not believe there will be sufficient public funds available for future regeneration projects.
— In addition, as the focus turns towards private sector investments, areas such as Blackburn who have been left with unfinished projects (HMR) will find it difficult to attract new investors who will now favour more affluent areas and councils who will be making lucrative land available.

What lessons should be learnt from the past and existing regeneration projects to the government’s new approach?

— Addressing deprivation and generational dependency takes time. Long-term interventions strategies need the assurances that funding will continue at an agreed minimum level. Whilst we appreciate the changes in the economy, long term strategies in deprived areas need not be affected so harshly while other more affluent areas seem to be able to benefit from new programmes (New Homes Bonus).
— The single pot approach would be welcomed to allow areas to address issues against an agreed economic and regeneration strategy.

What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

— The government needs to ensure that banks are lending again at appropriate levels of interest.
— LEGI experience has shown that access to loan finance is important to grow business and the government need to ensure loan schemes are in place if it is to rebalance the economy towards the private sector.
— The private sector will be looking for quicker planning processes and less bureaucracy to allow them to develop areas quickly or grow businesses at the rate needed.
— Government should be encouraging and providing the framework for Local Authority’s to be able to explore prudential borrowing to provide funding for infrastructure and development works in order to encourage and bring forward development. Where Local Authorities are less able to carry debt it would be helpful if the government could allow some flexibility to lessen the impact on revenue accounts.
— Local authorities could be encouraged to provide funding directly to developers as they may be able to source funding at lower costs than the banking sector especially in the current climate for smaller scale projects where finance costs tend to be difficult to obtain and the cost of finance high.
— Low value areas are regarded as high risk in investment terms and will continue to need public sector support to lessen risk and attract investors to bring forward development.
— Successful Joint Venture arrangements are already in place in Pennine Lancashire but initially need to be pump primed to enable projects and asset bases to be established and over time become self sufficient. Joint Venture partnerships leverage additional private sector equity funding but only where land has value or there is a high value asset to balance the figures.
— Access to public funding for remediation and infrastructure works would provide an efficient use of funding where development is stimulated and significant private sector investment is made as a result. Gap funding through HMR and HCA kick start funding was a vital tool for Pennine Lancashire in terms of bringing sites forward for development.
— RDA and HCA assets and land banks should be a source of cross subsidy from higher value areas to low value areas such as Pennine Lancashire and look forward to receiving further detail about the future use of these assets as a useful source of funding in more deprived areas.
— Pennine Lancashire Local authorities have previously transferred stock out of public ownership and as such council house self financing cannot enhance the incomes of authorities.
How should the success of the Governments approach be assessed in the future?

— Regeneration should be assessed on outcomes rather than outputs which can be over bureaucratic and time wasting and focussed on quick wins rather than long term solutions and outcomes.

— If funding is to be un-ringfenced and a place based budget model used it is important that monitoring is undertaken as a whole rather than programmes pulled apart and individual projects monitored in isolation. Projects should complement each other and whilst one may have lower outputs the impact it has on other projects should create better outcomes overall. Whilst this may be harder to assess, we do not want to focus solely on numbers and statistics.

April 2011

Written evidence submitted by Grant Thornton LLP

INTRODUCTION

Grant Thornton UK LLP have advised on a wide range of major regeneration and infrastructure projects. We have advised seven Housing Market Renewal (HMR) Partnerships and our submission here draws primarily on the experience we have of advising on the following aspects of HMR activity:

— Economic options appraisals and delivery structures: Oldham & Rochdale—Partners in Action; Hull & East riding—Gateway HMR; Renew North Staffordshire.

— Advice to HMR/local authority on the selection of private sector partners—Bridging Newcastle Gateshead HMR; Sheffield City Council Local Housing Company (LHC).

— Development of legacy structures—Urban Living HMR.

— Advice to preferred private bidder—Scotswood Estate, Newcastle.

This submission also takes into account our wider experience of regeneration projects which include:

— Strategic financial and delivery advice on major social housing estate regeneration: eg Aylesbury Estate, London Borough of Southwark; Coventry WEHM (Wood End, Henley Green, Manor Park); and

— Financial advice on public/private partnerships including the development of Local Asset Backed Vehicles (LABV): eg Croydon Council Urban Regeneration Vehicle (CCURV); Tunbridge Wells BC LABV, Bournemouth BC LABV, Aylesbury Vale LABV; Watford Health Campus.

This submission is structured to consider:

— Lessons learnt from our experience on Housing Market Renewal Partnerships—how can we make sure any progress made is not lost?

— Comments on the Government’s wider approach to regeneration as set out in DCLG’s “Regeneration to enable growth” (Jan 2011).

Lessons learned from our experience on Housing Market Renewal Partnerships

We have identified five critical success factors which, in our view, HMR pathfinders needed to address in order for the project to be successful. An assessment of how far the HMR pathfinders have met these, and examples of where progress has been made is given in the table that follows:

— Governance—the role, authority and responsibility of the delivery vehicle or unincorporated HMR partnership needs to be clearly defined and understood by all parties, including third parties who will be involved in delivering the vision for the area.

— Vision and strategy—there is a need to establish early in the process of developing a business plan for the HMR area, the vision for the area and a coherent, robust funding and delivery strategy. The vision needs to answer the question of why would people want to live, work and spend their leisure time in the HMR area. In some instances we noted that the offering of an area had never been properly defined, let alone accepted. This is not just physical issues but the economic vibrancy of the area. This requires robust market insight—without clear evidence of employment opportunities, creating exercisable demand for mixed tenure residential developments, it is very difficult to secure private sector risk taking and investment.

— Consultation and engagement—there is a need to identify and engage with local stakeholders (the local community, local employers, Council officers and Members, Registered Social Landlords operating in the area, regeneration agencies) to secure their vision, commitment and investment in the area. Without such commitment and investment, the area will continue to be reliant on substantial amounts of public funding and support.

— Marketing and promotion—HMR partnerships should actively seek out potential developers and investors to measure awareness of the area and its potential, and to generate and maintain interest in investing in the area.
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— **Delivery planning**—a key to attracting inward investment is developing confidence amongst investors, developers and Registered Social Landlords that there is commitment and capacity from public sector partners to deliver the programme. This includes:

— A land assembly plan to ensure land can be passed on to developers/contractors in line with the development programme;

— Funding to de-risk sites, so that private sector partners are not asked to assume too much early investment and risk, in challenging housing areas;

— A strategic infrastructure plan to identify how the infrastructure and place making requirements of each phase will be delivered and funded;

— Free-standing delivery plans for each sub-phase which are integrated to form a coherent and viable whole;

— Definition and delivery of the supporting social fabric;

— Enabling development—developing a positive planning framework, ensuring timely delivery of key infrastructure and utilities provision; and

— **Private finance and investment**—it is essential to ensure funding is in place to deliver schemes over the short and medium term; achieving private funding leverage to maximise the benefit of public sector contributions; and securing the best private finance terms through the competitive selection of private sector partners.

<table>
<thead>
<tr>
<th>Critical success factors</th>
<th>Our view of HMR performance</th>
<th>Lessons learned</th>
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<tbody>
<tr>
<td>Vision and Strategy</td>
<td>The area of some HMRs were very large, and whilst this may have been important for them to take a strategic view of their area and its potential, in reality it was very difficult for HMRs to make any lasting impact other than a few showcase (already well known) developments on existing vacant land.</td>
<td>Develop the longer term vision for an area but ensure a strong focus on economic viability, the current and future offering of the area, and the deliverability of discrete regeneration packages, backed by sound market intelligence of what the sustainable offering of the area/ neighbourhood is. The life of any regeneration project needs to be sufficiently long (with certainty of funding) to change the perception of an area. This transformational change can take many years.</td>
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<tr>
<td>Consultation and engagement</td>
<td>Displacement of existing communities; in Oldham and Rochdale, the development programme projected growth in owner-occupied housing (mainly private sector funded) whilst affordable housing units were projected to fall in number. Though there was a degree of vacancy in the existing housing stock, this suggests people living in those affordable homes would be displaced to other areas. While infrastructure investment can improve places, it is not clear that this will improve opportunities for people living in them. Regeneration still needs to effectively tackle worklessness and low skills levels for a community to achieve its full potential. This does not always happen partly because Department for Work &amp; Pensions, as lead agency in Supporting People, takes, as the title implies, a people-based approach rather than a place based approach to intervention.</td>
<td>To some extent displacement and adjacency issues are inevitable as mixed tenure communities are developed, but it is an area of concern particularly for some existing non-HMR regeneration programmes—see our comments below on the Government’s wider approach to regeneration. Joined up Government working and stream-lining budgets is required to ensure extra benefit genuinely accrues to local communities. This should remain an area of focus for local partnerships such as Local Strategic Partnerships or Local Enterprise Partnerships.</td>
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### Critical success factors

**Marketing and promotion**

Some HMRs have had difficulty in attracting a strong list of private sector bidders for regeneration projects with strong competing propositions. In some cases there are under-resourced client-side teams who are unable to lead negotiations with housebuilders, developers and Registered Social Landlords and drive the delivery programme forward. Some programmes feature disparate sites with low value and/or difficult land assembly/land remediation issues.

**Delivery planning**

Land assembly—some private sector developers/speculators anticipated public sector investment and secured options over strategic sites or supported individuals to purchase their Council homes under Right to Buy, (although the suspension of the Right to Buy countered this speculation) thereby making public sector led regeneration more difficult. The HMR partnerships were put in a difficult position in that they did not have the necessary powers to implement their business plans for their neighbourhoods. They were left reliant on their sponsoring local authorities to drive land assembly through Compulsory Purchase Powers, secure planning permission and the ability to enter into contracts and joint ventures with private sector partners. Some had very limited powers to tender and sign contracts for supplies and services. Typically they have relied on local authorities as their “Accountable body” for these functions. These factors can undermine the confidence Private Sector Bidders have in the deliverability of the programme and increase their perception of project risk. In addition, the HMR can become “yet another” regeneration agency to compliment an existing array of predominantly public sector bodies.

**Project finance**

The ability to leverage third party senior debt was virtually non-existent, hence relatively little leverage of public sector gap funding was possible, other than through expensive private sector equity. HMRs were typically developed 10–20 year programmes but received government funding which was committed on a three year rolling cycle.

### Our view of HMR performance

### Lessons learned

Potential bidders for residential based regeneration schemes look for the following characteristics in investment opportunities:

- Empowered, well-resourced internal public sector team;
- Location and a local property market with growth potential;
- A mixture of positive and negative site values (but not all negative);
- Attractive sites without complications (eg 3rd party interests, contamination);
- Strong covenant tenants for early commercial developments including public sector organisations; and

An effective alternative might be to create autonomous bodies with the powers to implement programmes eg invest, raise funding on assets they own, possibly supported by gap funding or an annual subsidy. In some HMR areas the location had received the benefit of virtually every regeneration initiative over recent years, including, Housing Action Trust, Garden City initiative, Inner Cities Fund, City Challenge, Single Regeneration Budget, New Deal for Communities Partnership, attempted or successful Large Scale Voluntary Transfer, Estate Renewal Challenge Funding transfer, Single Regeneration Pot, Urban Regeneration Company and more latterly Housing PFI. Examples of new structures involving private sector partners in a long term partnership with public sector agencies include Local Asset Backed Vehicles (such as CCURV) or Local Housing Companies (such as Sheffield LHC) that mix public sector land and funding with private sector investment, risk taking and place making ability. In these cases the creation of delivery vehicle provides focus and the ability to raise finance and enter into contracts in its own name, but it needs to be capitalised to assume the wide range of risks inherent in regeneration projects, and crucially it needs a long term mandate to deliver sustainable regeneration.

Some risks are difficult for Private Sector Partners to price thus making schemes unattractive to private funders. This could be addressed by some de-risking of schemes (eg through public sector funding for pre-development infrastructure).
The Government’s wider approach to regeneration as set out in DCLG’s “Regeneration to enable growth”

The emphasis on localism may be compared to previous community-led regeneration programmes such as New Deal for Communities (NDCs) where boards of locally elected residents controlled the delivery of programmes.

A key ambition in many of these programmes, often focussed on large social housing estates, was the physical improvement of the built environment. Many of the resulting regeneration masterplans have relied on high levels of government funding, through social housing grant, gap funding on housing stock transfers, or PFI credits in housing Private Finance Initiatives to balance depressed market values and high land assembly and infrastructure costs.

Whilst the emphasis on local decision making remains, the ability to implement the original masterplan is now significantly curtailed due to the cancellation of Round 6 PFI projects and changes to funding for new social housing development. The key issue for some of these projects will be their inability to reprovide new homes for existing tenants in the same area. New affordable homes are likely to be provided at the new “affordable rent” (let at 80% of market rents) which in London and South-East means a rent significantly higher than the “social rent” of existing tenants. In less affluent areas of the country, the new “affordable rent” may not be much higher than the social rent, but will require a higher grant rate to enable new development to take place.

The 2011–15 Affordable Homes Programme Framework (CLG/HCA) recognises this and notes it will support new social rent provision “in limited circumstances”. We would highlight the need for flexibility in these cases to ensure that as projects are re-assessed to ensure that the best outcomes can be delivered and there is sufficient capacity within proposals to deliver the scheme’s benefits for existing communities.

We would welcome the move towards more local control of public finance and the incentives for growth through the introduction of the Community Infrastructure Levy (CIL) and Tax Increment Financing (TIF). We have worked on a number of projects where the availability of a TIF type structure would potentially have enabled pre-funding of key infrastructure to enable development.

April 2011

Written evidence submitted by Rochdale Metropolitan Borough Council

OLDHAM & ROCHDALE HOUSING MARKET RENEWAL

BACKGROUND

Oldham & Rochdale were awarded a joint Housing Market Renewal Pathfinder programme (HMR) in 2004 to transform neighbourhoods within the two boroughs and make them desirable to live in, both now and in the long term. The pathfinder’s objectives were to:

— Create a step change in housing diversity and choice.
— Transform the quality of housing and deliver long term sustainability.
— Promote and provide a range of affordable housing options.
— Support the economic development of Oldham and Rochdale, and the wider region.
— Promote community cohesion.
— Provide an excellent quality of life.

ROCHDALE MBC

Initially the Rochdale programme was focused on the first wave neighbourhoods of Langley and East Central Rochdale but this was extended to include two further neighbourhoods, Inner Rochdale & Kirkholt, in 2006.

All new housing being developed under the initiative will be built to Code for Sustainable Home Level 4 and construction will be undertaken using a contractually agreed percentage of local labour and suppliers.

In addition, to maximise the potential regeneration effects local supply chain activity will be maximised by way of targeted marketing to engage with local firms. This will also be a catalyst to develop both training and employment opportunities for the population of the boroughs and wider region.

FIRST WAVE NEIGHBOURHOODS

Langley

Langley is a housing estate in Middleton on the edge of the Borough of Rochdale. Following the stock transfer of former Manchester City Council social housing to Riverside in 2002, a programme of Decent Standard improvement to around 2,200 homes was completed in 2008. A number of specific surplus sites have also been developed, or identified for development for market housing by Lovell, Riverside’s development partner. Significant sums have been invested to assemble other potential development sites as part of the government’s Housing Market Renewal Initiative.
An ambitious Vision and Masterplan for Langley has been developed and these were refreshed in 2009. As the formally adopted strategic guides for investment the Masterplan builds on the investment made so far, including proposals for:

- Additional new market and social housing, delivered to a high standard, to meet growing demand in the borough;
- An improved environment including a Green Space Corridor—a network of new and improved green spaces; and
- Replacement of the existing poor quality Central Core, with new retail facilities and housing at an appropriate scale to meet local needs and create vibrancy at the heart of the estate along with other public and community services.

As part of the Oldham Rochdale HMR Pathfinder there has been investment of around £15.5 million on the Langley Estate in Middleton.

Work in the area has been undertaken in partnership with the local RSL—Riverside Pennine, and their development partner—Lovell Partnerships.

As part of the early wins funding in 2003 we acquired a number of properties (25 houses, 24 flats and three empty pubs) to create cleared sites and enable early development to take place.

When the main programme commenced in 2004 the focus of HMR investment was on environmental improvements and over 600 homes received improved front boundaries and parking spaces in key development or future development areas, thus lifting the once poor perception of Langley as an area.

At the same time as this investment was taking place Riverside Pennine were commencing a five year, £32 million investment programme in their 2,200 homes and Lovell had commenced the building of new homes for sale with a planned build profile of 800 new homes over 10 years.

In order to deliver the objectives of the programme we have been acquiring properties to create the necessary sites. We have acquired and demolished 31 occupied homes, 190 empty homes (includes 180 in the three tower blocks) and a former school, library, community centre and church.

There is a clear development profile which is scheduled to commence this year but it is anticipated that the market is not strong enough in areas like Langley without financial support. We are about to test this in the market.

Additional activity that has taken place on Langley with HMR support has been the building of 72 new apartments for rent in two phases by Riverside Pennine, the latter phase to code level 4 standards. This has been mainly HCA funded with support from HMR to improve the quality and sustainability.

Lovell have built and sold over 300 new homes in the area but have suffered from the housing downturn, requiring them to reduce prices significantly to enable people to get the necessary deposits to secure a mortgage. They have also just completed 50 new homes as part of the recent Kick Start programme.

There has been a range of other investment in the area ranging from remodelling of two schools, a new £17 million Academy, new Children’s Centre and Library and most recently investment from Tesco in the form of a new Express store.

In addition to the work above we have entered into an innovative arrangement with Riverside Pennine to produce a Land Pooling Agreement (LPA). This agreement relates to land ownership of both parties within the area and ensures that we are able to develop jointly owned sites without any problems. It also ensures that all receipts for land sales are reinvested back into Langley in the future.

All of this shows that confidence has been building in the area with people now wanting to move to Langley who previously would have not considered it an option. Our big concern is that without the right investment the planned programmes will stall and there is a risk that Lovell may move away leaving a number of vacant sites which, if added to the HMR sites, will start to create a worsening image again and potentially undo a lot of the good that has been done.

It has been estimated that investment of around £2.4 million over the next three years could unlock around four times that amount in private investment on at least two of our preferred sites.

Over many years there has been a lot of public sector investment in Langley and the HMR programme, working alongside other partners, has really started to make a difference. The strategy for Langley has always been a slow burn one that envisaged a 15 year investment plan that would eventually become self funding. The strategy is at the point of development now but with the continuing uncertainty in the housing market we are unlikely to succeed without further financial support.

East Central Rochdale

East Central Rochdale has been a priority Housing Market Renewal (HMR) Intervention Area over the last seven years and has benefited from over £20 million of investment. This has assembled, cleared and de-risked a number of housing development sites, which were on the cusp of being made available to the market, with
the potential of creating some 300 new homes. The Council and partners remain committed to achieving long lasting and wide ranging physical, social and economic improvements across the area with the ultimate aim of reducing deprivation and increasing individual choices.

East Central Rochdale falls within the bottom 5% of the IMD, with certain super output areas within the bottom 3%. The worklessness rate for the local authority area is 16.4% which is above the North West Regional average of 14.1%. Market failure has been recognized over a period of years with the designation of this area as a Housing Market Renewal intervention area. The cessation of the HMR programme has compromised the ability of the public and private sector to propose joint initiatives for housing led regeneration.

The community of East Central Rochdale suffers from high levels of deprivation, low levels of income and significant problems of overcrowding of the housing stock.

The regeneration of East Central Rochdale is a key component of Boroughwide policy as enshrined within the Sustainable Communities Strategy for Rochdale (formerly the Community Strategy), Rochdale Borough Renaissance Masterplan, Rochdale Economic Development Strategy and the emerging Core Strategy for land use planning across the Borough. It is also a key component of Rochdale and Oldham’s Joint Investment Plan—“Investing in jobs, homes and communities” (Oldham and Rochdale Economic Skills Alliance 2010) which ties in to Greater Manchester’s strategic plans for economic growth in the city region. The Oldham & Rochdale Joint Investment Plan has been endorsed by the Homes and Communities Agency and was seen as a model of best practice for the Greater Manchester city region.

The regeneration of East Central Rochdale has followed a consistent and logical vision since the start of the HMR programme. The initial vision can be traced back to the East Central Rochdale Physical Regeneration Framework (PRF) which was commissioned in 2003 and was used to guide and shape the nature of HMR intervention in East Central Rochdale in the early years of the programme, which commenced in 2004–05.

The PRF recognised that the potential for large-scale housing clearance in the ECR was limited, and that sites yielded by such clearance would not result in a net increase of housing stock. In order to cater for the growing demand for houses (and particularly larger households), the PRF outlined a programme of fundamental structural change to land use patterns in the area, utilising sites that were in declining industrial or other employment use for new housing development. In this way it is anticipated that over 900 new homes could be created in the area. The PRF proposed unlocking sites in the River Roch Corridor previously occupied by low grade industrial uses and utilizing them for new residential development, which would remove existing amenity problems, open up the river to the residential community and maximize the development potential of the area.

Following an extensive procurement process, a developer partner was selected for this area. As part of their submission, they proposed a review of the PRF to ensure that it is a deliverable and viable masterplan and as such the East Central Rochdale Strategic Regeneration Framework (SRF) was prepared. In summary, the SRF reaffirms the relevance of the strategy being pursued and confirmed that the previous masterplanning work remained commercially viable and realistic. This includes the general thrust of acquiring the outmoded and marginal industries in the River Roch Corridor and developing new high quality residential schemes which provide increased access to the river.

The adoption of the East Central Rochdale Supplementary Planning Document (SPD) in May 2008 by Rochdale MBC has given a statutory legal status to the regeneration policy and principles for East Central Rochdale. The presence of the SPD also provides statutory support for any acquisitions that need to be pursued using Compulsory Purchase.

The key objectives for the ECR programme are defined within the SRF as:

— Assembling and developing sites close to inner areas.
— Enabling communities to take advantage of modern new development nearby whilst still being able to remain near family and community facilities.
— Redeveloping targeted social rented estates to provide additional homes and greater diversity.
— Transforming land use patterns and the urban form replacing old low value and non-conforming industrial land with higher quality, mixed use sites close to town centres.
— Making strong linkages with an improved Rochdale Town Centre and other improvements in the economy (Kingsway Business Park) which will in turn support Housing Market Renewal.
— Aligning key services such as health and education to support Housing Market Renewal.

HMR activity has been on going in East Central Rochdale for some six years and is showing positive results. These include:

— Construction of 25 new homes at Nelson Place (Trafalgar Street).
— A developer partner appointed for the Dean Street Housing Site.
— Cleared and re-mediated sites available for development at Dale/Arkwright Mill and Gowers Street.
— Cleared development sites at Nile Street, Kitchen Street and Belfield Road.
— Acquisition and clearance of 16 commercial properties covering 2.91 hectares of land which is available for new housing development.
— Acquisition and demolition of 117 houses.
— Refurbishment of 796 houses.
— Ongoing community support for and involvement in the programme of intervention.

Given the position within the HMR programme, which was forecast to end in March 2011, there was a focus on the de-risking of sites, the procurement of a development partner and construction of new build housing units up. Activities that were pursued in the last 12 months of the programme focussed on:

— a limited acquisitions programme to meet existing commitments, to complete the assembly of developable sites or complete the acquisition of entire residential blocks were they have already been part purchased;
— a de-risking approach by way of remediation of sites to make them more attractive for future development; and
— the procurement of a development partner for a site at Dean Street which will deliver approximately 70 houses using the Homes and Community Agency Delivery Partner Panel (Northern Cluster). The implementation of this scheme will act as the catalyst to kick start the local market to deliver other schemes in the area, by demonstrating viability.

Evidence collected in the recently completed Rochdale Strategic Housing Market Assessment indicates a clear need to deliver additional housing. Future development would help to address the identified shortfalls and help encourage economic growth by providing a diversified housing offer in the borough and attract and retain economically active households through the provision of aspirational housing.

There are two main drivers in East Central Rochdale for the delivery of housing. These are:

Overcrowding—East Central Rochdale exhibits a need for larger properties to accommodate families currently occupying overcrowded properties—this is evidenced by the large number of terraces with one or two dormer extensions. There are strong links between overcrowding and poor living conditions, poor health and lower levels of educational attainment.

Aspirational Housing—to attract more economically active residents into the area, to increase the earning potential and when coupled with an improved Rochdale Town Centre to retain more of the income that is earned within the Borough.

The Housing Market Renewal programme to date has focused on site acquisition. As such, there are a number of sites that are now cleared, and in some cases remediated, which are available for development. A boroughwide Housing Development Sites prospectus is in preparation and includes the following sites in East Central Rochdale.

— Dale and Arkwright Mill, 1.8 ha site in mixed private and council ownership. Capacity 80 dwellings.
— Gowers Street, 1.5 ha site in council ownership. Capacity 60 dwellings.
— Nile Street, 2.0 ha site in council ownership. Capacity 70 dwellings.

Others sites not included in the prospectus but which will deliver new housing units are:

— Dean Street, 1.5 ha site in council ownership. Developer appointed. Capacity 70 dwellings.
— Kitchen Street, 0.25 hectares in council ownership. Housing Association to develop. Capacity 12 units
— Ramsey Street, Various infill sites total 0.4 hectares in council ownership. Capacity—20 units

In total, if all of these sites were developed, approximately 300 new units would be developed.

In order to remove barriers to housing development and ultimately occupancy by local residents, targeted funding would be required in the following areas:

The Nile Street site is contaminated and costs estimates suggest that for around £400,000 this site could be remediated, making it more attractive for developers.

Nile Street and Gowers Street are adjacent to the River Roch and the developable area would be increased by the construction of flood defence mechanisms. This is estimated at around £200,000.

In order to stimulate the local housing market, equity products need to be made available to overcome the problem of poor local access to traditional methods of raising finance, as it will give more finance options for potential purchasers. This approach will then enable money to be recycled in the longer term whilst also enabling Rochdale MBC to access the “Homes Bonus” of enhanced council tax as a result of constructing new homes.

Applying a blanket 15% equity product per unit, this gives broad brush maximum investment figures of £4.6 million to deliver the 230 units that are not already linked to specific developers. This would be over a period of some five to seven years, given the necessary phasing of development to ensure that the market is able to accommodate the number of units being delivered.
In total, an investment of some £5.2 million, the majority of which could be capable of being recycled would unlock private sector investment of around £30–35 million over a period of the next five to seven years.

SECOND WAVE NEIGHBOURHOODS

**Inner Rochdale**

Inner Rochdale has been a priority Housing Market Renewal (HMR) Intervention Area over the last four years and has benefited from over £5,000,000 of investment.

The area is located immediately to the south of Rochdale Town Centre and a short distance to the west of Kingsway Business Park. It comprises mixed employment, housing and retail uses and is bisected by the Rochdale canal and the railway line. The housing in the area is dominated by terraces.

Oldham Road, a major arterial route into Rochdale town centre from the south, passes through the area. Rochdale Railway station is at the heart of the area and the new Metrolink stop (due to be in place by 2012) will be located outside the railway station.

HMR funding has been utilized to assemble a number of housing and mixed use development sites. These sites have the potential to deliver around 135 new homes. The Council and partners remain committed to achieving long lasting and wide ranging physical, social and economic improvements across the area. The regeneration of Inner Rochdale is a long term strategy which seeks to create a sustainable mixed community, making the area a better place to live and work, and creating a wider choice of housing and improving the economic future of the area. Within the wider Inner Rochdale area, a core area around the Oldham Road Corridor, the railway station and the Canal Basin, has been identified as an area where physical regeneration will be focussed.

The housing market in the area suffers from dysfunction, where there is a mismatch between available housing and householder aspirations. Housing in the area is dominated by terraces and the level of overcrowding is high (20% compared to 7% for Rochdale Borough as a whole). Baseline information and evidence in the area (including consultation with local residents) demonstrates the need for larger houses. There are problems in the area associated with litter, poor maintenance and a lack of quality open space / public realm, resulting in a poor image and appearance. In parts of the area industrial uses often sit inappropriately close to existing homes.

The regeneration of Inner Rochdale is a key component of Borough wide policy as enshrined within the Sustainable Communities Strategy for Rochdale (formerly the Community Strategy), Rochdale Borough Renaissance Masterplan, Rochdale Economic Development Strategy and the emerging Core Strategy for land use planning across the Borough. It is also a key component of Rochdale and Oldham’s Joint Investment Plan (ORESA) which ties in to Greater Manchester’s strategic plans for economic growth in the city region. The Oldham & Rochdale Joint Investment Plan has been endorsed by the Homes and Communities Agency and was seen as a model of best practice for the Greater Manchester city region. The regeneration of the Inner Rochdale area in a comprehensive and sustainable manner is therefore a key objective of the Council and its partners.

A Regeneration Investment Strategy for the area has been prepared, which provides the context to help deliver the regeneration of the Inner Rochdale area. The Regeneration Investment Strategy is a multi functional document which provides a framework for a holistic approach to the regeneration of the area to be progressed and identifies opportunities for new housing and employment developments.

In order to ensure a planning framework is in place to support the Regeneration Investment Strategy, a Supplementary Planning Document has been prepared. The SPD provides a “masterplan” document for the area. The SPD identifies opportunities for new housing and commercial development to help achieve the regeneration of the wider area. The SPD has given a statutory legal status to the regeneration policy and principles for Inner Rochdale.

The key objectives for the Inner Rochdale programme are:

- increase housing choice for existing residents and attract new higher income residents to achieve a diverse and sustainable housing market;
- create affordable, attractive and high quality mixed tenure housing;
- create opportunities for modern employment sites;
- improve open space, design quality and the public realm; and
- enhance key gateways and corridors.

HMR activity has been on going in Inner Rochdale for around four years and has achieved a number of positive results. These include:

- Acquisition and clearance of a housing development site at Process Plastics (Norwich Street). This 1.57 hectare site has potential to provide around 65 new homes.
- Acquisition and clearance of a housing development site at Isherwood Street and Durham Street. This 1.79 hectare site has potential to provide around 70 new homes.
— Acquisition and clearance of a number of mixed use development sites along the Oldham Road frontage.
— A comprehensive area improvements programme focussed on the Oldham Road corridor.
— Refurbishment of around 300 houses.

Given the position within the HMR programme, which was forecast to end in March 2011, the main focus was on completing the assembly of two large comprehensive housing sites (Process Plastics and Isherwood Street); the adoption of a Supplementary Planning Document to provide a planning framework for future development; and area improvements to help improve the appearance of the area in advance of new development.

Funding was not available during 2010–11 to remediate and de-risk the acquired sites in advance of development to make them more attractive for future development.

Evidence collected in the recently completed Rochdale Strategic Housing Market Assessment indicates a clear need to deliver additional housing. Future housing development would help to address the identified shortfalls and help encourage economic growth by providing a diversified housing offer in the borough and attract and retain economically active households through the provision of aspirational housing.

Baseline information and evidence in the area (including consultation with local residents) demonstrates the need for larger houses. Housing in the area is dominated by terraces and the level of overcrowding is high. There are strong links between overcrowding and poor living conditions, poor health and lower levels of educational attainment.

The Housing Market Renewal programme to date has focused on site acquisition. As such, there are sites that are now cleared, but not remediated, which are available for development. A boroughwide Housing Development Sites prospectus is in preparation and includes the following sites in Inner Rochdale.

— Process Plastics (Norwich Street)—a 1.57 hectare site in Rochdale Council ownership with potential to provide around 65 new homes.
— Isherwood Street and Durham Street—a 1.79 hectare site in Rochdale Council ownership with potential to provide around 70 new homes.

In order to remove barriers to housing development and ultimately occupancy by local residents, targeted funding would be required in the following areas:

The Process Plastics and Isherwood Street / Durham Street sites are contaminated. Costs estimates suggest that for around £450,000 and £500,000 respectively these sites could be remediated, making them more attractive to a private sector developer.

In order to stimulate the local housing market, equity products need to be made available to overcome the problem of poor local access to traditional methods of raising finance, as it will give more finance options for potential purchasers. This approach will then enable money to be recycled in the longer term whilst also enabling Rochdale MBC to access the “Homes Bonus” of enhanced council tax as a result of constructing new homes. Applying a blanket 15% equity product per unit, this gives broad brush maximum investment figures of £2.7 million to deliver the 135 units that are not already linked to specific developers. The release of these sites would need to be phased to ensure that the market is able to accommodate the number of units being delivered.

In total, an investment of some £3.65 million, the majority of which could be capable of being recycled in support of regeneration, would secure the development of around 135 new homes and unlock private sector investment.

**Kirkholt**

Kirkholt is a predominantly council estate (managed by RMBC’s housing ALMO Rochdale Boroughwide Housing, RBH) with a population of approximately 12,000, housed in some 2,900 properties and is dominated by post 1930’s garden estate housing. Ethnically, the area is home to a mixed community but with a majority of people from a white British background.

Kirkholt Estate forms one of five priority regeneration areas for Rochdale Council across the Borough. The Council and partners are seeking to achieve long lasting and wide ranging physical, social and economic improvements across the area with the ultimate aim of reducing deprivation and increasing individual choices.

The area is one of the key Housing Market Renewal Intervention Areas and falls within the bottom 5% of the Index of Multiple Deprivation, with certain parts of the areas falling within the bottom 3%. The estate has been a priority Housing Market Renewal Intervention Area over the last five years (phase 2) and has benefited from over £6 million of investment.

This has assembled, cleared and de-risked a number of housing development sites, which were on the cusp of being made available to the market, with the potential of creating some 650 new homes.
Under the development of new homes on the estate two sites are underway and have started on site while the third has an exclusivity agreement with a development partner.

The first development is for the construction of 6, 2 bed bungalows on the site of existing garages on Romney Avenue which is now on site with an estimated completion date of December 2011. This development is due for completion in mid 2012.

The second early win development is for 30 units on Curzon & Cumberland. This development is due for completion in mid 2012.

The third development site is the ex Queensway primary school site (Hartley Lane site). This site has been tendered through the HCA Northern Panel and a report seeking permission of exclusivity was approved by Cabinet in March 2011. It is expected that the site will yield 40 units with a start on site of in late 2011 and a 16 month development timeline.

It has been estimated that investment of around £2.6 million over the next three years could unlock around five times that amount in private investment on at least three of our preferred sites.

The Main development site, the Hill Top development opportunity, comprises the school and adjacent RMBC training facility, both of which have been decommissioned and represents a significant development opportunity on the Southern edge of Kirkholt estate. The school and training facility buildings remain and are presently rented to a television production company but can be vacated on short notice. The site also includes substantial school playing fields and open space. The main site comprises approx. 8.01 ha (net available with buffer 5.6ha) with an indicative capacity of 224 dwellings. On development of this site the capital receipts would be reinvested to bring forward the other identified sites including the main shopping and community area of the estate.

This scheme will be delivered by the private sector. Its location and profile are such that it will have a significant impact on the local community, by way of being the largest housing new build scheme in the area within the last ten years and a demonstrable benefit of the Housing Market Renewal programme of site acquisition and remediation (de-risking).

The scheme itself will meet the needs of supporting the change of tenure on the estate by way of providing much needed private houses to this part of Rochdale.

Over many years there has been limited public sector investment in Kirkholt and the HMR programme, working alongside other partners, kick started the development opportunities. The development strategy for Kirkholt has always been a slow burn one that envisaged a 10 year investment plan that will eventually become self funding. The strategy is at the point of development now but with the continuing uncertainty in the housing market we are unlikely to succeed without further financial support.

**WIDER REGENERATION PRIORITIES**

*Employment & Training*

The development of the various sites will directly create a number of jobs as either trade or apprenticeship positions. In addition RMBC will work both directly and through contractual clauses in the development for support from J21’s.

J21 is jointly funded by the two neighbouring boroughs (Oldham & Rochdale), offering comprehensive support to the local construction community and local residents seeking employment in construction. The aim has been to support and promote local contractors into the supply chain of National contractors working on major capital projects across the two boroughs, thus creating sustainable local employment.

*April 2011*

**Written evidence submitted by the Pro-Housing Alliance**

The rationale behind each immediate and strategic recommendation is in the Appendix beginning on page 5.

**A. RECOMMENDATIONS FOR IMMEDIATE ACTION**

1. *Increase the supply of affordable housing in all tenures*

   Enhanced supply and access to housing that people can afford without increasing the risk of debt is essential, and an increased supply of housing regardless of tenure, especially low rent housing with adequate security, should be a priority (see the letters to The Times and Daily Telegraph in Appendix 4). Housing should be seen as a national asset.
2. The recent set of housing benefit cuts should not be implemented

The current proposals to cut housing benefit will cause severe hardship and have adverse mental and physical health effects associated with debt, poverty and enforced relocations. They will increase health risks from crowding and lack of space in accommodation.

Instead of cutting housing benefit the high benefit bill should be reduced over time by reducing scarcity by means of increased housing output, better use of the existing stock and the targeting of empty homes in high demand areas.

3. Define in statute both “affordable housing”, using local evidence, and “overcrowded”

“Affordability” needs to be clearly defined to avoid loose and misleading use of the term. Evidence-based housing affordability figures should be calculated for local areas using the Housing Affordability Standard (HAS) methodology developed by the Zacchaeus 2000 Trust and Citizens UK in 2008, based on Minimum Income Standards (MIS) methodology. Housing that does not meet this standard should not be designated as “affordable”. A statutory evidence-based definition of the term should be available to assist the courts.

Equally there should be a statutory definition of “overcrowded” appropriate to modern housing aspirations and the need to protect health and welfare.

4. Assess the redistributive effects of housing support

Over many decades those able to access home ownership have been advantaged in both revenue and capital terms over tenants in all rented categories. This has had clear regressive effects on both income and wealth distributions since those initially wealthy have received most benefit.

Resources should be provided to carry out an analysis to assess the net wealth and income redistributive effects of current and past housing support programmes, both in terms of direct support and in fiscal terms.

5. Calculate the health cost and other costs arising from housing policy malfunction, develop a strategy to tackle the high levels of “non-decency” in all tenures and adopt a “business model” approach

The Cabinet Office should follow the example of DECC in commissioning research to monetise some of the additional costs to the taxpayer in relation to health, education, the administration of justice and other services deriving from poor and unaffordable housing with particular emphasis on the private sector which has largely been forgotten.

In particular, in consultation with the Treasury, the DCLG should develop a housing strategy to ensure that all vulnerable households live in homes which meet the 10-year old “decent homes” standard. Special consideration should be given to the increasing number of frail elderly and disabled people living independently in the community.

Recent research studies using a “business model” approach have suggested that there would be a significant revenue return on increased investment in housing.

6. Support means to increase the role of residents in housing production and management

In consultation with local and national residents’ organisations, develop the role and empowerment of residents in new housing developments and in the management of existing rented housing in both the private and social sectors.

7. Develop a better business environment for the housing construction industry

(a) In consultation with the construction industry develop programmes and mechanisms that will more effectively incentivise housing producers and give greater confidence for long-term investment in housebuilding.

(b) Reinstate the financial support provided through the private sector renewal budget which is used mainly to carry out minor adaptations and repairs to the homes of vulnerable older and disabled people.

In 2010–11 the central government budget was £317 million, in 2011–12 it is zero. The removal of this funding after more than 60 years will annually affect more than 300,000 vulnerable mainly elderly or disabled households leaving them in properties which are frequently cold, in disrepair and unsuitable for their needs.

8. Devise reforms for the land supply system and land taxation

An independent expert committee should be established to:

(a) Examine the benefits of a land value tax as a replacement for other taxes and reclaim for the public purse some of the increased value arising from public investment; and

(b) As part of the “Big Society” develop means of promoting Community Land Trusts and similar mutually controlled approaches to housing development. A properly capitalised “Big Society Bank” should be used to support and fund CLTs and other social enterprise schemes.
B. **Strategic Recommendations**

1. **Bring the relationship between earnings and housing costs more into line with historic norms**

   Housing costs to residents have risen much faster than earnings over recent decades and this has entailed an increased reliance on housing benefit payments. This trend should be gradually reversed by ensuring that housing costs rise more slowly than earnings so that the evolving price/rent profile of the total stock, and the stock in specific areas, matches the evolving profile of earnings without the need for means-tested benefits which are expensive and impede the transition into work.

2. **Rebalance the supply/demand support pattern**

   Public spending to support housing should be directed primarily to stimulating new output and making better use of existing stock (including empty properties and land) not to stimulating the price/rent levels of stock overall.

   In particular the sharply increased spend on Housing Benefit over recent decades (from about £5 billion to over £20 billion) is wasteful of public resources, especially since a proportion goes untaxed to overseas landlords and has very little effect on increasing housing supply.

3. **Reduce house price and rent instabilities**

   Develop effective regulation over lending volumes to address the factors permitting the recurrent surges in house purchase credit that are the main underlying reasons for the damaging instabilities in house prices and rents, and the supra-inflationary rise in housing costs.

   This issue should be approached in the context of the huge and diverse public costs generated by housing unaffordability and price/rent instabilities.

**APPENDIX**

**STATEMENTS OF RATIONALE**

The Alliance Position; high quality and healthy housing is essential infrastructure:

(1) Rationale: We argue that enough decent affordable housing is a pre-condition for societal health and wellbeing, educational achievement, economic development and the proper care of all age groups.

(2) The Marmot Review argues that tackling health inequalities “involves tackling social inequalities’:

   “…the distribution of health and well-being needs to be understood in relation to a range of factors that interact in complex ways. These factors include whether you live in a decent house” (Marmot 2010).

(3) The Housing Health and Safety Rating System statutory guidance says:

   “…any dwelling should provide adequate protection from all potential hazards prevailing in the local external environment and that any residential premises should provide a safe and healthy environment for any potential occupier or visitor” (HHSRS guidance 2006).

(4) The needs of occupants vary and it is essential with an ageing population that homes are suitably adapted to allow people to live independently with dignity and in comfort.

(5) Housing policy should be predicated equally on considerations of social justice and economic efficiency. The policies of at least the last 30 years have signally failed on both counts with resultant huge, but unmeasured, economic costs and widespread hardship for more vulnerable people.

(6) The Alliance believes that there is a strong and growing case that housing policy malfunction in all its manifestations costs a lot more than the economy can afford. Equally it believes that some aspects of the system are totally unjust and are causing mental stress, physical ill-health and consequent public costs on a widespread scale.

(7) Present policies have no clear set of aims against which success can be measured. They are not making sense in terms of cost-effectiveness in the use of scarce public funding, in terms of facilitating labour migration and the functioning of the economy, or in terms of natural justice.

(8) Any housing policy or strategy should be tested against its ability to deliver in all these respects.

**RATIONALE FOR RECOMMENDATIONS FOR ACTION NOW**

1. **Increase the supply of housing in all tenures**

   (9) Rationale: the all-pervasive ideologically-led emphasis on owner-occupancy as the only tenure form worth promoting is dysfunctional to the economy. If the “homes as pensions” idea replaces proper pension provision about 30% of the population can’t self-provide, which constitutes a clear injustice. There is no logical relationship between the proportion of home ownership and general welfare. In Switzerland the ownership rate is 30%, in Bangladesh nearly 100% and in the former German Democratic Republic it was about 50%.
(10) There should be no policy preference for owner-occupancy tenure over rented tenures based on the need for rising values as a source of equity to fund future welfare needs. A dwelling should be to provide a healthy and secure environment in which to establish a home—it should not be seen as “investment”. If excessive inflation is generally regarded as undesirable the same should apply to housing.

(11) It is also necessary to take account of the effect of necessary demolitions. If homes are assumed to have a life of 100 years the rate of build for replacement purposes alone is about 210,000 per year.

2. The recent set of housing benefit cuts should not be implemented

(12) Rationale: The present proposals to cut housing benefit are producing widespread costs stemming from increased hardship and the adverse mental and physical health effects associated with poverty and increased debt. They fail to recognise the pressure on the weekly cost of food and fuel from climate change and other global influences. They will lead to “enforced moves” and the resultant disruption to lifestyles and children’s education, an increase in overcrowding and they are inducing a reduction of household spend on other health-protective items such as a healthy diet and domestic fuel.

(13) No reductions in housing benefit should be implemented until other measures have ensured increased housing supply and a gradual fall in housing costs and thus a reduced call on housing support payments.

3. Define in statute both “affordable housing”, using local evidence, and “overcrowded”

(14) Rationale: The current use of the term “affordable housing” (for example in relation to s.106 agreements) is misleading and unjustified unless the local housing cost level has been checked against local incomes and other costs required for an adequate lifestyle. This can readily be done using established Minimum Income Standard (MIS) methodology and with regard to the Minimum Income for Healthy Living. Evidence-based housing affordability figures should be calculated for local areas using the Housing Affordability Standard (HAS) methodology developed by the Zacchaeus 2000 Trust and Citizens UK. Housing that does not meet this standard should not be designated as “affordable”. A statutory evidence-based definition of the term should be available to assist the courts in determining individual cases.

(15) The statutory overcrowding standard dates from a 1935 Act and was carried over largely unchanged in the 1985 Housing Act. It is totally ill-suited to modern aspirations. In one recent case a family with two adults and eight children living in a three bedroom home, one a box room, were deemed to be only marginally overcrowded under this legislation. Such a standard is clearly not fit for purpose.

4. Assess the redistributive effects of housing support

(16) Rationale: The persistence, and worsening, of wealth/income/health inequalities (Joseph Rowntree Foundation 2010, Marmot et al, 2010) is often viewed with surprise because there have been many “anti-poverty” programmes in recent decades which have been designed to reduce or resolve them.

(17) But there are clear indications that the housing support and fiscal advantage available to all owner-occupiers (including those with mortgage paid off) has for some time been more per household than the subsidy to “social tenants”. The government has also been abstracting billions from Local Authority rent accounts for some time (Wilcox and Pawson 2011), so in effect this is a reverse subsidy since these tenants are generally worse off to start with.

(18) In addition “better off” areas normally offer a better range of public services and commercial services of all kinds than “deprived” areas so the regressive effects are self-perpetuating over generations in both environmental and financial terms.

(19) It is at least plausible that the net effect is that the housing support pattern is redistributing wealth and income “upwards” faster than the “poverty” programmes are redistributing them “downwards”. The research to establish the truth or otherwise of this contention has not been carried out.

5. Calculate the health cost and other costs arising from housing policy malfunction, develop a strategy to tackle the high levels of “non-decency” in all tenures and adopt a “business model” approach

(20) Rationale: The full range of costs arising from housing that is unaffordable, in poor condition, overcrowded, insecure and inadequately heated or in any other way not appropriate for purpose should be identified and assessed as a guide to what level of housing investment would be most cost-effective in the use of public funds. We see no point in the government spending ever-increasing amounts on the NHS to reduce health inequalities while failing to recognise the impact of poor, overcrowded, insecure and inadequately heated housing on health and wellbeing outcomes (Marmot et al, 2010, Shelter 2006). The reduction of these damaging conditions would enable the NHS spend to be used more effectively, for example in more preventative programmes.

(21) The Marmot Review stressed the environmental and social determinants of health outcomes. The national and international literature on the “exported costs” generated by poor housing has been growing steadily since the early 1990s when the extent of cost savings arising from housing renewal was demonstrated in the Stepney “Health Gain” study (Ambrose, 2000). In the last two years there have been reports from the
Building Research Establishment (Davidson et al, 2010), Circle Anglia (Circle Anglia 2010) and Ecorys (Friedman, 2010) each separately putting a figure of something like £1 billion to £2.5 billion annually on the costs of bad housing—but all working on a different aspect.

(22) Following the same logic the DECC is commissioning a study to quantify and monetise the health benefits from improving the energy and thermal efficiency arising from programmes such as Warm Front and the Warm Homes Discount.

(23) An additional risk factor to health and wellbeing is the lack of security in the private rented sector and the proposed reduction of security in the local authority sector. An Australian study has found that an increase in housing security is correlated with improved achievement and behaviour by children (Phibbs and Young 2005). Conversely a study in Wandsworth has found that overcrowding is an inhibiting factor to children’s capacity to perform well at school and can be associated with adverse behavioural consequences (Ambrose and Farrell, 2009). The indications are that an improvement in housing conditions and security would lead to a more cost-effective use of educational investment and to reduced stress on both teachers and learners.

(24) Putting these studies together, all of which make very conservative assumptions, it is reasonable to believe that the annual cost of poor housing could be £5 billion, £7 billion or more. This is enough to pay the annual interest on borrowings in the order of £100 billion—more than enough to put all existing housing in good order and fund the housing drive being proposed by the Alliance to solve current supply problems.

(25) The Alliance therefore urges a “business model” approach and a priority research programme to assess the full range of “exported costs” from poor housing. If “UK plc” doesn’t know what bad housing is costing it is difficult to see how rational decisions be made about the most cost-effective level of housing investment so as to eradicate the costly conditions.

6. Support means to increase the role of residents in housing production and management

(26) Rationale: The report on the benefits associated with an empowering housing management regime in an area of Paddington (Ambrose and Stone, 2010) showed that improved health and wellbeing outcomes can be achieved by a sensitive and empowering style of housing management. Since the home is so central to many other aspects of life, and can materially improve or detract from health and welfare, it is obvious that serious thought should be given to furthering management regimes that need not be excessively costly but which are likely to lead to enhanced wellbeing outcomes.

(27) These management practices do not arise by chance but by conscious policy decisions made by local authorities and RSLs which need to be supported by central government programmes, funding and advice. This is exactly the kind of support that can be offered by bodies such as the Tenants Services Authority and the National Tenants Voice which were recently abolished. These organisations, or others fulfilling the same function, should be put in place and properly resourced.

7. Develop a better business environment for housing producers

(28) Rationale: The house building industry has been facing a very difficult and unstable set of operating conditions as peaks in the mortgage flow are succeeded by a sharp downturn in lending and a failure in demand for their products.

(29) In addition uncertainties about how the infrastructure costs will be allocated between them and the local authority is not conducive to an environment for confident investment by builders or for innovating in construction technologies or management practices. Our house building industry is well behind that of others (for example Japan) in these respects.

(30) National and local building targets should be worked out on the basis of projected housing needs, the supply of development land should be ensured by intervention by the local authority if necessary, the arrangements for infrastructural cost sharing should be clearly agreed and the aggregate flow of mortgage and construction funding guaranteed at a level to provide a buoyant and sustained market for housing producers.

8. Reform the land supply system and land taxation

(31) Rationale: the additional land value conferred on land zoned for development is something like x100, or maybe even x1,000, depending on the use and amount of development approved. Similarly land rises massively in value as a result of publicly funded infrastructure (mass transit links, etc).

(32) All attempts to tax this gain since 1945 have failed, often from lack of consultation with land development interests, but it can be done in a number of ways. Local authorities could exercise acquisition policies so as to become the monopoly providers of development land (as previously in Sweden—Ambrose 1994) thus themselves benefiting from the increment in value due to zoning for a higher use. There could be a low tax % levied annually on the value of zoned but undeveloped land since there is something like 110,000 housing sites in London with consent but not yet built on (London Land Report, December 2010). In addition there could be some tax levied on the “betterment” deriving from public investment in infrastructure. Such a combination of land taxes could produce sufficient revenue to replace Council Tax and Business Rates and/or other taxes levied on productive activities.
(33) In terms of development mechanisms there are proven and effective ways of taking the rising value of developed land into public or community ownership whilst allowing either public or private leasehold development to take place. Variants of the Community Land Trust (CLT) model are widely used in the USA (see for example Davis and Stokes 2010) and their use could be scaled up here.

**Rationale for Strategic Recommendations**

1. *Bring the relationship between earnings and housing costs more into line with historic norms*

(34) Rationale: The Housing Minister has recently stressed the need for housing to be more widely affordable. Historically it has normally been easier for all income groups to find housing opportunities that match their widely divergent incomes. The problem now is that the profile of housing costs is truncated towards the lower end while disparities in income have increased. So access to suitable housing for lower income groups depends, increasingly, on means-tested housing benefit payments. This dependence has serious inherent problems.

(35) The solution, which may take a decade or more, is for private and social rental growth to be controlled at less than earnings inflation, for mortgage lending to be regulated such that house prices also rise slower than earnings and for the supply/demand support pattern to be rebalanced (see next point).

2. *Rebalance the supply/demand support pattern*

(36) Rationale: Housing support can be applied to the supply side by incentives to constructors, (direct subsidy, easier land supply arrangements, the provision of a safe investment horizon, etc) or to housing users (in the form of MITR, other fiscal advantage such as exemption for capital gains and Schedule A tax and Housing Benefit and Allowances, etc). In 1980 the ratio of the first to the second was 80:20, now it is 20:80 and the cost of housing benefit has risen to £20–25 billion a year. A lot of this is going untaxed to landlords outside the UK and an estimated £3.5 billion of it going to neglectful landlords who have profited from the lax regulation of buy-to-let.

(37) The overall effect of demand side support to users is to inflate the prices/rents of existing homes without having much impact on supply—the effect of supply side support to producers is to stimulate new output which in time can stabilise prices and rents.

(38) In addition, since 90% of the existing stock will still be here in 30 years time, a higher proportion of support should go to making the existing housing healthier and safer. In addition, according to the Empty Homes Agency there were over 726,000 homes empty at the end of 2009. One estimate (Audit Commission, 2009) is that if only one in 20 of empty homes were brought back into use there would be a saving of £500 million annually on the cost of dealing with homelessness.

3. *Reduce house price/rent instabilities*

(39) Rationale: A similar aim has been set out recently in statements by the Housing Minister. It is essential to be clear where high prices and rents actually derive from. They don’t reflect original construction costs otherwise one could buy a mid C19th house for the £150 it cost to build in 1850. Despite arguments to the contrary they don’t normally reflect land costs as the amount bid for new housing development sites is normally arrived at by the “residual” calculation which starts with the expected sale price of the new housing produced. This in turn largely depends on the house purchase credit flow available or anticipated.

(40) From the early 1980s deregulation of finance markets up to 2007 the credit flow increased explosively as lenders moved into more and more “sub-prime” areas of lending in a competitive race for profits. Over the period 1980 to 2006 (when it reached £1 trillion) the total amount of house purchase debt outstanding was about £800 billion more than it would have been had mortgage lending risen with inflation over that period (see Appendices 2 and 5 of Zacchaeus 2000 Trust 2005).

(41) This carries with it huge opportunity costs. This £800 billion could have been applied to modernising our infrastructure, building our hospitals and schools, funding R and D for our industries and to many other economically productive purposes. Instead it went to elevating house prices and increasing the paper wealth of those who can access owner-occupancy. This is as wrong economically as it is ethically. Rough calculations show that had house purchase lending grown at the rate of general inflation post-1980 the average house price in 2005 would have been £60,000 (Ambrose, 2005).

(42) It follows that to address the problem effectively there needs to be more careful regulation of aggregate lending flows in relation to the volume of housing transactions. In recent decades the lenders as a group appear to have been more powerful than the Chancellor, the Bank of England and the FSA, the tripartite regulation system.

(43) Rents in the PR sector are partly linked to rises in capital values as landlords seek a competitive return on funds invested or they reflect what the local market will bear. Local authority rents, which formerly could...
be kept low by the “pooled historic cost” mechanism have been, since about 2000, linked partly to house values in the area. Thus rent levels in all sectors are linked to rapid inflation in house prices.

April 2011

Written evidence submitted by Chris Coffey

Gordon Brown correctly piloted the city growth strategy, which was led by local businesses that create the wealth and jobs. Representatives from communities need to interface directly with local businessmen and local Councillors, Chambers of Commerce and Local Authority Officers should NOT be in a majority.

April 2011

Written evidence submitted by Rev David Gray

There is much fear around regeneration in ordinary communities because of past models such as the Highland Clearances that had no regard for the ordinary people that would be displaced and were driven on a class agenda and the Slum Clearances that, though well intentioned, broke up the connectiveness of families, neighbourhoods, societies, clubs, brass bands, orchestra’s etc and left a remnant of misery that led to siege mentality, crime and anti-social behaviour.

I’ve only a short while to respond as I’m due on pastoral visits, but some key approaches I would recommend are:

— Build on what is good: people, architecture, custom, history etc—present in even in the most disadvantaged communities.
— Refurbish rather than demolish.
— Involve local people.
— Don’t let the profits of developers dictate things—there are many other factors that need to be considered.
— Reawaken and tap into the giftedness of local people—who may have come to believe themselves unskilled.
— Give serious consideration to companies who, though not conventional, can deliver eco-affordable housing if given the nod.

April 2011

Written evidence submitted by Professor Peter Tyler and Colin Warnock

SECTION 1. INTRODUCTION

We are grateful for the opportunity to submit evidence to the Select Committee Inquiry into Regeneration. At a time of significant change in how regeneration policy is to be delivered it is important that new approaches recognise the strengths and weaknesses of previous policy and that key lessons are not lost.

The next section provides a short discussion about the rationale for regeneration policy. Section three considers what regeneration funding has been spent on in recent years and then section four addresses issues around Value for Money. Section five reviews some of the factors that have influenced the effectiveness of regeneration policy and section six concludes by considering whether the proposed changes to the shape and form of regeneration policy by HM Government are likely to be able to fund the amount of regeneration needed in England at the present time.

SECTION 2. THE NATURE OF THE PROBLEM AND THE RATIONALE FOR REGENERATION

Pronounced and persistent spatial disparities in the incidence of worklessness and income poverty have been a prominent feature of the United Kingdom for many decades. The extent of the problem can vary considerably between areas. The problem is often characterised by three inter-related components. There is a weak economic base, relatively high concentrations of unemployed and socially disadvantaged residents and often a poor physical environment. Within cities, housing, infrastructure and historic patterns of land use concentrate those on low incomes into particular neighbourhoods. The tendency for this to happen is, if anything, increasing (Tyler, 2011). This places disproportionate demands on the provision of public services in these areas, which then find it hard to adjust, and are often overwhelmed.

Once underway, the economic decline of an area tends to have a momentum of its own passing from one generation to the next. In some places there is sufficient access to new economic opportunity to ensure that following the loss of traditional industries new jobs are found quite quickly. However, in others there may be...

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153 Colin Warnock Associates Ltd, cw@colin-warnock.co.uk
significant impediments that inhibit the pace of positive change. The rationale for regeneration policy is that the actions of the market and mainstream public services are not able to bring about significant improvement within an acceptable timetable without extra intervention. The extent to which it is possible for policy to produce sustainable and long term improvement depends on the scale of resources that can be levered and, importantly, whether a strategic approach is adopted that builds on the assets of the area and its residents.

SECTION 3. WHAT HAS BEEN THE THRUST OF REGENERATION POLICY?

There have been a number of different approaches to regeneration policy over the last thirty years across the United Kingdom. Many of the early initiatives had a land and property orientation with a prominent example being the original Enterprise Zones (Department of the Environment, 1995). In the early 1990s the policy moved more to encourage local authorities to work with an extensive range of other partners to bid for regeneration funding to assist with the “holistic” regeneration of run-down areas (Department of Land Economy, 2009) through initiatives such as City Challenge and later the Single Regeneration Budget Challenge Fund (SRB).

The focus changed again in the late 1990s following the Review of Government Interventions in Deprived Areas and the publication in England of the National Strategy for Neighbourhood Renewal (Cabinet Office, 2001). The emphasis moved to the regeneration of deprived neighbourhoods and a shift from housing and physical dereliction to problems associated with worklessness, crime and poor public services (Lawless, et al, 2010), but by the end of the last decade housing-related initiatives had once again become a more central feature.

As Table (1) shows by the end of the last decade about one fifth of what was mainly urban focused regeneration expenditure in England was assigned to worklessness, skills and development activities, around 11% went to improving industrial, commercial and infrastructure and the remainder to activities associated with homes, communities and the environment with the largest share assigned to housing growth and improvement.

### Table (1)

**ESTIMATE OF CORE REGENERATION EXPENDITURE BY ACTIVITY, ESTIMATED AVERAGE ANNUAL EXPENDITURE IN ENGLAND. (AVERAGE SPEND OVER 2009–10 AND 2010–11)**

<table>
<thead>
<tr>
<th>Regeneration Activity (Theme, Activity Category, Activity Type)</th>
<th>£m p.a.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme 1. Worklessness, skills and business development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worklessness, skills and training, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helping employees and businesses with skills development in the workplace</td>
<td>259</td>
<td>2.6%</td>
</tr>
<tr>
<td>Enterprise and business development, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion of business enterprise research and development</td>
<td>654</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Theme 2. Industrial and commercial property and infrastructure</strong></td>
<td>1,143</td>
<td>11.3%</td>
</tr>
<tr>
<td>Industrial and commercial property</td>
<td>761</td>
<td>7.5%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>382</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Theme 3. Homes, communities and the environment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing growth and improvement, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New build</td>
<td>6,479</td>
<td>63.9%</td>
</tr>
<tr>
<td>Improving existing stock</td>
<td>1,017</td>
<td>10.0%</td>
</tr>
<tr>
<td>Demolition and new build</td>
<td>148</td>
<td>1.5%</td>
</tr>
<tr>
<td>Reducing homelessness</td>
<td>19</td>
<td>0.2%</td>
</tr>
<tr>
<td>Community development</td>
<td>35</td>
<td>0.3%</td>
</tr>
<tr>
<td>Environmental improvement</td>
<td>430</td>
<td>4.2%</td>
</tr>
<tr>
<td>Neighbourhood renewal</td>
<td>109</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,144</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source:** Authors’ analysis of expenditure data for 2009–10 and 2010–11 provided by Department for Communities and Local Government, RDA Finance and Governance data published on Department for Business, Innovation and Skills website (February 2010) and Homes and Communities Agency Corporate Plan (2009–10 to 2010–11)

SECTION 4. VALUING THE BENEFITS OF REGENERATION EXPENDURE

Recent research that we have undertaken has sought to value the benefits of regeneration policy on the areas that have been targeted (Tyler et al, 2011). The emphasis has been on developing an approach and producing illustrative Benefit Cost Ratios drawing on available evidence.

The first thing to note is that there has been considerable variation in the public sector cost per additional output associated with regeneration expenditure. Table (A1) in the Appendix presents the broad orders of magnitude for each of the main types of intervention. This variation is to be expected and will reflect the
nature and severity of the problems being addressed and the intensity of the intervention being delivered as well as its effectiveness.

On the basis of the valuation approach described in Tyler et al (2011) Table (2) presents estimates of Benefit Cost Ratios for Regeneration Expenditure in England by main activity type. Based on cautious valuation assumptions, the overall Benefit Cost Ratio associated with all regeneration expenditure on all types of activities is estimated to be 2.4. In the round, this represents a substantial pay-back in real resource terms to society from regeneration policy.

While BCRs for some activities are higher than others, it is important to stress that for virtually all areas in need of regeneration, a mix of support is required. This will include some activities, such as business development and land and property regeneration, which generate higher BCRs by virtue of their job-creating effects. Other regeneration activities, such as those aimed at tackling worklessness, skills development, housing improvements and the environment have a vital role to play. What is crucial in regeneration, as we note below, is the degree to which an appropriate, well-resource package can be put together which tackles the problem on all fronts.

### Table (2)

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Valuation basis</th>
<th>Central valuation</th>
<th>Cautious valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme 1: Worklessness, skills and business development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tackling worklessness</td>
<td>Consumption benefits (earnings) plus indirect crime and health benefits</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>Skills and training</td>
<td>Production benefit—Earnings uplift arising from skills enhancement</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>General business support</td>
<td>Production benefit—GVA</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>Start-up and spin-outs</td>
<td>“</td>
<td>10.2</td>
</tr>
<tr>
<td></td>
<td>Business enterprise research &amp; development</td>
<td>“</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Theme 2: Industrial and commercial property</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial and commercial property</td>
<td>Production benefit—GVA</td>
<td>7.9</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Theme 3: Homes, communities and environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New build housing</td>
<td>Consumption (property betterment) and production benefits (GVA)</td>
<td>2.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Housing improvement</td>
<td>Consumption benefits—property betterment and social benefits</td>
<td>2.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Acquisition, demolition and new build</td>
<td>Consumption benefits—property betterment and visual amenity enhancement</td>
<td>5.7</td>
<td>3.9</td>
</tr>
<tr>
<td>Communities: Volunteering</td>
<td>Shadow price of volunteer inputs—minimum wage</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Communities: investing in community organisations</td>
<td>Shadow price of social enterprise “GVA”</td>
<td>1.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Environmental: open space</td>
<td>Consumption benefits—Willingness To Pay</td>
<td>2.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Environmental: public realm</td>
<td>Consumption benefits—Willingness To Pay</td>
<td>1.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Neighbourhood renewal</td>
<td>Consumption benefits—value transfer from NDC evaluation which adopted shadow pricing approach</td>
<td>3.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**All Activity Types (real resource)** | 3.5 | 2.4

*Source: Authors*

**Section 5. Factors that have Influenced the Effectiveness of Regeneration Policy in England**

Much is now known about the factors that have influenced the effectiveness of regeneration policy in England and it is clearly important to ensure that key lessons are learned in deploying new initiatives.
Unrealistic expectations

There often seem to have been unrealistic expectations as to what can be delivered by expenditure on local area regeneration given the scale of the problems being addressed and, importantly, how they are continuing to change. As has been argued elsewhere (Tyler, 2011), area based regeneration initiatives are mainly operating at the margin to bring about change. The overall position in an area is determined by what is happening in the national economy and the actions of mainstream service providers. An area-based regeneration initiative relies for its impact on its ability to lever-in resources from the private and public sector. Too often insufficient attention has been given to how such leverage can be achieved.

The focus has to be on how successful regeneration policy is at getting business, mainstream service providers and ultimately households (through their consumption and housing decisions) to put more investment into declining places. However, in many cases the incentive to change behaviour has been too weak, too diffused or insufficiently targeted. As a result too little investment has been brought to bear and the relevant outcomes have not been altered sufficiently.

Moreover, the arbitrary timescales associated with most regeneration programmes have rarely, if ever, been grounded in a thorough analysis of how long it may take for regeneration to take effect. On numerous occasions, policies and the associated delivery chain have been disbanded before change could be secured or, even more common, a sustainable legacy fully embedded.

Inadequate understanding of how places relate to other places and the dynamics of the local economy

The targeting and design of regeneration initiatives has not been given enough attention to how the place that is the subject of the regeneration relates to the wider economy of which it is a part. Three key elements here are displacement (the extent to which support for new economic activity may displace that from other areas (eg through boundary hopping), leakage of employment opportunity to residents outside of a target population and population churn, whereby those residents who can, leave a target area in search of economic opportunity or better living conditions elsewhere.

There has also not been enough research into how expenditure by Government (central and local), households and business impact on relatively under-performing places. Recent developments in the way local authorities and other agencies of government are going to plan and deliver their services in the future through the Total Place Agenda (HM Treasury Total Place, 2010) offer a way in which this can be addressed.

A lack of a strategic approach, good evaluation and insufficient attention to capacity

Other factors that have tended to constrain achievement have been the failure to pay enough attention to the need to adopt a strategic approach, build on what has been learned from the evaluation of previous initiatives (See Chadwick, Tyler and Warnock, 2011) and to ensure that enough attention is given to the capacity of partnerships to deliver the programme of change required. Even well designed policies can fail to help under-performing areas if they are delivered poorly and are not part of a clear and strategic approach to regeneration.

Too often there has been insufficient customisation of the local delivery response and enough focus on the pathways between intervention and the final impacts on target beneficiaries (See Department of Land Economy, 2009). The opportunities to pool staff and financial resources and break the mould of generic programme delivery have been few, and while there are some encouraging examples (eg Community Budgets (DCLG, 2010)), there remains much to do. Key constraints include a performance management and target regime which has ebbed and flowed with different governments but in any case has rarely been clearly directed at targeting the needs of particular deprived areas or groups for long enough to make a lasting difference.

Section 6. Maintaining the Momentum—The Funding Outlook

Regeneration policy in England is currently undergoing considerable change. We conclude with some observations on where we believe attention is required if momentum in tackling regeneration problems is not to be lost.

The Coalition Government has dismantled the Local Area Agreement and National Performance Framework of the previous Labour Government. It is in the process of abolishing the Regional Development Agencies. The emphasis is on devolving responsibility for local economic regeneration to local authorities. The Localism Bill that was presented to Parliament in December 2010 provides new freedoms and flexibilities to Local Government in this respect.

The abolition of the Regional Development Agencies means the removal of approximately £1.8 billion a year of support for regeneration initiatives that covered a range of policy instruments including the Business Grant. Budget 2011 also announced the removal of the Working Neighbourhood Fund (approximately £500 million per year) and the Local Enterprise Growth Initiative (worth approximately £100 million per annum).
New regeneration measures have been announced. Businesses are exempt from NICs payments in the regions outside London, the East and South East. Local Enterprise Partnerships (LEPs) have been established between local authorities and business in areas and are reported to cover more than 90% of England’s population (DCLG, 2010). LEPs and other organisations can make bids to a new Regional Growth Fund that has £1.4 billion available over three years—a substantial reduction on the resources available to the RDAs.

Plans have also been announced for 21 new Enterprise Zones in England (DCLG, 2011). These zones will benefit from a simplified planning approach available on the zone land. Businesses that locate on the zone will not be required to pay business rates for a five-year period and any growth in business rates within the zone for a period of at least 25 years can be retained by the local authority to support the economic priorities of its LEP. HM Government has also suggested that it is open to the possibility of LEPs obtaining enhanced capital allowances for plant and machinery in limited cases and subject to State Aid rules. However, the suite of new EZ incentives does not appear to include capital allowances to support investment in property which was a very successful component of the original EZ policy in the United Kingdom. The time-limited nature of the business rate incentive, and the market’s general reluctance to fund speculative industrial and commercial at the present time, may well constrain what can be achieved from this policy in its present form for some time.

These changes to the way in which local area regeneration policy will be delivered are taking place against a harsh economic background. There is much reduced economic growth compared with the earlier part of this century. Public expenditure is under severe restraint. Moreover, the “credit crunch” affected the viability of the traditional approach of property-led regeneration to fund local area regeneration (Parkinson et. al., 2009). This relied on a relatively buoyant housing market, significant amounts of retail investment, relatively generous public sector financial contributions and, in some cases, significant financial assistance from European Structural Funds.

There are also worrying signs that some parts of England are still finding it very difficult to shake off the effects of deindustrialisation and turn things around given the scale of the new investment required in land reclamation, new transformational infrastructure, and people (See Fenton et al, 2010, Tyler, 2011).

HM Government is currently reviewing the scope for allowing local authorities to have more control of their local tax base (HM Treasury, 2010). One option that has been flagged and which has been moved forward in Scotland is the use of Tax Incremental Financing. However, at the present time progress in this direction looks to be proceeding relatively slowly in England. More generally, HM Treasury has also made it clear that it will not look favourably on significant local authority borrowing. Given the relative decline in the volume of government expenditure on regeneration that is now taking place, new ways have to be found relatively quickly that will allow local authorities, together with their regeneration partners to finance regeneration.

May 2011

REFERENCES


HM Treasury (2010). Total place: a whole area approach to public services.


APPENDIX (1)

THE PUBLIC SECTOR COST PER ADDITIONAL OUTPUT FOR MAINLY URBAN REGENERATION IN ENGLAND 2001–09

Table (A1)

PUBLIC SECTOR COST PER ADDITIONAL OUTPUT FOR URBAN REGENERATION IN ENGLAND 2001–09 (2009–10 PRICES)

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Unit cost measure</th>
<th>Low</th>
<th>Average</th>
<th>High</th>
<th>Comment on factors influencing variation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme 1: Worklessness, skills and business development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tackling worklessness</td>
<td>Public sector cost per net additional positive outcome into employment</td>
<td>£7,230</td>
<td>£13,098</td>
<td>£18,965</td>
<td>Work-readiness of the individuals being targeted and the extent of support required to move them into sustainable employment.</td>
</tr>
<tr>
<td>Skills and training</td>
<td>Public sector cost per net skills assist leading to NVQ Level 2+</td>
<td>£5,175</td>
<td>£8,690</td>
<td>£12,204</td>
<td>The subject of training being provided, the NVQ Level of the training and the training delivery method.</td>
</tr>
<tr>
<td>General business support</td>
<td>Public sector cost per net additional job</td>
<td>£5,873</td>
<td>£12,329</td>
<td>£18,785</td>
<td>Highly dependent on the nature of the support being offered, from limited advice on marketing or web development through intensive management consultancy activity to capital investment in plant and equipment. The severity of the market failure dictates how significant public sector investment has been relative to private sector commitment.</td>
</tr>
<tr>
<td>Start-up and spin-outs</td>
<td>Public sector cost per net additional job</td>
<td>£1,849</td>
<td>£9,664</td>
<td>£17,479</td>
<td>In some ways similar to tackling worklessness—dependent on the start-up readiness of the applicant and their individual s-kills as much as the specific requirements of the business.</td>
</tr>
<tr>
<td>Promotion of business enterprise research &amp; development</td>
<td>Public sector cost per net additional job</td>
<td>£34,029</td>
<td>£54,802</td>
<td>£75,574</td>
<td>Very large range dictated by the innovative nature of much of the activity being supported and the higher expense typically associated with R&amp;D equipment and personnel.</td>
</tr>
</tbody>
</table>
### Theme 2: Industrial and commercial property

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Unit cost measure</th>
<th>Low</th>
<th>Average</th>
<th>High</th>
<th>Comment on factors influencing variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and commercial property</td>
<td>Public sector cost per net additional job</td>
<td>£18,981</td>
<td>£31,788</td>
<td>£48,024</td>
<td>Influenced by property market conditions (thus how much the private sector is willing to contribute and the gap the public sector must meet) linked to the physical condition of the sites and premises and the proposed intervention, where higher sustainability standards can increase costs quite significantly.</td>
</tr>
</tbody>
</table>

### Theme 3: Homes, communities and environment

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Unit cost measure</th>
<th>Low</th>
<th>Average</th>
<th>High</th>
<th>Comment on factors influencing variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New build</td>
<td>Public sector cost per net additional dwelling</td>
<td>£57,276</td>
<td>£74,113</td>
<td>£90,949</td>
<td>See industrial and commercial property. Geography and property market variation, combined with variations in tenure mix are also likely to be significant factors.</td>
</tr>
<tr>
<td>Improving existing housing stock</td>
<td>Public sector cost per net additional dwelling replaced</td>
<td>£8,800</td>
<td>£17,750</td>
<td>£26,699</td>
<td>The specific nature of the works required, e.g. to bring homes up to Decent Homes standard.</td>
</tr>
<tr>
<td>Acquisition, demolition and new build</td>
<td>Public sector cost per net additional dwelling replaced</td>
<td>£93,479</td>
<td>£110,316</td>
<td>£127,152</td>
<td>Highly site/location specific. Abnormal costs are key, but a very significant cost driver is the costs of acquiring properties. This can be very significant, particularly in areas with stronger property markets.</td>
</tr>
<tr>
<td>Communities: Volunteering</td>
<td>Public sector cost per net additional volunteer</td>
<td>£299</td>
<td>£929</td>
<td>£1,558</td>
<td>Dependent on the level of intensity of marketing, recruitment, training and other support.</td>
</tr>
<tr>
<td>Communities: investing in community organisations (existing enterprises)</td>
<td>Public sector cost per net additional social enterprise assist</td>
<td>£7,659</td>
<td>£12,924</td>
<td>£18,188</td>
<td>As with business support activity, costs will vary depending on the intensity of the support provided, ranging from limited signposting through marketing support to in depth business planning, mentoring and capital investment.</td>
</tr>
<tr>
<td>Communities: investing in community organisations (new enterprises)</td>
<td>Public sector cost per net additional social enterprise assist</td>
<td>£5,019</td>
<td>£14,322</td>
<td>£23,624</td>
<td>As with mainstream start-up activity, with community enterprises expected to require more intensive support to reflect the greater challenges associated with business planning.</td>
</tr>
<tr>
<td>Activity type</td>
<td>Unit cost measure</td>
<td>Low</td>
<td>Average</td>
<td>High</td>
<td>Comment on factors influencing variation</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------------------------------------------------------</td>
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<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Environmental: open space improved (ha)</td>
<td>Public sector cost per net additional hectare of open space improved</td>
<td>£71,302</td>
<td>£117,085</td>
<td>£188,387</td>
<td>Highly project specific, with costs likely to be available from project design work. The scale and quality of the works specification in terms of the type and extent of planting or nature of public realm improvements are key cost drivers.</td>
</tr>
<tr>
<td>Environmental: new public realm (ha)</td>
<td>Public sector cost per net additional hectare of new public realm provided</td>
<td>£600,000</td>
<td>£1,500,000</td>
<td>£3,000,000</td>
<td></td>
</tr>
<tr>
<td>Neighbourhood renewal</td>
<td>It is not possible to suggest a single unit cost measure given the breadth of this activity</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>This activity type embraces many different activities, each with their own unit costs and influencing factors.</td>
</tr>
</tbody>
</table>

Source: Authors’ analysis of over 280 published and unpublished evaluations commissioned between 2000 and 2009 by England’s Regional Development Agencies, Scottish Enterprise, the Department for Communities and Local Government and the Department for Business, Innovation and Skills; open space and public realm unit costs informed by discussions with landscape architects and published data on local authority planning contributions requirements.

Summary

AR believes retail development including out of centre retailing, is a major means by which regeneration benefits, including economic, competitive and social advantages can be secured for deprived communities. It further believes that this potential is not fully appreciated by economic (Treasury) and land use policy makers (DCLG) as a result of which it is under-exploited. This missed opportunity is reinforced by current planning policy (PPS6) which is too protective of town centres (based on the wrong belief that out of centre retailing invariably leads to and is the prime cause of town centre decline) and fails as a consequence, to give sufficient weight to the regeneration benefits which can be secured from new retail provision outside town centres. AR’s views are lent support by two independent research projects commissioned by AR. The first in partnership with Business in the Community (1996) exemplified the significant regeneration benefits of retailing including out of centre provision and the second (2007 and 1011) looked at the real causes of town centre decline and the interaction between town centre retailing and out of centre provision.

Results of the 1996 Research

The research consisted of three complementary surveys. Ipsos MORI looked at the attitudes and experiences of some 4,000 adults over 15 years old to retail employment; Experian measured the contribution of retailing to the economy and employment including in the most deprived communities in the country; and third, a number of case studies were examined.

The findings of the Ipsos MORI survey are surprising. Some 19 main positive aspects were examined grouped under four headings: careers and communities; personal development; family and other commitments; and retail and regeneration. It reveals that, contrary to the negative view referred to earlier, the vast majority of people in the UK think that retailing has a positive impact on their communities. For many individuals who worked in the industry (nearly half of adults at some point in their life), it made an important contribution to developing their skills and employability. Working in the industry was thought to be particularly advantageous for family commitments, providing much needed flexibility to cope with children and other dependent family members.

Key results included: 76% of those who had worked in the retail sector in the previous five years said “working in the retail sector has helped improve my skills and employability”, 68% that “working in the retail sector is a good way of starting a career or work life” and 65% said “working in the retail sector allows you to fit your working life around your home life commitments”. Regarding personal development, 33% said working in retail “increased their self-confidence” and 30% that it “provided them with skills”; regarding family and other commitments, 42% said it allowed them to “work close where you live”, 33% that it provided “flexible working hours and 15% that it “enabled them to fit it around looking after children”.
All of these are valuable attributes for people living in deprived communities, but it was in response to questions about the impact of retail on regeneration that produced some of the most significant results. 90% of respondents who had worked in retail said “the sector makes an important contribution to employment in the communities in which it operates” and 74% that “retail companies generally have a positive impact on the local communities in which they operate”.

The Experian research is similarly revealing. Retailing is the third largest employment sector in the UK economy (some three million jobs), with 16% of all new jobs created in the last 20 years provided in the industry (especially in areas where there has been a loss of manufacturing). The industry accounts for a disproportionately high number of the small businesses in the UK (13% or 240,000 firms). In terms of combating social exclusion, it scores highly as well. In the most deprived areas, it accounts for 1.1 million jobs or 10% of the workforce. Of the industry’s three million employees, the majority are women (1.89 million) and the majority (1.75 million) are employed part-time of which 1.3 million are women. Some 95% of the part-time jobs are permanent and a higher percentage of retail employees compared with employment generally are educated to NVQ3, exploding two further myths.

The case studies, drawn from Leeds, Sheffield, Birmingham and Bolton underline these findings with practical examples of how retailing and training have addressed the “welfare to work” agenda taking people off the long term unemployment register.

In summary, the surveys show that in virtually every key social policy area, retail is a positive force engaged in bringing lasting benefits to individuals and their communities. Their findings need consideration by policy makers in all areas concerned with reducing social exclusion, improving economic performance and achieving regeneration. They echo the findings of other reports which have begun to explode some of the myths about retail jobs. The community perception that retail jobs were “good” was very strong and policy planners need to understand this and change their widespread belief that such jobs are of low worth.

RESULTS OF THE 2007 AND 2011 RESEARCH

Reference has already been made to the fact that one of main obstacles to retail development playing an enhanced role in regeneration is current planning policy (PPS4) which restricts new out of centre retailing in the belief that per se it is damaging to town centres. Independent research commissioned by AR and undertaken by GVA) in 2007 (Part 1) and 2011 (Part 2) into the causes of town centre decline and prosperity shows that this is not invariably the case and greater flexibility in planning policy could be allowed without compromising the protection of town centres.

A second obstacle, which has also been identified above, is that the economic contribution of our sector is not well understood with the result that little weight is given to nurturing it when the competing aims and consequences of planning policy are considered. A third piece of new independent research commissioned by AR (Economic Review of the Retail Warehouse and Parks Sector—2010—copy attached) undertaken by CBRE demonstrates the significance of this omission. In brief, out of town retailing accounts for some 30% of total retail spend and constitutes the largest part of investment grade retail commercial property with a value in 2010 of some £39.1 billion (compared with £37.9 billion for shopping malls and £30.9 billion for high street shops). Regarding competitiveness, retail productivity in out of town locations (including superstores), was 27% higher in town centres in 2003, a percentage forecast to increase further by 2010. Planning policy does not give weight to retail development appropriate to it’s economic importance.

In the present circumstances of low economic growth, the increased opportunity greater planning flexibility would create has its own merit, but with major retail growth in town centres become largely unviable for the next five–10 years, enabling the market’s willingness to continue investing in the retail park and warehouse sector assumes even more importance. In areas where the economy needs regenerating, new retail development represents a real and possibly one of the few opportunities to make a real difference.

Alongside its view that retail development is an effective driver of regeneration, AR has long believed that the causes of town centre decline or prosperity are manifold and complex and that the per se reasoning in planning policy linking it principally to out of town retailing provision is too simplistic. Consequently, it asked GVA to independently examine whether there was indeed such an attributable cause and effect. The research was undertaken in two parts.

Part 1 (2007), revealed that a large variety of factors affect the vitality and viability of town centres and out-of-centre development alone cannot be blamed for all of the problems faced by town centres. Nor will it necessarily have an adverse effect on town centres and where there is, it will vary according to the size and nature of the development and the size of the town and its retail function. Further, out-of-centre development has been necessary to lessen the disruption to town centres (especially historic ones and the larger towns) and to provide the large display areas required by many bulky goods retailers. These differences are not recognised in planning policy.

Part 1 showed, also, that successful town centres are much more than just shopping centres. They have broadened their appeal by expanding leisure uses to create an evening economy and growth in residential, employment and mixed uses has increased local spending and improved general vitality. What has produced
successful town centres is not blanket protection from out-of-town retailing, but pro-active management which plans for them to grow, diversify and respond to change.

In more detail, it is clear from the case studies, the literature review and other analysis that the vitality and viability of town centres is a complex issue and the factors that affect town centres are not solely confined to the effects of out-of-centre retailing. Whilst the PPS6 indicators (eg rental values/growth, retailer demand, vacancy rates, representation of multiple retailers etc) are important, they are no more than indicators and can only tell part of the story. They could easily be misinterpreted and incorrect conclusions could be derived from their use, if considered in isolation and not within the local context.

The analysis in Section 6 and the case studies in Section 10 show that the new retail floorspace needed as a result of the huge growth in expenditure over the last 30–40 years, coupled with the changes in the design and size of stores sought by retailers, could not realistically all have been accommodated in town centres without massive change to town centres that would have been physically very difficult to achieve and often entailed undesirable change. Some edge or out-of-centre development has, therefore, been necessary and desirable to lessen the disruption to town centres and to provide the large display areas required by many bulky goods retailers, freeing up space for more intensive retail uses in town centres. This capability could be utilised to promote regeneration aims as well as satisfying retail demand.

The study shows that a large variety of factors affect the vitality and viability of town centres and not all town centres will be affected equally. Edge and out-of-centre development will affect some town centres more than others and it is only one of many factors that potentially affect town centres. Out-of-centre development alone cannot be blamed for all of the problems faced by town centres. Not all will necessarily have an adverse effect on town centres, any effect varying according to the size and nature of the development. An open A1 scheme full of clothing retailers (a fashion park) is likely to have a very different impact on a town centre than a bulky goods scheme of the same size. This is not specifically recognised in planning policy, although should be clear in an impact assessment. Similarly, out-of-centre schemes affect town centres differently depending on the size of the town and its retail function. For larger towns and historic towns edge or out-of-centre provision may be the best solution, providing there is a quantitative need justification for additional development.

Another trend that is clear from the study is that successful town centres have evolved—they have broadened their appeal and become more than just shopping centres. Service and leisure uses have expanded to make retailing more enjoyable and so extend the length of a shopping trip (and the amount spent) and created an evening economy as well as a daytime economy. Growth of town and city centre residential accommodation and employment uses and the growing realisation of the benefits of mixed use development to the success of town centres has also helped to increase local spending and the general vitality and viability of centres. The successful town centres of the future will be much more than just shopping centres.

It is clear, also, that town centres face competition from each other, not only from out-of-centre development leading to a need for pro-active positive planning/management of town centres to allow them to grow and respond to change and be as attractive to shoppers as possible. Active town centre management should encompass a wide range of factors including new development, the consideration of mixed uses and recognition of the importance of leisure, the types of shops, physical condition of buildings, urban design and last but not least the location, accessibility, cost and amount of car parking and public transport. Town centres must react to change, but they should also anticipate change and plan for change accordingly.

Part 2 (2011), explored these issues in detail examining the retail performance over the last 20–30 years of eight medium to large towns where a variety (type and scale) of out-of-centre comparison goods floor space potentially competes with the town centre. The conclusions confirm the findings of the first report. Lesser performing towns are not solely due to out-of-town competition and the two formats often complement each other. The key to town centre success is active management and improvement in the retail offer. The need for PPS4 is not wholly dismissed as it found that some town centres at some periods may require a degree of protection—although it notes that this may well be from other town centres or large out-of-town supermarkets rather than retail parks and warehouses). In more detail:

— There are many underlying influential trends including economic factors, retailer trends and trends within the property market which affect town centres. A key factor in the future is that the exceptional retail expenditure growth of the last two decades will not be repeated so there will be a lower overall demand for new floorspace.

— The case studies confirm that numerous factors affect town centre vitality and viability with out-of-centre development just one of these. The effects of such development are varied depending on its scale, type, composition and location, and edge/out-of-centre development does not affect all towns equally. It is just one contributory factor to the overall performance of a town centre, not the sole factor.
No clear correlation was found between the scale of out-of-centre development and the vitality and viability of the nearest town. It is the scale, combined with the type, composition and location of non-central development which is important. Some case studies illustrated how out-of-centre developments have contributed to or exacerbated the decline of a nearby town centre whereas in other examples, where managed appropriately, edge/out-of-centre development can fulfil a need and be complimentary to the town centre retail offer.

It was also evident from the research that town centres not only face competition from out-of-centre developments, but from each other, with polarisation in the hierarchy as larger centres grow at the expense of smaller centres.

The research found that past population and expenditure growth led to huge demand for new retail floor space. If all new retail development had taken place in town centres the degree of change would have been enormous and probably unacceptable, particularly in historic town centres, as it was not only the retail space but the additional support/ancillary services and infrastructure that would have been required to facilitate such development. There was a need for some edge and out-of-centre development and this will continue to be true in the future, although as expenditure growth will be less over the next 10 years than over the last 20 years the need for new development will be less.

Town centres need to respond to change but also plan for change and proactive town centre management is key to maintaining healthy, vibrant towns.

In summary, the consequence of a restrictive planning policy has been to reduce investment in the modernisation and enhancement of existing out of town centre retail assets (qualitative improvement) and the prevention of new out of town provision (quantitative improvement) even where accommodating retail growth in town centres was clearly impossible or it was not the best approach such in the case of bulky goods and services. The outcome has been loss of potential GDP, employment and productivity increases and customer choice and the high level of delivery on regeneration projects exemplified in the 1996 study.

April 2011

**Written evidence submitted by the Lesbian & Gay Foundation**

**EXECUTIVE SUMMARY**

The Lesbian & Gay Foundation (LGF) is a vibrant charity with a wide portfolio of well-established services and a rapidly developing range of new initiatives aimed at meeting the needs of lesbian, gay and bisexual people. The LGF is committed to working with partners across all sectors in order to achieve more positive outcomes for LGB people. The LGF is reported by service users as to be one of the first points of contact for them when they have been at a crisis point in their lives. We campaign for a fair and equal society where all lesbian, gay and bisexual people can achieve their full potential, and our mission is: “Ending Homophobia, Empowering People”.

**KEY RESPONSE POINTS FOR CONSIDERATION**

The Lesbian & Gay Foundation supports the points made by Voluntary Sector North West in their submission at: http://www.publications.parliament.uk/pa/cm201011/cmselect/cmcomloc/writev/regeneration/m46.htm

Furthermore, as an organisation The Lesbian & Gay Foundation works collaboratively with Voluntary Sector North West and We recognise the unique role of Richard Caulfield in terms of representing the sector in the North West and helping to create a regional strategy that outlines the part that our sector can play in regeneration.

In addition, I would also like to draw your attention to the North West’s lesbian, gay, bisexual and trans strategy, Breaking the Cycle, which is available at http://www.lgf.org.uk/assets/Uploads/PDFs/Resources/Breaking-The-Cycle-lowres.pdf

Also, the document that was produced by the recently disbanded North West Development Agency that touched on enterprise, health and education for lesbian, gay, bisexual and trans people in the region: http://www.lgf.org.uk/assets/Uploads/PDFs/Resources/LGF-Ecotec-NW-LGBT-population-knowledgebase.pdf

May 2011
Written evidence submitted by Locality

BACKGROUND

Locality is the nationwide movement of communities ambitious for change.

We have a membership of over 600 community organisations from across the UK and they include some of the foremost community-led regeneration organisations in the country. Our members are multi-purpose and community led. They include settlements, development trusts, social action centres and community enterprises. Our members have expertise in community asset ownership, collaboration, commissioning, social enterprise, community voice and advocacy.

Our vision is for every community to be a place of possibility.

OUR RESPONSE

Our response has been informed by the experience of our members—front-line, community based organisations that have a wealth of expertise in developing innovative, community-led solutions to local needs.

Locality welcomes the government’s ambition for locally-driven growth, as outlined in the Local Growth White Paper. We believe that community-led regeneration should be the driving force behind business investment and economic growth within communities across Britain. Effective community-led regeneration helps to build greater community capability, enabling communities determine their own development. It leads to directive and resilient communities who can promote and enable local action and engagement, asset ownership/management and sustainability. We believe that this approach should be underpinned by the following factors:

LOCALISM

— We welcome the emphasis on Localism and the recognition that communities should be more involved with regeneration at the local level.
— The government must ensure that financial investment and support to initiate regeneration projects is provided. This will ensure that community organisations have the capability and resources to take part in regeneration initiatives effectively.
— From our members’ extensive experience in regeneration and community action, it is clear to us that a “one size fits all” approach does not work. Communities must be given the chance to be innovative in the design and delivery of regeneration projects.

Community Engagement and Empowerment

— We firmly believe in regeneration that places community engagement and empowerment at its core. This will be crucial to ensuring that decentralisation results in power being invested in local communities and not just in local government.
— We welcome the attempts made by the government to tackle bureaucratic barriers that hinder local ambition. Increased transparency and accountability will also increase engagement at a local level.

Financial Investment and the creation of effective support mechanisms

— Significant investment is required to simulate growth. Financial support will be needed to encourage community asset transfer and for community enterprises to play a significant role in the regeneration of their locality.
— Technical support must also be made available to ensure that community organisations can become investment ready and are able to grow to scale.

RESPONSES TO CONSULTATION QUESTIONS

1. How effective is the Government’s approach to regeneration likely to be? What benefits is the new approach likely to bring?

1.1 We welcome the emphasis on localism. Many community organisations are ideally placed to identify opportunities for regeneration due to the engagement they have with the wider community.

1.2 If implemented effectively the “Community Rights” outlined in the Decentralisation and Localism bill will provide an opportunity for community organisations to play a greater role in shaping the future development of their community. Both the “Community Right to Challenge” and the “Community Right to Buy” are important practical and symbolic steps forward in giving greater power to communities. However the key to making this a reality will be in ensuring the regulations provide sufficient guidance and adequate support mechanisms to enable community organisations to exercise these rights effectively.

1.3 The proposed Neighbourhood Planning system should give more power to local communities, enabling them to plan for their areas according to local need and make a real difference. This should result in more effective and more responsive planning decisions. However it is important to ensure that proposed reforms are fair and do not favour those are investment ready and disadvantage those that are not.
1.4 Allowing greater local control of public finance is also to be welcomed. Providing targeted investment will be key to ensuring that regeneration schemes are effective and that growth will benefit the local population. The government should closely monitor the Community Budget pilots to ensure that they achieve the twin aims of community engagement and an integrated service delivery before they are rolled out nationally.

2. Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on?

Whilst many of the regeneration initiatives outlined in the paper will undoubtedly foster growth, there is a real and present danger that much of the progress made by previous and current regeneration projects may be lost due to disproportionate funding cuts and insufficient support mechanisms.

2.1 Many of the direct investment schemes that specifically target regeneration have been cut with little or no provision to replace investment. For example the decision to discontinue the Future Jobs Fund was met with dismay from much of our membership. This fund has re-engaged a generation of young people in danger of permanent disengagement, back into the labour market and has helped to deliver valuable social, economic and environmental projects. We would urge the government to reconsider this decision.

2.2 The £100m Transition Fund will go some way to helping civil society organisations to adapt to the hostile funding climate. However the Fund will only support 201 organisations and does not go nearly far enough in addressing the scale of the cuts facing the sector. Many voluntary groups, charities and social enterprises that have in the past delivered effective regeneration programmes, now face a very uncertain future.

2.3 There will also be indirect but significant effects felt by many regeneration projects due to the reduction in public sector spend. Private and social enterprise sectors in deprived areas often rely on secondary and tertiary markets resulting from public sector spend.

3. Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

3.1 We believe that the approach outlined in the proposals will be more likely to favour major towns and cities. In times of reduced investment, Local Authorities and Local Enterprise Partnerships will be driven by cost efficiency and strategic planning. It is hugely important that this does not solely determine the regeneration agenda. They must ensure that the most deprived communities receive sufficient investment and that they do not favour centralised and key-site solutions.

3.2 The government has provided guidance to Local Enterprise Partnerships about the role that social enterprises and other civil society organisations can play. This guidance stresses the importance of civil society involvement in the board structures of LEPs, and we welcome this. The government should however reinforce this message and monitor whether it is being put into practice. Many of our members report that LEP’s are not currently taking the guidance into account.

3.3 Future investment needs to be better balanced in order to achieve the government’s aspirations. Of the almost £20bn of committed regeneration investment quoted in the consultation paper, around half relates to further infrastructure to support the “powerhouse economy of London” rather than transition economies currently dependent on public sector spend.

3.4 Furthermore it is estimated that a mere £0.22bn (1.1%) of the total spend quoted in the consultation paper relates directly to projects aimed at building the Big Society.

4. What lessons should be learnt from past and existing regeneration projects to apply to the Government’s new approach?

4.1 Previous regeneration projects demonstrate the need to target investment, including both capital and technical support, to the most deprived sections of society in order to rebalance local and national economies. Removing bureaucratic barriers and creating the space for growth will favour those that are investment ready. The more affluent and “network rich” areas will have the capability and financial resources to play an active role in regeneration initiatives. This may result in the regeneration and growth agenda bypassing the areas most in need of development. An alternative approach to ensure this does not happen would be for the government to invest further in social finance institutions which naturally target those areas most in need of regeneration. For example, 64.6% of investment under the Communitybuilders Fund has gone into the 40% most deprived areas of England.

4.2 The Government should be stronger in its direction to public bodies regarding the importance of social impact and the Big Society to regeneration schemes. Locality welcomed Chris White MP’s Private Member’s Bill which was designed to achieve this in relation to public service delivery and we hope that it will pass smoothly through further legislative stages. This approach could also be applied to other decisions made by public bodies; for example in relation to planning applications where a presumption in favour of applications which deliver wider social, economic and environmental benefits could be adopted.
4.3 Key public sector assets have significant potential to revitalise communities and provide sustainable community-led regeneration through asset transfer. These benefits can significantly outweigh the benefit of a one-off capital receipt. The government has provided guidance to local authorities in this area and should follow its own guidance with reference to its own asset portfolios, particularly RDA and HCA assets.

4.4 Benefits from other existing schemes are in danger of being lost due to a lack of available public and private capital. For example the Government needs to ensure that the good progress made by Housing Renewal Pathfinders continues. Proposals from the Empty Homes Agency to assist in the renovation and reuse of empty properties, including in Liverpool’s Welsh Streets and similar community schemes such as that in Deighton, Huddersfield, should be supported. These schemes can lever investment and also provide employment and training opportunities in deprived communities.

5. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

5.1 The Government should recognise that residual public sector spend can still drive regeneration. The focus should be on encouraging public sector bodies to see their purchasing power as investment not spend, and they should take social, economic and environmental impact into account.

5.2 Significant sources of social finance already exist, but often remain underused due to a lack of investment readiness in organisations which otherwise have significant potential. Alongside any investment aimed at community enterprise organisations, technical development support should be made available to unlock this investment potential. The Communitybuilders programme delivered in part by Locality, supports community-led organisations to become more sustainable through a mixture of loans, grants and business support. There were initially over 1800 expressions of interest from community based organisations, however the fund worked with just over 300 organisations and were able to provide investment to only 80 organisations.

5.3 The Government should support efforts to raise direct community investment by engaging investors from within the community itself. The Community Shares programme led by Locality and in partnership with Co-Operatives UK has successfully sourced community investment into local social enterprises. Instead of turning to the private sector and wealthy individuals for support, community investment means large amounts of capital can be raised in small amounts to benefit the wider community.

5.4 In the United States the Community Reinvestment Act has created, in effect, a social contract between the banks and the people, requiring banks as part of their licence to operate to provide finance and other services equitably to all sections of the community, or if not to make amends through support for credit unions, social lenders and the like. This has produced a flow of $3trillion from banks to the poorest communities in the United States. We would call on the government to introduce a similar Act in the UK.

6. How should the success of the Government’s approach be assessed in future?

6.1 The success of the Government’s approach to regeneration needs to include measures which relate to improved equality and that complement the Government’s Big Society agenda. This should include measures that specifically address:

--- Growth and increased investment in civil society organisations, particularly in more deprived areas.
--- Given that the ultimate aim of the government’s approach is to achieve a rebalancing between high growth and public sector-dependent economies, wider measures of success should revolve around equality across areas in relation to a range of socio-economic indicators.
--- In order to ascertain the level of localised regeneration having taken place, these equality measures should also be monitored within local authority areas as well as between them.

May 2011

Written evidence submitted by the Fern Gore Residents Association

We live in the bb5 area of Accrington, Lancashire and there has been NO regeneration in this area for many years either by government or local government.

As a local residents association we have made many suggestions, all of which seem to have fallen on stony ground.

The only regeneration that we can find in Hyndbyrn is a small area where older homes have been knocked down to be replaced by new brick and glass structures that area out of keeping with the local environment and people.
As stated above we are a local residents association (Fern-Gore M.B.E.) and are on many local (linked) bodies:

Neighbourhood management, soccer task force, community centre board, school governors, area council reps, pact group, green open spaces, N.R.C.V. members of Entrust and run seven youth football teams and one adult team, and run a small community wild life area.

and in answer to question 4 NO -nowhere near is being done.

June 2011

Written evidence submitted by Horizon Community Development

RESPONSE TO THE COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE INQUIRY INTO REGENERATION

1. Have there been examples of successful regeneration in your area? What do you think contributed to the success?

The Stanhope Hall http://community.lincolnshire.gov.uk/TheStanhopeHall/ is an example of community regeneration particularly in Horncastle, Lincolnshire and its surrounding area.

A group of people who wanted to see a substantial building regenerated in their community and saw the potential of taking over and developing the old town hall as a medium to this, the community came together to negotiate for the transfer of the asset from the District Council to the local body. After almost six years of difficult negotiation, the Group (now a Charitable Company) in the end has managed to take over the asset, raise some £200,000 of funding to refurbish the Hall to a high standard. The office accommodation is now being leased out to four organisations, creating employment. The amenity Hall and the Meeting rooms are being used by the communities for all sorts of events that bring in a sustainable income for the Company; draws in visitors to the town; creates new jobs and have revitalised the town.

This is not an unusual regeneration story and it’s only on a very small scale. What makes this project successful is the fact that the community has far exceeded the expectations of the Local Authorities particularly the District Council who hesitated to transfer the asset in the first place for viability reasons and were determined to demolish the building. More so, it is a great example of giving communities the power to make the decision on what is best for themselves in non-authoritarian manner.

2. How do you think regeneration in your area could be done better in future?

By listening to the communities themselves and letting them make the decision on what is best for their own locality. It is not just about consulting the wider public on an issue that is already decided by somebody. It is about knowing what the communities are interested in; what is important to them and why they want to do it? That was exactly what The Stanhope Hall, (formerly Town Hall Working Group) did in Horncastle. With their persistence, commitment and hard work, the Hall is now turned into a desirable, multi-purpose community centre. As a result of the asset transfer, the communities of Horncastle and surrounding area are beginning to be revitalised socially, economically and morally.

3. Tell us about the opportunities you’ve had to influence regeneration in your local area.

Horizon Community Development Limited (HCDL) has had a lot of pleasure in helping the Stanhope Hall Company in achieving their objectives.

We worked with The Stanhope Hall Company to win over the District Council and overcome all the obstacles they encountered in the process. Knowing when to intervene and getting the right intervention/solution in place to help the company without harming their interest is crucial to their development.

4. Do you think enough is done to engage local people in regeneration projects? What can be done differently?

For this particular project, yes but not regionally or even nationally. The idea of Big Society is great if the government can make it work with the community and for the community. They need to learn to consult in different ways. See response to Item 2 on our proposed consultation mechanism to make things work for the local community.

June 2011
Written evidence submitted by the Lodge Lane Regeneration Group

Please find reply below for Liverpool- Princess Park Ward- Lodge Lane—Liverpool L8—community regeneration in the area:

1. Have there been examples of successful regeneration in your area? Yes
   What do you think contributed to the success?
   Effective marketing and networking for information and success stories—case studies.

2. How do you think regeneration in your area could be done better in future?
   — Improved, effective consultation with local residents—tenants—community members.
   — Better value for money contracts.
   — Experience by expertise project management team—PMT.

3. Tell us about the opportunities you’ve had to influence regeneration in your local area:

4. Do you think enough is done to engage local people in regeneration projects? Yes—more time and information to all for improved networking
   What can be done differently? improvement and learn from mistake and success—also may apply: SWOT-analysis: Strength—Weaknesses—Opportunities—Threats.

June 2011

Written evidence submitted by Nigel Mellor

COMMUNITIES AND LOCAL GOVERNMENT SELECT COMMITTEE ENQUIRY INTO REGENERATION

This evidence is based on over 40 years experience as:
   — a Local Authority Officer employed in a major northern City (32 years);
   — membership and chairing several community and voluntary sector organisations providing housing, alternative education opportunities, and community architectural advice and services along with a wider range of other work with the non statutory sector (30 years); and
   — Chairing an Area Probation Board (six years).

1. Have there been examples of successful regeneration in your area? What do you think contributed to the success?

   Few examples of successful regeneration can be cited with any confidence. Most have serious limitations and demonstrate that it is much more straightforward to achieve physical improvements to buildings and open spaces than to make a significant and lasting impact on the problems of multiple deprivation as they are found concentrated in the major inner urban areas across the UK. The fact that physical regeneration can be achieved through building new or renovating older properties, for example, within a fairly readily identifiable time frame using capital resources is obviously cheaper and less demanding to Governments (Central and Local) than having to allocate significant revenue funds to create and provide better education, health, training and employment opportunities over the longer term. The challenges involved in making a significant and sustained impact on the intractable and entrenched dimensions of multiple deprivation are clearly very great but efforts are not helped by short-termism, the desire for quick wins, and the reluctance to commit sufficient resources to tackle the scale of problems involved. A further regular failure of regeneration programs has been the inability to integrate successfully with mainstream activities.

   Against this background of serious limitations, there are signs that some of the area based programmes as for example the then Home Office Community Development Programme (1969–75) and the Inner City Partnership Programme (1975–80+) did make some impact on the physical, but perhaps more importantly, the socio-economic characteristics in the areas where they took place. Key factors here could well have been the degree to which those involved (Central and Local Government, Members and Officials working alongside local residents and others) were able to exercise real influence on the way in which resources were allocated and that the objectives of the programmes included addressing both physical and socio-economic determinants of disadvantage. So whilst the actual impact on the physical appearance of the areas concerned during the period of the particular programme may well have been limited, the effects of work to improve the educational opportunities, life experiences and self confidence of the residents had much wider and enduring impact for years to come. These often called “soft outcomes” are still are omitted from project objectives and ignored in the project evaluation process.

2. How do you think regeneration in your area could be done better in the future?

   Clearly better recognition of the problems caused by multiple deprivation is needed. The Government has spent significant resources to develop the Index of Multiple Deprivation which illustrates in quite graphically
the different dimensions of social and economic problems experienced by communities across the country. Yet there is little, if any, evidence that such information is used to allocate significant resources towards activities which could begin to make a real impact on the areas at greatest disadvantage! Neither do the other agencies of Government adopt a more effective approach.

The reliance on tendering by public agencies has the patina of fairness and is used to suggest that for example social enterprises have an opportunity to compete fairly to provide different services in their locality. If the difficulties with tendering that I am aware of are replicated across the country, then there must be a major issue with this approach to programme delivery.

Tender processes have used criteria which have effectively prevented the only accredited local supplier from being eligible to bid, yet the Authority concerned stated in the same report that they wanted to grow the local supplier market over the coming years! When challenged about this clearly indirectly discriminatory action, the Authority tried to justify it by claiming it was more convenient, cheaper and quicker this way!

Other agencies have changed tender evaluation criteria during the evaluation process. Recently publicity was given to an Oxfordshire based charity which has registered a grievance about maladministration in an adult carers tender process. A legitimate and potentially very useful line of enquiry for the Select Committee would be to investigate the numbers of complaints about tendering processes lodged against Local Authorities and other Governmental agencies by social enterprises to see what lessons can be learned from the information revealed. This work should be supplemented by other work to gather views from social enterprises about their general experience of tendering processes across the country, since much dissatisfaction does not get expressed as a formal complaint for a variety of reasons.

Another experience drawn from the area of community mental health, illustrates how an organisation which need larger and better premises from which to provide its valuable services to black people with mental health needs fought for several years to try to persuade the Duchy of Lancaster not to sell a property which it owned by auction, since this would have effectively prevented the voluntary organisation from being able to acquire the building. After three years of repeated efforts the organisation managed to get the Duchy to offer deferred terms for the acquisition of the premises, only to find that at the very last minute the Duchy had proceeded to sell the property to a private developer.

A further problem exists in the area of Asset Transfer which the Government seems to believe holds great potential for devolving power and opportunities to local communities. Local Authorities are not likely to readily and willingly seek to divest themselves of their best properties or those in good condition. No recognition seems to be given to the need for independent technical advice to enable local community groups or agencies who may be considering an asset transfer possibility or offer from their local Council. There is a grave danger that groups in such a situation are encouraged to rely on survey reports or other information prepared by the Authority’s own officers rather than that of experienced community technical aid services. Asset transfer arrangements therefore might well proceed apace in areas of least disadvantage, where groups can find the advice and resources (including the confidence to embark on the process in the first place), whilst groups in areas of greatest need will not come forward or are in danger of being naively striving to acquire buildings the Authority is only too pleased to off load without their structural weaknesses or high running costs liabilities being properly revealed. The availability of independent technical advice, properly funded as part of this Asset Transfer process, is absolutely crucial if this process is to be at all fair and effective in devolving service provision and in making a useful contribution to community empowerment.

Another factor affecting the voluntary/community sector’s ability to use the resources which it has at its disposal is the continuation of charges placed on premises which were renovated with funds from the Governments previous Urban Programme. The Urban Programme was a major source of funding for voluntary sector projects for a decade or so from the early 1970s. It provided support to enable many thousands of community buildings to be built and/or renovated. One of the provisions of the Urban Programme was that community/voluntary groups should not be able to sell or use the premises at any stage in the future for any other purpose than that for which the grant had been sought, and in order to achieve this, The DoE required that Local Authorities ensured that a charge was placed on the title of the building. Many groups which own community buildings which benefited from Urban Programme funding are unable to utilise the full equity in their building due to the imposition of this charge. It would seem timely for the Department for Communities and Local Government to instruct all Local Authorities that this charge can now be lifted immediately.

Insufficient attention is given to linking capital investment with training and employment opportunities for the local community. During the late 70s and 80s much more priority was given to negotiating with contractors to ensure that recruitment for vacancies created on building contracts for example would be opened up to local people with the requisite skills and in addition training programmes were put in place to improve the skills of those unable to compete on a equal basis. Positive Action Training programmes were established to address the specific needs of the black community who were experiencing higher levels of unemployment due to discrimination in the education and employment services. Although Officers do recognise the critical need to link job opportunities with disadvantaged communities, it appears that we have learned little from the experience of 20 years ago and still less of that experience has been embedded in current practice.
3. Tell us about the opportunities you’ve had to influence regeneration in your local area

Clearly having the length and variety of experience of working in a major urban area, I have been involved in many regeneration programmes during this time. It is sad to note that despite all the effort and level of expenditure which has been involved, little impact has been made on the extent and severity of multiple deprivation—generally the same areas still experience the same degrees of low educational achievement, poor health, poor skill levels, higher unemployment etc as they did say 30 years ago. This is a severe indictment of successive Governments and must be cause for serious concern. One problem evidenced today is the fact that few Officials demonstrate any awareness of what it is like to be involved in community or voluntary sector activity. Too much attention and resources have been allocated to the well organised voluntary organisations to the exclusion of attention being given to the role and needs of local community organisations.

Substantial resources have been allocated to CVSs and other similar organisations which purport to act as capacity building organisations for smaller community groups. Emphasis seems to have been placed on developing Hubs and strategic level organisations in the belief that they will nurture support and develop the grass roots organisations. Funding advice and other support has rarely produced positive results.

As a result of significant reductions in funding, loan finance has become a much more prevalent feature in funding the non statutory sector. This approach again effectively excludes many community sector activities since they are not likely to be able to generate income to meet loan repayments, members of community groups are often (understandably) reluctant to take on debt liabilities and may even be expected to provide personal guarantees which they are unable/unwilling to give.

The combined effects of supporting capacity building organisations in the voluntary sector and the increasing prevalence of loan finance benefits the more successful voluntary sector groups which have services or products which have a value in the market place (as for example care of young children, the elderly, or those with mental health needs or the provision of transport services) to the exclusion of local community groups who work to represent the needs of those in their area and who seek to provide often small scale but valuable activities for their residents. Funding criteria increasingly ignore the needs of such groups whilst their contribution to the social capital in the area becomes ever more necessary as other structures are eroded or lose their former significance.

4. Do you think enough is done to engage local people in regeneration projects? What can be done differently?

Clearly not enough is being done to engage local people in regeneration projects. However the question must be raised as to whether the emphasis should continue to be on projects rather than on ensuring that service provision properly meets the needs of those it is intended to serve. Surely it should not be impossible to design services and processes for delivering them that recognise that people are different and that some services will need to be framed and delivered to recognise these differences? The concept of “Barriers to Access” can be helpful in this context, whereby Officials have to identify, at every stage of the service planning process, how someone gets to know about a service, how they gain access to it, use it and how well it meet their varied needs etc. As part of this analytical approach, again at every stage, attention is given to identifying the barriers that can prevent different people with varied and changing needs from gaining access to the services for a very wide variety of reasons. Once identified these barriers can then be dealt with appropriately to remove them and ensure full effective service delivery.

If higher priority was given to making best use and most effective use of the resources available to main programme services, then perhaps there would be need less focus on remedial projects with all their weaknesses in terms of often being short term, additional and special?

An Exchange Programme should be established to enable Officials of Central and Local Government to work in relevant positions in community and voluntary sector organisations to allow them to experience at first hand the products of their own policies, practices and decisions. The acceptability of loan finance, the precarious nature of other funding arrangements, the costs involved in (often abortive and wasteful) tendering processes, the tedium of repeated consultation procedures which change very little, the arrogance of the assertions that community groups need capacity building when in actual fact it is more likely that it’s the staff and others involved in or responsible for Government that need to be able to relate and understand better how to respond sensitively to the varied changing needs of residents in their area—would all be seen in a different light, if Officials had to experience them directly for themselves on a daily basis within the context of severely limited resources (staff, premises, equipment and finance). It is also possible that some of these inappropriate arrangements would be quickly abandoned.

June 2011
Written evidence submitted by the Cedarwood Trust

I feel the best way to describe how regeneration has impacted on the local community is to send a case study about one group working in an area of named deprivation. Cedarwood Trust is a small charity based on Meadowell Estate in North Shields who work very much hand on with their local community. This case study is very revealing.

Statistics

— Meadow Well is amongst the most 1.59% most deprived area in England.
— Income Deprivation Affecting Children Index 2010 (IMD) 0.52%.
— Child Well-being Index 2007 (IMD) 4.06%.
— Children in Need Domain 2007 (IMD) 1.81%.
— Gap between rich & poor larger than any time since Second World War.
— In the UK 3.5 million children living in poverty.
— Credit interest and higher fuel charges cost poor families and extra £1,280 per year.
— Poor children are five times less likely to have access to safe outdoor play areas.
— One in five families will skip meals; kids with single parents are twice as likely to go without.
— Poor children are 2.5 times more likely to suffer from chronic illness.
— 47% of children with asthma are from the poorest 10% of families.
— Over one million homes in the UK are classified unfit to live in.
— Out of 12 rich countries studies children in the UK have the lowest chance of escaping poverty.
— 60% of poor families turn off the heating in winter to save money.
— In November 2010 the UK came 18 out of 22 European countries ranked by unicef for child poverty only Slovakia, Poland, Hungary and Italy were lower.
— Under current policies child poverty will rise by 11% in the next three years.

What Cedarwood Does

Cedarwood works intensively with ten family units (20 children under the age of 10). The group organises activities during the school holidays in which they can participate together as families. The parents and carers act as a mutual support group for each other, offering practical help and emotional support, as well as providing good memories for the children. Intensive support can make a positive difference to the lives of children and their families in even the most challenging circumstances.

This has the following benefits:

— Members become part of a collective voice.
— This can give members increased confidence and make it considerably easier to challenge and ask questions of others such as the local council, Police, Social Services.
— The group is non-judgemental.
— Everyone else within the group faces similar circumstances and difficulties. This means that they are less likely to judge or show shock at others’ circumstances. This creates a safe environment for members to disclose their problems.
— Reduces stress experienced by the family.
— The sharing of information and experience can reduce the anxiety of members and the isolation they feel. By hearing of others’ experiences and gaining reassurance through obtaining accurate information, members are more informed and able to realistically assess their concerns
— Builds confidence for coping.
— Being able to discuss their circumstances enables members to look at how they cope, think about the advantages and disadvantages associated and adapt their coping strategies.
— Empowers the parent or carer.
— By acquiring new knowledge, skills and growth in self confidence gained from attending the group, parents can increase their capacity to manage internal and external issues affecting their lives.
— Development of skills.
— Members can develop skills associated with giving support and listening. They can also develop organisational skills related to the running and management of the group.
— Improved communication with other family members.
— Discussion of their circumstances and gaining knowledge within the group can help parents improve communication and discuss issues within the family.
What is needed to grow regeneration?

The Government aspires to a future where local communities, councils, business and social enterprises come together to agree priorities for their area, and work in partnership to drive forward their plans for regeneration and working collaboratively with local service providers to improve the lives and opportunities of local people and unlock growth.

Housing, planning, employment, transport, skills, business support, environment, civil society, health and crime prevention all have a role to play. In turn, regeneration and growth can support the economic and structural improvement that supports health and wellbeing.

In the past, many people at grassroots level felt that regeneration and growth were “done to” them rather than being something they were part of. This caused resentment and disengagement. Regeneration partnerships have often lacked meaningful community representation, and the needs of local residents have been overlooked. Decentralising decision making to individuals, public service professionals, neighbourhoods, communities, democratically accountable local authorities, and other local institutions will give them maximum scope to come up with solutions that meet the needs of their own localities.

There is substantial evidence emerging from the New Deal for Communities in England of inter-related benefits, that intervention on one issue improves other outcomes.

Statistically strong and positive relationships have been identified in the following domains:
- as housing and the physical environment improves, crime rates reduce;
- in areas where people feel more of a part of their community there are better educational attainment; and
- as the worklessness rate of an area decreases, health outcomes improve.

There is a growing consensus that an improvement in education and skills of parents on low incomes lies at the heart of any long-term strategy to reduce child poverty. This seems self-evident, given that employment chances and earnings are strongly associated with education and skill levels.

Regeneration could result in:

**Individuals and Households**
Individuals and households and the choices they make to improve their wellbeing, are key to regeneration. Opportunities for regeneration are best created when policies are designed to provide individuals and households with the capability to make the choices that are best for them. This approach ensures that providers must compete and innovate to meet those preferences.

**Communities**
Communities can contribute to regeneration by strengthening and building “social capital” (such as community goodwill and trust). Social capital is built when policies bring people together as communities and networks to establish trust and cooperation. This can increase wellbeing, but also provides the trust and relationships between consumers and providers that can enable regeneration.

Attachment to locality based on strong family and social networks in deprived neighbourhoods can limit people’s horizons and willingness to consider opportunities elsewhere. However, strong social networks can also foster resilience within deprived neighbourhoods.

**Decentralising to Local Government**
Local governments can contribute to growth by tailoring policy solutions to best support the local needs of individuals, households and communities. Society and the economy grow better when governance provides the fiscal, administrative and political frameworks that best reflect people’s preferences. Experimentation and innovation in local service delivery can also result as different places try to find solutions through different approaches in different areas.

**Improved Services**
Regeneration can help deliver better quality, more efficient and responsive public services by removing unnecessary and expensive bureaucratic burdens, increasing choice and transparency, and better aligning services with user preferences.

Keep approaches client centred. People may suffer from a variety of complex problems in relation to poverty. Approaches to advice and support that put the client at the centre are important and reinforce the need for partnership working in this field. This may include dealing with issues around financial inclusion, income maximisation, disability, fuel poverty, poor housing, mental health issues or long term ill health. A one size fits all approach is not effective and services need to work across traditional boundaries to reach excluded groups more effectively.

**Greater Civic Participation**
Every citizen should be given the power and confidence to participate and change the services provided to them through better information, new rights, greater choice and strengthening accountability via the ballot box. Engagement of the local community can bring benefits for those who get involved and can contribute to more successful outcomes for local communities.
The result in regeneration will be that individuals and communities will increasingly take responsibility for improving their own area, as part of helping to build the Big Society. Regeneration at grassroots level links people to the opportunities brought by economic growth so are more likely to deliver lasting change to peoples’ lives. Evidence shows that regeneration strategies are more effective if they consider the needs of local people in terms of skills, mobility between places and other barriers to work, in addition to investment in infrastructure and the quality and environment of a place, where appropriate.

By removing top-down requirements and increasing local control, local people will shape the future of their area, and regeneration and local growth are defined in a way that best suits local circumstance. Evidence demonstrates the importance of locally designed and delivered interventions which can take into account local conditions and address locally specific barriers to people finding work.

Increased funding flexibility will allow local partners to channel resources to address their priorities. Removing ring fencing from funding will help local authorities take a more strategic approach to regeneration. Often funding filters down many layers before it reaches the front line, a more direct route would sustain work and grow bigger and better outcomes.

Plans for welfare reform, including the new universal credit, and the new Work Programme, will radically simplify the welfare state, respond to local needs, make work pay; and give people the right incentives and support to get back into work.

Local Credit Unions, who offer secure savings and low-cost loans, provide residents with a better way of borrowing money as they charge lower interest rates than banks and are run by community members. Delivering effective financial inclusion and capability interventions will be key through the aftermath of the recession. The debt hangover and the aftermath of the global recession will remain with us for some time and demand for money advice, accessible financial products and financial capability activity is unlikely to fall quickly. Low income groups, including low paid workers, are likely to remain particularly vulnerable. Pressure for change will come through tighter public sector funding, new technological developments and different levels of need for support.

June 2011

Written evidence submitted by the Radstock Action Group

House of Commons Committee—Experiences of Regeneration

No regeneration has been completed in this area in spite of it being one of the worst in the Bath & North East Somerset Unitary Authority. This has not been because of claims by B&NES to be initiating such schemes, but in the manner or execution.

— There have been no successful regeneration attempts. Although a start was made in 1998 with the Single Regeneration Budget and alleged consultations took place, nothing resulted. Subsequently there have been other attempts, also failing due to the apparent desire to impose solutions on Radstock. An example of the attitude is that one Councillor called the area “bandit country”.

— To achieve regeneration local people must be involved in the planning not via a quango. There has not been any Masterplan for the area to which the local people could contribute. The Joint Local Transport Plan and the Core Strategy were not formally announced: nothing would have happened if our Group had not pressed hard for response documents and depended on one very constructive officer for assistance. Consultation in all things must be genuine and responsible: local councillors who are volunteers cannot be expected understand strategic planning.

— There is currently a scheme to develop 210 dwellings on an area of Radstock known as the Former Railway Land, which is now with the Minister. We, along with other residents have objected to many different aspects, such as detail (appearance, etc.) and the outline (insufficient space to reinstate a railway). Finally, the objection that the scheme did not provide any extra jobs after the initial building was completed (quietly admitted), was, like all others, totally ignored. As a sop some land was left for ecological mitigation, a significant proportion of which could not be used for housing. Another difficult has been that that the HCA appears to listen only to the Authority, not to the residents who will be living to the results.

— Certainly, insufficient effort was tried to involve local people, as suggested above. We would suggest that a Masterplan is essential which has been derived from the stated needs of the residents. When we presented a small exhibition of the plans and explained them, visitors were horrified, so before any type of “regeneration”, local people should be “leafletted” and a formal exhibition arranged by an independent body, not, as in our case, by the developer. Local volunteers cannot be expected to research all the implications, respond to local questions and also collate those questions for the LPA. The latter must be seen to respond to all, so that answers do not come simply from a Councillor or officer who has never visited the locality.

June 2011
Written evidence submitted by the Slough YMCA

Regeneration in our Area

Slough is undergoing a dramatic regeneration at the moment, with “The Heart of Slough”, “Chalvey Community Centre” and about to start “Britwell Regeneration”. Whilst these are still progressing, there appears to be a general acceptance that they are needed, will improve the area, and give opportunities for jobs, community cohesion etc. Having been born in Slough in 1962 I have seen Slough through many different changes, from a very manual, engineering type labour force to a more Financial services/service industry base. Slough also has the impact of an extremely multi cultural population, and a significantly higher population than that recorded via the census. We see many refugee/asylum seekers, a high proportion of ethnic groups, Eastern European, Roma communities most of which live in low quality HMO accommodation. Chalvey has issues covered on several TV programmes regarding “The Chalvey Shed Issues”. With this ward being in the top 10% for deprivation. Slough is known by SEGRO (Slough Estates) at one time the largest trading estate in Western Europe, although most workers travel from outside the borough to work on the estate, with many of our workers travelling to lower paid jobs such as Heathrow, Windsor Travel industry etc outside of the Borough.

Chalvey regeneration is well on the way, with the first part being a large refurbishment of an old junior school, into a revised Chalvey Community Centre, costing we are told circa £5 million. The Heart of Slough is also in progress, so within the next six months we will see major improvements. We have been involved in consultation stages on both projects, whereby the Council have looked to the Community for their wishes etc. Although in reality I am not sure that these have all been listened to, or indeed considered, but the overriding issue is that Slough/Chalvey needs regeneration, and most of the population see this as improving the surroundings, with substantial more work needed.

How to be Done Better in the Future

I believe that the Council/Government should listen to residents/third sector/business to hear what they want and take that into consideration, as they are often the people doing the work on the front line, rather than imposing changes that may not be needed (although agree will improve the local area.) By saying what they are looking to do, get these groups involved earlier rather than just as the project is being started. Hopefully under the Localism Bill, this will allow groups to get more involved in services run by the council, so that improvements can be made to under performing/low grade/ in active resources. In general Slough has an excellent third sector group, which in turn works well with Public services, however sometimes a more partnership working arrangement would I believe lead to better outcomes. Often the people that can influence change are those that are working within the troubled/run down areas, and therefore discussing issues upfront with these groups, would allow them to commence work with families/other community groups etc to begin changes. I do have the feeling that many decisions have been made prior to consultation, designs agreed etc.

In Short:

— Take notice of what the Community say.
— Do not consult just for the sake of ticking a box.
— Consider partners to new developments, rather than keeping all under the council control.
— Consider third sector tenders early to allow those interested time to prepare suitable packages, often third sector do not have resources to do quick responses.
— Do not over consult, as this makes people feel that “We have already been asked this before”.

Influence on Regeneration Locally

We have been active members of a consultation group. Hosting both Council/Community/Residents meetings. The area being regenerated was awarded £30k for community cohesion/safety purposes, which was originally well received, although due to restraints on the expenditure, this goodwill was soon overcome with negative feelings, mainly due to the continued control. We have been associated with several Slough groups, such as Economic Assessment/Slough Partnership/Youth Forum etc, but on the whole I believe we are faced with decisions that have already been made. I think the influence gained by these groups has been minimal, and that is one area that should be improved in the future.

Engage Locals

The Council have made efforts to engage, but most of the work was carried out by members of the community, ie leaflet drops/lobbying in shops etc. Another issue in Slough is that there are several regeneration projects going on at the same time, so many issues are covered by more than one project, which in turn may mean that one area thinks it is essential for something to be done, but because of the bigger picture this would not work. I am thinking mainly on Traffic issues here, and Leisure Activities.
If groups of Residents/Businesses are going to be consulted, take note of what they say, or how they would like things to be managed, rather than just pay hearsay to.

June 2011

Further written submission from the Association of Greater Manchester Authorities

Report to: Communities and Local Government Committee
Report of: Sir Howard Bernstein, Chief Executive of Manchester City Council and Chair of AGMA’s Wider Leadership Team
Date: 21 June 2011
Re: Evidence from Evaluation of Regeneration Programmes in Greater Manchester

INTRODUCTION

1. This report follows the recent visit of the Communities and Local Government Committee to Greater Manchester, undertaken as part of the Committee’s ongoing Inquiry into Regeneration. The Chair of the Committee requested further information on the evidence available from the evaluation of regeneration initiatives in Manchester. This short paper sets out a number of key lessons gained from the evaluation of a number of the regeneration initiatives which the Committee visited during their time in Greater Manchester—Hulme, East Manchester and the experience of the regeneration of Salford Quays.

KEY LESSONS

2. Successful regeneration requires a long-term, consistent vision focused on people and place: evidence from the evaluation of the regeneration of Hulme, “Hulme, 10 years on”, the interim evaluation of the New East Manchester Urban Regeneration Company and the final evaluation of the East Manchester New Deal for Communities programme all underline the requirement for a long term strategic framework which incorporates clear evidence of growth and an integrated approach to physical, economic and social regeneration objectives. The frameworks for these areas also emphasised the importance of securing the highest standards of design for buildings and the public realm and addressed the importance of the amenity infrastructure, including shops, schools, libraries, parks and healthcare provision, to securing healthy and vibrant communities. These frameworks require regular review in the light of experience, but also clearly recognise that the regeneration of our most deprived communities is a long-term process.

3. New East Manchester’s Strategic Regeneration Framework built on the experience gained in Hulme and focuses on securing economic, social and environmental sustainability, achieving the highest standards of physical development, retaining and growing the areas population and ensuring the east Manchester makes a full contribution to the economic competitiveness of both Manchester and the wider region. For both Hulme and East Manchester, restructuring and diversifying the local housing market forms a key part of the strategy for the areas, alongside the development of the areas’ economic base. In both areas integrated programmes of activity have also been developed to support local people and businesses to access economic opportunities, raising educational attainment and ensuring the local community has access to high quality facilities. Salford City Council recognised the need for a development plan for the Quays as being critical to provide long-term confidence to both the public and private sectors and to provide the framework for environmental improvement, economic development and employment. The first masterplan for the Quays was published in 1985 and was subsequently refreshed and revised, maintaining the original principles but allowing new opportunities to be maximised.

4. The role of the local authority: in each of the areas in question the local authority has taken a leadership role in initiating the regeneration programmes. In all three areas the local authorities worked closely in partnership with the communities, the private sector and other public agencies to agree a common vision and objectives for the areas and to procure resources and promote strategic land acquisition and disposal. This consistency of leadership was critical in ensuring that the areas benefited from substantial public sector investment over a long enough period of time to make a real difference.

5. Integration of multiple initiatives: “Hulme, 10 years on” sets out how the rapid growth of area based initiatives in the late 1990s and early 2000s, promoted by central government, and each with different delivery structures and auditing requirements, could often result in complex and sometimes confusing management arrangements within localities. The local authority has a critical role to play in providing an accountable co-ordinating mechanism for these initiatives and for co-ordinating the input of other partners into delivering sustained regeneration activity. In East Manchester the local authority played a key role in supporting the New East Manchester URC to act as the umbrella for a range of regeneration programmes and initiatives, and, working alongside the New Deal programme, NEM was able to co-ordinate these activities with in a wider framework, procuring resources and achieving synergies with other initiatives by combining their respective strengths.
6. **Strong partnership working and a focus on mainstream resources:** significant effort has been and will continue to be required to ensure that local regeneration activity is supported by strong partnership arrangements with key stakeholders. The focus in Hulme and East Manchester has increasingly been on influencing the way that the Council and other key partners deliver services and expend resources. This will become increasingly important at a time of diminishing public sector resources and will require support from national as well as local government to ensure that all Government Departments recognise the importance and significance of area based working and local delivery models. Better co-ordinating our public services in an area to focus in inter-related issues such as crime, anti-social behaviour, jobs, education and health inequalities represents the cornerstone of our approach to successful regeneration.

7. **Generating momentum in a long-term regeneration programme through “early wins”:** evidence from all three areas points to the importance of building a strong momentum from the start of a regeneration process. A concerted effort was made in Hulme to deliver a decisive change in the physical environment of the area to ensure it became more attractive to local residents, potential future residents, investors and visitors. Here effort was focused on tackling the area’s acute housing problems by delivering a greater range of housing choices, supported by a much higher quality built environment. In Salford a dedicated, multi-disciplinary team was put in place to manage the project and co-ordinate development and an early emphasis was placed on improving water quality and putting in place high-quality infrastructure, helping to secure early private sector investment. Staging the Commonwealth Games was a landmark achievement for Manchester as a whole, but it also provided NEM with a platform to build upon both in terms of the venues provided at Eastlands and the huge community involvement generated through the volunteering programme.

8. **Strong partnership working with businesses and the local community:** local residents were closely engaged in the New Deal for Communities Programme in East Manchester from the outset, helping to shape the initial bid for resources and then making up at least half of the Board members established to oversee the programme. The New East Manchester URC has a private sector led Board in place and benefits from strong community engagement, which helps to secure the buy-in of local communities and maintains credibility with the private sector.

9. **Transfer of learning from previous experience:** the regeneration approaches taken in Hulme and East Manchester have been subject to extensive evaluation which has been used to refocus effort in these areas, but also to inform the approach taken to regeneration in other areas of the City. Strategic Regeneration Frameworks have now been developed for all areas of Manchester outside of the regional centre, which has its own strategic plan, building on the model developed firstly in Hulme and then refined in East Manchester. These holistic strategies make the crucial linkages between physical, economic and social change but also provide clarity and certainty to public sector agencies, private investors and local communities.

10. **Recovery is fragile and requires sustained effort:** our evaluation evidence points to significant successes in these key areas in meeting a range of objectives, but they also make clear that much remains to be done and in many of our most deprived areas recovery remains fragile. The mid-term evaluation of New East Manchester states that whilst there have been major achievements, if support and momentum is not maintained the recovery in the area could falter. Continued leadership and co-ordination will be critical to these and other deprived areas to ensure that these successes are not compromised. Dramatic reductions in public sector funding and changes in the policy environment could have serious consequences for those living in our most deprived neighbourhoods. The evaluation studies referred to in this paper all state that a continued focus on these areas is needed to secure the necessary physical investment and must be supported by joint working with service providers in order to secure sustainable regeneration.

_June 2011_

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**Further written submission from the Association of Greater Manchester Authorities**

**Report to:** Communities and Local Government Committee  
**Report of:** Sir Howard Bernstein, Chief Executive of Manchester City Council and Chair of AGMA’s Wider Leadership Team  
**Date:** 21 June 2011  
**Re:** The Impact of Procurement on Regeneration Delivery

1. This short paper follows the recent visit of the Communities and Local Government Committee to Greater Manchester, undertaken as part of the Committee’s ongoing Inquiry into Regeneration. The Chair of the Committee requested further information on the impact of procurement processes on regeneration, following discussion with representatives from the private and public sector in Greater Manchester and drawing on their experiences of procurement processes.

2. Procurement of development works and services are key activities which are frequently undertaken as part of a comprehensive approach to securing regeneration objectives. Clearly the procurement of works and services by public authorities is subject to EU Procurement Directives and the Regulations that implement these in the UK. These Directives provide a common legal framework designed to promote competition and free trade and to secure value for money, all of which are objectives that we would support.
3. Partners across Greater Manchester have extensive experience of undertaking often complex procurement processes in a wide variety of contexts. One key issue that is consistently raised by private sector partners is that lengthy, complex and sometimes uncertain procurement processes can often hinder the delivery of effectively integrated regeneration projects and programmes. Procurement processes can be costly to participate in and indeed to run, and the ever increasing levels of specificity required to comply with regulations as a procurement process progresses can add to the cost burden on both the private and public sectors, and can actually deter potential partners from participating in procurement processes or result in procurement processes failing to secure their specified objectives. The current procurement regulations are extremely prescriptive and contain little flexibility. Regeneration strategies are often focused on identifying and procuring solutions to some of our most complex and challenging social and economic problems, which require the most innovative solutions. Overly prescriptive, complex and expensive processes can stifle such innovation.

4. Sustaining complex and expensive procurement processes in the current economic climate is increasingly challenging. Despite new provisions in the EU Regulations which allow for processes such as competitive dialogue, where authorities can enter into dialogue with potential bidder before receiving final tenders from them, little account appears to have been taken in the EU Procurement Directives of the impact of the economic crisis on the private sector’s ability and willingness to participate in procurement processes and these complex and prescriptive processes have made it increasingly difficult for SME’s in particular to compete in the market.

5. We urge the Government to open a dialogue with the European Union to assess whether there is the opportunity to review the Procurement Directives and develop a lighter touch, more flexible legal framework. This should retain the objectives of securing value for money and promoting competition at its heart, but would be designed to allow greater flexibility and to reduce the complexity of the procurement regulations and their associated processes, to help stimulate and support economic growth and regeneration activities. 

June 2011

Further written submission from the Association of Greater Manchester Authorities

GREATER MANCHESTER NAHP PROGRAMME 2010–11

1. OVERVIEW

1.1 This paper explains the context, process and outcomes of the Greater Manchester element of the National Affordable Housing Programme (NAHP) made under the Greater Manchester Local Investment Agreement between the Homes and Communities Agency (HCA) and Association of Greater Manchester Authorities (AGMA) signed in December 2009.

1.2 The NAHP process adopted in Greater Manchester tested a new approach to commissioning affordable housing which drew on strong local governance arrangements to ensure Councils had greater control over prioritisation and development of the programme. HCA made provision for an initial £30 million NAHP investment for AGMA to be committed in the 2010–11 financial year. The confidence engendered by this joint commissioning approach then secured further resources of c£10 million.

2. CONTEXT AND PROCESS

2.1 The 10 Local Authorities agreed qualifying criteria and a joint competitive bidding process to prioritise those schemes that best met local needs and the wider ambitions of Greater Manchester. Throughout this period, collaboration with HCA ensured good value for money, quality, and deliverability.

2.2 The proposed programme was then endorsed by the AGMA Executive with HCA completing parallel due diligence and investment approval.

3. OUTCOMES

3.1 This joint commissioning approach to NAHP resulted in the following key outcomes:

3.2 Achieving More for Less:

— The competitive bidding round adopted emphasised the importance of value for money and leveraging added value. Driven by the benefiting Local Authorities, delivery partners improved the “competitiveness” of their bids by lowering grant levels requested, partly through ensuring competitive contractor prices and input of their own resources. In return, the Local Authorities ensured optimum use of their land.

— This process helped reduce average grant rates and, in turn, increased the number of new homes delivered. In total some 1,143 new affordable homes were started in Greater Manchester through this process.
3.3 **Empowering Local Authorities:**

- The Greater Manchester local authorities had direct and enhanced input into scheme selection, prioritisation and assessment. HCA supported this through provision of a neutral brokering role, assessing value for money and effective processes of due diligence.

3.4 **Ensuring Strong Delivery:**

- Partners were required to confirm that key delivery milestones would be met including a guarantee that the scheme would start on site within the financial year. This resulted in a well run programme that delivered to tight deadlines.

4. **Summary**

4.1 The jointly developed process for allocating NAHP across Greater Manchester has resulted in enhanced local determination of resource use, protected effective national due diligence processes and enhanced value for money to the direct benefit of local communities.

*June 2011*

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**Further written submission from the Association of Greater Manchester Authorities**

**Delivery of Major Physical Regeneration Projects**

In discussion with the Select Committee the issue of current problems in delivering major regeneration priorities was raised.

There is a need to recognise that major land based regeneration programmes to deliver economic growth can only be brought forward if there is both a long term strategic commitment and an investment based approach to the delivery of enabling infrastructure.

Current funding programmes do not lend themselves to these approaches and it is essential, in moving forward, that we enable local partners to develop the capability to address investment needs through such mechanisms.

This will be key to the delivery of sites of major regional and national significance. Carrington, in the south of the borough of Trafford, represents such a strategic priority and is recognised as one of the few major brownfield opportunities to drive economic growth at scale within the Greater Manchester Combined Authority area.

As part of a review of GM wide strategic sites by the Association of Greater Manchester Authorities (AGMA) Carrington was identified as one of the top priority future employment opportunities because of its strategic location and vast scale.

Trafford Council is now working closely with the landowner and the core capacity established at a Greater Manchester level in order to facilitate the early phased delivery of the scheme.

Carrington comprises over 390 hectares of land of which almost 50% is in single ownership (Shell) which has the capacity to deliver over 10,000 new jobs and 2,500 new homes over the next 25 years, through a process of phased development.

The plan below provides a geographical context of its position adjacent to the GM regional centre and to assist in appreciating the scale of the opportunity, the site is shown set against other national examples.

Working alongside the two major private sector landowners (Shell/Their Development Partner & Peel Holdings) Trafford Council is focused on unlocking the potential of this whole western area of the Borough, revitalising the deprived communities of Partington and Sale West on its boundaries and neighbouring ones in Salford.

In the period through to 2026 (the period covered by Trafford’s emerging Core Strategy), the Shell Carrington site alone, is expected to deliver:

- 1,560 residential units.
- Up to 75 hectares of land for employment activities.
- Contributions towards a scheme to mitigate the impact of traffic generated by development on the Strategic, Primary and Local Road Networks.
- Significant improvements to public transport infrastructure.
- Community facilities, including convenience retail, school, health provision and recreational facilities of a scale appropriate to the needs of the new community.
- High quality green infrastructure.
This huge opportunity will complement other well developed major investments and employment opportunities in the wider Carrington including:

— The £280 million investment by SAICA to establish a state of the art Paper Mill creating 200 new end user jobs—to open in 2011.

— ESB International/Carlton Power being granted permission to construct an 860MW Combined Cycle Gas Turbine. This investment is worth £1,100 million and will create some 1,400 construction jobs during construction and 110 full time operational jobs. Similar power plants in operation elsewhere for the past five years have spent in the region of £5.5 million with local companies.

— National Grid submitting an application for a new employment zone to create a 94,000 square metre employment space ranging for workshops to warehouses at its disused site. This will create 1,600 new jobs and up to 2,000 construction jobs.

The site can only be brought forward on the back of significant investment in transport and accessibility improvements, green infrastructure, new utilities and services, sustainable energy management measures and, potentially, significant land remediation.

These investment challenges can only be met if local partners have the ability to invest and then recycle return from higher values generated from that investment. The advent of tax increment financing models will enable some of this investment to be achieved and it is clear that, in a site of the significance and complexity of Carrington, the greatest possible role of flexibility will be needed to enable public private partnerships to be developed on the basis of different investment models that command best fit in terms of specific elements of infrastructure delivery.

The Greater Manchester Combined Authority and Local Enterprise Partnership are uniquely placed to deliver robust investment management and to maximise leverage from the private funding market where there is significant appetite to co-fund investment strategies with the public sector.

Carrington is a top priority for investment in Greater Manchester priority and also a major potential generator of resources and economic growth in the longer term. It is the acceleration of the delivery of strategic opportunities such as this which Government can facilitate through supporting the Greater Manchester approach to its overall investment model as a project as significant as Carrington will require significant up front funding that can only realistically be delivered on the basis of an investment approach, enabling the recycling of investment through uplift in value and an agreed long-term engagement with private sector partners.

June 2011
THE SCALE OF THE OPPORTUNITY IN COMPARATIVE CONTEXT

Further written submission from the Association of Greater Manchester Authorities

GREATER MANCHESTER’S INVESTMENT STRATEGY

1. This report follows the recent visit of the Communities and Local Government Committee to Greater Manchester, undertaken as part of the Committee’s ongoing Inquiry into Regeneration. The Chair of the Committee requested further information on the work being undertaken in Greater Manchester to develop an investment-based approach to the deployment of public funding. Annex 1 provides an overview of the investment model as it is being developed in Greater Manchester and Annex 2 provides an example of how this model was applied to Greater Manchester’s bid for the first round of the Government’s Regional Growth Fund.

Annex 1

GREATER MANCHESTER INVESTMENT STRATEGY

INTRODUCTION

GM has the potential to make a significant contribution towards tackling dependency, reducing the deficit, and delivering private-sector led growth.

The Manchester Independent Economic Review showed that:

— GM is a £50 billion economy and, outside London, one of few locations which have the potential to deliver private sector growth at a scale which benefits UK plc.
— We have the potential to create 75,000 new jobs to 2015. This growth will outweigh the jobs lost since 2008.

This research also highlighted two things that need to be achieved by GM in order to realise this potential. Firstly, we need to increase productivity within our labour market. Secondly, we need to ensure that all residents have access to the economic opportunities that will be created, thereby reducing dependency upon the state. We are developing and implementing interventions in relation to both ambitions.

How will innovative approaches to finance support GM’s transition?

Recent reductions in public spending have focused minds on the need for innovative ways of funding public sector activity but in GM we have long been aware of the benefits of moving from grant-based funding to an investment-based approach.

— Grant-funding approaches lead to interventions relying upon a cocktail of funding streams, which imposes an inevitably heavy series of bureaucratic processes not conducive to following a single strategy.
— This complexity and multiplicity of processes remain a significant drag on attracting investments from private investors and leads to sub-optimal investments.
— Further, grant-based approaches limit the potential to deliver interventions at the necessary spatial scale or for the required period of time.
— They reduce the potential for joint-agency commissioning and they offer fewer incentives for over-performance.

In contrast, GM believes that investment-based funding models, such as Evergreen, Tax Incremental Financing, municipal bonds and social impact bonds, will give us far greater potential and incentives in terms of meeting our strategic goals. They will:

— allow us to draw on additional sources of finance in order to pump-prime interventions that deliver long-term reductions in demand for public services and/or increased economic activity in GM;
— enable us to reinvest a portion of these savings (or increased earnings) in the mainstreaming of these approaches, levering the value of the initial investment;
Communities and Local Government Committee: Evidence

— allow us to discard the policy-specific, time-limited processes that come with grant-based funding, and replace these with an intense focus on return on investment; and
— allow us to commission and deliver joint-agency interventions at the scale needed to boost productivity and increase access to economic opportunity.

To aid the transition to an investment-based funding model, GM is investing in our ability to commission, monitor and apportion savings from interventions that can deliver a return on investment. The inability of the public sector to grant fund development means that it is essential to move from a supply-led, needs driven investment strategy to one based on market demand, with public sector investment used to facilitate private sector investment.

Figure 1

GM INVESTMENT MODEL

Projects will only proceed if they are financeable:
— they must be commercial and capable over time of paying back the original investment; and
— they must be able to access sufficient finance of the right kind to manage the timing differences between initial investment and future revenues and to manage the risks, given uncertainties about both initial costs and future revenues.

The role of the public sector is not to underwrite the risk but to unblock development through the provision of the necessary finance through public funds such as Evergreen and Regional Growth Fund. Tax Increment Financing offers significant potential to stimulate development, financing public infrastructure to support private, taxable development that would not otherwise occur, although many of the key components are not yet in place and further work is required to develop, for example, a robust mechanism for determining uplifts in value, particularly of land, generated by investment in infrastructure.

The recession has meant that many projects are commercial but not financeable. In Greater Manchester our approach to investment is to focus on addressing finance market failures, using public finance to make commercially sound projects deliverable. This principle underpinned the approach in GM to the bids for Round 1 of the Regional Growth Fund and is detailed further in Annex 2.

Greater Manchester’s Single Assessment Framework has been developed to determine which investment proposals will bring the greatest returns; enabling Greater Manchester to prioritise investment based on an assessment of job creation, expected GVA benefits, impact on worklessness, and fit with strategic priorities.

Investment in demand side interventions will ensure that the private sector can grow to meet the capacity that exists, through supporting the development of, and access to, commercial space and providing relevant support. Supply side interventions will be focused on increasing the productivity of the labour market through improving skills and reducing worklessness and connecting people to the opportunities created by growth through improved transport connections and improving the housing offer.
Investment in housing will be particularly difficult in the current financial climate, as public sector support is extremely limited and private sector investors are extremely cautious. We are working to develop innovative solutions, such as new models of investment in the private rented market utilising public land assets, but recognise that this will have a limited impact and that further solutions are required.

The Role of Evergreen

Evergreen is central to GM’s investment-based funding model. Evergreen is a £300 million fund, comprising EU JESSICA funds, pension fund investments and other private capital. The fund will initially be a loan fund providing senior and mezzanine debt finance, reflecting requirements that funding comply with State Aid regulations.

Evergreen investment is not a form of gap funding. Projects selected for investment by the Fund must be capable of making a commercial return so that the debt is eventually repaid and the monies recycled for future investment.

The long term vision for Evergreen is ambitious with the fund forming the cornerstone of a much wider investment fund or funds, attracting private and public investment into projects across the area. Initially, the fund will have to invest so as to secure both a return on its investment and comply with the ERDF rules and requirements. However, once the first wave of investments are returned to the fund subsequent investments can be guided by a wider investment strategy, providing Evergreen with the potential to significantly expand its scope beyond its initial area of activity.

Money from the fund will be invested in those projects and programmes that our performance management tools show to be most likely to deliver positive returns to GM. The projects and programmes that the fund invests in are most likely to relate to large-scale demand-side investments such as new infrastructure. Supply-side investments are more likely to be financed via innovations such as social impact bonds and the pooling of the budgets of multiple agencies.

Summary

The current economic climate makes the achievement of regeneration objectives extremely challenging, not just in Greater Manchester but throughout the UK. Greater Manchester is pioneering an innovative approach to support the regeneration agenda, despite such challenges, and we welcome Government support to help us develop this approach further, and to pilot it with a view to applying success more widely. Annex 2 provides further detail about how this approach was applied to the GM bid for Round 1 of RGF funding.

Annex 2

The Greater Manchester RGF Investment Model

This paper provides an overview of the Greater Manchester (GM) investment model for the Regional Growth Fund (RGF) as promoted by the GM authorities and the LEP in RGF round one. The paper seeks to set out rationale for the approach and highlight some of the benefits it brings. The approach was the result of joint work between the GM authorities and the GM LEP, building on the principles of the GM Investment Model as set out in Annex 1 and in particular the work that has been undertaken to develop the Evergreen funding model. The principal objective of this work was to identify the approach that would maximise the growth impact per £ of RGF deployed.

The Investment Approach

Clearly, private sector projects will only proceed if they are financeable. As illustrated in the diagram below, to be financeable, a project has to cross two hurdles:

— first, the project has to be commercial—ie capable over time of paying back the initial investment. This means it has to either start in the amber zone in the diagram below, or receive sufficient public support to get there—ie to move it from the non-commercial (red zone) into the amber zone; and

— second, the project has to be able to access sufficient finance of the right kind on the right terms to manage the timing differences between initial investment and future revenues and to manage the risks, given uncertainties about both initial costs and future revenues. In other words, the project either has to start in the green (commercial and financeable) zone in the diagram below or receive sufficient public support to get there.
As is illustrated in figure 2 below, the recession and the associated credit crunch have moved many projects in the wrong direction:

— the number of projects in the red (non-commercial) zone has increased as a result of the impact of the recession on demand; and

— the necessary quantum of the right kind of finance is much harder to secure, which means many projects which would have been in the green (financeable) zone now find themselves in the amber (commercial but not financeable) zone.
GM’s approach to RGF Round 1 targeted projects that in the absence of RGF would be in the amber (commercial but not financeable) zone. This meant that it was proposed to use RGF solely to address finance market failures. This did not mean, however, that all the projects in the GM Round 1 package were commercial; there were a number that started in the red zone as a result of the impact of the recession. For these projects other local sources of funding were used to move these projects into the amber zone, with RGF then being used to make these projects fully financed (green zone) projects.

This approach is illustrated in figure 3 below.

**Figure 3**

FOCUSING RGF ON FINANCE MARKET FAILURE

The Rationale for the Investment Led Approach

The rationale for this approach is threefold:

1. First, because we are using RGF to target projects that have already passed the commercial hurdle, or been enabled to do so by drawing on other sources of funding; it means that less RGF is needed to deliver each project. This was reflected in a high overall ratio between RGF committed and total investment delivered per £ of RGF invested.

2. Because it meant that GM would be RGF to address a financing need rather than a lack of underlying viability, the support could be provided as finance rather than traditional gap funding. Whilst it would have been possible (and in practice far easier) to address this financing need through traditional grant funding, the harder financing route meant that the RGF could be recycled. The idea was that as each £ of finance was repaid it would be recycled into additional projects. On average GM’s round 1 projects were expected to pay back in 3.9 years. This meant each £ of RGF could be expected to be used two and half times in a decade. The majority of this recycling in the Round 1 projects would have come from private sector revenues and disposals, some, however, would have come from public sector sources. For example, a proportion of the recycling through the Round 1 package of supply side housing projects was to be provided by Districts drawing on New Homes Bonus revenues. In other cases, where there were particular uncertainties over the timing and quantum of privately generated revenues and receipts, individual Districts were standing behind the project, committing to ensure that RGF was recycled in full by a backstop date.

3. The investment route allowed GM to gear in other sources of publicly provided financing support, both through GM’s Evergreen Fund (where the finance provided has to be matched from another source) and directly from public sector partners in Greater Manchester, for example where the ERDF based rules on eligibility for Evergreen finance meant it could not be deployed. This approach would have resulted in each £1 of RGF delivering £1.65 of finance that the market could not.

Together the above resulted in:

— a forecast that each £ of RGF provided in round 1 would translate into more than £4 of finance that the market would not provide over the course of a decade; and

— reflecting this, and the fact that the approach focused on projects that only had to cross a financing hurdle, an expected £10 of investment for each £ of RGF committed.

Predictably, the impact on expected costs per job created over a decade was dramatic, reducing the expected net cost per job created to some £2,000.

In addition to the above, the investment model would also have meant that resources would continue to be available for recycling beyond the 10 year horizon used for the above figures.
A COMPARISON WITH MORE CONVENTIONAL GRANT

Clearly there are uncertainties about the return that would in practice have been earned under the GM model when each £ of RGF was recycled, which complicates a direct comparison with returns from a more conventional grant approach. One way of addressing these is to address the question of relative returns in terms of the impact on the present value of funds available to the public sector. This is a standard “Greenbook” appraisal approach and is used, for example, by the Department of Transport in assessing the value for money of public funds for projects which generate downstream revenues as well as up-front costs.

This approach recognises that the value of future revenues/cost savings to the public sector decline over time. Using this approach, and taking into account the interest rates which GM anticipated charging for the RGF it would have lent to projects, it was expected that the present value of each £ of RGF deployed would have fallen by 1% for each year the RGF was tied up in a project. On the 3.9 year average investment cycle anticipated for GM’s round 1 projects, this would translate into an average reduction in present value of 4%, or 4 pence of present value per £ of RGF deployed.

The equivalent present value cost of £1 of grant is clearly £1, because there is no recycling. On this basis each £ of RGF deployed as grant would have to generate 25 times as much impact on the growth objectives of the RGF in order to deliver the same returns per £ of present value cost to the taxpayer.

ENABLED THE INVESTMENT MODEL

Clearly, given the choice between grant and finance through the GM model, businesses will prefer grant. The model therefore relies on there being an intermediary between central government, which is providing RGF, and scheme promoters and end-users. This intermediary also needs to be in a position to undertake detailed due-diligence and to negotiate on the basis of detailed knowledge of local circumstances and with reference to a set budget. The approach therefore relies on RGF being paid in the first instance to a local responsible body capable of managing the initial allocation of funds and the subsequent recycling. GM therefore proposed that a lead GM district be nominated for each round 1 RGF project. This district would receive the RGF and then lend into the project following satisfactory conclusion of the required due-diligence.

On recycling the RGF would be pooled at the GM level for allocation on a best value basis into subsequent projects. It was proposed that this allocation draw on a new Single Assessment Framework being developed for the GM authorities, which is designed to allow different kinds of projects targeting growth objectives to be assessed against each other on a level playing field basis. GM is proposing that in future the investment model be delivered through the GM Combined Authority which was established in April this year.

June 2011

Written submission from Mike Davies

My name is Mike Davies I have a keen insight to regeneration I feel the evidence that I can offer introduces a much needed focus on the subject matter I am profoundly disturbed by the verbal evidence that has been offered to the Parliamentary Committee.

The rational that I offer can offer new insight on the issue of regeneration.

I believe there needs to be a step change in cultural attitudes towards regeneration per se. As a mechanism which address strategic goals for the national economy there is a need to seek and utilise pre-existing resources to aid UK PLC. My first initial concern relates to a practices which has serious concerns, I do not believe in the ethos that people need a Masters degree to understand planning or work in that profession. Professional exclusion of key actors who can shape and lead regeneration must be a key consideration by the Parliamentary Committee, the prevailing orthodoxy which suggest planners must be the predominant lead group in regeneration is in my view a false assumption and has serious implications for the national well being.

Our education system has been underpinned by the notion that we need Planners with Masters degree as a bulwark against existing short comings, never the less we have in essence created a “closed shop” determined by financial resources underpinned by the taxpayers. Many planning schools have over the last have benefited financially and yet there is serious concerns about the quality of teaching and the relevance of the academic architecture in such projects. My counter argument is quite simple in that there are many thousands of people in regeneration and housing who can make a sound contribution to the future of our country if they are given direct access to the planning environment and dispense with the academic and associated professional bureaucracy which only offers meaningless historical rhetoric.

We must create the lifelong apprenticeships to aid skills development for those in midlife representations have been made to John Hays the Junior Minister responsible for this area. Money does not have to be thrown at this project it requires shear “bloody mindedness and determination” to administer the scheme and it has relevance to the “Big Society” so often cited by the Prime Minister.
The landscape of regeneration can further be enhanced by the introduction of an Infrastructure and Regeneration Bank (IRB) which can invest in commercially viable schemes and aid the investment of LEPs in the regions and deal with deprivation that is a feature of the urban environment. Financial investment would not emanate from HM Government rather European dynamics would come into play and aid the project. We can avoid the follies of the past such as consumerism being a driver for regeneration policy, a stable investment environment is required rather than mere speculative rational.

These proposals which have been advanced are one panacea to enhance the existing skills base and enhance professionalism to the fullest possible extent which can aid the national wellbeing. Using a new skills base to meet the changes created by the IRB is a step-in the right direction.

Regeneration is part of the national psyche and not the preserve of politicians.

May 2011

Written submission from Hammerson plc

What is the distinction, if there is one, between a property company and a regeneration company?

There is little distinction between a property company and regeneration company. The former is generally a company that owns and manages substantial assets and a key part of the business will be the redevelopment of those assets or indeed new opportunities either in partnership or through competition. The objective is to grow the portfolio and maximise returns through rental and capital growth. Note that if the regeneration opportunity is of a large scale involving substantial mixed use development then the property company will inevitably seek third party funding and/or partnerships with companies that have the special expertise ie Residential. In some cases special purpose vehicles will be set up to manage this specialist field.

My take of Regeneration Company is that it is set up specifically to plan, design, fund and deliver large scale development projects-companies that come to mind are Argent, Quintain, Capco etc who are set up differently to a normal property company.

What made you invest in regeneration in more prosperous times?

Regeneration is an essential component of the growth process. Hammerson’s expertise is in the retail and office sectors. Investment purchases generally become too expensive in a good market and therefore when occupier demand is strong in a particular town or City where Hammerson have an interest then it is a logical step to promote rental and capital growth (and day one profit) through the development process.

What is constraining your ability to invest at the present time?

The fundamentals of the development process are weak at present. For example in the retail sector—retailers are very selective about where they locate and how much they will pay which puts huge pressure on a developer to make development appraisals viable—as inevitably retailers want to pay less rent but in return for more rent free and capital. Demand for residential space is restrained by the lack of mortgage finance. Grants have disappeared in respect of the provision of affordable housing and therefore even more pressure on viability. Availability of bank finance is still a big barrier—not so much for Hammerson—but for businesses wanting to expand which in turn will ignite the development process. However Hammerson has spent time re-designing schemes and making them more efficient and deliverable ie for purpose. A big problem also with big regeneration schemes is the long lead in period, huge upfront costs for planning; land assembly, big infrastructure commitments which undermine cash flow/returns etc. Until the fundamentals change relative to demand/finance and more certainty on planning and costs we remain in for a long and arduous period.

Do you think the Government’s current plans will encourage investment in regeneration?

In principle the Government’s plans will help and in addition to the previous answer much will depend on the Local Authority’s willingness and commitment to driving through the growth agenda. There is a danger that the process could be side tracked by agitators and NIMBYs will undermine the process. Therefore it is key to have strong local leadership in the Local Authority at Leader and Chief Executive Level. It is important that processes are simplified and not made more unwieldy.

Which areas will be most and least attractive for investment under the new arrangements and why?

In geographical terms this is very difficult to say until the Government initiatives are in place. The evolution of LEPs, Enterprise Zones and TIF will be very important in setting up a strong platform for growth. The South East and London will continue to remain dominant but areas such as the North East will be testing in enabling regeneration to be kick started. In these areas the big challenge will be to attract inward investment by presenting more certainty in planning, occupier demand and delivery terms
What more could Government do to help?

I believe that the introduction of TIF will be key to plugging the gap in terms of what is or not a fundable or deliverable scheme in terms of financial returns. Whether the funding is provided by the public or private sector against future rates income it is very important that the Government give a clear steer and importantly formalise the process in order that regeneration can be kick started.

RESPONSE PROVIDED BY MIKE MCGUINESS DEVELOPMENT DIRECTOR HAMMERNON

Mike McGuinness is Development Director at Hammerson and is currently leading the regeneration of Brent Cross Cricklewood with the London Borough of Barnet.

Mike has specialised in major retail led urban regeneration projects across the UK since 1985. Major award winning projects that Mike has worked on include White Rose, Leeds, Canterbury and Exeter. The projects covered all aspects of the development process including site assembly, planning, design and delivery.

Mike is a member of the British Council of Shopping Centres Urban Regeneration Committee.

HAMMERNON PLC

Hammerson has been creating and managing some of the most exciting retail destinations and office buildings in Europe for over 60 years. A FTSE 100 company with a real estate portfolio in the UK and France of around £5.3 billion at 31 December 2010, Hammerson has investments in 17 major shopping centres and 17 retail parks. We own seven London office buildings, which provide 158,000 m² of prime accommodation.

Hammerson aims to be the best owner-manager and developer of retail and office property in the UK and France. We focus on prime regional shopping centres and out-of-town retail, while exploiting opportunities in the office sector. Our strategy is to outperform through two areas of focus: maximising income growth and creating a high quality property portfolio through acquisition, development and asset management. Both areas are underpinned by prudent financial management.

CASE STUDY: HAMMERNON REGENERATION PROJECTS HIGHCROSS LEICESTER AND CABOT CIRCUS BRISTOL 2008

Overview

In September 2008 Hammerson, together with its joint venture partners, delivered two of the largest retail-led city centre regeneration projects to have been created in the UK: Highcross in Leicester and Cabot Circus in Bristol.

Representing a combined investment of £850 million, and amounting to a total 200,300 m² (2.1 million ft²) of new space, the two mixed-use schemes have brought about the regeneration of underused city centre sites—generating 6,000 jobs in the process—to result in two new city quarters designed by some of the world’s most respected architects.

Regeneration through design

The two schemes follow the success in 2003 of the ground breaking Bullring development in Birmingham, where Hammerson was the development partner. Once again, on Highcross Leicester and on Cabot Circus Bristol, Hammerson’s role as the principal development partner has seen the company forge a new template for city centre regeneration.

Central to this approach has been the appointment of 12 different architectural firms to create open air environments of vibrancy and architectural diversity. The result is a rich mix of design: integrating retail and leisure uses with private and social housing, providing connectivity to the existing city centre through a “streets and squares” approach, creating extensive areas of public realm with renewed prominence given to historic monuments, and implementing wide-reaching public art programmes.

Bringing first time retailers to Leicester and Bristol

Hammerson’s established relationships with leading retailers and catering operators, combined with its long standing reputation as a developer and manager of high profile award-winning retail environments, has enabled it to introduce retailers not previously located in these cities before. At Highcross Leicester, 73% of retailers and 85% of restaurants in the scheme are new to the city, while at Cabot Circus, some 75% of the stores, shops and restaurants opened in Bristol’s city centre for the first time.

Transforming city status

The two schemes have transformed the status of Leicester and Bristol into premier regional destinations. Following the September openings of Highcross and Cabot Circus, the standing of the two cities in the UK’s hierarchy of leading shopping and leisure destinations was catapulted up the ranks, with Bristol rising seven places to 15th and Leicester moving up 11 places to 13th. Despite current economic conditions both schemes
continue to attract record numbers of visitors. Café s and restaurants at both schemes are proving exceptionally successful with operators reporting higher than expected sales, and some exceeding targets by 50%.

Creating sustainable environments

The application of “green thinking” has been central to the design and construction processes involved in both Highcross Leicester and Cabot Circus Bristol. A real focus has been levied on reducing the consumption of natural resources, both in construction and in operation. Around 88% of materials were recycled during the retail fit-out phase at Cabot Circus. Both schemes are naturally ventilated, significantly reducing carbon emissions. Both schemes are subject to continuous testing and review across design, operations and tenant use.

The wide range of sustainability initiatives implemented at Cabot Circus has resulted in the scheme being the first retail development of its kind in the UK to achieve BREEAM Excellence. In another industry first, 127 occupiers at Highcross and Cabot Circus signed up to a “Green Lease”, created by Hammerson to enable landlord and tenant to work together to deliver greater energy, water and waste efficiency.

Listening to the community

Shaped by exhaustive and far-reaching consultation programmes, both Highcross Leicester and Cabot Circus Bristol have been designed to respond to community and council objectives. During the 18 month consultation programme undertaken for Cabot Circus at the planning stage over 200 individuals, representing 76 organisations, were involved in the process, while public exhibitions about Highcross Leicester generated 90% support for the proposals.

During the development stages of both projects, extensive information programmes were implemented which included: public open weekends, regular mail outs to residents, visits and talks to community groups, and ambassador tours aimed at local opinion forming stakeholders and the public in general.

Training and recruitment

While the development of Highcross and Cabot Circus generated thousands of jobs during their construction phases, the completed schemes were responsible for creating a further 6,000 employment opportunities in the retail and hospitality industries. To meet these demands for a skilled workforce, Hammerson drew on the success of the recruitment and training programmes established during the development of earlier schemes such as Bullring in Birmingham.

“Work Highcross” and “Cabot Circus Jobs” were implemented in the form of new city charters for employment and training, which brought together the public sector, community organisations and employers. These delivered a package of free services to target employment opportunities within local communities, and also delivered recruitment and training services to meet construction, retail and hospitality employer’s requirements. The services developed by Hammerson and its joint venture partners included: a series of information days, recruitment fairs, a roving community jobs bus, and investment in an online job search and application process through dedicated websites where retailer employers were able to match available skills with appropriate vacancies. In total, Hammerson and its joint venture partners engaged with around 75,000 local jobseekers in the two cities.

The “Work Highcross” website received over 17,000 registrations, while “Cabot Circus Jobs” received 11,500. The recruitment fairs saw a total of 10,500 attendees for both schemes. The overwhelming success of the two initiatives has been adopted by the respective cities as a model for employment strategy across other industry sectors.

Highcross Leicester

Opened on 4 September 2008, following a three-year development and refurbishment programme, Highcross Leicester is the largest regeneration project the East Midlands’ city has seen in recent years. Developed in a 60:40 joint venture by Hammerson and Hermes, the £350 million scheme has more than doubled the retail provision in this part of the city. Comprising a substantially refurbished shopping centre, formerly known as The Shires, and the creation of an additional 60,000 m² of new retail, leisure, restaurant and residential accommodation on an adjacent 10 hectare site, Highcross has been seamlessly integrated to provide a single vibrant destination of over 100,000 m².

Developed in close consultation with Leicester City Council and URC Leicester Regeneration, Highcross represents a major part of a wider £3 billion regeneration programme to revitalise the city. Together with other new city-wide projects, the combination of premier city centre living, shopping, dining and entertainment provided by Highcross, will position Leicester as the dominant regional destination for the East Midlands.

The scheme houses 120 retailers, three department stores—including John Lewis, Debenhams, and House of Fraser—15 new cafés and restaurants, 120 residential apartments, 3,000 parking spaces, and Leicester’s very first city centre multiplex cinema.
**Key regeneration benefits brought to Leicester through Highcross:**

**Built environment**
- Maximising the potential of an existing successful shopping centre.
- Bringing a 10 hectare former industrial site back into economic use.
- Creating new accommodation for retailers unable to establish a first time presence in the city centre.
- Introducing a mix of uses not previously seen in the centre of Leicester.
- Opening up the city by creating two new public squares—St Peter’s Square and Old Grammar School Court—and pedestrian streets with linkages through to neighbouring areas and reinstating historic street patterns such as Bathhouse Lane and Highcross Lane.
- Creating a development of design excellence through the appointment of six architectural firms including: Chapman Taylor Architects, Foreign Office Architects, Glen Howells Architects, Gollifer Langston Architects, Stiff & Trevillion, McCusker Storey McIntosh.
- Introducing iconic landmarks to Leicester’s cityscape with dramatic designs for the scheme’s two anchor buildings—John Lewis and Cinema de Lux.

**Economic**
- Re-invigorating the city’s evening economy through the creation a new restaurant quarter and the city centre’s first multiplex cinema.
- Expanding the city’s retail offer through the introduction of a range of high quality fashion and lifestyle retailers to keep Leicester’s shoppers in the city.
- Restoring historic listed buildings such as the Old Grammar School and 59A Highcross Street and giving them new life as restaurants.
- Re-positioning the city’s national profile through comprehensive marketing and media campaigns.

**Community**
- Providing 3,000 jobs in the construction, retail and hospitality industries.
- Creating an industry model for employment and training initiatives through the “Work Highcross” charter designed to establish “job” ready candidates.
- Investing £1.45 million in public art around the scheme incorporating works by renowned artists such as Katayoun Pasban Dowlatashahi, Jacqui Poncelet, and Jason Bruges.

**Cabot Circus Bristol**

Formed in direct response to Bristol City Council’s long-standing aim to achieve a renaissance in Bristol’s Broadmead area, The Bristol Alliance—a partnership between Hammerson and Land Securities—has delivered one of the largest and most important regeneration programmes since the city’s post-world war two reconstruction.

Cabot Circus opened on 25 September 2008. The £500 million scheme forms a spectacular gateway to the city and represents a true city quarter incorporating nine different uses including: retail, leisure, market housing, social housing, student accommodation, offices, hotel, cinema, and public spaces.

The 140,000 m² (1.5 million ft²) mixed-use development provides over 92,000 m² (1 million ft²) of shopping and leisure arranged around three new pedestrian streets converging on a central piazza under a stunning curved glass roof. The scheme houses 140 retailers, department stores for House of Fraser and Harvey Nichols, 25 new cafés and restaurants, a 13-screen Cinema de Lux.

**Key regeneration benefits brought to Bristol through Cabot Circus:**

**Built environment**
- Bringing a 38 acre site back into economic use.
- Creating new accommodation to enable retailers to establish a first time presence in the city centre.
- Introducing a higher ratio of non-retail uses than previously seen in a city centre regeneration project.
- Providing new open spaces such as Quakers Friars, The Circus, and three new pedestrian streets.
- Creating architectural variety through the appointment of firms such as Chapman Taylor Architects, Stanton Williams, Alec French, Wilkinson Eyre, EPR, AWW Architects and Stride Treglown.
- Restoring two listed Dominican Friary buildings and an 18th century Quakers Meeting House to form the centrepiece of a new restaurant quarter.
Economic

— Re-invigorating the city’s evening entertainment economy through the creation of two new restaurant quarters, the provision of a multiplex cinema and a 150-bed Future Inns Hotel.
— Expanding the city’s retail offer through the introduction of a range of high quality fashion and lifestyle retailers to keep Bristol’s shoppers in the city.
— Re-positioning the city’s national profile through comprehensive marketing and media campaigns.

Community

— Creating a range of new “city-centre living” homes including: 32 apartments for rent, 200 apartments for sale, 24 affordable housing units, and a 280-bed student residence.
— Providing 7,500 jobs in the construction, retail and hospitality industries.
— Providing a comprehensive package of employment and training initiatives through the “Cabot Circus Jobs” charter.
— Investing £12.5 million in public art around the scheme incorporating the work of over 20 different artists such as Nayan Kulkarni, Susanna Heron, Esther Rolinson, Timorous Beasties, Ackroyd & Harvey, Vong Phaophanit, Claire Oboussier, Ralph Hoyte, and Clare Morgan.

Case Study: Hammerson Local Employment and Training Programme—Work Highcross, Cabot Circus Jobs and Jobs for U

The development of a new retail and leisure quarter within a city creates demand for a skilled workforce in both the construction, retail and hospitality industries. Following the successful creation of recruitment and training schemes during the company’s development of The Oracle, WestQuay and Bullring, a dedicated programme was established by Hammerson for our recent developments in Leicester, Bristol and Aberdeen.

The vision these schemes was to provide the local community with access to employment opportunities whilst offering a comprehensive package of services to meet retail and hospitality employer’s recruitment and training needs.

To encourage employers and public sector organisations to work together Hammerson developed partnerships with a wide range of public sector and third sector organisations. The partnerships were underpinned by a Charter for Employment and Training, instigated by Hammerson this established a strategic vision for the public sector, community and voluntary organisations to work collaboratively focused on the requirements of the retail and hospitality sectors.

With the creation of over 7,000 retail-related jobs at Highcross, Cabot Circus and Union Square a number of initiatives were developed to target local communities with particularly high pockets of unemployment:

— Work Highcross Cabot Circus Jobs for U website: With over 67,000 registrations received across the three websites, the site provided retailers with the infrastructure to advertise their vacancies and recruit their workforce. It enabled jobseekers to register their details and directly apply on line to jobs. This service was free to both retailers and jobseekers alike and had never been delivered on this scale before.

— Recruitment Fair: Over two weekends in June 2008 over 10,000 people visited recruitment fairs in Leicester and Bristol. These events offered the chance to meet retailers such as John Lewis, Yo Sushi!, Ghost, A-Wear, Harvey Nichols and receive career advice. In Aberdeen a series of community jobs fairs took place in partnership with Jobcentre Plus. Over 1,000 people attended the first city centre Jobs Fair to take place in five years, with Hammerson and Union square retailers exhibiting.

— Reaching out to the community—Work Highcross Roadshow and Cabot Circus Jobs Bus: With the aim of engaging local people in the heart of their communities around employment and training opportunities and equipped with a range of material to help people including career information packs and laptops. 7,400 people attended the Work Highcross roadshow at 54 community locations & events across Leicestershire. In Bristol around 10,000 people visited the Cabot Circus Jobs bus and community events.

— Pre-employment training: In all three cities local colleges and training providers delivered two week pre-employment training programmes aimed at those who are currently unemployed. Over 1000 jobseekers have completed pre-employment training courses specifically designed to improve skills in either the retail, hospitality, catering and security industries. Piloted for the first time the retail courses were developed by Skillsmart Retail, the Sector Skills Council, in response to retailer’s demands for a course that would introduce people into retail and help to challenge perceptions about career progression. The courses provide an insight into the skills that are required to work in retail and helped to build the trainee’s confidence and prepare them for interview.

The jobs campaigns in Leicester, Bristol and Aberdeen engaged over 85,000 members of the local community across all three cities. From the data that the partnership has collated to date we know that 72% of individuals in Leicester employed at Highcross were previously unemployed or young people aged 16–19 not in education,
Employment or training, with 52% living in Leicester’s priority wards and 67% from the BME groups. In Bristol and Aberdeen similar results have been achieved with 50% previously unemployed into jobs at Cabot Circus and Union square.

Over 160 retailers ranging from John Lewis, Harvey Nichols, House of Fraser, National Amusements, Cine UK and Yo Sushi! have been supported by our partnership approach. Their response to the programme has been exceptional, with retailers such as John Lewis, Wagamama, Next and New Look offering guaranteed interview places for trainees from the pre-employment training programme. Some retailers were able to recruit their entire workforce through the jobs fair.

The success of Work Highcross, Cabot Circus, and Jobs for U has not only provided training and employment opportunities to individuals but has also achieved city wide regeneration benefits. The public sector organisations involved in these partnerships are now using the initiative as the recruitment and training model to support further regeneration projects in other industry sectors.

Supporting Quotes

“The Hospitality Works programme helped to provide opportunities to people and candidates attending assessment days ensuring they were prepared and interested in the brand. Companies would be mad not to utilise the facilities and support available and its great advertising for the company as there are three Nando’s in Leicester who will all benefit.”

Clive Greening, Store Manager, Highcross Nando’s

“It was always our aim to support the city in getting unemployed people back into work and reassuring that we have actually managed to do this by all working together. Let’s hope this sets the platform for the future.”

Barbara Jacobs, Manager Personnel Operations, John Lewis

“This has been an excellent example of where the private sector and public agencies can work together for the benefit of business, as well as tackling the wider issues of long term unemployment. This is clearly a successful model that should be rolled out in other parts of the country.”

Martin Traynor, Managing Director of Leicestershire Chamber of Commerce

“This is Leicester at its best. New jobs, new skills, new workplaces. A partnership of private sector business and public sector agencies working together to bring new hope to those out of work. This is a partnership model that we can be built on: giving the unemployed new skills using local trainers to be job ready for work with local employers.”

Richard Bruciani, Chair of Leicester Employment & Skills Board

May 2011