

PUBLIC SERVICES NEWS!

AWICS

Independence.....Integrity.....Value

Adrian Waite (Independent Consultancy Services)
Limited



Third Edition

October 2003

In this Edition we focus on Regeneration and Planning Issues

Contents:

- ❖ **The Role of Local Authorities in Regenerating the Community Economy**
- ❖ **Sustainable Development in Rural Areas**
- ❖ **Listing Historic Buildings**
- ❖ **Derelict Land Tax**
- ❖ **Community Interest Companies**
- ❖ **Meet the Consultants – Ray Walker**
- ❖ **Points of View**
- ❖ **Feedback**

Our Next Edition will focus on Housing Issues

Contributions from readers will be welcome!

The Role of Local Authorities in Regenerating the Community Economy

Groups that try to regenerate areas where the local economy has virtually collapsed are sometimes criticised because the funds they attract often do not stay in the local economy. Recently, government has suggested that social enterprises (perhaps constituted as community interest companies) could contribute by delivering services on contract to statutory bodies.

The Institute of Public Sector Management annual conference on 23rd October 2003 examined what can be done to generate and retain cash within communities. Adrian Waite, the Managing Director of 'AWICS' addressed the conference on the role of local authorities in regenerating the community economy. More information on the conference is available on the IPSM website at www.ipsm.org.uk.

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Local authorities can have three roles in regeneration: an agent of economic regeneration, a key player in the local economy, and a community leader in creating a sustainable local economy. They have played an important role in successive government schemes to promote regeneration from Single Regeneration Budget schemes to the New Deal for Communities and the Neighbourhood Renewal Fund. Authorities have tended to concentrate their efforts on maximising investment and promoting inward (particularly overseas) investment, creating sites for development, promoting tourism and drawing down funds from the European programmes. But does this investment reach the deprived local communities.

In 1999 the Audit Commission criticised this traditional approach, and said that:

- ❖ Developing opportunities for employment and enabling local people to benefit are crucial elements in the fight against social exclusion
- ❖ Employers and jobseekers – key clients of economic development – often have to navigate a course through duplicative and fragmented service delivery.
- ❖ A strategic and integrated approach to regeneration and economic development is vital, but many strategies and partnerships remain superficial.
- ❖ Regeneration funding systems can promote short-termism and opportunism, and divert resources from regeneration into administration
- ❖ Local authorities must challenge their role in promoting economic development and economic regeneration to ensure that they can develop efficient, effective and innovative solutions to local problems

In the National Strategy for Neighbourhood Renewal, the government recognised that:

“The problem is not necessarily that too little money flows into a neighbourhood. Rather it is what consumers, public services and businesses do with that money. Too often it is spent on services with no local presence, and so immediately leaves the area.”

There are a number of reasons why investment does not necessarily deliver expectations

- ❖ Competition between different areas means that incentives need to be offered that can be more costly than the advantages of investment
- ❖ Footloose businesses may be attracted and they can leave as easily as they arrived
- ❖ New businesses may not be able to use local labour
- ❖ New businesses may not link with the local economy e.g. an electronics company persuaded to locate in Scotland bought 88% of its inputs outside Scotland

Local authorities are major employers and service providers, major purchasers of goods and services, providers of housing and council tax benefits and own significant physical assets. If they spend money locally, especially in deprived communities they can make a major contribution to regeneration. They can also act as facilitators through the planning system and the preparation of strategies for such things as economic development and housing.

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Housing and council tax benefits represent significant, largely nationally funded, public expenditure placed in the pockets of local people who are likely to spend locally. Newham Borough Council's Social Regeneration Unit ran a welfare benefit take-up campaign from 1998 to 2002 using a data warehouse that integrates benefits, council tax, housing and social services data.

Ultimately, if a local authority pays £1 to a contractor from another area the only local benefit is what was purchased for that £1. If it pays £1 to a local contractor who pays wages to a local person who spends it in a local shop that buys its stock from a local manufacturer the money is spent four times in the local economy (a multiplier of 4). So, how do we create a higher local multiplier in a deprived area and minimise "leakage"?

Knowsley now assess the effect of construction tenders because only 8% reached local businesses. But they have found that local contractors do not necessarily have the highest multipliers – it is the extent of integration into the local economy that is important not just location.

In seeking to maximise the local multiplier a local authority should ask

- ❖ What proportion of the budget is spent locally?
- ❖ Where contracts are not awarded to local businesses, what stops local businesses from being used?
- ❖ Which products or services cannot be sourced locally?
- ❖ Is there a policy on local procurement?
- ❖ Are local businesses that wish to apply for contracts actively supported?
- ❖ Are local people encouraged to buy local products?
- ❖ Does the council promote entrepreneurship?
- ❖ Does the council assess the local availability of skills and take steps to meet any skills gaps?
- ❖ Are courses on contract tendering run?
- ❖ How are people encouraged to take up training?
- ❖ Could any services be transferred to the community sector?

An inward investment strategy should look for sustainable businesses that link with the local economy and with customers outside the local area. 'AWICS' itself is a net contributor to the local economy based as it is in rural Cumbria, in an area badly affected by the foot and mouth, but with customers nationwide.

Easington, County Durham, is an example of a deprived area where a small district council has made successful attempts to regenerate the local economy. Since 1951 the district has lost 75,000 jobs, the population is declining; unemployment is twice national average and it is the sixth most deprived English district. Easington council, with a staff of 1,170, a revenue budget of £13m and an £8m capital programme established a Department of Strategic Policy and Regeneration with a mission to 'make the district great'.

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Its main initiatives have been to develop Seaham Harbour, Peterlee Town Centre, Dalton Flatts shopping and leisure complex and capacity building through community development. Easington's largely successful strategy has been to use the resources in local communities to create economic centres that retain purchasing power within Easington. Indeed the Audit Commission recently congratulated Easington on its approach to regeneration, and commented that:

- ❖ Clear and challenging aims that are widely accepted and understood
- ❖ Works well with partners and is well respected
- ❖ Contributed to massive physical transformation of district
- ❖ Engaging with the community in a wide variety of ways
- ❖ Staff are skilled and motivated
- ❖ Partnerships and frameworks are established to tackle economic and social problems
- ❖ Performance compares well and services are well thought of by users
- ❖ Service has been thoroughly reviewed and important issues identified
- ❖ Improvement plan addresses key issues and contains targets, deadlines and accountabilities
- ❖ Council committed to change management, continuous improvement, performance management and alignment of resources to objectives

In summary regeneration is an important function but traditional approaches based on departmentalism, multiple agencies and maximising investment are not always successful. Regeneration must be a mainstream corporate activity and reflected in the delivery of every service. Priority must be maximising the local multiplier in partnership with the community, must be to creating sustainable communities. The role of the local authority is of critical importance.

A full briefing paper on this matter is available on the website www.awics.co.uk/page25.html

Adrian Waite

AWICS OFFERS NEW TRAINING COURSE – TO BE HELD AT REGIONAL LOCATIONS AND ON OFFER IN-HOUSE

ALL YOU NEED TO KNOW ABOUT LOCAL GOVERNMENT FINANCE

Local Government Finance is sometimes seen as a complex and specialised subject, but more and more people need to understand it!

This course is designed for elected members, service managers and other people who need to know about local government finance but are not financial experts!

For more information visit the website at www.awics.co.uk/page15.html

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Sustainable Development in Rural Areas

The Government has issued a draft planning policy statement following its conclusion that a considerable amount of the material in PPG7, its current guidance on planning in the countryside, is out of date and/or inappropriate for a shorter, focused statement of national planning policies. It has therefore issued a draft planning policy statement for public consultation that “sets out the Government’s broad policy objectives relevant to rural areas in England, and its proposed planning policies that will help deliver these objectives”. These policies are “firmly based on the principles of sustainable development and the need to protect the wider, largely undeveloped countryside for the benefit of all”.

The draft PPS includes new policies on the replacement of buildings in the countryside, and on equine-related activities, whilst the policies on community services and on tourism and leisure are expanded. On tourism and leisure the draft reflects the policies the Government would expect to include in PPS7 if it decides to proceed with its proposals (subject to separate consultation) to cancel PPG21, *Tourism*. The proposals also include a significant change to the policy on local countryside designations.

One specific proposal is the removal of the policy that allows large, high quality houses to be built in the open countryside.

The Government has sought to omit from the draft most of the background, contextual and non-planning material in PPG7, as well as material setting out statutory requirements (as opposed to policy) and guidance on how policies are to be implemented. It has also sought to minimise duplication of policies more appropriately set out in other PPGs, and any successor PPS, and the number of cross-references to these documents.

Annex A sets out important policy criteria for new occupational dwellings in the countryside. It also sets out the policy on the imposition and removal of occupancy conditions for such dwellings. Specifically it proposes that the policy criteria applied to farm and forestry workers’ dwellings should also be applied to countryside dwellings associated with other occupations, as appropriate.

The Government proposes to issue accompanying guidance on agricultural and forestry permitted development rights when the final version of PPS7 is published. It is anticipated that this guidance would be closely based on Annex E to PPG7, amended to reflect any changes that may be made as a result of the current Government review of the Town & Country Planning (General Permitted Development) Order 1995.

Currently there are other, highly relevant, separate reviews (subject to public consultation) including the review and update of guidance on planning for affordable housing announced in The Communities Plan, and a review, led by DEFRA, on the present policy in respect of best and most versatile agricultural land.

The period of public consultation ends on 12th December 2003.

A full briefing paper on this matter is available on the website www.awics.co.uk/page25.html

Ray Walker

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Listing Historic Sites and Buildings

In July the Government published a consultation paper 'Protecting the Historic Environment: Making the System work better.' It contains proposals for a more effective system for protecting historic sites and buildings in England (copies available on the Department of Culture's website www.culture.gov.uk; deadline for responses 31st October 2003). Below is a summary of an analysis by Adrian Waite a full copy of which is to be found on the AWICS website.

Legislation has developed piecemeal since the Ancient Monuments Protection Act of 1882. Currently the Ancient Monuments and Archaeological Areas Act 1979, the Planning (Listed Buildings and Conservation Areas) Act 1990 and the Town & Country Planning Act 1990 apply supported by statutory planning guidance.

The Government view is that there is "too much overlap between different systems, unnecessary complexity and a lack of openness." Its central proposal is that all historic sites and buildings be included in a single list but ways of protecting them should vary depending on their nature, significance and ownership.

English Heritage would be given statutory responsibility for maintaining the list within published listing policies and criteria and the Secretary of State could call in exceptional cases for decision. However there may continue to be a potential conflict of interest if English Heritage continues to regulate historic sites and buildings whilst owning or managing many of them. Perhaps operational responsibility for their sites should be transferred to local authorities?

There would be public consultation on proposed listings and owners (during which time they would be protected as if already listed) and applicants would be given a right of appeal over listing. At the designation stage it is suggested that the works that would and would not need consent would be specified more precisely.

Grading as I, II* and II will continue but, controversially, English Heritage would gradually review grade IIs some of which could be "downgraded" to new local authority lists, which might have broader criteria. It is proposed that the exact area and structures that are covered by a listing will be shown on a map in the list. This list would include a 'statement of significance' that would give the reasons for the listing, explain the significance of the site or building and identify the works for which consent would be needed.

Another proposal is that owners should be given a comprehensive information pack that explains listing and what the owner can do to protect and enhance the site or building.

Planning proposals include regional strategies (a role for regional assemblies?) and guidance to clarify what plans district and unitary authorities would be expected to develop for protecting and enhancing their historic environment. Local authorities would be encouraged to provide appraisals for conservation areas and to involve local communities in this. Residents would also be encouraged to draw up appraisals.

The General Permitted Development Order will be reviewed, including a consideration of existing demolition controls, compensation to owners in conservation areas where permitted development rights are withdrawn, and the payment of fees for planning applications.

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The Government intends to examine how to strengthen local authority expertise and capacity, perhaps through developing pooled resources on a sub-regional basis. It wishes to see authorities engaging in a debate about the skills, knowledge and experience needed to achieve the improvements suggested in this consultation paper.

But how will this be funded? Local authorities have already often reduced resources for the historic environment - museums service, archaeology and specialist planning officers. The Chairman of the Joint Committee of National Amenity Societies echoes this concern:

“The weaknesses of the consultation paper are in failing to tackle how conservation areas can be used as a significant way of both involving ordinary people in caring about historic places, and in providing them with the means to protect it. Incentives to owners, insofar as they exist at all, are simply noted not commented on. If legislation is the stick, then incentives are the carrot – we need more carrots!”

Similarly, English Heritage is also under-funded. Some maintain that the only failing in the current system is English Heritage’s inability to carry out regular listing reviews - sites and buildings are only listed when a particular request for ‘spot listing’ is made or when there is a thematic survey.

A full briefing paper on this matter is available on the website www.awics.co.uk/page25.html

Adrian Waite

Derelict Land Tax

House building is at an all time low, house prices are at an almost all time high. As an occasional academic the temptation to add the word discuss to that sentence is almost overwhelming. It might be argued that the link is simple and direct. Land with planning permission for housing is scarce and is therefore expensive. Release more land, the price will fall and more houses will be built.

Sadly it is not that simple. In reality house builders are holding on to land banks that may well be as large as they have ever been. Builders are simply not releasing that land both in order to keep its value high and to ensure that they have land for the foreseeable future – without it they have no business. Equally significant, just because land has planning permission and its owners are willing to build on it immediately does not mean that development will take place. Unless that land is serviced – water, electricity, gas, roads – nothing can happen. Until there is confidence that the social infrastructure – schools, community facilities, shops, pubs - will also be funded then development may also be held back.

The key to removing this development constraint has been forged by high land prices for land with planning consent– which can exceed £1m an acre – and the low value of agricultural land – sometimes as low as £1,500 an acre. If some of the increase in land value could be redirected to investment in the infrastructure then the roads, schools and pipelines that the Treasury are so unwilling to pay for might be built and much needed housing should follow.

The mechanism? – A development land tax that would also reduce the incentive for builders to hold on to land in the hope that it would continue to increase in value. A DLT could be on its way – strategically placed media stories suggest that softening up may have begun. A key reason for this is that John Prescott and his department have begun to realise that it is easy to give the necessary planning consents for housing land in the proposed Thames Gateway but exceeding difficult to fund everything for which builders won't take responsibility.

If such a tax is introduced it won't be for the first time and Treasury mandarins will even now be looking back over the files to see what lessons can be learned. But if I owned land with development potential I think I might want to get it off my hands as soon as possible and this is the final irony. The threat of DLT could well work to speed up the release of land even if it is never actually implemented! Watch this space.

Ray Walker

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Community Interest Companies

The Department for Trade and Industry is developing a new form of company – the 'Community Interest Company' that will provide an alternative legal vehicle for 'not for profit' organisations and social enterprises. These companies are seen as an enabling measure to support existing work.

In July 2002 the government published its 'Social Enterprise Strategy' which led to 'Private Sector, Public benefit' published in September 2002, and the consultation paper 'Enterprise and Community' published in March 2003. There followed a public consultation that was reported on in October 2003.

In July 2003, Patricia Hewitt, the Secretary of State for Trade and Industry said that the government intends to legislate when the parliamentary timetable allows.

The proposal is to make changes to the law on charitable companies and industrial and provident societies and to create a new form of Community Interest Company. It will apply in England, Scotland and Wales but not Northern Ireland. The Community Interest Company would be an additional model rather than the sole model for Community Enterprise.

The key proposals are:

- ❖ A new type of company
- ❖ An overlay on ordinary company law, making it familiar and flexible
- ❖ Community Interest Companies will not be treated as charitable
- ❖ Community Interest Companies will operate alongside charity law and the reform of industrial provident societies
- ❖ An 'asset lock' – It will not be possible to distribute assets or surpluses to shareholders
- ❖ A Community Interest test that would need to be passed to qualify as a Community Interest Company. This would not be as stringent as the test required to qualify as a charity.
- ❖ Regular reporting – there would be a need to report on what had been done in the community interest and to involve stakeholders in the company
- ❖ Independent regulation

Community Interest Companies could use their assets as collateral to raise loans and could use equity, but in this case any dividends paid would be capped and controlled.

The consultation revealed broad support for the proposals as outlined in 'Enterprise and Community'. However, respondents had different views on whether financial and stakeholder consultation should be a legal requirement, and on wider issues including branding, the range of legal forms, advice and information, the fiscal environment – for example, whether there should be tax relief, access to grants, debt and the use of assets, public procurement and public services.

Community Interest Companies are not designed to provide core essential services such as schools and hospitals, and in this respect would face the same restrictions as other companies.

Community Interest Companies offer great potential for involving communities in regeneration.

Adrian Waite

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Meet the Consultants - Ray Walker

Ray has worked freelance since 1992 when he stood down after nine years as director of the National Housing and Town Planning Council. He began his career as an academic lecturing in town and country planning and local government for four years before being appointed as principal planning officer at the Association of Metropolitan Authorities. During his four years at the AMA he also worked as the association's Parliamentary officer and has continued to work closely with MPs and civil servants since then.

Ray has over 150 publications to his name and was a columnist with Municipal Journal and Planning. Recently he has written a report on leasehold housing that was published with a foreword by the then housing minister, Nick Raynsford. In 2002 he was the principal author of the first long distance learning package on residential block management that was commissioned by all the relevant national organisations including the CIOH and the RICS.

Ray's interests are wide ranging including housing for older people, safety in the home, rural planning, leasehold housing, parish councils and public participation in local government. He has also developed an expertise in gambling and young people through his work as an expert witness in amusement arcade planning and licensing appeals. On a personal level he is a county standard marathon runner and spends a lot of time restoring old houses.

As an 'AWICS' consultant, Ray specialises in planning, regeneration and housing matters.

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Points of View:

These points of view reflect the opinions of the authors, and do not necessarily represent the views of 'AWICS'.

"It makes interesting reading. The piece on care of children was particularly relevant for me – over here (Northern Ireland) we have combined health and social services boards and it looks as though you might end up going down the same road."

David Clement, Belfast.

Questions raised by school theft: devolution or abdication?

(This letter appeared in 'Public Finance' on 19th September 2003)

"Now that the distasteful affair of the corrupt headmistress has been concluded and the woman severely punished, would someone explain to me how this could have happened?"

"I admit that it is many years since I was a treasurer to a local education authority but in my wildest nightmares I could never have thought this to be possible."

"If the woman had walked off with £500, yes, I could believe that – even £5,000. But £500,000 is ridiculous. This is particularly so if this was a straightforward misappropriation of cash."

"I have heard of devolved management but did not think that devolution was synonymous with abdication. Please help me and the many others who must have similar thoughts."

Ken Webster, sometime City Treasurer of Leicester.

It's the Services, Stupid!

(This is an extract from an article that appeared in 'Direct News' in August-September 2003)

"The problem with modern politics... perhaps with modern society, is an over emphasis on the big stories, on the big issues."

"My interest in quality public services is as much based on my experience in Doncaster as it is on my more objective belief that local government, in particular, should be working hard to press the 'bread and butter' issues back up the agenda."

"Despite the re-defined role of local authorities as custodians and guardians of 'social, economic and environmental well-being' we are still fundamentally bodies whose central aim is delivering quality public services to our residents."

"People simply won't believe that you can deliver airports and universities unless you can present them with convincing evidence that you are competent enough to cut the grass or remove the weeds on their particular street."

"Quality public services are one of the four cornerstones of Doncaster's policy framework... It is the guiding principle that has begun to develop within the organisation."

Mayor Winter, Doncaster Borough Council.

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Feedback

We would be grateful if you could let us have some feedback on 'Public Services News' and some other services that we provide by completing this questionnaire.

Public Services News

Which topics in the Newsletter are of most interest to you?

Are there any subjects that you would you like to see covered in future issues?

Do you have any further comments on the Newsletter?

Web Site

Have you visited our web site? Yes No

If you have visited our website what features did you find useful:

Information about the company _____

Information about products _____

Briefing Papers _____

If you have accessed any of the briefing papers, which did you, find most useful?

Are there any other subjects on which you would find a briefing paper useful?

Advertisements

Have you seen an 'AWICS' advertisement? If so, where?

Do you have any other comments?

Signed (optional) _____ Organisation _____ Date _____

Please return the questionnaire either via email (Adrian.waite@awics.co.uk) or by post to the address below.

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