

**URBAN REGENERATION COMPANIES:
A PROCESS EVALUATION**

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SECTION 1:

1. INTRODUCTION

1.1 Three pilot Urban Regeneration Companies (URCs) were established in Liverpool, East Manchester and Sheffield during 1999. Each was formed as a partnership between three bodies: the respective City Councils, the relevant Regional Development Agencies (RDAs), and English Partnerships (EP). The Government endorsed the formation of the Companies and its announcements saw their establishment as an early response to one of the recommendations of the Rodgers' Urban Task Force.

1.2 The European Institute for Urban Affairs at Liverpool John Moores University and the Centre for Urban Policy Studies at Manchester University were commissioned to undertake a 'process' evaluation of the initial stage of the establishment and work of the URCs. The research was overseen by the Department of the Environment Transport and the Regions (DETR) and funded by the North West and Yorkshire/Humberside RDAs and English Partnerships.

1.3 The three Companies were declared at different times - Liverpool in June 1999, Manchester in October 1999 and Sheffield in February 2000. Inevitably, the degree of progress on the ground varies as between the first two and the third. The initial period in all three Companies has been spent in recruiting teams and Boards, putting administrative systems in place, securing initial funding, conducting baseline studies and appointing Masterplanners. Since it started first, Liverpool is further advanced with its team building, community consultations and Masterplanning process. The initial Masterplan was published for consultation in April 2000 and is hoped to receive formal approval in June 2000. Manchester has begun to appoint staff to its small core team, has embarked on an extensive series of community consultations and is on track for the delivery of its Masterplanning document in June 2000. Sheffield expects formally to be incorporated as a company by early Summer, expects delivery of its baseline audit before the end of April, and has now drawn up the brief for its Masterplan plans and hopes to agree an appointment by July.

1.4 The Companies also face different types of challenge. Liverpool and Sheffield are city centre programmes with similar issues, even if they are of different intensity. Their task is essentially to revitalise underperforming commercial and retail areas which have very small residential populations. Manchester's task is very different. The Company has to regenerate a very large and extensively decayed industrial and residential area which faces substantial economic, social and environmental problems. Moreover, its defined area in East Manchester already has numerous national regeneration initiatives which came on stream at different stages over the last decade. The Companies must therefore be evaluated in somewhat different ways, reflecting the scale, nature and intensity of the problems they each faces. Also, at this early point in their lives it is not reasonable or possible to assess the policies or likely impact of the Companies. This study can assess the way in which the Companies have defined and approached their initial tasks; the ways in which they have carried them to date; and can

identify the emerging policy messages from which government and any future companies can learn.

1.5 The evaluation has had two principal aims: first to develop a dialogue with the companies and those involved with their work in order to provide an independent sounding board; and second to produce an initial commentary on the issues facing the companies and potential that they offer as a way of tackling integrated regeneration in large and complex areas of big cities.

1.6 In approaching this task, the research team has undertaken an extensive series of face-to-face interviews with senior partners and key players in the three cities and across the regions. It has observed a number of Company Board meetings. The team have held interviews with a range of DETR officials in London. The interviews have been conducted personally by Michael Parkinson and Brian Robson, many on a joint basis. A full list of interviewees is given in Annexe D. The evaluation has been well received in all three cities, although a number of partners believe it is very early to make assessments of the initiative. The team has received extensive co-operation from partners in the cities and across the two regions. The Companies have been particularly helpful in providing access to documents and to a number of meetings. The team was originally invited to conduct an evaluation of Liverpool and Manchester. Subsequently, the Sheffield Company was designated and added to the evaluation. However, the team was able to invest less time and resources in that company, which is reflected in the extent of coverage that Sheffield One receives in comparison with the other two companies, which have also been longer in existence.

1.7 On the basis of current progress and issues raised in the three cities, this report first draws out implications for local and national policy. Second, it looks in more specific local detail at the experiences and issues in each of the three companies. Third it draws together its observations and recommendations in a brief prologue.

SECTION 2:

MESSAGES FOR FUTURE POLICY

2.1 The evaluation has demonstrated that the three URCs have made very promising starts. Working relationships between the key partners on the Boards appear to be good. The two Companies that have been in operation longest, are broadly on target to reach their first-year targets. All three have been well received by many of the public, private and community sector partners. There is considerable support for the initiative, even though inevitably they have yet to produce significant visible, public outputs. However, the Companies are still at a very early stage in their work. Their main achievements have been in creating their teams, appointing Masterplanners, and beginning the process of public consultations. They are, as yet, in an early stage of their Masterplanning process. It is not inevitable, but nevertheless possible, that relationships will become more complicated when the Masterplans are revealed and decisions about priorities and resources for different areas and groups are determined.

The nature of the URC 'model'

2.2 There is some ambiguity about the 'model' on which the establishment of the URCs has been based. The report of the Urban Task Force was somewhat imprecise on the formal details of the Companies it proposed. However, there is a general view that the flexibility that this permits can be used to advantage in tailoring structures to the circumstances of local areas – as indeed has been the case with the three existing Companies. The prior experience of Manchester's 'model' - developed on the basis of its experience in Hulme and Moss Side, and with the Task Force established to oversee the rebuilding of the bomb-damaged city centre - has been an important reference point for all three.

2.3 In essence, the general view is that the Companies represent the willing coming-together of key players who are ready to surrender some of their authority and independence for the common good of their area, and that their main focus is to tackle regeneration and local development not as a series of individual bids for resources but through the establishment of a 'business'-like co-ordinated approach to developing the strategy and delivery of regeneration.

2.4 There is agreement about some elements of the Companies. They should:

- draw up an overall vision for their areas;
- be arms length from the local authority;
- have the support of the key players;
- establish short lines of decision from such key players as the local authorities;
- be able to draw on a dedicated implementation team (which is either integral to the Company or part of the structure of partner bodies who sign up to the vision).

2.5 Although such principles help to differentiate the model from the more informal structure of traditional public-private partnerships, if it is to be developed elsewhere there may need to be greater clarity about the essence of the URC model and specification of Company roles and powers. For example, as currently conceived:

- the Companies have no additional powers or resources;
- their precise goals have not been clearly defined;
- their modes of working, methods of assessment and evaluation have not been clearly delineated.

2.6 These are issues which inevitably raise questions that will need to be addressed. Although it is widely believed that the model needs to be flexible and adaptable to the specific context and capacities of given localities, there may be value initially in having a somewhat tighter framework of expectations in relation to issues such as community involvement and formal evaluation. However, all interviewees agreed on the desirability of Companies being able to operate with only the lightest touch from the centre once they have begun to operate substantively. Were the 'model' to be formalised, it would therefore be important that this was not accompanied by a set of heavy regulatory constraints from DETR. This is clearly a question of achieving an appropriate balance between clarifying the broad principles that would have the support of government and allowing Companies the flexibility to translate such principles into operational modes in ways most sensitively suited to the circumstances of localities.

Masterplanning

2.7 The investigation has suggested that there are a number of conditions that will have to be met if the Companies are to be successful in future when they have to start delivering. Most important is the quality of the Masterplanning 'visions'. These strategy documents will probably need to address three distinct aspects of the delivery process:

- A conventional land-use plan. Such plans may need to be of different orders of detail in different parts of the respective areas, given the complexity of the city centres in Liverpool and Sheffield and the sheer scale of the area in East Manchester. Like Rodin's statues, they are likely to have precise details carved out in some parts and indicative sketches in others. The essence, however, is that the 'visions' will need to be persuasive to those who live or work in the areas and will need to gain acceptance and ownership by current and potential investors. This implies that the processes proposed for the presentation of the visions, under the aegis of the Boards, will be an important part of the strategy.
- A matrix of responsibilities. The strategies will need to specify which agencies undertake to deliver specific parts of the plans. Since the whole process in which the URCs are engaged has at its heart the co-ordination of activities and responsibilities, it will be critical for the building of confidence that the full range of relevant public and private agencies sign up to the delivery process. This is most evidently critical in the case of East Manchester, with its large array of existing initiatives, but in all three areas the delivery of successful development will be in the hands of a range of delivery agents.

- An indicative timetable. Building investor confidence is partly about focusing development sequentially in credible clumps with a view to benefits spilling out more widely and thereby helping to raise investor confidence across the whole area. Sequencing will be an important element in the visions. Again, the East Manchester context is somewhat different since it will be important that residents living in areas in early and later phases of development will need to be involved in the process in different ways.

2.8 Publicity and promotion will be a second important element. Awareness of the establishment of the URCs and of their work has already begun to grow. Balancing the equation between the raising and the containing of expectations will be difficult. And this will especially be the case given that all three URCs face challenges which seem likely to be tackled only over a long period of a decade and more. As yet, the Companies do not have dedicated staffing to pursue such marketing roles and it seems inevitable that this will be a call on their budgets in the longer term.

2.9 It is in this latter respect that the relationship between the local roles of the URCs and the national policy context is critically important. While, as we suggest below, the URC model is best seen as an essentially local initiative, its likely success and credibility depends on the support and blessing of central government. Much of what we recommend is therefore addressed to DETR and is concerned with the need to clarify the wider context within which the URCs might most usefully operate.

Political agreements between partners

2.10 Despite their legal status, the URCs are essentially political agreements between the major partners. The partners agree that they will commit their resources to an agreed set of priorities and that each of them will undertake to deliver in their own organisations what they have agreed to as Board members of the URC. There is nothing to bind them together unless they wish to be bound together. It is crucial therefore, that URCs are only undertaken when the key partners are convinced that they wish to work together and have a shared agenda. They should not be imposed or attempted when those conditions are not present. And this will vary from city to city. In part this will be shaped by recent histories. For example, the progress of developments in the three Companies shows clearly how the political and economic circumstances vary across the three cities. Manchester has had a decade of partnership working and considerable experience of public-private sector regeneration coalitions. Much of the essence of the URC 'model' has derived from Manchester's prior experience in its approach to co-ordinated regeneration and, in particular, its harnessing the shared agreement about priorities for the city centre after the IRA bombing. The City Council has shown its readiness to work 'as a business' in a way that is wholly consistent with the aims of URCs. Many of these conditions apply, albeit to different degrees, in Liverpool and Sheffield. For Liverpool, although the recent history differs from Manchester, there had emerged a consensus about the need for a city centre regeneration strategy. The URC was going with the grain politically. In Sheffield, political change and the advent of new senior management have recently begun to change the context of development and regeneration and to create a similar recognition of the need to address the decay of the city centre. While each of the three cities meets

most of the pre-conditions, each is on a somewhat different part of the necessary learning curve.

2.11 The experience of Greenwich, where the local authority took a different view from English Partnerships about the nature of the regeneration required and was reluctant to countenance a URC, underlines the point that URCs cannot be declared where the local authority in particular is not committed to the strategy. The strategy is inevitably a bottom-up process which should be determined locally and regionally. There is therefore a need for realism in declaring URCs.

Relations between key players

2.12 Precisely because they are essentially political agreements, it is critical for the plausibility of Companies that the relations between the key partners are good. In particular the commitment and co-operation of the local authorities is a key element. They are the accountable bodies for all or most of the relevant spending programmes and, since the essence of the role of URCs is about co-ordination, it is only under the umbrella of the local authorities that this can realistically be achieved. The local authorities possess many of the powers and resources that the Companies need if they are to be effective. It is clearly critical that the working relationships between the Council leaders and Chief Executives are good and that their links with the Companies' Chairs and Chief Executives are co-operative.

2.13 Equally, it is clear that the RDAs are critical partners in the Companies. In addition to operating costs for the Companies, they will provide substantial parts of URC budgets through the land and property budget and through Single Regeneration Budget funds. It is therefore critical that the URCs fit with their regional development strategies. This is clearly the case in the North West where the NWDA has made the development of Liverpool and Manchester a key feature of its strategy. The RDA can give complete support to the URC strategy. The position appears somewhat less certain in Sheffield where the RDA has a number of competing urban areas within its boundaries. While the initial Regional Economic Strategy from Yorkshire Forward did not specifically prioritise Sheffield's city centre, it has subsequently identified the area as one of its priorities. This was not peculiar to the URC since the same dilemma applied in trying to get agreement about the spatial priorities of the European Commission Objective 1 Programme.

Resources

2.14 The issue of the powers and resources that the URCs may require is a moving target. At the outset of the initiative there were two schools of thought. Senior Board members and Chief Executives in the Companies took the view that the three key partners – the local authorities, RDA and EP - had enough powers and resources to deliver the results. They had large budgets, planning powers, CPO powers. It was seen merely as a question of getting them to work more effectively. By contrast, some of the more operational team members and local authority officers who had direct experience of operating regeneration mechanisms and partnerships on the ground, argued that the Companies would benefit from having dedicated resources for a variety of reasons. It would make a Company appear as a major player to potential investors. It would give the Company some resources to match European or SRB funding. It would

give the Company a degree of independence from the three constituent partners. It would allow the executive to concentrate upon the task of regeneration as opposed to fund-raising.

2.15 As the Companies move closer to the delivery and implementation phase of their work and begin to see the potential resources they might require, the views of at least some of the chairs and chief executives appear to be shifting. In the case of Liverpool, the issue was made explicit because two partners – EP and NWDA – were unable to commit their organisations to provide future funding over a three-year period as the Chair was hoping. They both had to seek the approval of DETR to make those commitments. The Chair and partners were frustrated at the level of detailed financial control or their lack of autonomy and were looking for greater flexibility in the future. More widely, the Chair of Liverpool Vision wanted the Company to have control over the resources it was receiving. In his view it weakened the hand of the Company in its discussions with potential investors who were inclined to see the constituent partners who held the resources – rather than the Company – as the agency to talk with. The pressure for the Company to have access to its own resources may grow rather than diminish in future. This view was endorsed by the Deputy-Chair of Sheffield One. The caveat, of course, is that even were Companies to have access to finance for development in their own right there would still be a need for them to act in concert with local authorities and other key stakeholders.

2.16 These concerns are less evident in the case of Manchester. There, the existing array of funded regeneration programmes - and the apparent agreement that they will now be articulated and co-ordinated through structures that are under the aegis of the Company - provides a greater degree of certainty. Moreover, the already apparent degree of investor interest in an area close to a thriving city centre has begun to create some greater confidence about the plausibility of future private investment. In practice, there is evidence in Manchester that potential investors are already seeing the Company as the kind of one-stop shop for advice and development authority that is reminiscent of the role that Urban Development Corporations played in the 1980s. The promise of the URC is that it may be able to help in delivering the government's brownfield development agenda by creating the confidence to attract private investment into the cities but with a lighter touch than was true of UDCs and with a far greater sensitivity to the priorities of local communities.

2.17 Nevertheless, in the case of all three Companies, the fact that agreement about core funding from the partners can as yet only be on the basis of their first year of operation is unhelpful in two respects: as staff are appointed, annual funding agreements may become a more pressing issue in relation to employment contracts; and, in the eyes of the outside world, the longer-term credibility of the Companies may be questioned, especially in the period after Masterplans have been delivered.

2.18 There are also some complications that would need to be clarified in relation to grant regimes. For instance, the primary grants that RDAs could allocate to the URCs - construction grants and SRB - flow in different ways. In the case of the land and property budget, once the totals are agreed nationally, they are allocated to the RDAs who can determine where their priorities lie and where they will spend the funds. However, for SRB grants, resources are allocated on a competitive basis. RDA Chief Executives have

pointed out the dilemmas this can create. There is a potential that, although they can allocate construction grants to URCs, URC bids for SRB status may not be sufficiently strong and matching SRB funding may not be found. The position would be resolved if the SRB was not allocated on a competitive basis but rather as a consequence of RDA regional priorities. Clearly, that raises large issues of national policy.

2.19 It can be argued that in practice such dilemmas will rarely arise since RDA recommendations about SRB bids will typically be accepted by Ministers. But this raises another dilemma. SRB funds will be a critical part of URC budgets. There could be potential conflicts of interest when, for example, there are common Board members in the URCs and RDAs and they would therefore be both applying for and subsequently determining applications for SRB resources. Views vary on how significant this is. There are of course procedures for declaring interests. In Liverpool - whose bid for SRB6 resources is critical - the NWDA Chief Executive with the support of Board members left the room when the SRB proposal was being discussed. It is not clear whether he would feel obliged to absent himself from discussions on the RDA Board when the application is considered. This issue would benefit from clarification.

2.20 If the initiative were to be rolled out on a national basis, such aspects of the funding issue must be resolved. New resources may have to be made available at national level. But this might encourage concerns about the proliferation of area-based initiatives and separate budget mechanisms. The alternative is to change the status of the grants and resources that the RDAs give to the Companies. More generally it raises the issue of single pooled budgets which the RDAs could use more flexibly. Alternatively, it may raise the issue of whether central government should consider earmarking additional RDA resources for URCs proposals.

Powers

2.21 The generally held view is that the powers currently held by the main partners in the URCs give the Companies sufficient authority to pursue their plans. The credibility of the URCs relies on the ability and readiness of powerful partners to deliver what is agreed around the tables of the Boards. Some interviewees did raise questions about CPO powers. But since local authorities and RDAs already have such powers, the argument is more to do with generic national issues of the speeding-up of CPO powers rather than any specific responsibilities that might be given to URCs. It is the case, however, that in all three areas (and doubtless in the case of areas for which subsequent Companies may be established) the problem of fragmented land ownership is a characteristic problem. To this extent, the issue of CPO powers has a particular salience for URCs.

2.22 There is, however, some ambiguity and uncertainty about the status of Urban Priority Areas (UPAs) and their potential relationship to URCs were UPAs to be created. The Urban Task Force made recommendations about UPAs and suggested a range of fiscal and regulatory regimes that might be linked to them; for example, speeded up decision-making machinery, a range of fiscal instruments, quicker compulsory purchase powers, the ability to retain the increased resources that may result from regeneration in their area. This principle is under discussion within DETR. It raises a number of issues that would need to be clarified; the numbers of areas, their status, designation criteria,

powers and resources. At present there has been no significant demand in the Companies to have such a wide array of powers. But clearly they would feel differently were UPAs to be established. At present it is not clear over what kind of areas UPAs might be declared or how many of them there might be and how they might relate to the URCS. If UPAs are declared in terms of need, there might be a large number across the country. But our discussions indicate that there can realistically only be limited number of URCS. If they are to be seen as delivery agencies for UPAs, a clear decision would have to be made about the ideal numbers involved and about the relationship between UPAs and URCS.

2.23 The specific challenges faced by the URCS suggest that there may be specific initiatives that the URCS wish to explore that would benefit from having, not necessarily new powers, but support and encouragement from DETR. Three examples can illustrate this:

- The anticipated uplift in values within the URCS areas could provide a mechanism for providing up-front resources to facilitate early development. For example, the Companies may wish to explore the scope for issuing bonds for purposes such as early site assembly with a view to downstream repayments being made from the anticipated higher values. There might also be scope for equity-guarantee schemes for pioneer investors that entailed sale-back options.
- Similarly, there are problems of negative equity that may hold back demolition of old properties since householders are reluctant to move into new housing. This could be tackled by the creation of a vehicle - backed for example by the Housing Corporation and the Council of Mortgage Lenders - into which negative equity could be sunk in order to enable households to move to new housing and to repay the negative equity once values had risen.
- Likewise, some of the issues of site assembly impinge on land owned by bodies such as hospital trusts or rail operators whose Best Value regimes require them to go to the market for the disposal of property. This has the inevitable consequence that private speculators may be encouraged to bid up values and that CPOs would need to be considered if the plans of the URCS were to be realised. There may here be value in applying the principle that all public assets within the area of a URCS should be regarded as contributing to the achievement of the agreed vision.

2.24 In all such cases, an invaluable element in facilitating the work of the URCS could be support and encouragement from DETR in exploring the feasibility of developing specific powers to make such initiatives possible. Such possibilities would imply major policy shifts, or, indeed, legislative changes. However, given the potential of the URCS model, the implications of the ideas appear to warrant further exploration. For example, the advent of URCS could help to add force to the arguments about resolving the conflict between public bodies' statutory duties to secure best price for their surplus assets and the broader objectives of planning authorities and other agencies serving local communities. The current examination of the feasibility of Urban Priority Areas might add

consideration of such special powers in those cases where URCs have been, or may be, established.

The spatial architecture of regeneration policy

2.25 There are important wider issues about the spatial architecture of urban policy and in particular the question of where the URCs fit into the broader local governance structures. The Performance and Innovation Unit's report on *Reaching Out* revealed the extent of unease about the proliferation of area-based initiatives. In the eyes of some, the URCs run the risk of contributing to that proliferation and confusion. However, it is clear that one of the main goals of each Company – and in particular in East Manchester – is precisely to achieve greater co-ordination through developing strategies for large areas and through encouraging the local authorities to develop 'non-silo' approaches to their delivery of services not only across the designated URC areas but more broadly.

2.26 If the initiative were to be expanded, there needs to be some clarity on the relative standing of the URCs. The three existing Companies occupy different spaces and play different roles in the three cities. For example, Liverpool is one of the New Commitment to Regeneration Pathfinder developed by the Local Government Association. The city has taken very seriously the challenge of integrating the strategies and resources of all the public sector partners in the regeneration business through NCR. Liverpool Vision has been a member of the Partnership Group which is preparing the application for SRB funds for the city centre. The NCR initiative has also developed a wider regeneration framework into which the activities of partners can be fitted spatially. In this context, the role of Liverpool Vision is clearer.

2.27 Similarly Manchester has a (currently somewhat dormant) City Pride initiative which allows it to adopt a wider view of regeneration across the metropolitan area. This could provide a frame of reference and spatial context for the East Manchester initiative. Indeed, the East Manchester partnership itself can be seen essentially as an integrating mechanism since it is pulling together the activities of a wide range of existing area-based initiatives. Of course, the capacity of these frameworks to steer the URC initiative is yet to be tested. However, not all cities where the initiative might be located will even have such frameworks. If URCs are to be seen to contributing to integration rather than fragmentation, these issues will need to be spelled out more clearly by government. Even though existing initiatives may formally continue be responsible for the delivery of regeneration programmes under their remit, should their priorities and delivery mechanisms be required to conform to the frameworks established through URCs? This raises the issue of local strategic partnerships, their role, designation and status.

Extending the model to other cities

2.28 The Companies currently under review are testing the URC model. It is clear that if it is to be used more widely there may need to be greater clarity about the model's essence, where it sits alongside other initiatives, the extent to which local diversity is admissible and criteria for its wider application. The Companies differ because their challenges and the contexts in which they operate differ. In addition, there is some uncertainty about what the model comprises.

2.29 It seems clear that the URCs constitute less of a formal model than a set of broad principles, as noted above. However, there does seem to be an agreement that their principal aim is to address major challenges in cities and that (assuming that local circumstances are propitious) they are an appropriate mechanism to tackle the challenges presented by areas of a scale that is considerably larger than the raft of existing area-based initiatives. Given the scale and complexity of the challenges they face and the potential resources they will require, the numbers that could be created, financed, and supported by RDAs and English Partnerships would necessarily seem to be limited. They will be resource intensive and this suggests that, at most, there could be no more than one or two in any RDA region. Opinion seems to be that they should be focused essentially on urban regeneration in cities, and we would endorse that view. It may be unduly restrictive to think that they should be considered only, for example, for London and the seven core cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Sheffield - which together have established the 'core cities' group), but it seems unlikely that the principles are appropriate for areas outside major cities. Equally, it would be important that the pre-conditions were met – and not least the willingness of the partners to commit to the principles. In terms of numbers, it is also important to recognise that the potency and credibility of the existing URCs depend critically on the calibre of the Chairs and members of the Company Boards and that such individuals are not everywhere available.

How many partners and which?

2.30 At present the URCs consist of three key partners. There is no certainty about whether this should hold in future. It is clear that as local and regional initiatives, the Companies require the local authorities and RDAs to be members. There is less agreement about whether English Partnerships as a national organisation always needs to be represented on the Companies. On the other hand, there may be other partners involved in future. This could include for example the Housing Corporation or Health Authorities. There would clearly be difficulties in involving most private-sector bodies as core partners because of commercial sensitivities associated with development (although, as in the case of the Volume Housebuilders in East Manchester, the role of the private sector as arms-length collaborators is likely to be critically important in the implementation stages). Opinions and practice vary about the need for community representation. One of the existing Companies has community representatives on its Board; two as yet do not. Despite the dilemmas of identifying representative communities in city centres, it does seem appropriate to have some relevant form of community representation on the Boards of URCs. Such 'community' engagement goes with the grain of area-based initiatives, in particular New Deal for Communities. The absence of community representatives might encourage debates about the legitimacy of URCs in the wider community. This could be expected to grow as the Companies move to firm decisions about which projects and communities in different parts of the city will receive support and resources.

A national initiative?

2.31 There is currently a degree of ambiguity about the status of the URC policy and in particular the extent to which it is a national, regional or local initiative. The uncertainty needs to be clarified and resolved. The initiative was proposed by the Urban Task Force Report and the experiment was endorsed by Ministers. This led local players to assume that it was a national initiative. But the policy was never officially launched as government policy. Officials take the view that it is not a national policy and is unlikely to become one. In their eyes it is essentially for local partners to agree to form a Company. However, local partners are not unconstrained. The articles of the Companies have to be approved by DETR. The regional strategies of RDAs are 'noted' by Ministers. The involvement of RDAs and EP as partners in Companies needs to be approved by DETR and the financial contributions of the RDAs and EP have to be approved by DETR if they fall above the current delegated power of £5m. The appointments of the Chief Executives have needed the approval of DETR and DfEE. The present position is unsatisfactory. The department should clarify the status of the policy and at least clarify the degree of control and the level of detail it intends to exercise over the Companies in future.

2.32 The early indications are that the establishment of the initial URCs has been handled imaginatively and effectively by the individuals and organisations charged with setting up the Companies. Clearly, it is too soon to suggest whether they are 'successful' since any judgement must await the production of their Masterplans and the achievement of results on the ground. What is clear, however, is that their work is likely to be enhanced if the Companies were given clearer general blessing from DETR and were able to operate in a less ambiguous national context. Since much of their integrative work is about the creation of investor confidence and about having credibility in the eyes of delivery organisations, creating more certainty about the local/regional/national context in which the Companies work is of obvious importance.

Ongoing evaluation

2.33 This process evaluation appears to have been widely welcomed both by the Companies and by local stakeholders. There remains the question about whether and how any evaluation of the actual work of the Companies should now be considered. It is clear that the Companies will move into a very different phase of their lives once the Masterplans have been produced and agreed. There would seem to be strong arguments for developing some form of continuing evaluation of the actual results of the Companies at that stage.

2.34 This raises a question about how the Companies should best be judged. By their nature they are essentially strategic bodies whose delivery remit will largely be in the hands of other agencies whose work the Companies will co-ordinate. By and large, the traditional output measures will need to apply not to the Companies but to these delivery bodies - the SRB, NDC, EAZ, Sure Start, Objective 1 partnerships and the like. The role of the Companies will be to add value to the delivery of programmes within their areas. Their performance should therefore best be judged against their delivery of the strategic objectives outlined in their baseline and masterplanning documents. This

suggests that innovative approaches to their evaluation will need to be developed and that standard outputs will not capture the essence of the contribution that the URCs may make to the betterment of their cities. Even though the URC 'experiment' may not formally be a national policy, it would seem appropriate were DETR to assume responsibility for any such evaluation and initially to invite proposals about how best such an evaluation of the Companies' performance could be approached.

2.35 The initial phase of this new experiment appear to hold out considerable promise for the URC 'model' as a vehicle for strategic planning and for the delivery of large regeneration programmes. They represent a potentially valuable mechanism for linking key players across the public and private sectors. While it is too early to make definitive judgements about any tangible achievements from the URCs, their conception suggests that they are a welcome step in the process of better co-ordination of policy at a local level. This promise could be considerably enhanced by clearer a steer from the centre.

SECTION 3:

PROGRESS IN THE THREE CITIES

3. LIVERPOOL VISION

3.1 The Liverpool Vision Company has responsibility for Liverpool City centre. The boundaries in which the Company operates are not rigidly defined but extend in an arc with a radius of about one-mile from the waterfront. The area corresponds broadly with the city centre as defined in the local authority Unitary Development Plan. However, the Company does not wish physically to circumscribe its sphere of influence since many of its plans for the development of the city centre will require it to achieve results outside the literal city centre, particularly in relation to strategic transport connections with the airport and motorway system which lie some miles beyond the city centre. The resident population is small at 9,000, but that represents an increase from 2,300 in 1991. Also it is estimated that 75,000 people work in the city centre. The city centre lies at the heart of the Liverpool and Merseyside sub-regional economy which has experienced significant economic and social changes during recent decades. The population of the city has declined enormously from its peak of over 800,000 in 1945. By 1981 the population had fallen to 516,000 and to 479,000 by 1991. The rate of decline slowed during the 1990s, but by 1996 the population had fallen to 468,000. The city's decline in population is reflected in the decline of its economy. In October 1999, unemployment in Liverpool was 8.3% - higher than the Merseyside figure of 8.0%, the regional figure of 4.6%, and over twice the national average of 4.0%. The proportion of long-term unemployed is 36% compared with the national average of 24%. And these rates probably understate the real position. Liverpool ranks highest of the 354 English local authority districts on the Index of Local Deprivation, with 71% of its residents living in the 10% worst wards in England.

The challenge of the city centre

3.2 The economic and demographic decline of Liverpool has had a corresponding impact upon the city centre. It has been under-achieving in recent years and now lags behind its regional and national competitors. The nature and extent of its problems, although not novel, were identified by the Vision Company in a socio-economic baseline study and a series of extensive consultations with the public, private and community sectors carried out in the three months after its creation. Both underlined the major barriers to investment in the city centre. They lay in the areas of image, property and development, environmental quality, transport and infrastructure, leadership and delivery. The main findings of the consultations are identified below. Some of these problems have been partially offset by a number of developments and opportunities that have emerged in the city centre during the past two years, in the retail, cultural and higher education sectors, which we discuss later. Nevertheless, we repeat the

perceived problems at some length to indicate the scale of the challenge facing the Vision Company.

Image

3.3 The business sector believes the city faces major problems. It has a poor external image as a place to do business. It has unsuitable buildings and infrastructure. Its general quality of life is regarded as poor. There are skills and staff shortages. The image of the workforce is poor, primary and secondary educational standards are below the national average and the major centres for learning are not fully exploited. There are high levels of unemployment especially in inner city wards and a generally low skill base. For visitors it is recognised that the city centre appeals to the youth culture but not to older or international visitors. The shopping experience is below expectations. Litter, traffic, pollution, congestion and poor sign-posting ruin visitors' experience. In terms of the city's self-image residents are seen as parochial, have low expectations, exhibit a 'moaning culture' and had generated a negative national and local press.

Property and development

3.4 There is an oversupply of office accommodation with high levels of vacancy and obsolescence. There are few readily-available development opportunities. The core area lacks critical mass. In terms of the retail offer, there is not enough suitable accommodation in the prime retail pitch. The shopping environment is poor. There are few complementary facilities such as cinemas, sports facilities and open space. In terms of residential property, there is uncertainty about the real demand for city centre living. The current population is young and mainly transient. The centre lacks education and social infrastructure. Security is poor and there are fears about parking. There are limited opportunities for social housing. In terms of leisure and tourism, visitor attendance at historic and cultural attractions is declining. There are few family-oriented attractions in the city. It is difficult to move across the city. There is a shortage of secure parking, especially at night. The public realm is in poor condition and not clean. Most critically, in terms of potential development land ownership is highly fragmented. There are unco-operative landowners who have proved readier to wait to take profits on their holdings rather than to embark on development. This has not been the major cause of continuing vacancy in the city centre, but it has affected a number of critical development sites. The Company believes that it eventually will have to use the CPO process if it is to achieve significant city centre development. There have been protracted timescales with CPOs. And there is a shortage of people willing to invest in city at present.

Environmental and infrastructure quality

3.5 The poor condition of the public realm restricts the quality of life of residents, visitors and workers. There are a limited number of under-used public spaces. Limited council budgets for maintenance, refuse collection, lighting, vandalism and security services have contributed to the poor condition of the public realm. There is a lack of co-ordinated city-centre management.

3.6 Gateways into the city are poor - by air, rail and road. Commuter railway stations have low quality environments. Pier Head facilities are limited. The main railway station is impressive but dominated by traffic. Approaches to the city centre especially from the motorway are poor in terms of environment, clarity and quality. The city centre is dominated by traffic with little priority given to pedestrians or pedestrianisation.

Leadership and delivery

3.7 The final barriers to investment are particularly relevant to the Vision Company. Senior players in Liverpool believe that there has been no effective city centre leadership during the past twenty years. The city centre has not been a political priority. Many senior decision-makers live outside the city. There have been few large-scale regeneration projects delivered in the city in the past twenty years. There is limited support from the property market and private sector. The lack of demand slows down development. And the Liverpool business community does not have a united voice or view.

The opportunity of the city centre

3.8 Despite the challenges identified above, many partners have recognised the opportunity and the potential of the city centre. It is the largest concentration of office employment on Merseyside; the largest shopping centre; the main location for higher education and research; the centre for tourism, leisure and cultural activities; the hub of public transport system; the centre of a wide regional labour market; linked by the port to a wide ranging network of international profile. And there has been development during the past two years.

Liverpool Vision - an agency whose time had come?

3.9 The issue of leadership and delivery is an important piece of context in which the Liverpool Vision Company was created. The timing was right. When the URCs were declared in 1999, a political consensus had emerged in Liverpool that there should be a greater focus upon the city centre. During the first part of the decade in particular, no single agency had addressed the opportunities or challenges facing the city centre. There had been a series of more or less successful initiatives *in* the city centre but no strategic recognition *of* its potential significance. The City Council had not focused upon the opportunities. The ruling Labour party did not regard the city centre as a crucial area for regeneration since political interests and votes lay in other areas of the city. As a result it had no explicit city centre strategy. And there was no clear focus on the quality of council services within the city centre. Other agencies were also limited in their impact. The Merseyside Development Corporation and Liverpool City Challenge each had achieved significant developments. But they were responsible for only a limited part of the city centre area and their respective territories had been on the periphery of the centre and had never been physically or strategically connected. In addition, by 1998 both had come to the end of their lives. The Liverpool City Centre Partnership had too narrow a focus as well as limited resources. During much of the 1990s there was a strategic vacuum in the city centre.

3.10 By the time Liverpool Vision was created, this position had changed. By the end of 1997, the City Council, after significant public consultation with the public, private and community sectors, had developed a city centre strategy which explicitly acknowledged the critical economic significance of the city centre.

3.11 The strategy committed the local authority to use the city centre as the engine for economic and social regeneration around six strategic themes: building on its employment base; enabling private sector development; creating a quality environment; developing a leading cultural and tourist centre; communicating a positive image; linking opportunity with need. The council had created a city centre strategy group of council officers and non-council partners to drive the agenda forward, as well as a City Council core group of senior officers from all services with a city centre remit. It planned to create a specific city centre development team to procure future development. And it planned to create three mechanisms to bring together partners and projects: an annual high profile conference to report progress to all sectors of the city; a Liverpool centre which would serve as an exhibition centre for Liverpool past present and future; regular development reviews for the city centre produced on an annual basis to record progress, pool information and build confidence.

3.12 However, these proposals were relatively modest in ambition, possibly reflecting the limits of public and political commitment. The council also had relatively modest financial ambitions for the project. It intended to attract public funding of £15m a year, which with matched European funding from Objective 1 would bring £110. If private sector investment at a gearing ratio of 3:1 was achieved, this would in turn generate £400m over a five-year period. There was no clear machinery in place to involve the private or community sector in an active partnership.

3.13 Nevertheless, by 1999 the principles of an Urban Regeneration Company fitted well with the political mood in Liverpool. The local authority had recognised the need to do something about the city centre. That process was encouraged by the local election victory of the Liberal Democrats in 1999, whose leader was committed to the view that the city centre was crucial to regenerating the wider Merseyside region. The achievements of the Merseyside Development Corporation and Liverpool City Challenge in physically transforming sections of the city had underlined what could be achieved, but also what more had to be done. Their demise in 1997 and 1998 had left a vacuum in the decision-making arrangements for the city centre. The Merseyside Objective 1 Programme had been in operation for several years and debate was growing about whether it had a sufficiently focused economic strategy and whether the city centre could play a greater role in it. The North West Regional Development Agency had been established and was committed to the principle of using the two regional cities to lead the economic renaissance of the region.

3.14 The final piece of the jigsaw was that in 1998 Liverpool City Council had prepared a major bid for SRB funding for the redevelopment of the city centre. However, amidst considerable local and regional controversy the Government Office rejected the proposal arguing that, although the bid had demonstrated both the need and the opportunity, it was not sufficiently well developed in terms of delivery and implementation. However, the bid's rejection in the spring of 1999 did lead to increased dialogue between the City Council and the government office and to the gradual

emergence of a shared view that the city centre should become a focus for regeneration activity.

The Company - organisation, strategy and priorities.

3.15 Liverpool Vision is a not-for-profit Company limited by guarantee. The Chair of the Board is the former Director of Wimpey Building who has retired to his native Liverpool. It has three other private-sector members, including the Chair of Tesco; the leader of the City Council, leader of the opposition and Chief Executive; the Chief Executive of the NWDA; the Development Director for English Partnerships; the Chief Executive of a city-based housing association and the director of Passenger Rail Franchising. The Government Office Regional Director acts as an observer. The Company had an original operating budget for the first year of £600,000 drawn equally from its 3 main partners – Liverpool City Council, the NWDA and English Partnerships. Of this, £360k was for development and planning, £180k for administration and finance and £60k for city centre marketing.

3.16 The Company's Business Plan makes clear that, although there were significant economic and social problems in the city, the position in the city centre had stabilised with some important developments and investments in hotels, housing, restaurants and bars and a plateauing of office and retail rental values between 1997-9. Nevertheless, it also recognised that, although there had been a number of important initiatives, there had not been a strategic context for their efforts leaving many individual organizations struggling to deliver their objectives in an uncoordinated, complex delivery structure. This had built a territorial attitude to the regeneration of the city, hindering rather than promoting success. The Company's ambition was to produce an integrated strategy for the city centre which would pull together current and future potential initiatives.

3.17 It has four areas of responsibility:

- *Visioning and Masterplanning:* which involves bringing together a single overarching strategic framework for regeneration and investment and development of the city, implementing the Masterplan over time and engaging residents and business in the process.
- *Resource procurement:* which involves better co-ordination of existing resources, monitoring their impact and helping to attract more resources in line with the Company's strategic framework.
- *Project Delivery:* which involves supporting and taking responsibility for the delivery of key projects in the city centre, marketing and initiating schemes to improve the public realm and transportation and devising a clear PR strategy for the city centre.
- *General activity:* which involves championing the city centre, linking regeneration benefits to excluded communities, ensuring the public and private sector maintain city centre services.

3.18 The Company's primary aim is to achieve: *'The stabilization and gradual growth in the city centre, leading to a consequent improvement in the City's GDP output and economic growth potential and the spread of economic/social benefits to the residents of the city and region.'* Its four guiding principles are to: enhance the international quality and status of the waterfront; emphasise high quality design; deliver a realistic, deliverable and sustainable plan and engage all sectors of the community in the planning and delivery.

3.19 The Company's strategic priorities are to:

- focus regeneration upon the core of the city centre and draw investment into the commercial office sector;
- re-establish Liverpool's residential shopping and leisure to compete with European cities;
- increase the city's strong tourism and visitor profile by extending opportunities and improving the quality of the environment;
- create a high quality, well managed and safe public realm for all users;
- improve the appearance of gateways into the city and connections across the city, particularly for pedestrians;
- repopulate the city core and surrounding neighborhoods by drawing back people who work but do not live in the city, to support retail and leisure;
- prepare a long-term financially prudent development led by a dedicated team and supported by all the community.

Progress - what has been achieved?

3.20 The Company planned three phases of work during its first year.

Phase 1 – June to July 1999: the baseline and review phase, when it would assemble a core team, secure premises, secure its initial funding of £600k, and conduct a baseline study.

Phase 2 - July 1999 to April 2000: Full Scale Mobilisation, when it would carry out public consultations to confirm a strategic vision, prepare a single city centre Masterplan, help prepare a bid for Single Regeneration Funds, complete the Vision team, develop a clear communication strategy.

Phase 3 - February to April 2000: Design and Implementation, when it would design briefs for priority projects developed in the Masterplan, cost the strategy and identify the necessary private and public sector funding and prepare detailed implementation plan for the full programme.

3.21 Although this original timing has proved slightly too ambitious, the Company is on target to complete those three phases by June 2000, one year after it was set up. The team is in place and the city centre development team has been transferred to the Company from the City Council. The Masterplanning process is on target and produced its consultation document in April. The public consultation will be held during the following three months and the final Masterplan will be available by June 2000. The

consultation process has been undertaken. Community engagement strategy funds have been achieved from SRB Round 5. The proposal for a £25m proposal for city centre SRB Round 6 is also on target. We highlight here three distinctive features of the process – the community engagement process, the preparation of a bid for SRB 6 and the Masterplanning process.

Community consultation and engagement

3.22 The Board and team of Liverpool Vision recognise the need to carry public opinion with it and have undertaken an extensive consultation process. For example, the Company organised an extensive round of consultations in the first three months of its existence. During this period four workshops were held with about 100 senior decision makers and key partners on Merseyside between July and September 1999. Consultants facilitated the process and the results produced a widely circulated public report. During the spring of 2000 the Company held consultations with a range of partners as its plans for acquiring a large SRB bid for the city centre became more developed.

3.23 Most significantly, the Company has developed an innovative approach for engaging the community in the development of the Masterplanning process. In contrast to Manchester, the Company has not recruited community representatives onto the Board. It has considered that option, but decided that the diverse and changing nature of a city centre community and its users meant that it would be difficult to identify and recruit clear community representatives. Instead, the Company has created an alternative mechanism to involve the public and community. It won an SRB grant of £60k in Round 5 to support community capacity building. They appointed local consultants with a good track record in community development to carry out a consultation and engagement programme which began in March 2000. This process is now well developed. The team recruited publicly, by newspaper and radio advertising, 400 representatives from across Merseyside to form a Panel that will be involved in the Vision's work. The Panel was given a programme of city centre tours and visits to other cities to inform them of the proposals. They were also involved in a series of six seminars around the themes of the Vision strategy which involved representatives from the Company Board, team, Masterplanning team and this evaluation team.

3.24 The process was designed to achieve several things. First, it was meant to convey the views of the Panel members to the Vision Board, team and Masterplanners. Second, it is hoped that the Panel will raise public awareness of and support for the Vision strategy by cascading their views to their community and professional groups. Third, it is intended that the Panel will operate as a permanent consultative mechanism as the Masterplanning process is developed. Finally, it is anticipated that the Panel might in future provide community representatives to sit on the Company's Board.

3.25 The programme is continuing, but so far appears successful. There was considerable interest in joining the Panel. The difficulty was in restricting not recruiting members. The group is mixed in terms of social status, gender residence, and age. Participation was sustained throughout the programme of seminars and workshops. The members enjoyed the process. It promises to be an important way of monitoring and engaging community opinion in the initiative. Since the local authority does not

currently operate a Citizen's Jury or consultative panel, it could provide a model of good practice for the city in future.

The Masterplanning process.

3.26 The Masterplanning process was carried out in the following way. Six major Companies were invited to express interest in September 1999. They were given an outline of the issues and invited to respond. The process was conducted during the period September-December. Members of the Board and team were in regular touch with the consultants during this period. The final choice was made in a full Board meeting in December. Although there had been a variety of views before the selection process, the decision to appoint SOM was unanimous. The consortium consists of international, national and local partners. The members are Skidmore, Owings and Merrill; Gillespies; MVA; EC Harris; Jones Lang Lasalle, and strategic adviser Sir Bob Scott.

3.27 Their strategy has eight key concepts: to make the city more approachable; to eliminate the different levels of the city which had been created by flyovers and pedestrian walkways in the 1960s; to improve its use of water; to create a physical heart for the city; to better use the road tunnels and rail networks; to improve its public and trading places; to make the city centre attractive both for 'haves' and 'have-nots'; to improve the city's internal and external image. Their view was that the Masterplan should be achievable; sustainable; facilitate private sector investment; focus upon wealth creation and involve stakeholders and potential investors. Within that broad strategy the consortium is focusing upon proposals for the following areas: the business and retail centre, the office sector, the residential sector, culture, leisure and sport; transport and the public realm.

2.28 The masterplanning process is currently in its third stage. The first two months January and February were spent undertaking extensive consultations with over 50 key partners inside and outside the city to determine needs and priorities and building up a data base of the city centre's position. This focused both upon the physical condition of the city centre and its market position. At that point an outline strategy was presented to board members. The following two months were spent in discussions with Board members and refining the ideas. The third phase will consist of extensive public consultation and the operationalisation of a number of the key priorities and projects

3.29 The draft Masterplan has identified 6 zones within the city centre area – the waterfront, commercial district, core area, retail district, the waterfront business area and the outer city centre - and identified key focal points within each and has two overarching themes in terms of transportation and the public realm.

3.30 The draft provides an indicative outline of the timing of the projects until 2008. It also provides an indication of the likely scale of resources – low, medium or high. The plan indicates that an overall cost of some £1.1-£1.4bn would be required for the projects listed, but calculates that the total could rise to nearer £2bn by 2008 if all existing projects in the centre and potential additional projects are taken into account. It identified a potential £200-250m from a range of public agencies, including English Partnerships, URBAN, the Housing Corporation and the English Cities Fund, but in

particular £50m from Objective 1 and £83m from the NWDA. But grants would only account for 10% of expenditure, leaving a large burden on private-sector investment. However, a number of major developments are expected to proceed without grant and in some cases may bring planning gain.

3.31 The third critical stage of the process is in developing action plans budgets and financing mechanisms and to identify lead partners who will take forward key priorities and projects. In this period the consortia intend to develop a business plan which prioritises key interventions, identifies costs and develops a timeframe. That business plan is intended to allow decisions about funding especially in terms of accessing funding packages, third party investments and the leveraging and recycling of the city council's assets. On the basis of the consultation document published in April, the Masterplanning process has made useful progress with the standard land-use elements and in identifying strengths and weaknesses, but appears still to have much ground to cover in its final stage in terms of the process of implementation and of identifying implementation partners.

3.32 The cost of the Masterplanning process was more expensive than had originally been anticipated and has proved to be £800k. This figure is higher than those expected in Sheffield at £350k – itself an increase - but not significantly different from the likely cost in Manchester at £700k. The Vision company's view, however, which is echoed in Manchester, is that the scale and significance of a task intended to shape and give an international profile to the city centre for over a decade, demands the best international consultants and appropriate expenditure. Also the cost is half a per cent of the proposals which have been identified in the Masterplan. A general view shared by the Companies was not that the price of the masterplanning process was too high, but rather that at the beginning of the initiative, it had been difficult to forecast accurately the scale and hence price of the task and they had probably underestimated both.

Acquiring resources

3.33 Liverpool differs from the other two cities in that it has been designated as a Pathfinder authority for the New Commitment to Regeneration policy operated by the Local Government Association. This is designed to provide a long-term strategic framework for the regeneration of the city, incorporating the mainstream programmes as well as the regeneration programme of the major public sector partners in the city. All the key public and community sector partners, including the City Council, NWDA and Liverpool Vision are members of the Liverpool Partnership Group (LPG). This leads New Commitment to Regeneration and is applying for a major SRB bid for resources for the city centre. The LPG is applying for a seven-year programme that will require £33.5m from the NWDA, of which £25m would come SRB funds and £8.5m from the former English Partnership funds. It is intended that this will be matched by £20m from the Objective 1 Programme, a further £15m from other public funds and £45m from the private sector. Liverpool Vision has been part of the Partnership Group and the proposal for the city centre clearly reflects their development strategy. This gives Liverpool Vision a clear city-wide strategic framework in which to operate. In turn the Partnership Group has provided support and endorsement for the Vision Company's strategy.

3.34 The themes of the SRB bid match those of the Company; linking environmental improvements with economic competitiveness and equity. The environment programme is designed to protect and improve the heritage and cultural assets of the city centre, improve the public realm, enhance movement and diversifying the resident population. The economy strand is intended to support the development of business clusters in the city centre, provide business support and new firm formation, promote inward investment and image development and promote innovation, information and communication technologies. The equity dimension would deliver a partnerships-based city centre employment strategy, promote a labour market equal opportunities plan, provide an intermediate labour market scheme, improve access of the disadvantaged to city-centre employment and support community engagement in the Liverpool Vision strategy.

3.35 The proposed bid will be made later this year. It has outline approval. It is not certain that it will be approved by the NWDA. However, even if the bid is successful, it will only be a small proportion of the total expected expenditure of the Company.

The balance sheet for Liverpool Vision.

3.36 The Company has been in existence for 9 months. It is clearly too soon to judge its performance. But the evidence is that it is approaching its work in a successful fashion. It has encouraged partnership working between the three key partners – the City Council, NWDA and English Partnerships. They are all equally committed to the city centre and to the strategy being developed by the Masterplanning consortium. The City Council has particularly undertaken a number of steps which demonstrate its commitment to the Company's aims. Since the appointment of a new Chief Executive, it is undertaking a major rationalisation of its organisation and personnel in an attempt to improve the quality of services offered in the city and to the city centre in particular. It has also seconded into the Company the members of the City Centre Development Team which was formerly located in the Estates Department. The Chair of the Company was adamant that this should take place because of the substance and hence the legitimacy it would bring to the Company. The City Council has also taken into account the position of the Company on a major proposed city centre retail development, that was in train before the Company was formed. Initially there were concerns in the Company that this development might be determined before the Masterplanning process was complete and without the Company playing a part in the discussions. However, the Council has devised a timetable that will allow the decision on the development in the light of the emerging Masterplan and also has involved the Company in the discussions and negotiations that have been taking place with potential developers.

3.37 There is agreement amongst key partners that the Company is focusing upon the right part of the city. There is also agreement that the private sector members on the Board are weightier and more likely to influence national decision-makers than private sector members of comparable organisations in the past. There is also belief that their track record and standing with the City of London will encourage the future flow of private sector investment once the Masterplan has identified significant development opportunities. There is also agreement that the Chair has led the Company effectively in both its internal and external affairs. His low-key approach works well with the Board members. His business experience is a good complement to the youth and enthusiasm of the Chief Executive.

3.38 Given the Company's wish and need to secure substantial, long term private sector investment, there is evidence that Company has achieved a good reputation with a number of key private partners both inside and outside the city. The Company reports that, in response to its marketing activities, enquiries and approaches from major national developers have increased substantially during its life-time with a regular number of enquiries about Liverpool or the Company each week. Discussion with a number developers working on important sites in the city centre area indicate they all believe that the Company has brought added value. Its benefits have been described by the private sector as being greater openness, stakeholder participation, improved access to information, decision-makers and resources, flexibility and speed of decision-making. We highlight three examples of this.

3.39 For instance a local branch of a national property company on the waterfront found the Company helpful in persuading one of the key partners, English Partnerships, to take one of its key waterfront properties off the market and give first option to the bid from a local employer who was contemplating leaving the Merseyside area. Liverpool Vision also helped the company to gain access to the City Council to construct a financial package for the employer. The employer is still considering the offer. But the property company insisted that without Liverpool Vision it would not have received such rapid and favourable treatment from those two agencies and the deal would never have happened. More generally, the company reported that Liverpool Vision had been extremely helpful in engaging the stakeholders on the waterfront in a series of discussion with itself and its masterplanners providing strategic information about the long-term prospects for the waterfront area and taking into account in their Masterplan particular concerns and views of the local businesses about for example, pedestrianisation, the issue of waterspace, transport services and links to the retail centre. Liverpool Vision was in his words 'a breath of fresh air'.

3.40 Such views were underlined by a major London-based property company which owns £330m and 2.5m square feet of property, and is the second largest freeholder in London Docklands. The company owns a large 1960s' office building in Liverpool's city centre which developed concrete cancer. The Company claimed it had experienced a variety of difficulties and delays in its dealings with other agencies including English Partnerships, English Heritage and the City Council, but argued that Liverpool Vision responded positively and quickly to its needs. Originally the company had intended to redevelop the building but Vision had encouraged them to think more expansively, to demolish the building and to build a £40m high quality replacement for it. That plan is under consideration. The company reported that Vision had acted as an important mediator with the other parties. It had encouraged the offer of grant from the NWDA, and speeded up the planning process. It was described as a mover and shaker in political circles, was well connected, employing good professionals who responded positively to proposals. The company representative argued that if Vision had not existed they would have left Liverpool and the deal would never have taken place. The company also argued, however, that to be more effective and to deliver its partners Liverpool Vision needed more powers and resources, and, for example, should be the statutory planning agency in the city centre or be the direct dispenser of grants rather than its constituent partners.

3.41 Similar support came from a national property development company which operates in a number of English regions. In their view, the Vision Company had capitalised the advantages of a more buoyant marketplace in Liverpool and made three particular contributions to their major planned project on a major retail street in the city centre. First the Company had provided access to the highest levels of the City Council to expedite decision-making. Second it had made significant efforts to encourage and reassure potential tenants of the scheme from outside Liverpool that the area was a good investment. Third, and most generally, the company's view was that development opportunities had been lost in the past in the city because of the lack of strategic certainty about the future pattern of the city centre. The company believed that the creation of the Masterplan and its identification of different areas of the city for different types of development had given reassurance to potential external investors and confirmed the general sense of growing confidence for investors in Liverpool, which was beginning to catch up with its more successful competitors Manchester, Leeds and Birmingham.

3.42 There is a potential dilemma for all three URCs in that they are undergoing an extensive Masterplanning process which will not have visible public products for a long period after they were declared. Thus far, Liverpool Vision has managed to sustain the support of other partners. The acid test for the public response will obviously be the publication of the Masterplan. The Company will need this to be persuasive and to be delivered on time. But the degree of consultation and community engagement appears thus far to have been effective.

4. NEW EAST MANCHESTER LIMITED

The Company and its remit

4.1 New East Manchester Limited was launched in October 1999 and was formally incorporated as a Company limited by guarantee in February 2000. It is a joint venture between three principal agencies – Manchester City Council, North West Development Agency and English Partnerships - with the involvement of the community and the private sector. The geographical area of its remit is formally defined and covers an area of 1,100 hectares that fans out eastwards from Manchester City Centre stretching to the border of Tameside at its eastern edge. In total, the remit area currently has a population of around 30,000 and in a regional and national context is one of high deprivation and unemployment.

4.2 This is an area – once the metal-bashing heart of the City, with some major heavy engineering firms - that has seen perhaps the largest loss of jobs of any part of the City. The City attempted to start a process of environmental tidying-up in the 1980s through its East Manchester Initiative, but the area has continued to lose jobs and population at an accelerating rate. Part of East Manchester, for example, was one of the case studies in a recent research project which showed the dramatic collapse of private and social housing markets in neighbourhoods suffering from the downward spiral of dereliction. Having been unsuccessful in winning housing resources under the Estates Renewal programme, the City took the adventurous and imaginative decision in 1998 to bid for resources from the two separate programmes of SRB Round 5 and New Deal for Communities as though they were essentially a single pot of resource. This led to a bid for a NDC pilot that was part of a wider area contained within the parallel SRB bid. Both bids were successful.

4.3 The area presents an immense challenge in terms of the scale and complexity of tackling so large and complex an area, but equally a once-in-a-generation opportunity to reverse the fortunes of the area. Despite the relatively close proximity of East Manchester to both the regional centre and the M60 (which is currently being competed), key parts of the area remain relatively isolated due to inadequate infrastructure links and transportation facilities. Negative equity in the housing market is an increasing problem, there are large areas of derelict land, housing conditions are poor, and crime and fear of crime are high. East Manchester is a regional priority area, and is already home to a plethora of area-based regeneration initiatives that are attempting to tackle its problems of urban decay. These include not only the SRB5 and New Deal for Communities Programmes, but a range of earlier SRBs, Sure Start, Health and Education Action Zones and other specific area-based initiatives.

4.4 The Chief Executive of the Company, Marianne Neville-Rolfe, was appointed in the autumn of 1999, having previously been Regional Director of the Government Office

for the North West. She is currently working with a small team to achieve the following tasks, which have been identified by New East Manchester Ltd. as constituting its basic remit:

- Ensuring the preparation and implementation of a strategic framework.
- Bringing funding to the area from the partner organisations and attracting private sector investment – acting as the point of contact for the area in this respect.
- Making sure that local communities – residential and business – are fully involved in the regeneration and in the development of plans for the future.
- Making sure that the initiatives that currently exist within East Manchester are integrated with one another and are incorporated into the vision.
- Bringing about new ways of working within mainstream services - making them more responsive to local needs - in order to ensure that regeneration is sustainable.
- Taking a lead on specific development projects, particularly employment sites.

The Board

4.5 During the early days of the initiative, from the summer of 1999 until the first official Board meeting in March 2000, the Company met in the form of a shadow Board. Membership of the Board has now been finalised. The Chairman is Sir Alan Cockshaw (currently Chairman of English Partnerships), the Deputy Chair is Richard Leese (the Leader of the City Council), and the Company Secretary is Howard Bernstein (Chief Executive of the City Council). The remainder of the Board comprises Mike Shields (Chief Executive of North West Development Agency), David Shelton (Development Director of English Partnerships), Claire Nangle (Councillor, Manchester City Council), Tim Presswood and Veronica Powell (community representatives) and Neville Chamberlain (private sector representative). The precise composition of the Board may be subject to modification over the lifetime of the Company, to reflect the changing role and interests of New East Manchester.

4.6 Whilst the Company itself lacks the formal statutory powers that were granted to earlier development agencies, such as Urban Development Corporations, between them the partners of New East Manchester Ltd. bring a range of powers and resources, including planning authority, CPO powers, finances and land holdings. The three main partners are contributing equally towards the costs of running the Company, which has given it a budget of £750,000 for its first year. It is also anticipated that the powers and resources of the participant organisations will be employed to the strategic advantage of East Manchester in the future. Potential criticisms of conflicts of interest at the Board level are countered by the argument that the regeneration of such a key priority area of the city necessitates the involvement of key partners able to deliver the powers and resources embodied in the organisations that they lead. Moreover, the Board has taken the view that it is unlikely to be an applicant for funding in its own right. Its role is, rather, to assess investment proposals that may require grant assistance and to support those that are in line with the priorities of the strategic framework. To this extent, any conflict of interest would only be indirect.

Structure of the Company

4.7 At present, the small core team is comprised of the Chief Executive, her PA, a community and social issues officer, and a business support officer seconded from the TEC. The formal structure of the Company is currently in process of being agreed. However, it is expected that accountable to the Board will be the Chief Executive who will work with a small number of individuals with remits in five areas:

- community and social issues;
- local business support and liaison;
- development management;
- fund raising;
- administrative/corporate support; and
- promotion and publicity.

4.8 The Company already has, and is likely to continue to draw upon, external sources for services such as strategic advice, design contracts, project management and secretariat servicing for the Board. Howard Bernstein, the Chief Executive of Manchester City Council, acts as the Company secretary, and the employment of staff in the Company is likely to be processed through the City Council. Integral to the Company, but not part of the core team, will also be the leaders of core projects such as those already agreed upon for the Ashton Canal Corridor, the Greater Monsall employment opportunities project, and environmental works in Phillips Park and elsewhere. It seems clear that, in facing the challenges of so large and complex an area, the Company will be able to operate with a small core team only if it is able to draw on extensive support from the City Council. Since the Council is the accountable body for most of the existing initiatives within the area, such arms-length co-operation has a double rationale.

4.9 Given that co-ordination of the existing initiatives is arguably the key task for the Company, there has already been considerable informal liaison between the Chief Executive and the co-ordinators of the main area-based regeneration initiatives in East Manchester. It is now proposed that this will be formalised through the establishment of two executive groups: a Regeneration Executive Group (involving key services provided through the City Council – housing, education and regeneration) together with the co-ordinators of existing area-based initiatives in the area; and a Public Services Executive Group (involving the above together with Greater Manchester Police and the Regional Health Authority).

4.10 The relationships between these various ‘arms’ of the Company are likely to be flexible and to evolve over time in response to issues and priorities emerging at various stages of the regeneration process. The co-ordination role that it plays will need to sit within the wider co-ordination of services across the city as a whole. Here there are three distinct dimensions: co-ordination of mainstream local authority services, where the Council has lead responsibility that it is exercising through Best Value processes, but which the Company needs to be aware of and involved in; co-ordination of other mainstream public services, where the Company is the natural focus and needs to build on work already started under the aegis of NDC/SRB5 in conjunction with the City

Council; and co-ordination off existing regeneration initiatives in East Manchester which is likely to be the principal focus of the Company's work, again supported by the City not least in its role as accountable body.

4.11 A key development has been that the Chief Executive has now been invited to meetings of the Strategic Management Team within Manchester City Council, which will enable the structures of the Company, whatever form they finally take, to be closely connected to the City Council at a senior level.

Origins

4.12 The principle of having a 'politically neutral' multi-agency partnership with Company status and a regeneration remit is not new to Manchester. During the 1990s the city developed a reputation for the delivery of significant urban regeneration initiatives through variations on this 'model'. Hulme Regeneration Ltd., for example, was established in 1991 as a public-private partnership operating at 'arms length' from the local authority, responsible for City Challenge in a residential area on the edge of the city centre. In Hulme, working relationships were established between key public and private sector players that were integral to the development of future initiatives in the city. Key individuals from Hulme Regeneration Ltd. were subsequently involved in the Manchester Millennium Taskforce established in 1996 with the job of ensuring the reconstruction of the city centre following the IRA bomb. This Taskforce was chaired by Sir Alan Cockshaw and included Marianne Neville-Rolfe and Richard Leese, whilst the staff team was led by Howard Bernstein. Prior to the publication of the Lord Rogers report 'Towards an Urban Renaissance' (July 1999), the City Council had proposed the establishment of a similar agency for East Manchester. To paraphrase the words of one interviewee, Manchester had obviously learned lessons from the city centre and from experiences in Hulme. They realised that they had a model that actually worked, and weren't prepared to let that go – a partnership body that was effective at developing strategy, co-ordination, securing resources and implementation.

4.13 Following the publication of the Rogers report, the City Council was invited by Richard Caborn MP to develop proposals for the establishment of a URC in the East Manchester area. It was formally launched in the autumn of that year, after the establishment of Liverpool Vision.

Master planning

4.14 Initially, DETR has agreed to the existence of the Company for one year, a decision which is subject to review following the production of the 'master plan' for the area (although it must be noted that there is a widespread view amongst the partners that there is a degree of artificiality in this one-year approval). One of the first tasks for the Company is therefore to oversee the 'master planning' process. Given the complexities of the regeneration process in an area as large and diverse as East Manchester, the quality of the plan is of utmost importance to the effectiveness and success of the Company's work. Ultimately, the quality of the final 'vision' will be influential in determining whether the Company receives government consent to extend its life beyond the first year. Due also to the high profile and flagship nature of the East Manchester initiative, a three-stage process to select a master planning consortium was

initiated in the early days of the Company's existence. The selection process was of such length that it has evoked criticisms as being over-elaborate and time/resource consuming for participants – although this is not a viewpoint shared by all. The successful team required capabilities in urban regeneration and design, economic and property expertise, a strong knowledge base regarding infrastructure/transport, and social issues. The Board's selection of the winning consortium from the original host of applicants was informed by professional advice from representatives of RIBA and RTPI. The consortium comprises GVA Grimley, Urban Strategies Inc, Enterprise Plc, Oscar Faber, Robert Maguire Consulting and CES. The team includes individuals and organisations with local, national and international stature, experience of working – in some cases with one another - on similar initiatives (including the redevelopment of Hulme and Manchester city centre). Some of the key members of the successful team have already had close involvement with earlier initiatives in Manchester, and this may provide a justification for the longevity of the selection process, which can be argued to have ensured not only maximum exposure of the ideas of the competing teams, but also a mechanism for ensuring their strong commitment to the whole enterprise.

4.15 The view of members of the Board is that the consortium agreed upon through the selection process is primarily a team of individuals with whom the Company can work. According to a member of the master planning team the client is “buying an idea and the testing of the idea”. The initial sketch-plans that were drawn up by the consortium for submission in various stages of the selection process, are therefore currently in the process of being ‘tested’ and re-worked on the basis of that ‘testing’. The Masterplanning process therefore involves extensive input from local communities, consultation with businesses and residents, on-going dialogue with key individuals with interests in the area, and additional analysis of relevant data.

4.16 Concern has been expressed locally that the notion of ‘master planning’ implies high levels of rigidity and physical planning that are inappropriate in the East Manchester context where ‘softer’ social regeneration and community capacity building are at the forefront of current activity and thinking. For this reason, the term ‘master plan’ is not used in public documents and forums where it has been replaced with terms such as ‘strategic plan’. What precisely the final product will contain or entail will be fully established when it is submitted for approval in June 2000. However, some basic principles have been established that underpin the work that is being carried out by the consortium:

- First, it has been accepted that due to the nature and extent of the problems in East Manchester, small-scale developments will not be sufficient to regenerate the area and may even have detrimental effects. As a result, substantial change is required.
- Second, increase in property and land values has been identified as perhaps the key aim of the regeneration process, and to achieve such an uplift it is argued that the regeneration of the area must be “holistic”. For example, if East Manchester is to become a desirable place to live, if the population is to increase and property and land values are to rise, issues such as the quality of schools, infrastructure and transportation links, employment opportunities and perceptions of crime are all important factors. To ensure sustainability, it is also the view of

the strategic planners that change must be substantial enough to ensure that it is not mistaken as temporary: a critical mass of development must initially be achieved, with minimum disruption to existing sustainable communities. So long as the infrastructure links are in place, the gaining of market confidence in relation to particular enclaves is expected to encourage a rippling-out of market demand and of the regeneration process. It is therefore taken that effective regeneration will depend upon the development both of the existing strengths of the area and of new initiatives with high probabilities of success in the early days. In this respect, maximising the regenerative potential of the 2002 Commonwealth Games will clearly be a critical element in developing early priorities. So too will the challenge of strengthening linkages to a buoyant city centre.

- Third, the process recognises that, across so large an area, timing is a critical element of the strategy. This has three aspects: acceptance of the fact that development cannot now be put on hold until the final appearance of the ‘vision’ – not least since there is already increasing developer interest, and a number of existing firm private-sector proposals; that the eventual plan will inevitably have differing degrees of detail across different parts of the whole of East Manchester; and that the plan will involve maintaining a balance between benefits accruing to areas that are redeveloped earlier and those that are later in the sequence. It is in any case clear that the area is far from being a blank canvas, even in those areas suffering from extensive dereliction. Many of the areas already have a variety of publicly-funded initiatives. The Ancoats Urban Village area, for example, has an established strategic development framework that will not be revisited but will be incorporated into the wider East Manchester framework.

4.17 Immediate priority areas, upon which work is to begin prior to the submission of the final strategic plan, have been already been identified. These include the improvement of the Ashton Canal Corridor between Beswick and the edge of the city centre, in order to enhance a significant part of the corridor area that connects the 2002 Commonwealth Games site with the city centre. Environmental improvements in Phillips Park, and along the Medlock Valley and Clayton Vale more generally, have also been identified as high priority given the importance of environmental factors to the quality of experience provided to visitors to the Games and to local residents in the long-term. The development of a key employment site in Monsall and infrastructure improvements to facilitate the widening-out of employment opportunities in that area has also been identified as an immediate priority. Such a list of ‘core projects’ is as yet not finalised, but represents priorities emerging as a result of the strategic planning process.

4.18 The precise role that the strategic planners will play after the submission of the plan is not yet determined. However, it is expected that there will be on-going contact between the Company and the strategic planners in some form, and that the latter will continue to inform the regeneration process in the early stages of implementation. It is expected that on completion of the strategic development framework it will be adopted as Supplementary Planning Guidance by the City Council. Due in part to time restrictions, but also to the necessity of accounting for the dynamism of an evolving vision of the area, the strategic plan is likely to allow room for elaboration and creative input in relation to some of the longer-term projects for East Manchester.

Relationships with existing initiatives

4.19 As noted above, East Manchester is already home to a plethora of regeneration initiatives that are attempting to counter some of the negative socio-economic trends experienced in specific parts of the broader East Manchester area. In addition to mainstream spending in the area, the majority of the government's area-based programmes are being piloted and/or implemented in the area, and the locality has also received significant European funds. In the words of one New East Manchester Board member:

"I've felt for years that East Manchester had a huge potential, that it was a forgotten sector of this city ... and yet if government's got an initiative, East Manchester's got its fair share of it ... But it isn't integrated ... The motivation in my mind for picking on East Manchester was integration."

4.20 This is perhaps the most significant challenge – and opportunity – for the URC. The integration and co-ordination of existing initiatives will be a key test of its success in adding value to the process of regeneration in East Manchester. The principal existing area-based initiatives are the New Deal for Communities (NDC) and the SRB5 programme; the Education Action Zone (working closely with Sure Start); the Ancoats Urban Village initiative; Eastside SRB; and a recently-announced Sports Action Zone. The former of these initiatives, New Deal for Communities covers the residential neighbourhoods of Beswick and Openshaw that are located in the core of the URC's geographical area. The SRB5 programme extends more widely to cover in addition the area of Clayton, in which deprivation is slightly less severe although early intervention has been identified as necessary in order to prevent further decline. Managed jointly by the Beacons for a Brighter Future Partnership, the New Deal for Communities and SRB5 initiatives focus upon issues of crime, education, health, worklessness, physical environment, local services and community capacity and development. The principles developed in NDC's delivery plans involve investment in people as much as buildings (although in practice it seems probable that a large fraction of its expenditure will focus on housing). There are six community representatives and one voluntary sector representative on the Board of Beacons for a Brighter Future. Feedback mechanisms to local residents have been established through the formation of an East Manchester Residents' Forum. It was through this forum that the two community representatives for the New East Manchester Ltd. Board were formally elected.

4.21 To avoid duplication of work and to ensure more effective use of resources, Eastlink, a Round 4 SRB initiative which covers a similar geographical area to the boundaries of the NDC programme but whose area also crosses into Tameside borough, is expected to be wound-up prematurely with its remaining resources being split into three strands: with separate funding for the two local authorities, and a continuation of cross-border projects especially in the field of employment and training. On the Manchester side of the border it is anticipated that Eastlink will be merged with the Beacons for a Brighter Future Partnership, and in Tameside with the existing Ashton Renewal initiative.

4.22 Ensuring a positive relationship with Tameside MBC is one of the many elements of political negotiation that the Company faces. The administrative boundary between

East Manchester and Tameside cuts through an area which is relatively seamless in socio-economic terms – in general, there being a gradual improvement in socio-economic circumstances as one moves from west to east. Tameside initially argued for the inclusion of parts of its area within the URC. The employment opportunities represented by some key firms located across the boundary in Tameside are of clear relevance to the strategies that the Board are evolving. It was decided not to incorporate Tameside, partly because the size of the area is already large and partly because of the additional complication of incorporating a further local authority into the structure of the Company. However, to date, informal liaison has been maintained between the Company and the relevant Tameside officer. This appears to be a position acceptable to both authorities.

4.23 Whilst the Beacons Partnership in many ways constitutes the core social/community regeneration initiative in the area, and is currently at the beginning of its proposed 10-year NDC programme, the Education Action Zone (EAZ) and Sure Start are also crucial area-based regeneration initiatives in the locality. The EAZ, currently in its first year of operation, works within a similar geographical area to the Beacons Partnership and has as its three programme areas the improvement of teaching and learning in the area, the promotion of social inclusion (working on issues of attendance, exclusion etc.) and community support in relation to teaching and learning. To these ends, the EAZ team works in collaboration with head teachers in the 17 local schools in the area, parents, governors, the LEA, other public sector agencies and the private sector. The team reports to the initiative's Action Forum which also has a community representative elected through the structures of the Beacons for a Brighter Future Partnership.

4.24 Working in close conjunction with the EAZ in the Clayton area is a newly launched 10 year Sure Start initiative, which was given ministerial approval in November 1999 and aims to improve the health and life quality of all children in that area between the ages of 0 and 4, and their families.

4.25 The western-most parts of the URC area are also home to additional key area-based regeneration initiatives. On the edge of the city centre, in an area comprised largely of 19th century mills and warehouses, is the Ancoats Urban Village project. This initiative will involve the development of a mixed-use residential and retail/commercial development that is hoped to play a crucial role in the establishment of a sustainable residential market in East Manchester and to be integral in building closer linkages between the area and the city centre. Ancoats and the neighbouring residential area of Miles Platting are also home to a Round 2 SRB initiative, Eastside, which extends into the residential area of Miles Platting and is due to wind-up in 2002. Work on the future structure of New East Manchester Ltd. suggests that the co-ordinators of these four key regeneration initiatives (NDC/SRB5, the Education Action Zone [in close conjunction with Surestart], Ancoats Urban Village and Eastside SRB) will be closely integrated into the structure of the new Company.

4.26 Relationships with other area and theme based initiatives in the area are also integral to the success of New East Manchester Ltd., but are likely to play a less central role in the formal structures of the Partnership. For example, key to the effectiveness of the whole East Manchester project, will be the extent to which the benefits of the

Commonwealth Games, due to be staged in the area in 2002, can be accrued to local people. In this capacity, New East Manchester Ltd. will have a key role to play in working with Sportcity and the regionally focussed SRB 5 initiative, Commonwealth Games 2002 Legacy, to ensure that local people receive long-term benefits from the Commonwealth Games. The scale and national/international significance of the Games, and their subsequent legacy, are a central anchor to the whole process of regenerating East Manchester. The Games themselves can be expected to raise the commercial profile of the area. So too, subsequently, will the sports stadium and the associated sporting facilities. They provide an important part of the rationale for the extension of the Metro network to the area. They are of a scale far greater than is the area's existing lone cycling velodrome. They clearly represent an anchor development from which an uplift in land values should provide the lever for the wider regeneration of the area.

4.27 The New East Manchester area also includes a small part of the North Manchester SRB regeneration area – specifically, a part of Moston which is proposed as a major employment zone within the East Manchester ‘vision’. While this SRB is soon to be wound up, its activities and continuation strategy will also need to be coordinated with plans for the broader East Manchester context. 4.28 East Manchester is also a priority area within the Manchester, Trafford and Salford Health Action Zone.

4.29 Given this large range of existing initiatives - and unlike the situation in Sheffield and Liverpool where the URCs have a city centre focus and cover areas of minimal residential population without pre-existing initiatives - New East Manchester will be expected to negotiate a wide range of social, environmental, community, economic and property development concerns. Furthermore, it must achieve this through creatively ‘stepping on the toes’ of existing initiatives that are already beginning to tackle some of these issues; and to do this through negotiation and consensus rather than dictat. Crucial to the success of the Company will therefore be the extent to which it manages to add value, to play a constructive role for the totality of initiatives that exist in the area, to ensure that their activities contribute to the regeneration of East Manchester as a whole and that synergy is created between them. Given the variety of aims and objectives of the different initiatives, the diversity of criteria they are expected to meet and the multitude of funding streams upon which they depend, the Company’s role in coordinating these initiatives is likely to present numerous challenges that are unique to the East Manchester context. In respect of the size and complexities of the area, one of the interviewees described the East Manchester boundary as little more than a “convenient envelope” containing an area that is “vastly too big” but is home to a convenient “federation of funding”. The extent to which the Company manages to maximise the benefits of the spending already committed within the area and to coordinate the outcomes of such spending, is likely to be a crucial measure of its success.

4.30 Evidence so far suggests that the Company has made good progress in such negotiations. The proposal to establish a Regeneration Executive Group is an important element in this. But more critically, it appears that much of the initial community-based suspicion of a business-style Company having been parachuted into an area in which bottom-up planning of initiatives (especially in the Beacons initiative) was already well under way, have begun to be allayed. The most recent forum with residents, at which the early versions of the ‘vision’ were discussed, suggested a widespread acceptance that

the Company has proved sensitive to community priorities. This is a major achievement for what could be an especially fraught relationship.

Mainstream services and funding

4.31 In addition to the initiatives outlined above is mainstream expenditure. In the New Deal for Communities area alone, there was an estimated total of £80.2m mainstream spending in the year 1997/98 – over £32m million of which was the payment of benefits. Across the whole of the larger East Manchester area, it has been estimated that main spending represents a massive £150m; in contrast to which the Company can draw on targeted initiatives to the tune of some £80m. In line with the principles of Best Value, the Company considers one of its key tasks to be ensuring the long-term sustainability of projects through the establishment of linkages with mainstream services. This is expected to involve the development of mechanisms and relationships between City Council services and both the URC and existing initiatives within the area, to encourage a more effective catering of mainstream provision for local needs. The Regeneration Executive Group and Public Services Executive Group that may be established as part of the structure of the Company could play an important part in facilitating this process. New East Manchester's core team, in particular the officer with responsibility for community and social issues, will also have an active role in developing linkages between mainstream and additional funding. This may involve encouraging the piloting of new practices within area-based initiatives, and then attempting to introduce such practices into mainstream services in the locality and beyond. The possible piloting of multi-agency early intervention teams to work with individuals and families before crisis point is reached, might be one example of this – although work on these issues is still in progress within the Company itself. Such initiatives could work in conjunction with the ward performance plans and neighbourhood management that have recently been introduced by the City Council as part of its Best Value regime.

Community involvement

4.32 It is one of the roles of the URC to ensure the involvement of local communities in the strategic planning process. As outlined above, community involvement has been encouraged at a number of stages in drawing up the strategic plan, and has taken the form of open days, newsletters and focused discussions rather than large public meetings. The approach being taken involves a replication of these events and methods in various neighbourhoods in order to enable full appreciation of the diversity of viewpoints, interests and concerns of people living in discrete residential areas. Initially the strategic planners have consulted in Beswick, Openshaw and Clayton, and these or similar exercises are to be repeated in Ancoats and Miles Platting, and West Gorton, respectively. Consultation is also ongoing with the various regeneration initiatives that exist in the area, many of which are community based or have substantial residential input. Due to the size and nature of the area, it is unlikely that the final draft of the strategy plan will fully satisfy all sections of the large and diverse East Manchester population – and this is particularly the case given the assertion of the need for substantial change and possibly demolition in some neighbourhoods. To facilitate the on-going involvement of local communities after the final strategic plan has been submitted, the Company also intends to work with community based forums that have

already been established as part of the area's existing initiatives, such as New Deal for Communities and SRB. Integral to maintaining support from local people is expected to be the effectiveness with which the Company is sensitive to the diverse needs and aspirations of the various communities within East Manchester. There is also a widely recognised need for a decision-making rationale (for example, why regeneration is currently prioritised in some areas, such as Beswick, rather than others) to be fully explained to local people in order to minimise resentment and mistrust. Achieving an effective balance between heavily investing in priority areas in order to establish a critical mass of development through which market confidence can be restored, and sustaining commitment to wider areas of East Manchester, will be integral to the success of the regeneration.

4.33 It has also been noted that the current community representatives on the Board have been elected through mechanisms established as part of the Beacons for a Brighter Future Partnership which covers a substantial part of New East Manchester's geographical area, but not all of it. It may be the case that community representation from other areas, such as Miles Platting, will be necessary in the future. In the early days of the Company, it was also recognised that there was a need for administrative and professional support for the community representatives to enable them to participate fully as members of the Board. Moves have been taken to ensure increased support in these respects. It is not yet clear whether robust arrangements are in place to ensure that the two community representatives are able to reflect views from all the diverse areas within the area and to report back on progress. Clearly, the role of open days and forums is an important adjunct to their 'representative' role on the Board, but this role is a potentially very difficult one that will need sensitive support.

Private sector investment

4.34 The regeneration of East Manchester is estimated to involve up to £2 billion overall investment over the next 15-20 years. The degree to which the Company is effective in its role of attracting private sector investment will therefore be essential to the initiative's success. Currently, there is evidence to suggest that the private sector has begun to express interest in the general area and in particular sites. However, timing is crucial in this respect: although the strategic plan for the area has not yet been completed, it remains important that appropriate private sector developments occur in strategic sites. There is therefore a careful balance to be struck between attracting the private sector and recognising that at such an early point in the regeneration process the most appropriate use of strategic sites may not yet be fully determined. Initial concerns have also been expressed that "hype" surrounding the early days of the Company may inflate land and property values that would be detrimental to the long-term regeneration of the area.

4.35 It is in the development of new housing and of key employment sites that private investment has so far been most apparent. Monsall, for example, has been identified as a key employment site, and there are aspirations to build upon current commercial enterprises such as the Belle Vue leisure complex. In the longer term, the development of a technology park with links to the University may be feasible, in addition to the establishment of further business and employment parks. The improvement of infrastructure and transportation linkages, including the completion of the M60 ring-road

and the agreed extension of Metrolink to the area, are integral to attracting employment opportunities and commercial enterprises to areas of East Manchester that are currently relatively isolated. Discussions with potential key private-sector interests have begun. It is still too early to say whether the plans and the style of the Company's approach to the private sector will radically help to transform the investment prospects for the area. However, the general view of private-sector respondents is that the Company has begun to bring more focus and more drive to regeneration. Its conscious decision to 'sell' regeneration in a soft rather than hard way is considered realistic and helpful.

4.36 In addition to commercial developments, East Manchester is also already proving of interest to residential developers. Due to problems of negative equity and the poor state of the current housing market in the area, interest from individual residential developers is unlikely to be forthcoming and this is likely to remain the case until the area represents less of a risk for developers. In order to achieve a critical mass of residential developments in East Manchester – linked to other key developments - that would enable the housing market to become self-sustaining, it is therefore likely that a consortium of housebuilders will be involved in the initial residential developments. Consortium members would each invest in the development of fractions of overall development hence reducing individual risk. Such collaborative investment is, at the same time, seen as valuable by the Company since it is important to ensure that new housebuilding promotes the stabilisation of housing markets in the area and this could be undermined unless new development is carefully planned and phased within a wider strategic context. Interest from the Volume Housebuilders Group has already been expressed. Indeed, they have contributed a sum of £60k to assist in the core staffing of the Company. Again, there is widespread recognition amongst developers and the public sector partners alike that crucial to the dynamic of the housing market are other factors such as the quality of the wider environment, schools, infrastructure linkages etc., and hence the importance of the holistic approach to regeneration on which the Company has insisted.

4.37 While it is as yet very early days in terms of the Company's negotiations over specific sites and formal development proposals, it is evident that reactions from private housebuilders to the advent of New East Manchester have been very positive. The same is true of those (as yet) few businesses with whom East Manchester has embarked on putative discussions about development proposals. For example, one major local firm that is considering site re-location has found dealings with the Company realistic and business-like. Another firm that owns a major re-development site within the area has warmly welcomed the establishment of the Company, not because it operates in a way that is greatly different from dealings with officers in the City Council, but because it is bringing through its Masterplanning process a strategic framework that promises both to accelerate significant schemes and to capitalise on the synergy of related developments. It seems clear that the process of confidence-building that is critical to investment has been boosted by the creation of the Company

Challenges and the prospects of success

4.38 Given the substantial size of the area's population and the work of existing initiatives in promoting and encouraging community participation, the URC in East Manchester must negotiate a host of social and community concerns that are largely

non-existent in the city centres of Liverpool and Sheffield. In this sense, much of the success of the Company in East Manchester is likely to depend upon its ability to operate with flexibility and with respect for community concerns that are less relevant in areas where there is a very small, or no, resident population. To date there is little evidence from experience across the country at large to suggest that such issues, on the scale to which they are apparent in East Manchester, can be tackled by a taskforce-type agency. This is largely because the typical emphasis of such initiatives has predominantly been property-led development.

4.39 The existence of multiple other initiatives in the locality also renders problematic the task of evaluating the impact of the Company. As the Company has as one of its core tasks the establishment of “added value” to discrete area-and-theme-specific projects through the provision of an overarching framework and vision for East Manchester as a whole, much of the delivery of actual regeneration will be achieved by bodies other than the Company itself. Distinguishing the impacts of New East Manchester Limited from the outcomes of other area-based initiatives is likely to be difficult. Obviously key mile-stones in the early days include the production of the strategic plan and movement on particular (often site-specific) projects.

4.40 Overall, views on the likelihood of success – however defined - are largely positive. The Company has succeeded in attracting powerful members to its Board; and community representation has been handled sensitively. The 'chemistry' of the Board appears to work well. The appointment of core staffing and the evolving overall structure of the Company have been thought through with considerable care. The master planning team appears on course to meet the timetable for a vision document and has demonstrated a readiness to translate into practice its rather unusual brief of blending design with wider issues of service delivery and the process of taking account of community views. The private sector has welcomed the style and approach that the Company promises to bring to the development process.

4.41 Growing interest has been shown by private-sector investors (not least in housing) and this could capitalise on the potential value of the location and scale of East Manchester. There is also widespread awareness that success needs to be viewed in realistic terms: the transformation of East Manchester, however fundamental, will not create utopia and will not happen quickly. Given the experience of the key parties involved in working together on similar initiatives, and the degree of local institutional commitment to the East Manchester project, the main obstacles in East Manchester are perhaps less likely than elsewhere, to relate to the functioning of inter-partner relations. Key challenges are, however, likely to emerge as a result of the size, nature and social characteristics of the designated area.

5. SHEFFIELD ONE

5.1 The Sheffield URC, Sheffield One, was publicly launched on 7 February. Its Board currently comprises some ten members. It has held a number of meetings in shadow form, has commissioned a baseline study which is due to be delivered in April and has commissioned a brief for the Masterplanning process. A chief executive was appointed in February.

The city in context

5.2 The Sheffield context presents some clear parallels with that of Liverpool Vision. The defined area of the URC demarcates the whole of the city centre (using the UDP definition in the first instance) and the challenge facing the URC is to reconfigure and re-invigorate the central core of the city. The City Council has recently changed political control to Liberal-Democrat after a long unbroken sequence of Labour control. Much of the challenge faced by the city is a function of its recent history: the collapse of its steel and engineering base in the early 1980s and of coal in the early 1990s, allied to a Council that had adopted an aggressively oppositional stance to central government, and that had been mistrusted by much of the private sector and had paid little attention to inward investment.

5.3 However, unlike many other cities, Sheffield's loss of industry was not compensated by service-sector growth, partly because the city historically had only a small office sector and the Council never showed great interest in promoting inward investment. The pattern of land use in the centre is diffuse and poorly inter-connected. The decision to grant planning permission for Meadowhall's development stripped the city centre of over one-third of its retail trade and left the retail offer with a significant deficit in quality retail provision, a surfeit of low-quality discount shops and extensive evidence of decay and closure of premises. Meadowhall also came on stream at a time when the city suffered massive job losses, and when its centre was disrupted by construction work linked to the building of the Metro which added to the disincentive to shopping in the core. Moreover, the retail offer is spread over a thin 1.5 mile strip which denudes the centre's attraction as a compact retail core.

The challenge

5.4 The challenges facing the URC are clearly considerable. Principally, they are seen as being to reconfigure the retail core and create a more credible central business district, to improve the transport network and improve the 'legibility' of a city centre that has suffered in the postwar years from having been developed on a too-diffuse land-use basis. In addition, it is recognised that Sheffield needs to be better connected to the remainder of South Yorkshire so that the constituent districts might each gain from greater competitiveness in the conurbation core.

5.5 The opportunity on which the URC has to capitalise is the apparent new readiness of the City Council to recognise the current weaknesses of the city centre and to work with the private sector in tackling them. The change is largely associated with the advent of a new administration within the City some two years ago. The Council is in process of substantial administrative reorganisation. For example, it has reconstituted what were 15 separate departments into four directorates together with a chief executive's department. It is expected soon to develop a cabinet structure in place of its traditional service-based committee structure. Above all, there appears to be a recognition within the City of the need to work with the private sector and to fast-track some of the traditional time-consuming bureaucratic procedures. One significant indicator of this was the establishment of Sheffield First, an overarching partnership of stakeholders from the public and private sectors. Another, somewhat earlier, development was the creation of the City Development Agency. This was comprised of four staff seconded from Council departments whose brief was to target inward investment, oversee development projects in the city centre and to operate 'offshore' from their parent departments. It has been under their auspices that some of the current projects in the centre are underway - not least, The Heart of the City programme. Its staff and projects will effectively be subsumed into the work of the URC.

Defining roles

5.6 There appears to be a general agreement that substantial intervention is needed to turn around the fortunes of the city centre. The degree to which this can be tackled through a predominantly physical and infrastructural programme may not yet have been resolved. It appears inevitable that the Masterplanning process will have to encompass broader economic issues as well as physical planning. The early indications from the baseline audit indicate the challenge to the city: it is losing out in the competition with other cities; it is vulnerable to yet further economic erosion in the future; and the local economy needs 'radical restructuring' if such threats are to be averted.

Agreement between partners

5.7 In Sheffield an important task has been to influence the spatial priorities of the RDA and align them with those of the Company. There have been two issues which have affected that process. First, in contrast to the North West, there are a number of major urban areas in the region – Bradford, Leeds, York and Hull – in addition to Sheffield. The RDA has had to recognise that those other urban areas are important to the region and are also priorities. Initially, Sheffield was not identified as a priority in the draft of the regional Economic strategy. But the position has significantly improved subsequently. Sheffield is a critical part of the final strategy. In addition, the significance of the Sheffield City centre has become increasingly accepted in the Objective 1 programme and will be a sub-priority in it, as a result of the combined efforts of the Company and Yorkshire Forward with the European Commission. The second complicating factor is the uncertainty surrounding the RDA's budget due to the demise of PIP gap funding which has made it more difficult for Yorkshire Forward to make long term commitments to areas or projects more generally. This remains an important concern, as in the North West.

5.8 There appears to be firm commitment to the URC from the senior levels of the City Council. The Company is experiencing some difficulties over staffing commitments in its core team. While it was able to second four staff from the City Development Agency, they have their own inherited commitments. Neither the RDA nor EP have as yet been able to contribute staff in the form of secondments.

5.9 Key private sector partners are equally enthusiastic about the principles and practices of the Company. For example, a major developer who has been working with the local authority on a city centre scheme for several years reported that the existing good relations with the local authority had been improved by the declaration of the Company. Their letting agents who had visited the Company to discuss the prospects of recruiting future tenants reported the mood was more positive. The principle advantage of Sheffield One was that it was driving development in a proactive fashion rather than simply offering grants to the private sector and hoping they would respond as happened in some other cities. The role of the URC was simply to do business, which was more focused than the local authority which had a range of purposes. In addition, the private sector believed that the appointment of a Chief Executive who had had a good track record in the regeneration of Manchester city centre had 'upped the anti' for Sheffield City centre. The creation of the Company had also demonstrated to the private sector that the local authority was genuinely committed to working in partnership with the private sector and serious about the regeneration of the city centre. The developer recognised that Sheffield had missed the last wave of development and that the city centre faced a substantial challenge which was probably greater than that in Liverpool. Nevertheless, using the same phrase as the private sector in other cities, the Company was seen 'a breath of fresh air' and the approach which the government should use for such regeneration challenges in future.

Determining strategic priorities

5.10 The Masterplanning process has taken somewhat different routes in each of the three URCs. In Sheffield, there have been three stages: a baseline undertaken by Grimleys, the drawing up of a Masterplanning brief undertaken by EDAW, and (in the future) the appointment of a team for the Masterplanning exercise. In Liverpool, there were two distinct stages: baseline, followed by the appointment of the Masterplan consortium. In Manchester there was a single stage: the appointment of a consortium - through a rather elaborate three-stage shortlisted process - that is undertaking a baseline as part of the Masterplanning process. This may reflect something of the political context and the relative preparedness of the respective cities to adopt the URC 'model'. Such flexibility (and its sensitivity to local circumstances) can be seen as a valuable part of the learning experience. For example, it could be argued that the three-stage Sheffield approach entails sequentially paying two Companies to immerse themselves in the particularities of the relevant places. The three-stage shortlisting process in Manchester could be argued to run the risk of deterring bidders from following through to each successive stage.

Consultation

5.11 In Sheffield, the probable strategic priorities (at least in terms of the physical reconfiguration of the city) appear to be emerging as common ground between the URC

and the City. Nevertheless, it is still very early days in the life of the Board and it has as yet not determined its objectives or decided what it would count as 'success'. There is a view from at least one of its members that an early priority is to decide measurable yardsticks against which to assess its performance - such as employment or business turn-over and profitability. As in Liverpool, there is little residential population in the centre itself, but the Board is considering how best to develop links with the SRB programmes that exist in the areas immediately outside the core and whether this might be reflected in the eventual composition of Board membership. There is also an awareness that there are city-centre interests over and above those of commercial businesses; for example, the churches and the voluntary sector bodies that have premises in the centre. Suggestions have been made that these wider interests might best be reflected not through formal Board membership but through arranging forums to tap the views of residents in adjacent areas and non-commercial city centre bodies.

Added value

5.12 The added value that might be introduced by the URC in Sheffield is generally seen in terms of four elements:

- bringing focus to bear on decisions about city centre development – an attribute generally acknowledged to have been absent from earlier periods when any development, anywhere, was accepted, thus leading to the diffuse nature of the resultant land uses and design elements of the centre;
- providing a vehicle to bring the private sector to the table;
- introducing a more effective vehicle for attracting capital funds to the city;
- introducing a mechanism to tie EP and RDA more securely into commitment to the commercial success of the city.

Company capacity

5.13 The Sheffield Board has attracted to it a number of key players. Its chairman will bring a degree of national influence that could help to heighten the profile of a city that has so far chosen not to proselytise itself in the way that others have. It includes senior representation from a key retail store whose continuing commitment to the city is seen as a key element in securing its broader success. There are competing views about the most appropriate future composition of the Board; for example, the respective merits of including a church-based 'community' member or further private-sector members.

Resources

5.14 The ability to attract public funding through RDA and EU Objective 1 resources is clearly critical to Sheffield's ability to lever private investment into the city. So far, the Company can claim some success in having won agreement that the city centre will be an Objective 1 priority and that the City's SRB6 bid will focus on the city centre. Nevertheless, success will depend on how well the Company is able to mobilise integrated funding packages in future. The majority of respondents took the view that there was no disadvantage attached to starting out without dedicated resources; that the key lay in developing a robust and plausible vision for the city's future and that resource

would undoubtedly follow if the vision was right. However, a senior member of the Board and a senior staff member took the view that dedicated URC resources are critical to the Company's credibility not only with the external world, but even within the city itself. This – and the passage of time – would help to establish the initiative not merely as one more amongst many, but as **the** leading initiative within the city. Equally, they saw the short-term commitment to revenue funding as unproductive in terms of building team morale and in generating longer-term commitment: “drip-feeding resources is not a help – far better were we to be given a longer commitment but with the threat of closure if we fail to perform”.

SECTION 4:

POLICY RECOMMENDATIONS

An interim assessment

6.1 The three Companies vary in the nature and scale of their challenges and their responses to them. They are at different points in their lives. All three have made substantial progress in setting up their teams and their consultation and Masterplanning processes and there is considerable public, private and community support for the way in which they have undertaken their work to date. Nevertheless they are all at the beginning of their work. The key test will come when they attempt to deliver their ambitious and expensive Masterplans. That will present rather different challenges and require a different set of skills. This caveat to what is a positive assessment of Companies so far should clearly be kept in mind in reading this report.

Greater clarity on status, roles and powers

6.2 There is currently little agreement about the status of the initiative and in particular the extent to which it is essentially a local or a national policy initiative. We recommend that national government should make more explicit: the degree of Ministerial support for the URC concept; the extent to which there should be diversity or uniformity in their operation; the conditions which should be present before Companies can be created; the nature and extent of influence that national government intends to exert over the initiative; the relationship between Companies and other existing or potential area-based initiatives like Urban Priority Areas; the future powers and resources of the Companies; the ways in which their performance will be assessed.

Board Composition and Roles

6.3 The Companies rest upon the agreement of the key partners to deliver agreed goals. Without that consensus the Companies would have limited prospects for success. In that light, we recommend that Companies are only created where the key partners agree on clear priorities and where the Chief Executives of the key partner organisations and the leader of the councils are committed to making the partnership principle operate. In particular given the financial contribution of the RDAs, we recommend that Companies should only be declared where an RDA makes the URCs central to the priorities of its Regional Economic Strategy.

6.4 Given the nature of their tasks, the composition, experience and skills of the teams will be crucial to the success of the Companies. We recommend that there should normally be dedicated teams which are adequately resourced. But we also recommend

that there not be a single model and the nature and size of the teams should vary according to the challenges of the areas and the views of the key partners.

Board Composition

6.5 The Board composition of the three Companies varies in terms of private sector and community engagement. The size and mix of private sector representatives varies considerably. That seems appropriate in the light of the variation between them. We recommend that Boards should have representatives from both the local and national private sector, in part to increase the prospects of attracting major external financial investment.

6.6 The Companies are handling community participation in different ways. However, whereas community representation on Boards is not a sufficient condition for community engagement, we believe it is a necessary one. We recommend that there should be elected representatives on each Company Board.

Designation criteria

6.7 The scale of the challenges faced by the Companies are large. They will require substantial investment of the organisational resources of the key partners, including the private sector. They will also demand substantial private and public financial resources, possibly up to £2bn in a decade. In that sense, they resemble the earlier Urban Development Corporations rather than other existing area-based initiatives. Initiatives of this magnitude should not be declared in many areas. In particular given the demands it imposes upon the RDAs and currently English Partnerships, we recommend that the number that should be declared nationally should be limited at most to one or two per region, possibly twelve nationally. We believe it would be too restrictive to limit the Companies to the major cities, but we do believe they are more likely to be appropriate and successful in larger urban areas.

6.8 The Companies vary in the scale and nature of the challenges they face. In the two city centre cases there have not been significant regeneration initiatives directly within their territory as opposed to the surrounding areas. A history of either substantial deprivation or of major regeneration initiatives does not seem an essential feature of the area. The URC principles could be applied in areas where the challenges have emerged only more recently.

Resources and powers

6.9 Currently the Companies do not have their own budgets and rely upon their partners for revenue and investment resources. This is obviously a critical issue for the Companies and our report has indicated that views vary significantly on the desirability of a Company's need for resources. There are powerful disadvantages associated with Companies having their own independent status rather than allowing local authorities to manage budgets, contracts and staffing: not least, they would be faced with addressing the bureaucratic responsibilities of becoming accountable bodies and of creating staffing

structures to manage a wide range of day-to-day responsibilities. On the other hand, the emerging message from some private sector Board members, some Chief Executives and some private sector clients is that the Companies, as opposed to their constituent partners, should have their own dedicated resources. If they were not provided through a national programme, this could be achieved through ring fencing RDA and English Partnership budgets. If the Companies were given ownership of land in their areas belonging to their partners, it would also strengthen their potential influence and impact. Given the importance of this issue and the different views that have been expressed, we are unable to make a specific recommendation that such resources be provided for the Companies. But we recommend that discussion are held between the DETR and the companies to form a judgment on this crucial issue.

6.10 A range of initiatives has been that would facilitate the development role of Companies, for example: the power to issue bonds that could be repaid from downstream uplift in values; the creation of a 'negative equity bank' to facilitate household mobility; and the development of the principle that unused public assets in an area be regarded not as being subject to profit maximising but for the broader interests of the area as defined by strategic plans. These would require major policy shifts. Nevertheless, they are sufficiently important that we recommend that they are given serious consideration, possibly in the context of the development of Urban Priority Areas.

Potential Conflicts of Interest

6.11 RDAs, and hence the Companies, will receive resources in different ways. In particular, once they have received their national allocation, RDAs can allocate their land and property grants to URCs according to their own priorities. However, SRB grants require Ministerial approval. It would be helpful if the two systems could be made more coherent. In some circumstances, the present position also places RDA Chief Executive and Board members in an invidious position of being applicants for, and judges of, SRB resources which will be crucial to their investment strategies and give rise to potential conflicts of interest. We recommend that this position is clarified at the earliest opportunity.

Lifespan

6.12 The financial staffing and contractual uncertainties created by annual funding and approval are unhelpful. The Companies are developing Masterplans for a decade and beyond. The Companies should be placed on a longerterm footing as soon as possible and we recommend that the RDAs and English Partnerships are allowed to give that longer-term commitment. Five years would seem a financial minimum and it would be very helpful if the companies were given revenue support budgets for that timescale.

The Private Sector contribution

6.13 The actual or potential contribution of the private sector is critical to the initiative. At Board level, the private sector contribution is important in influencing the style of

Companies, in particular encouraging them to be proactive, rapid and flexible in decision-making. The second potential contribution of private sector Board members will be in encouraging support from major national financial players in future for their major investment programmes. More generally if the ambitions of the Masterplanning process are to be realised, the private sector nationally and locally will need to be encouraged to make major long-term investment. We recommend that the Companies are encouraged to influence the behaviour of their constituent organisations and their partners to make the initiative business friendly, by encouraging private sector participation, speeding up and co-ordinating public sector decision making and packaging cocktails of grants.

The Masterplanning process

6.14 The Masterplanning process is at different stages of development in the three cities. But it is already clear that each plan will need to have at least three elements – a conventional land-use plan, a matrix of responsibilities and an indicative timetable. In other words each Company has chosen to regard the process as less of a simple, physical Masterplanning process as envisaged in the Urban Task Force and more a strategic vision and decision-making system, with important economic and market elements. We recommend that this more expansive and more flexible definition of the Masterplanning process is endorsed and adopted in future.

Evaluation

6.15 The Companies are essentially strategic bodies whose visions will largely be delivered by other agencies whose work the Companies will co-ordinate. The value of the initiative should therefore be assessed in terms of the value that the Companies add to the delivery of programmes in their areas. Hence, their performance should best be evaluated against their delivery of the strategic objectives outlined in their baseline and masterplanning documents. Innovative evaluation criteria will need to be developed to address this, since traditional output measures will not capture the contribution that the URCs may make to the betterment of their cities. Even though the URC 'experiment' may not formally be a national policy, we recommend that DETR should assume responsibility for such future evaluation and consider about how best such an innovative longer-term evaluation of the Companies' performance could be addressed.

ANNEXE A: INTERVIEWEES

The following partners and stakeholders have been interviewed, sometimes on more than one occasion:

Liverpool Vision

Joe Dwyer, Chair Liverpool Vision.

David Wade Smith, Board member Liverpool Vision.

Councillor Mike Storey, leader Liverpool City Council and Board member Liverpool Vision.

David Henshaw, Chief Executive Liverpool City Council and Board member Liverpool Vision.

James Ross, Chair of Littlewoods and Board Member of NWDA and Liverpool Vision.

David Shelton, Director of Development English Partnerships and Board Member Liverpool Vision.

Mike Shields, Chief Executive NWDA and Board Member Liverpool Vision.

Andrea Titterington, Chief Executive of Maritime Housing and Board member Liverpool Vision.

Layth Bunni, Chief Executive Liverpool Vision.

Jean Myers, Company Secretary Liverpool Vision.

Graham Marshall, Planner, Liverpool Vision Team.

Jenny Douglas, City Centre Development Team.

Liverpool

Alan Chape, Assistant Chief Executive Liverpool City Council.

Charlie Parker, Director of Regeneration Liverpool City Council .

Andy Green Dept of Planning Liverpool City Council.

Peter Ralphs, Chief Executive Liverpool Chamber of Commerce.

Margaret Jackson, Director, CEDA.

Sir Bob Scott, Masterplanning Team

Tim Mulholland, Albert Dock Company

Richard Miller, Capital and Providence

Iain Robertson, Redrow Commercial Developments

New East Manchester Ltd

Sir Alan Cockshaw, Chair of English Partnerships and Chair New East Manchester.

Mike Shields, Chief Executive NWDA and Board Member New East Manchester.

Richard Leese, Leader of Manchester City Council and Board Member New East Manchester.

Clare Nangle, Manchester City Councillor and Board Member New East Manchester.

Marianne Neville-Rolfe, former Regional Director GONW and Chief Executive New East Manchester.

David Shelton English Partnerships and Board Member New East Manchester.

Neville Chamberlain, NW Business Leadership Team and Board member New East Manchester.

Rev Tim Presswood, community representative and Board member New East Manchester.

Veronica Powell, community representative and Board member New East Manchester.

Howard Bernstein, City Council and Board Secretary New East Manchester.

Libby Graham, New East Manchester Ltd.

Alan Burke, Masterplan consultant.

Joe Berridge, Urban Vision and Masterplan consortium.

Gerry Hughes, Grimleys and Masterplan consortium.

Manchester

Tom Russell, Assistant Chief Executive of Manchester City Council.

Glynis Manger, Co-ordinator North Manchester SRB.

Roger James, Co-ordinator East Link SRB.

Sheila McMarny, Co-ordinator Cheetham and Broughton SRB.

Chris McLoughlin, Co-ordinator Manchester Sure Start.

Shaun McGonigle, Manchester New Deal for Communities/East Manchester SRB.

Colleen Scott, Co-ordinator Eastside SRB.

Steve Edwards, Manchester Education Action Zone.

Roger Humber, consultant Volume Housebuilders Group.

Roger Shoemith, Director Fairfield Regeneration Ltd

Paul Bryan, Plant Manager ICL West Gorton

Michael Greenwood, Chief Executive Tameside MBC.

North West Development Agency

Baron Isherwood, Director of Regeneration NWDA.

Helen France, European Projects.

Bill Scobie, Liverpool City Centre.

Peter Hill, Manchester Office.

English Partnerships

Chris Morley.

David Shelton.

Sheffield One

Sir Hugh Sykes, Deputy Chair Sheffield One.

Andy Topley, City Development Agency.

Alison Nimmo, Chief Executive Sheffield One.
Andrew Slater, Director John Lewis Partnership and Board member.
John Mothersole, Chief Executive Planning Directorate, Sheffield City Council.
Bob Kerslake, Chief Executive, Sheffield City Council.
Mark Harris, Development Director, Carillion plc.

Department of the Environment Transport and Regions

Linda Derrick
Crispin Tuckley
Dermot Paddon
Michael Gahagan
Paul Evans
John Roberts
Lisette Simcock