



All Party Urban Development Group
promoting sustainable development and urban renewal

Loosening the Leash

How local government can deliver infrastructure with private sector money

Officers:

Nick Raynsford, Honorary Chair

Clive Betts MP, Chair

Lord Best, Vice Chair

Andrew Pelling MP, Vice Chair

Baroness Scott of Needham Market,
Vice Chair

About the All Party Urban Development Group

The All Party Parliamentary Urban Development Group (APUDG) is a cross-party Parliamentary body of MPs and Peers committed to progressing urban renewal and sustainable development in the UK.

The group was formed to raise the profile and understanding within Parliament of the urban regeneration process and the role that can be played by the private sector, particularly the property investment community.

The group's remit is to take a holistic approach in the examination of all the constituent elements that bring about truly sustainable communities, and to review policies that will increase the quality and pace of urban renewal and sustainable development nationally.

Secretariat

The British Property Federation (BPF) has been registered by the Parliamentary Commissioner for Standards to provide secretariat services for the group in partnership with the urban policy think tank Centre for Cities at IPPR, which conducts independent research for the group's inquiry sessions. The BPF represents the UK 'property industry' and has a membership of over 400 companies that own, develop, and invest in property. The BPF promotes the industry's ability to deliver regeneration, sustainable development, environmental efficiency, and property's role as an asset class. For more info go to: www.bpf.org.uk The Centre for Cities is an independent research unit, based at the Institute for Public Policy Research (ippr). It is taking a fresh look at how UK cities work, with a strong focus on the economic drivers behind urban growth and change. The Centre has established a strong track record on urban policy issues such as economic performance, housing, leadership, enterprise, skills and investment. For more information go to: www.ippr.org.uk/centreforcities/

About this report

This report addresses the question of infrastructure funding - and looks at how greater financial devolution, coupled with a step-change in private-sector investment, could help to overcome the 'infrastructure gap' facing Britain's towns and cities.

The report draws on a range of evidence, including:

- **A formal inquiry session** held in the House of Commons on 20th November 2006. A full transcript of the session, including testimony from a range of public and private sector witnesses, can be found on the APUDG website: www.allparty-urbandevelopment.org.uk
- **Written submissions** to the APUDG from a range of key stakeholders. These were received from approximately 20 groups, including local authorities, private-sector developers, planning consultants, and public agencies.
- **Desk-based research** conducted on behalf of the APUDG by Christopher Webber and Adam Marshall at the Centre for Cities.

Acknowledgements

The officers of the APUDG would like to thank the following individuals for their work on the organisation of the APUDG's inaugural inquiry, and the production of this report: Christopher Webber and Adam Marshall of the Centre for Cities, and Chris Carter of the British Property Federation.

Thanks are also due to all who submitted written evidence, and especially to the witnesses who volunteered to testify before the inquiry session in November. A list of witnesses, and of organisations that submitted written evidence, can be found at the end of this report.

CONTENTS

Executive Summary	4
Introduction	6
Section 1: What's wrong with the existing system?	8
Section 2: Options for improvement	16
Section 3: Making new funding mechanisms work in practice	20
Section 4: Governance and funding - bringing it together	23
Section 5: Recommendations	25
References	27



EXECUTIVE SUMMARY

High-quality infrastructure, especially transport, is a critical component of strong economic performance. Yet the UK has under-invested in infrastructure for decades, especially in its major cities. The Government has started to turn this around, but Britain's cities still face a major 'infrastructure gap'.

This All-Party Urban Development Group report argues that:

- We need to find innovative and effective new ways to draw private sector finance into urban infrastructure projects; and
- Substantial devolution is required – so that city leaders can invest in local infrastructure, capture the resulting benefits, and create a 'virtuous circle' of development and economic growth.

The report is based on the findings of an inquiry session held in the House of Commons on 20th November 2006, as well as written evidence submissions and desk-based research.

The report notes four key weaknesses in the UK's current infrastructure financing system:

- **Over-centralisation:** central government micro-manages infrastructure spending, and prevents cities from raising money to fund local priorities.
- **Financial fragmentation:** there are too many funding streams involved in the delivery of infrastructure, leading to confusion, inefficiency, and delay. Fragmentation means that innovative solutions are hard to find.
- **Weak strategic co-ordination:** public sector strategies, targets and investment activities are poorly timed and co-ordinated – both with each other and with private-sector timescales.
- **Lack of capacity and skills:** in some areas, local authorities lack capacity and expertise – with planning departments overstretched, and staff turnover generating delays.

The APUDG inquiry in November 2006 heard that these weaknesses mean Britain's cities are not getting the infrastructure investment they need to support economic growth.

However, the inquiry found that there are options for improvement – and that the 2007 Comprehensive Spending Review offers a critical window of opportunity to improve the way that we fund urban infrastructure in this country. Ministers must introduce radical changes to local financial powers and take on board the recommendations of the 2006 Eddington Transport Study if they are to deliver the transport infrastructure cities need.

'We need to devolve powers so that city leaders can invest in infrastructure using innovative mechanisms and private sector finance without micromanagement from Whitehall'

Loosening the Leash recommends that Government:

Simplify the infrastructure financing framework

We recommend that Government uses the Comprehensive Spending Review to simplify and consolidate existing infrastructure funding streams with greater local – rather than central – control over delivery. The use of Multi-Area Agreements could help achieve this objective.

Increase flexibility to promote the use of private sector capital

Policy-makers in cities must continue working to bring private sector investment into key infrastructure projects – such as trams and public spaces. Government must act to streamline complex legal and regulatory rules so that private-sector resources can be used more effectively in the delivery of infrastructure.

Increase financial and policy autonomy for city leaders

Government must follow through on its recent promises, and empower local government. Cities and city-regions need greater autonomy to deliver transport projects with much less interference from Whitehall. The Comprehensive Spending Review must put forward clear proposals for devolution – including both powers and resources. Supplementary Business Rates and Tax Increment Financing represent two of the best options here and government should consider their introduction seriously.

Improve public sector planning and economic development skills

We recommend that local authorities, together with regional agencies and central government, invest more heavily in the specialist skills required to develop and deliver planning and economic development projects.

Clearly set out the arguments and evidence in favour of PGS

There are legitimate questions still to be answered on the Planning Gain Supplement, which Government intends to introduce from 2009. We urge Government to demonstrate that its proposals will deliver on the infrastructure needs of our towns and cities – without centralising resources further.

Introduce local financial tools that enable forward funding of infrastructure

We urge the immediate consideration of Tax Increment Financing, which would allow cities to capture and recycle the some of the financial benefits generated through public investment, and deliver more infrastructure. We also recommend that Government permit greater public-private collaboration – for example, through the use of Regeneration Investment Vehicles.



Introduction

'Transport infrastructure is the life-blood of our economy' (CBI, 2003)

'The scale of investment that is needed requires innovative new funding streams and financial solutions'
(Sir Michael Lyons, speech, 14th September 2006)

'Contrary to popular belief, the property sector is not unwilling to make a reasonable contribution to infrastructure'
(Liz Peace, Chief Executive, British Property Federation, July 2003)

'Infrastructure is needed up front as a catalyst for development... Government needs to find a mechanism or a series of mechanisms, which provide expedient, timely and proactive funding toward infrastructure'
(Peter Miller, Westfield, APUDG Inquiry Session, 20th November 2006)

High quality infrastructure is a critical component of strong economic performance. Yet the UK has underinvested in its infrastructure for decades - especially transport (OECD, 2005). The Government has started to turn this around, but there is still an infrastructure funding gap (Glaister, 2006; Standard & Poor's, 2004; Roger Tym & Partners, 2005). In order to bridge this gap we need to find innovative and effective new ways of drawing private sector finance into infrastructure investment (see for example, Startup & Rossiter, 2003; DfT, 2004b; TCPA, 2006; Hackett, 2006; ODPM Select Committee, 2005). And we need to give local leaders the financial levers required to address their areas' key infrastructure needs (Lyons, 2005, 2006; Marshall, 2005; Marshall & Finch, 2006; Travers & Glaister, 2006).

The scale of the challenge is significant. Surveys and reports frequently place infrastructure deficiencies among the greatest barriers to business growth in the UK. For example:

- 48% of businesses see transport problems as having a substantial impact on their profitability and 54% of

firms believe that the UK's transport system has deteriorated since 2000 (CBI, 2005).

- Transport-related problems are estimated to cost an average of £27,000 per business per year. This is the equivalent of £15bn per year to the UK economy (BCC, 2006).
- Over the past 30 years UK transport spending as a percentage of GDP has been 10-20% less than that of France or Germany (Short, 2002).

Recent academic research has reinforced our understanding of the link between infrastructure investment and productivity. Rice and Venables, for example, predict that:

- National productivity would grow between 1.12% and 1.2% if journey times were reduced by 10% across Great Britain.
- Doubling the 'effective density'¹ of a UK city - by increasing access to it - would raise productivity in that city by 3.5% (Rice & Venables 2004, 2006).

The Government's ideas on how to empower local government were set out in the recent Local Government White Paper (DCLG, 2006). The White Paper sets out a statement of intent on the Government's desire to create stronger, more cohesive governance at the local and regional levels. But detailed proposals on infrastructure funding and financial freedoms depend on the Lyons Inquiry and the Comprehensive Spending Review.

Research undertaken by the Centre for Cities on behalf of the All Party Urban Development Group suggests that the future economic health of the UK's cities and towns depends on three fundamental changes to the existing system:

- Consolidation and simplification of infrastructure funding streams.
- Innovative mechanisms for funding infrastructure.
- Financial devolution that enables local leaders to develop, fund, and deliver infrastructure solutions that unlock economic growth.

The APUDG has since considered the issues in detail. The remainder of this report sets out the group's thinking - and recommendations for change.

The report has five sections:

- Section 1 sets out the **problems** with the existing system of infrastructure funding
- Section 2 examines options for **improvement** - including innovative funding mechanisms
- Section 3 lays out a wide array of **financial tools** that could be used to tackle infrastructure funding issues
- Section 4 links these levers to the case for **greater devolution** - which would enable local leaders to tackle infrastructure issues themselves
- Section 5, finally, sets out the **APUDG's conclusions and recommendations** to the Government

¹The term effective density refers to the number of people and jobs that are assessable to an area's economy (Graham, 2005). It does not refer to physical density. Instead it is used as a proxy for accessibility.



Section 1

What's wrong with the existing system?

1.1: The existing framework - centralisation, fragmentation, poor coordination and skills shortages

Excessive centralisation, fragmented funding streams, poor co-ordination and capacity issues are major barriers to investment and regeneration in Britain's cities.

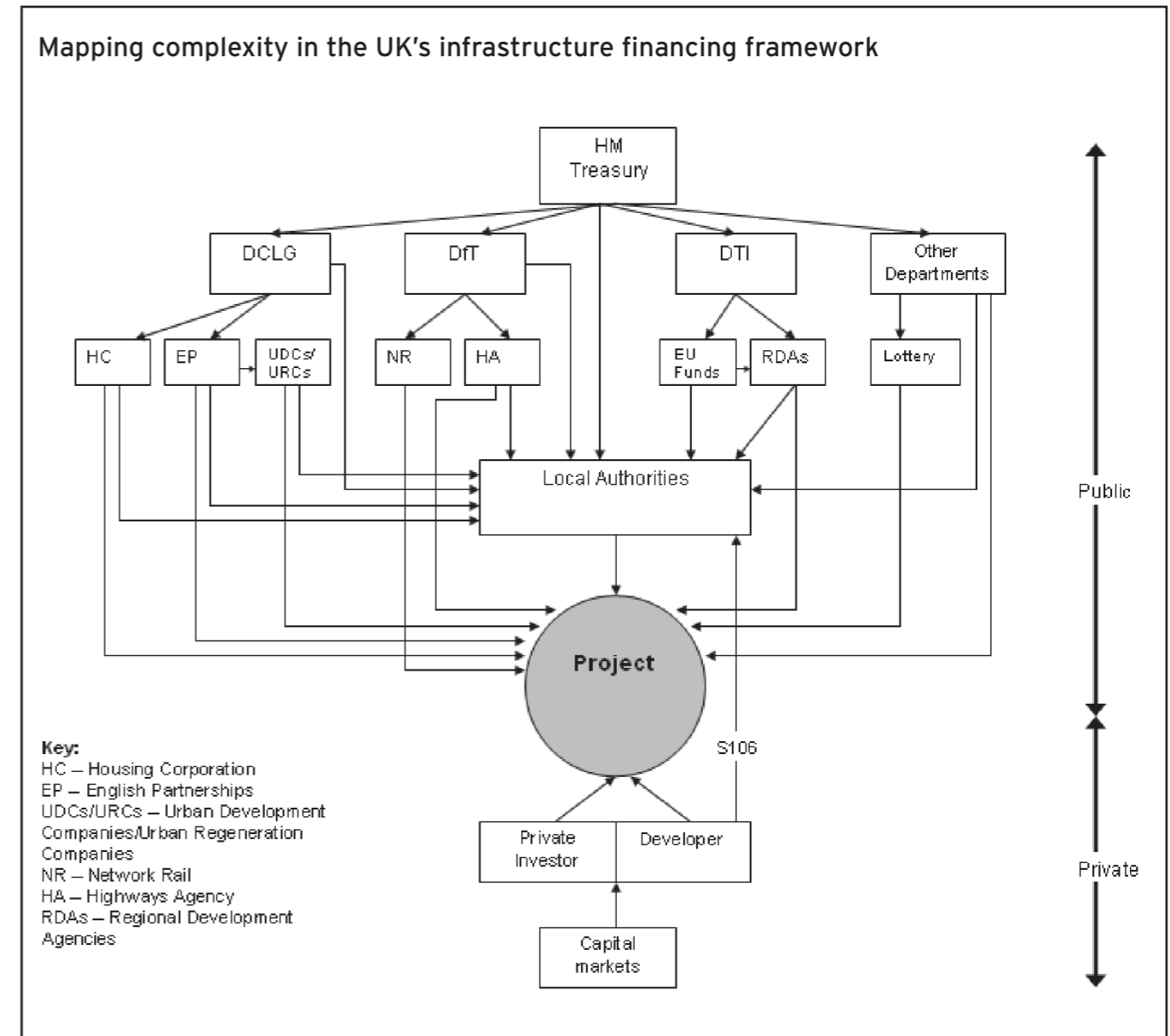
The existing financing system for infrastructure investment in England is a complex web of agencies, funding streams and partnership arrangements. For any given infrastructure project, the range of potential actors and funders includes:

- HM Treasury
- Department for Transport
- Department for Communities and Local Government
- Department of Trade and Industry
- Department of Health
- Department for Education and Skills
- Department for Culture, Media and Sport
- Department for Environment, Farming & Rural Affairs
- Regional Development Agencies

- English Partnerships
- Local Authorities
- European Union
- Highways Agency
- Urban Development Companies
- Urban Regeneration Companies
- Housing Corporation
- Passenger Transport Authorities
- Network Rail
- Utilities companies
- Property development companies
- Banking & finance firms

Clearly, major developments are complex and require extensive negotiation in order to get off the ground. Democratic processes and planning controls must be thorough. But there is a broad consensus that there is a 'bottleneck' in the process when it comes to funding infrastructure. This creates additional costs and delays, significantly increasing risk, and sometimes threatening the viability of development schemes or future investment (see, for example, Bramley & Lambert, 2002; GLA, 2004; BPF, 2005; Riordan, 2006; Adair et al, 2006).

The Centre for Cities has mapped out the infrastructure framework - see below.



Section 1

What's wrong with the existing system?

Excessive centralisation

The Treasury and other Whitehall departments control the great majority of infrastructure financing levers. As a result, most large infrastructure projects are dependent on central government approval (Glaister, 2004). This forces local authorities to rely heavily on Section 106 agreements to finance their hard and soft infrastructure needs, which limits their ability to forward fund infrastructure investments and frequently leads to complex and unpredictable negotiations (Monk et al, 2006; Audit Commission, 2006; Barker, 2004; Knight Frank, 2006).

A 2004 Greater London Authority (GLA) publication highlights the financial restrictions faced by local government:

'...in a current regulatory and financial environment in which 95% of all taxation is set by central government and where all capital expenditure by English regional and local government is subject to Treasury control, the ability of [local or regional government] to adopt mechanisms for public private co-investments is significantly constrained' (GLA, 2004: 10).

A recent Financial Times article reveals the extent of local frustration with inflexible central government funding streams. In it, the Chief Executive of Barnsley MBC, Phil Coppard, complains that 'suddenly an amount of money will drop out of the sky on you and you can have it if you can spend it' (FT, 20 September 2006).

Linked to this, local officials also complain that the current system does not provide them with any means of capturing the value of schemes that they introduce. As David Wechesler of Croydon Council made clear in his evidence to the All Party Urban Development Group:

'I think the key problem for us locally is that...we have no access to any means of capturing value, whether it is from decongestion or whether it is wider economic benefits such as increasing land values or increasing

property values, increasing private sector investment or employment' (APUDG Inquiry Session, 20 November 2006, p. 3).

An important consequence of this is that local authorities cannot raise substantial amounts of private capital needed for up-front or forward-funded investment in infrastructure. Without this forward-funding, investment risk is significantly greater and private sector actors are less willing to take forward developments, particularly regeneration schemes in marginal areas (APUDG Hearing, 20 November 2006).

Financial fragmentation

Local leaders and private sector investors also see the fragmentation of infrastructure funding as a major issue (Core Cities Group, 1999; Travers & Glaister, 2006; IPF, 2006). The British Property Federation (2005a) has summed the situation up in the following terms:

'there is a plethora of government regeneration initiatives which lead to abundant confusion, excessive bureaucracy and inefficiency. Too many short-term quick fix regeneration schemes exist across both the public and the private sectors' (p.14).

The proliferation of funding streams, and local authorities' limited ability to combine them creatively, means that infrastructure funding solutions are hard to find. As Ken Dytor, of Regeneration Investments, explains:

'Private equity will invest in most things - local authorities need to [be able to] package up the cash flows, and get private equity in. But cities lack the skills to do this' (Stakeholder interview, 2006)

A large private-sector investment company agreed, stating that 'it's hard to work out where the power and the money lie to resolve the key issues' (Stakeholder interview, 2006).

'Local infrastructure is dependent on Whitehall approval and funding... local authorities cannot raise substantial amounts of private capital needed for forward funding infrastructure investment.'

Weak strategic coordination

Public sector strategies, targets and investment activities are poorly coordinated - both with each other and with private-sector timescales (GLA, 2002; Cabinet Office, 2005). For example, the lack of alignment between the strategic objectives of different agencies can lead to unnecessary delays - as witnessed in the case of the Manchester Airport Ground Transport Interchange (see below, and CfIT, 2004).

Equally, mismatched public and private sector timescales can frustrate the development process. As the chief executive of a public-private regeneration venture noted, 'public financing needs to match development cycles - we need a better integrated framework' (Stakeholder interview, 2006).

Coordination problems between national, regional and local bodies have also been highlighted extensively elsewhere (see, for example, Hall & Mawson, 1999; Core Cities Group, 1999; Marshall & Finch, 2006; Advantage West Midlands, 2006). Where critical relationships break down over infrastructure funding, substantial private sector investment can be threatened.

Lack of capacity and skills

In some areas - such as Manchester, Leeds and Sheffield - local authorities have acquired a reputation for success in dealing with would-be investors and in managing development (Stakeholder interviews, 2006; APUDG Inquiry Session, 2006). But elsewhere the picture is far less positive. In many areas, local authorities are seen as lacking in capacity and expertise, with planning departments overstretched and high staff turnover generating instability and delay (Adair et al, 2006; BURA, 2006).

Independent evaluations provide support for this assessment. For example, a recent report found that there were significant variations in per dwelling S106 contributions secured by local authorities for different projects - with contributions ranging between £500 and £30,000 per dwelling (Audit Commission, 2006). One experienced property-sector interviewee noted that 'city councils don't do enough to extract public value from some developments, and this is down to capacity. They need more expertise, wherewithal, and resources to do this right' (Stakeholder interview, 2006).

One way of achieving this objective would be to give local actors the policy-making and financial powers that would attract high-skilled personnel.



Section 1

What's wrong with the existing system?

Private sector perspectives

Primary research carried out in support of this inquiry revealed similar concerns. Semi-structured interviews were carried out with a range of private sector players – including property developers, investors, and a range of public-private partnership bodies. The headline findings from this work are set out in the table below.

Private-Sector Interviews: A Summary

Fragmentation - 'It's hard to work out where the power and money lie to resolve the issues' (Stakeholder Interview, 2006). Government needs to reduce the fragmentation of infrastructure financing. This will limit delay, facilitate more developments and attract more institutional investors into the regeneration process.

Devolution - Local authorities need greater financial flexibility to support development processes, but additional revenue must be clearly ring-fenced for infrastructure needs. Large-scale projects require economic, rather than political justification. And unitary local government over more natural economic areas would help deliver appropriate transport infrastructure. Central and regional quangos over-complicate development.

Capacity issues - Local authorities suffer from capacity issues that prevent them from levering in private-sector infrastructure investment during planning negotiations, and extracting maximum benefit for their areas. Limited resources also mean that planning departments are vastly overstretched. Specialist trouble-shooting teams could help address these issues.

Risk & timescales - Risk is a critical issue, but it is poorly understood by the public sector. Uncertain and inflexible public sector delivery timescales can make development schemes more risky by increasing the potential for damaging delays in the provision of infrastructure. This can undermine the profitability of the schemes and threaten future investment. As Heneage Stevenson of Bee Developments pointed out in his evidence to the APUDG: 'If you go to any of the big banks or investment houses what they say is they can handle the market risk...but the planning risk and the infrastructure delivery uncertainty...are the things that really scare them' (APUDG Inquiry Session, 20 November 2006, p. 12).

Strong political leadership - The public sector needs to 'shorten governance chains' (Stakeholder interview, 2006). Local authority leaders and chief executives need to take ownership of development processes. Powerful leaders secure better deals for their areas, improve coordination, reduce delays and encourage investment.

Wider strategic focus - local, regional and national government needs to take a more strategic, integrated, longer-term approach to development. Capacity audits and long-term infrastructure plans should be put in place to govern investment, aligned to economic rather than political cycles.

'If you go to any of the big banks or investment houses what they say is they can handle the market risk...but the planning risk and the infrastructure delivery uncertainty...are the things that really scare them.'

1.2: Case Studies

Three short case studies – including one national mega-project, one large regional scheme and a moderate sized piece of infrastructure illustrate some of the barriers described above.

Crossrail

Crossrail is a proposed east-west railway line that would link Maidenhead and Heathrow Airport in the West with Abbey Wood and Shenfield in the East via an underground tunnel through central London. The Crossrail Bill is currently under discussion in Parliament (see <http://www.publications.parliament.uk>).

The cost of the scheme is estimated to be approximately £11bn (DfT, 2004). Crossrail is supported by a wide cross-section of public and private sector interests, including the Greater London Authority, London First, and the British Chambers of Commerce. Due to its cost, however, a number of barriers stand in the way of Crossrail's implementation. These include:

- **Excessive centralisation:** local actors unable to develop innovative finance tools to part-fund Crossrail, despite private-sector willingness to contribute.
- **Financial fragmentation:** difficulties drawing together appropriate funding streams and tools to finance proposals (DfT, 2004).
- **Poor coordination:** major discrepancy between public sector funding bodies, some of whom support Crossrail (e.g. TfL), and others who are more sceptical of its value (e.g. HMT).

Birmingham New Street

'Birmingham Gateway' is a £500 million public-private investment aimed at the redevelopment of the city's New Street Station. The scheme, which would transform the principal access to Birmingham city centre, has recently received the endorsement of the DfT after years of lobbying from actors across the West Midlands. However this has not led to the resolution of long-standing funding issues.

Of the £340m in public-sector funding required for the project to go ahead, a gap of £140m remains to be filled despite the station's central position on the national rail network (Whitby, 2005) – and the efforts of Birmingham City Council, Advantage West Midlands, and local private-sector stakeholders. New Street's funding issues are a classic example of:

- **Excessive centralisation:** looking to Whitehall to fill funding gaps, rather than using local taxes and financial tools to generate the required funding.
- **Financial fragmentation:** difficulty of knitting together a coalition of funders, large and small, to complete a vital piece of infrastructure.

With the appropriate financial powers at the local level – such as a supplementary business rate or Tax Increment Financing (TIF) – some of these hurdles could be overcome, and the Birmingham Gateway scheme could proceed more quickly. However, changes such as TIF and supplementary business rates would require new primary legislation.

Section 1

What's wrong with the existing system?

Manchester Airport Ground Transport Interchange

In 1998 Manchester Airports Group started creating detailed plans for a new Ground Transport Interchange with the objective of improving accessibility to the airport across the conurbation.

The £60 million investment was not completed until 2004 - six years after it was initially proposed.

Despite the project's relatively modest size, financing proved a major issue.

- **Excessive centralisation:** in order to access funding pots controlled by Whitehall, Manchester Airports Group was required to produce a range of expensive studies to make its case for funding - despite agreement across the public sector that the case for a new interchange was strong. This resulted in delays and additional complexity.
- **Poor coordination:** the approaches of the Civil Aviation Authority (CAA) and the Strategic Rail Authority on the project were contradictory (CfIT, 2004).

These case studies are high profile illustrations of the systemic weaknesses in the UK's infrastructure financing framework. But there are numerous examples of similar problems, large and small, all over the country - resulting in delays, increased costs, and important consequences for economic development and regeneration.

'In 1998 Manchester Airports Group created detailed plans for a new Ground Transport Interchange; despite the project's modest size financing proved a major issue.'

1.3 - What's wrong with the existing system? A summary

Problem	Description	Example
Centralised control	Whitehall control of financing levers for large scale infrastructure projects restricts the capacity of local stakeholders to deliver on their area's development needs.	Crossrail Birmingham New Street
Fragmented funding	The complexity of the infrastructure financing framework, number of stakeholders and associated bureaucracy greatly increases cost, delay and risk.	Birmingham Eastside Liverpool Kings Waterfront
Weak strategic coordination	Failures of communication between different tiers of government, the misalignment of public and private sector timescales, and overlapping jurisdictions and administrative boundaries also frequently lead to confusion and delay.	Manchester Airport Interchange Newcastle-Gateshead Quayside
Local skills and capacity issues	Local authorities often lack the confidence, power and resources to push through key development projects. Greater financial devolution could help to improve the local skills base, and overall capacity.	Liverpool 'Fourth Grace'
References	Adair et al, 2006; APUDG Inquiry Session, 2006; Bennett et al, 2006; Bramley & Lambert, 2002 ; BPF, 2005; BURA, 2006; Docherty, 2006; Glaister, 2004; London First, 2006; Lyons, 2005; Marshall, 2005; Marshall & Finch, 2006; Mills & Rowe, 2006; Riordan, 2006; Travers & Glaister, 2006; TfL, 2006; Startup & Rossiter, 2003.	

Section 2

Options for improvement

2.1 Political context

The Lyons Inquiry into Local Government, the Eddington Transport Study, the Barker Review of Planning, the Sub-National Review of Economic Development and the 2007 Comprehensive Spending Review offer a critical window of opportunity to improve the way that we fund infrastructure in this country. However, the Government's proposals to solve the infrastructure funding issue have not been ambitious enough. Ministers must consider more radical changes to local financial powers in order to deliver infrastructure, maximise opportunities for development and lever in private-sector contributions.

2.2 Government initiatives

Planning Gain Supplement (PGS)

The proposed Planning Gain Supplement – the focus of substantial attention in recent months – is unlikely to generate the amount of money required to address infrastructure needs, even alongside scaled-back Section 106 agreements (Knight Frank, 2006). The Treasury's stated desire to nationalise part of the PGS revenue also goes against the grain of local discretion.

While PGS has been described as an 'intellectually rigorous' attempt to capture land value uplifts, and to address infrastructure needs, it has been criticised for its complexity and the range of practical difficulties it is likely to generate (Stakeholder interviews, 2006; BPF, 2005b; Knight Frank, 2006; RTPI, 2006; APUDG Inquiry Session, 2006). PGS, while calculated at the point when planning permission is given, is only collected once development has occurred. It does not, therefore, provide the upfront infrastructure funding which is often an essential precondition for development to take place.

City Development Corporations (CDCs)

Communities and Local Government Secretary Ruth Kelly announced the creation of City Development Corporations (CDCs) on 14th September 2006, with Sheffield as the first city to take the model forward. CDCs, which will be special purpose vehicles, are intended to 'deliver transformational economic change' in cities and urban areas by marshalling public and private sector resources and deliver regeneration investment.

However, it is unclear whether CDCs will have the powers and financial resources required to deliver on this mission. RICS have already noted that CDCs will not have the desired effect without both compulsory purchase (CPO) and land assembly powers as well as the appropriate financial streams to underpin investment (www.rics.org, 27th September 2006).

CDCs would require substantial powers in order to deliver infrastructure and lever in investment. Additionally, CDCs would have to reduce – rather than add to – the complexity of the regeneration funding environment (Stakeholder interviews, 2006).

Multi-Area Agreements and Upscaled Local Area Agreements

The 2006 Local Government White Paper proposed the introduction of Multi-Area Agreements (MAAs). The objective of MAAs would be to devolve power and pool funding streams for groups of local authorities that can demonstrate their ability to deliver on economic development objectives. This could see local authorities in, for example, Greater Manchester being given greater powers over key development functions such as transport. The government could also build on the existing Local Area Agreements (LAAs) framework, by giving more powers over economic development to individual local authorities rather than city regional groups.

'Treasury's stated desire to nationalise part of the PGS revenue goes against the grain of local discretion, and it does not provide upfront infrastructure funding, which is often an essential precondition for development to take place.'

In theory, such reforms would further reduce bureaucracy, improve coordination and give local areas more flexibility. In particular, the potential for MAAs to improve cross boundary working is something to be welcomed. However, many Whitehall departments are reluctant to pool major funding streams and there have been questions raised as to how flexible the existing LAAs really are.

Government must demonstrate the value of LAAs and its commitment to them – before talking about how they can be strengthened ('next generation LAAs') or replicated at sub-regional scale ('Multi-Area Agreements'). It must ensure that all Whitehall departments are serious about pooling resources, and that their involvement in approval processes is truly becoming more streamlined.

2.3 Private sector perspectives

Private-sector investors say that the Government's PGS proposals are unworkable. In their view more practical local finance mechanisms will be needed to deliver on the UK's infrastructure needs. Possibilities include:

- **Tapping future returns:** mechanisms like **Tax Increment Financing** (US model) or **Value Increment Financing** (Australian model) would allow cities to borrow against future revenues associated with a new development in order to forward-fund infrastructure. But TIF would require primary legislation before it could work in practice.
- **Supplementary business rates:** with proper consultation, and ring-fencing to transport priorities (e.g. Crossrail), supplementary business rates are considered an appropriate mechanism to create additional revenue streams to support infrastructure investment.
- **Planning tariffs:** many developers believe that the certainty of the **Milton Keynes 'Roof Tax'** may offer a framework for infrastructure funding in other areas.

Milton Keynes 'Roof Tax'

The planned expansion of housing in Milton Keynes is expected to require more than £1.5bn in supporting infrastructure. In order to help support this investment, the Milton Keynes Partnership, which includes English Partnerships and Milton Keynes Council, has introduced a roof tax of £18,500 for each house completed, and £66 per sq ft of commercial real estate. The scheme:

- Provides an assured, stable revenue stream.
- Reduces the need for complex S106 negotiations and limits delays.
- Attracts investment by reducing risk of delay and fostering confidence that infrastructure will be delivered.

However, there are concerns that the roof tax scheme would not work in other areas and may only be applicable on major Greenfield development sites. (Estates Gazette, 2 September 2006; Stakeholder interviews, 2006).

- **Regeneration Investment Vehicles:** packaging up local authority-owned sites and private equity was also seen as a viable way to generate additional infrastructure funding. Examples include the Property Regeneration Partnerships brokered by King Sturge for One North East, EMDA, NWDA and British Waterways or the regeneration investment vehicles proposed by recent research (Adair et al, 2006). Local authorities have not embraced the model to date, reflecting legal limitations, fiscal fears and/or skills issues.

More detail on some of these ideas – and other new financial tools – can be found in Section 3, below.

Section 2

Options for improvement

2.4 Think-tank research & proposals

A number of recent think-tank reports have looked at the issues of devolution, local government finance and infrastructure investment. All have agreed that local actors must be given the flexibility and financial freedom necessary to support growth in their areas (Marshall & Finch, 2006; NLGN, 2005; Mulgan & Bury, 2006; Evans & Hartwich, 2006).

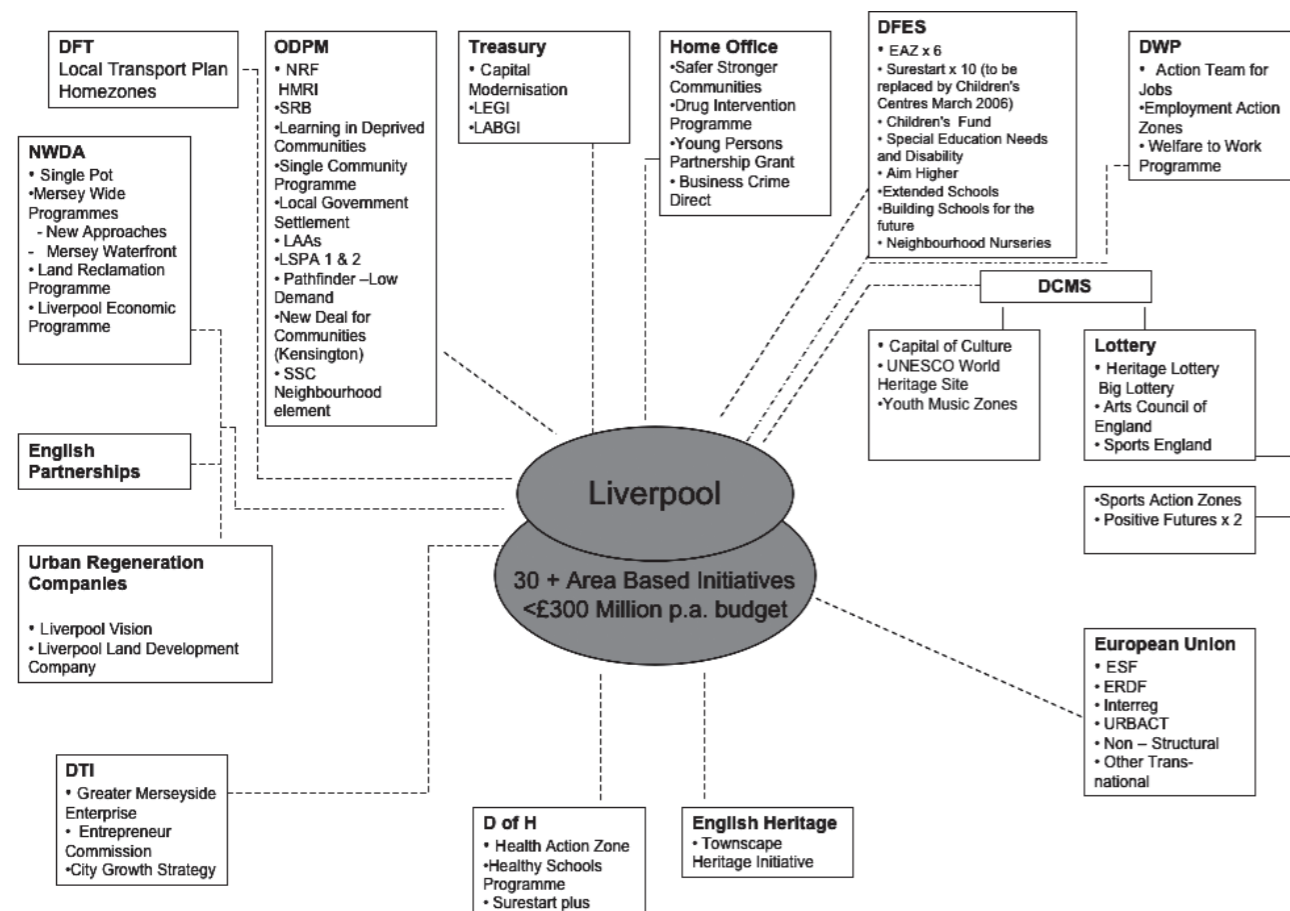
The Centre for Cities' 'City Leadership' report called for substantial financial devolution to England's biggest city-regions - giving them greater control over transport and economic development funding streams in order to deliver local infrastructure priorities (Marshall & Finch, 2006). The need for greater local control over spending and revenue-raising levers was

highlighted - particularly for major transport schemes and strategic regeneration projects.

Research in Liverpool, Birmingham and Barnsley uncovered a baffling array of funding streams linked to regeneration and infrastructure provision. In Liverpool alone, over thirty initiatives, with different funding structures, were identified (see below).

'City Leadership' made a clear case for a radical reduction in the number of funding streams - and pooling of resources for strategic infrastructure at the city-regional level. Alongside new revenue-raising mechanisms, such as supplementary business rates, the report called for a radical shift in discretion over regeneration and infrastructure spending, with city-regions taking and financing investment decisions without total dependency on Whitehall.

Liverpool: mapping regeneration funding



Source: Marshall & Finch, 2006

'Research uncovered a baffling array of funding streams linked to regeneration and infrastructure provision. In Liverpool over thirty initiatives with different funding structures were identified.'

'There is a grant dependency issue which encourages local authorities to think more about what central government wants rather than what local needs are.'

Centre for Cities argued that radical financial devolution to city-regions should be accompanied by a radical shift in accountability - namely, to elected city-regional mayors. This has since been opposed by some commentators (e.g. Balls & Healey, 2006). While the Centre still believes that directly-elected mayors would give Whitehall the confidence to devolve substantial spending and revenue-raising powers downward, significant financial devolution is still possible without directly-elected mayors.

Other think-tanks have made similar recommendations on the need for financial and policy making devolution. For the New Local Government Network's (NLGN's) Chris Leslie, a big part of the argument in favour of greater devolution is that 'there is a grant dependency issue' (APUDG Inquiry Session, 20 November 2006, p. 21) which encourages local authorities to think more about what central government wants rather than what local needs are. In its City Regions Commission report, 'Seeing the light? Next Steps for City Regions' (2005), NLGN also argued for devolution to the city regional level. It recommended that city regional structures should have far greater autonomy over transport infrastructure spending and it suggested that Local Area Agreements should be enhanced to stimulate greater partnership working between local economic development actors.

The Smith Institute's 'Double Devolution' report (Mulgan & Bury, 2006) also highlights support for greater devolution. In it, numerous academics, commentators and politicians argue that economic growth and democratic legitimacy are restricted by the UK's overly centralised governance structures.

Their solutions include greater financial and policy autonomy for local government and more directly elected mayors, each of which would help deliver on local infrastructure requirements.

Elsewhere, Policy Exchange's 'Better Homes, Greener Cities' (Evans & Hartwich, 2006) looked at the UK's planning system and made proposals along two broad themes - greater flexibility and local government finance reform. In the first instance, it argued that the planning system should be reformed to make it more responsive to demand at the local level. And in the second, it suggested that local government should be given significantly greater control over their finances - recommending that government should aim to have councils secure 75% of their funding from local sources. As Policy Exchange's James O'Shaughnessy pointed out in giving evidence to the APUDG, we currently 'have a highly centralised [infrastructure delivery] system...and it is not working particularly well' (APUDG Inquiry Session, 20 November 2006, p. 19). Policy Exchange argues that greater localisation of financial resources will help address this by enabling local authorities to invest in infrastructure as they see fit.

The debate continues - but so far there has been little substantial change. Section 3 sets out some of the mechanisms, both large and small, which would give cities more tools to overcome the 'infrastructure gap'.

Section 3

Making new funding mechanisms work in practice

Introduction

The existing infrastructure financing system requires reform along two broad themes:

- **Reduced complexity and fragmentation** in governance and finance regimes.
- **Greater local financial flexibility** to enable innovative infrastructure funding solutions.

Some changes, such as expanding the use of public-private partnerships and adding additional funding streams to Local Area Agreements, could be

accomplished without primary legislation. However, a range of other financial tools – such as supplementary business rates and tax increment financing – would require major changes to local government powers and Whitehall procedures.

No single instrument, developed in isolation, will be enough to overcome the infrastructure funding gap in Britain's cities. A 'tool-box' of new infrastructure funding mechanisms is required at city level, as noted by a number of witnesses at our November inquiry session.

3.1 New funding mechanisms: the options

Options Which Do Not Require Primary Legislation

Financing Option	What next?
Up-scaled Local Area Agreements (LAAs)	Expand LAAs to include more major funding streams – both capital and revenue – and allow Multi-Area Agreements. Pros: reduce bureaucracy; improve coordination; more flexible local spending pots. Cons: many Whitehall departments reluctant to pool major funding streams; LAAs do not increase local revenue-raising ability; some central prescription remains.
Planning Tariffs (e.g. 'Roof Tax')	A planning tariff – such as the Milton Keynes 'Roof Tax' – imposes a fixed levy on each housing unit or set amount of commercial space built at a site. The levy is earmarked for specific purposes, including the forward-funding of hard and soft infrastructure (BPF, 2005b). Pros: simple system supplying predictable revenue for infrastructure needs; incentivises investment by reducing risk. Cons: 'banker' required to forward-fund infrastructure until tariff is paid; standardised tariffs may discourage investment in areas that lack economic buoyancy and may only work in areas of greenfield housing development.
Road pricing / workplace parking levy	Road users charged for use of road network within defined zones or on particular roads. Local authority collects levy on workplace car park users. Both are demand management schemes that can generate transport infrastructure funding. Pros: potential to generate substantial revenues for ring-fenced investment in transport infrastructure (as part of larger packages). Cons: politically difficult; high set-up costs; uncertain effects on city economies (outside London). There will still be a need to forward fund public transport improvements.

Financing Option	What next?
Relax prudential borrowing rules	Since 2004, local authorities can borrow on either private capital markets or from the Public Works Loan Board. However, the Prudential Code is very conservative – loosening it could permit additional borrowing to promote regeneration and infrastructure investment. Pros: offers more flexibility for local authorities to borrow in pursuit of infrastructure investment objectives. Cons: borrowing remains restricted by Prudential Code and Treasury guidelines; restricted local revenue sources limit amounts borrowed.
Business Improvement Districts (BIDs)	Businesses in an area can already vote to pay an additional levy on business rates to fund specific business priorities. The model could be expanded to include investment in key infrastructure needs. Pros: independent revenue stream, with spending determined by local businesses. Cons: unlikely to generate the amount of funding needed to support infrastructure investment; questions about democratic accountability; politically difficult.
Local Area Business Growth Incentive (LABGI)	LABGI allows local authorities to retain a proportion of increased business rates revenue generated in their area. Recent announcements (HMT/DCLG, 14 September 2006) have simplified the scheme somewhat. Pros: additional revenue stream; incentive to stimulate business growth. Cons: unpredictable revenue stream; unlikely to generate the amount of funding needed to support infrastructure investment; too short-term (ends 2008).
Land pooling	Land pooling occurs 'where landowners participate in land assembly, servicing and disposal in accordance with a plan' (Connellan, 2002). It allows landowners to retain a stake in the land if they wish. Pros: can reduce need for compulsory purchase; attract private equity to forward-fund infrastructure; speed up development process. Cons: risks associated with land in multiple ownership; existing legal framework gives limited legal authority to promote land pooling (DTI, 2004).



Section 3

Making new funding mechanisms work in practice

Options Which Do Require Legislative Change

Financing Option	What next?
Tax Increment Financing and Local Bond Issues	<p>Tax Increment Financing (TIF) would enable local authorities to finance infrastructure investment by borrowing against future revenue streams, such as the expected increase in tax revenues that would follow an infrastructure investment.</p> <p>Pros: allows forward-funding of infrastructure without additional taxation.</p> <p>Cons: requires a local tax to 'piggyback' on; works well when economy is performing well, but not as useful when economy is less buoyant (Riordan, 2006); may require central government debt guarantees.</p>
Regeneration Investment Vehicles (e.g. PPPs, Regeneration Infrastructure Funds, etc)	<p>Shared equity agreements between public sector bodies and the private sector that typically see public sector agencies supplying land with capital from the private sector, in a 50/50 split. Both King Sturge and PricewaterhouseCoopers have promoted this model in recent years, with high take-up among Regional Development Agencies (King Sturge, 2005; Mills & Atherton, 2005; Mills & Rowe, 2006; Adair et al, 2006).</p> <p>Pros: facilitates private-sector investment; provides new revenue for infrastructure and site preparation; creates value over long term.</p> <p>Cons: no local authority-level take-up to date because of legal and financial barriers; questions about local capacity to strike a deal; and skills.</p> <p>NB: some variants would require new legislation, others would not.</p>
Supplementary Business Rates	<p>A geographically and temporally limited levy on business rates to pay for specific infrastructure priorities. Best applied at a city-regional level (Marshall & Finch, 2006).</p> <p>Pros: simple and clear; easily ring-fenced way to raise additional revenue; stable; could be used to underpin borrowing.</p> <p>Cons: politically difficult; requires major local governance reforms to get business buy-in (e.g. elected mayors); HMT fears impact on total tax burden.</p>
Planning Gain Supplement (PGS)	<p>PGS would capture some of the land value uplift associated with the grant of planning consent. Effectively a development land tax (as opposed to Land Value Tax, which would be applied annually - for more, see Maxwell and Vigor, 2005). If controlled locally, PGS could provide some funding for infrastructure needs, alongside scaled-back Section 106 agreements.</p> <p>Pros: if it raises additional revenue, PGS could inject new money into the infrastructure finance system.</p> <p>Cons: technical/valuation difficulties; complexity; difficult to forward-fund infrastructure before PGS is collected; politically difficult; uncertain application alongside Section 106.</p>

Section 4

Governance and funding - bringing it together

'Local authorities need greater financial autonomy. This is the only way that... barriers to regeneration and economic performance can be addressed effectively. These barriers are, almost without exception, infrastructure costs' (Riordan, 2006)

Britain's cities and towns need additional financial tools to fund infrastructure investment. Some new tools - such as Tax Increment Financing and innovative public-private financing vehicles - require additional revenue-raising powers. The APUDG inquiry found time and again that local authorities need the ability to raise money, through borrowing and taxation, in order to undertake infrastructure projects that support economic growth. There is no 'virtuous circle' in Britain's cities, whereby the benefits of development are recycled to support further growth. As Tony Travers of the LSE has noted:

"...the local government finance system, the business rate and the council tax, operates in such a way as to provide little or no incentive for authorities to develop... it is very difficult for authorities to capture the benefits [of successful developments], in order to further develop themselves (APUDG Inquiry Session, 20 November 2006, p. 7)".

Devolution was mentioned by nearly all witnesses as a prerequisite for better-targeted infrastructure investments. For example, Peter Miller of the property developer Westfield Ltd, argued that:

'...decisions [on delivery] need to come out from a local level because it is at a local level that the authorities and the Regional Development Agencies understand what needs to be delivered. There seems to be a complete disconnect, that the money is being provided by central government but it does not necessarily understand the local issues, whereas the local promoters are usually unanimously behind some of these developments struggling to get the funds there' (APUDG Inquiry Session, 20 November 2006, p. 13).

In major conurbations, these investments are best undertaken at the city-regional level - where transport and infrastructure priorities cross administrative boundary lines (Marshall & Finch, 2006; CLES, 2006; Hackett, 2006).

Section 4

Governance and funding - bringing it together

Devolution is risky, but so is maintaining the status quo. Without giving local actors the financial powers to address infrastructure needs, and to experiment with financing solutions, the UK will continue to suffer from some of the deficiencies identified over the course of the last three decades. Risk and experimentation are essential elements of local innovation which, in turn, is a critical component of improved governance and economic performance (Cabinet Office, 1999; NAO, 2000). Additionally, devolution and experimentation will help to engender improvements in local authorities' capacity to design, finance and deliver infrastructure projects.

The recently issued Local Government White Paper (DCLG, 2006) represents an important first step toward devolution. Its proposals offer local leaders the prospect of creating strong partnerships capable of overcoming many of the barriers to delivery discussed above. However, devolution of financial tools was not in the White Paper's gift - the forthcoming Lyons Inquiry and Comprehensive Spending Review must address these issues head-on.

Greater local spending, borrowing and revenue-raising powers, coupled with initiatives to increase city councils' financial engineering skills, would help to bridge the infrastructure gap in Britain's cities, as they have done in other places. The situation in the UK can be contrasted with Germany, the United States, and a range of other countries, where the financial returns from development accrue to local government - giving them an incentive to proactively facilitate additional development.

'Devolution is risky, but so is maintaining the status quo. Risk and experimentation are essential elements of local innovation which, in turn, is a critical component of improved governance and economic performance.'

Section 5

Recommendations

The officers of the APUDG, together with the Secretariat, have deliberated extensively. A wide array of evidence - desk-based research, private sector interviews, oral evidence from the formal inquiry session in November 2006, and written submissions to the APUDG - makes it clear that the present infrastructure funding system is not fit for purpose.

Substantial reforms are required in order to deliver the infrastructure that Britain's cities need to support and enable economic growth. These reforms must have two principal goals:

- To increase the efficiency and effectiveness of the infrastructure planning and delivery system, with

greater financial devolution helping to ensure that the right infrastructure solutions are delivered at the right time, in the right places; and

- To unlock greater private-sector investment in Britain's cities and towns, using new financial tools to deliver the infrastructure needed prior to private-sector development.

Government must grasp the opportunity represented by the forthcoming Comprehensive Spending Review and institute reforms that will deliver on these objectives. The All Party Urban Development Group urges the Government to take action in six areas:

Recommendation 1. Simplify the infrastructure financing framework

The existing infrastructure financing framework is extremely complex, with an enormous array of funding streams, agencies and stakeholders involved in development processes. This complexity leads to confusion, delay, additional cost and increased risk, each of which seriously inhibits development. We recommend that Government uses the Comprehensive Spending Review to simplify and consolidate existing infrastructure funding streams with greater local - rather than central - control over delivery. Multi-Area Agreements offer one way of achieving this objective.

Recommendation 2. Increase flexibility to promote the use of private sector capital

Private sector investment and involvement in infrastructure is crucial to economic growth and regeneration. It is imperative that the public sector at all levels takes steps to actively engage with private sector stakeholders over the long term. Local authorities have developed innovative partnerships with private sector developers and financiers in many cities in recent years. We recommend that policy-makers in cities continue to experiment with innovative ways of bringing private sector capital into key infrastructure projects - through Regeneration Investment Vehicles, for example. We also recommend that Government acts to streamline the legal and regulatory frameworks surrounding this type of mechanism in order to ensure that their use becomes more widespread.

Section 5

Recommendations

Recommendation 3. Increase financial and policy autonomy for city leaders

Greater autonomy will allow local leaders to be more responsive and effective in meeting their cities' infrastructure needs - including greater use of private-sector equity. We welcome the government's recent proposals on empowering local Government and promoting a local approach to issues such as transport. Government must now deliver the financial and policy autonomy that Britain's cities require to address local and regional infrastructure needs. The introduction of Supplementary Business Rates could help to achieve this objective. Government should use the Comprehensive Spending Review to demonstrate its commitment to devolution.

Recommendation 4. Clearly set out the arguments and evidence in favour of PGS

Government has recently confirmed its intention to introduce a Planning Gain Supplement (PGS), starting in 2009. Yet there is widespread concern among local authorities and businesses about the operation of PGS and deep uncertainty about how much funding it will really deliver for infrastructure funding. There are legitimate questions still to be answered on PGS, starting with 1) its expected take, 2) the impact on the Section 106 system, 3) the point of valuation and collection, and 4) the impact on locally controlled resources. Government must demonstrate that its proposals can genuinely deliver on the infrastructure needs of our towns and cities.

Recommendation 5. Introduce local financial tools that enable forward funding of infrastructure

Cities need a wider array of financial tools at their disposal in order to help deliver infrastructure - from utilities to new train stations. Above all else, local authorities need the power to capture and recycle the financial benefits of public investment in infrastructure. Local actors need to be given the tools that can release infrastructure funding prior to development. Tax Increment Financing should be given priority consideration, along with the introduction of more flexible local authority borrowing rules as first steps in expanding the local infrastructure tool-kit.

Recommendation 6. Improve public sector planning and economic development skills

Public sector capacity and skills issues need to be addressed. Too many local authority planning and economic development departments are viewed as under-staffed and under-skilled. There is evidence that this leads to wide variations in the ability of local authorities to secure satisfactory outcomes when negotiating with the private sector. We recommend that local authorities, together with regional agencies and central Government, invest more heavily in the specialist skills required to develop and deliver planning and economic development projects.

References

- Adair A et al (2006): 'Institutional investment in regeneration: necessary conditions for effective funding', London: IPF & IPFET
- Advantage West Midlands (2006): 'Submission to the All Party Group on Urban Development', October 2006
- All Party Urban Development Group (2006): Minutes of Proceedings: Inquiry Session, House of Commons, 20 November 2006
- Audit Commission (2006): 'Securing community benefits through the planning process: improving performance on section 106 agreements', London: Audit Commission.
- Barker K (2004): 'Delivering stability securing our future housing needs', London: HM Treasury
- Balls E, Healey J & Leslie C (2006): 'Securing social justice through regionalism and localism' London: NLGN
- Bennett J et al (2006): 'Would you live here? Making the growth areas communities of choice'. London: ipp
- Bramley G & Lambert C (2002): 'Managing Urban Development: land-use planning and city competitiveness' in Begg, I. (ed) 'Urban Competitiveness: policies for dynamic cities', Bristol: The Policy Press
- BCC (2006): 'Transport, an investment imperative: the business perspective on transport,' London: BCC
- BPF (2005a): 'Regeneration Manifesto 2005', London: BPF
- BPF (2005b): 'Don't kill the goose: the case for tariffs not tax', London: BPF
- BURA (2006): 'Submission to the All Party Group on Urban Development', October 2006
- Cabinet Office (1999): 'Modernising Government', London: Cabinet Office
- Cabinet Office (2005): 'Improving the prospects of people living in areas of multiple deprivation in England', London: Cabinet Office
- Carley M, et al (2000): 'Urban regeneration through partnership: A study in nine urban regions in England, Scotland and Wales', Bristol: The Policy Press
- CBI (2005): 'The business of transport: a new CBI business and employee survey', London: CBI
- CfIT (2002): 'CfIT response to the Government's consultation on the future development of air transport in the UK', London: CfIT
- CLES (2006): 'Submission to the All Party Group on Urban Development', October 2006
- Combes P-P, Duranton G & Gobillon L (2004): 'Spatial wage disparities sorting matters!', London: CEPR
- Connellan O (2002): 'Land Assembly for Development - The Role of Land Pooling, Land Re-adjustment and Land Consolidation' http://www.fig.net/pub/fig_2002/Ts9-1/TS9_1_connellan.pdf (last accessed October 2006)
- Core Cities Group (1999): 'Core Cities: key centres for regeneration - synthesis report' http://rogue.ncl.ac.uk/file_store/nclep_891140787190.pdf (last accessed October 2006)
- Core Cities Group (2003) 'Cities, Regions & Competitiveness', London: HMT
- DCLG (2006): 'Strong & Prosperous Communities - the Local Government White Paper', London: DCLG
- DfT (2004a): 'Crossrail Business Case Review', London: DfT
- DfT (2004b): 'The Future of Transport: a network for 2030', London: DfT
- DfT (2005): 'Transport, Wider Economic Benefits and Impacts on GDP', London: DfT
- DTI (2004): 'The retail development process and land assembly: volume 1 - report' London: DTI

References

English Partnerships (2006): 'Urban Development Corporations', <http://www.englishpartnerships.co.uk/udcs.htm> (last accessed October 2006)

Estates Gazette (2006): 'Dancing the quango', 2 September

Evans A & Hartwich O (2006): 'Better Homes, Greener Cities', London: Policy Exchange

Financial Times (2006): 'Gone north: state largesse brings hope and hope but little change', 20 September

Glaeser E & Kohlhase J (2003): 'Cities, regions and the decline of transport costs' Harvard: Harvard Institute of Economic Research

Glaister S (2004): 'Investing in Cities', Development Securities: London

Glaister S (2006): 'Funding for new London transport infrastructure is vital to meet the demands from growth' in 'London: bigger and better?', London: LSE London

GLA (2002): 'Rebuilding London's Future' London: GLA

GLA (2004): 'Financing the Future: a report on innovative financing mechanisms for major regeneration projects in London', London: GLA

Graham D (2005): 'Wider economic benefits of transport improvements: link between city size and productivity' London: DfT

Hackett P (ed) (2005): 'Financing the future', London: Smith Institute

Hackett P (ed) (2006): 'Incentives for Growth', London: Smith Institute

HMT (2004a): 'Budget 2004 - Prudence for a purpose: A Britain of stability and strength', HMT: London

HMT (2004b): 'Spending Review: Stability, security and opportunity for all: investing for Britain's long-term future', HMT: London

HMT (2005): 'Regional Funding Allocations', London: HMT

HMT (2006): 'Devolved Decision-Making: 3 - Meeting the regional economic challenge: the importance of cities to regional growth', London: HMT

HMT/DCLG (2006): 'Greater rewards for local authorities that promote business growth', 14 September press release
http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2006/press_jointdclg_2006.cfm (last accessed October 2006)

Knight Frank (2006): 'Planning-gain Supplement audit: final report', London: Knight Frank

LGA (2006): 'Closer to people and places a new vision for local government - arguments on limits of centralism, its costs and the value of localism', LGA: London

London First (2006): 'Submission to the All Party Urban Development Group', October 2006

Lyons M (2005): 'Lyons Inquiry into local government - consultation paper and interim report' London: HM Treasury

Lyons M (2006): Speech delivered to 'Economic prosperity: the local dimension', 14 September

Marshall A (2005): 'Bigger better smarter: why the extended Lyons inquiry is good for our cities', London: centre for cities at ippr

Marshall A & Finch D (2006): 'City leadership: giving city regions the power to grow', London: centre for cities at ippr

Maxwell D & Vigor A (eds) (2005): 'Time for land value tax?', London: IPPR

Mills R & Rowe R (2006): 'Financing solutions for growth and renewal', in P Hackett (ed), Incentives for Growth. London: Smith Institute.

Mills R & Atherton M (2005): 'Financing urban regeneration - the case for PPPs', in P Hackett (ed), Financing the Future London: Smith Institute

Monk S et al (2006): 'Delivering affordable housing through Section 106: outputs and outcomes', London: Joseph Rowntree Foundation

Muellbauer J (2004): 'Property and land, taxation and the economy after the Barker Review', London: Joseph Rowntree Foundation

Mulgan G & Bury F (eds) (2006): 'Double devolution: the renewal of local government', London: The Smith Institute

NAO (2000): 'Supporting innovation: managing risk in government departments', London: NAO

NLGN City Regions Commission (2005): 'Seeing the light? Next steps for city regions' London: NLGN

OECD (2005): 'Economic Survey of the United Kingdom 2005: Executive Summary', Paris: OECD

ODPM Select Committee (2005): 'Housing, planning local government and the regions - minutes of evidence' <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmselect/702/5112101.htm> (last accessed October 2006)

ODPM (2006): 'State of the English Cities Report', London: ODPM

Prud'homme R & Lee C (1999) 'Size, sprawl, speed and the efficiency of cities' in Urban Studies 36:11, 1849-1858

Rice P & Venables A (2004): 'Spatial Determinants of Productivity: Analysis for the Regions of Great Britain', London: Centre for Economic Policy Research

Rice P & Venables A (2006): 'Spatial determinants of productivity: analysis for the UK regions', London: Centre for Economic Performance

RICS (2006): 'RICS View: City Development Corporations' <http://www.rics.org/AboutRICS/RICSstructureandgovernance/RICSpolicy/RICSviewcitydevelopmentcorporations.htm> (last accessed October 2006)

Riordan T (2006): 'Financing the Northern Way: incentives for regeneration in the North' in Hackett P (ed) 'Incentives for Growth', London: Smith Institute

Roger Tym & Partners (2005): 'The costs and funding of growth in South East England', London: Roger Tym & Partners

RTPI (2006): 'Submission to the All Party Urban Development Group', October 2006

Startup T & Rossiter A (2003): 'The role of property in financing infrastructure', London: Social Market Foundation

Short J (2002) referenced in BCC (2006): 'Transport, an investment imperative', London: BCC

Standard & Poor's (2004): 'Public Finance Ratings, Research: Transport for London' <http://www.tfl.gov.uk/tfl/downloads/pdf/investment/040227-sp-update-report.pdf> (last accessed October 2006)

TCPA (2006): 'Connecting England' London: TCPA

TfL (2006): 'TfL submission to the Lyons Inquiry into Local Government Finance' <http://www.tfl.gov.uk/tfl/downloads/pdf/about-tfl-report-library/TfLs-submission-to-the-Lyons-Enquiry.pdf> (last accessed October 2006)

Travers T & Glaister S (2006): 'Improving local transport: how small reforms could make a big difference' London: LGA

Whitby M (2005): 'Birmingham Council Leader's letter to Tony Blair' 11 April 2005 http://www.birmingham.gov.uk/GenerateContent?CONTENT_ITEM_ID=56863&CONTENT_ITEM_TYPE=9&MENU_ID=198 (last accessed October 2006)

Woolas, P (2005): Speech entitled 'Local Area Agreements: a strategic approach to delivering local priorities', 27 October

Witnesses, APUDG Inquiry Session, 20th November 2006

Tony Travers (Director, Greater London Group, LSE)
 David Wechsler (Chief Executive, London Borough of Croydon)
 Sir Robin Wales (Mayor, London Borough of Newham)
 Ian Bromley (Chief Executive, Creative Sheffield)
 Lesley Chalmers (Chief Executive, English Cities Fund)
 Peter Miller (Director of Development, Westfield)
 Heneage Stevenson (Director, Bee Bee Developments)
 Ken Dytor (Managing Director, Regeneration Investments Ltd)
 James O'Shaughnessy (Head of Research, Policy Exchange)
 Chris Leslie (Director, NLGN)
 Adam Marshall (Senior Researcher, Centre for Cities)

Written Submissions Received

Academy for Sustainable Communities
 Museums Libraries Archives - South East
 Advantage West Midlands
 One North East
 Bee Bee Developments Ltd
 Royal Institute of Chartered Surveyors
 British Urban Regeneration Association
 RPS Planning
 Centre for Local Economic Strategies
 Cllr D Antrobus, Salford MBC
 Hull City Council

South East England Development Agency
 Labour Finance & Industry Group
 Royal Town Planning Institute
 Leonard Martin - Planning & Land Economics
 Seaside Ltd
 London First
 URBED
 Westfield Ltd

Stakeholder Interviews

Position	Company	Date of interview
Chief Executive	Regeneration Investments	29/09/2006
Finance & Commercial Director	The Asset Factor	04/10/2006
Directors	Pruprim	04/10/2006
Senior Director	Royal Bank of Scotland	09/10/2006
Chief Executive	ISIS	09/10/2006
Partner	Cushman & Wakefield	11/10/2006
Partner	Drivers Jonas	12/10/2006
Managing Director	Land Securities	17/10/2006





Printed on recycled paper

© Copyright All Party Urban Development Group 2007

www.allparty-urbandevelopment.org.uk

