Mechanisms of urban change: regeneration companies or development corporations?

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Abstract

The Government has ambitions for Urban Regeneration Companies (URCs) to lead and coordinate the regeneration of urban areas, much in the way the Urban Development Corporations did through the eighties and nineties. However, URCs do not have the same powers, funding and land ownership that their predecessors had. Are URCs just a watered down version of UDCs or are they viable and effective delivery vehicles in their own right?

The paper investigates three particular aspects of URCs operation: land ownership, development control powers and financial resources. Case studies of three URCs, New East Manchester, Sheffield One and Sunderland ARC, explore the performance of the fledgling companies in promoting development of key sites, complemented by interviews with URC officers and board members and regeneration practitioners.

The paper concludes that the ownership and control over land is critical if URCs are to successfully promote regeneration projects, but that their lack of planning and compulsory purchase powers need not hinder their progress, as they can rely on their key partners to intervene on their behalf. The lack of ring fenced funding for URCs means that they waste valuable time chasing money.

Introduction

The research assesses the ability of Urban Regeneration Companies (URCs) to lead and coordinate the regeneration of urban areas and analyses whether this is hindered by their lack of land ownership, powers and funding. To do this, the URC concept is compared to the Urban Development Corporation (UDC) model. The research hypothesises that, in comparison to UDCs, URCs are weak in terms of their powers, funding and land ownership;

they will find it difficult to deliver physical regeneration of their areas if they do not have control of key sites.

Because of the paucity of objective evaluation of the progress of URC's to date, case studies have been compiled to explore their performance in promoting regeneration projects. Two of the three pilot URCs, New East Manchester and Sheffield One, were chosen because they have been running longest and have more progress to draw on, and for comparison, one of the most advanced of the second round of URCs, Sunderland ARC, was studied. Evaluation and analysis of the performance of UDCs was assembled exclusively from the rich seam of secondary literature that exists on these now defunct quangos.

Profiles of the three URCs were compiled using information from predominantly secondary sources. Site visits were made to each of the URCs, to identify particular projects to include within the case studies, inform the interviews and gain an impression of what was occurring 'on the ground'. Questions were framed around four themes, powers, land ownership, site selection and funding. These formed the basis of semi-structured interviews that were conducted with senior URC staff, board members and regeneration practitioners. By interviewing a range of people it was possible to represent an array of different opinions, to vigorously test the hypotheses.

The pilot URCs have now been in operation for over three years and it seems an opportune time to assess their performance, to date, in promoting property-led regeneration projects. To do this effectively, the URC model is compared to that of UDCs, the agencies that were tasked by successive Conservative Governments to deliver much the same things through the 1980's and 90's. The debate about the merits of UDCs has recently been re-ignited, fuelled by speculation that the Labour Government may designate a series of development corporations to deliver regeneration in the Thames Gateway.

Urban Regeneration Companies (URCs)

The URC model was developed by Sir Alan Cockshaw, of English Partnerships, independently of the Government, but with tacit approval by the Deputy Prime Minister (Brown 2003). The URCs concept was one of the key recommendation of the Urban Task Force, that envisaged single purpose delivery bodies to lead and coordinate the regeneration of neighbourhoods, recommending that they be enabled by the Government (Recommendation 35). The Task Force Report identified a number of specific roles of URCs:

1. commissioning spatial masterplan and development frameworks
2. building the project partnership and assembling a professional team
3. undertaking feasibility work
4. attracting public funding and raising private sector finance
5. undertaking community consultation
6. marketing and promoting regeneration opportunities
7. acquiring public land, undertaking site preparation and direct development.

(DETR 1999)

The Government supported the establishment of three pilot URCs (Liverpool, Manchester and Sheffield) and commissioned Michael Parkinson and Brian Robson (2000) to provide an evaluation of the formation process of the three, to inform the establishment of more of them. They observed that, unlike UDCs,

'*URCs represent a potentially valuable mechanism for linking key players across the public and private sectors and are a welcome step in the process of better coordination of policy at local level.'* (DETR 2000)

The Urban White Paper (2000) introduced a rolling programme of around 12 new companies over the next three years, with a limited number in each region (see Table 1). The Government defined the remit of URCs by a list of principals rather than a prescriptive model and, unlike UDCs, they have no statutory basis, although each URC must be approved by the Deputy Prime Minister. The DETR later published guiding principals over the roles and responsibilities of key partners as well as criteria for the establishment of future URCs, that confirmed that establishing a URC does not bring with it any additional resources or powers over and above those that the partners themselves are willing to commit (DETR 2001). It also defined URCs as being:

'*New independent companies established by the relevant Local Authority and Regional Development Agency, as well as English Partnerships, the private sector and other key partners. URCs work towards a co-ordinated approach to the problems and opportunities in their target areas…their principle focus is engaging the private sector in an agreed physical and economic regeneration strategy, this needs to be within the wider context of a comprehensive approach to tackling the problems, and identifying the opportunities, of an area*.'

(DETR 2001)

They also commissioned an analysis of URCs from Amion Consulting, the purpose of which was to develop key policy lessons by:

1. Establishing added value that the URC structure brings to the pilot areas,
2. Drawing out the wider application, policy and practice issues and lessons of the URC approach from the pilots, as they complete their strategies and move towards implementation.

(DTLR 2001)

Amion reported that the URC experiment would fail without more long-term financial commitment, pointing out that more financial certainty was necessary to attract and retain high quality staff. They felt that it was unnecessary for URCs to have direct CPO powers, because accountability and democracy would be compromised. The report criticised URCs for failing to put in place rigorous auditing and monitoring arrangements (DTLR 2001).

URCs are concerned with much the same matters as UDCs, and it is interesting to note that in seven urban areas where there was once a UDC, there is now a URC. The DETR initially limited each English region to two URCs, concerned that resources would be spread too thinly otherwise, but after an outcry from RDAs they relented. There are now two regions, East Midlands and Yorkshire and Humberside, that have three URCs while the South East and London currently have none. Stirling is set to become Scotland's first URC.

Table 1 UDCs and URCs in England

		Urban Development Corporations
Phase 1	1981	London Docklands, Merseyside
Phase 2	1987	Teesside, Tyne and Wear, Trafford Park, Black Country, Sheffield
Phase 3 (mini)	1988	Central Manchester, Bristol, Leeds, Sheffield
Phase 4	1990	Birmingham Heartlands, Plymouth
		Urban Regeneration Companies
Pilot Phase	1999/2000	Liverpool Vision, New East Manchester, Sheffield One
	2000	Leicester, Sunderland ARC
	2001	Bradford, Cambourne Pool and Redruth, Hull Citybuild, The New Swindon, Tees Valley
	2002	Catalyst Corby, Derby, West Cumbria, Sandwell

Source: National Audit Office 1993 and ODPM 2003

Urban Development Corporations (UDCs)

'The UDCs were forerunners in reorientating urban policy…pump-priming inner city land values through infrastructure projects, creating and enabling the new spaces of production and

consumption and utilising private sector capital as a mechanism for revitalising the cities.'

Imrie and Thomas (1993).

UDCs were to secure the regeneration of their areas by:

- bringing land and buildings back in to effective use
- encouraging the development of existing and new industry and commerce
- creating an attractive environment
- ensuring that housing and social facilities are available to encourage people to live and work in the area

(1980)

UDCs were given wide powers to 'acquire, hold, manage, reclaim and dispose of land and property', to carry out building, run a business or indeed to, 'do anything necessary or expedient for the purposes incidental to those purposes'. As well as purchasing land by agreement, UDC could take over land held by public bodies (vesting) or use their compulsory purchase powers to acquire land from private individuals against their will. The Act also enabled UDCs to give statutory planning permissions, take responsibility for building control functions, provide mortgages, loans, grants and even take over housing authority and public health functions (Oatley 1989).

By March 1992 the eleven UDCs in England and Wales had spent £753 million, accounting for 57% of the DoE's expenditure on inner city policy, with London Docklands taking the lions share (Department of the Environment 1992).

The UDCs were controversial for a number of reasons. Firstly, because they were generously funded at a time when local authorities were being rate capped by the Conservative administration. Secondly, they took over the local planning authorities' development control powers for their urban development area. Thirdly, they were not accountable to the general public, only to the Secretary of State for the Environment, who appointed the Chief Executive, Chair and board members. Fourthly, they pursued their remit in such a narrow and single minded way that the local population were often the last to benefit from their activities and finally, that they gave lie to the notion that the basis for urban revitalisation lies in the market and entrepreneurship (MacGreggor and Pimlott 1991).

The Department of the Environment, Transport and the Regions (DETR) commissioned independent analyses of UDCs as they were about to be wound up. These included ‘UDCs: Performance and Good Practice’ by Roger Tym & Partners (No.17, 1998) and ‘The Impact of UDCs in Leeds, Bristol and Central Manchester’ by the Centre for Urban Policy Studies (CUPS) at the University of Manchester (No.18, 1998). In addition, many of the UDCs themselves, published reviews of their ‘success’, the most notable of which was London Dockland Development Corporation’s collection of themed reports written by independent researchers.

Roger Tym’s research on the performance and good practice of UDCs confirmed that site assembly and reclamation by the public sector are critical in overcoming failures in land and property markets (DETR 1988a). The CUPS report listed both positive and negative contributions that the ‘mini’ UDCs had made:

- The incidence of social benefit is a key component to success which was largely ignored by the three UDCs
- Creation and maintenance of good local networking is a pre-requisite for effective sustainable regeneration.
- There was no evidence that the area benefited disproportionately to adjacent areas.
- The need to achieve output targets in a relatively short time period explain the UDCs’ concentration on the more commercially attractive sites
- Their clearest achievement was success in assembling sites and encouraging physical development
- They achieved major accomplishments especially when property market recession is taken into account.

(DETR 1998b)

The ODPM is currently contemplating creating UDCs to deliver physical regeneration in the Thames Gateway, the full regulatory impact assessment for which offered three options which were do nothing, set up URCs or UDCs. It predicted that a UDC would cost in the region of £2m per annum, to be paid for by the Thames Gateway Programme. Creating UDCs is the favoured option because of the complex land assembly problems that would be best tackled by a single minded body with statutory powers, including planning and a dedicated funding stream (ODPM 2003). Clearly URCs are not seen as being up to the job.

Comparing URCs to UDCs

Table 2 sets out a comparison of the two models followed by an elaboration of the four key themes of powers, land ownership, project selection and funding that were then investigated further by case study and interviews with practitioners.

Table 2 Comparison of the UDC and URC models

	UDC	URC
Origin	1980 Local Government Planning & Land Act, Part XVI	Urban Task Force 1999 Urban White Paper 2000 Guidance and Principles 2001
Statutory basis	Yes	No
Number in England	11	14 to date
Life-span	Between 5 and 17 years	Generally 10 to15 years (predicted)
Aims	To bring land and buildings back into effective use	Coordinate and deliver holistic and sustainable regeneration
	Create environment conducive for private sector investment	Engage the private sector in an agreed physical and economic regeneration strategy

	Encourage development of new commerce and industry	Work with key partners to deliver employment opportunities
	Ensure housing and social facilities are available	Work with key partners to link activity to local communities
Staffing and use of consultants	Medium sized in-house establishments with use of consultants	Small in-house teams with reliance on use of external consultants
Politics and Governance	Usurped local authorities	Local authorities a key partner
Appointment of board/exec	By Secretary of State	By local authority and RDA, approved by Secretary of State
Relationship with local authority	Completely autonomous	A key partner but should operate at arms length
Planning Powers	Given development and building control powers in Urban Development Area	Rely on Local Planning Authority to use powers to assist their work
CPO Powers	Full powers used extensively	Key partners exercise on their behalf (RDA, EP & local authority)
Vesting of publicly owned land	Common	Control of land often retained by local authority or other public body
Ownership of Sites	Used finance and powers to buy land	Few sites owned; exploit key partner's land banks
Plans	Master planning of sites, not embedded in strategy	Master plans set within regeneration frameworks and strategies
Accountability	To board and Secretary of State	To key partners and Deputy Prime Minister
Central	Significant ring-fenced	None

Government Funding	funding from from DoE and SRB	Funded by key partners
Tax Incentives	Only where overlapped with Enterprise Zones	Stamp duty exemption in deprived areas; contributions by business to URCs tax deductable

Powers

The above table clearly illustrates that in comparison to UDCs, URCs are weak. They have no planning or compulsory purchase powers, but must rely on their key partners to exercise these powers on their behalf. The notion of transferring development and building control powers from democratically elected local authorities to un-elected bodies, may seem less acceptable in today's more devolved political environment. However, the Government did not appear to have too many reservations when it gave RDAs CPO powers, allowed the revamped English Partnerships to retain theirs, and is now contemplating creating UDCs for the Thames Gateway, with full planning and compulsory purchase powers.

Despite this, the URC model does has some distinct strengths, not least the good working relationship between the URC and local authorities. The Secretary of State for the Environment ultimately decided where to designate UDCs, often riding roughshod over the views of local authorities. A good working relationship between a UDC and the local authorities contributed to successful delivery of projects (for example in Central Manchester and Tyne and Wear), but where UDCs and local authorities were at loggerheads, progress was often blighted (for example in Bristol and Teesside).

For URCs, it is the local authorities and RDAs that propose their creation, subject to approval by the Deputy Prime Minister, before English Partnerships are brought in establish them, therefore the local authority is a key partner and embedded from the outset. All URCs interviewed for this study claimed to have a good or excellent working relationship with their respective local authorities. This is evident in several aspects of their activity, e.g. land provision and UDP revision. For example, Sunderland ARC's plans for Stadium Park (see case study) entail the relocation, and possible closure, of several local businesses.

Sunderland City Council were at first reluctant to accept the plans, but the URC managed to convince the council that they would be beneficial for Sunderland in the long-term and are now pursuing the plans with the full backing of the council.

Land Ownership and Project Selection

UDCs had significant resources and CPO powers to pursue the purchase of large swathes of their UDA. They could also have land vested in them from other public sector organisations. They were able to assemble large sites for flagship developments and major infrastructure projects, and depending on market conditions, could generate receipts from land sales that could be reinvested in land and property. This strategy was not without risk, as noted in the CUPS study of UDC's, that found that Bristol Development Corporation's determination to pursue large-scale flagship projects only added to its difficulties (DETR 1998).

By comparison, URCs own little land, relying instead on the land ownership of their key partners, but this makes them vulnerable to serious delays and expense if they or their partners do not have control of strategic sites. If this is the case, then they must seek to purchase land by agreement. If the landowner resists then the URC must rely on its key partners to exercise their compulsory purchase powers (or threat of) to acquire sites on their behalf. But what if the landowner is a private company with more financial resources than the URC, who are prepared to fight any threat of CPO? A URC may spend many months working up plans for a site that is not in their control and then waste valuable time and resources trying to secure its ownership, at the end of which they may be unsuccessful.

UDCs were often accused of cherry picking projects that would attract the most investment and generate the most outputs, rather than tackle areas of greatest need.

'Projects that have a social or community content are seen as a 'poor investment' by UDCs, …because their remit is to invest in schemes that bring in the largest amount of private investment at the lowest direct public subsidy.'

CLES (1992)

URCs are little different, and appear to be targeting most of their efforts and resources at sites that are in the ownership of their key partners (see Table 4). This is a less risky approach than pursuing ambitious development schemes on sites that they do not exercise any control over, because they do not have the powers or resources of the UDCs to rescue them if they get in to difficulties.

Funding

UDCs received generous grant-in-aid a considerable proportion of which was spent on infrastructure and land purchase and could generate additional capital receipts from the sale of land. At their peak UDC's combined spending on land purchase and reclamation made up more than half (some £399m) of the DoE's total urban spending in England (DoE 1992). Table 3 shows the spending of the mini UDCs on land purchase and infrastructure as a percentage of their total operating budget. UDCs were also able to exploit Enterprise Zones where they overlapped with there UDA to put together a package of infreastructure, grants, rental guarantees and tax breaks that proved irresistible to the private sector.

Table 3 UDC Expenditure on Infrastructure

Expenditure	Leeds UDC £000	Bristol UDC £000	Central Manchester UDC £000
Land Purchase (% Of overall)	£27,411 (38.6%)	£34,384 (30.7%)	£14,357 (13.5%)
Roads and Transport (% Of overall)	£6,507 (9.2%)	£2,559 (2.3%)	£506 (0.5%)

(DETR 1998)

URCs by contrast, have no ring-fenced funding from Central Government and must rely on their key partners to provide capital and revenue funding and make provision for infrastructure and servicing of development sites. The plans for particular development projects will be influenced by the amount of capital provided by key partners, dispelling any notion that URCs are truly autonomous arms-length delivery bodies.

A consequence of the lack of dedicated funding is that URCs end up wasting valuable time chasing resources rather than getting on with the job of delivering regeneration.

"In cold terms no, there is not enough funding. The revenue budget is much too small. It is not a significant problem, but is a pain. In practice there are ways to get round it, for example, the council has left over funds at the end each year which Sunderland ARC can use to finance projects."

(Regeneration Officer, Sunderland ARC 2003)

URCs may also be able to influence the spending of resources from other initiatives, such as SRB Challenge Fund, New Deal for Communities and Neighbourhood Renewal and steer them to their areas. It was announced in April 2003 that there are to be tax breaks for businesses that contribute towards URC's and where their area are recognised as deprived there is an exemption from stamp duty for both commercial and residential properties. However, as the Amion report (2001) pointed out, the stamp duty exemption has had little impact in areas where demand is weak because property values are so low (less than £60,000) that stamp duty does not apply anyway.

Case Studies

Case studies of three URCs, New East Manchester, Sheffield One and Sunderland ARC, were carried out to explore the performance and progress of the URCs in respect of the promotion of property-led regeneration projects. Each city has its own unique reasons for suffering deprivation, but what is common between them is the depth of their problems and the history of regeneration initiatives that have been employed to attempt to tackle them (see Table 4). All three cities have had UDCs, City Challenges, SRB Projects, New Deal for Communities and Neighbourhood Renewal. In the past, such initiatives have not always been well coordinated and the URC model offers a mechanism with which to draw together different policy and funding strands.

Table 4 Evidence of Deprivation

(where 1st equals most deprived, out of 355 wards in England in 2000)

	Manchester	Sheffield	Sunderland
Rank in Employment Scale	3rd	5th	8th
Rank in Income Scale	3rd	6th	15th
Rank in Average of Ward (multiple deprivation)	7th	92nd	15th

(ODPM 2000)

A brief description of each case study URC follows, identifying their key development projects and summarising two of the most advanced or significant of them.

Table 5 General information on the 3 URCs (* At designation; **at April 2003)

	NEM	Sheffield One	Sunderland ARC
Date incorporated	February 2000	February 2000	September 2002
Lifetime*	15 years	10 to15 years	15 years
Area*	1100 ha	89 ha	688 ha
Population*	30,000	3,000	65,000
Number of key sites**	7	6	6
RDA	North West	Yorkshire Forward	One NorthEast
Local Authority	Manchester City	Sheffield City	City of Sunderland

New East Manchester (NEM)

New East Manchester covers a large area to the east of Manchester City centre, which has all the characteristics of an inner-urban area with poor infrastructure and communications, low quality housing, a degraded environment and a lack of job opportunities and private investment.

NEM state in their regeneration framework (2001) that they are seeking to:

- Double the population to 60,000 over 10 to 15 years
- Build up to 12,500 new homes of a range of tenure and type
- Create a 160 hectare business park
- Provide the £100 million Sportcity complex,
- Create a new town centre with 12,000 sq m retail provision

(NEM 2001)

Legend of key sites (see Map 1)

1. Sportcity
2. North Manchester Business Park
3. Ashton Canal Corridor
4. Open Shaw Business Centre
5. Ancoats Urban Village
6. New Islington
7. Beswick

<u>Map 1. New East Manchester Key sites</u>

Source: New East Manchester Regeneration Framework (2001)

Sportcity, Ashton (see Map 2)

The Commonwealth Games Sportcity project may, in due course, be seen as a catalyst for the regeneration in East Manchester, but now that the Games have been and gone, it will be interesting to observe whether it can maintain the momentum generated or whether this was an early high point. NEM intended Sportcity to:

- create a regional magnet and a new town centre, incorporating neighbourhood shopping opportunities

- introduce new high value housing along the Ashton Canal
- bring in investment for leisure
- create 3,500 new jobs
- reclaim 146 hectares of derelict, former industrial land.
- become the new home of Manchester City F.C.

(NEM 2001) (Russell 2002)

Map 2 Sportcity Plan

Source: NEM Regeneration Framework (2001)

Ashton Canal Corridor (Map 3)

The regeneration of the 1.5 mile Ashton Canal Corridor began in February 2001 and includes:

- an accessible and attractive canal environment through East Manchester, that is pedestrian and cyclist friendly, connecting Manchester City centre to Sportcity and Ashton-under-Lyme.
- improvements to the public realm, including provision of high quality lighting for increased security
- a new metro-link making the corridor more accessible.
- conversion of canal side properties for high value housing

(NEM 2001)

Map 3. Ashton Canal Corridor

Source: NEM Regeneration Framework (2001)

Progress

There are funding constraints from the key partners, particularly North West Development Agency. The projects it funds are directly linked to targets and outputs that contribute to the Regional Economic Strategy, such as employment creation and brownfield land reclamation. Improving access corridors is another priority for NWDA, that they believe will attract private investment and stimulate development.

There is evidence that the URCs partners are prepared to use their land acquisition powers to meet regeneration goals. Manchester City Council assembled the Sportscity site, albeit before the formation of NEM, and buildings along Ashton Canal Corridor have been compulsory purchased by NWDA. Land Ownership has not proven to be a major problem, due to the Council owning large land banks in East Manchester, without which North Manchester business park would never have happened.

Sheffield One

Sheffield 1 has a fixed life of seven years, although the master plan provides a regeneration framework for 10-15 years. It is concentrating efforts and resources on a small area, principally the City cenre within the inner ring road.   The master plan focuses on four strategic objectives:

1. to build a new high-technology based economy within the city centre
2. to create a vibrant City and attract a mixture of high quality occupiers
3. to improve accessibility and provide an integrated, user-friendly transport system
4. to enhance the public realm.

(Sheffield One 2002)

Legend of key sites Map 4

A Retail Quarter

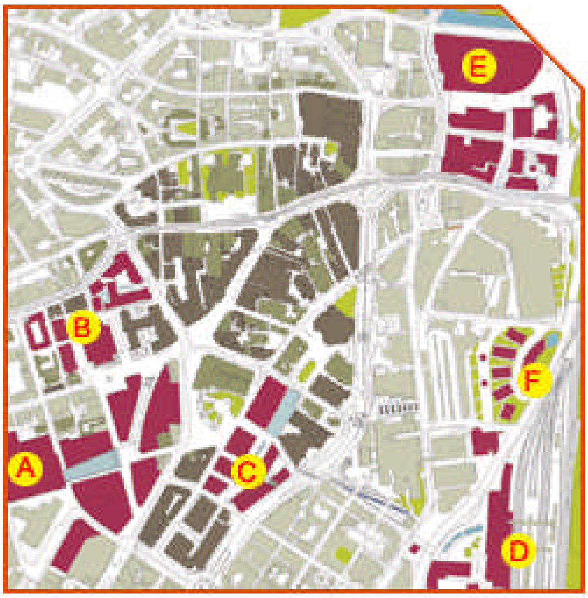
B City Hall- Barkers Pool

C Tudor Square ‘Heart of the City’

D Rail Station Interchange

E Castlegate

F Sheaf Valley E-Campus



Map 4 Sheffield 1 Key sites.

Source: Sheffield One Executive Summary Master Plan (2002)

Rail Station Interchange, Midland Station and Howard Street Link.

The principles underpinning the development are to:

- Create a high quality, safe and pedestrian safe core
- Continue to divert through traffic
- Refocus the public transport system
- Enhance passenger facilities
- Improve the legibility of Sheffield city centre
- Improve the key gateways into the city centre.

Illustration 1 Interchange and E Campus, Sheffield 1.

Source: Sheffield Master-plan Executive Summary (2002)

The works commenced in 2001, with a new civic plaza and road plan forming part of a £37 million scheme drawn up between the City Council, South Yorkshire Passenger Transport Executive, Midland Mainline and Sheffield One. The project, with Government backing of £7.65 million, will see a redesign of Sheaf Street, immediately in front of Midland Station (Sheffield Official City Guide 2002).

E-Campus, Sheaf Valley (see Map 4)

The E-Campus intends to be a flagship high-tech business park located in the Sheaf Valley. It will offer 600,000 square feet of custom-built facilities, and aims to be one of the UK's most technologically advanced business locations. Its development aims to strengthen the City's knowledge base, via research and ideas from the two universities, and generate jobs that don't rely on traditional industries (Sheffield Official City Guide 2002).

Progress

The difficulties confronting URCs can best be illustrated through the E-campus technology project. The original scheme collapsed because the intended site, the City's central bus station, could not provide enough space to accommodate the project. Despite considering at least two other sites, Sheffield One failed to find an alternative site that was big enough, and in an appropriate location, to accommodate the project, which has now been scaled down to fit the original site (Greig-Smith 2003). This debacle raises doubts about the ability of URCs to deliver regeneration when they don't have ownership or control over land.

Sunderland ARC

Sunderland URC came about as a result of a study (Area Regeneration Compact) initiated by One North East in 1999, focussing on a crescent shaped area on the south side of the River

Wear. The URC was announced in 2001 and it commenced operation in 2002 with a greater area than that covered by the original compact. It is a 15 year strategic vision, primarily focused on six key sites illustrated on Map 5.

Map 5. Sunderland Key sites

Source:

Legend of Key Sites for Map 5

Priority One

1. Former Vaux Brewery
2. Farringdon Row
3. Holmeside

Priority Two

4. Stadium Park
5. Former Groves Cranes
6. Port of Sunderland

To date, no physical activity has taken place on the ground, the URC having concentrated its initial efforts on preparing master plans for the sites, raising finance, putting together delivery teams, attracting private investors, assembling sites and putting development opportunities out to tender. The business plan for Sunderland ARC was published in April 2003.

Former Vaux Brewery

<u>Photograph 1 Vaux Brewery</u>

Source www.news.bbc.co.uk

Sunderland ARC's ambition is for the project to create a new quarter to the north of Sunderland City centre, giving the 'River Wear back to the City'. The master plan seeks to address the sites current inaccessibility, severed as it is, from the City centre by a busy road and having no linkage to the banks of the River. The master plan proposes to alter traffic-flow, through a diversion and one-way system and build a new pedestrian/cycle bridge to connect it to the Stadium of Light. The proposed land uses include apartments, complimentary retail, a public use building, media-technology and a new meeting place, the piazza, where there will be cafes, bars, seating, under a glass canopy. The URC has suggested that it will create up to 6000 jobs (Sunderland ARC 2002).

Sheepfolds and Stadium Park (Sports Village)

Plans for this area include a sports academy integrated with Sunderland Association Football Club, an Olympic-sized swimming pool and a footbridge over the Wear to link to the City centre. Progressing the scheme will necessitate relocating some existing businesses (mainly B1, B2 and B8 occupiers), a course of action that, in the past, generated a lot of criticism of UDCs.

Progress

Sunderland ARC's progress has been hampered by an inadequate revenue budget of £750,000 in 2002, which was increased to £860,000 in 2003. There are concerns about the financial certainty of the Stadium Park development where Sunderland AFC, the main partner, has substantial debts following relegation from the Premiership last season. The proposed relocation of existing businesses from the site was not initially welcomed by the City Council, but with some persuasion they have acquiesced to the idea.

Sunderland ARC are reliant on One North East using their compulsory purchase powers to secure the priority 1 sites (former Vaux and Holmeside) because they are not currently in public ownership.

Assessing the performance of URCs

Powers

Given that the DETR regarded the greatest achievement of UDCs as being their success in assembling sites and encouraging physical development (DETR 1998), do URCs have sufficient powers at their disposal to deliver regeneration?

URCs have no planning or compulsory purchase powers but this does not have to hinder their success, although it can slow down progress, as they have to rely on their key members to exercise such powers on their behalf. If URCs had been given similar powers to UDCs, this would have re-ignited old animosities and provoked a more confrontational environment in which the URCs would have had to work. Instead the URCs have been set up as integrated partnerships that have a symbiotic relationship with their partners. If local authorities want regeneration to take place in their district, or RDAs want URCs to deliver outputs that contribute to Regional Economic Strategies, and English Partnerships want development to be delivered on brownfield sites, then they must all help the URCs to progress their schemes.

A couple of interviewees felt that the lack of powers was not a major issue, as long as the partnership was working, and the URCs themselves were generally of the opinion that they did not want planning powers.

> *'Everyone gets hung up on lack of planning and CPO powers… the most useful (power) would be that of the highway authority because highways issues take up the most time and cause most problems. Infrastructure is crucial to the success of developments. If I had the choice of one power, I'd pick highway powers, many people, especially from a private sector background agree.*
>
> (Regeneration Officer, Sunderland ARC 2003)

There was a varied response from interviewees when asked to contemplate whether lack of direct powers and reliance on the support of key partners would hamper progress. The general consensus was that it does slow the process down because it is an inefficient use of resources, creating as it does an additional layer of communication and coordination. A more positive perspective is that it may benefit the URCs, because they are not directly involved in and responsible for progressing a CPO.

All interviewees stated that having no direct planning powers would not hinder development because of their good working relations with the Local Planning Authority, and were of the opinion that it was inappropriate for the URC to have planning powers. However, URCs appear to have no qualms in objecting to new development proposals, within or adjacent to their boundary, if they are not compatible with their own plans. Arguably an objection from a URC will hold greater weight because of the 'special relationship' a URC has with their Local Authority partner. If an applicant believes that a URC has had undue influence over the determination of a planning application, then a refusal of planning consent may be subject to appeal. For example, Sunderland ARC have objected to residential planning applications outside of their area because they would use up some of the limited new housing allocation for the City, potentially jeopardising its plans for the former Vaux site. They also intervened on Farrington Row, where a volume housebuilder was made to resubmit their plans because of their poor urban design quality.

Land Ownership and site selection

Land ownership by URCs was considered of crucial importance by all interviewees. Without control of key sites it is more difficult to initiate regeneration, uncertainty and delays can arise and abortive expenditure may be incurred, all of which can compromise delivery. For projects where land is in the ownership of the URC, or key partner (usually the local authority) the delivery of regeneration schemes is easier, as demonstrated by the North Manchester Business Park and Sportcity developments of NEM. URCs may therefore choose to concentrate their regeneration activity on land already owned by one of their key partners, thereby reducing uncertainty and the risk of delays and additional costs. NEM confirmed that a deciding factor on where to focus regeneration activity, was the availability of land in the ownership of a key partners. However, this may cause a skewing of development activity from the optimum location to an inferior, more convenient option.

Table 4 illustrates the ownership of key sites, most of which are owned or part owned by the local authority or another public body. The potential problem sites are those in private or fragmented ownership, however URCs will also have to tackle problem sites that are owned by their partners, some of which were previously overlooked by UDCs. For example, Tyne and Wear Development Corporation decided that the Port of Sunderland was too complex and difficult a project to pursue, and in Manchester the Ashton Canal Corridor was neglected due to it being in fragmented ownership. Both projects are now being pursued by the respective URC.

Table 4 Ownership of land for key URC projects

URC	Site/ Project	Owned by
Sunderland ARC	Former Vaux Brewery	Tesco
	Holmeside	Sunderland CC/private
	Farringdon Row	Sunderland CC
	Groves Cranes	Private
	Port of Sunderland	Sunderland Port Authority
	Stadium Park	Sunderland CC/ Sunderland AFC/private
New East Manchester	Sportcity	Originally Manchester CC
	Ashton Canal Corridor	Fragmented
	North Manchester Business Park	Manchester CC
	Beswick	Manchester CC
	Open Shaw Business Centre	Manchester CC
	Ancoats Urban Village	Fragmented
	New Islington	Manchester CC/private
Sheffield 1	Castlegate	Sheffield CC
	Retail Quarter	Fragmented private/EP and Sheffield CC

	Rail Station Interchange	SYPTE/Sheffield CC/ YF/EP/Strategic Rail Authority/Network Rail
	Sheaf Valley E-Campus	SYPTE/Sheffield CC/Sheffield Hallam
	Tudor Square 'Heart of the City'	Sheffield CC/private
	City Hall- Barker's Pool	Sheffield CC/NUM/private

NWDA's desire to improve access within East Manchester, to stimulate investment, was threatened by former mill buildings that were owned by speculators who refused to sell them to the URCs by agreement. This resistance was countered by a compulsory purchase order by NWDA. Manchester City Council also used their land assembly powers to assemble the site of the Commonwealth stadium.

The 6 hectare, former Vaux Brewery site in Sunderland, is fast becoming something of a local 'cause celebre' as Tesco, who own the site, resist Sunderland ARC's attempts to wrestle the site from them. The URC see the site as the 'gateway to Sunderland' and want to secure an ambitious mixed-use development on it, conceived by the renown architect Piers Gough. Tesco do not share Sunderland ARC's vision for the site, wanting to develop it for a supermarket with some residential and employment space, and are currently at loggerheads with the URC over its future. They have submitted a planning application which the Local Planning Authority (Sunderland City Council), one of the key partners in the URC, are recommending is refused. Tesco have threatened to will appeal against any refusal to grant planning permission.

Sunderland ARC believe that Tesco will not get planning permission for this site because the site selection does not comply with the sequential test introduced by PPG6, but Tesco dispute whether there is another suitable site, of a similar size, that is any more central than the Vaux site. The delineation of the City centre is also the subject of some dispute.

Sunderland ARC claim that they do want Tesco to invest in Sunderland, but not on the Vaux site. One only has to look at the Asda Wal-Mart store in East Manchester, that provided 1,000 new jobs in the area, to recognise the job creation potential of supermarkets. It has been argued by some critics that of the two proposed developments, it is probably Tesco's that will create more job opportunities that are accessible to local people. Despite this, ONE NorthEast intends to compulsorily purchase the site on Sunderland ARC's behalf, after negotiations to buy it from Tesco broke down. This could also end up in the courts if Tesco choose to oppose the CPO.

However, it is not only land in private ownership that can present problems for a URC. Sheffield One devised plans for a technology-based project 'E-campus' to be located on part of the City's bus station, which was owned by South Yorkshire Passenger Transport Executive. The plans fell through when it became clear that insufficient land was available and the URC and City Council are now engaged discussions to find a new location for the project. This setback will test whether Sheffield One's master-plans are flexible enough to accommodate the E-Campus project on another site that they have control of.

Interviewees suggested that key sites were sometimes identified at the strategic planning stage, which comprises market analysis, planning assessments and some community consultation, before being worked up to a master plan. However, many of the key development opportunities were actually identified before this stage; indeed it is the availability and location of such opportunities that will influence the setting up and location of a URC in the first place. Like UDCs, they will perform best when they have readily exploitable development opportunities rather than having to deal with intractable development challenges. URCs that do not own land may become exposed, and will have to rely on their partners land acquisition powers. Projects may be aborted, wasting valuable time and resources, if they pursue unrealistic plans for sites that are not in their ownership and are likely to be resisted by their owners.

In all three case studies, the Unitary Development Plans (UDPs) do not appear to be of great influence or significance. In Manchester and Sunderland, the UDPs are out of date. NEM has received supplementary planning guidance (SPG) that they must have regard to, but it has been specifically written to take account of NEMs Regeneration Framework. This is also true in Sunderland, where the UDP has been rewritten and is currently at the public consultation stage. It could be argued that there is something of a conflict of interest in this process, as the local planning authority is also one of the key partners in the URCs.

Funding

Having limited dedicated finance creates uncertainty and aggravation for the URCs. They have to spend valuable time and resource trying to secure funding from both public and private sectors, and influence the spending of other regeneration programmes, such as NDC and ERDF. For example, NEM will benefit from a range of funding and initiatives including £52 million from NDC, £25 million through the SRB Round 5, £3 million from the SureStart initiative and £45 million of Objective 2 (Priority 3) funding from Europe (NEM 2003).

The limited finance that is provided by key partners is often linked to outputs and outcomes; URC projects to which RDAs contribute, must be linked to targets and outputs by which their performance is measured. For example, NWDA have an objective to improve access corridors in East Manchester, and so are more willing to pay for activity that will contribute to this. English Partnerships offer some flexibility as they can fund the purchase of strategic plots of land without having to tie this to specific targets.

Provisional figures on public sector contributions were provided by NEM and Sunderland ARC:

"There are…indirect contributions, for example through corridor improvement projects, environmental works, and direct ways through housing projects and assistance to developers. It is difficult to give exact amounts but NWDA over the next three years have allocated £80-90 million."

(NEM 2003)

'Annual revenue …has been increased to £860,000 and we are looking to increase it further. EP and ONE can only dedicate funds for three years. EP's contribution is £30 million and ONE's is £18-20 million.'

(Sunderland ARC 2003)

The private sector will also invest in URC areas if they are confident in the URC's regeneration frameworks, masterplans and officers and URCs can offer them financial incentives such as tax breaks and selling land at a nominal price.

One benefit of no dedicated funding is that it permits greater independence from Central Government but overall, the interviewees felt that having limited funding and the associated necessity to raise money, rather than lack of direct powers, was the factor that was most detrimental to URC's ability to deliver regeneration on the ground.

Conclusion

It is rather perplexing that the Government is now contemplating designating UDCs for the Thames Gateway, when in opposition they were highly critical of the unelected quangos that 'rode roughshod' over the views and wishes of the local authority and electorate. It now seems that there are circumstances in which such a model is acceptable. Indeed, the fact that the Government is contemplating creating new UDCs is something of an admission that URCs are not up to the job in some circumstances.

The URC model is inferior to the UDC one in terms of powers, resources and land ownership. However the first of these need not be a problem if a URC's key partners exercise powers on their behalf. Land ownership need not be problem if partners own strategic sites however if they do not, URCs could end up wasting time and resources making expensive plans for sites that they do not control. The biggest difficulty URCs face is securing funding for their projects from both the public and private sectors. The fact that they do not have short to medium-term ring-fenced budgets means that they will continue to spend valuable time and resources chasing money when they could be more effective if the funding uncertainty was removed and they were given the money to get on with the job.

Further research could be carried out into the role and contribution of key partners with regard to land ownership and land use, and how conflicts with uncooperative landowners are resolved. It will also be interesting to follow the potential creation of UDCs in the Thames Gateway and to see whether other areas with complex land ownership issues seek to use this confrontational model rather the more passive but independent URC model.

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