

# Housing, Regeneration and Planning



The Scottish  
Government

## Best Practice in Establishing Urban Regeneration Companies in Scotland



# **BEST PRACTICE IN ESTABLISHING URBAN REGENERATION COMPANIES IN SCOTLAND**

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## **EXECUTIVE SUMMARY**

### **Introduction and purpose**

1.1 Urban Regeneration Companies (URCs) are a relatively new and exciting development in Scottish regeneration policy. The Companies themselves – as this report will demonstrate – provide an important opportunity to bring focus, integration, strong coordination and of course increased investment to areas of Scotland that have significant and complex regeneration needs. How they have gone about doing this is the focus of this report. Commissioned by the Scottish Executive, this document looks specifically at “best practice” in the set up and early operation of URCs in Scotland. It throws light on what works well – from governance structures through to structures for community involvement – and it also outlines some potential pitfalls for newer or even future URCs to avoid.

### **The context surrounding URCs**

1.2 The full report sets out the policy and strategic context for the establishment of URCs in Scotland as well as that which surrounds their work currently. The Companies were established following the recommendations made in the Cities Review, which emphasised the potential of URCs to boost Scotland’s regeneration efforts in the major Cities and beyond. In its response to the Cities Review, *Building Better Cities: Delivering Growth and Opportunities*, the Scottish Executive indicated its support for innovative delivery structures, such as URCs, where these to come forward from consultation. The consultation also sought expressions of interest in Pathfinder URC status from local partnerships.

1.3 The Scottish Executive has underlined its position in respect of what it wants to see from URCs as:

- To provide a single vision and strategic focus for the regeneration of an area
- To act as a catalyst for private sector investment by raising investor confidence
- To guide investment by the public and private sectors towards an agreed set of objectives and outcomes
- To speed up the pace of delivery
- To maximise the use of public sector assets, including land
- To provide a strategic approach to tackling infrastructure issues such as transport and land assembly

1.4 Importantly, the emphasis of Scottish URCs is on their “catalytic” abilities. The Companies are expected to deliver outcomes across economic, social and environmental as well as physical regeneration. However, whilst the Executive do not see the URC as being responsible for the direct delivery of outcomes related to the Regeneration Outcome Agreement (ROA) themes of worklessness, employability, health, education and quality of life it does expect the URC to act as catalyst to bring partners together to ensure that the opportunities created by physical regeneration are adequately planned for and that local people are linked into them, via existing funding streams or agencies.

## **The companies**

1.5 In all there are now five URCs formally established in Scotland (Raploch, Craigmillar, Clydebank, Inverclyde and Irvine Bay). The sixth, Clyde Gateway, is being actively developed and due to be formally established in 2007. The review and commentary provided in our report highlights that:

- All of the Companies have adopted objectives and programmes for themselves that actively mirror the underlying aspirations of the Scottish Executive, as articulated at the outset of the URC “movement”. Specifically, all five of those now formally established are working to ensure that they achieve the six purposes articulated by the Scottish Executive and summarised at 3 (above) and elaborated in section 2 of the main report.
- That said, whilst all of the Companies are pursuing similar overall objectives, they have all established designs for themselves that are different. This degree of variation – as the main body of our report highlights – should generally be seen as a “good thing”. It exemplifies how the Companies are creating innovative structures that creatively balance an alignment with the national policy objectives with the need to address issues that are contingent to individual localities.
- In a procedural sense, all of the Companies are operating in a similar way. Generally, each company has worked to establish a regeneration strategy or framework, which has been followed by a spatial plan / masterplan. The relevance of the former is to set a socio-economic context for the area, whereas the latter sets out a spatial development framework for its regeneration, that is based on that context (and the needs / opportunities articulated therein).
- Levels of private sector representation on the Boards of the URCs are variable. This degree of variation is mainly attributable to the choices made by the individual companies (and specifically their members) at the outset for forming the Companies. One of the five Pathfinder Companies has no private sector representation, while another has a very strong representation (five out of eleven) of local authority members and officials as a result of the nature of city’s joint venture partner ( a wholly city council owned development company). Whilst not a criticism per se, the fact that the Companies operate on this basis does beg questions about the appropriateness of the “brand” in these instances. PARC (Craigmillar) have made the point that that their councillor members are board members of a private limited company, which operates on a commercial basis, albeit with the local authority as its one shareholder. However, some partners feel that the relationship of these board members to the Council means that they are unable to offer the same ‘constructive challenge’ that other private sector board members provide elsewhere. We understand also that Raploch is now reviewing the composition of its Board to include an independent member, which may very well come from the private sector.
- Without doubt all of the Companies have recognised that community involvement is important. The models that have been adopted to reflect that recognition vary. That variation is in part attributable to the specific situations that characterise the Companies area of operation. Raploch and Craigmillar for example are both predominately residential areas. The models through which the community is involved in these areas generally reflect links back into well

established community groups. To an extent, Clydebank reflects a greater variety of interests (specifically landowners, businesses, other stakeholders and so on) and the models for engagement reflect that additional dimension, which has necessitated the formation of new groups. This has taken time, but the experience of doing so is itself valuable for other URCs.

### **Best practice – a basis for learning**

1.6 The analysis exemplifies the diversity and innovation that the URC movement in Scotland has created. It has similarly identified a range of steps that have been taken by one of more of the five established URCs that can be regarded as “good practice”. Amongst the headline issues are:

- The legal structure – and its appropriateness to the aims and objectives of the Company – is arguably more important than the URC badge itself. The structure must be capable of properly reflecting and where necessary integrating with local circumstances and be similarly configured to acknowledge the requirement for accessing private finance. This can be in the form of bank finance (debt or equity) or via the formation of asset trading subsidiaries.
- Early capital funding is nearly always going to be key. It signals confidence to the marketplace and gives the URC the wherewithal to initiate early actions which will be central to the overall programme (e.g. strategic land acquisitions). Where early capital funding is limited, partners must leverage their land stock (e.g. via joint venture (JV) agreements and/or debt security).
- There should be private sector or independent representation on the URC Board. It provides a counterbalance to political pressure and can similarly help the Company to remain focused on its plan and outputs. Even where the role for the private sector is limited, its representation can provide scrutiny, a different perspective and expertise.
- Where significant amounts of multi-agency public sector funding are required, the processes for programme and project appraisal should be aligned. Ideally programme funding should be committed for a long period (say three years with annual reviews). Where this is not possible, then expert officers (from within member organisations) should offer their expertise to support with project appraisal. The URC should not be distracted.
- In a similar vein, the local authority (or authorities) should look closely at the alignment of their planning system and policies with the objectives and masterplan of the URC. Whilst the Pathfinders have yet to fully test this system, what is already becoming clear is:
  - The need for Section 75 requirements to be stated clearly. Where appropriate, the URC and Planning Authority should work jointly to agree a menu of planning requirements that are important.
  - The need to align processes and procedures to support the URC’s focus on quickening the pace of delivery. Where appropriate, URC projects should be ring-fenced and given priority.
  - The value of the URC and local authority working together to produce the masterplan and the quality / design framework that surrounds that

plan. Clydebank is a genuine exemplar in this area and its approach can be built upon.

- The focus and effectiveness of leadership is perhaps **the** key factor in the success of a URC or indeed any regeneration body. An organisation which is led with energy and clarity of vision is much more likely to succeed. Quality leadership at either executive or board level - and ideally at both - impacts particularly on delivery.
- Stakeholders must want the URC and the attributes it brings. They must be willing to cede authority to it, and to support it with their own powers and resources. The support of the local authority is particularly important, but other stakeholders, particularly Scottish Enterprise and Communities Scotland are also important.
- All of the URCs should be thinking more than they are currently in relation to monitoring and evaluation. The newer URCs should actively think about how policies and procedures for this should be built into their plan and structure. In the future as the Executive's evaluation programme commences, the URCs will need to be in a position to demonstrate what they have achieved. Good systems and processes are required now to enable that.
- Community involvement has emerged as a key requirement of success. This is about more than consultation and instead reflects an organisational commitment to working with local people and businesses. Both Raploch and Clydebank can point to models that work well.

## **Taking stock – the policy lessons**

1.7 The report identified six key “policy” lessons which its authors highlight as being important in both continuing to improve the existing Companies in Scotland and also in terms of informing the development of new URCs in the future. The lessons relate to:

- **Vision and focus:** A key underlying component of the rationale for the establishment of URCs in Scotland was their ability to bring strong vision and focus to their respective areas. Without doubt each has been instrumental in creating a new / renewed vision for their designated areas through: master-planning; assembling and analysing baseline data; engaging with the market, including soft market testing; using specialist advisors; and the creation of new legal structures, that help to both signal the intent and seriousness of the partner organisations whilst concurrently placing a new emphasis on the roles and legal responsibilities of board ‘members’ to act in the best interest of the Company itself. These too have also created a new model for enabling joint ventures with the private sector (developers and investors).
- **Raising investor confidence:** there is some embryonic evidence, particularly in Clydebank, that investor confidence has been boosted. The arrangements in place within PARC have also demonstrated how under the Scottish model new frameworks / structures can be built that encourage the participation of investors (in this case private loan finance). This is a huge leap forward relative to the URC model in place within England – where ostensibly most URCs are reliant on their partner organisations to contract with third parties and create models for equity participation in physical development projects. The future URC

movement or approach in Scotland should seek to build on the models that have emerged in the United States. Here new approaches are being developed that involve the mobilisation of large amounts of private finance to support complex urban renewal projects. The rationale for building on these is a strong one and the Scottish Executive is already exploring the issue. The outcome from its investigations should be shared with the URCs.

- **Brand marketing and PR:** Clydebank Rebuilt (CR) has had an exemplary programme, involving design events and competitions, high quality publications and public realm investment. In terms of PR, appropriate use has been made of skilled professionals. Feedback from design consultation events has been fully and honestly reported and the evidence suggests that the URC has succeeded in interesting the local population. While public consultation events have, as always, been most heavily attended by older people, this has been balanced out by an intensive programme of engagement in schools. CR has created a high quality website, on which a great deal of material about the URC and its plans is available. The openness and accessibility which this generates is impressive.
- **Quickening the pace of delivery:** The evidence is that the benefits that the URCs have conferred have been in other areas, such as focus, co-ordination, quality and engagement as opposed to accelerating the delivery process. For areas where there is a long history of unsuccessful regeneration attempts, this can be a key issue. The best practice lesson is that what the URC may consider to be Year 1 may be perceived by the community to be Year 4, 5, 6 or even more. In this type of location, URCs are unlikely to be seen as a success unless they can start to deliver early and on a considerable scale. The pace and scale of development is also a key issue in areas where the funding model depends on sales of residential land at increasing values to fund other elements of the masterplan. Unless sufficient critical mass is achieved, land values may remain stubbornly low for many years.
- **Procurement and cost effectiveness:** Importantly, whilst the URC model has proven itself to be an effective one in many areas, it is by far from the only structure available to deliver large scale regeneration programmes. In our view the URC model should not for example be the only model considered for large scale major housing renewal programmes, and simpler and lower cost delivery mechanisms may be more appropriate in certain cases. Our attention has recently been drawn to a case study that shows considerable achievements elsewhere, albeit using very modest staff resources within the local authority itself. The need for separate legal entities and structures and the “brand itself” is not then always a prerequisite. However, a URC may have advantages where deprivation is multi-faceted and entrenched, and the regeneration process will take 10 years or more. For example, the “entrenched” nature of deprivation in places like Craigmillar or Raploch and the requirement to engage large scale capital finance from the private sector (as opposed for say HAG funded schemes) have proven themselves to warrant a new approach and one that the URC is well suited to. Similarly, from a cost effectiveness standpoint, Raploch does emerge as “much more than a housing renewal project”. The design quality commitments, and the local labour aspirations are different from what we have grown to expect in many urban regeneration projects and both indicate that the URC can create “added value”.

- **Design quality:** A key objective of URCs is to achieve a better design outcome than would otherwise have been the case. Recent evidence for CABA about the quality of new housing developments in England<sup>1</sup> suggests that the ‘counterfactual’ standard of housing development is unlikely to be good – fewer than one in five were rated as good or very good, and in the East and West Midlands and the South West, 40% of developments were rated as poor. The URCs have each pursued an objective of design quality through master planning and urban design guidance, and in the case of CR and PARC, by exemplar high quality developments. All of the URCs have won awards for both their developments and for the quality of their policies and processes. However, it will be important for the URCs and their local authority partners to follow through when the developments reach planning application stage – the ultimate and only important test will be the quality of the development which is actually built. It is generally accepted that several of the URCs have pursued the objective of design quality – and innovative design - more vigorously than would have been the case with most mainstream developers. It is recognised that the pursuit of design quality has the potential to impact on the speed of delivery and on cost.

1.8 A final point of analysis the authors would like to highlight relates to accountability. The link between the masterplan and organisation responsible for its delivery is clearly much more clearly defined under the URC set up. Because of this, the URCs themselves should continue to be encouraged to work and behave in a focused way. Implicit here is a requirement not to “burden” the companies with responsibilities and tasks that can either become a major distraction or otherwise can be easily dealt with by other partners / stakeholders. The dedicated Executive team in Raploch and Clydebank makes a key difference to delivery. This is also true of both Riverside Inverclyde and Irvine Bay, where results are already being delivered on the ground. This drive should be encouraged.

1.9 The continued involvement of highly experienced and individually credible Board members is also important in creating success. There is plenty of evidence that a board with external members helps to maintain a focus on delivery and to increase accountability for it happening. When the almost inevitable difficulties break out between the URC and its principal stakeholders, the presence of outsiders helps to maintain a focus on delivery and results. The Board – particularly if well represented by independent members – also helps to reinforce a demonstrable separation of responsibilities and identities of say the Council and the URC. Not only does this encourage a type of behaviour that can in many cases be more entrepreneurial, it also helps to reinforce a perceived independence in the marketplace and a stronger conduit between what has been promised in delivery terms and who is directly responsible for that delivery.

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<sup>1</sup> Audit of Design Quality of New Housing Development, CABA 2007.

## **CHAPTER ONE                    INTRODUCTION AND BACKGROUND**

### **INTRODUCTION**

1.1 Urban Regeneration Companies (URCs) are a relatively new and exciting development in Scottish regeneration policy. The Companies themselves – as this report will demonstrate – provide an important opportunity to bring focus, integration, strong coordination and of course increased investment to areas of Scotland that have significant and complex regeneration needs.

1.2 This report – commissioned by the Scottish Executive – looks specifically at the establishment of URCs in Scotland and some of the issues inherent in that process, from producing business plans to raising private finance. The focus of the report is intended to highlight good practice and to illustrate examples of how the different URCs have gone about addressing various aspects of their business.

1.3 Considered in this context, the objective is to throw light on the circumstances in which the URC approach is effective, and what is required to make it effective. It holds lessons for those who are considering what the URC approach might have to offer them and in what circumstances it may work well.

### **Background**

1.4 We must emphasise that this study is not an evaluation of the URCs. It is instead an initial review to draw out the lessons that can be learned so far in the establishment of URCs in Scotland – in Raploch (Stirling), Craigmillar (Edinburgh) and Clydebank. It highlights positive actions by Pathfinder URCs whilst also pointing out pitfalls to be avoided. The report also discusses examples of good practice being developed more recently in Irvine Bay and Riverside Inverclyde.

1.5 Whilst not an evaluation per se, the report does form part of a longer term, phased *evaluation programme*. The overall aim of that programme will be to appraise the URCs' effectiveness in delivering complex regeneration projects and in leveraging private sector investment as part of this process. As the URCs are designed to run for a period of 8-15 years, the evaluation programme will be in phases. This report represents the first major phase of that programme – by highlighting lessons that have been learned so far and can be applied again in the future.

1.6 Subsequent evaluation will provide on-going monitoring and evaluation of URCs using the monitoring framework established within this study.

### **Terms of Reference**

1.7 The terms of reference that were agreed for the study include:

- Identifying examples of best practice/lessons learnt in establishing the first three Pathfinder URCs in relation to:

- company structure: legal structure, partners involved, engagement of the private sector, funding arrangements – both public and private, board composition
  - early management/governance issues: procurement of consultants, development partners, company decision-making etc
  - early delivery issues: land assembly, use of public sector assets (land and property), planning etc
  - other issues: e.g. community engagement
- Developing a baseline monitoring framework for the future monitoring and evaluation of URCs consisting of project level/ strategic indicators and hard/soft indicators. The monitoring framework applies to all six URCs.
  - Identifying key achievements and progress so far within the three Pathfinder URCs; in particular to assessing whether the URCs have met their business plan objectives to date.
  - Establishing a methodology to identify the URC area of influence beyond their defined geographical areas.
  - Highlighting examples of best practice within URC partnerships in terms of their operation as regeneration delivery models. These should address some of the following questions:
    - What are the types of issues that have emerged so far in relation to setting up URCs.
    - What examples of best practice can we identify with regard to areas such as business plan development, partnership working and legal structures.
    - What works? What doesn't? For example, in terms of procurement processes and company structure.
    - What lessons can we learn from the start-up experiences of these initial URCs?

## **Methodology**

1.8 The approach adopted for the assignment involved a review of secondary information and data that related to the URCs, combined with a highly consultative programme to fill any information gaps, and to help us get behind and understand the dynamics of what that information was revealing. Broadly, this involved:

- Setting the context for the URCs in Scotland – this covered the wider strategy and policy context as well as strategies, business plans and other corporate documents specific to each of the URCs.
- Developing a structured topic guide (Appendix B) that formed the basis of our discussions with key staff and board members from each of the URCs as well as other key stakeholders (including private sector partners, developers/agents and representatives from key public sector partner organisations). We also proposed to attend URC board meetings to observe discussions as well as the working and operation of the boards, although in the event, it was only possible to attend one board meeting.

- Interviewing significant number of stakeholders outside the URCs themselves (local government officers, private sector developers and land owners) as well as key personnel within the Scottish Executive (via regular meetings).
- Facilitating discussions with community representatives. The focus here was to understand community perceptions and concerns about the URCs and their performance and progress. Existing channels and mechanisms of communication, developed by the URCs were used to facilitate these workshops.
- The production of a Draft Report and formal meeting with an Advisory Group at which the findings of the document were debated, refined and agreed.

## **CHAPTER TWO            BACKGROUND AND CONTEXT**

### **INTRODUCTION**

2.1     An important point at which to begin this report is to look back at why the URCs were created in Scotland. This section of our report reviews all of the major contextual information and documentation that sets the policy and strategic context for regeneration in Scotland generally and the rationale for the formation of the URCs more specifically.

#### **The rationale for URCS**

2.2     URCs in Scotland were established following the recommendations made in the Cities Review. That review (conducted in 2002 and summarised at 2.4, below) stressed that Scotland must continue to learn from effective approaches to regeneration that were being used elsewhere. It particularly highlighted the fact that URCs have the potential to boost Scotland's regeneration efforts in the major Cities and beyond. In its response to the Cities Review, *Building Better Cities: Delivering Growth and Opportunities*, the Scottish Executive indicated its support for innovative delivery structures, such as URCs, where these come forward from consultation.

2.3     Such innovative proposals did come forward, following an extensive consultation exercise in 2003. The consultation also sought expressions of interest in Pathfinder URC status from local partnerships. The Scottish Executive has underlined its position in respect of what it wants to see from URCs as:

- To provide a single vision and strategic focus for the regeneration of an area
- To act as a catalyst for private sector investment by raising investor confidence
- To guide investment by the public and private sectors towards an agreed set of objectives and outcomes
- To speed up the pace of delivery
- To maximise the use of public sector assets, including land
- To provide a strategic approach to tackling infrastructure issues such as transport and land assembly

2.4     These underlying principles continue to be valid today and occupy an important point of reference from which the study team has sought to identify examples of best practice. These examples are highlighted in very clear terms in Section 4 of our report. The remaining components of this Section highlight (in chronological order) the detailed policy and strategic documents that form the context for the URCs.

#### **The policy background**

2.5     On a UK wide basis, Urban Regeneration Companies were first advocated in the 1999 Urban Task Force Report, chaired by Lord Rogers. The Companies were, at that time, conceived of as 'dedicated arms-length bodies to co-ordinate the delivery of urban regeneration projects'.

2.6 After early evaluation of the URC programme in England and Wales showed strong evidence that the confidence of the private sector to invest in an area increased and the programmes themselves made significant progress in delivering key objectives, the Scottish Executive established three URCs in 2004.

### **Cities Review**

2.7 In 2002, the Cities Review<sup>2</sup> reviewed the English experience of URCs, drawing particularly on the early Amion Report<sup>3</sup>. The authors of the Cities Review concluded that:

*The URC approach offers little that is particularly new or unique in terms of a model. Indeed many of the success factors identified in the key success factors table can be demonstrated by a number of existing Scottish delivery vehicles. What the URC model does offer, however, is a renewed focus and dynamism for regeneration efforts, improved co-ordination of existing agencies behind a comprehensive strategy and independence from local authorities and other public agencies.*

2.8 The Cities Review recommended that key elements of the URC approach should be introduced in Scotland. They considered that:

*It would provide a new impetus for regeneration efforts in areas of our cities where existing initiatives are failing to deliver. In particular, we believe there to be benefit in the role that the designation of URCs by central government plays in identifying national priorities and signalling to the private sector the intention of public sector agencies to drive forward regeneration in particular areas.*

### **Building Better Cities**

2.9 In its January 2003 response to the Cities Review, the Scottish Executive indicated its support for innovative service delivery vehicles such as URCs, where these come forward from consultation.

### **Smart Successful Scotland**

2.10 First produced in 2001 and later refreshed in 2004, Scotland's strategy for economic development highlights the importance of transforming areas of untapped potential to make them attractive places to do business and to create employment and wealth.

### **URC Consultation Exercise/Summary Report**

2.11 In August 2003, a consultation exercise was launched, which included an invitation to express an interest in URC Pathfinder status. In June 2004, the Executive published a summary of the consultation responses. There were 15 notes of interest in URC pathfinder

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<sup>2</sup> Review of Scotland's Cities, 2002

<sup>3</sup> Urban Regeneration Companies – learning the lessons, DETR, Sept 2001

status and the bids from Craigmillar, Raploch and Clydebank were considered to be furthest ahead in the business planning process and most likely to benefit from funding to kick start their regeneration programmes. The announcement granted Pathfinder URC status to the three areas and was backed by £20 million funding from the Executive.

### **Closing the Opportunity Gap and Community Regeneration (ROAs)**

2.12 Introduced in 2004, this strategy is about preventing individuals or families from falling into poverty; to provide routes out of poverty for individuals and for families; and to sustain individuals or families in a lifestyle free from poverty. At national level, six objectives were set, underpinned by 10 targets.

2.13 Community Planning Partnerships (CPPs) were charged with the regeneration of the most deprived neighbourhoods through improvements in employability, health, education, accessibility to local services and quality of the local environment. The objective was to use both mainstream funding and the £318 million Community Regeneration Funding (2005-2008) to improve conditions in Scotland's most deprived communities.

2.14 Regeneration Outcome Agreements have been drawn up by each of Scotland's 32 Community Planning Partnerships. ROAs have a strong focus on social and economic regeneration initiatives addressing issues such as worklessness and ill health, with physical regeneration limited mainly to small scale environmental improvement. ROAs are focused on deprived communities within local authority areas, including the URC areas.

2.15 Because URCs are also charged with increasing economic activity rates, partnership working with the CPPs and those who deliver regeneration outcome agreements is a key issue for good practice.

### **National Planning Framework**

2.16 Scotland's National Planning Framework addresses the spatial and land use dimensions of regeneration. Published in 2004, it identifies West Edinburgh and the Clyde Corridor as areas where co-ordinated action is required to support economic development and area regeneration.

### **Sustainable Development Strategy**

2.17 Choosing our Future - the 2005 Sustainable Development Strategy for Scotland - puts emphasis on Regeneration. The transformation of underperforming places and communities has an important contribution to make towards economic prosperity, tackling poverty and disadvantage, improving health and delivering sustainable development. Regeneration programmes provide an area focus for policy: on places where there is potential to realise economic opportunities and places with the greatest concentrations of deprivation. This is stated to be particularly important in Scotland, which has very high concentrations of poverty and disadvantage in some parts of the country, often near areas of economic opportunity.

## **People and Place**

2.18 The 2006 People and Place: Regeneration Policy Statement draws together the various policies which impact on regeneration. The Statement also designates geographic priority areas where investment will be prioritised to deliver sustainable economic growth while tackling some of the deep-seated problems of poverty and deprivation found in these areas. The Clyde Corridor is the Executive's national regeneration priority, encompassing the Clyde Waterfront – which includes Clydebank Re-built URC - and Gateway projects. Inverclyde and Ayrshire were designated as regional priority areas. URCs were established at Riverside Inverclyde and Irvine Bay to drive forward regeneration in those areas. The Policy Statement identifies URCs as a key measure in supporting infrastructure and investment in regeneration.

## **Workforce Plus**

2.19 Workforce Plus, the Scottish Executive's Employability Strategy for Scotland (June 2006), outlines the range and scale of interventions to address employability. The report provides an estimate of annual funding for employability services in Scotland of £515,000,000.

2.20 This figure does not include the welfare benefits paid to eligible people, nor the substantial funding for Lifelong Learning - over £1.1 billion a year - where it is difficult to separate out the activities which support employability, nor the funding streams provided by the voluntary sector.

2.21 The Workforce Plus report identified the very large number of separate programmes which seek to address employability – including the Community Regeneration Fund – and highlighted the issue of value for money in this context. Its authors concluded that:

*In Scotland, we do not have an “employability service”. What we appear to have is a competitive free - for- all which although individually can provide a good service, is disjointed and complicated. Funders of these services may therefore receive poor value for money.”*

## **Commentary**

2.22 The Executive has made it clear that it expects the URC to deliver outcomes across economic, social and environmental as well as physical regeneration. In other words, physical regeneration is not enough. However, the Executive do not see the URC as being responsible for the direct delivery of outcomes related to the ROA themes of worklessness, employability, health, education and quality of life. Rather they see this as the responsibility of the URC's public sector partners and other local agencies

2.23 The Executive expects the URC to act as catalyst to bring partners together to ensure that the opportunities created by physical regeneration are adequately planned for and that local people are linked into them, via existing funding streams or agencies. This is an issue which is at risk of 'falling between the cracks' and we see it as being one which should be addressed early on in the life of the URC. The solution may be different in different places -

what is important is that responsibilities should be clear. The Executive expects this to be set out clearly in the business plan to demonstrate that such planning and processes are in place.

2.24 The URC and its partners should take the opportunity to maximise the various funding streams available and use the URC as a vehicle for spreading economic growth. The URC itself does not have to deliver employability support, but its presence in the area should make it essential that partner agencies capitalise on the opportunities that it offers.

2.25 In Craigmillar, there has been an attempt to resolve this issue of the division of responsibilities for what might be termed ‘people’ and ‘place’ regeneration issues. A protocol was prepared by the URC which attempted to define which issues were the responsibilities of the Partnership (the body responsible for local delivery of the ROA and the successor of the former Social Inclusion Partnership (SIP)) and which the responsibilities of the URC. A local business and labour charter has been prepared by the Partnership in conjunction with PARC and the PARC Board has signed up to both the charter and the working protocol with the Partnership.

2.26 New and emerging URCs will wish to be aware of the policy debate about how best to deliver employability services to workless people. This is particularly the case in Glasgow, where the Community Planning Partnership is reviewing the role of Local Development Companies in relation to the delivery of CRF employability services, and also a draft Cities Strategy Bid, a Department of Work & Pensions Initiative (DWP), which will also be considering the delivery of services to people who are further away from the labour market than the rest of the local community.

2.27 URCs’ engagement with employability and construction training initiatives must take into account the crowded stage that is employability policy and the forces which suggest that rationalisation is desirable. Having reviewed the local pattern of supply, some URCs may adopt a partnership approach, with services being provided by others, while others may feel that they should play a more active role in local delivery.

## **CHAPTER THREE      OVERVIEW OF THE COMPANIES**

### **INTRODUCTION**

3.1 This section, by way of background to the study, sets out a brief overview of each of the URCs in Scotland, concentrating on the three URCs established in 2004 – Raploch, PARC in Craigmillar and Clydebank re-built in Clydebank. This overview includes a description of the area each URC covers; their role and function; structure and funding; together with details of the progress they have made to date. It also includes a brief overview of the two newer URCs that have recently been established in Inverclyde and Irvine Bay. We also highlight details of the emerging URC at Clyde Gateway.

#### **Raploch**

##### *The Area*

3.2 Despite being situated within the economically thriving city of Stirling, Raploch is one of the most deprived areas in Scotland. The area has been in steady decline over a number of decades and compares unfavourably in terms of key indicators such as educational attainment, health, employment and housing in Stirling and in a national context. Raploch has suffered from a poor image and reputation, and from negative publicity.

3.3 However on the positive side, many families in Raploch have strong roots in the area, sometimes dating back generations and the community has previously been highlighted as a key strength of the area. Raploch is strategically placed with regard to employment opportunities including the nearby Castle Business Park, Craigforth and Back o’ Hill industrial estate, as well as opportunities within the wider Stirling area. Good road and rail access to the rest of the Central Belt, including Glasgow and Edinburgh, provide significant employment and leisure opportunities further afield. The area is also surrounded by attractive countryside and famous visitor attractions including Stirling Castle - which overlooks the area - and the Wallace Monument.

3.4 Raploch is predominantly a housing area, dominated by a high level of social housing, offering limited housing choice. As a result, much of the land within the Raploch URC area is in the ownership of Stirling Council. Earlier regeneration programmes involved the building of new social housing and the demolition of a number of houses in the Glendevon area of Raploch.

3.5 The scale of the regeneration area is relatively modest. The URC programme involves the delivery of 900 houses - 250 for social rent and 650 for sale. The other facilities to be provided include a new community education campus, funded through Stirling Council’s PPP scheme and a new community health campus, funded by NHS Forth Valley.

3.6 The current population of the area is 3,850. The regeneration programme is anticipated to raise the population to 6,260 by 2012.

## **Role and Function of the URC**

3.7 The aim of the URC is to bring about a new beginning for Raploch which will change the area for years to come. This it is seeking to do by creating a more sustainable and desirable neighbourhood which successfully links into a prosperous and growing Stirling and attractive surrounding country. The URC's vision is:

*'To develop a 21<sup>st</sup> century connected community, consulted at every step of the way. Through effective partnership working, we wish to build a community where people choose to live, work and visit, with new homes, education and health facilities, within an economically sustainable environment'.*

3.8 The regeneration programme has two aspects – physical activities and people-based activities, with a strong community focus running through both. The physical programme concentrates on the built environment, urban design and infrastructure and seeks to create a more attractive, mixed and sustainable neighbourhood. Specifically it focuses on housing development, with public realm and infrastructure improvements with two major complementary public service facilities (health and education campuses) delivered alongside the URC programme.

3.9 However, the programme is not just about physical change. The URC is seeking to improve economic opportunities for the people and businesses in Raploch, which will make it an attractive community. This holistic approach is reflected in the URC's five strategic objectives embracing:

- Property
- Place
- Partnerships
- Prospects
- People

3.10 The programme has a major emphasis on engagement and their approach stresses a core principle of community benefit. Many of the community and employability initiatives are supported by European funding.

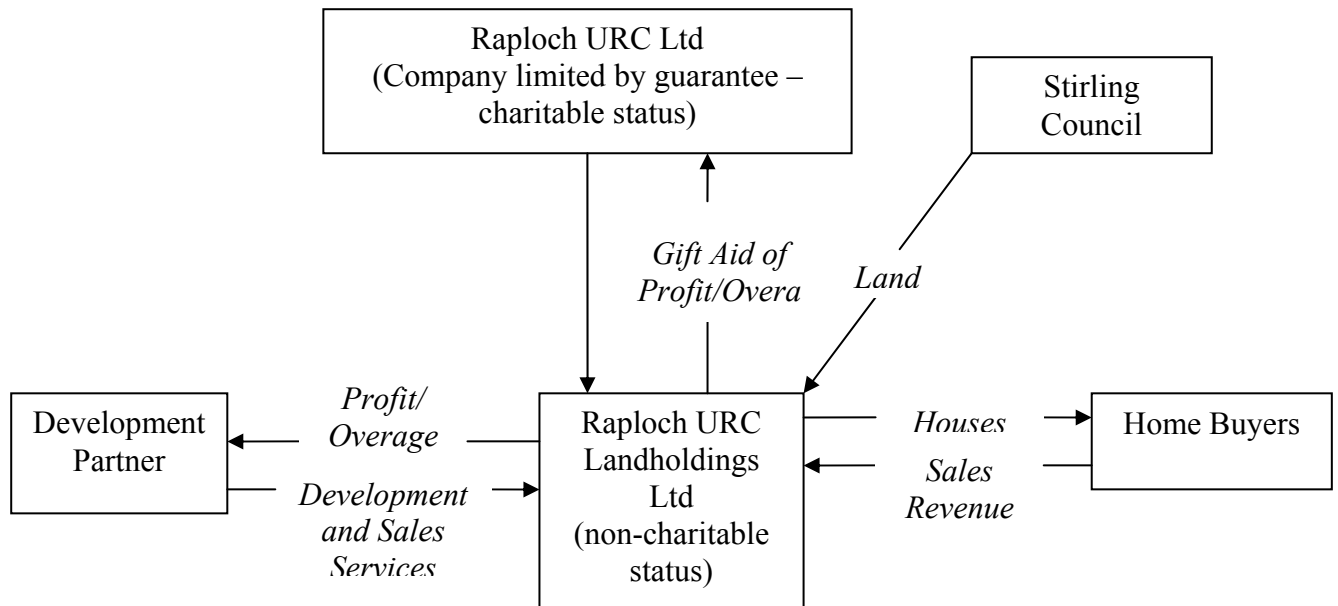
## **Structure, Governance and Funding**

3.11 Raploch URC Limited is a company limited by guarantee. A company limited by guarantee is an alternative type of corporation used primarily for non-profit organisations that require legal personality. A guarantee company does not have a share capital, but has members who are guarantors instead of shareholders. The guarantors give an undertaking to contribute a nominal amount (typically £1) towards the winding up of the company in the event of a shortfall upon cessation of business. It cannot distribute its profits to its members, and is therefore eligible to apply for charitable status if necessary.

3.12 Raploch URC was incorporated in June 2006 and secured charitable status in July 2006. A land acquisition and development company – Raploch URC Landholdings Ltd – has also been set up and was incorporated in August 2006.

3.13 Raploch URC Landholdings Ltd - the land holding subsidiary of Raploch Urban Regeneration Company Ltd - will eventually own the 60 acres of developable land in the Raploch Area. This land will be transferred at various stages in the development programme, by Stirling Council to the URC at less than best value, effectively at nil cost. The structure of the various companies is shown in Figure 3.1 below.

**Figure 3.1: Raploch Structures and Relationships**



3.14 The Development Agreement between Stirling Council and the URC sets out the terms on which the land is to be transferred and the Regeneration Agreement sets out the terms under which the developer has access to that land for development purposes. At no time does the ownership of land transfer from Landholdings to the development partner. The developer only has access to the lands under licence. Ownership of the lands will only transfer from Landholdings to the third party house purchaser, with the development partner acting as the seller’s agent.

3.15 If the URC or its landholding subsidiary were to go into receivership, the Development Agreement ensures that the local authority has first ranking security over the lands, by placing an obligation on the URC to transfer any undeveloped land back at the value at which it was originally transferred. Similarly, if a site is being developed, ownership of the land under development would transfer to the development partner in order for them to complete that particular build phase.

3.16 This agreement is seen as an important mechanism for protecting public sector assets, and one which is likely to be of interest to other companies.

3.17 Both companies have the same Board of Directors. There are six board members with representatives from:

- Stirling Council lead member and Director of Regeneration Services

- Scottish Enterprise Forth Valley
- The local community, via Raploch Community Partnership and local elected member
- NHS Forth Valley
- In addition, Communities Scotland is represented but with observer status only (i.e., no voting rights)

3.18 Currently, three of the board members are new – one of the councillors as well as the Scottish Enterprise Forth Valley and NHS Forth Valley representatives.

3.19 The Board's role is to govern the strategic direction, co-ordination, implementation and further development of the regeneration programme.

3.20 The URC employs 12 staff. A core executive, including a Chief Executive is responsible for the implementation of the masterplan and investment plan and reports directly to the Board. The Chief Executive, who joined from Stirling Council, was Acting Chief Executive for two years and was officially confirmed as Chief Executive in December 2006. Seven of the twelve of staff are ESF/ERDF funded, on temporary contracts. They are responsible for the delivery of the community based programme. The URC works closely with the Council's Community Services Department. The URC has an operating budget of £450,000 which covers staffing, overheads, project development, marketing and consultation costs.

3.21 The two community representatives are Councillor John Hendry and Jim Grant – they are respectively the local councillor and Chair of Raploch Community Partnership. The two Council representatives are Councillor Corrie McCord, the leader of the Council and vice president of COSLA, and Brian Devlin (Head of Regeneration Services).

3.22 NHS Forth Valley is represented because of their involvement in the redevelopment of Orchard House health centre. Scottish Enterprise Forth Valley is also represented, although they play a minor role in the current URC proposals. They contributed a small amount of funding for consultancy work at the outset. Their role may increase if – as requested by the URC – the nearby Back O'Hill Industrial Estate is transferred from the Council to the URC. This would then allow the URC to work with SEFV on developing the Estate and the businesses.

3.23 The Board meets once a month for three hours. The Board relies on the Chief Executive to make decisions on day to day matters and report back to them – there is not the time to leave all decisions to Board meetings. When the Board is required to make strategic decisions, the Chief Executive will make a recommendation to the Board, but the Board would ultimately make the decision.

3.24 Partners are fully empowered to make decisions at the Board meetings. The company secretary explained to all Board members that they were Board members of Raploch URC, and not representatives of their organisations. The Company Secretary is developing a Trustees handbook.

3.25 The transfer of the land from the Council required Council Committee approval. No other Raploch URC issues have had to be referred to Council Committee for approval before the Council representatives made a decision. A detailed agreement has been signed with the Council covering the land transfer. This smooth decision making process is indicative of an effective structure.

3.26 The Chief Executive meets the head of development services regularly to ensure close liaison with the Council. There are sub-groups of the Board, which deal with issues such as remuneration. There are also some advisory groups. The IT advisory group has for example included external representation, involving Cisco and Siemens.

3.27 The core partners have been working together on the regeneration of Raploch for about six years - there has been a longer standing desire to improve the area. Stirling Council hopes to replicate best practice from Raploch elsewhere in Stirling.

3.28 The URC initially had a presence in Raploch, but in unsuitable premises. It is now based in the nearby Castle Business Park, with an aspiration to have a presence back in Raploch if suitable space became available.

3.29 There are no private sector representatives on the URC Board – there had historically been a view that private sector expertise was available through the URC’s advisors e.g. Turner & Townsend, Atkins, Ernst & Young. The Board is currently exploring the issue of private sector representation, and is likely to make a private sector or external appointment.

*The URC has been successful in securing additional funds - predominantly European - to enhance the community benefits. This has allowed additional staff to be employed on short-term contracts to deliver a range of complementary employment, training and community engagement initiatives.*

3.30 The company is responsible for implementing a 10 year (2004-2014) regeneration programme. The total identified cost of the programme is £115m in real terms. This cost will be met by income from house sales following redevelopment, a NHS contribution towards a new Community Health Campus at Orchard House, and public sector gap funding of around £15m to kick-start the project from the Scottish Executive, and a small ERDF contribution.

3.31 The total public sector cost of the project for the period 2004-2014 is of the order of £63 million. (There were some earlier sunk costs, including expenditure by Scottish Enterprise Forth Valley, Communities Scotland and the East of Scotland European Partnership, which amount to around £600k). All these figures are exclusive of the value of the land on which the new houses will be built. The value of the land contribution on a residual value basis was stated to be £5.7 million.

<b>Table 3.1: Raploch Funding by Source 2005- 2012</b>	<b>(£millions)</b>
Stirling Council Schools PPP project (community education campus)	£18
Scottish Executive	£15.3
Communities Scotland (HAG)	£18.78
ERDF project funding	£0.3
NHS (Community Health Campus)	£10.2
<b>Total</b>	<b>£63</b>

### **Progress and Achievements to Date**

3.32 A physical masterplan, a design guide and a Local Community Plan have all been agreed with key stakeholders and funders. R3 – a consortium involving Crudens and George Wimpey – has been selected as the lead developer and a Regeneration Agreement has been signed with the URC. Under the terms of the Agreement contracts will be signed for the development of specific sites as the regeneration programme is implemented.

3.33 R3 will build houses under licence. The land stays in the ownership of the URC and will be transferred on the sale of each house to the new homeowner. Crudens and George Wimpey will build a mix of social rented housing and houses for sale. Timber off-site construction is being used, and the Building Research Establishment<sup>4</sup> is involved.

3.34 The contract with the developers is based on joint and several liability.<sup>5</sup>

3.35 The procurement process began at the end of 2004 with the publication of an OJEU notice asking for expressions of interest from bidders. The draft development brief was issued in August 2005, and we understand that contractual close was about to be reached earlier this year. Thus, the entire procurement process took over two years from the OJEU Notice to contractual close. The original timetable for the selection of a preferred bidder was just over 6 months from the issue of a development brief, with a further 4 months to contractual close. However the appraisal process took around six months, with a number of different appraisal panels, which included community involvement, and the contractual close took over a year.

3.36 The length of time taken to select a developer was a consequence of the appraisal procedures and the requirement for community benefit and variant bids to be assessed. The duration of negotiations to contractual close was a consequence of the scale of the project, and the critical nature of the negotiations where there is reliance on one single joint venture partner.

3.37 The regeneration agreement is based on developers paying a fee for the right to build houses on the URC's land. How much the developer pays is determined by the quality of the developments e.g. the level of IT provision or extent of public realm work, is reflected in the

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<sup>4</sup> <http://www.bre.co.uk>

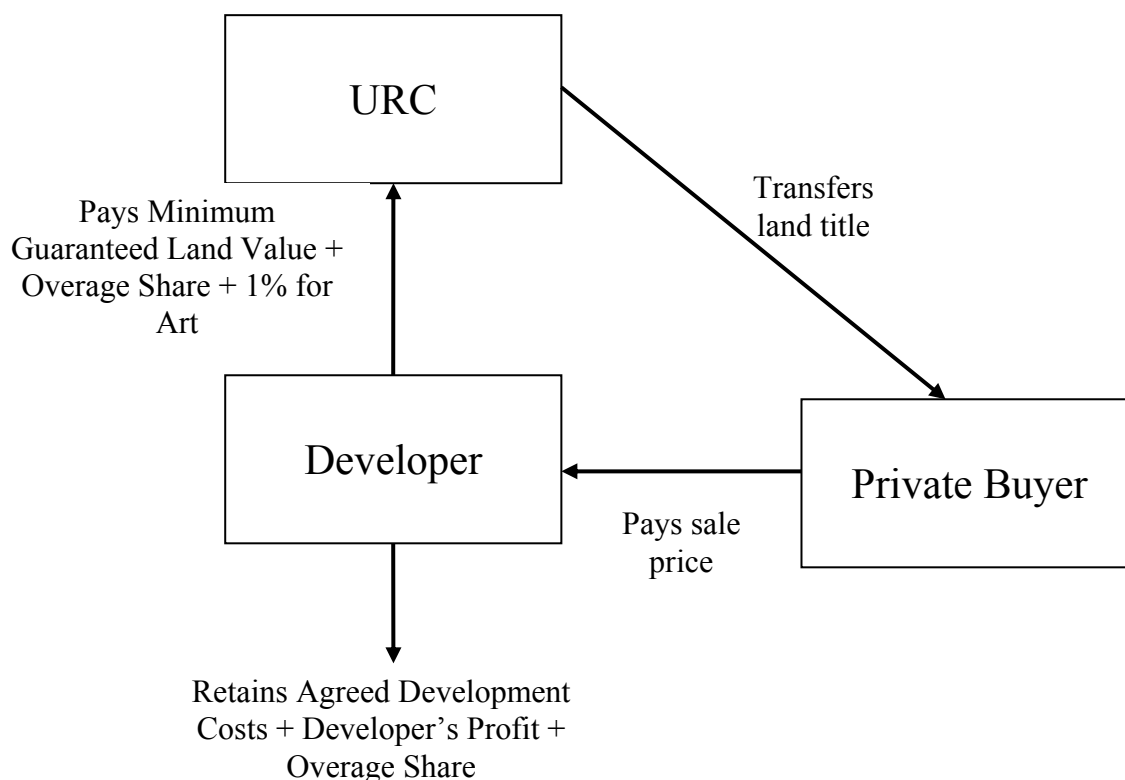
<sup>5</sup> Where two or more people enter into an obligation such as a guarantee together, joint and several liability means that the lender or creditor can recover the whole indebtedness from any one of them. They are then left to resolve what their respective contributions should be.

values paid for each development site. The URC opted to retain ownership of the land to maximise control - so that it could determine what was built.

3.38 The deal involves overage whereby the URC will receive a guaranteed minimum land value and share in the sales receipts over a certain value, set at the start of each site specific contract (Figure 3.2) That minimum land value will be dictated by the developer's build costs and their assessment of likely sales values, as will the overage ratio. Negotiations have recently been concluded regarding commercial / legal close.

3.39 There is clearly a fine balance in setting the house prices – setting the price low may be attractive to the developer if quick sales are achieved and project finance costs are minimised. Setting prices low in the first phases also makes the developments more affordable for local people who will be given a 28 day priority purchase on the sales before they go on the open market. In the longer term, much depends on the true profit rate, taking into account actual build costs. However, the developer stands to lose overage by setting prices too low. The financial risk is with the developer.

**Figure 3.2: Regeneration Agreement Transactions**



3.40 The use of Community Benefits in Procurement (CBIP) clauses has been piloted in Raploch and has been included in the Regeneration Agreement between R3 and Raploch URC. Holyrood legislation<sup>6</sup> made such a clause a legal possibility when previously agreements were voluntary and based on ‘best endeavours’. Raploch is one of five pilot programmes set up in Scotland. The CBIP pilots outwith Raploch are only concerned with

<sup>6</sup> Local Government Act, 2003 and The Public Contracts (Scotland) Regulations 2006 Act

training and employment whereas in Raploch, R3 has also signed up for small business and community business elements, detailed below.

3.41 Use of the Community Benefits in Procurement (CBIP) clause in Raploch was tested in Stirling Western Access Road (SWAR) contract. There were seven bidders. The URC firmly emphasised the importance of the CBIP clause – bidders had to submit a method statement to prove they were committed to it and they were told that bids would not be opened if they were not satisfactory.

3.42 The URC wanted the bidders to embrace the concept, and so also offered support to them. The successful bidder worked with the Sustainable Community Enterprise<sup>7</sup> project to provide 13 weeks training for four New Deal eligible residents (three from Raploch, the fourth from another deprived part of Stirling) with a guaranteed job interview at the end of the period. All four secured permanent jobs. The URC met weekly with the developer to support them. They then took on another four trainees with three gaining employment. The URC was very encouraged by the CBIP pilot for the SWAR contract and it encouraged them to use it throughout the programme – they could anticipate substantial impact over the life of the programme.

3.43 As a result of the success with the SWAR contract, a CBIP clause was included in the OJEU Invitation to Negotiate (ITN) for the main developer partner. The URC did not wish their demands to be excessive as they wanted developers to sign up to the concept and did not want to discourage bidders from completing the ITN. The target set was for the developer to ensure that 10% of the workforce or 157 jobs were ‘new entrants’. The figures were generated from research undertaken by Glasgow University’s Training & Employment Research Unit (TERU) into the employment and training potential in the Raploch Regeneration project. It was estimated that each £1 million construction costs had the potential to unlock 8 new jobs.

3.44 It had originally been proposed that if the preferred bidder defaulted on the clause, they would be charged an amount equivalent to training a resident. The URC then decided against that on the grounds that if they got the procurement right they would select a developer who would be signed up to CBIP. The penalty for failure to deliver therefore became exclusion from future contracts.

3.45 Agreement has been reached with R3 to ensure a maximum number of jobs and training places will be available to new entrants to the labour market from the local community, using a Community Benefits in Procurement (CBIP) clause. Projected outputs are:

- 25 apprenticeships for young people and adults
- 100 operative permanent full-time jobs
- 100 training placements

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<sup>7</sup> With ERDF support, Sustainable Community Enterprise employs a Programme Manager, Admin and two site Training Co-ordinators. To date the project has supported 40 people to undertake training.

3.46 Aside from training and employment, the Raploch developer has agreed two other strands to the CBIP clause. R3 will provide a programme of support to assist small businesses to tender for contracts and thereby maximise opportunities available as a result of the regeneration programme. R3 envisage that five contracts worth approximately £2m will be awarded to local small businesses. Working with Forth Construction, a programme of seminars, workshops and meetings will assist small businesses to bid for the contracts and ongoing support to successful sub-contractors will also be provided. In addition, R3 has set aside £900,000 to support the Sustainable Community Enterprise project. R3 will mentor, provide expert advice and where appropriate award contracts to this community business which provides training and employment opportunities in the local community.

3.47 Sustainable Community Enterprise is working with R3 to create a maintenance and landscaping company to maintain the public realm as there was consensus that the quality of the improvements had to be maintained. This is an innovative business model with local ownership and community benefits and will be of interest to other URCs.

3.48 Sustainable Community Enterprise is well known to local people and as a result demand for places is high – there are 43 applicants for the current intake of 12 places. Training targets have been achieved and unexpectedly good job outcomes (21 of the 30 trainees secured employment) have also been achieved as the project manager has made excellent contacts with local employers. ESF funding has been secured for 12 months, over which period the aim is to make it sustainable without competing with the private sector, as required by EU regulations. The objective is to secure local contracts.

3.49 In addition, Raploch URC has secured ERDF funding for the Enhanced Community Support Project. The project aims to facilitate community engagement via grant making to small community based projects. Grants are cascaded via the Raploch Community Partnership and 17 projects have been implemented to date including Ochil Play Area, Community Renewal Listening Surveys and Community Signatures. A project manager, participation officer and admin worker are employed by the project.

3.50 Following the issue of an OJEU notice for private sector external advisers, a number of advisers were commissioned in August 2006 on four year contracts.

3.51 Detailed negotiations have taken place to transfer land to Raploch URC (Landholdings) Ltd at less than best value. Other land acquisitions to date include:

- Site 13: Stirling Western Access Road
- Site 14: Housing demolitions to Drip Road and Raploch Road
- Site 15: Riverside Walkway Phase 2

## **Craigmillar**

### ***The Area***

3.52 Craigmillar is a suburb of Edinburgh, in the south east of the city. It is a peripheral housing estate consisting mainly of social rented housing. It is one of the most deprived neighbourhoods in the City and indeed in Scotland as a whole. It is a much larger area than

Raploch - at one point it had a population of 25,000. Its population in 2004 was 7,500 and the objective is to grow it back up to 15,000.

3.53 It is a mark of the degree of stigma from which Craigmillar suffers that despite the overheated Edinburgh housing market, and the severe shortage of social housing in particular, the City of Edinburgh Council has had high void levels in Craigmillar, and has found it hard to attract new tenants there.

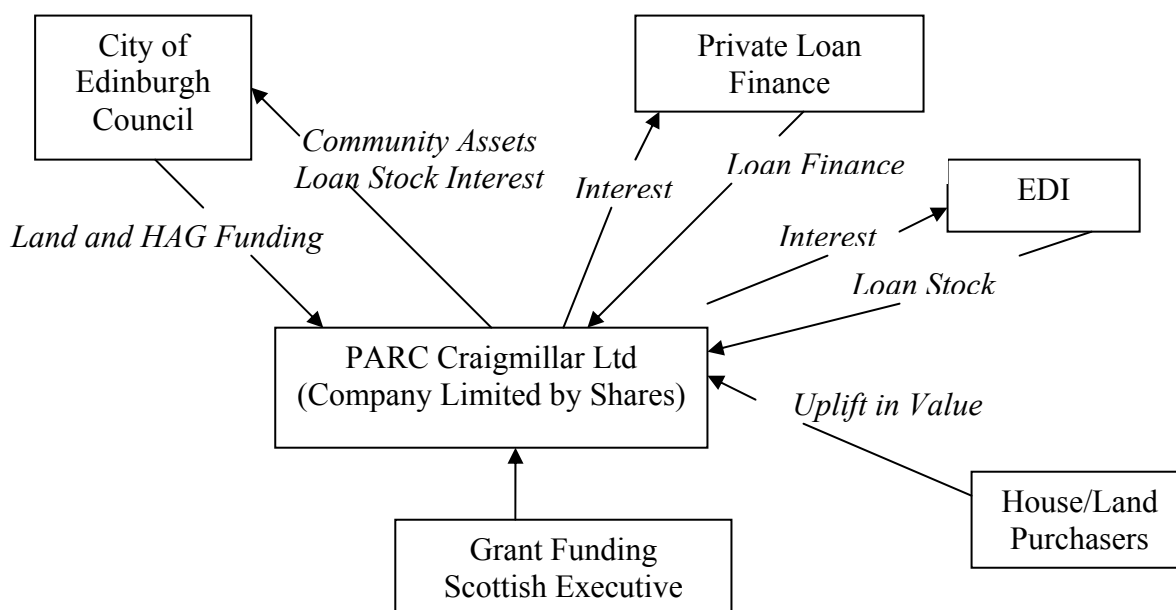
3.54 There have been a number of significant attempts to regenerate Craigmillar in the past, but none have succeeded in addressing the area's multiple problems, turning the area around or generating a sustainable neighbourhood. The Design Framework drawn up by PARC is the third of three masterplans for the regeneration of Craigmillar in the last ten years. It follows a masterplan by CZWG commissioned by the City of Edinburgh Council which also involved an extensive consultation exercise.

### ***Role and Function of the URC***

3.55 Promoting and Regenerating Craigmillar (PARC) is a joint venture set up in 2003 between Edinburgh City Council and the EDI Group (an arms length property company set up by the City Council in 1988). It is responsible for implementing a 15 year mixed development programme of which the main elements are:

- 2,200 houses
- 30,000 sq. metres of commercial
- 3 new primary schools
- 1 new high school
- 3 new parks totalling 150 acres
- and 1 new public library

**Figure 3.3: PARC Structures and Relationships**



3.56 The programme aims to double the population of the area and to create a more balanced tenure mix. It includes the enhancement of the town centre of Craigmillar with new, improved and refurbished facilities, and the creation of 2 new parks and an arboretum. The programme will also seek to achieve better linkages into Edinburgh. Employment linkages with the nearby new Edinburgh Royal Infirmary, the relocating Queen Margaret University and the Bio Park are to be targeted.

3.57 PARC's role includes assembling most of the land within the URC area<sup>8</sup>. The land and property in the project area fall into three parts:

- Land and property that will be transferred by CEC
- Land that will be acquired by the JV by way of a willing seller or through CPO
- Land and property acquired by EDI to inject into the JV

3.58 PARC is responsible for delivering approximately 2,200 new homes on its land, and a further approximately 1,000 homes will be delivered on land owned by other developers within the design framework area.

3.59 On PARC's land, the JVC will either carry out or project manage the following activity:

- Housing development for private and social rented purposes
- Commercial development
- Educational and Library development
- Transportation
- Parks and other landscape works

3.60 As well as driving forward and enabling development, a key role for the URC is to capture and link the income arising from private development to contribute to the funding of the public and amenity projects.

### ***Structure, Governance and Funding***

3.61 PARC is a 50:50 joint venture company between City of Edinburgh Council and EDI Group Ltd, a separate development company, wholly owned by the City. The JV partners have equal shareholding and investment. EDI receives interest payment on its investment and the City of Edinburgh Council will receive new facilities. EDI was selected by the Council as the preferred joint venture partner - in preference to a house builder partner - after consultation with the local community.

3.62 The company Board consists of four representatives each from Edinburgh Council, EDI and community stakeholders. Only the Council and EDI have voting rights. The chair rotates annually from both voting parties and has no casting vote – the Company can only

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<sup>8</sup> The notable exception is the major greenfield site at Greendykes, which will deliver 850 houses and which remains in private ownership, with Persimmon, the lead developer, holding the options to develop

proceed by agreement. The company has the power to co-opt additional directors, should this be considered beneficial – currently one from SEEL and one from the Health Trust.

3.63 An Executive Committee meets monthly and reports directly to the Board. This Committee is made up of a directive from EDI and the Chair. The Committee oversees the day to day management of the programme which is carried out under contract by EDI on behalf of PARC.

3.64 There is no dedicated executive team within PARC. PARC has appointed the EDI Group to carry out its programme. A project manager is the only member of EDI's staff who works full time on Craigmillar. He has a particular focus on community engagement.

3.65 The regeneration initiative is a £300m+ overall regeneration plan, with approximately £180m of investment coming from the URC. This funding will come from various sources – including grants and loan stock. The City of Edinburgh Council provides the land assets, and facilitates the accessing of development funding for social housing in the form of HAG. An equivalent amount in cash or income producing assets is to be provided by EDI, to match CEC's land assets. There is further conventional project finance from private loan finance to the JV or via 3rd party sales, and the housing association development will also be backed by conventional loan finance. PARC will provide further contributions to help HAG deliver the numbers of social houses required in the area.

3.66 The business plan is based on the assumption that early investment in private sector housing and other amenities will result in a steady rise in house prices and commercial rents. The return on loans and investments will therefore be secured against delivery of higher house prices and commercial rents. The loan stock is interest bearing and provides part of the overall return to shareholders.

**Table 3.2: PARC Funding by Source (£millions)**

City of Edinburgh Council	£11.0 (in kind - land value)
EDI	£11.0
Scottish Executive	£21.2
HAG	£18.0
Private Loan Finance	£62.0

3.67 The JV has a 15 year time frame. After this point they wish to create a 'Community Legacy' initiative – to ensure continuous community development and ensure future sustainability on completion of the project. They will explore models including Community Foundations, Regeneration Trusts and Community Associations to deliver the legacy.

### ***Progress and Achievements to Date***

3.68 PARC has funded and completed a Baseline Study, together with Craigmillar Partnership. An Urban Design Framework (UDF) has also been drawn up by the CEC Planning Department, with input from PARC, other stakeholders and community representatives. Consultation on the UDF was completed in April 2005 and subsequently adopted by Council in Sept 2005. In total, the UDF took around a year to prepare. The UDF sets a specific planning agenda for Craigmillar that can be considered alongside other key

planning documents. It aims to ensure that proposed developments plans for the area are compatible with the overall agenda of PARC.

3.69 In terms of project delivery the following progress has been made:

- The City of Edinburgh Council has emptied and demolished housing in the Wauchope Square area. Phase 1 will start in June 2007 with a small development of 63 houses, largely for sale, in Wauchope Square and the joint primary schools campus in the same area.
- Several strategic sites for redevelopment of the town centre have been acquired on behalf of PARC.
- The £16m joint campus schools started on site in January 2007.
- The first community facility started on site in April 2007 – a £1m+ floodlit all weather football pitch and pavilion.
- Infrastructure works have begun in Greendykes North masterplan area.
- New bursary scheme launched with secondary school to enhance opportunities in property-related professions.
- Design team appointed for secondary school.
- Consultation started on town centre masterplan.

3.70 PARC has, via the OJEU process<sup>9</sup>, appointed a panel of consultants to help it deliver projects over two years. In August 2005 a programme was developed to appoint a sustainability consultant to deliver an Environmental Impact guide to inform the PARC delivery programme. A project risk register was also established which is updated and assessed as part of each business plan review. It is the responsibility of Executive Team to identify, document, manage and review risks.

3.71 The URC has a research programme for professionals and local community to observe best practice regeneration projects, and to help inform the development of the programme and approaches in Craigmillar.

3.72 The URC brand name has been established – PARC (‘Promoting and Regenerating Craigmillar’) – and is widely used in company literature and advertising, which has recently developed to include advertising on buses and taxis in Edinburgh and a new website, with the objective of promoting the area as a residential location.

3.73 PARC appointed consultants to prepare a Monitoring and Evaluation Framework (MEF), which has defined parameters to evaluate itself as a delivery vehicle for the regeneration process and how it can be measured against targets.

3.74 It is widely accepted that achieving sufficient critical mass of housing development is very important to the success of Craigmillar’s regeneration strategy. There is recognition that it is important to ensure that the level of house building for sale is substantial enough to give confidence to potential purchasers, thus raising values, as required by the business plan.

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<sup>9</sup> For a description of the OJEU requirements, see section 4.7

3.75 The progress of the large housing project in Craigmillar on land which is not under the direct control of PARC or the Council – the Persimmon scheme – is important in creating this critical mass. In a URC environment, the Council as planning authority remains responsible for resolving the very complex Section 75<sup>10</sup> issues which in this case are a significant obstacle to development. In situations such as this, the URC is dependent on its local authority partner to resolve the issues. This contrasts with the Urban Development Corporation model, where the UDC commonly has full planning powers.

3.76 URCs may thus be dependent on the skills and resolve of their local authority partners in securing developer contributions and negotiating equalisation payments between different land owners who may benefit from infrastructure projects.

3.77 The Craigmillar experience is that a URC which is set up in an area where renewal and redevelopment has been under discussion for a very long time may find that the community is cynical about the likelihood of positive change, and many residents may be reluctant to engage in the consultation process. In these circumstances, early delivery is particularly important.

3.78 Progress with new social rented housing is also important to the local community, so that Craigmillar people are not decanted out of their area for long periods while demolition and rebuilding takes place.

3.79 In conjunction with CEC's Planning Department, PARC has piloted the new pre-planning application consultation proposals, which are soon to become mandatory through new planning legislation (to be introduced instead of a third party right of appeal). PARC has taken this approach with all applications over the last two years. The new consultations have presented some challenges in a regeneration area – some of the public have found it difficult to understand the distinction between these pre-planning application consultations and the consultations about the wider regeneration process.

3.80 The PARC proposals have been subject to strong opposition from some local residents, while other local people are keen to see the renewal process move forward. Engagement methods which reach out to all residents, such as house to house surveys have particular value in allowing URCs to have confidence that they have a balanced view of public opinion.

## **Clydebank**

### ***The Area***

3.81 The designation of a URC was triggered by the closure of the UIE/ Kvaerner shipyards – the former John Browns shipyard – which left behind a substantial area of derelict and contaminated waterfront land. Clydebank, some 20 minutes by car or train from the centre of Glasgow, has classic post-industrial problems arising from the decline of heavy

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<sup>10</sup> Section 75 of Town and Country Planning (Scotland) Act 1997 is the section under which planning authorities are empowered to reach agreement with developers to, inter alia, secure contributions from developers to provide infrastructure needed to make the development possible. In Edinburgh, such contributions may be required to fund education, transport, landscape and other social facilities, as well as affordable housing.

industry. Formerly a major centre of ship building and engineering – the birth place of the Queen Mary, the Queen Elizabeth and the QE2, it has now lost all employment in ship building and lost several other major employers such as the Singer sewing machine factory.

3.82 From the 1960s onward, Clydebank has been the subject of a range of economic development approaches, from the Enterprise Zone (now the Clydebank Business Park) and the RSA supported private hospital, which has now been acquired by the NHS. It is now known as the Golden Jubilee hospital.

3.83 The final closure of UIE/ Kvaerner coincided with the departure of a number of major employers on the Clydebank Business Park such as Thomas Cook and Vodafone, which although not giving rise to dereliction, impacted on unemployment and deprivation. Unemployment in April 2003 was 7%, almost twice the national average (4%). Some 24% of the working age population claim key benefits, compared to 18% nationally. Average gross weekly earnings were 75% of the national average. Tenure is weighted towards social renting and almost 70% of dwellings were in the lowest Council Tax band, indicating a high proportion of small/ low value housing.

3.84 The URC area covers the whole of the town of Clydebank but the business plan indicates a limited number of priority areas, including the town centre and waterfront. It differs from the other two URCs in that there was very little publicly owned land within the URC area and that it is less of a residential-led regeneration programme and more concerned with a mixture of uses.

3.85 Strategically, the URC area is positioned as a key part of the Clyde Waterfront initiative and the Glasgow City Region.

### ***Role and Function of the URC***

3.86 The URC is responsible for a seven year programme, although regeneration is estimated to be a 20 year over all process. This programme is to large extent about place-making to enable the area to achieve a competitive advantage in terms of attracting investment, employment and residents. Environment, jobs and training are all key to this programme, which seeks to improve competitiveness, inclusion, connections and quality (of place and of employment).

3.87 Priority actions for the URC include:

- Masterplanning & guidance
- Enabling and infrastructure works
- Public realm
- Workspace development
- Social/education programme

3.88 The URC's legal structure allows it to hold and trade in land and property. The URC can also undertake development directly or enter into JVs with others, though to date this has not happened. They also act as agents for the public and private sectors in negotiating development funding and grant support.

3.89 Their facilitation role is crucial, and primarily involves working closely with public and private owners to bring sites forward. They also assist landowners and developers with design strategies for their sites.

3.90 To date Clydebank re-built has had three main roles:

- acting as a developer of business space and public realm schemes
- preparing sites for business and college use
- acting as a standard bearer for design quality through the masterplan and through its own developments which have included public realm work, lighting schemes and the provision of business space

3.91 One of the main challenges for CR is the fact that they did not own any land. There are several key sites which fall within the URC's operational area. The largest development site is the former Kvaerner site itself, owned by a private company known as Clydeside Regeneration Company, which in turn is owned by a number of investors, including Central Demolition Ltd. (With hindsight, it might have made more sense if, when the site was marketed at the time of the yard closure, the whole 100 acre site could have been acquired by the public sector – this would have given a much greater degree of control over the use of the land).

3.92 The other key location of interest to CR is Clydebank Town Centre, which is owned by CIS Ltd. It is transacted by the Central Scotland canal (Millennium Link) which is in the ownership of British Waterways.

3.93 In terms of outputs, over a 10 year period the URC is seeking to deliver nearly 1 million sq ft of business space, 2,400 residential units, nearly ¼ million sq ft of educational property and over 110 acres of public amenities.

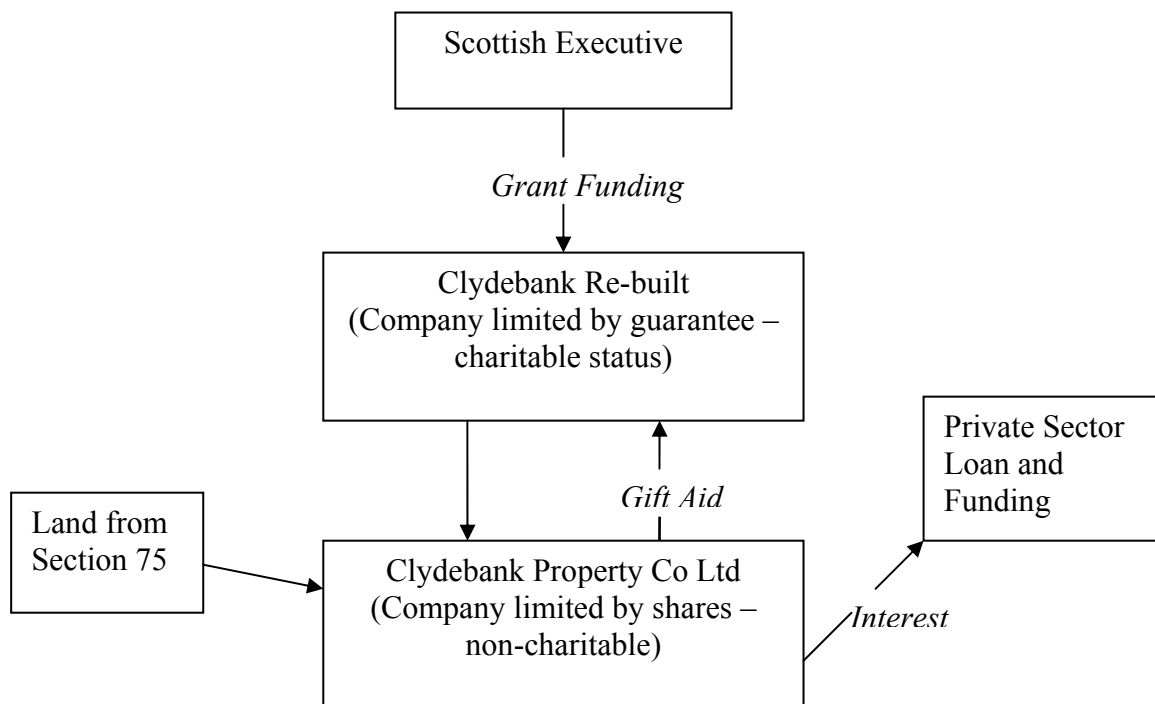
3.94 A flagship element of the regeneration work of CR is the restoration of the Titan Crane, Clydebank's only 'A' listed structure and an icon of Clydebank's great industrial shipbuilding past. The crane towers over the area, and when opened to the public will provide a unique visitor experience and fine views of the river.

### ***Structure, Funding and Governance***

3.95 Clydebank Rebuilt (CR) is a company limited by guarantee with charitable status.

3.96 The members of the company are the two principal stakeholders, West Dunbartonshire Council and Scottish Enterprise Dunbartonshire. It has a subsidiary company (Clydebank Property Company), which is a company with shares and in which all property transactions are vested. Profits realised from commercial activities undertaken by the property company can be recycled back into the 'parent' charitable company through the Gift Aid mechanism.

**Figure 3.4: Clydebank Rebuilt Structure**



3.97 Other key structures in decision making are the Finance Sub Group of the Board, and a Senior Officers' Working Group of the company's main stakeholders.

3.98 The Board has 14 members. The Board representation is as follows:

- 2 x West Dunbartonshire Council
- 2 x Scottish Enterprise Dunbartonshire
- 4 x private sector
- 2 x community representatives
- 1 x Communities Scotland
- 1 x MP
- 1 x MSP
- CR Managing Director

3.99 There are two private sector members on the board of the subsidiary property company (five strong, chaired by a councillor and with an SED board member). The convenor of the finance sub group is a private sector member.

3.100 The Board is chaired by the local MP (John McFall) and the MSP (Des McNulty) is also an ex officio member. The Board meets quarterly, the Property Company monthly. Although large and recently affected by a fair amount of turnover, the Board appears to work well. The meetings move at a fairly brisk pace, mainly because a great deal of preparatory work is done before the Board. The Senior Officers Working Group meets a month before the Board, and there is a meeting between the Managing Director, the Chair and the principal stakeholders before board papers go out. This assists in the smooth running of the meeting on

the day. The board meeting we attended struck an appropriate balance between pace and discussion and feedback.

3.101 The wider structure feeding up into the Board has at various times included:

- Three Sub-Groups (Employment & Finance; Development; and Communications & PR) – these each include several Board Directors as well as the Managing Director and key CR officer.
- Place Working Group, Senior Officer Working Group and Local Design Forums – these include CR officers and representative officers from key partner organisations.
- Urban II Project Groups; Area Regeneration Strategy Groups; SIP Community Forum; SED Officer Group; and Greenspace Group – these include CR officers, representative officers from key partner organisations and key stakeholders.

3.102 CR has a managing director who is a Board member, and five full time staff (projects director, planning manager, community economic development officer office manager and admin officer). The finance manager works one day a week for the company. The team has been very stable since the outset, but the director expressed concerns about the potential for salary inflation and ‘poaching’ of staff, if recent recruitment trends in the latest round of URCs continue and if there are further URCs. This concern was echoed by an SED consultee, who felt that the pool of people with appropriate experience was limited in Scotland.

3.103 The small executive team draws on the resources of consultants and designers, using them as project managers where appropriate. This appears to have worked well, and certain consultants – particularly architects Page and Park – have played a key role.

3.104 The Managing Director, Eleanor McAllister, joined the company from Glasgow City Council, where she was regeneration team leader with a staff of 50. A former deputy director of Glasgow 1999: UK City of Architecture and Design and prior to that, employed by the Glasgow Building Preservation Trust, she has considerable experience of commissioning building and projects. Her considerable managerial experience, her experience of public relations and her passion for design quality have had a very positive impact on the direction of the programme, its pace and its effectiveness.

3.105 The URC is currently exploring options to develop a Community Trust to own and operate the Titan Crane.

3.106 In 2004, the Scottish Executive agreed to provide an initial grant of £7 million for CR for 2004-06, with a provisional allocation of an additional £6.8m for 2006-08 subject to satisfactory progress being made. The URC secured this additional funding in 2006. The overall funding package in the current (November 2004) 2003- 2010 business plan is as follows:

<b>Table 3.3: CR Funding by Source 2003- 2010</b>	<b>(£millions)</b>
Scottish Enterprise (SED and SEN)	£16.58
West Dunbartonshire Council	£6.91
Scottish Executive	£13.8
Strathclyde European Partnership (SEP and URBAN II)	£6.415
Lottery and trusts	£5.215

3.107 Other funding involved in the regeneration of Clydebank, but not directly controlled by CR, includes an estimated £255 million, largely in land remediation and private house building, some £8 million from Communities Scotland and RSLs, some £19.2 million for the Clydebank College relocation to the waterfront (largely funded by the Funding Council, but also with a substantial input from SEP), and some £1.78 million from the NHS on the hospital site.

### ***Progress and Achievements to Date***

3.108 The Clydebank Plan (the business plan produced by CR) has been approved by the Council, Scottish Enterprise and Scottish Executive. The Plan received a ‘Commendation for Outstanding Performance and Quality’ in the Scottish Planning Awards. The Council has adopted the Design Guidance (produced by Page and Park for CR) as SPG for developers. CR has also, through OJEU, procured a contract for the design of a new riverside sports venue to be funded by West Dunbartonshire Council, and launched an international design competition to design a new canopy for the canal bridge.

3.109 CR has been successful in achieving initial targets for decontamination, enabling works, infrastructure and public realm improvements. It has remediated the 6.5 ha Queens Quay site.

3.110 In terms of land acquisition, CR has acquired John Knox Street (the site of their award winning business space development), and the Titan crane. Significantly, CR now has control over 20 of the 100 acres of the former Kvaerner site as a result of developer contributions negotiated as a condition of the outline planning consent for housing secured by the Clydeside Regeneration Company. This came about because West Dunbartonshire Council had determined that they would grant consent for housing subject to suspensive conditions, which required the developer to provide certain agreed amounts of business space before the next phase of the housing development commenced. The Council’s head of regeneration and planning offered the option of a straight land transfer as an alternative and this was accepted by the site’s owners.

3.111 This land is now being used for two purposes:

- The relocation of Clydebank College to a quayside site - the college received the site at zero value.
- Office space and land for business at Queens Quay. The first phase of the office space will soon be complete and CR will move in to the building. They may act as developers or enter into a joint venture for subsequent phases of business space on the Queen’s Quay site.

3.112 Different views were expressed about when Clydebank College decided to move to the waterfront site, with the landowner stating that negotiations were in progress before the URC was established, but nevertheless the progress made to date in establishing the Waterfront as a business, education and employment location is impressive and will help to support market interest in the wider Clydeside Regeneration site. As elsewhere in Clydebank, the URC has been able to build in design quality to the early stages of the development.

3.113 CR has also undertaken a number of environmental and public realm improvements itself in Clydebank with public sector funding and has delivered new business premises on certain sites, such as the JKS Workshops.

3.114 CR is monitored internally and externally. The Finance sub-group and partner agencies meet quarterly and two projects have been externally audited. Monitoring is conducted on a project by project basis and includes output and impact indicators along with social justice measures and regeneration measures. CR reports good performance in achieving its financial targets for investment and expenditure, and has achieved funding commitment from public sector partners. However its success in attracting the private sector is so far unclear.

3.115 CR itself is likely to raise loan finance for subsequent phases of business space at Queen's Quay. The main element of private sector funding will come from house builders on the part of the site currently being prepared by Clydeside Regeneration Ltd.

### **New URCs**

3.116 Two further Pathfinder URCs were designated by the Scottish Executive in 2006 – Riverside Inverclyde and Irvine Bay Regeneration Company. These URCs are in the Executive's regional priority areas for regeneration.

### ***Riverside Inverclyde***

3.117 Riverside Inverclyde is similar in structure to Clydebank rebuilt and is also a company limited by guarantee with charitable status, which has a subsidiary property trading company. Founder members of the company are Inverclyde Council and Scottish Enterprise Renfrewshire.

3.118 The URC is responsible for the bringing forward, assisting and enabling development of a range of sites to the North of the A8 on the River Clyde waterfront, stretching from Port Glasgow to Greenock, over a 12 year programme. It has a key brokering role working with Inverclyde Council and private partners Clydeport – who own about 70-80% of the land within the URC's remit. The URC is not operating from a standing start, as there is already significant development underway in the area.

3.119 The current focus is on riverside development areas accessed by the A8 trunk road. However, the URC is also concerned with linking the opportunity that exists along the waterfront with the significant need which exists in much of the adjoining area on the other side of the A8.

3.120 The URC is also exploring a different governance approach to some of the existing URCs, which are required to go to their funders (such as Scottish Enterprise and the local authority) on a project by project basis. Riverside Inverclyde hope to negotiate a three year rolling funding plan instead, which is approved on an annual basis, with decision making devolved to the board in return for achieving target outputs and outcomes.

3.121 The Board membership consists of representatives from the following:

- Inverclyde Council
- Scottish Enterprise Renfrewshire
- Clydeport
- Greenock Chamber of Commerce
- Communities Scotland
- Prince's Scottish Youth Business Trust
- James Watt College
- Community Representative

3.122 The company currently has four staff, including a newly appointed Chief Executive, but hope to increase that to seven or eight staff in the near future. In 2006, Riverside Inverclyde took around six months to select consultants for three fixed term contracts and four framework panels. The assessment of the 220 bidding organisations was carried out at a time when the organisation had only three full time staff, and made considerable demands on the organisation.

3.123 Innovation is an important part of the approach the URC is taking to delivering its programme and it is exploring public/private partnerships, single point service delivery, streamlining planning and linking skills and employment opportunities with economic and physical development, amongst other things. It is also seeking to learn lessons from a wide variety of sources including: the Scottish Pathfinder URCs; Irvine Bay; Strategic Partnerships; Hamilton International; Clyde Waterfront; and English URCs. The URC's property development company will allow it to enter into joint ventures with development partners, enabling it to capture the value uplift resulting from its interventions.

3.124 The Riverside Inverclyde Strategic Regeneration Framework, commissioned by the Economic Regeneration Theme Group of the Inverclyde Alliance, was produced in April 2005. Riverside Inverclyde has built on this work, producing a first draft business plan in January 2007.

### ***Irvine Bay Regeneration Company***

3.125 Although Irvine, when designated a new town, was a driving force in the economic and social growth of North Ayrshire over the last 30-40 years, changes to the economy have affected all the settlements in North Ayrshire and contributed to higher levels of deprivation, often concentrated in localised pockets. Furthermore, the economic shifts away from manufacturing and local specialisms such as vehicle engineering and computer assembly, have led to an outmoded employment infrastructure and, potentially, skills set. This has also been accompanied by an inheritance of inappropriate sites and premises, predominantly

geared to serve the needs of the industrial and manufacturing economy between 1960 and 1990.

3.126 Despite a number of important regeneration projects, such as Ardrossan Harbour phase one, a need was identified for a more concerted transformational effort to achieve greater economic and social prosperity across this arc of settlements.

3.127 As a result the URC was set up in 2006 with the aim of employing contemporary regeneration best practice to deliver genuinely transformational outcomes for the communities of Irvine Bay. The communities which the URC covers are spread over a large geographical area known as the Irvine Bay Regeneration Area (IBRA), which is formed from the arc of settlements around Irvine Bay – namely Irvine, Kilwinning, Stevenston, Saltcoats and Ardrossan, together with the land at Ardeer.

3.128 An 11-strong board has now been established, with representation from the key partner bodies. Six of the 11 are private individuals with a private sector background (importantly they are on the board in an individual capacity, rather than representing their businesses). An interim executive team was initially put in place, and in July 2006 a Chief Executive was appointed, with further appointments to follow in due course.

3.129 The URC is to be set up, following legal advice, as a company limited by guarantee, with charitable status. A subsidiary property company is also being considered, and the URC is currently taking advice as to the most tax efficient legal structure for that company.

3.130 Initially the URC has prepared a comprehensive regeneration framework for the IBRA. The foundation for this, and one of the URCs early pieces of work was to develop a clear understanding of the economic drivers for the Irvine Bay Area and build the economic case for the physical masterplan for the URC.

3.131 A masterplan for the whole Irvine Bay area was prepared between September 2006 and February 2007 - a tight and demanding timescale, given the need for extensive consultation - but one which the consultants succeeded in meeting. The URC developed a first draft of their business plan early in 2007. This is now being refined and developed into an operating plan.

3.132 There are 5 themes that make up the masterplan strategy for the area, which are used as a basis for developing a series of projects:

- iWork – creating and spreading wealth
- iLive – quality of life for existing and new residents
- iSea – rediscovering the sea
- iPlay – making Irvine Bay a good place to spend time
- iBay – transforming the Bay’s image

3.133 The URC is currently seeking expressions of interest from potential development partners for bringing forward the comprehensive development of Irvine Harbourside, a key site on the town’s historic waterfront. The 4.5 ha Harbourside is the first in a series of opportunities, identified in the masterplan, to be brought to the market. The URC is also

currently marketing land at the southern part of the Beach Park for the development of a world class links golf course and associated development, including a landmark hotel.

## **Emerging URCs**

### ***Clyde Gateway***

3.134 The Clyde Gateway is a multi-agency project and was set up to tackle the physical and economic decline of a large part of the East End of Glasgow and South Lanarkshire. It stretches between Bridgeton Cross, Parkhead Cross and Farme Cross, focusing on the Dalmarnock area south of London Road. The East End of Glasgow, together with adjoining parts of Lanarkshire, contains some of Scotland's most deprived communities and has suffered from persistent physical, social and economic decline. Population is declining faster than in the rest of the city-region, economic activity is extremely low, and there are low levels of employment. The areas also contain almost 30% of all the derelict and contaminated land in Glasgow and South Lanarkshire and there are significant drainage, infrastructure and contamination constraints.

3.135 The Clyde Gateway project has been developed by Scottish Enterprise, Glasgow City Council and South Lanarkshire Council to exploit the economic development potential of the proposed M74 Northern Extension and the East End Regeneration Route. When implemented, these improvements to transport infrastructure will make the Gateway area one of the best connected urban centres in Scotland, particularly in relation to Glasgow city centre. Subsequent physical infrastructure works, to be undertaken principally by public sector partners, will help create a new and highly accessible business location.

3.136 Currently it is being led by the Clyde Gateway Partnership until an Urban Regeneration Company is established. The Partnership includes Glasgow City Council, South Lanarkshire Council, Scottish Enterprise National, Scottish Enterprise Glasgow and Scottish Enterprise Lanarkshire and Communities Scotland. Given the scale and complexity of the Gateway initiative and its current state of development the Scottish Executive believe that the best way of harnessing the efforts of all the partners to deliver the vision is by the creation of a dedicated URC for the Gateway to drive the initiative forward and provide the long-term certainty needed by private sector investors.

3.137 Consultants were appointed to complete a development framework in 2004. The development framework aims to:

- Create a lasting transformation of the area
- Increase economic activity and job opportunities
- Develop community well-being and culture

### **Summary points**

3.138 In all there are now five URCs formally established in Scotland. The sixth, Clyde Gateway, is being actively developed and due to be formally established in 2007. The review and commentary provided in this section highlights that:

- All of the Companies have adopted designs and programmes for themselves that actively mirror the underlying aspirations of the Scottish Executive, as articulated at the outset of the URC “movement”. Specifically, all five of those now formally established are working to ensure that they achieve the six purposes articulated by the Scottish Executive and summarised in section 2.2.2 of this report.
- That said, whilst all of the Companies are pursuing similar overall objectives, they have all established designs for themselves that are different. This degree of variation – as section 4 of the report will highlight – should generally be seen as a “good thing”. It exemplifies how the Companies are creating innovative structures that creatively balance an alignment with the national policy objectives with the need to address issues that are contingent to individual localities.
- In a procedural sense, all of the Companies are operating in a similar way. Generally, each company has worked to establish a regeneration strategy or framework, which has been followed by a spatial plan / masterplan. The relevance of the former is to set a socio-economic context for the area, whereas the latter sets out a spatial development framework for its regeneration, that is based on that context (and the needs / opportunities articulated therein).
- Levels of private sector representation on the Boards of the URCs are variable. This degree of variation is mainly attributable to the choices made by the individual companies (and specifically their members) at the outset for forming the Companies. One of the five Pathfinder Companies has no private sector representation, while another has a very strong representation (five out of eleven) of local authority members and officials as a result of the nature of city’s joint venture partner ( a wholly city council owned development company). Whilst not a criticism per se, the fact that the Companies operate on this basis does beg questions about the appropriateness of the “brand” in these instances. PARC have made the point that that their local authority members are board members of a private limited company, which operates on a commercial basis, albeit with the local authority as its one shareholder. However, some partners feel that the independence, experience, and ‘constructive challenge’ which these members bring is not the same as that which **external** private sector board members would bring to the Board.
- Without doubt all of the Companies have recognised that community involvement is important. The models that have been adopted to reflect that recognition vary. That variation is in part attributable to the specific situations that characterise the Companies area of operation. Raploch and Craigmillar for example are both predominately residential areas. The models through which the community is involved in these areas generally reflect links back into well established community groups. To an extent, Clydebank reflects a greater variety of interests (specifically landowners, businesses, other stakeholders and so on) and the models for engagement reflect that additional dimension, which has necessitated the formation of new groups. This has taken time, but the experience of doing so is itself valuable for other URCs.

## CHAPTER FOUR      BEST PRACTICE – A BASIS FOR LEARNING

### INTRODUCTION

4.1     The preceding sections of this report have set the context for the formation of URCs in Scotland and have outlined how the existing companies have established themselves in that context. This section of the report draws out what we have termed “best practice” in relation to the steps that have been taken by the Companies to deliver against their aims and objectives.

4.2     It is helpful to see this section of the report as offering advice and guidance to partnerships that are either in the process of establishing a URC or otherwise thinking of doing so. It highlights particular things that work well as well as potential pitfalls that should be avoided.

#### Company structures

4.3     All of the Scottish URCs are corporate vehicles. That is, each has an established legal structure and is a separate entity from those of their founding members. Among the URCs, four of the five have a body corporate with charitable status and it is likely that the Clyde Gateway will adopt a similar structure. PARC is a company limited by shares. Three out of the five have subsidiary companies set up to hold any land and property assets; again, it is likely that Irvine Bay and Clyde Gateway will follow suit.

4.4     Simply adopting a corporate structure is in our view advantageous. It helps with:

- **Prioritisation and focus:** setting up a separate company signals a serious intention to tackle the regeneration of a specific area and charges a group of people (board and executive) with the single task of delivering it. Whilst we accept that these attributes can be created without the need for new legal structure, our consultations – especially with the private sector – indicate that the main stakeholders coalesce around a newly established legal structure and the seriousness of their intent is reinforced.
- **Use of company law:** this requires every Director of the Company to take decisions in a way that he / she feels best represents the interests of the Company<sup>11</sup>. In effect therefore, the priorities and aspirations of the public and private organisations from which these Directors come should therefore be subordinated to those of the Company. Company ‘best interest’ is, in effect, the delivery/realisation of the overriding vision/masterplan – as reflected in the Objects Clause in the Memorandum of Association.
- **Concentrated focus and private sector credibility:** one of the great strengths of the creation of the new Company is its perceived independence amongst the investment community and private sector. On balance, this research has concluded that representatives of the private sector in particular do see the

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<sup>11</sup> Although a number of our interviewees felt that their Board needed frequent reminders that it should act in that way. It was felt that there was a tendency for some board members to treat the Board as another local authority working group, or to act as a ‘representative’ of their own organisation.

URCs as independent from the local authority and that independence is seen as being especially beneficial because it creates a concentrated focus and indeed a much clearer line of accountability between the vision / plan and the organisation responsible for its delivery.

4.5 The analysis suggests that these benefits are much greater where there is absolute clarity in respect of the separation between the local authority stakeholder and the URC. In the case of PARC, there is little *perceived* separation between the URC and EDI (which is a wholly owned subsidiary of Edinburgh City Council) and therefore the local authority. Because of this the views of many consulted during the research was that the company itself cannot be said to have a fully developed identity of its own.

4.6 The specific type of legal structure also carries various advantages. Indeed, ensuring that the legal structure adopted remains ‘fit for purpose’ is arguably as, if not more, important than the URC brand itself. Some points that the study team found worthy of highlighting include:

- The adoption of a Charitable Status model <sup>12</sup> (as in the cases of Clydebank rebuilt, Raploch, Riverside Inverclyde and Irvine Bay) allows the Company to receive a number of primarily tax related benefits. Typically, special advantageous reliefs and schemes concerning Income Tax, Corporation Tax, Council Tax/Rates and others are available to recognised charities. Whilst charities do pay VAT there are exemptions available for various activities. In the case of Clydebank, Raploch and Riverside Inverclyde a trading subsidiary company has been established which can – and should – allow the URC to share directly in the realisation of profit from joint developments with the private sector. These profits (or an agreed proportion of them) can be granted to the Charitable Parent Company in the form of Gift Aid which limits the payment of Corporation Tax.
- The benefits of adopting a Company Limited by Share structure (as is the case with PARC) is that it a) obviously limits the liabilities of the shareholders (as is the case with any Limited Company); and b) that level of liability is limited to the amount of capital originally invested by the shareholders (i.e. the nominal value of the share capital). The primary benefit – in the context of the URCs at least – of a Company Limited by Share as opposed to one Limited by Guarantee is that it is a more flexible legal structure for accessing private finance.

### **Engagement of the private sector**

4.7 The private sector can engage with URCs in number of ways:

- At a Board level
- Via the provision of finance

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<sup>12</sup> By becoming a charity, an organisation places itself within a particular legal and institutional framework. Each nation within the UK has different charity law. In Scotland, charities are principally governed by the Charities and Trustee Investment (Scotland) Act 2005. By accepting the tax benefits and public trust which comes with charitable status, charities must also accept that they are publicly accountable. Measures in the 2005 Act ensure accountability by requiring a charity to make information about its activities available.

- Via legal / equity participation in subsidiary companies or JVCs
- Because they are a business located within the URC's area

### ***Private Sector Board Representation***

4.8 Raploch is the only URC with no private sector representation. Raploch has deliberately configured and appointed its Board in such a way as to ensure all representation is from public sector stakeholders and representatives of the local community. The intention here was to ensure that the Board mirrored the configuration of the organisations who would sit central to the delivery of the plan. Whilst the private sector clearly plays a role, it does so under a contract relationship and not therefore at a strategic level.

4.9 Strictly speaking, PARC has no *external* private sector representation on its Board. While EDI on the face of it appears very much like a commercial developer, it is a wholly owned subsidiary of the local authority. Again, the absence of any external private sector representation reflects the nature of the parties and their roles in the delivery of the PARC plan.

4.10 We do not question the logic and rationale behind the decisions not to elect external private sector representative onto the Boards of Raploch and Craigmillar. These decisions reflect the uniqueness of the two areas and also the distinctiveness of the existing delivery arrangements that the URCs have actively built on (e.g. the existence and track record of success within EDI). However, a number of our interviewees did question whether or not the strong public sector bias was in fact in the true spirit of the URC “brand”.

4.11 This is obviously a matter open to interpretation but we would however like to highlight that in both cases the two URCs have created creative structures to secure significant amounts of capital finance from private investors / developers (see 4.10, below) and in those terms have, without doubt, fulfilled their duty to engage the private sector.

4.12 Thus amongst the first round of URCs, only Clydebank has external private sector Board representation. Two places are filled by private sector individuals – and these individuals represent the development and finance sectors. Specific comments about the effectiveness of these arrangements are highlighted in 4.5 below. Within the two newer URCs (Irvine Bay and Riverside Inverclyde) both have private sector Board members, making up a 50:50, public:private ratio on the Board. The Chair in both instances is drawn from the private sector. These approximate more closely to the English URC model, where guidance issued from the then ODPM suggested there should be no overall public sector majority on the Board and, ideally, an independent Chair.

4.13 It is the view of the consultant team that private sector representation on the Board of the URC should be seen as a positive thing and a step that should be encouraged. Through our discussions with the URCs and through our own work with numerous English URCs we are of the view that private sector representation can be a powerful tool. Specifically, it can, at times, act as a counterbalance to the political pressures that URCs can – and often do – face. Moreover, depending on the strength and quality of the individuals concerned, a private sector led board can be particularly helpful in keeping the Companies focused on tasks and outcomes, bringing particular skills and expertise from business or other backgrounds. In

some cases, independent external representation on the Board might be as effective as private sector representation – the key issue is the calibre of the individual board members.

### *Private sector finance – some general principles*

4.14 A key test of the URCs is their ability to create conditions that are conducive to attracting large scale capital finance from the private sector. The enormity of the challenges faced by the areas within which the URCs operate and the scale of the projects they are intending to support are both such that there is little possibility of the agreed outcomes being achieved without substantial private investment. The emphasis – in both policy and practical terms – is then on creating the conditions within which the private sector will be both motivated and willing to invest.

4.15 All of the URCs are each addressing this challenge in different ways. However, a common theme throughout is a degree of front-loading of investment to create development platforms that are at a point where the level of risk to the private sector becomes acceptable. In practical terms, this has meant:

- **Investing the time, resources and organisational reputations in the preparation of a vision / plan.** The plan brings with it a challenging vision for the designated area, which sets out a clear view of what the place will look like and what its functional role will be at some future date. The plan also acts as a strategic framework that specifies outputs and outcomes. It is one of the first – and most essential – building blocks of securing interest from the private sector and raising awareness of the scale of the investment opportunity.
- **Front-loading capital investment in the infrastructure and environmental conditions necessary to create development opportunities that have an acceptable risk / return profile.** This includes acquiring and treating contaminated land, the provision of transport infrastructure, public realm improvements and facilitating / bringing renewed emphasis to investments in broader public services (e.g. schools).
- **Creating new legal structures for sharing risk with the private sector.** This has included the creation of joint venture companies, in which investment by the URC (and its founding members) is balanced with cash investment from the private sector.
- **Creating a strong policy framework that drives quality standards into the development process.** This has included the production of design standards and guidance to the private sector about the type and quality of development that will be acceptable within the designated area. In one instance this is manifest in the publication of design guidance that has become enshrined in planning policy as Supplementary Planning Guidance.

### *Raising private finance – some good practice examples*

4.16 Whilst the URCs in Scotland are obviously considerably younger than their counterparts in England, the progress that they have – and continue – to make in the area of private finance is strong. Some of this strong progress is attributable to the flexibility that has been enshrined into the Companies since their establishment. Future companies should seek

to take advantage of that flexibility and build on the successes of some of the current models. For example, the freedom given to the companies has enabled them to create innovative new legal structures for engaging either large scale institutional / bank finance or to enter into specific large scale / long term contract relationships with developers / builders. Specifically:

- The private loan finance link with EDI (under the PARC Model) provides access to a large institution and potentially significant sums of private finance (which is currently debt structured). CR is also discussing accessing bank loan finance to develop subsequent phases of office space at Queen's Quay. This differs massively from English URCs where there are a few examples of a Company actually raising private finance (both itself or via legal participation in a JVC).
- The Raploch experience demonstrates a good example of transferring risk to a private sector consortium without having to transfer either the assets or the opportunity to share in the profits created by the programme.

4.17 These models are both clearly different to each other and to a degree involve circumstances that are peculiar to each area. Yet there are some elements of the approach which are transferable. These include:

- The ability of the URCs to effectively leverage relationships with organisations that have an asset base against which debt finance can be secured (e.g. EDI). There are similar vehicles within other local authorities across Scotland that could, in the right circumstances, play an equivalent role.
- A clear acknowledgement that private finance was central to the delivery approach and should therefore be factored into the legal model ultimately adopted for the Company.

### ***Private sector partnering – some models to build on***

4.18 URCs will – at some point during their lifetime – be required to procure development partners. Where these development partners are using assets that are in public ownership, the procurement process will, of course, have to remain within the current European procurement framework. Procurement will either be on an area wide basis or on a site by site basis, depending on the delivery strategy in place.

4.19 Without doubt, the principle of including EDI within the PARC structure is a helpful one. EDI is an established development organisation and, partly because of their inclusion within the structure, the procurement of development partners for PARC is clearly less of an issue than with others.

4.20 We understand that the City Of Edinburgh considered other options such as a joint venture with a private house builder/developer and the Craigmillar Partnership was consulted on this issue. The critical factors in the choice of EDI appear to have been the pre-existence of an organisation set up specifically to facilitate development while recycling profits for the public good rather than for private shareholders.

4.21 Under the model, EDI manages the development process for PARC as a company, through a management contract agreed by the two shareholders and the Company, leveraging funding from investment sources. Currently, PARC is acting as developer for the early housing projects. The point in time at which it will start selling land to others to develop has not yet been established.

4.22 In Raploch, the procurement process involved the selection of a private sector partner to deliver the vision / masterplan. The process began at the end of 2004 with the publication of an OJEU notice asking for expressions of interest from bidders. Interestingly all tendering was managed via the internet, which was believed to be a first for a project of this scale and complexity in Scotland.

4.23 The procurement process adopted has been described to us as being intensive and at times drawn out. However, there were additional benefits secured as an integral part of that process – most notably through the insertion of the community benefit clause into the legal contract with the developer. They include:

- First, the inclusion of community representatives from the Raploch Community Partnership in the process. Individuals were selected on to each assessment panel and their capacity built through mentoring.
- Second, it has set up job and training opportunities aimed at the local labour market.
- Third, it has helped to create a programme of support to assist small businesses to benefit from contracts emerging from the development process.
- Fourth, it has helped to bolster the sustainability of a local community enterprise via knowledge transfer, mentoring, supporting the development of ideas and the award of contracts.
- Fifth, it has helped to create a new and innovative business which will maintain the public realm and produce local community benefits.

4.24 Whilst none of these benefits are unachievable through other means of procurement, the fact that the developer has created a partnership with the URC has helped to focus the attention of the single private partner on creating these benefits. It has thus helped the URC to maximise the “public good” that can accrue under the programme and create a portfolio of benefits that may otherwise be far harder to achieve under circumstances where there were several private sector partners.

4.25 In addition, the process has enabled Raploch to benefit from the capacity, expertise and investment of a private sector consortium without transferring control and the value of the land being regenerated to that partner. Under the terms of the agreement, all land remains under ownership of the public sector and the consortium effectively acts as a development contractor, incentivised by a profit share. In these terms the model has also helped to transfer risk to the private sector.

4.26 While the model may have been protracted and at times particularly complicated to create, it has helped to produce beneficial outcomes. The transferability of the model is however potentially limited to areas with similar physical characteristics and challenges as Raploch – i.e. a single housing estate under the entire ownership of the local authority. Also,

the impact of the scheme and its planned benefits and the use of a single development partner on the mix and diversity of the redeveloped community is yet to be proven.

4.27 Clydebank Rebuilt has acted as a developer in a number of instances and has already delivered new business premises. The approach has involved the use of public sector funding to procure contractor partners against specifications agreed by the URC board. The focus of the organisation in terms of other development is generally one of facilitation – as opposed to direct procurement. Here the URC works closely with public and private partners to bring sites forward for development.

## **Funding arrangements**

### *Access to capital early in the programme is key*

4.28 From the start the URCs need revenue funding to cover costs of company establishment, master-and-business planning, and the recruitment of staff. Start-up funding and other up front revenue commitments have generally been provided by local partners. In the case of the newer URCs, the Executive has provided start-up funding in advance of business plan approval. Because of the relatively early availability of revenue funding, progress has been generally good, especially in terms of the establishment and recruitment of staff to the URCs and the development and agreement of the vision / plan.

4.29 Obviously one of the main principles behind the establishment of the URCs is that the company should be given the financial wherewithal to both initiate and then drive forward the capital programme. Noting the points made earlier about reducing risk to private investors and the requirement to front load certain works, much of the early capital funding made available to the Companies has been allocated on the basis that it will fund such enabling / preparatory works – and not the broader overall programme, which should be delivered by the private sector. The main source of this early capital funding has been the Scottish Executive, with contributions from other sources. To date, something in the order of £66 million has been allocated across the URC Programme, including the 3 newer URCs designated as part of the Regeneration Policy Statement. This covers the period 2004-08. At the time of writing this report, future amounts of funding for the URC Programme will be dependent on the outcome of the Spending Review scheduled later in 2007.

4.30 The funding made available by the Scottish Executive has been matched in most instances by funding from other public sector sources. Some of these are discretionary (e.g. European grants), but in the main, the most significant sources of other public sector match funding has been made up on contributions from the local authority (through a mix of cash and in kind, typically land based contributions) and Scottish Enterprise.

4.31 Generally, we are of the view that the pound for pound investment made by the Scottish Executive is producing a strong rate of public sector leverage. In all five of the URCs, the Executive's investment is or will be more than matched by those of the local authority and Scottish Enterprise combined (when in-kind land contributions are factored in).

4.32 These initial cash and land contributions – which are significant in their own right – have helped to build the credibility of the Companies and give confidence to the market and

other stakeholders that there is both a commitment and a financial capacity to deliver the vision. They have also helped also to bolster the strength of the Companies in both leveraging private finance and in negotiating their way through initial strategic site acquisitions and so on (i.e. vis a vis other potential purchasers and with land owners themselves).

### ***Streamlined and integrated funding appraisal is a model of good practice***

4.33 In terms of the practical governance and decision making processes for the management and expenditure of public sector funding, there is, as we understand, no one single model being applied across the Companies. Instead, the management and governance of public sector funding is generally subjected to the due processes that were already in place within the existing partner funding organisations prior to the establishment of the Company. For example, the use of European money has followed the standard procedures in place for that money. Similarly the use of monies from the Scottish Enterprise network has been subject to what have been described to us as the very demanding detailed project appraisal procedures.

4.34 To some extent this could – and in some cases has – placed a significant burden on the companies. However, there are practical examples of how these burdens can be minimised. They include:

- The provision of support from expert officers within Scottish Enterprise to oversee the technical processes of resource procurement and programme appraisal (as was the case with Clydebank Rebuilt).
- The agreement of a three year business plan, with annual sign off / approval, as opposed to approvals being made on a project by project basis (as is currently being explored for Riverside Inverclyde).

### **Relations with Stakeholders**

4.35 Stakeholders must want the URC and the attributes it brings. They must be willing to cede authority to it, and to support it. The support of the local authority is particularly important, but other stakeholders, particularly Scottish Enterprise and Communities Scotland are also important. The nature of the support required will vary, but may include:

- transfer of land assets at market or reduced value
- funding for projects
- the use of development control powers to secure the implementation of the masterplan and the design objectives of the URC
- Section 75 negotiations to secure infrastructure provision or other benefits - including land transfer

### **Company decision-making**

#### ***The Company Board***

4.36 The board meeting that the consultant team was able to attend (Clydebank Rebuilt) demonstrated how an appropriate corporate structure can bring together a range of external

and specialist knowledge to the benefit of the company. Although the Board is large and had a number of new members, it was well chaired, well planned, and we felt that local members and local residents were fully engaged. It was helpful that the mix of papers and presentations were interesting and engaging.

4.37 We felt that the Board and its various structures did not just ‘rubber stamp’ decisions and that there was an element of constructive challenge for what is undoubtedly a strong executive team. In a structure of this type, it is much less easy for unresolved issues between the public sector agencies to remain unresolved and to block progress.

4.38 The presence of external private sector representatives was, we felt, valuable, because even if not heavily involved, they serve as a witness to the progress and effectiveness of the organisation. How much the representatives contribute over and above that will depend very much on their individual abilities and knowledge – Clydebank clearly benefits from having some particularly able board members, who bring a wider perspective and skills.

4.39 The relative strength of board and executive will vary, in part because the board and executive composition and calibre will always vary. The strength of the team will also vary. Clearly in the case study described above, we were impressed by the calibre and contributions of the people represented.

4.40 Interviews with Board Members in Craigmillar and Raploch indicated a broad consensus that the URC Boards were generally effective decision making bodies where different views were aired and taken into consideration.

### ***Decision Making***

4.41 Several URCs have stressed the importance of consensus building, in the form of meetings and consultations prior to formal meetings to ensure that valuable Board time is not taken up with issues which had the potential to be resolved prior to the Board. Pre-meetings play a key role in ensuring that there are no surprises and that the Board meeting uses its time well.

4.42 A key issue mentioned by several of the companies was the importance of board members acting as board members – i.e. putting the interests of the company first – rather than acting as representatives of their organisation.

### **Procurement**

4.43 The matter of procurement sits central to the operation of all URCs – be it in terms of procuring advisors and specialist support, or be it in terms of procuring delivery partners / developers and / or investment partners. The framework that surrounds the Companies is broadly determined by the existing European and UK public sector procurement legislation and practices and is in these terms fixed. The interpretation and application of these processes is then the main focal point of our analysis here.

4.44 The OJEU process is a legislative requirement designed to demonstrate that a clear, consistent and competitive process has been undertaken in awarding high value contracts.

4.45 All procurement in the public sector is subject to EC Treaty principles of non-discrimination, equal treatment and transparency. In accordance with European legislation, the majority of supply and service procurements with an estimated value of €200,000 (currently around £140k), and works contracts with an estimated value of €5,278,000 (currently around £3.5m) must be advertised in the Official Journal of the European Union (OJEU). The EC Public Procurement Directives require contracting authorities to provide details of procurements in a prescribed format, which are then published in the OJEU.

4.46 All companies replying to an OJEU advertisement have an equal opportunity to express interest in being considered for tendering. Those companies selected to tender receive the same information on which to make their bid.

4.47 Advertisements must appear in the OJEU before being repeated in any other publication. OJEU advertisements are published daily in Tenders Electronic Daily (TED), the on-line version of the Supplement S to the OJEU containing calls for tenders, contract awards and pre-information notices.

4.48 With regard to letting tenders, there were contrasting and conflicting views on the constraints associated with procurement through OJEU. PARC found it slow and limiting – and questioned why as a ‘private sector’ delivery body it should be required of them. Conversely, Clydebank Rebuilt found the fast track procedure reasonable and manageable, using consultants to manage the process.

4.49 Irrespective of these differing views, the ability of the URCs to put in place procurement processes that are quicker than those which would be in place under an ‘in house’ purely public sector model (i.e. as part of their overall mission of accelerating the delivery process) is actually very limited – the processes are fixed and must, irrespective of the organisational structure, be adhered to.

4.50 One way in which the URCs have managed to accelerate this process, whilst remaining within the legislative framework is to establish ‘panels’ of advisors which enable the Company to access advice and support as and when they need it. However, for a small organisation, the process of selecting contractors for a panel is very time consuming. The numbers of applicants to be assessed and the perceived need to assess bidders in a very rigorous way in order to avoid legal challenge can lead to very heavy demands.

4.51 In one case, an embryo organisation with only three staff had 220 applications to assess for three fixed term contracts and four framework contracts, with over 30 applicants for one of the professional areas. This impacted adversely on the speed of procurement of consultants / advisors, and created some degree of frustration on behalf of both those bidding for contracts and the URC itself.

4.52 The main good practice lesson is that OJEU should only be used where necessary - where the contract clearly will be above £140k. It might be argued that there is a case for a common framework panel for the URC sector, perhaps as part of the Scottish Enterprise

framework contract. In England for example, many URCs use the existing English Partnerships Panel for procuring support and advice. However, earlier experiences with common framework panels in Scotland have not been wholly positive and have led to concerns that such panels can be extremely burdensome to assess and unduly restrictive of competition, particularly where they are closed to new entrants for several years. A common framework panel would require careful design.

4.53 The situation described here differs slightly to that in place in England. URCs are currently empowered to procure advisors via existing framework panels that are in place within either English Partnerships and the RDAs. This can serve to remove the burden of having to procure individual panels, whilst still satisfying all value for money considerations. It obviously loses the potential for flexibility and sometimes the use of smaller, often locally based service providers.

### **Management processes and systems**

4.54 The Pathfinder URCs have established financial monitoring and management systems to ensure accountability and financial propriety, as well as monitoring key milestones. Reports setting out performance against key milestones, reviewing project progress and financial indicators are now reported to each of the Pathfinder URC boards.

4.55 Again, there appears to be no single structure or common process in place across the Companies and currently the three earlier URCs differ in that:

- Clydebank re-built is monitored both internally and externally. The Finance sub-group and partner agencies meet quarterly and two projects have been externally audited. Monitoring is conducted on a project by project basis and includes output and impact indicators along with social justice measures and regeneration measures.
- PARC has commissioned a Monitoring and Evaluation Framework (MEF), which has defined parameters to evaluate itself as a delivery vehicle for the regeneration process and how it can be measured against targets.
- Raploch collects information via a dedicated monitoring and evaluation officer who reports to the URC Chief Executive and works via a monitoring and evaluation steering group that generally includes public sector representatives.

4.56 The Pathfinder URCs are subject to audits by the Company's external auditors. The Chief Executives of the Pathfinder URCs are generally the Accounting Officer for all of the Company's expenditures.

### **The planning framework**

4.57 The interface between the planning system and the URC is a key area. Unless the planning authority cedes some authority to the URC or puts in place streamlined procedures to expedite the URC's proposals, both the direction and speed of delivery will be at risk.

4.58 Unlike UDCs in England, URCs do not have development control powers – i.e. they are not delegated the authority to deal with all planning applications in their area. There are

three main areas where the planning system is critically engaged in the delivery of URC strategies:

- Planning Gain and Section 75 Agreements
- Master Plans and Design Frameworks
- Planning Applications

### ***Planning Gain and Section 75 Agreements***

4.59 The use of developer contributions to fund infrastructure and to secure other desirable public goods such as affordable housing is potentially a major resource for URCs. To set this in context, however, the process of negotiating Section 75 agreements relating to major development projects in Scotland is often one of substantial delay and uncertainty.

4.60 There is good practice - particularly where authorities have clear policies and dedicated staff with the skills and experience to negotiate with developers – but there are also many examples of major projects in Scotland which are substantially delayed by planning gain negotiations.

4.61 Two of the earlier URCs have experience of planning gain and Section 75 issues. In Clydebank, which has a low level of public ownership of land, the intention was to secure business premises and other benefits from planning gain. The planning authority, West Dunbartonshire Council, negotiated the outright transfer of some 20 of the 100 acres of the Kvaerner site to the URC. The alternative would have been a series of suspensive conditions in the Section 75, requiring the developer to provide business space or a prepared site for the relocating Clydebank College, before the next tranche of land could be sold for housing.

4.62 The solution secured by West Dunbartonshire Council is much more straightforward, addressed one of the URC's key difficulties (little control through land ownership) and allowed the URC to progress on the key waterfront site without being dependent on the pace of development adopted by the main landowners. The arrangement also appears to have been acceptable to the main landowners.

4.63 The only potential disadvantage relates to the issue of whether the land might have been transferred at lower cost in a remediated condition, as part of the wider remediation activity which required to be carried out in any event. However, leaving that aside, there have been substantial advantages to Clydebank Rebuilt in being able to dictate the pace of delivery on their part of the site.

4.64 In Craigmillar, by contrast, the issue of Section 75 agreements has been problematic. The largest single block of housing - the greenfield development at Greendykes – which accounts for some 850 of the 3200 houses proposed, and roughly 50% of those proposed for the earlier years of the URC, is to be subject to a Section 75 agreement of considerable complexity, which has the potential to considerably delay delivery.

4.65 The ability of the URC to influence the outcome has been limited and it might be argued that it is in this type of circumstance that independent private sector representation on the Board may be helpful in providing an external perspective. There has also been some

uncertainty as to whether EDI's own housing developments would be subject to planning gain, over and above the provision of amenities which is built in to the business plan. If this is to be the case, it has to be built into the business plan from the start.

### ***Masterplans and Design Framework***

4.66 All three URCs have commissioned a masterplan, or, in the case of Craigmillar, an Urban Design Framework. The key issue is however not the preparation of a masterplan, but the extent to which its objectives are delivered. If the masterplan is adopted as supplementary planning guidance, as in Clydebank and Raploch, this gives a strong signal to the market of what the expectation of the URC and its planning authority partner are.

4.67 In Clydebank, the resolve of the planning authority is still to be tested, as no detailed applications have been submitted for housing on the Kvaerner site. The private sector owner (Clydeside Regeneration) suggested that they were fairly happy with the masterplan, although they had initially been displeased that the URC were proposing a masterplan for their site, as they had already commissioned their own masterplanners and designers. However, through the consultation process carried out by Clydebank Rebuilt's master plan team, Page and Park, an outcome which was acceptable to them emerged.

4.68 In Craigmillar, the Urban Design Framework has not been adopted as supplementary design guidance. The Council also requires further detailed masterplans to be prepared for each sub-area within Craigmillar such as Greendykes, in addition to full planning applications.

4.69 In Raploch, the Developer's Brief/Invitation to Negotiate clearly set out the implications for bidders of the Masterplan and Design Guide. (The option of each bidder submitting a variant bid is however allowed for.) Although they do not state what the implications are for the development control process, it must be assumed that a bid which complies with the Masterplan and Design Guide will not raise issues at the planning application stage.

### ***Planning Application Process***

4.70 Whilst some of the URCs have reached the stage when detailed planning applications have been submitted, it is generally not yet clear to what extent there will be a streamlined procedure. The issue of streamlined delivery has not in reality been put fully to the test.

4.71 However, there are examples among the pilot URCs of difficulties, including extensive objections from individuals within the community, and the negotiation of Section 75 issues.

## **Leadership**

4.72 The focus and effectiveness of leadership is perhaps **the** key factor in the success of a URC or indeed any regeneration body. An organisation which is led with energy and clarity of vision is much more likely to succeed. Quality leadership at either executive or board level - and ideally at both - impacts particularly on **delivery**.

## **Skilled staff**

4.73 Clearly the recruitment of experienced and high quality staff is essential if the strategy is to be implemented effectively. While the current URCs have found appropriate staff, or have employed appropriate external project management staff, concerns have been expressed about the relatively small pool of such staff within Scotland and the possibility of staff shortages, 'poaching' and salary inflation, should more URCs be designated. A short supply of staff with extensive technical knowledge and experience – particularly in terms of high level property skills, who can negotiate with private sector developers, whilst at the same time negotiating often complex and controversial transactions with local communities – is seen by some as a potential barrier to the growth of the model and an area that continues to warrant investment through such initiatives as the Scottish Centre for Regeneration.

4.74 Many of the consultees have also highlighted the critical roles of the Chief Executive and Chair of the Board in the success of the companies. Both must be able to motivate and influence others, across all sectors and the local community. A number of consultees, in particular from the community, emphasised the need for commitment to the area and its regeneration. In view of the influencing and facilitating role of the URCs, staff must have excellent negotiating and presentational skills. They must also be able to work within a small, multi-disciplinary team.

## **A framework for community engagement and tackling worklessness**

4.75 A particularly refreshing feature of Scottish regeneration policy is its commitment to spreading the benefits of urban renewal – as opposed to simply creating conditions for physical regeneration. Indeed, so strong is this commitment that URCs are each working hard to ensure that their programmes and investments yield more than just bricks and mortar – but also substantial changes in economic profile, opportunity and social and economic inclusion. The adverse views expressed about URCs' engagement with communities found no resonance in this evaluation.<sup>13</sup>

## ***Community participation***

4.76 All of the URCs have devoted substantial resources to community participation. For example, in **Raploch**, the aspiration was to develop a model of engaging the community which was more effective than that of the English URCs. Raploch tried to learn the lessons from that experience and to deliver what people want.

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<sup>13</sup> *URCs are too detached to help communities, Scots practitioners told*, New Start, 2<sup>nd</sup> March 2007

4.77 In addition to the involvement of individuals on the board and the engagement through existing structures such as the Raploch Regeneration Group, the URC has gone out to the community to seek a wider view. There was a community survey in 2003 and community events were held relating to the Master Plan which subsequently resulted in the creation of the Design Guide.

4.78 The Enhanced Community Support Project funded Community Renewal (with a staff member formerly from the Glasgow Works) to engage the community north of Drip Road. Community amateurs visited every household with 500 of the 800 households actually participating. A Practitioners' Report was produced which profiles the community and highlights their needs. The Report informed the URC's work for the following year. There is also a local project room that locals can drop into.

4.79 The view of the Raploch team was that the Enhanced Community Support Project has been very difficult but ultimately successful. The Fund to encourage community involvement is open to all groups, not limited to constituted groups. 19 projects have been funded.

4.80 The Ochil Road play area came from the community's desire to include a play area. The community commissioned a landscape architect to draw up their ideas and the play area was included in the river walk contract. It was originally not part of the project, but the community wanted it. The Creative Space group was effectively the client as they interviewed the developers. The River Walk includes the Timeline of important events. The launch event was attended by over 500 people, including some well known people with Raploch origins. It was a big boost to the community and gave them confidence in the URC. It was seen by the URC as an early win. Other Fund projects include a Media Group, a Biodiversity Plan, and a Business Plan for Raploch Radio.

4.81 The URC is planning to use Soap Box events and website comments page to enhance community involvement. The URC view is that community involvement is now much more developed than in the earlier Social Inclusion Partnership when one or two representatives attended meetings and did not report back to the community as a whole.

4.82 In summary, there have been extensive consultations with residents, businesses (Back O'Hill, Drip Road) and schools. The URC would like to establish a two year project to engage the business sector, with a dedicated officer in Scottish Enterprise Forth Valley.

4.83 Community engagement in Clydebank has also been exemplary, with a whole series of stakeholders and local residents engaged through a design lead series of events. These design fora have been popular and well attended. While attendees have been largely from older age groups, the URC has also initiated a good deal of imaginative interaction with local schools, in the shape of design competitions and so on. This engagement with schools helps to build a relationship with the URC – not just with school pupils but also with their parents.

4.84 Craigmillar has been affected by a strand of vocal opinion critical of the programme. However, the community has been consulted at all stages of the process. The community is represented on the board through the Craigmillar Partnership - with both representatives being nominated by the Partnership.

4.85 One of the key issues that requires careful thinking on the part of the URCs is what is meant by 'local community'. In Craigmillar's case, there are five or six different communities, each centred on a particular area - Niddrie Mains, Niddrie Marischal, the Hays, Craigmillar Castle, the Thistle Foundation and Greendykes. There is no such single entity as 'the community'.

4.86 The voices which currently are represented in the Community Council are only fully representative of one of those areas, and they argue strongly for the status quo in terms of Craigmillar's tenure balance. They oppose many of the URC's key proposals.

4.87 These circumstances point to the desirability of including house to house surveys in the repertoire of consultation techniques, in order to obtaining a fully representative and unbiased sample of the views of local people.

### ***Social inclusion***

4.88 Each of the three Pathfinder URCs has taken seriously the need to return their areas to the mainstream - to ensure that residents in these areas have access to the same opportunities as others in wider society. They have put in place plans which, when they reach fruition, will create better opportunities for the residents of these areas.

4.89 These plans include improved education in new schools and colleges, new health care facilities, improved public open space.

### ***Tackling worklessness***

4.90 The business plan template for URCs suggests that tackling worklessness is an area of relevance for URCs but not one where they play a lead role. The responsibility for delivering employment support lies primarily with the URC's public sector partners while the URC's role is to act as a catalyst bringing partners together. While one of the Pathfinder URCs (Raploch) has engaged with this issue and with some success, we would suggest that the issue of primary responsibility for addressing worklessness in URC areas is one which needs to be explored within the local context.

4.91 While it is clearly right that URCs should seek to promote sustainable communities with an appropriate range of employment opportunities, it is important to remember that others have been charged with addressing worklessness and supporting workless people into work. These include the mainstream agencies such as Jobcentre Plus as well as the agencies supported through the Community Planning Partnership's Regeneration Outcome Agreement.

4.92 Careful consideration needs to be given to who is best placed to lead on employment linkages and on programmes to address the particular issues which give rise to high rates of worklessness in the URC areas.

4.93 The URC and its partners should take the opportunity to maximise the various funding streams available and use the URC as a vehicle for spreading economic growth. The wider context to this issue is discussed in 2.12.

## Summary points

4.94 This section has exemplified the diversity and innovation that the URC movement in Scotland has created. It has similarly identified a range of steps that have been taken by one of more of the five established URCs that can be regarded as “good practice”. Amongst the headline issues are:

- The legal structure – and its appropriateness to the aims and objectives of the Company – is arguably more important than the URC badge itself. The structure must be capable of properly reflecting and where necessary integrating with local circumstances and be similarly configured to acknowledge the requirement for accessing private finance. This can be in the form of bank finance (debt or equity) or via the formation of asset trading subsidiaries.
- Early capital funding is nearly always going to be key. It signals confidence to the marketplace and gives the URC the wherewithal to initiate early actions which will be central to the overall programme (e.g. strategic land acquisitions). Where early capital funding is limited, partners must leverage their land stock (e.g. via JV agreements or and debt security).
- There should be private sector or independent representation on the URC Board. It provides a counterbalance to political pressure and can similarly help the Company to remain focused on its plan and outputs. Even where the role for the private sector is limited, its representation can provide scrutiny, a different perspective and expertise.
- Where significant amounts of multi-agency public sector funding are required, the processes for programme and project appraisal should be aligned. Ideally programme funding should be committed for a long period (say three years with annual reviews). Where this is not possible, then expert officers (from within member organisations) should offer their expertise to support with project appraisal. The URC should not be distracted.
- In a similar vein, the local authority (or authorities) should look closely at the alignment of their planning system and policies with the objectives and masterplan of the URC. Whilst the Pathfinders have yet to fully test this system, what is already becoming clear is:
  - The need for Section 75 requirements to be stated clearly. Where appropriate, the URC and Planning Authority should work jointly to agree a menu of planning requirements that are important.
  - The need to align processes and procedures to support the URC’s focus on quickening the pace of delivery. Where appropriate, URC projects should be ring-fenced and given priority.
  - The value of the URC and local authority working together to produce the masterplan and the quality / design framework that surrounds that plan. Clydebank is a genuine exemplar in this area and its approach can be built upon.
- The focus and effectiveness of leadership is perhaps **the** key factor in the success of a URC or indeed any regeneration body. An organisation which is led with energy and clarity of vision is much more likely to succeed. Quality

leadership at either executive or board level - and ideally at both - impacts particularly on delivery.

- Stakeholders must want the URC and the attributes it brings. They must be willing to cede authority to it, and to support it with their own powers and resources. The support of the local authority is particularly important, but other stakeholders, particularly Scottish Enterprise and Communities Scotland are also important.
- All of the URCs should be thinking more than they are currently in relation to monitoring and evaluation. The newer URCs should actively think about how policies and procedures for this should be built into their plan and structure. In the future as the Executive's evaluation programme commences, the URCs will need to be in a position to demonstrate what they have achieved. Good systems and processes are required now to enable that.
- Community involvement has emerged as a key requirement of success. This is about more than consultation and instead reflects an organisational commitment to working with local people and businesses. Both Raploch and Clydebank can point to models that work well.

## CHAPTER FIVE SUMMARY POLICY LESSONS

### INTRODUCTION

5.1 This section of our report draws the primary findings together and presents a summary of what we see to be the policy lessons learned to date in the Scottish URCs. The points provided can be used to inform future policy decisions relating to the Companies – both new and old.

#### **Vision and Focus**

5.2 A key underlying component of the rationale for the establishment of URCs in Scotland was their ability to bring strong vision and focus to their respective areas. Without doubt each has been instrumental in creating a new / renewed vision for their designated areas and through master-planning exercises created a physical development framework that is being used to guide and prioritise investment.

5.3 Importantly, these master-planning exercises have been both need and opportunity orientated. Assembling and analysing baseline data has been an important component in defining problems and in identifying the measures and indicators for monitoring progress. Engaging with the market, including soft market testing and using specialist advisors has also been a critical part of the process of identifying opportunities and possible ‘transforming’ projects.

5.4 The URCs have also clearly created a new type and level of focus on their respective areas. The creation of new legal structures has helped to signal the intent and seriousness of the partner organisations and at the same time has concurrently placed a new emphasis on the roles and legal responsibilities of company ‘members’ to act in the best interest of the Company itself. These too have also created a new model for enabling joint ventures with the private sector (developers and investors).

5.5 Whilst creating a stronger focus is generally seen as a “good thing”, it brings with it a much clearer spotlight on accountability and the need to produce tangible results. The link between the masterplan and organisation responsible for its delivery is clearly much more clearly defined under the URC set up. Because of this, the URCs themselves should continue to be encouraged to work and behave in a focused way. Implicit here is a requirement not to “burden” the companies with responsibilities and tasks that can either become a major distraction or otherwise can be easily dealt with by other partners / stakeholders.

5.6 The dedicated Executive team in Raploch and Clydebank makes a key difference to delivery. This is also true of both Riverside Inverclyde and Irvine Bay, where results are already being delivered on the ground. This drive should be encouraged.

5.7 The role of the Board is also important in creating focus. There is plenty of evidence that a board with external members helps to maintain a focus on delivery and to increase accountability for it happening. When the almost inevitable difficulties break out between the URC and its principal stakeholders, the presence of outsiders helps to maintain a focus on delivery and results.

5.8 Vision and focus is also best achieved when there is a demonstrable separation of responsibilities and identities of the Council and the URC. Although both Council and community supported the choice of EDI as joint venture partner, the relationship between the City Council and EDI is interdependent. It is also hard to see a distinct identity between PARC and EDI, which has a much wider set of responsibilities.

5.9 Stirling Council decided not to use Stirling Ventures - a wholly owned subsidiary of Stirling Council in the same way that EDI is a wholly owned subsidiary of Edinburgh Council), on the grounds that it was seen to be too close to the Council.

### **‘Brand’ Marketing and PR**

5.10 Clydebank Rebuilt has had an exemplary programme, involving design events and competitions, high quality publications and public realm investment. In terms of PR, appropriate use has been made of skilled professionals.

5.11 Feedback from design consultation events has been fully and honestly reported and the evidence suggests that the URC has succeeded in interesting the local population. While public consultation events have, as always, been most heavily attended by older people, this has been balanced out by an intensive programme of engagement in schools.

5.12 CR has created a high quality website, on which a great deal of material about the URC and its plans is available. The openness and accessibility which this generates is impressive.

### **Investor Confidence and Piloting New Models of private finance**

5.13 There is some embryonic evidence, particularly in Clydebank, that investor confidence has been boosted. The arrangements in place within PARC have also demonstrated how under the Scottish model new frameworks / structures can be built that encourage the participation of investors (in this case private loan finance). This is a huge leap forward relative to the URC model in place within England – where ostensibly most URCs are reliant on their partner organisations to contract with third parties and create models for equity participation in physical development projects.

5.14 The future URC movement or approach in Scotland should seek to build on the models that have emerged in the United States. Here new approaches are being developed that involve the mobilisation of large amounts of private finance to support complex urban renewal projects. The rationale for building on these is a strong one and the Scottish Executive is already exploring the issue. The outcome from its investigations should be shared with the URCs.

### **Speeding up Delivery**

5.15 The evidence is that the benefits that the URCs have conferred have been in other areas, such as focus, co-ordination, quality and engagement. There is less evidence that the three Pathfinder URCs have speeded up delivery.

5.16 For areas where there is a long history of unsuccessful regeneration attempts, this can be a key issue. The best practice lesson is that what the URC may consider to be Year 1 may be perceived by the community to be Year 4, 5, 6 or even more. In this type of location, URCs are unlikely to be seen as a success unless they can start to deliver early and on a considerable scale.

5.17 The pace and scale of development is also a key issue in areas where the funding model depends on sales of residential land at increasing values to fund other elements of the masterplan. Unless sufficient critical mass is achieved, land values may remain stubbornly low for many years.

### **Procurement and Cost Effectiveness Issues**

5.18 One of the themes at the recent SURF urban regeneration conference<sup>14</sup> was the cost effectiveness of the URC model, with annual running costs in the region of £400- £500k per annum. The question posed was, in essence, what scale of project or problem justifies an intervention with operational costs of that order?

5.19 We felt that the argument was based on the premise that the role of the URC under discussion was the delivery of 900 houses. In fact, it operates at two scales - as well as planning for the development of the 900 houses, the URC is providing employability and community support services to an existing community of almost 4,000 people. There was also no recognition of the time limited nature of the majority of the staffing of the organisation, with 7 posts reliant on temporary European funded contracts, several of which have now come to an end.

5.20 However, more broadly, we agree that the URC model should not be the only model considered for large scale major housing renewal programmes, and that simpler and lower cost delivery mechanisms may be more appropriate. Our attention has recently been drawn to a 1,250 house project in Glasgow (Oatlands) which is being delivered by a private developer and two RSL partners, with a less complex but not dissimilar procurement process, using very modest staff resources within the local authority itself. All infrastructure is being funded by the private sector, and much of the social housing is being provided without the use of HAG.

5.21 However, a URC may have advantages where deprivation is multi-faceted and entrenched, or the regeneration process is likely to be complex and over a long time period. The areas in question are not wholly comparable - Oatlands is not so severely disadvantaged or stigmatised as Craigmillar or Raploch, and the Oatlands Project has a higher proportion of housing for sale, which makes the need for subsidy less. Raploch is much more than a housing renewal project, and the design and local labour aspirations are different. In particular, when considering the significant outcomes that it is hoped will be achieved through use of the community benefit clause in the contract with the preferred developer, it is arguable whether this would have been secured had a URC not been created.

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<sup>14</sup> *URCs are too detached to help communities, Scots practitioners told*, New Start, 2<sup>nd</sup> March 2007

## **Design Quality**

5.22 A key objective of URCs is to achieve a better design outcome than would otherwise have been the case. Recent evidence for CABE about the quality of new housing developments in England<sup>15</sup> suggests that the ‘counterfactual’ standard of housing development is unlikely to be good – fewer than one in five were rated as good or very good, and in the East and West Midlands and the South West, 40% of developments were rated as poor.

5.23 The URCs have each pursued an objective of design quality through master planning and urban design guidance, and in the case of CR and PARC, by exemplar high quality developments. All of the URCs have won awards for both their developments and for the quality of their policies and processes.

5.24 However, it will be important for the URCs and their local authority partners to follow through when the developments reach planning application stage – the ultimate and only important test will be the quality of the development which is actually built.

5.25 It is generally accepted that several of the URCs have pursued the objective of design quality – and innovative design - more vigorously than would have been the case with most mainstream developers. It is recognised too, however, that the pursuit of design quality has the potential to impact on the speed of delivery and on cost.

## **Increasing Local Employment**

5.26 Raploch is the only URC which has become fully engaged with the issue of employment linkages, although all have sought to create new employment through their land use strategies and through the development process.

5.27 The extent to which URCs should become involved in employability support within their area is in our view an area for policy debate, but we would not see URCs as well suited to delivery of mainstream employability support because of their often limited geographical area and their time limited nature. The only issue is how to create linkages between the employment they create and employability support agencies.

5.28 What is critical is that there should be clarity as to where responsibilities lie – with the URC or with existing organisations who are running local employment and training schemes.

5.29 Another key issue is expertise. Raploch benefited from having a team member with previous expertise in this area. The use of a Community Benefits in Procurement (CBIP) clause was also seen as a significant improvement on earlier voluntary clauses in terms of enforceability. The key lesson is to keep the process simple so bidders understand and can sign up to it.

5.30 The Joseph Rowntree Foundation is evaluating the five CBIP pilots. We understand that the JRF study is nearing completion, and that a toolkit will be rolled out on CBIPs. We

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<sup>15</sup> Audit of Design Quality of New Housing Development, CABE 2007.

also understand that the study has concluded that there were additional benefits above and beyond voluntary local labour agreements, none of which had achieved as good outputs.

5.31 The single joint venture partner for Raploch is key to the success of these various initiatives and indeed it has been argued that the potential for Community Benefits in Procurement would have been even greater had the schools and health centre contracts also been let by the URC. Such clauses may be less appropriate in URC areas where there are a number of different developers involved in delivery.

## **Appendix A - Consultees**

## **Clydebank Rebuilt**

Eleanor McAllister - Managing Director

Rt Hon John McFall MP - Chairman

Bridie Casey - Community Development Economist

David McGregor - Treasurer (Director, Scottish Enterprise Dunbartonshire)

Irving Hodgson - Senior Officers Working Group (Acting Director of Housing, Regeneration and Environmental Services, West Dunbartonshire Council)

Alex Robertson – Board Member (Area Director, Communities Scotland)

Des McNulty – Former Board Member (Deputy Communities Minister)

David Anderson - former Treasurer (Senior Director of Operations, Scottish Enterprise Edinburgh and Lothians)

Robert Young - (Managing Director, Clydeside Regeneration Company)

Community representatives

## **PARC**

John Quinn - Craigmillar Project leader, PARC

Ian Wall - Chief Executive of EDI and PARC

Craigmillar Community Council including Paul Nolan and David Walker

Craigmillar Regeneration Forum including Norrie Davies and Honor Flynn

Andrew Holmes - Director of City Development, City of Edinburgh Council and PARC Director

Keith Anderson - Head of Housing Development, City of Edinburgh Council and PARC Director

Linda Nicoll - Development Control Officer, City of Edinburgh Council

Linda McPherson - Executive Director, Scottish Enterprise Edinburgh and Lothian and PARC Community Director

Jim McCaffrey - NHS Lothian and PARC Community Director

Councillor Ian Perry - PARC Chair

Councillor Sheila Gilmore - PARC Director

Councillor Maureen Child - PARC Director

Graham Rowan - Manager, Craigmillar Partnership

Colin Rae - Places for People - Craigmillar landowner/developer

Ewan MacKay - Persimmon - Craigmillar developer

**Raploch**

Bob Laverty - Chief Executive, Raploch URC

Pamela Brown - Community Benefit Development Manager, Raploch URC

Judy Barlow - Enhanced Community Support Manager, Raploch URC

Brian Devlin - Director of Regeneration Services, Stirling Council and Raploch URC Director

Stuart Ogg - Operations Director, Scottish Enterprise Forth Valley and Raploch URC Director

Fiona McKenzie - Chief Executive, NHS Forth Valley and Raploch URC Director

Councillor John Hendry - Raploch URC Director

Community Representatives from Raploch Regeneration Group

Sandy Watson - Area Director, Communities Scotland

Paul McColgan - Director, Community Renewal

**Riverside Inverclyde Waterfront**

Bill Nicholl – Chief Executive

David Bruce – Project Manager

**Irvine Bay**

Brian MacDonald - Development Director

**Appendix B – Topic Guide for URC  
Consultations  
December, 2006**

## **1. Questions to URCs**

### **1.1 Why is it there?**

- What was the rationale for establishing the URC?
- What do you see to be the role / remit of the URC?

### **1.2 How is the URC organised?**

- What roles and responsibilities do core partners have? Probe for their roles as a URC partner as well as organisations in their own right?
- Is the Board structure and composition satisfactory? Are all relevant interests to the work of the URC adequately represented?
- Is the staffing structure satisfactory? What lessons are there regarding staffing a URC?
- What is the decision making process and how does it fit with the URC's structure? Do you think the arrangements are working adequately (probe for advantages/disadvantages of current arrangements including partners' ability to make decisions without the need to consult internally).
- Are the sub-groups / forums operating as anticipated? What do they add to the URC?
- What is the process to engage with the private sector and what has been your experience to date?
- What advantages and disadvantages are there to the URCs legal structure?

### **1.3 Business Plan & finances**

- How was the business plan or URC priorities developed?
  - What research or information was gathered to inform the business plan?
  - What/who was involved in the consultation process?
  - How were core objectives identified and agreed upon?
  - How was a consensus reached among partners?
  - What lessons have been learnt – what worked well and what did not work so well?
- How has the Business Plan been received?
- Has additional funding been committed? Timescales?
- What is the degree of private sector funding?

### **1.4 Delivery**

- Is implementation of the Business Plan on track – has the URC met its key targets and milestones? If no, why not? If yes, are there any factors that you think have contributed to this?
- What do you view as the key issues in terms of ongoing implementation of the Business Plan/URC priorities?
- What are the key activities underway? Are there any lessons learnt that you would highlight?
- What steps have you taken to encourage speed and efficiency of delivery? Please provide examples.
- What has influenced the way that projects have been phased? Probe for quick wins, community interest, financial etc?
- Does the URC have relationships with developers or investors? What are the lessons from the procurement process?

- What are the issues that have arisen around land assembly? Probe for issues connected to transfer of land from public sector (in Raploch & Craigmillar) or developing privately owned sites (Clydebank). What would you highlight as the key lessons regarding land issues?
- To what extent does the URC try to join up with other initiatives? What examples are there?
- How is quality maintained?
  - What mechanisms are currently in place to ensure progress against objectives?
  - How is value for money ensured?
- How does the URC promote itself and its activities? Is this effective?
- Has the URC used consultancy services? If yes what for, how was the procurement process and how useful was their input?

### **1.5 Community Involvement**

- Has there been any consultation with the local community? Probe for community involvement in strategy development as well as examples of successful engagement techniques?
- How will future support be maintained?
- What have been the key lessons to date regarding community involvement?

### **1.6 Added Value**

- What if anything is unique about URCs that allows them to add value to the regeneration process?
- In what way do you believe this URC has added the most value?
- What are the lessons learnt in terms of:
  - funding
  - planning
  - co-ordination of resources
  - decision making process
  - improving market confidence / engagement
  - procurement
  - private sector investment
  - speed of delivery on the ground
  - partnership working

### **1.7 Monitoring and Evaluation**

- What monitoring and evaluation arrangements are in place at this time?
- What lessons have been learnt from early management / governance of the URC?
- What measurable / non-measurable impacts have you seen as a result of current activity?
- To what degree do you see the following as being critical delivery issues:
  - Land assembly
  - Planning
  - Procurement
  - Recruitment
  - Decision-making
  - Others

## **1.8 Contribution to regional and local priorities**

- Do you think the URC has an influence beyond its immediate boundaries? Probe in terms of housing and labour markets, business sector and services such as retail.
- To what degree have activities to date impacted on city region and local priorities?
- In what ways do you foresee future delivery impacting on city region and local priorities?

## **1.9 Successes and difficulties**

- What would you highlight as the URCs most significant achievement(s) to date? Probe for project orientated successes and/or process issues such as engaging the private sector.
- What would you highlight as the URCs most significant obstacles or difficulty?

## **Questions to Stakeholders**

### **1.10 Strategic Partner Roles**

- In what ways do you engage with the URC?
- Did you have an input to the Business Plan/priority setting process?
- Does your organisation contribute financially to the URC?
- What is your organisation's role in relation to the URC? What are the key differences in responsibilities between your organisation and the URC?

### **1.11 Perception and Attitudes of URC**

- What is the perception of the URC from within your organisation?
- Do you feel that the URC relates enough to its partner organisations in strategic decision making?
- How 'joined-up' is the decision making process?
- Does the URC actively engage with other regeneration programmes / priorities? Could more be done?
- To what extent do you think the URC engages with the local community?
- How accountable do you think the URC is in relation to its delivery partners and the local community?
- What tangible differences do you think have been achieved since the implementation of the URC?
- In what way does the URC provide added value?
  - Speed of delivery on the ground
  - Engagement of private sector
  - Land assembly issues
  - Strategic focus
  - Decision making
  - Partnership work
  - Others etc
- What do you think would happen if the URC was not in operation? What do you think are the main lessons that can be learned?
- What barriers / obstacles remain that the URC is yet to tackle? How would you like to see this achieved?
- To what extent do you feel the work of the URC is actively promoted? Could more be done?

## **Identifying Best Practice in Establishing and Monitoring the Effectiveness of Urban Regeneration Companies**

### ***Community***

1. What do you know about the URC? (Probe for: remit, coverage, lifespan, projects, organisations involved, funding)
2. What publicity or information have you seen relating to the URC?
3. What role have local people like yourselves played in developing the URC? Was it sufficient?
4. And what role will local people like yourselves have as the URC progresses? Is it likely to be sufficient?
5. Do you think the views of local people like yourselves are important to the URC?
6. What are the three most important issues that the URC need to address?
7. How will we know if the URC has been a success? If we looked at statistics about the area in a few years time what would be different? (Probe for jobs in the area, unemployment and other benefit claimant rates, health, education, house prices, derelict land)
8. From what you know of the URC do you think it will make a difference to this area over the next 10-15 years?

## **Appendix C – List of Abbreviations**

URC	Urban Regeneration Company
PARC	Promoting and Regenerating Craigmillar
CR	Clydebank Rebuilt
CPP	Community Planning Partnerships
ROA	Regeneration Outcome Agreements
SIP	Social Inclusion Partnerships
CRF	Community Regeneration Fund
ESF	European Social Fund
ERDF	European Regional Development Fund
OJEU	Official Journal of the European Union
SEFV	Scottish Enterprise Forth Valley
SED	Scottish Enterprise Dunbartonshire
SEEL	Scottish Enterprise Edinburgh and Lothian
R3	A consortium involving Crudens and George Wimpey in Raploch
HAG	Housing Association Grant
CBIP	Community Benefits in Procurement
SWAR	Stirling Western Access Road
CEC	City of Edinburgh Council
EDI	A private property development company established by CEC
CPO	Compulsory Purchase Order
JVC	Joint Venture Company
ODPM	Office of the Deputy Prime Minister
RDA	(English) Regional Development Agency
SURF	Scottish Urban Regeneration Forum
RSL	Registered Social Landlord

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