Strategy and Policy Issues

1. How can the linkage between the various strategies and policies related to regeneration be improved?

These can be improved by carefully monitoring a few chosen projects where the strategies and policies are being implemented or tried out, especially if the strategies and policies are innovative and meant to be game changing. Alterations and updates to the strategies used can be then considered to see how the projects have benefited from the changes, all in readiness for the next projects. See the example relating to Dundee in Appendix 1.

2. Can physical, social and economic regeneration really be separate entities? The Committee would find it useful to hear about projects distinctly focussed on one or more aspects, and the direct and indirect outcomes of such activity.

Of course the three ingredients required for successful regeneration can, and often are, separately considered. The most successful regeneration, however, will use the physical and economic outcomes (hopefully designed to be big ones) to create a beautiful place and generate the money to address the most important outcome from the development, that is, to deliver a reliable and long term stream of money to address local social needs.

3. Are we achieving the best value from investment in this area? If not, how could funding achieve the maximum impact? Could the funding available be used in different ways to support regeneration?

Partnership Working

The Government is not getting the best value from investment in regeneration. It’s money should be used to empower communities with their Right to Buy land and buildings in targeted regeneration areas and to pay property development professionals (Architects, Planning Consultants, Surveyors etc.) to help communities to prepare “investment ready” propositions before implementing them. These development proposals, where the financial benefit is earmarked for future social projects, might attract funds from Charities and other supporters. The Government could design incentives in the form of tax breaks, similar to those once offered by zero coupon bonds, say, for investors and Bankers and other lenders to attract the capital needed. One of the main purposes of these projects will be to generate the robust long-term stream of money for addressing social needs. But local communities will have the rapid change they want in their neighbourhoods in their own hands.
Government money which has gone to the private sector as grants and incentives to make regeneration happen might have achieved development but the financial benefits have gone to the developers – we should try to keep this financial benefit locally, for the community.

4. What delivery mechanisms, co-ordination of, and information on the funding that supports regeneration are required, to facilitate access by all sections of the community?

The Right to Buy through the Land Reform Act is already in place and is currently being reviewed and, hopefully, extended/altered to make it more accessible and effective especially in those urban areas in need of regeneration. These could be identified by Local Authorities. Of course giving communities the right to buy without the cash to buy and access to the knowledge to build and create their own wealth in their own neighbourhoods is clearly useless.

5. Should funding be focussed on start up or running costs? What is the correct balance between revenue and capital funding? Please indicate reasons for your views

The big money should go into Capital spending on properly assessed property projects, owned by communities but aimed at delivering the environmental improvements, the jobs and the long term revenues needed to address social issues. Govmnt money could be used as now with grants etc., for qualifying community owned projects and then supported further by special tax incentives to attract private sector supporters. But the projects need always to be owned by the community – via a Development Trust or similar body – because it is into the community that the ultimate financial gain needs to be delivered. This will empower communities.

6. How can it be ensured that regeneration projects are sustainable in the long term?

By having the promoters (the community) employ independent consultants to verify the assumptions re viability – pretty much as the banks do when they lend to commercial development projects. They (the Banks) always want to see strong and verifiable assumptions which can deliver a robust income to service the debt – this debt servicing cash could be used once the loans are paid off to sustain the project and fund community needs in the long term. The general perception is that property development projects are very risky. In my experience, the pre-building research carried out by careful developers and demanded by their bankers, takes much of the risk away.

Practical Issues

7. What actions could the Scottish Governments forthcoming community capacity building programme include to best support communities to “do regeneration” themselves?
Encourage and pay for courses to be offered to community groups by property development experts (Architects/Planners/Social Entrepreneurs/Developers/Finance Consultants etc.) to help the communities come up with their own plans for regeneration with the overall emphasis being on wealth creation using local assets and building to produce sustainable revenues. The Govmt must then have in place funds and a mechanism for Right to Buy and then even more funding for the community development projects to be built – even though this might have to be done in stages. Big development projects take years anyway, so it is quite normal to phase the development in such a way that cash generated by the early phases can be used in part to fund the later ones. The community’s own plans could include houses and apartments for rent as part of a bigger overall scheme. Where there’s a cash shortfall expected, maybe some prime City Centre land could be included (by means of a Community’s Right to Buy from a Local Authority, say, even on deferred terms) to be owned and developed by the community too to prop up their out of town aspirations. Typically any City’s prime sites will be grabbed by developers to give them a safer bet and the long term stream of money that could otherwise have been used to deliver re-generation in a less attractive location.

8. What role should CPPs play in supporting the community in regenerating their communities?

The answer is given in the question. The CPP’s, the bureaucrats with the knowledge, should act as advisers only to the local community and be told to use their best endeavours to assist the local community attain the community’s regeneration objectives and aspirations. Otherwise the important issues, as seen by the locals, are not addressed.

9. How can CPPs best empower local communities to deliver regeneration? Please provide any examples of best practice or limitations experienced that you think the Committee would find useful in its scrutiny.

I don’t think that CPP’s or Local Councils want to empower local communities. They see the community’s empowerment as a threat to their own power base. Ref P17 para 80 of the Audit Scotland review of CPP’s.
But Localism will only ever have real value when the local community is given the resources (the direct project funding from Central Government and knowledge from experts maybe from the CPP’s and certainly from the Private Sector) to implement its own ideas.
The revenue generated by the asset protected community owned schemes can then be directed over many years towards local needs. The funds or net cash flow from the community’s own development projects can easily be directed to addressing the local needs by having a proper monitoring process overseen by qualified and accountable people – possibly aided by the CPP or a Charity, expert at making sure that earmarked money is spent properly.
10. How can the outcomes of regeneration truly be captured and measured? What are the barriers to capturing outcomes and how should the success of regeneration investment be determined?

Everyone can see the before and after regeneration. The desperation felt by poor communities, for example, who often feel neglected, abandoned and without hope as they try to exist surrounded by dereliction and degradation. These are the areas in most need of regeneration, and their impressions can certainly be used as the starting measure for a regeneration scheme. The outcomes for this typical desolate community are produced immediately by having the promise of, never mind the access to, a long term and substantial supply of money to pay for extra education, further health improvement, local enterprise development, early years support and better care for the elderly etc., all the things that help a community to thrive, these will straight away give hope and the signs of better days to come will be plain for all to see.

At present our political and fiscal organisation as a Nation deters those in power from committing funds for longer than their term of office. This has a devastating effect on things like regeneration which need long term determination – otherwise a much admired Scottish characteristic.

The present Scottish Government may have an opportunity to try in one or two key places to see if the views presented here could have the impact that I believe is certainly possible. One of the advantages of trying this selectively is that the schemes, like the one on Dundee’s waterfront described below, for instance, will always have a significant sale value and once built and generating an income it will usually be much more valuable than the original build cost.

There’s more on the next page!
Time to make views known to The Scottish Government re The Delivery of Regeneration in Scotland enquiry – call for witness evidence.

Is there anything more important for our communities than Government Policies that enable them to thrive by creating safe, pleasing places to live of which they can be proud, and producing jobs and careers to give them a long lasting good standard of living?

The best regeneration policies will give people hope and ambitions for personal fulfilment and healthy living. They will counter destructive lifestyles, avoid the massive cost of social deprivation and purposeless lives and unleash or re-direct for Scotland it’s breath-taking human potential for everyone’s benefit.

Strategy and policy issues.

A community’s right to buy should be linked to better Government financial support for qualifying projects. The money for this support could be raised from the Private Sector by offering tax incentives to backers. That is, those people giving to Charitable funds aimed specifically at funding qualifying community owned commercial property development (QCOPD) projects.

For example, in addition to the existing grants that might be available from Central Government for qualifying community owned development projects, Charities and other possible financial backers, could be given incentives to enhance the value of the support by tax concessions, as per Gift Aid for example. Or by the promotion of even more generous incentives – the same tax benefit for two or more years, for example – or multiples of the tax benefit in year one.

Another idea might be to make a strong case for having zero rating of VAT for QCOPD because of the social benefits expected.

Specially targeted Zero Coupon Community Bonds could be offered by the community. These could be secured on the property being developed and underwritten by the Government if necessary and if the Govmt likes the scheme, to give the purchaser of the bond (the Bank or lender) the ability to defer paying tax on interest accrued for the term of the bond, twenty years or more.

At present many Charities are reluctant to support worthy causes for more than one, two or three years, they don’t like providing money to cover running costs over long periods. As a consequence the Charities delivering social services find themselves constantly chasing the money to cover next year’s needs. This is very time consuming, wasteful of energy and often demeaning for those service providers involved. And those involved tend to be the most experienced and highest paid people.

Encouragement (by means of double tax relief on Gift Aid for this purpose) could be given to Charities who already support social service providers, to
support QCOPD schemes by donating, say, 5 years’ worth of revenue up front as a capital grant to the community project that has the intention of delivering long term stream of revenue for spending on the local social services that the Charity wants to support.

Regarding Community Right to Buy, for Housing land, the purchase price for a qualifying community body should be set at the pre-planning approval value of the land. In this way the financial gain for getting permission to build houses would go to the community. This policy would enrich communities and give them money to address local needs. It would also make them more proactive in building houses.

Property development projects, such as building Hotels, are often owned and funded by wealthy people. Such developers employ experts to oversee their projects from start to finish, including the hiring of a professional operations company to oversee the operating phase. There’s no reason why communities, if funded properly, couldn’t adopt a similar position to the wealthy investor, and engage a team of professionals to deliver development plans for them. This could be achieved for housing schemes too.

The amount of Government funds directed at getting Social Enterprises “investment ready” could be increased and diverted to help QCOPD projects. Development experts (Architects, planners, surveyors, business planners, financial consultants, etc.) could be included in the list of qualified advisers and encouraged to provide the necessary expertise to communities embarking on development projects.

With regard to the use of Government money, are we achieving the best value for society from the way that money is spent? In many historic cases it has been the commercial property developers who have received regeneration grants. There’s no arguing that these developers have sometimes built properties that might otherwise not have been built. But in spite of economic and physical/environmental improvements coming from the projects, the social benefits (the contribution towards covering the long-term cost of supporting society) have been minimal.

Scotland is clearly not receiving the best possible value from its regeneration spending because the Government is always left with the escalating social spending requirement to fund. This is on top of its investment in economic and environmental regeneration.

The scale of the regeneration proposals has to be big enough to make a difference and the emerging revenue stream has to be long-term in order to be effective and deliver the large SROI needed by society.

The content of development projects creating local wealth has to be determined by taking into account local strengths and local assets.

The Government could offer employment incentives, such as no, or reduced Employer National Insurance contributions, for Social Enterprises employing
people meeting certain criteria. E.g. No NI E’r for one or two years if engaging an unemployed person who must attend approved training/apprenticeship.

Offer incentives to those Charities who fund short-term revenue needs of social projects by encouraging them to put a number of years of revenue up front into QCOPD. For example there could be a matching Government sum or, a double tax deduction for the donors to the Charities or for Banks lending to these QCOPD projects.

Research everywhere, proves that in order to be successful, Social Regeneration has to have large amounts of money over many years. One source of the money can be the net earnings of commercial property development projects owned by communities. Other sources might be Charities, especially those belonging to Insurance Companies who have paid for research into how to regenerate socially deprived areas.

The location of community owned developments needn’t be in their particular geographic area as is shown below in the hypothetical example relating to Dundee. It is good to use earnings from prime City Centre sites to provide the money for addressing social needs in another area. Developers want the prime sites because that is where they make most money so it is sensible to enable communities to own these sites. This thinking could apply to supermarket sites where the Tesco’s of this world could lease the site from the local community by means of turnover linked lease payments.

**Consider this example, which could be pertinent to any City with prime development sites.**

**Dundee** is about to build a new Victoria and Albert Museum – a place to show off the best in British and Scottish design throughout history. Next to this competition winning Japanese architectural masterpiece, the Dundee Council want to see a big hotel complex, 5 star, if they can get it, to be selected from the myriad of hotel developers circling, like vultures around the City, with the hope of acquiring this money making crowd puller of a site.

If this development was to be owned by a City Development Trust or similar community owned (asset locked?) body and operated for the Trust by hotel professionals, as will be the case anyway, whoever owns the hotel, then the long lasting net cash flow from this venture could go into Dundee’s economic and social regeneration.

As things stand, the financial benefit will probably go to the rich shareholders in a property development company who will take the endless stream of money well away from Dundee.

That would be a clear and very definite missed opportunity for the folk in Dundee from what is expected to be a big economic booster for their City.

Of course a Dundee Development Trust would need up front financial support from Central Government in the ways described above, to build the complex but the money lent would be secured by a charge on the land and buildings in the normal way.

**Economically**, and if following a conventional development route, Dundee might get a short-term financial gain from selling or leasing the site to the
highest bidder (and this might help build the V&A) and the City might get a few new jobs. But by helping this project to be delivered by a Development Trust the economic contribution to the City will be much greater and there far into the future.

Physically this part of the regeneration plan is seen as a key feature of Dundee’s waterfront revival, and if the owners don’t skimp on the architectural design to save costs and increase their returns on investment, as often happens, this complex next to the V&A will complement the Japanese wonder. A big development affords the opportunity to link a few of the separate demands made more urgent by the emergence of the V&A. For instance, a easy access to the railway station, more car parking, easy pedestrian access to the waterfront from the City and plenty of things to do there in the new development for visitors.

But Socially, this City will once again miss the chance to provide a substantial and long term stream of money to put into the desperately needed social regeneration required in the City's housing schemes. Research shows that these neighbourhoods like many of those around Dundee and other Scottish Cities, need a reliable, long term (25yrs, 35yrs or even longer) and substantial supply of money to effect the changes urgently needed to wean young people, especially, off alcohol, drugs, jobless living, early parenthood, etc. and into personally beneficial and socially beneficial, economically contributing lifestyles.

CA March 2013