

Green and Prosperous Communities

Local Regeneration for the 21st Century

Policy Paper 77



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Introduction

1.1 Regeneration since the Second World War has seen a remarkable consensus between both Labour and Conservative in government, presiding over two generations of some of the most expensive and disastrous policies. Though the emphasis has changed, they have consistently promoted distant professional skills over local know-how, big “footloose” investment over local business and large identikit projects over local life. They have also been consistently unable to balance the economic, infrastructure and social needs of the people who lived in areas that needed renewal.

1.2 Post-war regeneration began with ‘slum’ clearances, replacing Victorian housing with high-density projects of disastrous design, and the deliberate destruction of the social networks that provided impoverished neighbourhoods with mutual support and advice. It continued with a promotion of big outside property investment that excluded the local population and simply shifted the need for regeneration elsewhere. The result of all this investment since the war has been a generation of inhuman, crime-ridden concrete jungles, many of them still not paid for, the direct result of the policies of successive governments and one-party local fiefdoms.

1.3 Where there have been successes, they have usually been despite these policies, like the individual homeowners who lavished attention on doing up their own run-down homes, or the innovation at community level by the local voluntary sector.

1.4 Regeneration today is a growing industry, immensely resourceful and imaginative, involving all three economic sectors, but hampered by disempowering delivery targets, central government interference, unelected quangos, bizarre geographical boundaries and the constant shift of funding rules and short-term horizons.

1.5 This policy draws on the experience of cities now under Liberal Democrat control like Liverpool or Newcastle, that have suffered most from the deprivations caused by destructive regeneration policies in the past, and it divides our proposals into social, physical and economic regeneration.

Principles

1.6 It is based on the principles that regeneration can best succeed when:

- It is underpinned by an active, successful community which is ambitious for itself and prepared to take responsibility for putting those ambitions into practice, and able to share in the delivery of public services alongside professionals.
- The physical infrastructure is human-scale, designed with the active involvement of local people, provides for and encourages small-scale activity and enterprise, and includes the sanctuary of natural green space.
- The local economy is diverse enough to minimise the leakage of net money flows outside the local economy, maximising local expenditure on local business or local skills.

Core message

1.7 The responsibility for successful regeneration is shared between central and local government, and local people - who alone are the agents of sustainable change - and these proposals are directed at all three. But there are critical shifts in central government policy that are urgent if regeneration is going to work, and will not have to be revisited - as before - area by area, every generation. These are:

1. **Returning democratic control:** this document, along with other Liberal Democrat policy proposals, sets out ways in which local people can have genuine democratic control over their local institutions through elected local government, and an empowering sense of ownership.
2. **Favouring development that is human-scale:** we set out ways in which outside investment can be funnelled in such a way that it enhances local life and activity, rather than throttling it.
3. **Empowering communities:** strong social networks make the difference between successful and failed regeneration, and this requires local people to be actively engaged as producers of local services and owners of local institutions.
4. **Human-scale infrastructure:** regeneration needs to enhance local life, and that means new places must be human, green and allow for local enterprise and privacy.

Executive Summary

Liberal Democrats will support and facilitate **social regeneration** by decentralising power to the lowest practical level, revitalising the voluntary sector at local level, sharing responsibility between professionals and their clients at local level, and turning public services into engines of local neighbourhood renewal. We will achieve these objectives by:

- Giving every community, urban (including London), suburban or rural, the right to establish a community council at the same tier as existing parish councils.
- Removing unnecessary Whitehall controls on democratically elected local councils.
- Increasing councils' ability to address local issues by increasing their powers, including their freedom to raise and spend revenue locally and providing a power of general competence.
- Encouraging a network of mutual volunteering exchanges in local institutions.
- Ending disincentives to volunteering and mentoring, for example through unnecessary age barriers and bureaucratic regulations that prevent claimants taking part.
- Removing excessive bureaucratic regulation on small charities under an income of £50,000 a year.
- Encouraging development of effective and accountable models for the local control of local facilities and institutions.

Liberal Democrats will encourage locally driven and environmentally sustainable **physical regeneration** by:

- Decentralising the planning system, giving greater control of it over to local communities with local councils having the freedom to enforce their own local plans to suit their needs, rather than meet government directives.
- Reforming the system of planning appeals, with greater third party rights of appeal. Leave to appeal would normally only be granted however if the third party could show that the application fell outside the Local Development Plan, or that relevant planning law had not been considered by the planning authority or that due process had not been followed.
- Requiring any local plans to include “design codes” setting out for developers what the local community wishes to see in developments happening in its area.
- Developing ‘place-making principles’ which encourage mixed, sustainable communities and human scale redevelopment.
- Requiring both new developments and refurbishment schemes to make significant progress on carbon-minimisation, with much greater use of technologies which enable reductions in energy consumption.
- Developing ways of using the increases in land values created by public infrastructure investment to help fund such investments.
- Reducing the VAT charged on the renovation of existing buildings and harmonising it with new VAT rates for new developments.

- Creating a “Community Task Force” which would enable local community volunteers, gap year students and others wishing to make a contribution to making more sustainable communities to benefit from supported training and placements with regeneration schemes.

Liberal Democrats will boost **local economies** by building economic sustainability of an area, enhancing local money flows within the area, and encouraging the local growth of new enterprise and new business by:

- Making it easier for local authorities to put empty properties to use - in particular, they need the flexibility to transfer assets to local community organisations at less than official ‘market’ value, if necessary.
- Cutting business rates on small businesses with a Business Rates Allowance similar to personal tax allowances.
- Extending the discretionary local 50 per cent rate relief scheme for village shops to sole village pubs.
- Imposing an obligation on the government to maintain a universal service for the Post Office branch network and insist that the Post Office carries out an economic impact study before closing busy sub-post offices.
- Allowing councils to develop their own use class orders to protect local independent traders from multiple retailers dominating an area.
- Appointing an independent retail regulator and enforcing a stronger code of practice to protect supermarkets’ suppliers.
- Tackling abuse of market power by big retailers and providing businesses with an outlet to complain in confidence.
- Making it easier for local authorities to judge planning applications for superstores solely on their merits rather than be influenced by the cost of possible appeals, by making firms and companies liable for their own costs in any planning appeals.
- Using lease duty to end the abuse of ‘upward-only’ rent-review clauses in the leases for small shops.
- Reforming business support services so they are less restricted by national and regional interference, and encouraging local business coaching schemes.

Social Regeneration: Taking Back Control

“Regeneration will only succeed through the actions of local people” - former Liberal Democrat leader of Liverpool City Council Cllr Mike Storey.

2.0.1 Social regeneration is not just the most crucial aspect of renewal; it is also the most neglected. Conservative and Labour governments have neglected the social regeneration in favour of simply rebuilding the fabric of run-down neighbourhoods - often disastrously for the survival of social networks in the area.

2.0.2 Yet it is increasingly clear that social networks are what underpin everything else. Research shows that where there are thriving social networks, the local crime rates are lower, people are healthier - the risk of social isolation to our health is as high as smoking - and the neighbourhood is better engaged in taking responsibility for their own futures, individually and collectively. Where social networks are effective and diverse, regeneration can succeed; where they are not, nothing works.

2.0.3 That is the story of failed regeneration in communities all over Britain over the past two generations.

2.0.4 The key task for policy-makers is therefore to find ways of increasing local trust, local networks and local activity. Here, the efforts of recent governments have been undermined by vague and inconsistent funding regimes, centralised decision-making, over-professionalism which assumes local people have nothing to offer, and a deep suspicion of self-help by the very agencies that are supposed to be promoting it.

2.0.5 Those cardinal sins have been apparent, despite the rhetoric, in both Conservative and Labour efforts at regeneration. Their failure has resulted in an acceleration of social decline, making their investment in regeneration all the more ineffective.

2.0.6 Liberal Democrats have shown, for example in the massive expansion of social enterprises by Liberal Democrat Liverpool, that they have the will and the techniques to reverse this decline, and will do so by:

- Decentralising power to the lowest practical level.
- Revitalising the voluntary sector at local level.
- Sharing responsibility between professionals and their clients at local level.
- Turning public services into engines of local neighbourhood renewal.

2.1 Background: losing control

2.1.1 There is no doubt that the ability of communities to work together, and the sense that individuals have that they are capable of making a difference locally, has been consistently undermined in recent decades by the drift of public services and other institutions into increasingly large, increasingly distant units - gigantic schools where individuals feel no sense of ownership, enormous hospitals where patients never see the same doctor twice.

2.1.2 Put simply, people feel they have no control over the world around them. Whether it is a council tenant wondering whether they will get gangs off the estate or a villager wondering about the impact of second homes, people can only take back control once they feel their actions will make a difference.

2.1.3 Too often ‘regeneration’ has meant the reverse, leading to boarded-up housing estates, town centres reliant on bars and charity shops to survive, and the closure of post offices and other facilities.

2.1.4 In 1997, Labour made people believe that they too thought that way. Yet their approach has been inconsistent. Alongside neighbourhood management lie planning laws designed by developers; alongside community policing centrally-imposed targets, drowning people in paperwork. Most corrosive of all, they have stifled local democracy through one-party states and denied councils the financial power that could transform people’s lives.

2.2 Setting communities free

2.2.1 Social regeneration relies on rebuilding community cohesion. Liberal Democrats believe

this emerges primarily through joint local endeavour, through pulling together disparate people of different ages, races and social groups. However the enormous benefits of community activity and cohesion - including lower crime and better health - can often dissipate as soon as the specific objectives have been achieved. The challenge is to return responsibility to neighbourhoods and to local people so that regeneration in all areas can continue.

2.2.2 Politicians need to recognise they cannot succeed without the involvement of the communities they are meant to serve. That means formulating policies that are genuinely participative. But this must be meaningful participation - not what passes for it in most government departments now, which is often a deadening and passive form of 'consultation'. Liberal Democrats believe that no community can exercise responsibility simply by being consulted, or even by democratic involvement, but rather by active involvement and sharing in the work of tackling local crime, ill-health, loneliness and regeneration.

2.2.3 Neighbourhoods are being impoverished by the slow decline of local shops, banks, pubs, post offices, and parks, as well as the disappearance of local courts, hospitals and police stations, sometimes in the name of dubious efficiency savings - always at the expense of local people and their travelling time - and sometimes simply through a faulty understanding of the way local economics works.

2.2.4 Proposals for local economic renewal are in the final section, but there is no doubt also that local institutions are run best when decisions are taken by people who know the local situation, and in a democratic framework that can prevent cliques or local appointees. They are most vulnerable when they are badly run and have no local organisation, and local volunteers who are helping to run them, to speak for them.

2.2.5 That is why Liberal Democrats will encourage development of effective and accountable models for the local control of local facilities and institutions rather than direct management from Town Halls, where there is a demand for it, to build good local working relationships between professionals and local communities. There are of course many

examples of this approach at present. For instance about half of all local government expenditure is now Dedicated School Grant, discretion over which rests with school governors (unpaid, and the majority not appointed by councils). Practically all so-called council housing is now run by free-standing Arms Length Management Organisations and Registered Social Landlords with accountability directly to tenants rather than councillors. There have always been hundreds of Village Hall Committees, which have similar virtues. The original version of Local Management of Schools, Local Financial Management (LFM), was piloted by Liberal Democrat run authorities, and we see this as one possible model. Such local arrangements could:

- Be based on the structure of school governing bodies, but including not just representatives of the local authority and other funders, but also elected representatives of users.
- Invite regular users to become members, with voting rights and the chance to join volunteering efforts that are based in the institution.
- Host volunteer outreach projects where possible, to broaden and deepen what they can achieve locally and to rebuild local relationships.
- Include libraries and parks, and also currently nationally run facilities and programmes like Sure Start schemes.
- Agree day-to-day management issues to a budget agreed by the local funder.
- Be set up by local authorities, but local people or groups could petition the council to do so.

2.2.6 If we are to widen the pool of people willing and able to take on such responsibilities, it is important that training and support should be available. This is especially important for members of under-represented groups in public life. We recognise that there is a risk that volunteer groups taking over a local facility may work well at first during an initial burst of enthusiasm, for example when restoring a derelict building, but that subsequently commitment may flag. We therefore think that models should include the possibility of facilities returning to direct council management if necessary at a later date.

2.2.7 Elected Community Councils might also take on management of local facilities from higher tiers of local government. Whatever form local management took, it would have to be subject to a service level agreement with the principal local authority for continuing delivery of essential services and would have to respect the role of local facilities such as libraries as networks for the delivery of local, regional or national strategies.

2.2.8 We will also put in place other measures to encourage public service institutions to remain local and human-scale, and encourage alternative ownership models for public housing, like community mutuals and community land trusts, and which can inject more democracy and self-management into the big housing associations. We will also require councils to give first option on the sale of any community asset to local groups, even if it means selling it below the full market rate.

2.3 Giving young people control

2.3.1 One particular concern in improving community cohesion is involving young people. Often demonised for the behaviour of a few, we need to look at how we can develop their skills and widen opportunities for them to contribute to their communities. One key problem is giving young people hope. In some communities there is a real problem that the drug dealer is someone to be aspired to, as they have status and money. We need to give young people hope of breaking out of that cycle by providing real alternatives. The Liberal Democrat approach is based on a belief that young people should be given individual opportunities such as volunteering, and opportunities to participate through representative youth councils. Liberal Democrats propose:

- Introducing a pupil premium into the local education funding system, so that educationally disadvantaged pupils will carry a higher rate of funding to the schools they attend.
- Developing a new 14-19 curriculum and qualifications framework as recommended by Tomlinson which gives real choice between formal education, vocational training, or a mixture of the two.

- As part of the new 14-19 school curriculum developing the idea of community service credits as part of a rounded education. Time banks involve individuals helping one another and engaging with their community by exchanging services which can cross age, race and economic divides. For example, a teenager teaches a pensioner how to set up an email account, and earns “community credits” to spend on things like guitar lessons or business advice from another member of the programme.
- Encouraging young entrepreneurs through promoting young enterprise schemes such as that in Brooklyn and the Youth Bank.
- Setting up structures and processes that are able to involve young people from every background in youth courts, mentoring, sports coaching and peer tutoring, to encourage their involvement in running local justice and education and other regeneration initiatives.
- Giving young people control of facilities and the ability to run them on the same basis as other community groups.
- Encouraging Youth Councils that are representative of young people from the whole community, with a budget to spend on the activities that they, not politicians, see fit.
- Assisting young people with training by offering opportunities which develop their skills and enable them to gain qualifications (e.g. Youth Achievement Awards).
- Giving local councils the relevant powers to provide better transport and access to community facilities, in particular youth, sports and leisure facilities.

2.4 Giving people control: the voluntary sector and volunteering

2.4.1 The voluntary sector has an important role in promoting social cohesion and delivering services that promote social regeneration. It has therefore enjoyed an increasing profile, rising influence and economic clout in the delivery of services. Yet at the same time there is a crisis in the voluntary sector at a local level.

2.4.2 The biggest 1.6 percent of charities now Hoover up two thirds of all the charitable income in the UK, and are increasingly delivering public services on behalf of the public sector and are constrained and co-opted in similar ways by Whitehall targets. Meanwhile the old style charities that have been relied on for decades to do so much voluntary work at neighbourhood level are in serious decline, assailed by falling funding and numbers of volunteers.

2.4.3 Statutory funding for the voluntary sector is increasingly scarce, and smaller charities find it hard to deal with the increasing weight of bureaucracy emanating from the Charity Commission and other government agencies. Nor are they able to cope with the demands of centralised lottery funding.

2.4.4 Just as sources of funding are drying up for smaller charities, so are the volunteers they rely on to function. Labour's approach to regeneration lacks any systematic attempt to revive informal volunteering - the kind of unmeasured, mutual efforts neighbours and friends put in, which are so critical to rebuilding local trust and social capital.

2.4.5 Neighbourhoods need informal mutual activity if they are going to prevent crime, keep older people healthy and living at home, and maintain housing estates as places where people want to live. Even informal childcare is vital if people are going to be able to get training and find jobs. The evidence is that even small grants are wasted and people's efforts unsustainable, unless there is a supportive network of local people around them.

2.4.6 Liberal Democrats are committed to approaches to rebuilding social capital in ways that trust ordinary people, that recreate local responsibility without being authoritarian, and that are not under the direct control of ministers. That means transforming all local public services from silos of professional exhaustion into engines of neighbourhood renewal. We are also committed to addressing the regimes undermining the smaller charities. We will:

- Encourage a network of mutual volunteering exchanges in local institutions - which recognise that welfare and services work best as part of

a reciprocal framework that rewards people's efforts, allowing them to spend the 'credits' they earn on help for themselves, on public transport, in sports centres or on education and training.

- End disincentives to volunteering and mentoring, for example through unnecessary age barriers and bureaucratic regulations that prevent claimants taking part.
- Investigate new financial instruments that can borrow money against savings in public spending that result from community-building investments.
- Make sure every public service office has in place systems like time banks that involve and reward clients as partners in the delivery of services.
- Commit to reliable funding streams for voluntary sector organisations carrying out government services.
- Contract smaller local organisations to achieve specific local objectives through community service agreements.
- Create a volunteer's contract recognised in law which would specify the rights that attach to volunteers, making the lives of volunteers and the organisations using them easier, and also introduce statements of inherent risk thereby exempting both organisations and volunteers from liability for certain risks.
- Insist that, as a condition of obtaining public sector contracts, large charities will provide back office functions for small charities.
- Remove excessive bureaucracy from charities under an income of £50,000 a year.
- Support moves to help the Big Lottery Fund be more responsive to local needs.

2.5 Giving people control: the role of councils

2.5.1 Improving social cohesion and delivering social regeneration can only be achieved if two things are provided: power and cash. As well as setting communities, young people and the voluntary sector free, we also need to free up the only local organisation with the infrastructure and accountability to ensure that everyone, and not just those with the most power or biggest mouths, benefit: local councils.

2.5.2 Removing Whitehall control. Central targets stifle local initiative, encouraging the risk-free culture that makes it easier to do nothing than to change. To stop this, Liberal Democrats will:

- End the micromanagement by Whitehall of local government - preferring direct accountability to local people rather than to distant bureaucrats with little or no local knowledge.
- As part of this do away with the target obsessed regimes imposed on councils allowing local communities to set their own targets.
- Provide a simplified and consistent approach to the existing system of regeneration grants.

2.5.3 Improving accountability. Another barrier to initiative can be the lack of challenge to one-party rule that has built up in some areas due to the current electoral system. Local people would be better able to hold their councils to account, thereby improving local governance in some areas, if all their votes counted. This will restore people's sense of control. To do this, Liberal Democrats will:

1. Follow Scotland and introduce fair votes for local authorities through the single transferable vote based around distinct communities.
2. Give local councils greater control over budgets. Liberal Democrats want simpler, fairer taxes. Therefore, we propose:
 - Replacing council tax with local income tax, becoming the main revenue raiser for local councils over time.
 - Repatriating business rates and encouraging local councils to use this to help small, local businesses, not chain stores or supermarkets.
 - Retaining an equalisation grant to ensure poorer areas are not forced to have either punitively high taxes or sub-standard services.
 - Allowing local councils to access financial markets for key investments like decent homes or better transport.

3. Increase councils' ability to address local issues by increasing their powers, including providing a power of general competence.
4. Ensure local councils support people, not dictate to them. We would extend help such as direct payments, which encourage individuals to decide what is best for them.

2.5.4 The ideal councillor should be a community leader and advocate. Yet Labour's Scrutiny/Executive split has reduced the effectiveness of many. We believe this should stop. Councillors have a duty to represent everyone, not just the loudest. It is time to reconnect councillors with local communities. That is why Liberal Democrats will give every community, urban (including London), suburban or rural, the right to establish a community council, able to have more powers and responsibilities than existing parish councils. Local people could hold a referendum to establish a community council, while existing parish councils would be given the opportunity to take on more powers. Community councils would have a statutory right to take on more decision-making powers from the principal local authority than ever before.

2.5.5 Budgets for individual services, and the power to decide service levels, could be delegated from principal authorities to community councils (together with appropriate management support) where the latter wanted to take them on. Community councils would then spend the money as they saw fit. They would also oversee community assets, such as libraries and parks. Crucially, they would not just cover traditional council services, such as lighting or parking, but also crime and, where appropriate, health. They would also have powers to encourage enterprise and inward investment to an area, for instance by designating business conservation areas.

2.5.6 These councils would put together an annual plan of development for their area, working with local communities on shared priorities and helping deliver them. Budgets would also include ring-fenced money to give to local projects, devolving down much of the cash councils currently give to the voluntary sector.

2.5.7 The New Deal for Communities (NDC) has been a key programme in the Government's strategy to tackle regeneration in the most deprived neighbourhoods in the England. Approximately £2bn has been committed to the 39 partnerships set up since 1998, which have a ten-year lifespan. The government when setting them up initially indicated there would be genuinely local decision-making and a considerable range of powers to address regeneration issues. However this was not actually delivered and the programme has become very bureaucratic. The bureaucratic way the process works and the way funding is levered in risks re-creating the failed estates of the 1960s and 1970s which the New Deal is trying to address. The NDC project in Clapham for example is going to result in a very much higher density development than the current estate, and the likelihood of new high rise developments to cram the necessary housing in.

2.5.8 These problems illustrate the dangers of regeneration schemes which drift too far from local democracy. The longer running NDCs are now contemplating the end of their projects but want to continue the work they have achieved. The Bradford Trident NDC has been looking at turning itself into Community Council and has been actively involved in talks with the National Association of Local Councils (the organisation representing parish and town councillors) to explore the possibility. This is potentially a positive move, but in some other cases it may be better simply to wind up the NDCs and entrust the continuation of the work to existing local councils.

2.6 Communication

2.6.1 The way in which local communities communicate is changing. Broadband allows a level of freedom undreamt of even 20 years ago. Websites exist to showcase small local businesses and communities. Mobile internet and wi-fi will lead to major changes in traditional telecommunications. Local digital TV and radio, accessed over the internet, and free local wi-fi networks, can encourage communities to grow and develop their links with the outside world.

2.6.2 This changes the way in which communities interact and the way politics operates. It is too early to say how these will develop exactly, but we should encourage local councils to develop locally-owned virtual workplaces, allowing people to work together on PCs. By developing these communications, we will encourage people to generate the community networks required for good social integration.

2.7 Conclusion: taking back control

2.7.1 If we are to give communities hope, they must take back control of the area around them. This means local and central government not telling them what to do, but allowing them to develop the lives they want. It means a changed role for local government, locally-elected representatives and local communities. Doing nothing means we can only manage decline, not stop it.

Physical Regeneration: Building for People

3.0.1 Regeneration can often be an emotive subject. At its best, it can result in well-designed and well-planned schemes can help to create genuinely successful communities and stimulate community economic development. At its worst, it can lead to poorly conceived and executed schemes which in turn create poor quality buildings and public realms, and exacerbate social exclusion.

3.0.2 Failure during regeneration projects to take all views into account or to ensure local people benefit fully can add to resentment, marginalisation, and social exclusion. People affected by regeneration and new development all too often feel their voices are not heard in the regeneration process. In these areas regeneration can be the cause of significant dissatisfaction.

3.0.3 Equally, many people and communities in small pockets of deprivation, in just as much need of regeneration as other areas, can be forgotten about and neglected, whether due to lack of funding, know-how or political will, leaving such areas subject to social exclusion and urban decay.

3.0.4 Liberal Democrats do not believe in an overly prescriptive approach to physical regeneration policy. We believe local authorities and local communities are best placed to identify the most appropriate regeneration solutions for a particular area. In contrast excessive emphasis on central government targets has often been counter-productive, with targets for increased densities leading to over-intensification of apartments and flats in many areas, often significantly changing the nature of the community by removing areas of urban green space.

3.0.5 That said, Liberal Democrats believe that a number of key principles should be adhered to in order to ensure that regeneration and development is as sustainable as possible. Liberal Democrats fully recognise the importance of “place-making”, an art which has too often been lost in post-war development in the UK and elsewhere.

3.0.6 The emerging sustainable communities agenda is one that we acknowledge; we believe

strongly in the need to create places where people want to live rather than want to leave. However, the agenda pursued by the Government through ODPM and latterly DCLG, has too often been too top-down in its approach, trying to impose solutions that lack support or local credibility.

3.0.7 Liberal Democrats instinctively believe that regeneration is fundamentally about empowerment of local communities, and that a more bottom-up approach to achieving successful regeneration is required. That means looking afresh at the differing roles of central government, local government, private sector partners, and the local community in regeneration. Rather than controlling regeneration, central and regional government and their agencies should act as catalysts for locally based and locally supported regeneration.

3.1 Community empowerment through planning

3.1.1 Planning has a big part to play both in physical and social regeneration, and is the key way in which physical regeneration is shaped. Planning applications can unite a community like nothing else. Yet in many ways, the planning process is defective. Developers and councils speak at an early stage, while local people get involved late on. This generates more conflict than is necessary.

3.1.2 The new planning regime introduced by the current Government has made some progress in seeking to ensure better consultation and proactive involvement in the development of planning frameworks and to achieve more say over particular planning proposals. But there is still more that can be done - and there is still an inherent contradiction between the Government's twin objectives of greater consultation and greater speed in the planning process.

3.1.3 Liberal Democrats believe local communities should have a greater involvement in the planning process. This goes beyond the better consultation the government has tried to build into the process. Currently planning policies and planning applications are subject to ultimate approval by the Secretary of State either

in person or in the form of a planning inspector. This interference by Whitehall needs to be removed.

3.1.4 Liberal Democrats therefore propose decentralising the planning system, giving greater control of it over to local communities as happens in many European counties such as Germany and Switzerland. More detail on planning policy can be found in policy paper 55 *Planning for the 21st Century* (2003). Local councils will be given the freedom to develop their own local plans to suit their needs, rather than meet government directives. This could include ‘zones’ where certain types of development are guaranteed, so speeding up planning decisions. Having fair votes at local council elections will mean greater political consensus in preparing these plans. We will also change the system of planning appeals, with greater third party rights of appeal. Leave to appeal would normally only be granted however if the third party could show that the application fell outside the Local Development Plan, or that relevant planning law had not been considered by the planning authority or that due process had not been followed. Liberal Democrats will also ensure early community involvement in major planning applications, with local people notified and involved when interest is expressed.

3.1.5 Putting local people and communities in charge of the planning system also means giving them the tools to create informed policies to be implemented by the system. Liberal Democrats in government would support local communities and people by increasing the support given to organisations like Planning Aid. We would also ensure the planning process incorporated techniques such as “community enquiries” - similar to public enquiries, where planning resources such as independent planners, designers, and architects are made available to communities in regeneration areas to work alongside local authorities and developers to come up with a common vision and an outline masterplan for a particular area.

3.1.6 Our belief in the benefit of involving local communities both in the design and delivery of regeneration schemes also extends to ensuring that local people have a direct say in the running of regeneration projects. Ultimately, local people know the needs of an area far better

than “the great and the good”. We would develop mechanisms for local people and other stakeholders to have a direct say in specific regeneration projects. Powers and budgets could be devolved to local ward committees, chaired by the local ward councillors, but with open access to local residents, tasked with developing locally-owned “ward plans”, which respond to locally agreed priorities for local services, and which seek to influence provision by other organisations such as the police and NHS.

3.1.7 Liberal Democrats would also increase community involvement in the planning process by ending the ludicrous restrictions that prevent local councillors from representing the views of their constituents and communities on planning applications.

3.2 New urbanism and the art of ‘place-making’

3.2.1 The planning process should also be delivering the goal of physical regeneration - the creation and restoration of diverse, compact, vibrant, mixed-use communities composed of housing, workplaces, shops, entertainment, schools, parks, and civic facilities essential to the daily lives of the residents.

3.2.2 Whether this is achieved through the “new urbanism” movement or a return to the Victorian concept of the “garden city” it is about the recognition that significant improvements can be made in the quality of urban design and of the built environment. This includes a focus on development of “walkable neighbourhoods” which emphasise traditional street and boulevard forms of urban development (“reinventing the High Street”) in such a way as to facilitate easy access to most services and facilities (schools, shops, community buildings) within 10 minutes on foot or on bicycle. It also incorporates significantly expanded access to public transport infrastructure (ideally using environmentally friendly forms of public transport including electric buses and tram systems) instead of more highways and roads.

3.2.3 The German city of Freiburg for example has committed itself to achieving significant transport modal shift towards green transport, leading to creation of new residential communities that feature excellent access to

green spaces, play areas, and safer streets, whilst markedly reducing congestion and pollution.

3.2.4 Although design can often be somewhat subjective, good progress is being made by organisations such as CABI to improve the quality of the built environment. The importance of “place-making” is increasingly widely-recognised and Liberal Democrats believe that the principles of place-making should be a fundamental part of frameworks for planning and development.

3.2.5 As well as placing local communities and their local authorities in control of place-making by putting them in charge of the planning process the Liberal Democrats will give local authorities a say in the design of developments in their communities. We will make the quality and aesthetic of design material factors that can be taken into account when granting or refusing planning permission.

3.2.6 Beauty should have a role in physical regeneration. Liberal Democrats will encourage

better design by requiring any local plans to include “design codes” setting out for developers what the local community wishes to see in developments happening in their area.

3.2.7 Although there is sometimes a need to increase the density of new developments to maximise the use of the land available, in particular brownfield sites, thereby preventing encroachment on to virgin greenfield sites there is a risk of over development through a rigid insistence on high-density development. This can often lead to a detrimental change in the character of an area. A Liberal Democrat government would therefore allow councils and local communities to take a more flexible approach to the density of development allowing them where appropriate to reduce density to avoid over-development. Private gardens also play an important role in maintaining biodiversity in our towns and cities, yet increasingly are being built on. Liberal Democrats would change the current designation of private gardens as brownfield sites and classify them as greenfield sites.

Some place making principles

Development should be planned according to time-tested principles for the structure, scale and layout of the “place” or town, its constituent neighbourhoods, streets, civic and commercial places and spaces, productive landscape and ecology. These emphasise mixed use places and communities, great streets, public transport and adaptability of building design.

Streets are laid out on a grid or network, providing several routes to every destination. Most are relatively narrow and defined by buildings fronting the public realm. They contain traffic, parking, trees, pavements and buildings. Drivers and pedestrians are made equally welcome, comfortable and safe.

Neighbourhoods seamlessly connect but are limited in size, so most people live within a six-minute walk of the centre, where daily needs are provided for and locals and passers-by interact. Traffic is invited into the centre but it is managed for the pedestrian. Buses pass through. Generally, neighbourhood density increases from edge to centre.

Buildings are adaptable and suitable for mixed use. A mixture of small and large houses, outbuildings, apartment buildings, shops, restaurants and offices is compatible in size and massing. All buildings should conform to high environmental standards.

Civic buildings (meeting halls, theatres, churches, clubs, museums, etc.) are often placed on squares and at the termination of street vistas, serving as landmarks.

Streetscape qualities and features such as continuous footpaths, street proportions, street trees, building orientation and setbacks are designed to encourage people to walk; they are brought together in the form of community codes.

Design should where possible respect local vernacular architecture and local building materials, though innovation should not be discouraged.

Additional principles for good place-making have developed from the contemporary sustainability agenda:

- Existing infrastructure networks should be improved and utilised before new ones are justified.
- Walking, cycling and regular, clean and efficient public transport should be prioritised.
- Residents and other stakeholders should be involved in the planning and design process.
- Valuable local ecology should be conserved and enhanced wherever possible.
- Strategies should be determined for the optimisation of energy conservation, the local generation of renewable energy, and local heat schemes.
- Public parks, school sites and wetlands and other open spaces should be ecologically productive and integrated to maximise recreational use, environmental learning, civic involvement and community development opportunities. This connects residents to each other and to the place in which they live, reinforcing a sense of 'place' and deepening their commitment to their community.

3.3 Sustainable development

3.3.1 As well as providing a better physical environment, physical regeneration needs to be sustainable. Sustainable development practitioners including the WWF believe that in the UK we are currently consuming natural resources at three times the rate that can be sustained by the planet. Although “one-planet development” is still some way off, we can and must do better than our current “three-planet” level of development.

3.3.2 Regeneration should aim to significantly reduce consumption of energy and materials and should aspire to achieve standards comparable with advanced practice in other EU states. Briefly, this should include a paradigm shift in relation to recycling provision, energy use, and use of materials, together with culture change in respect of transport use and social and economic sustainability.

3.3.3 In order to ensure that physical regeneration in the 21st century is sustainable Liberal Democrats will:

- Ensure future regeneration schemes conform to the principles of the “Nottingham Declaration” on climate change.
- Amend planning guidance to ensure that new building development areas and

regeneration programmes incorporate sustainable urban drainage systems (SUDS), including soakaways, permeable paving, filter strips and storage ponds or wetlands.

- Introduce home water efficiency ratings of all products using water, and take action to promote rainwater harvesting systems, water butts, dual-flush toilets, and other water saving devices and activities.
- Strengthening building regulations and enforcing them effectively to reduce both energy and water consumption in new homes, while introducing schemes to reduce water and energy consumption in existing homes.
- Support measures to achieve greater innovation and increased uptake in respect of devolved energy infrastructures including local energy service companies (ESCOs) which feature much greater use of renewable energy (including microgeneration, combined heat and power, and use of energy-generating crops).

3.3.4 Affordable public transport is vital to ensuring that economic regeneration is sustainable and that new developments are not dependent on the car. In principle we encourage the development of local and regional tram and light railway schemes, such as the Manchester

metro. Finance is usually the key to getting such schemes off the ground. Most transport schemes increase land values in the areas they serve by far more than the total cost of the project. By shifting the basis of the business rate onto site values, we will allow local authorities to tap into to these gains, thereby making many more schemes financially viable. Of course the same principle applies to other infrastructure improvements, not simply transport.

3.4 Physical infrastructure & finance

3.4.1 Building sustainable communities is not just about reducing their environmental impact. It is also about ensuring they remain attractive places for people to live in the future. To achieve the best standards of quality in terms of regeneration and development of sustainable communities, more attention needs to be paid to how new infrastructure is provided and paid for. The government is looking at introducing a Planning Gain Supplement (development tax). As this would be paid to the Treasury, increasing Whitehall's powers over local communities and local councils, it is unlikely to solve the significant problem of providing essential new infrastructure, including new schools, hospitals, energy and utilities, and transport links.

3.4.2 Currently Section 106 of the Town and County Planning Act provides a mechanism for councils to seek additional infrastructure investment from developments. However Section 106 agreements can sometimes be seen as an inducement to allow unwelcome development, and while there are good examples there is still a relatively low level of knowledge amongst local authorities and communities about how to make the maximum use of them.

3.4.3 A new approach is needed to achieve greater synergy between local development and funding for local infrastructure. Part of the answer to this is our existing policy of reforming the business rate into Site Value Rating, as already mentioned above. Liberal Democrats also believe this requires improvements to the Section 106 process so that local communities and local councils continue to directly secure appropriate funding for development and infrastructure which meets the identified needs of a local area. The existing Section 106

procedure can be secretive, and it is often difficult to find out what has been agreed between Councils and developers. There also needs to be a more extensive range of development models and financial tools available to facilitate and support regeneration which often economises on matters such as social and environmental sustainability in order to maximise profit.

3.4.4 Liberal Democrats will therefore:

- Assist local authorities in developing their Section 106 policies into funding mechanisms like the Milton Keynes tariff system where developers are required to pay a levy for development of schools and social infrastructure per housing unit delivered - this approach is preferable to the Government's Planning Gain Supplement.
- Promote the creation of "joint regeneration vehicles" involving landowners, developers, local authority and communities to recycle profits from development of land into local infrastructure and projects managed by community land trusts.
- Reform the structure of local government finance and the powers available to local authorities so they, in conjunction with local communities, can regenerate those "unpromising" areas which attract less development interest.
- Expand the financial options available to local and other agencies supporting major regeneration by giving them the power to issue bonds.
- Offset taxes on development such as Section 106 by introducing Site Value Rating.
- Encourage the extension of the use of Section 106 to secure affordable premises for start up businesses and markets.

3.5 Mixed use, mixed users

3.5.1 Wherever possible, regeneration should be "mixed use" and "mixed user". There is legitimate concern that some forms of regeneration are increasing rather than reducing social exclusion. There is a growing understanding that single-tenure monocultures of

housing development can lead to social and economic polarisation, and can rapidly lead to housing market failure and serious urban blight in areas which become “places where people want to leave”. Above all, regeneration should be about creating “places where people want to live”.

3.5.2 Liberal Democrats are already seeking to ensure that communities have mixed-tenure and include appropriate provision of affordable and/or social housing. They have, as in South Shropshire, improved and increased provision of genuinely accessible housing, including through development of new forms of tenure such as shared-equity, which keep affordable homes affordable not just at the time they are built, but also in the long term.

3.5.3 Although progress has been made, more can and should be done to ensure that there is greater access to affordable and social housing in areas predominantly characterised by owner-occupier housing. We have published detailed proposals on how access to affordable and social housing can be increased in *Affordable Homes in Safer, Greener Communities*. In particular, we believe that there should be a ‘fourth option’ for council housing where the council can retain ownership and strategic management and still be granted money for improvements, and greater local discretion over right to buy discounts. These proposals need to be built into regeneration projects so we achieve greater choice and diversity in the housing market.

3.5.4 Whereas some high-profile prestigious developments have achieved stunning visual transformation of formerly derelict areas, the result can be to displace social problems and poverty rather than to address it. “Showpiece” regeneration, whether in the form of prestigious city centre redevelopment, business premises, cultural or sport-led regeneration schemes or in terms of signature architectural developments, should aspire to ensure accessibility and widespread use by all sectors of the community and aim to ensure use by both day and night wherever possible.

3.5.5 Although there is a growing recognition of the value and importance of ensuring the quality of the public realm, compared to the past where it has often been an afterthought (“spaces

left over after planning”), Liberal Democrats are concerned that this can lead to creeping “privatisation” of public space, again increasing the risk of social exclusion. We would therefore enable local communities to require developers to hand over public space to be managed by local people and their representatives, if not owned by them.

3.5.6 Referring back to the new urbanism principles outlined earlier, Liberal Democrats believe regeneration should aim to encourage greater diversity of development use. We would provide local authorities with the necessary powers to set policies requiring mixed use developments with for example local employment-related development situated close by residential communities allowing people to walk to work rather than drive; and that business premises and even industrial premises should not necessarily be confined to monolithic business parks and industrial estates, but rather should be allowed to develop in truly mixed neighbourhoods.

3.6 Failing places

3.6.1 Whilst it is possible (and even desirable) to seek to ensure that new developments and new communities adhere to the principles outlined above, it must be remembered that very often regeneration does not start with a blank sheet of paper. The communities which need regeneration the most are often beset by significant socio-economic deprivation and disadvantage, including poor health and education, high rates of crime, and a poor local environment. Frequently, those who are able to leave have done so - those who are wealthier and/or in employment, leaving behind the most vulnerable who do not enjoy this option.

3.6.2 Although there is often a recognition that a community needs to change, this process is often immensely destabilising and difficult for those who have to live through it. As such, it is important that interventions wherever possible seek to ensure that the involvement of the local community is maximised.

3.6.3 There is a paradox at the heart of regeneration in that to achieve change in the areas where it is most needed, it is often necessary to take difficult decisions that may not

be supported by everyone within a community, such as demolition. To achieve lasting transformation of an area, it will sometimes be necessary to clear areas of housing in particularly poor condition in order to assemble areas of land of sufficient size and space to allow new development to take place.

3.6.4 Liberal Democrats will make achieving lasting change easier by reducing the VAT charged on the renovation of existing buildings and harmonising it with new VAT rates for new developments. Liberal Democrats would also provide local authorities with the powers to take a more proactive housing management approach including stronger action against rogue landlords who can often blight areas, leaving demolition as a last resort.

3.6.5 However, it is imperative that decisions to demolish are taken with the utmost sensitivity. Careful attention needs to be made to the needs of those affected, especially in terms of rehousing, compensation, and maintaining family and social networks. Liberal Democrats would give as much say as possible in the development of plans to the local communities (see 3.1.4 above).

3.6.6 In order for regeneration to work effectively, it is vital to tackle factors such as crime, vandalism, and environmental problems like fly-tipping, and burnt-out cars. The Crime in the Community policy paper to be debated in March 2007 advocates the use of stronger community sentences to deal with crimes such as vandalism and graffiti, with offenders being required to clean up the problems they have created. We will strengthen the sentencing guidelines to ensure that fines for fly-tipping offer a real deterrent, and promote local solutions to environmental problems such as Southwark's StreetLeaders scheme, in which

local residents organise to report problems to the council.

3.7 Physical regeneration skills

3.7.1 Although there is an emerging multi-disciplinary regeneration sector combining a number of professional competencies including architecture, housing, community development, economic development, planning, transport, and sustainability, the profession is still a relatively new and emerging one. There is still a significant skills gap in terms of supply of multi-skilled recruits, although there are encouraging signs that more young people and students wish to follow careers in the regeneration sector.

3.7.2 More will need to be done to provide greater access to training, particularly to ensure that those living in regeneration areas have the opportunity to benefit. Consideration also needs to be given as to how people living in regeneration areas, often on low incomes or on benefit, can be supported to participate effectively - currently those serving as part-time community representatives on regeneration boards and the like can face the threat of their benefits being stopped as their voluntary role can be considered as making them unavailable for work.

3.7.3 Liberal Democrats propose the creation of a "Community Task Force" which would enable local community volunteers, gap year students, and others wishing to make a contribution to creating more sustainable communities to benefit from supported training and placements with regeneration schemes either in their local area or further afield. This would be one setting for the community service described in 2.3.1. We would also seek to create regional centres of excellence for training in regeneration skills.

Economic Regeneration: Enhancing Local Community Life

4.0.1 As set out in the introduction to this paper, far too often community regeneration in the UK has been imposed top down, something done to local communities rather than with them and for them. Where they are in power, Liberal Democrats have helped to deliver a better pattern of economic regeneration based on encouraging local enterprise and re-build, as far as possible, from the bottom up. It is based on the principle that everyone should have access to a full range services including financial services, shops, health, business, local jobs and local government services.

4.0.2 This is not just a matter of equal opportunities, though that principle is as important as ever. A local economy that only caters for the better off is not sustainable, nor is it meeting the needs of many of the people who live locally. Diverse local economies are also stronger, more resilient and provide better access to everybody. They are as critical for the long-term success of regeneration as local control.

4.0.3 That is not to say there is no role for inward investment - quite the reverse. But it must support the central task of genuine regeneration, which is:

- Building economic sustainability of an area.
- Enhancing local money flows within the area.
- Encouraging the local growth of new enterprise and new business.

4.1 Rebuilding high streets

4.1.1 The combination of monopolistic retail practices and damaging government policies have stripped many neighbourhoods of the basic necessities of local life: 20 per cent of corner shops, grocers, high street banks, sub post offices and local pubs disappeared from British villages and high streets between 1995 and 2000. Since then, the rate of decline has speeded up, with 2,500 small independent stores closing during 2005 alone.

4.1.2 These losses undermine the ability of communities to sustain themselves economically

or socially, or to determine their own economic lives, and lead to a tipping point where complete collapse is inevitable. They also go against the expressed wishes of the people who live there and are corrosive of social capital: small-scale, locally-owned shops reduce crime, loneliness and ill-health.

4.1.3 Genuine regeneration depends on a new generation of small shops and independent traders. That requires tough new local competition policies and a level playing field with the large multiples (see below). But they also require a more supportive regime to support vital local shops and other local business.

Liberal Democrats will therefore:

- Make it easier for local authorities to put empty properties to use - in particular, they need the flexibility to transfer assets to local community organisations at less than official 'market' value, if necessary.
- Give local authorities back the right to vary local business rates.
- Cut business rates on small businesses with a Business Rates Allowance similar to personal tax allowances.
- Extend the discretionary local 50 per cent rate relief scheme for village shops to sole village pubs.
- Protect the services offered by local post offices by imposing an obligation on the government to maintain a universal service for the branch network and insist that the Post Office carries out an economic impact study before closing busy sub-post offices.
- Support local markets and farmers markets using single regeneration grants for local shopping areas, to preserve a diversity of small local shops.
- Make it easier for local communities to hold local street markets by liberalising the current restrictions, including legislation to allow local authorities to over-ride medieval restrictions on markets in some charters where local people so wish.
- Equalise VAT on new build and repairs and maintenance to encourage local regeneration - rather than large-scale

demolition and rebuild. This will also help with the costs of maintaining historic buildings.

- Allow councils to develop their own use class orders to protect local independent traders by requiring a change of use order if a local independent shop is to be replaced by a multiple retailer.

4.1.4 Of course it is not only retail outlets that help give life to our high streets. Local cultural facilities like libraries, cinemas, museums and theatres are important focuses for regeneration. In the South West, for example, the nearly 500 private, voluntary and local authority museums contribute over £50 million to the local economy, provide thousand of jobs and help in attracting the 22 million tourists to the region. It is important that cultural facilities like local cinemas are not lost as a result of restrictive practices. We will disallow change of use of a cinema building without planning permission, as currently applies to theatres.

4.2 Levelling the playing field

4.2.1 We reject the false choice offered between out-of-town shopping developments and identikit 'clone' retail regeneration in-town, both of which can be destructive of local shopping. Although out-of-town development corrodes high streets and encourages car dependence, the domination of high streets by a few big retailers can also suck local spending power out of regenerating areas and undermine their economic sustainability.

4.2.2 Out-of-town retailing and retail parks can siphon wealth away from towns, making them dependent on central government grants, at great expense to the public purse. They exclude people who do not have access to cars. But there are also vital economic benefits for distinctiveness in towns as well: in the long term, people invest and want to live in places they feel are distinctive and authentic.

4.2.3 Yet the rules now enormously favour out-of-town retailing over in-town retailing, and big retailers over small shops. Independent stores now pay a higher proportion of their profits on business rates, and a higher proportion on tax, than big multiples. And as the Big Four

supermarkets come to dominate UK suppliers, and take over the supply chain and distribution network, the opportunities for new retailers to challenge them - and provide for local choice - are becoming increasingly rare.

4.2.4 This - and the high rents that small retailers increasingly suffer from - is seriously undermining the capacity of areas to regenerate themselves, and is leaving many areas dangerously dependent on a handful of large retailers.

4.2.5 Liberal Democrats do not see this approach as anti-business - quite the reverse. Choice, enterprise and competition are all in the interests of new business, and that requires action to tackle the increasingly monopolistic behaviour of the big retailers. We are committed to encouraging new business for genuine regeneration, and will therefore:

- Appoint an independent retail regulator and enforce a stronger code of practice to protect supermarkets' suppliers.
- Tackle abuse of market power by big retailers, and provide businesses with an outlet to complain in confidence.
- Introduce tough new legislation to control monopolies, with a presumption against high concentration of ownership in local areas as well as nationally: the Office of Fair Trading specifies eight per cent of market share as the point where distortions begin and this should be enforced.
- Subject restrictive covenants placed by supermarkets in deeds when they sell land to competition law.
- End the distortions to competition policy caused by the current view that the convenience store market is separate from the mainstream grocery market.
- Make it easier for local authorities to judge planning applications for superstores solely on their merits rather than be influenced by the cost of possible appeals, by making firms and companies liable for their own costs in any planning appeal, whatever the result.
- Use lease duty to end abuse of 'upward-only' rent-review clauses in the leases for small shops.

4.3 Encouraging effective outside investment

4.3.1 Outside investment in regenerating areas is vital to their recovery, but without safeguards, that investment can be counter-productive. It can drive out local enterprise, displace local expertise, leak local spending power outside the area, and replace much-loved and distinctive features with bland identikit retail development. There is also a danger that anchor stores, once they are established, can close down any local competition - precisely the opposite of what was intended by local councils.

4.3.2 It is vital that local authorities are given better tools, both to distinguish between good and damaging investment proposals, and to improve those that they are offered to make sure businesses investing locally are embedded in the local economy, buying local goods and services and employing local people.

4.3.3 Their efforts also need to be underpinned by a modern regional policy, based on modern high-speed transport infrastructure, that encourages companies to relocate or to invest in regions outside the south east. The current powerless attitude to the over-heating of the Greater South East, and the attempt to over-develop central London, leads to the damaging imbalance in housing provision - even the demolition of fit homes in the North.

4.3.4 At the national level, creation of a north-south High Speed Rail Line network in Britain would have huge benefits in terms of environmental sustainability and dispersing economic prosperity across the regions. HSL have proven to help economic regeneration and relieve pressure on densely populated areas. Japan's 'Bullet Trains' were introduced in the 1960s and have had unrivalled success. Small and medium-sized cities along the country's high-speed railway witnessed a 10 percent increase in population during just 15 years from 1970 through 1985. The regions affected also witnessed an average 30 percent increase in business. Considering the current concentration of economic activity and the population in the UK's South-East, HSL could provide an effective way to spread development to other areas including the East Midlands and the North. As well as spreading development it would relieve

pressure on the South-East. The Commission for Integrated Transport concluding that the economic benefits of the new network would outweigh the costs by up to three to one. Liberal Democrats wish to explore ways of using the principle of land value taxation to enable the investment in the HSL to be made.

4.3.5 Regional Development Agencies (RDAs) in England are a key innovation from 1997 and have yet to prove their worth. Doubts remain about their cost effectiveness and their accountability: too often they have been in conflict with local communities and their councils rather than working alongside them. We will:

- Reform RDAs so that they are fully accountable to elected regional assemblies or, in the absence of elected regional assemblies, to regional local authority partnerships.
- Legislate to ensure that there is no further encroachment by Regional Assemblies or RDAs on the functions currently exercised by local government.
- Legislate so that the local government members are appointed by elected regional assemblies or regional local authority partnerships rather than central government.
- Place a statutory duty on regional assemblies to demonstrate sub-regional co-operation, including devolving powers and funding to city regions and other local authority partnerships.
- Ensure that RDAs are required to give greater weight to sustainability and deprivation in their regional economic strategies.
- Require greater transparency including:
 - Public availability of agendas and minutes.
 - Meetings normally open to the public.

4.4 Keeping local resources circulating locally

4.4.1 The key to regenerating rundown regions, cities or neighbourhoods, without making them hopelessly economically dependent, is to maximise the use of local resources. These can be skills, commitment or spending power.

4.4.2 Regeneration has failed in the past because it was done in such a way that investment often flowed straight back out again, yet research now shows that the way agencies and local authorities spend their money can make an enormous difference to regeneration. Research suggests that local authorities could increase the amount of money circulating in their area by up to 400 per cent by examining how they spend their money, and fostering links with local suppliers.

4.4.3 Experience in some local authorities shows that breaking down the size of their procurement contracts, and working with local suppliers to build their skills and capability, can enormously increase the competition and efficiency, and - in the case of food - its freshness.

4.4.4 The implication of this is that rebuilding locally-owned business is vital. So are local markets, and the local banking and post office infrastructure - in fact a sub-post office can mean the difference of an extra £300,000 circulating in a ward area every year. Local suppliers re-spend an average of 76 per cent of their income, compared to 36 per cent for big suppliers, so it makes sense to concentrate on the former, because over-reliance on the latter is one of the main causes of the failure of regeneration in recent decades.

Liberal Democrats will:

- Give local people the right to insist on an analysis of local money flows for any contentious development, to demonstrate how much public money will contribute to job and wealth creation for local people.
- Set out a best practice guide for what local authorities should expect from developers, to make sure that new developments employ and train local people, and that there is space created for local independent retailers.
- Encourage local authorities, health trusts and schools to procure at least a third of the food they buy from healthy, local sources - encouraging small suppliers, and discouraging transport pollution.
- Designate at least five per cent of land in regeneration areas as community land

trusts, to underpin affordable housing, local shops and services, so that the benefits of local efforts remain in the area and do not get creamed off by developers.

- Defend the post office network by ploughing back some of the money from part-privatisation of the Royal Mail into the sustainability of local post offices.

4.5 Financing enterprise

4.5.1 Disadvantaged communities may be increasingly dependent on poor services, unequally managed by centralised bureaucracies, and with dwindling financial support. Yet by their very nature, they possess potential customers, potential markets and needs that can be fulfilled. They also have individuals who want to set up businesses themselves, and are often frustrated by lack of investment. Often the places where enterprise is most needed find it the hardest to raise the necessary finance - either for small business or social enterprise.

4.5.2 A proper banking and post office infrastructure is absolutely vital for a neighbourhood to regenerate, and with bank branches and sub-post offices closing everywhere - usually in the places they are most required - there is a serious problem about how to provide investment for the new generation of business.

Liberal Democrats will therefore:

- Tackle financial exclusion by promoting community banking, credit unions and small business barter schemes.
- Retain and develop the option of using a Post Office Card Account which the Government plans to abolish in 2010.
- Encourage investment in regional banks that re-invest in their regions, and community development financial institutions - designed to lend to social enterprises and other non-commercial ventures, and develop new investment vehicles to draw money into the social investment sector.
- Encourage local authorities to follow Liberal Democrat Liverpool's lead with their Tenants Insurance Scheme. This scheme provides home contents

insurance in red-lined areas though agencies like local credit unions.

- Provide more systematic sources of funding for small business start-up, extending the work of organisations like Unlimited and the Prince's Trust to local level, and helping kick-start small business by fostering regional banking as exists in many European countries.

4.6 Supporting enterprise

4.6.1 Neighbourhoods which have lost their tradition of self-help and enterprise also require training and support if local people are to start out in business. The problem is that regional business support programmes are often hidebound by targets, and cover far too wide an area. Very local business coaching, along the lines of the BizFizz programme¹, can be more effective because it roots new entrepreneurs in a supportive local network.

4.6.2 Behind this problem lies the far bigger issue of the target culture, particularly in the regions, which undermines local regeneration with the same obscure geographical and sectoral boundaries and can make getting business advice - let alone getting other aspects of regeneration to happen - a nightmarish business of officialdom and bureaucratic bullying.

Liberal Democrats will:

- Free business support from management-based performance targets set by central administrators, so that they are client-focused - removing barriers for entrepreneurs not serving the hidden agendas of funders.
- Use other local services, like schools - as part of the Liberal Democrat policy for schools as community hubs - as bases for encouraging business education and business training.
- Encourage business and enterprise schools to contribute to the local economy by providing support to local initiatives and small businesses.
- Encourage systems of mentoring and mutual support for local small business.
- With particular reference to SMEs, require that costed independent impact assessments and post-implementation reviews are carried out to ensure regulations do not levy unwarranted costs and are 'fit for purpose'.
- Use S106 agreements to promote skills training for 'construction' trades, where large-scale regeneration is appropriate.

¹ BizFizz is an innovative programme for entrepreneurs focusing on start-ups, micro and small enterprises in areas experiencing economic disadvantage.

This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 5.4 of the Federal Constitution. Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom. The Party in England, the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Northern Ireland Local Party determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas. The Party in England has chosen to pass up policy-making to the Federal level. If approved by Conference, this paper will therefore form the policy of the Federal Party on federal issues and the Party in England on English issues.

Many of the policy papers published by the Liberal Democrats imply modifications to existing government public expenditure priorities. We recognise that it may not be possible to achieve all these proposals in the lifetime of one Parliament. We intend to publish a costings programme, setting out our priorities across all policy areas, closer to the next general election.

Working Group on Community Regeneration

Note: Membership of the Working Group should not be taken to indicate that every member necessarily agrees with every statement or every proposal in this Paper.

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