

HOMES AND COMMUNITIES AGENCY

1ST JULY 2009

URBAN AND CITY/ECONOMIC REGENERATION COMPANIES ANNUAL REPORT 2008-09

NATIONAL OVERVIEW

Purpose

The purpose of this report is to provide an update on the progress and performance of those Urban Regeneration Companies (URCs) and City/Economic Regeneration Companies (CDC/EDCs) within England who currently receive Homes & Communities Agency (HCA) financial support. It also outlines future challenges and opportunities, putting into context the position of URC and CDC/EDCs as local delivery vehicles (LDVs), in terms of CLG's housing, regeneration and economic development agenda and HCA's role within that framework. The report has been compiled with reference to URCs' and CDC/EDCs Annual Reports for 2008-09 and current policy documentation.

Policy Context

Following changes in the national policy context since the Local Government White Paper, the Government's response to the Sub-National Review of Development and Regeneration (SNR) in November 2008 and the Comprehensive Spending Review in 2007, the role of local delivery strategic partnerships has become key to providing a holistic approach to regeneration through the combined physical, social and economic development in areas of deprivation.

The Transforming Places; Changing Lives (May 2009) Regeneration Framework document builds on the SNR document, providing more guidance on methodology and emphasises the need for accountability. The Transforming Places document provides a framework aimed at the key delivery agencies involved in regeneration and, in particular sets out the proposed new expectations of local government, Regional Development Agencies (RDAs), the HCA and central government. This document has influenced the tasking framework for the HCA, has helped to shape the Single Conversation strategy and the approach that the RDAs and local authorities take to their regeneration and economic development strategies.

As policy focus shifted to the wider sustainable economic and social regeneration of an area in recent years, the Government promoted the concept of City Development Companies as local delivery vehicles; these were later

rebranded as Economic Development Companies. Their purpose is to deliver economic growth and regeneration within a determined urban, rural or coastal area or sub region, focusing on areas of deprivation. They are driven and shaped by Local Authorities and the RDAs in conjunction with other partners (which may include HCA) and the Government. Their aim is to engage the private sector in a sustainable regeneration strategy, working within the context of a wider masterplan which takes full account of the local sub regional circumstances, notably in context of the creation of Multiple Area Agreements (MAA's) and, latterly, statutory City Region pilots. They are largely based on the URC model. URCs have also adapted to the evolving policy agenda. This ability to change has been tested further by current market conditions, with the arrival of the HCA, Local Area Agreements (LAAs), Multiple Area Agreements (MAAs) and the local authorities' Comprehensive Area Assessments (CAAs).

The URC and CDC/EDC approach offers significant potential to better co-ordinate and focus physical and economic regeneration in specific areas. The ongoing success of these vehicles, as a tool to address the political agenda, the new regeneration framework and the current economic conditions, will largely depend on the quality of the relationships established between the core partners, particularly the local authorities, RDAs, and other organisations such as HCA through the Single Conversation principle.

Homes and Communities Agency Role

As the national housing and regeneration agency for England, HCA plays a key role working with a wide range of stakeholders, these include partners in local government, RDAs, the public companies, private and third sectors at various geographical levels of intervention, to improve the co-ordination of housing and regeneration investment in England. The £500m housing package announced in the April 2009 Budget is aimed at speeding up housing delivery; this money is likely to have some impact on housing-led regeneration within URCs and CDC/EDCs. The Agency recognises the importance of strategic links between economic developments, physical and social regeneration, investment in housing and community infrastructure, building socially and environmentally sustainable communities and is working with the RDAs to finalise how a £180m pot is to be implemented in order to kick start stalled regeneration projects this year. HCA is in a strong delivery position as it brings national focus, expert advice and best practice to evolving sub-regional economic development and regeneration initiatives.

Sir Bob Kerslake promotes the concept of the Agency being a national body that delivers locally. He is supportive of local delivery vehicles but has advised that they must prove their suitability to local regeneration needs before being established. Local Authorities considering the formation of new delivery bodies must ask three essential questions:

- i. Does the vehicle fit the task?
- ii. Does it have local political and community backing?
- iii. Does it offer value for money?

Existing URCs and CDC/EDC's, as vehicles involved in delivery, should also be tested against these criteria on a regular basis by their partners to ensure that they are still fit for purpose and provide good value for money. The mid-term evaluation process which these companies undertake will provide one method of measurement. Failure to comply with the above criteria should prompt a review of the URC/CDC/EDC by its Founding Partners.

For the period covered in this annual report, HCA Regional Directors have confirmed that these companies have proved to be good value for money regeneration vehicles and they are well placed to assist CLG and HCA in delivering their agendas. Examples of their achievements are provided throughout this report and evidenced in the output and outcomes tables below.

URC and CDC/EDC Overview

For the period 1st April 2008 until 31st March 2009 there were 19 URCs and 4 CDC/EDCs within England receiving financial support from HCA. Since 1st April 2009 there are now 18 URCs and 6 CDC/EDCs. Plymouth EDC was established in May 2008; HCA provides funding and has Board representation. There are several additional CDC/EDCs being established around the country but they do not currently have formal HCA involvement. Since 1st April 2009 Leicester URC has evolved into Prospect Leicestershire Ltd EDC and 1NG Developing Newcastle Gateshead EDC has also been established; HCA have observer status on both of these Boards and provide some financial support. It has been recently confirmed that both Bradford and Tees Valley URCs are to wind up their companies by 31st March 2010 and it is proposed that remaining projects will be delivered by the relevant local authorities and appropriate partners.

All areas of the country have been affected by the economic downturn not just areas of regeneration; economic activity has been mixed as a result of the credit crunch. Within the URC and CDC/EDC areas those projects with long term funding in place, pre-lets, or those nearing completion prior to the credit crunch, have generally continued until completion. PFI funded schemes that do not rely on financial returns and are not overly reliant on residential development have also progressed. Commercial and residential development has slowed down, particularly the latter; many projects have been delayed or shelved.

Professor Parkinson's report (February 2009) into the Credit Crunch and its impact on regeneration activity provided a detailed analysis and a full picture of the challenges. The key messages from the report are to: pursue long term

principles and goals; provide brave leadership; maintain commitment to the regeneration agenda; deliver quality products in future; provide financial innovation; work even more in partnership; retain capacity; prepare for the upturn; provide public resources and programmes.

In a difficult economic climate the challenge of regeneration delivery becomes even harder. The downturn has undoubtedly had an impact on the speed of delivery as developers find it hard to access funding and the Government Agencies are required to tighten their belts. The URCs and CDC/EDCs have been working hard over the past 12-18 months taking stock, assessing strategies and policies to formulate objectives which will reduce development risk through the creation of physical, social and economic platforms ready for when the market picks up. Work is already being done by many URCs, CDC/EDCs with partners to produce or update strategic framework documents, improve infrastructure, educational establishments, health facilities, density and design guide standards and to increase the level of involvement in new industries such as the renewable and environmental sectors.

With the downturn predicted to continue into 2010 there is more pressure on public sector finance to keep projects in the pipeline for the next 2-3 years until the market improves. The URCs and CDC/EDCs are working closely with their partners to align business plan objectives to secure funding. ReBlackpool received a double funding blow in 2008 when central Government changed its strategy on casino development and it failed to secure the National Lottery funded Living Landmarks competition. Camborne Poole & Redruth (CPR), however, is a more fortunate URC; it has been able to take advantage of European funding. In January 2009 the European Convergence Programme for Cornwall and the Isles of Scilly was announced. It provides an investment opportunity for the Cornish market of up to £445m. All URCs and CDCs/EDCs have been looking at alternative funding mechanisms (asset backed vehicles) and private sector involvement through creative funding and development mechanisms.

Despite the downturn the profile of the companies and their areas of operation have remained high over the past 12 months; with numerous launches and announcements. Three examples include: signing of Union Square Development Agreement with MUSE - a £350m investment in Swindon; the opening in May 2008 of Phase 1 of a £1.2bn Liverpool One (Grosvenor) retail scheme in Liverpool, and Central Salford announcing £500m of private sector investment under construction at Media:city, the largest single regeneration project in the North of England. This project will create up to 15,000 jobs and lever in approximately £4bn private sector investment over the next 15 years.

Several URCs, CDC/EDS such as Creative Sheffield, Hull Forward, Opportunity Peterborough, Swindon and Sunderland arc have been working hard to increase their profile by promoting their cities at a national and international level in order to attract inward investment. Hull and Peterborough have established Bond Holder schemes whereby local companies contribute money into a central

marketing budget which is used to promote the city. Hull currently has over 140 members contributing approximately £100,000 to their city's budget.

All the URCs and CDC/EDCs have recognised the need to secure investment in the infrastructure framework within their area of operation and sub-region. The companies have worked together with partners to shape planning policy documents to secure the provision of suitable road, rail, air and water infrastructure to enable access to land capable of accommodating future development of commercial buildings, homes, education and health establishments which will in themselves create jobs.

Accessibility is crucial for regeneration in many URC areas, no more so than in CPR. They have made major advances with the progression on the first phase of a £47.7 million investment package in the area's transport infrastructure which has opened up a significant amount of land for redevelopment. North Northants has also helped secure the provision of new improved road linkages and a new train station which opened earlier this year with direct links to London. The URC anticipates that up to 47,000 new jobs will be created as a result of this work by 2021. There are numerous other examples of infrastructure work which include Infinity Bridge - Tees Valley URC, commencement of two metro lines running through East Manchester - NEM, completion of £22m Liverpool to Leeds canal link - Liverpool Vision.

It is worth noting that Walsall Regeneration Company identified an opportunity created by the amount of infrastructure work that was being undertaken; it negotiated the provision of ducting pipes to accommodate broadband fibre optic cables. This has enabled Walsall to promote its self as a giga port centre. Outline planning permission was secured in December 2008 for 1.5 million square feet of hi-tech office accommodation, including a data hub, business innovation and other supporting services based around the fibre optic next generation broadband technology.

Finally, in relation to examples of infrastructure progress, a number of URCs and CDC/EDCs have helped facilitate the enhancement of their connectivity provision through developing transport interchanges. NEM was one of the first; now Regenco, Wolverhampton, Derby and Sheffield have been working with Network Rail and the Highways Authority to provide integrated strategies. In March 2009 HM The Queen officially opened Hull's Transport Interchange which was awarded the National Railway Heritage Award for accessibility and Station of the Year in the HSBC Rail Business Awards.

Although impacted by the recession a number of URCs and CDC/EDCs are making a significant contribution towards CLG's housing delivery targets, particularly through the Growth Area and Pathfinder Programmes. Opportunity Peterborough recently secured £21.4m Growth Area Funding, it has been tasked to deliver 25,000 homes by 2021 and it is home to the largest Carbon Zero project in the UK (344 units). CPR's target is to produce 11,000 homes by 2026,

West Lakes is working on its £3m Pathfinder programme, and the Brindley Village II project (Regenco) was recently granted £42m for its mixed use scheme (193 residential units) in Birmingham.

The creation of mixed use developments is key to future sustainability of an area and its community. There are plenty of examples of mixed use schemes within the URC and CDC/EDC areas. In November 2008 the Prince of Wales officially opened a £12m scheme in Bradford which comprised 750 sqm commercial space and 73 apartments. Regenco identified that it did not have an office market in its area of operation so helped promote and create a new Regional Business Centre (All Saints), which already has 120,000 sqft let to BT/Liberata; a further 50,000 sqft is to be developed.

The Renewable Energy section of the economy has continued to grow and a number of URC and EDC/CDC areas have made advances in 2008-09. Most notable is West Lakes Renaissance; it has unique opportunities for renewables and its energy engineering expertise and skills are world class. The Energy Coast™ initiative was launched by the then Secretary of State for BERR, John Hutton in July 2008 and the area has 3 of the 11 sites on the UK list by the Government's Strategic Sites Assessment for a new nuclear power generator in the UK. Also, good progress is being made on off-shore and on-shore wind power, energy from waste, bio fuels, biomass and electrical distribution networks. With this combination of developments in West Cumbria, it will have a linear cluster of nuclear related research, skills and training second to none in the UK and amongst the best in the world. On a reduced scale, but of great importance to the economic development, both Hull Forward and 1st East are progressing with the promotion and development of their renewable offer.

Provision of high quality educational and health facilities have been key to the wider economic regeneration with many URCs and CDC/EDCs. Unfortunately the stalled Further Education Capital Programme has had a big impact on a number of educational projects including those within West Lakes and Regenco's areas of operation. However, there are a few projects which have progressed and these include the iconic Middlesbrough College (Tees Valley); University of Essex Cliff Town Studios Phase 1 (Southend); a 750 bed student accommodation in Wolverhampton (£37m); the £65m new Walsall College due for completion September '09; Energus, the North West's flagship for the National Skills Academy for nuclear technology, and a new £35m Academy in NEM. NEM has helped to deliver NDC funded schemes to improve skills, link school leavers to employment and working with the council has helped improve educational standards. Creative Sheffield is working with their two universities to help integrate them into the city centre, improve business linkages, and to retain the skills produced. There are fewer examples of health provision; the largest is a £170m PFI funded hospital in Walsall, which the URC helped to broker. Hull Forward is considering its priorities in terms of a Telehealth cluster development and how it relates to overseas links.

Public Realm and quality standards continue to be high on the URC and CDC/EDC agendas. Despite the economic downturn a number of companies are still progressing with public realm schemes and refusing to reduce quality build standards. Opportunity Peterborough have started on site as a multi-million pound transformation of its city centre public realm centred around Cathedral Square. Bradford have been working with the City Council on the City Park scheme which is scheduled to start on site in March 2010, a £24.5m scheme on 10 acres of outdoor space; Tees Valley has also been working with it's partners developing and managing the largest public arts initiative in the world, the Tees Valley Giants. In relation to an example of quality development, detailed planning permission has been obtained on the Listerhills Sustainable Student Village in Bradford, which will be the first 'Breeam Outstanding' student accommodation in the UK.

The community focus in terms of population retention, local job creation, consultations and provision of skills training has stepped up a pace this year with many URCs and CDC/EDCs working with partners, local groups and national organisations like Job Seekers to secure jobs for local people. Examples of initiatives that address these issues are in Gloucester; they launched the Gloucester Works, expanded the Community Ambassadors Programme and Urban Youth Forum. Collectively these help ensure that the local community plays an active part in shaping the future of the city and that they directly benefit from huge investment in the area. West Lakes Renaissance has a Talented Minds programme which is aimed at trying to retain young people within the West Coast area by attracting new skills, improving the quality of life, education and perceptions. In relation to the welfare of staff employed by these companies, Central Salford was the first URC to be awarded an Investors in People Award this year.

Links to Other HCA Programmes

URCs and CDC/EDCs are playing a key role in helping to address the Government's housing growth agenda. As well as HCA Property and Regeneration funding, other HCA funding is invested in URC and CDC/EDC areas through:

- Housing Market Renewal pathfinder programmes which have been established to tackle the most acute areas of low demand housing and abandonment within England. These cover sub-regional housing markets that straddle parts of two or more local authority areas to avoid displacement. A number of URCs and CDC/EDCs have pathfinders within their boundaries, these include NEM, Regenco, Hull and West Cumbria. Elevate/Pennine Lancashire a pathfinder company is in the process of becoming an EDC.
- Growth Areas and Growth Points are playing a critical role in addressing the long-term challenge of increasing housing supply, which the

Government identified and established because of their ability to take further sustainable growth with minimum environmental impact and utilising infrastructure investment. Opportunity Peterborough and North Northants have Growth Areas within their area of operation, between them they are supporting the ambition to build up to 60,000 new homes in their areas by 2016. Other URCs such as NEM and Tees Valley Regeneration are key players in local growth partnerships.

- Local Housing Company Programme was put forward in the 2007 Housing Green paper as part of the drive to generate more housing delivery on surplus public sector land. The pilot programme has 14 projects, which includes schemes within Plymouth, Dagenham, Peterborough, Wolverhampton, Manchester, Sheffield and Sunderland. Although remaining a Government programme HCA has been given responsibility for supporting and enabling Councils to deliver the target 30,000 homes on Local Authority land by 2016.
- The National Affordable Housing Programme 2008-2011 aims to increase the supply of affordable homes in England. HCA will invest £8.4bn through this programme, in order to facilitate the delivery of up to 155,000 new homes each year, a proportion of which will be made available for low cost home ownership and social rent.

Programme Performance

The collection of outputs has continued to be a specific focus for HCA, on behalf of CLG, over the last couple of years. The reporting format aims to capture both qualitative and quantitative information on an annual basis. Before submitting this information to HCA each URC and CDC/EDC is requested to seek their Board approval to ensure that the data it provides is an accurate reflection of their activity.

The information is compiled and analysed by HCA to provide an individual overview of each company, plus a national overview of the Programme's development, highlighting areas of added value, issues, trends and future direction.

A lot of work has been done with the URCs and CDC/EDCs in terms of the 'bottom up' approach to capturing their performance through categorising of outputs, with a view to achieving some uniformity of approach across companies. As these are co-ordinating and influencing bodies, a significant part of their role is taken up in 'unlocking' projects, assisting developers, improving design and quality of schemes alongside the more recognised strategic projects that, through partners, the URCs and CDC/EDCs are delivering.

Using information provided within the annual reports for the financial year 2008/09, provided by the URCs and CDC/EDC's, the Programme is reported to deliver the following:

URC Lifetime Figures	Achieved to 31/3/09	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast	Future Years	Totals	Total D & B
Direct Public Sector Investment (£m)	2,308.77	366.86	435.76	360.03	231.04	884.55	4,587.00	5,420.03
Brokered Public Sector Investment (£m)	437.83	55.80	46.30	67.30	78.50	147.30	833.03	
Direct Private Sector Investment (£m)	3,042.28	580.73	976.08	1,496.44	1,336.52	10,328.92	17,760.96	23,722.86
Brokered Private Sector Investment (£m)	2,118.66	354.14	378.30	530.10	705.10	1,875.60	5,961.90	
Direct Employment Floorspace (sqm)	570,564	102,984	178,710	375,515	312,704	2,907,444	4,447,921	4,988,663.70
Brokered Employment Floorspace (sqm)	161,064	12,843	36,000	4,115	84,764	241,957	540,743	
Direct Jobs Created (no)	15,981	2,548	6,936	13,527	11,285	111,788	162,065	186,881.32
Brokered Jobs Created (no)	8,286	520	1,473	180	3,403	10,954	24,816	
Direct Homes Created (no)	8,454	1,181	3,317	5,018	5,638	37,976	61,584	102,130.90
Brokered Homes Created (no)	7,142	525	901	1,174	3,121	27,684	40,547	
Direct Land Brought Back into Use (ha)	398.4	49.4	152.5	116.1	87.0	888.9	1692.3	1,851.64
Brokered Land Brought Back into Use (ha)	60.2	9.0	18.5	11.7	30.1	29.8	159.3	

From 1999 to date the URCs collectively have received approximately £2.75bn public sector funding which has generated £5.16bn private sector investment, nearly 0.73m sqm commercial floorspace, over 24,000 jobs and 15,596 new homes. In their lifetime they are expected to receive £5.42bn public investment which will generate up to £24bn private sector investment, 4.99m sqm of commercial floorspace, approximately 187,000 jobs and over 102,000 new homes.

CDC/EDC Lifetime Figures	Achieved to 31/3/09	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast	Future Years	Totals	Total D & B
Direct Public Sector Investment (£m)	122.83	102.14	111.51	56.21	12.61	3.70	408.99	422.89
Brokered Public Sector Investment (£m)	11.30	2.60	0.00	0.00	0.00	0.00	13.90	
Direct Private Sector Investment (£m)	73.51	77.43	177.48	211.11	844.60	747.10	2,131.22	3,378.32
Brokered Private Sector Investment (£m)	0.00	21.00	40.50	620.60	60.00	505.00	1,247.10	
Direct Employment Floorspace (sqm)	43,649	8,638	50,981	93,606	231,755	196,841	625,470	2,027,695.00
Brokered Employment Floorspace (sqm)	3,800	0	0	144,425	0	1,254,000	1,402,225	

Direct Jobs Created (no)	7,221	1,189	3,468	2,784	6,313	45,847	66,822	
Brokered Jobs Created (no)	4,766	158	638	0	2,778	3,954	12,294	79,116.62
Direct Homes Created (no)	183	0	496	300	77	2,782	3,838	
Brokered Homes Created (no)	148	0	0	0	1,106	1,550	2,804	6,642.00
Direct Land Brought Back into Use (ha)	6.8	9.0	10.5	30.3	18.2	21.9	96.7	
Brokered Land Brought Back into Use (ha)	2.1	0.3	0.0	0.1	16.8	28.0	47.3	143.98

The “achieved to date” figures are understandably low for the CDC/EDCs; they reflect outputs produced by three companies, two of which have been established 1 year and the third has been established 2 years. The lifetime figures show a significant contribution to the regeneration agenda. From £0.42bn public sector investment they could expect to generate £3.38bn private sector finance, 2m sqm of commercial floorspace, over 79,000 jobs and 6,642 new homes.

For this financial year the Agency has also looked at outcome information through the collection of data from 18 key strategic outcome indicators. Statistics have been captured on a ward basis from prior to the companies establishing up to 2007. The indicators have been used to measure company performance against the national average.

Summary of outcome indicators for URCs and CDC/EDCs covering the period 1997-2007:

Strategic Indicator	Comments
Average Earnings	Significant increases in the average earnings across all the companies board, excluding Derby Cityscape (-8.78%). National and Regional trend figures are positive ranging from 1.9% (ReBlackpool) to 32.12% (New East Manchester).
Average House Price	From 2004-08 the national average house price figure has increased by 27%. All of the companies have recorded an increase in the average house price, ranging from 16.53% (1 st East) to 53.41% (Bradford Centre Regeneration).
Average Life Expectancy	With the exception of New East Manchester (-3.31%), the average life expectancy figures have risen for all companies. The National figure has increased by 1.2% (>1 year in real terms) from 2001-06. The company’s figures range from 0.26% (Hull Forward, ReBlackpool) to 1.39% (Gloucester Heritage, The New Swindon Company).
Claiming Benefits %	Several companies recorded a positive figure; (1 st East, North Northants Development Company, Opportunity Peterborough, ReBlackpool and Walsall Regeneration Company) the National and Regional figures all reported negative figures. Most notable improvements in benefits claims figures are New East Manchester (-6.23%), Liverpool Vision (-4.34%) and Bradford Centre Regeneration (-4.19%).
Commercial Floorspace	West Lake Renaissance and North Northants Development Company were the most improved company’s achieving 33.55% and 30.63% respectively. The biggest reduction in Commercial Floorspace figure was at Opportunity Peterborough which reported -10.97%.
Employment Rate %	Employment Rate has risen significantly in the North West with New East Manchester 20.3% and Liverpool Vision 17.8%. The Regional figures report an increase of a mere 3.9%, this figure will have been affected by ReBlackpool’s figure of -0.95%. National figures show little or no deviation from 1999-2008 the figures ranged from 75.3%-76.3%.

Strategic Indicator	Comments
	At company level the largest reduction in employment rate was the New Swindon Company 5.7%.
Household Numbers	Positive figures reported by all Companies with the exception of Regenco (Sandwell) -1.26%. Positive figures ranged from 16.9% to 0.55%. The most improved Companies were Leicester Regeneration Company (16.9%), The New Swindon Company (12.8%), Bradford Centre Regeneration (11.41%), Gloucester Heritage (8.44%) and North Northants Development Company (8.18%).
Housing Supply %	National housing supply figures have deviated less than 0.5% from 2002/07. Most of the Companies follow this trend. Two companies going against this trend are New East Manchester (-2.32%) and Hull Forward (-0.82%). The most notable increases in housing supply figures are Leicester Regeneration Company (2.42%), Bradford Centre Regeneration (1.86%), Sunderland Arc (1.7%) and Liverpool Vision (1.62%). These figures are more than triple the national increase (0.5%).
IMD Score (Regional Values)	There are only figures available for the IMD Score (2004 and 2007). Regional values are as follows; East Midlands (-3.2%), Eastern (3.2%), London (3.1%), North East (-6.6%), North West (-2.8%), South East (4.7%), South West (2.3%), West Midlands (2.7%), Yorkshire & the Humber (-5.2%).
Income Support %	All figures reported show a reduction across all levels, positive. With the greatest reduction being achieved by Regenco (Sandwell) -11.63%.
Industrial Floorspace	Mixed results for this indicator. 5 companies stand out; Tees Valley Regeneration and ReBlackpool reported significant increase in figures of 28.92% and 10% respectively. Whereas New East Manchester (-22.92%), The New Swindon Company (-13.55%) and Leicester Regeneration Company (-10.24%) reported a decrease in floor space. At Regional level the figures range from -9% (London) to -1% (Yorkshire & the Humber and East Midlands), the National Figure reduced by 2% for period 2003/07.
No of Domestic Crime Incidents	The New Swindon Company (16.58%), Central Salford (8.45%) and Creative Sheffield (3.41%) all reported an increase of domestic crime incidents at company level. Regional figures show that the South East has performed well with a minor rise of 1% for period 2001/07. Best company performers are Bradford Centre Regeneration and Hull Forward for achieving -49.12% and -48.58% respectively.
No of Harassment Incidents	The number of harassment incidents has risen by 56% for period 2001/07 at National level. Therefore an increase in incidents across the board is to be expected. However Opportunity Peterborough has reported a reduction of 49.29% for period 2005/07, signalling the impact they have had since commencing work in 2005.
Retail Floorspace	Excluding Bradford Centre (-9.42%), all of the figures indicate growth in retail floorspace.
State Pension %	Nationally and regionally there has been little movement in the figures a variance of no more than 1% was reported for period 2002/07. Derby Cityscape figures buck the trend for the same period (-4.59%). Note Derby Cityscape began the following year in 2003 their true figure is at -2.72% for period 2003/07.
Under 18 Conception Rate	The National figures show that there is a steady decrease in the number of under 18 conceptions for period 1998/2007. There are peaks and troughs with the company level data for the same period but with no apparent trend.
Unemployment Rate	Generally there seems to be steady improvement within the unemployment figures. The Most notable improvements are Liverpool Vision (-17.8%), Regenco (Sandwell) (-12.85%), Bradford Centre Regeneration (-12.4%), Hull Forward (-11.4%) and Leicester Regeneration Company (-10.4%). The only substantial growth in unemployment worth mentioning is The New Swindon Company (5.7%).
VAT Registrations	This statistic has been used to try to reflect new start-up companies. VAT registrations have risen 11% nationally in 2007 compared to the previous year. At regional level for period 1998/2007 figures have increased with the North East by 29%, since conception of New East Manchester VAT registrations have risen by 39.57% in the area. Similarly North Northants Development Company reported an increase of 19.49%. There are a few companies that have decreased figures which are against the general trend. They consist of; Opportunity Peterborough (-16.67%), Walsall Regeneration Company (-13.27%),

Strategic Indicator	Comments
	Derby Cityscape (-11.76%), Renaissance Southend (-7.69%), Regenco (Sandwell) (-7.38%), Creative Sheffield (-7.21%).

Finance

Generally speaking, HCA, together with the RDA and relevant Local Authority/ies, contribute to URC's and CDC/EDC's running costs and capital expenditure. Since 1999 to date, using approximate figures, the HCA has invested £39m on running costs and £245m towards capital projects. The approximate level of investment in future years is however set to reduce; in 2009/10 HCA's committed revenue spend is £6m, predicted spend in 2010/11 is £5m, reducing to £3m in 2011/12 and £0.9m thereafter. Capital spend committed for 2009/10 is approximately £76m with predicted investment for 2010/11 being £70m; this reduces in 2011/12 to £36m and reduces further to £17m in 2012/13.

As part of this reporting process, HCA regional teams have been asked to assess the URCs' and CDC/EDCs' added value to the Agency in terms of regional delivery. For the period 2008-09 all confirmed that the companies had added value and that they were going to review future contributions in line with the Agency's evolving agenda.

Note that Bradford, Tees Valley, Creative Sheffield, Regenco and Walsall have not committed revenue funding beyond 2009-10. Hull and Derby will have contributions reduced in future years. ReBlackpool, West Lakes and Wolverhampton have not received revenue funding to date from HCA and there are no proposals for this change.

Best Practice

HCA continues to provide best practice advice to the URCs, CDC/EDCs, other national and international regeneration companies and individuals through the www.urcs-online.co.uk website, training, conferences and general communications.

This year the website has been updated to reflect the changes in the Agency from English Partnerships to HCA and progression within the Programme to include the transformation of URCs to CDC/EDCs. The best practice suite of legal documents has also been revised to reflect legislative changes. Director training sessions have been held for URC Board Directors and a guidance note has been produced to address issues raised, this has been posted on the website.

Over the past 12 months HCA has worked closely with the URC and CDC/EDC Chief Executive Chairs, John Nicholls, Leicester URC (retired Feb 2008) and Mike Lambert, Renaissance Southend, to encourage and support quarterly Chief Executive meetings. These meetings have facilitated the sharing of best practice, networking and collective responses to common issues and Government policy consultations. The network of Chief Executives now works proactively and cohesively as a Programme. HCA are conscious of the need to provide support and advice to the URCs in the current market. These meetings can be used as a forum for discussion and to identify common issues.

A URC National Conference organised by the Agency and the URCs was held in Birmingham in May 2008. The theme was 'URCs Building on Success and Addressing Change'. There were a number of key speakers, including Sir Bob Kerlake, Wayne Hemingway and Prof Michael Parkinson. It was very well attended, with over 140 senior level delegates from both the public and private sectors. The feedback received from attendees was very positive.

The Agency also attends the quarterly EDC network workshops organised by CLG to provide best practice advice and guidance, and discuss the principles of HCA's evolving regeneration agenda.

Evaluations and Succession Strategies

HCA encourages all URCs to incorporate succession strategies into their business planning and to evaluate the options available to them as the URC moves forward. A number of the URCs have used the mid-term evaluation process to assist them in determining their succession strategy.

During 2008-09 five mid-term evaluations were carried out, those being Sunderland arc, Derby Cityscapes, Bradford Centre Regeneration, Hull Citybuild and West Lakes Renaissance. All reports praised the companies' achievements to date. Some URCs performed better than others in terms of delivering physical, social and economic development. Hull Forward has now evolved into an EDC and is progressing in its objectives despite the economic downturn. Derby is considering evolving into the EDC model and Sunderland arc was advised to continue with the work it was doing and to evaluate succession strategies in 12 months time.

The evaluation of Bradford identified that the vehicle has achieved its objectives and is now in a position to hand over the delivery of projects to the Local Authority. It will spend 2009-10 developing a transition strategy ready for 31st March 2010 when the company will wind up. A similar conclusion was reached for Tees Valley Regeneration; which has successfully helped lead and manage a £2bn investment programme; this is now at a stage where it can be delivered by others. West Lakes Renaissance evaluation has resulted in its area of operation being split into two areas of focus: Barrow in Furness and West Cumbria, two

divisional Boards will be created. ReBlackpool is currently assessing its options and area of operation; it may evolve into a different LDV by 2010.

A number of issues have been identified through these evaluations as critical to their success – the main one being that they need to create a favourable climate for the private sector investment. Investment is induced when there is a perception of a well-managed area, a commitment from key decision makers and publicly funded early actions to set the conditions for growth. Ten contributory elements to achieving this positive investment climate have been identified to date. They are as follows:

- Full commitment and involvement by the key partners.
- A close and effective working relationship with the local authority.
- Getting the local strategy right and communicating it widely.
- Appointing a highly effective Chair, Board, Chief Executive and Executive team. The Board should comprise key decision makers and influential individuals.
- Developing a prioritised programme with clear implementation arrangements.
- Effectively involving and engaging of stakeholders.
- Influencing the investment decisions of partners, other public sector organisations and importantly private sector investors.
- Integrating with other initiatives and establishing a clear agreement on roles and responsibilities.
- Establishing a positive momentum, through early high profile projects that are successfully delivered, and maintaining the momentum.
- High quality standards in terms of design and architecture.

Conclusion

URCs have demonstrated that they are regeneration vehicles capable of addressing changing demands and have the ability to adapt and deliver. In line with the Regeneration Framework, URCs, CDC/EDCs and other local delivery vehicles will now need to be considered in the context of delivering outcomes as well as outputs. The URCs and CDC/EDCs recognise that their holistic approach offers significant potential to better co-ordinate and focus physical, economic regeneration and housing investment in specific areas. The ongoing success of these companies, as a tool to address the political agenda, the regeneration framework and market conditions, will largely depend on the quality of the relationships established between the core partners, particularly the local authorities, RDAs and HCA. The Agency has the opportunity to play a key role in the shaping of future strategies for these companies in line with the principals of the Single Conversation.

Despite the current market conditions, a number of URCs and CDC/EDCs have been able to progress with physical development on their major projects. These URCs have tended to be the more established companies and those with projects already under construction or committed.

The slowdown in the market compounded with the tightening of public sector funding has had an impact on all URCs and CDC/EDCs. It has prompted many of the companies and their partners to take stock of what they have achieved to date, future strategies and their position as a local delivery vehicle. This has led to some URCs considering whether to evolve into another delivery model and others to conclude that their task is nearly done.

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