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English Partnerships reclaiming Britain

Dramatic changes are occurring in the way derelict land reclamation is funded and effected. Paul Greenhalgh and Andrew McCafferty investigate the new regime.



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For over a decade derelict land reclamation has been funded by means of Derelict Land Grant, with local authorities the prime movers in this effort. But in 1993 English Partnerships was created by combining Derelict Land Grant, City Grant and English Estates. The following year it took over responsibility for derelict land reclamation in England.

In order to set the scene it is useful to refer to the DOE *Survey of Derelict Land 1993*, which records the extent of dereliction in England based on the returns from local authorities. As measured at April 1993, there were 39,600ha (97,850 acres) of derelict land on 10,400 sites in England, representing a decrease of 2% since 1988. In the opinion of the local authorities, however, the proportion of this total justifying reclamation increased from 78% in 1988 to 87% in the 1993 survey.

Reclamation of land in England outpaced dereliction at a rate of 180ha pa in the five years since the 1988 survey. Therefore, it would take 200 years to remove all derelict land in England, assuming that the same level of resources was committed to reclamation and that the rate of dereliction remained constant.

This indicates that Derelict Land Grant money has been spent "running to standstill" and that, if there was any reduction in the scale of resources being spent on reclamation, or a significant change in emphasis from soft end-use to more expensive, hard end-use reclamation, then the amount of derelict land in England would increase. Our research indicates that this is a very real possibility.

As a result of reorganising EP's activities and methods of working, there is no longer any dedicated grant to tackle derelict land. However, the English Partnerships bible, *The Investment Guide*, published in November 1994, refers to a land reclamation programme which forms part of the Investment Fund.

Since April 1 1994 all applications from local authorities have been handled within the framework provided by the Land Reclamation Programme. According to *The Investment Guide*, this programme will continue to give further assistance to local authorities engaged in tackling derelict land within the context of well-designed strategic programmes, although no further explanation is provided about how the LRP will work in practice. One of the main aims of our research was to explore this issue.

The LRP is for local authorities only; non-local authorities will use the partnership route, a separate

GOVERNMENT EXPENDITURE ON DERELICT LAND RECLAMATION

Year	National budget £m	National outturn £m
1990-91	71.5	71.4
1991-92	88.0	90.0
1992-93	106.0	116.4
1993-94	103.5	118.4
1994-95	102.0	114.4
1995-96	94.0	—

element of the Investment Fund. It is envisaged that the LRP will fund reclamation for soft end-use or speculative, hard end-use where a specific developer has not been identified.

For the 1995-96 financial year £94m was earmarked for expenditure under the LRP. This was allocated to EP regional offices administratively, but without a separate vote subhead — in other words, the allocation is not fixed. This represents a reduction of £8m (8%) from the 1994-95 budget of £102m, or £20m (17.5%) from the 1994-95 outturn of £114m (see table above). EP has overprogrammed for 1995-96, but has built an allowance for slippage into its forecast for expenditure to bring the total outlay down to £94m.

Government spending on derelict land reclamation grew throughout the early 1990s, levelling off after 1993, as illustrated above. The scale of the budget reduction under EP is considerable and will result in less derelict land being reclaimed.

The comparison in spending between 1994-95 and 1995-96 is not entirely accurate because some reclamation will occur under the EP Partnership Fund, but it is unlikely that this will compensate for the reduction in the dedicated budget.

Three-quarters of the 1995-96 budget will be spent on inherited commitments, with the remaining money being made available for new schemes. Nationally, 800 bids were received; these were whittled down to 300, before 113 were finally approved (see below).

The profile of the LRP is somewhat misleading, as it indicates a rise in the proportion of land reclaimed for soft end-use,

PROFILE OF APPROVED BIDS 1995-96

Type of end-use	No of bids	Area covered (ha)	% of total area
Soft	53	475	70
Mixed	Not known	120	17
Hard	Not known	90	13
All end-uses	113	685	100

DERELICT LAND SURVEY REGIONS



ENGLISH PARTNERSHIP REGIONS



GOVERNMENT REGIONAL OFFICES



which includes agriculture, forestry/woodland, public open space, outdoor recreation and nature conservation. However, this is a percentage increase of a falling total and, while there will be greater concentration on soft end-use reclamation, the programme itself will diminish in priority and resources.

Reclaiming derelict land has a twofold beneficial effect: cleaning up unattractive and unsafe environments and at the same time improving an area's image. Proposals should also have clear economic, environmental or public safety advantages. One of EP's key outputs is land brought back into use, or made safe for green or recreational purposes. However, this conflicts with EP's main objective of job creation. In strategic terms EP is concentrating its initial efforts on achieving

physical development, although assisted projects should also generate substantial environmental gains.

Gap funding is appropriate where the aim is the reclamation to environmental or soft end-use of derelict land which is unsuitable for commercial development. This has traditionally been by way of a grant to convert a negative land value into a positive one. However, this is not EP's preferred method of support and will be used only where no cash return is possible but substantial economic benefits accrue, such as derelict land reclamation.

Grants provided under the LRP will fund the usual items allowed for under the old DLG regime. A new financial memorandum which came into force in April 1995 allows EP to widen the scope of the grant and fill any gaps created by the disappearance of Urban Programme funds, which were often used to complete reclamation schemes. The emphasis is on large projects which need more than £100,000 of EP investment, although smaller projects are not ruled out and there is a separate scheme for such proposals.

It has been the case in the past that most applicants for DLG have been local authorities which have received 100% grant towards reclamation projects, so long as they are located in assisted areas or derelict land clearance areas. Under the new EP regime, the grant level is 100% anywhere in England. While this represents an expansion of the coverage of full funding for derelict land reclamation, it is obvious that EP will have to target its resources at key priorities such as European objective 1 and 2 areas, coalfield closure areas, UDC, City Challenge and other assisted areas. EP wishes to spend less money on land reclamation, and there will be a shrinkage in the land reclamation programme once a programme of joint ventures has begun and market confidence in this new approach has been established.

DLG operated through fixed annual cycles of bidding rounds and allocations. In contrast, EP invited local authorities to participate in an annual review of their land reclamation programmes, strategies and progress, the format comprising a three-part response under the headings: reclamation strategy; report on current projects; new proposals. Applications for assistance are accepted either as part of the review or at any other time of the year. The move away from the annual arrangement will make balancing the budget very difficult and financial planning will be treacherous.

Under the DLG system, after-value realised by the sale of reclaimed land was clawed back by the DOE up to the level of grant paid. EP is considering recovery of all after-value, so that local authorities do not make a profit. This would create the opportunity for EP, in some circumstances, to achieve a return on their investment. However, this will be the case only for the few reclamation schemes which show a profit.

Interviews were carried out with local authority officers, representatives from English Partnerships and the government offices for the

regions. The conclusions drawn can be summarised as:

- EP is looking for development opportunities rather than projects with no end-value, therefore less emphasis will be placed upon the treatment of derelict land for soft end-use.
- There has been an erosion of local involvement in the process of determining applications for derelict land reclamation funding, with the decisions being made centrally.
- There has been uncertainty and confusion about how the new regime will operate, which has put off some potential applicants.
- Because of the absence of clear assessment criteria, it has been difficult for local authorities to judge whether an application is likely to be successful.
- The guidance seems to deter rather than encourage greater involvement from the private and voluntary sectors, although the publication of the *Community Investment Guide* in 1995 has gone some way towards rectifying this problem.
- There has been a perceived shift in the role of local authorities from partners to enablers, away from direct recipients of grant to facilitators of reclamation.
- The small schemes have been squeezed in favour of larger projects.

There will be a reduction in the amount of government money being spent on derelict land reclamation, and the total area of such land reclaimed will fall. This is mainly due to the change of emphasis under EP, away from a specific grant to tackle derelict land and towards partnerships and job creation. There will be a twofold effect: less money will be spent on pure land reclamation; and more of the available money will be spent on hard end-use reclamation, which is more expensive and therefore yields a lower total of land reclaimed.

There has been a noticeable increase between 1988 and 1993 in the area of derelict land justifying reclamation, with little change in the overall total of derelict land in England during this period. Set against the above conclusion it would be reasonable to predict that the total area of derelict land in England will increase during the next five years for the first time in more than a decade.

The complete version appeared in the journal of *Land Contamination and Reclamation*, Vol 4, No 1, 1996.

Further reading

DOE (1995) *Survey of Derelict Land in England 1993*, HMSO.
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