



A Review of Coalfields Regeneration – Government response to recommendations



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Executive summary

In 2010 the previous government initiated *A Review of Coalfields Regeneration* to help inform future policy in this area and the Review chaired by Michael Clapham was completed in September last year. This response sets out the Coalition Government's commitment to provide continuing support to communities in these areas and to make locally led regeneration the central feature of the new approach, driving growth and helping local leaders to strengthen their economic potential and support communities.

The Clapham Review found that some communities were still in need of specific intervention in tackling the key continuing inequalities of the coalfield areas. They had a need for continued provision of targeted coalfields funding and for that funding to be more effectively co-ordinated. The Review also suggested that local authorities should have a central role to play in the next phase of coalfields regeneration, and that a small grants or loans scheme was needed to help businesses struggling to access funding in the current economic climate.

Government welcomes the Review and accepts the strong case it makes for targeted support to help the most challenged coalfield areas achieve a basis on which they can go forward as self sustaining communities. The Government is committed to helping local communities in overcoming health and skills inequalities and in developing the leadership to drive forward their own plans for economic growth and community renewal. The overriding need to reduce expenditure nationally to help tackle the fiscal deficit means that funding will be less than in the past. It will need to be closely targeted at the most deprived areas and in helping communities to develop plans which are not reliant on public subsidy in the future. Government will invest in realistic plans for locally led growth intended over time to bring coalfield areas up to the levels of economic activity in the adjoining areas.

The response sets out measures in four key areas:

- Funding for the Coalfields Regeneration Trust, with a total of £30m over two years and potential for further funding in years three and four as part of transition to a self funded body. This will enable it to lead a new partnership programme for coalfield areas to focus on key issues including health inequalities and community support and to continue to support small projects in individual communities
- Funding of around £150m to complete over time remaining investment projects in the Homes and Communities Agency Coalfields Programme which are commercially realistic and in line with local priorities
- Giving local authorities greater flexibilities and a key role in determining priorities for local Homes and Communities Agency investment and advising on asset transfers

- Creating a new small business start up fund as part of the Coalfield Regeneration Trust programme working with Enterprise Fund and other coalfields partners to provide small loans to business start ups in the most challenged areas.

CHAPTER 1

The Clapham Review and the Government's approach

Section 1

Coalfields - why a special approach is still needed

- 1.1 Coalfield communities often developed in places where the colliery was the primary rationale for the settlement and when the coal industry went into decline in the 1980s and 1990s, so did many of the communities that relied on it. The Coalfields Programme was established to tackle these distinctive issues and to provide a specialist programme of intervention and additional support. Specific problems and needs in some of these communities included: poor transport and relative isolation; embedded health inequalities and a higher mortality rate; poor employment opportunities and low expectations; greater overall deprivation and employment deprivation than the average for all districts of England; and fewer businesses per head of population.
- 1.2 Much has been achieved in coalfield areas through the different strands of the Coalfields Programme – through the *Coalfields Regeneration Trust*, the *National Coalfields Programme (English Partnerships/Homes and Communities Agency)*, and the *Coalfields Funds* to support businesses and encourage growth.
- 1.3 This paper sets out the Government's response to the Clapham Review in three sections:
 - Chapter 1 The Clapham Review and the Government's approach
 - Chapter 2 The Coalfields Programmes and support for communities
 - Chapter 3 The Review Recommendations and response.

Section 2

Twenty five years on - The Clapham Review

- 1.4 In 2010 the previous Government invited Michael Clapham to undertake a review of coalfields regeneration to help inform the direction of future government intervention in former mining communities¹ identifying lessons learnt and taking evidence from key partners involved in delivery. The review concludes that coalfield areas still faced major economic and social challenges linked to concentrations of deprivation. Whilst this type of deprivation was not unique to the coalfields areas – many other communities have also suffered from the decline of

¹ The other members of the Review Board were: Peter McNestry, Chairman, Coalfields Regeneration Trust; Eion Watts, Chairman, Industrial Communities Alliance; Prof. Peter Roberts, Homes and Communities Agency; and Richard Bamford, Executive Chairman, Enterprise Ventures.

their core industry – the separate and remote nature of many coalfield communities created deep-seated and persistent challenges.

- 1.5 While it is clear that many hundreds of millions of pounds have been spent in improving coalfield areas over the past decade, it was disappointing that this had not resulted in better outcomes in terms of closing the gap that exists in educational attainment, health, crime and general well being between those living in former coalfield areas and the rest of the country. The Review concludes that there was a need to ensure that the impact of all regeneration expenditure in the coalfields is better targeted so that ongoing problems, such as worklessness and health inequalities, are tackled effectively, and that the optimum value for money is achieved for the investments made.

Section 3

The Government's response – a new approach to regeneration

- 1.6 The Government accepts the strong case made by Michael Clapham and the Review Board for continued support for coalfield areas and welcomes the Review as timely and thorough. The landscape has changed radically in the 25 years since the problems first emerged, and this is a good juncture at which to take stock and evaluate how to move forward. While it is clear that intervention is still needed, the form of this intervention needs to evolve to reflect changed economic circumstances and the Government's new approach with the emphasis in the next phase of regeneration towards a community focused, self sustaining and locally led approach.
- 1.7 The Government believes that locally led and managed growth provides the best opportunity to tackle the challenges of regeneration and the need is to move away from top down programmes to putting residents, local businesses, voluntary organisations and civic leaders into the driving seat and providing them with the tools and local incentives to create the right approach for their area. This is valid for coalfield as well as other communities and coalfield communities stand to benefit from the range of initiatives we are taking to remove barriers, decentralise services and provide incentives for growth.

Section 4

Helping communities – funding and support for the Coalfields Regeneration Trust over four years to support transition to independence and self funding

- 1.8 In the current economic climate resources will need to be targeted at the most deprived areas, and while much of the physical work to regenerate former colliery sites is now substantially complete community support remains a priority. With some further investment – and a clear transition to local leadership and support - we can create the conditions to allow local people to create sustainable long term growth.

- 1.9 This localist approach to regeneration on coalfields issues is already taking shape through the many projects and partnerships established by the Coalfields Regeneration Trust and its partners such as the Industrial Communities Alliance of local authorities. The Trust has made a significant contribution to the social and economic regeneration of the coalfields areas through its diverse range of community-based projects, which aim to make communities sustainable, prosperous, and cohesive.
- 1.10 To help put this transition on to a self sustaining path, the Department is making £30m available to fund the Trust to manage a community support programme over the period 2011/12 to 2012/13, with the potential for two further years funding to enable the Trust to become self financing and to achieve an independent status by March 2015. This is a significant investment in Coalfield communities, secured against a background of hard decisions on spending priorities in the recent Comprehensive Spending Review.
- 1.11 The focus of the new approach will be for the Trust, in addition to its core business of supporting individual community projects, to develop a *Partners Programme* to identify the key issues to achieve more effective joint working with other providers in health, on skills and similar areas. The Department will support this process for example by facilitating engagement with other public sector bodies and across Whitehall and providing oversight of this with the Trust, the Industrial Communities Alliance and the Homes and Communities Agency through the joint Coalfields Programme Board.

Section 5

The role of local authorities in enabling a community led approach

- 1.12 The Government is committed to increasing the tools and flexibilities which will enable local authorities to lead and enable work with communities on regeneration. Local authorities, or local enterprise partnerships where they have been established, can provide strategic leadership for local regeneration activity in the coalfields areas. We will encourage communities to take up the opportunities and flexibilities available, and we will work with our partners, such as the Industrial Communities Alliance, to ensure there is better co-ordination of the initiatives. An example is the developing programme on community budgets set out in the next section.
- 1.13 More generally, local control of public finance is being increased, including radically reforming local government finance by removing ring-fences and enabling local pooling of budgets to allow local areas to channel resources more effectively to address their priorities. The Department is also considering a system of self-financing for council housing finance. Local authorities will also be given powers to allow them to implement tax increment financing, thereby enabling them to fund key infrastructure and capital projects by borrowing against future income from business growth. The Big Society vanguards are leading the way in removing barriers.

Section 6

Focussed investment in coalfield areas through the Homes and Communities Agency Property and Regeneration Programme

- 1.14 Dealing with the physical remains of the coal mining industry, restoring damaged landscapes, creating new opportunities for business growth, housing and local amenities and services including greenspace was one of the most important objectives of the National Coalfields Programme. Much of that is now complete or substantially underway. Since it began in 1996, the Programme has delivered over 2,800 hectares of land brought back into use and an estimated 21,000 jobs and attracted around £1bn of private sector investment.
- 1.15 Substantial resources remain committed to the Homes and Communities Agency's National Coalfields Programme and will enable contractually committed physical regeneration projects which satisfy investment criteria and local investment priorities to be completed. As at December 2010, the Agency's Property and Regeneration Programme has a forward funding commitment in this area of around £150m, subject to review as contracts or spend profiles change.
- 1.16 Colliery sites can be complex and difficult to deal with and not all can be completed as originally envisaged. In some cases there is no longer a realistic, fundable development project or the commercial investor is no longer able to deliver the project originally proposed. Regeneration and other funding is limited and there will need to be prioritisation on the basis of local authority and community objectives as well as the need to meet the programme investment criteria.
- 1.17 On this basis the Homes and Communities Agency has undertaken a review of the National Coalfields Programme in order to make clear recommendations to the Department on which sites should be withdrawn from the Programme and which sites require a refreshed investment and delivery strategy. This process includes reviewing all priorities to ensure they align with local authority investment aims, and an analysis of what the impact would be if the Homes and Communities Agency disengage from certain sites for reasons of low priority. Local authorities will be fully engaged in this process. Homes and Communities Agency will continue to work with local enterprise partnerships and local authorities through local investment planning and agree new investment strategies, where appropriate.

Section 7

Business support particularly help for small businesses

- 1.18 Many businesses in coalfield areas, particularly small and medium-sized enterprises, find it hard to access funding in support of growth, or to help them recover in the current difficult economic conditions. The Coalfields Enterprise Fund is in place to help address this situation, although its role is of greatest help to medium businesses and equity investment is often not appropriate for many smaller businesses.

- 1.19 The Government agrees the Review finding that small scale financial support to local businesses is a critical area. In this context there is potential for the Coalfields Regeneration Trust and its partners including Enterprise Ventures to play a lead role. We will work closely with the Trust and its partners to help develop proposals to trial a system to make small (£1,000 - £10,000) interest free business loans available to individuals residing in and around coalfield areas. One option may be to encourage local area support networks to take on this role enabled by funding through the Trust. Loan applicants would be offered tailored support and advice to ensure their businesses have the best possible chance of flourishing. Such a scheme would start with a small number of loans and would monitor closely their effectiveness before expanding more widely.
- 1.20 There are a number of other initiatives that could help address the continuing equity gap and weak entrepreneurial culture that often characterises coalfields areas. The Chancellor of the Exchequer has announced the Government's intention to introduce enterprise zones, based around the core principle of reducing barriers for businesses to grow. Further details will be announced in the Budget, including an announcement of the first round of enterprise zones and information about a competitive process for other areas to bring forward proposals. Another area of potential is the £1.4bn Regional Growth Fund. This Fund will support schemes aiming to increase business employment and growth in those places currently most reliant on public sector spending, such as coalfield communities. In addition, the Localism Bill, now before parliament, includes a power for local authorities to grant discretionary business rate discounts. This will allow local authorities to give discounts on business rates in specific areas or to selected sectors, and could be a useful tool for authorities in coalfield areas to help attract private and social investment and promote growth.

Section 8

A new approach to regeneration

- 1.21 The Government's approach is part of a new approach to regeneration, putting residents, local businesses, civil society organisations and civic leaders in the driving seat and providing them with local rewards and incentives to drive growth and improve the social and physical quality of their area. Our role will be strategic and supportive:
- **reforming and decentralising** public services
 - providing **powerful incentives** that drive growth
 - **removing barriers** that hinder local ambitions, and
 - providing **targeted investment and reform** to strengthen the infrastructure for growth and regeneration and to support the most vulnerable.
- 1.22 Our recent publication *Regeneration to enable Growth* confirms our commitment to regeneration and through a series of tables, provides local authorities, communities and civil society organisations, with information on a wide range of policies and funds that could be used to further local regeneration plans.

CHAPTER 2

The coalfields programmes and support for communities

- 2.1 Over the last decade or so the **Coalfields Regeneration Trust** has worked with communities and other partners to help places deal with the social and economic issues that arose after the closure of the pits. Some of the ways in which the Trust has done this include: Jobs and skills projects – helping 13,918 people find work, creating 2,737 jobs and supporting 101,208 into training and education; Community and social projects, creating 78 new community facilities and improved 2,122, 2,612 childcare places, and supporting 166 new social enterprises and 27 community transport networks and help/advice to over 40,000 individuals.
- 2.2 The Department agrees that the Trust has the potential to use its special experience and expertise to support communities more effectively, for example building on its “Communities that Work” programme, so that it can bring about lasting change in coalfield areas. The Trust already has a successful track record in this area and it fits well with the decentralising agenda of the Coalition Government in relation to public services.
- 2.3 Areas where the Trust’s work links well with wider government programmes include: **worklessness**, where the Trust has demonstrated its potential to help local people make the most of opportunities being set up by Job Centre Plus, such as Work Clubs. Going forward the Trust also plans to work with the Department for Work and Pensions and its partners at a local level on worklessness issues, as part of the objective to ensure that services are personalised and responsive to individual and local need and the Trust is also working with Jobcentre Plus for example on the Trust’s Family Employment Initiative, in tailoring local services to the needs of customers in the locality.
- 2.4 The Trust has also been working with coalfield communities to promote **health** through programme such as ‘Sports Legacy’ and Game On’ which work with young people in coalfield areas to promote general health and well being, and to help tackle the current rise in levels of obesity and diabetes in young people, as well as promoting healthy lifestyle choices. The Trust will also be able to help local people make the most of opportunities being developed through health and wellbeing boards, which will involve local authorities and local GP consortia. These boards will work to develop joint health and wellbeing strategies that reflect inequalities issues and are geared to meet local area health needs. The Trust has also worked with the local primary care trust, and local authority in Rotherham on a project called ‘Breathing Space, which is a centre for severe respiratory diseases, prevalent in ex-miners acting as a hub for an innovative new model of service delivery providing day and residential rehabilitation promote health and prevention; as well as improving confidence, raising awareness of lung disease and lead research while giving people independence and support.
- 2.5 There will be similar opportunities on other key coalfields issues and the Department will support the Trust to engage with partners to achieve success.

- 2.6 Over time the role and basis of the Trust will need to evolve to reflect this wider and community led role. The Department's financial support for the Trust will reflect this in the form of an *agreed transition strategy*. To provide planning certainty, we will allocate funding of £30m to the Trust over the next two years to cover its programmes in England including the *Coalfields Partners Programme* and the potential for a *Small Grants and Loans Programme* described in paragraph 2.8 below. The second two years' funding period will be for a lower amount, and conditional on a strategy to be agreed for transition and a more independent role, subject to further discussions between the Department and the Trust.
- 2.7 The Department will work closely with the Trust over the next few months to agree a four year business plan, which will include targets and milestones, and ways in which the Trust will work to support those areas in most need, with the aim of bringing them up to the regional average in terms of health, skills and community outcomes. This will ensure that by the end of 2015 support will be prioritised and delivered locally and that mainstream support will be targeted at those areas with specific local issues. Key to this will be driving improvement from the level of the neighbourhood, the individual and service users.
- 2.8 **Community budgeting for local authorities.** A number of local areas are working hard with the Government to develop Community Budgets. These will give local people more control over spending decisions and deliver better services for less, drawing together funding from different public, private and voluntary sources and allowing priorities to be set locally to deliver what is needed. The Spending Review announced the first phase of Community Budgets in which 16 areas - two of which are coalfield areas - are focussing on families with multiple problems. These areas will identify the national and local funding they need to deliver transformational solutions for these families, with the intention of pooling and / or aligning these funds in a Community Budget from April 2011. The intention is that all areas will operate Community Budgets by 2013/14, so the Department will continue to work with local authorities and their partners to ensure that this policy delivers improvements in coalfield and other areas.
- 2.9 Several other innovative areas are also working with the Government to pool and align budgets at a local level. Some of these, including Thurnscoe in Barnsley, are looking to develop a Local Integrated Services Approach, which will involve the community in co-designing and delivering some local services. Progress is being made in defining the budgets that might be brought together locally and on building community capacity.
- 2.10 Since the **National Coalfields Programme (English Partnerships/Homes and Communities Agency)** commenced in 1996, over 2,800 hectares of land has been brought back into use; over 2800 homes have been built; 1.2 million square metres of much needed employment space has been developed and jobs provided for an estimated 21,000 people. Overall, the Programme together with its partners has attracted around £1bn of private sector investment. A review of the Programme has identified 92 of the 107 sites as substantially complete or progressing with agreed strategies in place.

2.11 A review of the Programme identified 92 of the 107 sites as substantially complete or progressing with agreed strategies in place. The remaining 15 sites in the Programme include:

- Those which are no longer considered appropriate for continuation and which Homes and Communities Agency are reviewing with partners their continuation within the Programme
- Those sites identified as having little or no prospect of development or, in some cases, where the timescales for delivery are far into the future or there is no likelihood of funding. In some instances, these sites may be appropriate for taking forward through the local investment planning process or other routes. The Homes and Communities Agency has agreed with the Department that it will formally request that these projects be removed from the Programme, subject to stakeholder agreement, including the local authority, Regional Development Agency, other agencies and delivery partners relevant to the site. This would allow the Homes and Communities Agency to focus resources on those sites of greatest strategic importance; and
- A small number of key strategic projects which are currently unfunded. These projects will be considered alongside other emerging priority regeneration projects as part of the local investment planning and local enterprise partnership process. This will be subject to funding availability and assessment against competing priorities.

2.12 A further issue is the question of long term maintenance and endowment for sites which don't have a current prospect of commercial use. In conjunction with Local Authorities and other partners, the Agency is looking at alternative strategic options to reduce the overall costs of the dowry. Existing approaches to long term endowment are unlikely to be affordable and the Homes and Communities Agency and the Department will discuss with communities and authorities what is the best approach in each case.

2.13 Running through all the Homes and Communities Agency's activities will be a local approach, to ensure coordination with wider regeneration activities and coalfield sites will continue to form part of local investment planning at the request of local authorities and local enterprise partnerships. This joint working has meant that physical investment on Agency projects is increasingly linked to wider economic and social needs, so that Agency projects continue to include support to attract wider development opportunities, as well as the development of individual sites. This wider role in the regeneration of areas also reflects the Agency shift towards an enabling and investment Agency. The Agency is continuing to work with the coalfields regeneration trust on projects such as the Lambton training and recruitment programme, Eppleton and Bickershaw Family Employment Initiatives and Shirebrook Community Land Trust. It is working with the Coalfields Enterprise Fund to promote awareness of the fund more widely amongst businesses on Programme sites.

- 2.14 **Regional Development Agency Assets.** The Government is committed to ensuring that assets currently owned by Regional Development Agencies can be used to create a new economic delivery landscape. In addition we are working with local authorities to explore a range of options to ensure that assets in coalfields areas are managed in a way that delivers maximum value for the taxpayer and delivers benefits to local communities. Disposal of assets and liabilities will take place through open market sales, other negotiated agreements or statutory transfer schemes. The Department for Business, Innovation and Skills is the sponsor of and accountable Department for the Regional Development Agencies, and are working closely with the Department, the Homes and Communities Agency, HM Treasury and the government departments who fund projects and programmes currently being delivered by the Regional Development Agencies to ensure a smooth transfer.
- 2.15 **Coalfields Funds.** The Coalfields Enterprise Fund and Coalfields Growth Funds were set up to support the growth of businesses and encourage entrepreneurship in former coalfield areas. As at 31 December 2010, the Enterprise Fund had invested or committed a total of £8.7m into a diverse portfolio of 27 businesses. In addition, a further £30.9m has been raised for these transactions from other sources, representing £3.55 for every £1 invested by Coalfields Enterprise Fund. The businesses the Fund has invested in currently employ a total of 482 people, the vast majority of whom live in the coalfield wards.
- 2.16 In addition, the Department is continuing to invest in the Coalfields Funds - a commercial venture capital fund set up to support the growth of businesses and encourage entrepreneurship in England's former coalfields. The Fund brings over £20m of investment into these areas and stimulate new-start companies, established businesses seeking to expand and industrial diversification.
- 2.17 **Wider business support.** More widely, the Government has set out a comprehensive package of measures to support business access to finance in its response to the *Financing a Private Sector Recovery* green paper in November 2009. This included:
- £200m of funding of the Enterprise Capital Fund programme over the next four years to provide equity finance for small, innovative businesses; and
 - continued support for the Enterprise Finance Guarantee scheme which will enable up to £2bn of lending over the next four years.
- 2.18 The Government is also keen to drive progress on the commitments of the major UK banks through the Business Finance Taskforce, encourage angel investment and improve the contribution of venture capital to the funding of high-growth UK businesses. Recommendations for a comprehensive package of measures is being explored through the Growth Review.

- 2.19 In terms of initiatives to address weak entrepreneurial culture, the Government is developing a new strategy to grow and support enterprise culture in the UK, focussing upon under-represented groups and areas and targeting the causes of low ambition and business start-up. Evidence suggests that the main challenges are around driving up ambition - establishing start-up as a viable employment option in the minds of individuals - and improving connectivity with local and national support services. The Government is therefore proposing to target young people in all tiers of education and to improve awareness of the potential of start-up.
- 2.20 There is also a range of potential sources of advice for small businesses. The Government is currently reforming the way we provide information, advice and guidance to people starting or running a business. We will be providing:
- Online business information and tools tailored to each business' needs, through improvements to the www.businesslink.gov.uk website, including a start-up-hub that will enable people to carry out all the necessary tasks required to set up a new business in one place, and underpinned by a contact centre
 - A single cohesive network with a shared code of practice of at least 40,000 experienced business mentors offering practical advice to existing businesses and people who want to start a business, with a web portal going live in June this year, bringing in the support of banks, accountants, business representative groups and large corporations
 - Business Coaching for Growth to fast-track firms with high growth potential to achieve transformational levels of growth
 - Help for start-ups through a tailored package of measures, including an expansion in the planned New Enterprise Allowance, to help the unemployed become self employed – led by the Department for Work and Pensions.
- 2.21 There is also a potential role for enterprise agencies in providing support to smaller enterprises in the new business improvement landscape that complements the new offer on business support that was set out in the Government's publication *Bigger, Better Business*.

CHAPTER 3

The review recommendations and response

Review Recommendation 1

Improving coalfield areas and tackling the deep seated structural and social problems requires a joined-up, multi-agency approach. It needs to bring together a range of local and national partners, to develop an integrated local programme approach.

- 3.1 We agree with this recommendation. We need to make this work in the context of the new Government's policies on decentralisation and the need to move away from top down programmes, to a community focussed, self sustaining and locally led approach. Our new approach to regeneration and the way we want to work from now on is set out in Section 3 of Chapter 1.
- 3.2 We intend to retain the Coalfields Programme Board which has representatives from the Department, the Homes and Communities Agency, the Trust, Enterprise Ventures, and the Industrial Communities Alliance (representing local authorities). However, the cross Whitehall strategic group would become a less formal, less permanent, sub-set of the Board. This will reflect the emerging themes and pressures from local level cross agency working by the Trust, with Whitehall only becoming involved if there are particular issues that local areas need help unblocking.

Review Recommendation 2

Local authorities are best placed to understand their own areas and therefore have a central role to play in the next phase of coalfield regeneration. However, the realities of the economic climate need to be recognised, with spending and institutional cuts both in central and local government. Local authorities should not be expected to make up for reductions in government programmes. They should be given the resources they need to deliver locally.

- 3.3 We agree that local authorities, or local enterprise partnerships where they have been established, should provide strategic leadership for local regeneration activity in the coalfields areas. The Department believes that a bottom-up, community focused approach will be central to the next phase of coalfields regeneration. Regeneration activity cannot be micro-managed from Whitehall – regeneration is most powerful when residents and civic and business leaders are in the driving seat.

- 3.4 The Government has also reshaped the Homes and Communities Agency to provide targeted support and assistance to deliver local ambitions. As part of this approach the Agency is working with local partners to help ensure that former Regional Development Agency land and property assets will be managed in a way that delivers the best possible outcome for regeneration in local areas, while delivering value for the public purse.
- 3.5 The Coalfields Regeneration Trust will continue to work with other agencies and retain the flexibility to invest in community led innovative projects.

Review Recommendation 3

Traditionally, funding from central government departments has restrictive conditions placed upon it, and there is no flexibility to meet local specific needs. Local authorities need to be given more freedom to spend money in a manner which best meets local requirements and conditions, whilst at the same time being accountable for decisions they make. In the past there have been a confusing array of funding streams which have been too prescriptive in their application and have not allowed local authorities to be flexible to their communities needs in the way these monies have been spent.

- 3.6 The Government agrees that local authorities should be given greater flexibility for local spending decisions, freeing them to respond to local needs and priorities more effectively. The Department is undertaking fundamental reform of the local government finance system to free up local authorities to spend their resources to suit local needs and circumstances. Local authorities need to establish local priorities for services, working with their communities.
- 3.7 The drivers of deprivation and social exclusion are extremely area -specific; the actions taken and tools employed will vary from area to area and need to happen at the right spatial level. In disadvantaged neighbourhoods within a larger local authority area, the focus might be very much on the community and neighbourhood led interventions to connect the neighbourhood to growth and opportunities nearby, so local partners may decide the priorities might be community development, skills, transport and influence of that particular community over plans for the wider area. In other areas, partners may agree that regeneration plans should encompass a whole town, city region, or rural area and the priorities might be attracting employers and investors.
- 3.8 The Department will work with other government departments as appropriate where there is the need, and the ability, to encourage flexibilities in the programmes that operate in coalfields areas and to remove and minimise barriers to coordination at the local level.

Review Recommendation 4

There is an important ongoing role for the Coalfields Regeneration Trust to play in tackling worklessness, skills deficit and community development. However, the current three year funding for the Trust engenders uncertainty and consideration needs to be given as to how it might be funded over a longer time scale.

- 3.9 The Coalfields Regeneration Trust has made a significant contribution to the social and economic regeneration of the coalfields areas through its diverse range of community-based projects, which aim to help plug the regeneration gaps left by mainstream funding. It aims to make communities sustainable to the point where they can be prosperous, viable and cohesive without support. As the Report highlights, this point has not yet been reached in many coalfields areas, and these areas remain in need of ongoing support.
- 3.10 Section 4 of Chapter 1 of the response covers how the Government plans to continue to provide support for the Trust over the period 2011/12 to 2014/15. This is a significant investment in Coalfield communities, secured against a background of hard decisions on spending priorities in the recent Comprehensive Spending Review. The Department believes that the Trust has the capacity, experience and expertise to use this funding to target resources ever more effectively, so that it continues its valuable community level work in the coalfield areas.
- 3.11 It is Government's intention that the Trust will become self financing by March 2015, and support through the current Spending Review will be linked to a carefully managed exit strategy. This will ensure that by the end of 2015 support will be prioritised and delivered locally and that mainstream support will be targeted at those areas with specific local issues. It will be for the Trustees (with support from the Department) to decide how best to manage their transition strategy.
- 3.12 We will work with the Trust to look at specific targets and milestones and agree how they can work with communities to bring their four main activity areas – worklessness, skills, community development and health – up towards the regional average. These will form an integral part of their business plan over the next four years.

Review Recommendation 5

Central government support for coalfield areas needs to be maintained, and DCLG has a pivotal role in delivering this. The enhanced governance structures put in place by DCLG are helpful and need to be developed into an effective mechanism for:

- ensuring better coordination between the National Coalfields Programme, Coalfields Regeneration Trust and the Coalfields Enterprise Fund to ensure better value for money
- engaging other Whitehall Departments to ensure their policies and delivery mechanisms are aligned with the needs of the coalfields; and
- agreeing revised lifetime programme targets with Homes and CA as part of the spending review process and in the light of any changes in the end use of sites – the demise of the Regional Development Agencies (who own 54 NCP sites) could affect delivery and income generation through receipts.

- 3.13 Continued support will be made available to enable contractually committed physical regeneration projects within the Homes and Communities Agency's National Coalfields Programme to come to fruition. This will meet the clear and continuing need for land-based remediation in coalfields areas. As indicated above, the Trust will also continue its important work over the Spending Review period, and the Coalfields Enterprise Fund will continue to provide venture capital to businesses in coalfields areas.
- 3.14 The Department believes that the governance structure that has been put in place provides effective co-ordination and oversight of the three initiatives. The Programme Board has now met four times and is committed to achieving greater value for money across the three programmes, and maximising their impact, by providing ensuring that synergies between the three delivery strands are achieved.
- 3.15 The Department is also drawing up plans for the future use of Homes and Communities Agency and Regional Development Agency assets on a place by place approach, and will seek to maximise the value of the Regional Development Agencies' considerable assets for local areas wherever possible. Further details on this issue will be provided in the forthcoming sub-national white paper.
- 3.16 Revised programme targets/outputs for the lifetime of the Programme will be discussed with the Department during April. The approach will be to consider the risks to delivery such as the market and planning risk that could affect capacity and timescale as well as looking at those sites which are more complex to deliver such as the Avenue Coking Works. This assessment will produce an outputs range based upon given assumptions.

Review Recommendation 6

To look again at those areas which are currently classed as 'former coalfield' areas to ensure that whatever resources are available, are most effectively targeted.

- 3.17 We agree that resources must be targeted effectively – particularly in the current financial climate. The Department's analysis of data, undertaken during the Review process, indicated that further work may be needed to determine whether the composition of the list of Coalfields wards is still appropriate, or whether resources could now to be more usefully focussed on to fewer wards where progress has, to date, been slower.
- 3.18 The Department will work with the Homes and Communities Agency, the Trust and Enterprise Fund to look at ways of ensuring that the different coalfields programmes / initiatives and their associated funding are targeted at those areas in greatest need.

Review Recommendation 7

In general the Homes and Communities Agency's National Coalfield Programme should be brought forward as originally planned, but where local priorities have changed and this is not possible, it is incumbent upon the Agency to demonstrate that there has been the full involvement of local authorities involved in the decision making process.

- 3.19 The original objective of the National Coalfield Programme was to address the physical blight left by former mining activity; and much has already been achieved. A review of the Programme has identified 92 of the 107 sites as substantially complete or progressing with agreed strategies in place. Both the Department and the Homes and Communities Agency is committed to ensuring that the remaining sites will be subject to full and detailed discussion with the local authorities, and other stakeholders including the Regional Development Agency, other agencies and delivery partners relevant to the site.
- 3.20 Within the remaining sites there are a small number of key strategic projects which are currently unfunded. These projects will be considered alongside emerging priority regeneration projects as part of the local investment planning and local enterprise partnership processes.

Review Recommendation 8

The Coalfields Enterprise Fund provides a valuable venture capital vehicle for coalfield areas. However, there is a need for a smaller grants or loans scheme to help businesses who are finding it hard to find funding in the current economic climate.

- 3.21 The Department agrees that many businesses in coalfield areas, particularly small and medium-sized enterprises, find it hard to access funding in support of growth, or to help them recover in the current difficult economic conditions. The Coalfields Enterprise Fund is in place to help address this situation, although the Department recognises that equity investment is not appropriate for many smaller businesses.
- 3.22 In addition, the Localism Bill, now before parliament, includes a power for local authorities to grant Discretionary Business Rate Discounts. This will allow local authorities to give discounts on business rates in specific areas or to selected sectors, and could be a useful tool for authorities in coalfield areas to help attract private and social investment and promote growth.
- 3.23 As set out in Section 1 of Chapter 1 of this response we will also work with the Trust on proposals for establishing a small interest free loan programme to help individuals set up in business in and around coalfield areas.
- 3.24 An evaluation of the Enterprise Funds has recently been conducted for Enterprise Ventures, who manage the Funds on behalf of the Department. The Department will consider carefully the evaluation's recommendations on the way forward.

Review Recommendation 9

There needs to be flexibility within the evaluation regimes for initiatives to allow for programmes having to be adjusted as they evolve. Stringent reporting requirements can lead to inflexibilities and programmes taking a direction to comply with the necessary reporting back rather local requirements.

- 3.25 We recognise that in the past the targets and reporting arrangements may sometimes have had an impact on the way programmes have been run in order to meet these requirements, rather than being able to target local needs.
- 3.26 We agree the need for the programmes to be responsive to local needs, and the Coalfields Programme Board will review current evaluation regimes and reporting requirements as part of its work programme over the coming year. They will consider whether more flexibility can be built into the processes, whilst maintaining adequate scrutiny of the programmes.

Review Recommendation 10

In all cases, local authorities should be consulted and involved in the design and delivery of initiatives affecting the coalfields.

3.27 We agree with the Review Board's conclusion. Local authorities were consulted as part of the Coalfields Regeneration Review process, and the Department will continue to encourage other Government Departments, the programme delivery bodies and other partners, via the Coalfields Programme Board and where appropriate the Whitehall Strategic Group, to engage local authorities in the design and delivery of the coalfields programmes as appropriate.