



# RED TAPE FROM A BLUE LADY



"we want them too, next time,"

Margaret Thatcher, on inner cities, election night.

Nine months after the Government introduced its urban regeneration grants, the first offer of funding was finally made. But the conditions, restrictions and red tape involved in the grant system make the recipients wonder if it was even worth the effort of asking. *Catherine Pepinster* reports.

AT THE ROUND OAK steel works in Dudley a pair of identical twins are tackling countless hectares of dereliction. In the heart of Birmingham a small private company is conserving the past with a £1m restoration of the jewellery quarter. And a few miles away alongside the M1, some of Britain's biggest contractors have joined forces with the local authority to build workspace for new high-tech industry.

The West Midlands is typical of industrial Britain. No-hope areas of gruesome ugliness, chronic unemployment, vandalism, crime and derelict smoke-stack factories are slowly being revived.

The Government has regularly urged the private sector to rebuild the inner cities. Its grant regime is supposed to provide vital pump-priming cash to offset the costs of poor access, dereliction, polluted land and the eventual low values for completed developments.

But is crippling bureaucracy taking over to hold up the revival of these areas?

The lunar landscape of the former Round Oak steelworks was the setting for the Department of the Environment's razzmatazz presentation of the first-ever urban regeneration grant to the Richardson twins.

But, according to Don Richardson, it was not an award at all but an offer of a grant of £3m towards their plans to build 400 000 ft<sup>2</sup> of industrial and commercial floorspace on the steel-works site.

"They might as well have given me a carrot and a pair of handcuffs," says Don.

The DOE describes URG as a simplified grant enabling developers and contractors to apply directly to central government, which should mean less red tape.

The Richardsons' grant will offset the removal of huge concrete footings 30 ft deep from the site. It will enable the twins to risk the development, knowing any return will not be swamped by non-refundable costs.

Their offer reveals that being the first URG recipient is no easy task. Getting the grant includes providing endless details about the materials, such as the kind of aggregates to be used, and the way the work must be carried out.

These two men from the Black Country have spent 20 years building and developing industrial and commercial floorspace in the Midlands. As children their

bedroom looked over the Round Oak works. "All we could see was soot and steel and grime," they say. Now, 50 years on, they have bought 100 ha in Dudley Enterprise Zone. They have so far created 2000 jobs, mainly through their 1 million ft<sup>2</sup> Merry Hill shopping centre which is being built by Tarmac.

The Round Oak works takes up 40 ha of the zone, and the brothers insist they do not expect to be given taxpayers' money with no questions asked.

"But being asked questions, like what sort of aggregate we will use, does make you wonder if it is all necessary. I am not going to go cap in hand to the government for a few quid," says Don.

Problems of the inner cities were placed at the top of the political agenda by the Prime Minister on the night of her third election victory, but so far there appears to be confusion about the Government's strategy.

In 1985 the DOE provided £40m for urban development grants, the pump-priming vehicle used by developers and contractors. Take-up was poor, says the department. The allocation this year was only £30m—despite the budget now being shared by the extra grant of URG. Next year the budget is likely to nose up to £35m.

Elizabeth Meek, a principal with the DOE's inner cities directorate, said demand for grants is increasing and there may be a chance of extra money.

"We could be overstretched next year," she says, but there must be doubts too about just how well the civil service will cope.

It took nine months for the Richardsons to win their offer of a grant. Now, much like buying a house, the offer of cash is only the first stage. Months of legal negotiation will follow.

So far no other URG has been offered, even though £100m have been placed. The DOE is holding discussions with 30 other applicants.

Chris Ledger, chief executive of the industry's urban renewal body, the Phoenix initiative, said: "The URG system came into operation in January and it has taken all this time just to make one award. Is the minister really proud of that track record?"

Ledger's concern prompted a special seminar with DOE officials at the Interbuild exhibition in Birmingham.

"My main criticism is that the grant system is too diverse. There is still too much of a gap between the Department of Trade and Industry and its

awards and those of the DOE." But civil servants say that the grant applications are held up by applicants failing to provide all the necessary information. Meek explained: "We are considering a new system of only dealing with applications when they are complete.

"Various grant regimes are being reviewed and some may be amalgamated."

Ledger does have some sympathy for the DOE.

"The standard of submission to the DOE is appalling. They get turned down because they are so poor. The industry should be aware that civil servants do have

to take a good look at things. They know the public accounts committee will be watching every move.

"I suspect that the building industry does not have the will to tackle the inner city problem yet."

Lovell chairman Norman Wakefield has been a frequent advocate of the need for the building industry to get involved in the inner cities. But: "There is still a lack of knowledge in the industry as to how the finance available can be tapped."

Opening the Government's box of inner city tricks is one of the biggest problems facing

contractors and developers, according to Charles Brocklehurst, director of Inner City Enterprises. ICE is working on the restoration of the Victoria Works in Birmingham's jewellery quarter, and has also submitted a planning application to the city council to develop industrial space in the Ansell's district of the city.

"There is the huge problem of bureaucracy in the grant regime, and a lack of knowledge of large schemes," said Brocklehurst. "There is such a fear among civil servants that they will make a mistake about giving money away. Added to that is the



"When you get a grant you have to satisfy a civil servant in such a way that you end up developing something completely different to your original idea, and it might not work as well as first planned."

— Don Richardson (left), with brother Roy, recipient of the first offer of an urban regeneration grant.

► problem of not knowing who to do business with – the DOE or DTI, or another department. "I am bemused as to how to expand from the insular property development into a more outward going attitude of what does the project do for the locality. A properly co-ordinated agency would do this."

Ian Harrabin, who works alongside Brocklehurst at ICE, has applied to the Birmingham city council for a grant towards the conversion of 1830s buildings in the jewellery quarter to studio workshops. He applied for a £30 000 industrial improvement grant towards the first £130 000 phase of his scheme.

"We rejected applying to the DOE for a UDG because of the time it takes to process.

"I wish to God I had not gone in for the grant. It has delayed the scheme for so long that it is really not worth the money.

Grant aid will prove vital to another major West Midlands scheme proposed by the Birmingham Heartlands company. Contractors R M Douglas, Gallifords, Bryant Holdings, Tarmac and Wimpey have joined forces with the Birmingham Chamber of Commerce and the city council to set up the company which will act as a development agency in East Birmingham. Detailed studies have been carried out by consultants Roger Tym & Partners which show that pump-priming government grants will be vital if projects worth £160m get off the ground in the Aston, Nechells and Washwood Heath areas.

Environment secretary Nicholas Ridley has said that he will maximise grant aid to the area although he has declined to finance the site with a budget similar to the one for the nearby Black Country Urban Development Corporation.

Housing, industrial and commercial floorspace are all in the pipeline for East Birmingham and the council is to create a simplified planning zone in which planning red tape is minimised.

But there are no tax incentives offered as there are in an enterprise zone, despite the calls for such incentives to replace the grant system. Ledger, Brocklehurst and the Richardsons all advocate them as a far more effective inducement than the current grant regime.

Ian McDonald, who carried out the Roger Tym study for the consultants, said: "Public money is absolutely crucial because it bridges the vital gap between what can be attained and cost. What is crucial is information and timing." ●

HOW THE GRANTS ARE AWARDED

The Building Materials Producers have estimated that £35bn is needed in the inner cities just to stop the dereliction and decay from getting any worse. The Department of the Environment's grant regime has been designed to halt this dereliction by encouraging rebuilding and refurbishment.

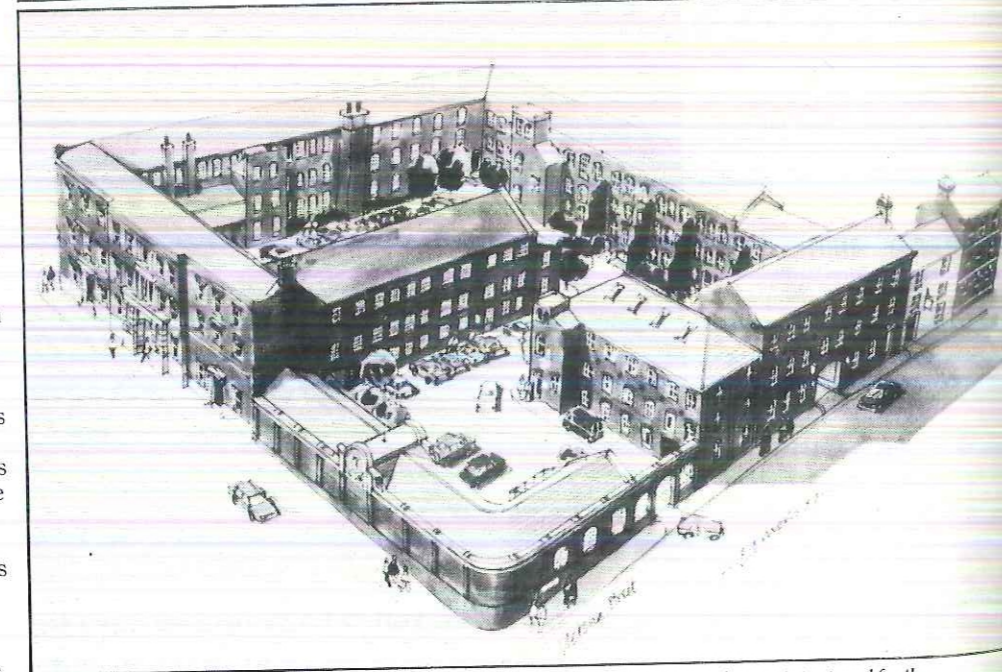
The DOE's pump-priming urban development and urban regeneration grants bridge the gap between cost and value of schemes. For example, a scheme which costs £1m but only has an £800 000 value could

go ahead with a grant of £200 000 to cover the shortfall. Grants at this ratio – 1:4 – are the Government's ideal.

Dr Geoffrey Seeff who heads the DOE's appraisals unit, says grants will only be awarded if:

- projects generate new economic activity and will be commercially viable after the grant is awarded;
- applications are supported by letters or evidence from professionals. The DOE has to assess whether costs and cash flows are fairly stated and costs are vital to the project;

- projects must not harm an already depressed market through undercutting rental revenues;
- extraneous construction costs are avoided if they are not income generating;
- land prices match the local market. Grants must not be used to offset artificially high prices demanded by landowners aware of the project;
- it does not help create unfair competition; it does not displace demand or prosperity from one area to another; it must create jobs, not transfer them.



Inner City Enterprises' Victoria Works refurbishment is the first in a series of developments proposed for the Birmingham Jewellery Quarter. The works date back to the 1830s and were used as a factory by Joseph Gillott, a world renowned maker of steel pen nibs. The phased redevelopment, designed by Mark Humphries Architects, will provide workshop studios, shops, New York-style lofts and a restaurant. ICE has applied to Birmingham City Council for a grant for the scheme, but its surveyor, Ian Harrabin, said: "Everything has to be triple checked for the grant; it takes so long to get one that it costs as much in lost time as you gain in financial help."

MASONRY AGAINST THE ELEMENTS.



pebbledash. Bitumen Basecoat, for leaking parapets (and when used with Masonry Membrane, for cracked masonry). Stabilising Solution, for powdery, friable or porous surfaces. And Fungicide, for killing organic growths or sterilising damp walls.

Our range of final treatments includes Sandtex Matt, which has held its BBA Certificate for 18 years. High Build, which lasts at least 15 years. And Dampshield, a deeply penetrating, colourless, water-repellent coating.

And now, we've embarked on our most exciting chemistry yet.

Together with Permoglaze and Sikkens, we are now part of Akzo Coatings, Europe's largest decorative coatings company.

At Akzo, we devote a higher proportion of our income to R&D than other paint companies. This means that an even more advanced generation of Sandtex formulae is already in the pipeline.

And our attitude to client service is equally dedicated.

So, whatever problem you or the elements throw at us, we know how to weather the storm.

Akzo Coatings plc. Didcot, Oxon OX11 7NQ. Tel: 0235 815141.

**Akzo Coatings**  
Europe's largest decorative coatings company.