



All Party Parliamentary Urban Development Group

Press Release

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Parliamentary infrastructure inquiry to put flesh on Lyons

Financial devolution and the role of the private sector in delivering infrastructure is the focus of the first inquiry of the new All Party Parliamentary Urban Development Group (UDG).

The inaugural session of the Group will address the latest findings of Sir Michael Lyons' inquiry into the financing of local government, which emphasise the importance of local infrastructure to the delivery of regeneration and economic growth in Britain's towns and cities.

Evidence is sought for the initial session, which will bring together MPs and Peers from across Westminster to debate the issue. It will be held in late November 2006.

Drawing on submitted evidence, together with expert testimony and research input, the inquiry will investigate how greater local financial power can help to lever in private sector investment – and overcome Britain's urban 'infrastructure gap'.

The UDG is seeking evidence from key stakeholders, organisations, and Government departments on the types of financial powers that cities and towns need to deliver infrastructure, as well as innovative funding mechanisms to attract private sector finance, while keeping up the current pace of regeneration in cities and towns across the UK.

Urban Development Group Chair, Clive Betts MP, said:

"We know that the cost of infrastructure is a key barrier to regeneration and economic growth in Britain's cities and towns. Local leaders need the power to access additional resources in order to invest in critical infrastructure and lever in private sector investment.

"The All-Party Parliamentary Urban Development Group's inquiry will go a step further – and recommend specific changes to the financial tool-kit for our cities and towns."

Delivering infrastructure in urban areas

There is currently a critical window of opportunity to change the way that infrastructure is funded and delivered – and to ensure continued economic growth:

- the **Lyons Inquiry into Local Government** is set to report in December 2006, and is expected to recommend additional financial freedoms for local government which would enhance town halls' ability to provide infrastructure and support economic growth;
- the **Eddington Review of Transport** and the **Barker Review of Planning** will recommend priority investments and governance reforms critical to the delivery of infrastructure;
- the **Comprehensive Spending Review**, expected in mid-2007, will reduce growth in public expenditure – and require cities and towns to do more with less: Government is currently examining the UK's spending needs – including infrastructure finance – with a view toward prioritising investment.

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The current local finance system has a number of problems including:

- **over-centralisation:** 95% of all tax in the UK is collected by Whitehall, which controls the distribution of resources: this top-down approach to local government is out of step with much overseas experience – and hinders infrastructure investment;
- **Whitehall-focused bidding:** lacking their own resources, local authorities must bid for a finite pot of Whitehall money – with major spending decisions taken centrally, rather than locally;
- **complexity:** the Audit Commission has warned that the clutter of quangos created to oversee regeneration spending has created the potential for confusion and paralysis;
- **fragmentation:** local government is required to attempt to 'join up' dozens, if not hundreds, of separate central government funding streams, which inevitably leads to funding gaps;
- **rigidity:** even where resources are available, local authorities often lack the freedom to direct them to appropriate infrastructure priorities because of Government rules and directives.

Call for evidence: written submissions

The UDG invites written evidence from interested organisations and stakeholders on the following questions:

- what is the infrastructure 'offer' needed to make development happen in Britain's urban areas?
- what existing funding mechanisms – public, private, and mixed – could be better exploited?
- what new financial tools would enable local authorities to deliver high-quality infrastructure, and lever in private-sector investment, and what should central government devolve?
- are there mechanisms that can boost the private sector's contribution to infrastructure funding, or make its existing contribution more effective?
- would greater devolution help finance essential infrastructure and regeneration?
- is the urban financial tool-kit – both public and private – currently fit for purpose, and if not, how could it be improved?

The inquiry session will include testimony from key private and public sector development experts. Backed by research, it will identify the main barriers to funding crucial infrastructure, and examine practical changes to financial rules that could unlock our cities' growth potential.

The deadline for written submissions is 1 November 2006.

The Centre for Cities at ippr is leading independent research for the inquiry. Written submissions should be sent, preferably by electronic mail, to:

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NOTES TO EDITORS

The *All Party Parliamentary Urban Development Group* was established to provide a forum for MPs and peers from all political parties to come together to raise awareness of matters concerning urban renewal and sustainable development.

The British Property Federation has been formally registered by the Office of the Parliamentary Commissioner for Standards to provide secretariat services for the group in partnership with Centre for Cities at ippr, the independent urban policy think tank carrying out the group's research.

The UDG's officers are:

Honorary Chairman: Rt. Hon. Nick Raynsford MP

Chairman: Clive Betts MP

Vice Chairman: Lord (Richard) Best

Vice Chairman: James Brokenshire MP

Vice Chairman: Baroness Scott of Needham Market

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