



House of Commons
Committee of Public Accounts

**Regenerating the
English Coalfields**

Sixteenth Report of Session 2009–10

*Report, together with formal minutes, oral and
written evidence*

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The Committee of Public Accounts

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Angela Eagle MP (*Labour, Wallasey*)
Mr Philip Dunne MP (*Conservative, Ludlow*)

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Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Sian Woodward (Clerk), Lori Verwaerde (Senior Committee Assistant), Pam Morris and Jane Lauder (Committee Assistants) and Alex Paterson (Media Officer).

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Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 Coordination of coalfield regeneration	7
2 Informed decision making	9
3 Responding to the sudden economic change	11
 Formal Minutes	 13
Witnesses	14
List of written evidence	14
List of Reports from the Committee of Public Accounts 2009–10	15

Summary

Reviving the former English coalfields is one of the largest regeneration challenges to face the country over the last 30 years. Between 1981 and 2004 over 190,000 people lost their jobs in coal mining. The speed and extent of pit closures resulted in severe economic, social and environmental deprivation in many communities. In response, the Department for Communities and Local Government (the Department) developed three specific initiatives to regenerate coalfield areas, involving a commitment of almost £1.1 billion of public money.

As at July 2009, the three initiatives had spent £630 million and had brought 54 former coalfield sites back into working use, and enabled private development of 2,700 houses and 1.1 million square metres of employment space, and provided financial support to around 3,000 community projects. Despite the initiatives, 37% of coalfield areas continued to be ranked amongst the most deprived in England in 2007.

Thirteen years after the start of the initiatives, the Department still lacks a clear vision and has no overarching strategy for the regeneration of these areas, has not sufficiently coordinated the three strands of the regeneration, and has failed to coordinate wider Government activity. In consequence, training and support to help former coalfield communities find employment has rarely been linked to job opportunities created on coalfield sites.

We have serious concerns about the value for money of the coalfield initiatives. The Department does not know what improvement the initiatives had made to the lives of people living in the coalfield areas, as it does not have a robust assessment to prove to us the true number of additional jobs created. Nor does it know the business occupancy rates for employment space on the redeveloped sites, or the number of people from former coalfield communities who have benefited. The number of jobs the initiatives had helped to create could be anywhere between 8,000 and 16,000. We are concerned that public money has been invested to create jobs that would have been created anyway. While progress has been made, coalfield regeneration has cost the taxpayer much more than originally expected, and it has taken much longer than planned. The Department needs to develop more sophisticated benchmarks that take into account the different levels of contamination on a site and allow separate evaluation of the incremental costs to develop housing and employment space.

On the basis of a report by the Comptroller and Auditor General,¹ we took evidence from witnesses from the Department and the Homes and Communities Agency on the lack of coordination demonstrated by the Department, information the Department collected to judge performance, and the need to consider future direction in the light of the economic downturn.

¹ C&AG's report, *Regenerating the English Coalfields*, HC (Session 2008-09) 84

Conclusions and recommendations

1. **Thirteen years after the start of the schemes, the Department still lacks clarity as to how its initiatives can best revitalise the local communities in which it is investing.** The Department should reassess the needs of coalfield areas in 2010, and articulate a clear, measurable and time-bound aim and develop an overarching strategy to achieve it. Its commitment to produce an action plan is a step in the right direction, and should set out how it will better lead and coordinate coalfield regeneration to obtain the best value for money from the remaining £450 million to be spent by its initiatives. The Department needs to assign action dates and specify how and when its progress will be measured and reported.
2. **The Department has failed to lead coalfield regeneration across Government.** The Department should take the lead to bring together relevant Government departments to support enterprise, employment, education, health and transport in coalfield communities. The Department should agree clear terms of reference and establish national aims, underpinned with clear lines of responsibility.
3. **The Department has not sufficiently coordinated its three strands of coalfield regeneration, and funding for improving local coordination is at risk.** The Department should define the respective responsibilities of the initiatives and how they should work together in coalfield areas. The Department should assess the additional value for money from improved local coordination between its initiatives and use this to inform future funding allocations.
4. **The Department has failed to develop a robust assessment of the direct impact of its initiatives, including proof that the money spent has created jobs that would not have been created anyway.** To demonstrate that its plans merit continued funding, the Department should establish the success of its initiatives using direct measures such as the occupancy rates on sites and the number of jobs filled by members of coalfield communities as a direct result of the initiatives. To better assess the true impact of the Programme, the Department should compare the benefits achieved by site redevelopment with those former coalfield communities whose sites were excluded from the Programme and publish the lessons learnt from this evaluation.
5. **The Department does not have a specific programme in place to help local people benefit from jobs on its site developments.** The Department should have a specific programme in place for every site to help local people access job opportunities created by construction work and incoming business. It should urgently check all its site developments and make sure that such programmes are in place. And it should incentivise the Coalfields Regeneration Trust (the Trust) and the National Coalfields Programme (the Programme) to make best use of their collective networks and expertise to create job opportunities for local people.
6. **The benchmarks the Department uses to assess its spending on the contamination, housing and employment aspects of coalfield regeneration are too broad to give confidence over value for money.**

- To improve the comparability of the cost of treating land, the Department should develop separate and narrower benchmarks for differing levels of contamination, and
 - The Department should develop more sophisticated housing and employment benchmarks that exclude the unavoidable cost of treating land to meeting legal obligations, and are based solely on the incremental costs and benefits associated with the work.
7. **The Department did not act quickly enough to support enterprise in coalfield areas.** By the time the £50 million Coalfield Enterprise Fund to support businesses was proposed in 1998, the employment, skills and confidence in many coalfield areas had been lost. An urgent response was needed but the Department took until 2004 to develop and launch a £10 million fund. And the Department took until 2009 to identify a mixture of public and private funding to reach the £50 million mark. The Department should urgently reassess the enterprise funding needs of coalfield areas.
8. **The Department is not confident of achieving its target outputs for the physical aspect of coalfield regeneration by 2017 because of the current economic downturn but it has not reviewed its spending plans.** The capacity of coalfield areas to absorb new building developments on former coalfield sites and create jobs is dependent on the speed of economic recovery. The Department should re-evaluate how best to achieve its aim to revitalise coalfield areas in light of the downturn. It should reassess the immediate and long term needs of coalfield communities in light of further job losses. The Department should reassess the balance of spending between physical regeneration on sites, physical regeneration and infrastructure elsewhere, support for training and skills development, and support for enterprise, and set itself challenging targets to maximise its contribution to employment and sustainable growth in coalfield areas.

1 Coordination of coalfield regeneration

1. In response to the loss of 193,000 coal jobs and the closure of 124 coalfield pits since 1981, the Department for Communities and Local Government (the Department) developed three specific initiatives devoted to regenerating coalfield areas: the National Coalfields Programme (the Programme) to find new uses for 107 coalfield sites; the Coalfield Regeneration Trust (the Trust) to build coalfield community capacity; and the Coalfield Enterprise Fund (the Fund) to provide venture capital to small and medium sized enterprises in former coalfields.²

2. As a result of the pit closures, the coalfield communities as a whole suffered from a legacy of physical dereliction, a substantial job deficit, high levels of poor health, low educational achievement and a weak enterprise culture.³ Addressing these problems also fell within the remit of several other government departments such as the Department of Health, the Department for Children, Schools and Families, the Department for Business, Innovation and Skills, the Department for Transport and the Department for Work and Pensions.⁴

3. The Department acknowledged that it had failed to provide a lead and mobilise other Government departments for the benefit of former coalfield communities.⁵ More active coordination at a national level would have helped local efforts to tackle a range of problems in coalfield areas such as improving health, education, and enterprise. Across Government there were no reliable mechanisms to bring departments together.⁶ Nor was there a culture in Government departments of adjusting national programmes to address local circumstances.⁷ Four Secretaries of State agreed the original response to the Coalfields Task Force but there was no Cabinet Committee established to drive progress.⁸ The Department accepted that it should have been more skilful and more persistent in engaging with other Government departments.⁹

4. The Department considered that an interdepartmental budget to tackle the problems in coalfield areas would not work at a national level. Such a budget might cause departments to restrict their support for coalfield areas to the pool of interdepartmental resources. This could lead to the withdrawal of support from other activities.¹⁰ At local level, Regional Development Agencies have pooled resources to address multiple needs and reduce

² C&AG's Report, *Regenerating the English Coalfields*, HC (Session 2008-09) 84

³ C&AG's Report, para 1.2

⁴ Q 38

⁵ Qq 3 and 42

⁶ Q 7

⁷ Q 34

⁸ Qq 35 and 36

⁹ Q 37

¹⁰ Q 39

divisions of interests. Wigan was cited as an example of resources being pooled successfully.¹¹

5. The Department had not developed an overarching strategy defining the respective responsibilities of the three separate initiatives and how they should have worked together to deliver regeneration for coalfield communities.¹² The initiatives have provided funding in different locations and have different aims and objectives.¹³ The Department has not incentivised the Trust and the Programme to work together to maximise benefits from each other's networks and expertise.¹⁴ The Department introduced eight pilots to drive locally coordinated regeneration but the funding for these is at risk as a result of the economic downturn.¹⁵

6. In places, coordination between agencies at local level had been strong.¹⁶ The Department cited South Yorkshire as an example of where all the different funding schemes were coordinated, both within the coalfield areas and beyond.¹⁷ The Department acknowledged, however, that it had missed opportunities to integrate its own initiatives to deliver programmes of support to local people.¹⁸ In 2004, the Office of the Deputy Prime Minister Select Committee recommended that regeneration should not have gone ahead unless there was a specific programme in place to help local people access the job opportunities created on each site. Sixteen of the 20 sites visited by the NAO did not have such a programme in place.¹⁹

¹¹ Q 41

¹² Q 3

¹³ C&AG's Report, para 3.18

¹⁴ C&AG's Report, para 14

¹⁵ Q 52

¹⁶ Qq 3 and 76

¹⁷ Q 30

¹⁸ Q 34

¹⁹ Qq 76-79

2 Informed decision making

7. Reviving the former English coalfields has been one of the largest regeneration challenges to face the country over the last 30 years.²⁰ There was a huge decline in the number of people working in the coal industry, from 200,000 in 1981 to 7,000 in 2009.²¹ Many former coalfield sites contained contaminated land.²² Some were among the most highly contaminated in Europe and some sites had a very low economic potential.²³ The Department had a legal obligation to make the land safe and up to 90% of the costs of bringing former coal pits back into new use could be for treating the land.²⁴

8. The Department's benchmarks for physical regeneration were too wide to give it confidence that it had achieved value for money.²⁵ It used a range of benchmarks as the levels of contamination and the range of outputs varied enormously from site to site. To reflect the breadth of the Programme, the Department used other benchmarks, such as the cost for building a house and the cost of creating a job, to support its assessment of value for money.²⁶ The Department was unable to demonstrate the value for money of the jobs created by the Programme as it did not capture information on the expenditure on making the land safe, as distinct from the money that was being spent to generate jobs.²⁷

9. The Department has not monitored which groups have benefited from its initiatives or assessed the number of jobs that have been filled by people from former coalfield communities, but the Audit Commission estimated that 38% of the jobs created have gone to people outside the coalfield areas.²⁸ The Department expected some people from coalfield communities to commute to jobs outside the area and for others to travel in because the labour market has ceased to operate on a highly localised basis.²⁹ There was a shortage of skills in the coalfields and people from other communities who travel into coalfield areas for jobs bring additional skills, and create economic diversity and wealth.³⁰ Overall there had been a modest net increase in the number of people commuting from coalfield areas.³¹

10. The Department did not have a sophisticated measure of the additional jobs created by the initiatives.³² Some of the jobs created have been due to general growth in the national

²⁰ C&AG's Report, para 1.1

²¹ Q 13

²² Q 63

²³ Q 66; C&AG's Report, Figure 8

²⁴ Qq 20, 21 and 90

²⁵ Qq 43

²⁶ Q 90

²⁷ Qq 65 and 66

²⁸ Q 13

²⁹ Q 27

³⁰ Qq 13 and 24

³¹ Q 28

³² Q 15

economy and some have been the result of the coalfield initiatives.³³ The number of additional jobs could have been between 8,000 and 16,000.³⁴ The Department commissioned an evaluation of its initiatives which estimated the number of jobs the initiatives have helped to create, but this estimate was based on benchmark projects and did not draw on a representative survey.³⁵

11. The main indicators of unemployment suggested that the coalfield areas have improved compared to national averages,³⁶ and there has been a fall in people claiming Income Support, Jobseekers Allowance and also Incapacity Benefit.³⁷ The Department asserted that it monitors key indicators for deprivation, which show that coalfield areas have made progress compared to the national average.³⁸

³³ Q 26

³⁴ Q 15

³⁵ Qq 24 and C&AG's Report, para 4.6

³⁶ Qq81-84

³⁷ Q 14

³⁸ Qq 80-83; Ev 14-22

3 Responding to the sudden economic change

12. The widespread pit closures began in 1981 but the Government did not establish the Coalfields Task Force until 1997.³⁹ During this time, many people of working age in the coalfield communities withdrew from the labour market and moved onto incapacity benefits.⁴⁰ Although there had been various European initiatives aimed at physical development and inward investment in these areas, by the late 1990s the coalfields as a whole still had a substantial job deficit.⁴¹ The Department told the Committee it was likely that the time between the height of the redundancies and the start of the initiatives contributed significantly to the increase in incapacity benefits claimants and worklessness.⁴²

13. The Department apologised for the time taken to develop the Coalfields Enterprise Fund.⁴³ The Coalfield Task Force report recommended in 1998 that the Department should establish a Coalfield Enterprise Fund of an initial £50 million with an aspiration to increase the fund further. It took five years for the Government to establish the Fund with an initial budget of £10 million and it has so far invested only £20 million of public funds.⁴⁴

14. The main purpose of the coalfield initiatives was to bring land back into productive use to create jobs.⁴⁵ Ministers chose to spend the largest proportion of funding on regeneration of physical sites.⁴⁶ The Department set target outputs from land reclamation without sufficient assessment of each site's potential and had to include more sites in the Programme to meet the jobs target.⁴⁷ Although each site had project milestones, the Department did not set interim milestones or targets at a Programme level against which to monitor progress.⁴⁸ Investment for site developments depended in part on receipts from private investors which have decreased in the economic downturn.⁴⁹ As a result the Department is not confident that it will achieve its targets by 2017.⁵⁰

15. The Department has not routinely monitored the occupancy rates on the developments it has created.⁵¹ The occupancy rate on two sites that have been completed since November

³⁹ C&AG's Report, paras 1.1 and 1.3

⁴⁰ Q 53

⁴¹ Q 97; Ev 14

⁴² Q 53

⁴³ Qq 88 and 94

⁴⁴ Qq 67-76; C&AG's Report, paras 3.10 and 3.16

⁴⁵ Q 59

⁴⁶ Q 60

⁴⁷ Qq 10 and 64

⁴⁸ Qq 9 and 10

⁴⁹ Q 52

⁵⁰ Q 12

⁵¹ Q 55

2007 is below 20%,⁵² and the capacity of coalfield areas to make the most of employment opportunities on new site developments depends on the pace of the economic recovery.⁵³ The initial allocation for the balance of spending between the physical regeneration on sites, support for training and skills development was not based on a robust evaluation and may no longer be valid.⁵⁴ The Department said that it reviewed the balance of need over the three initiatives annually up to 2007 and considered the shape of the funding going forward.⁵⁵ The Department has considered on a site-by-site basis if development of jobs off the site was a more appropriate and cost effective way to regenerate the local community, but it said the economic downturn may require a different approach.⁵⁶

⁵² C&AG's Report, para 4.5

⁵³ Q 12

⁵⁴ Q 72

⁵⁵ Q 67

⁵⁶ Q 93

Formal Minutes

Monday 1 March 2010

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr Douglas Carswell
Rt Hon David Curry

Nigel Griffiths
Mr Austin Mitchell
Geraldine Smith

Draft Report (*Regenerating the English Coalfields*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Conclusions and recommendations 1 to 8 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Sixteenth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 3 March at 3.30 pm]

Witnesses

Monday 11 January 2010

Page

Mr Peter Housden, Permanent Secretary, **Sir Bob Kerslake**, Chief Executive, Homes and Communities Agency, **Mr Richard McCarthy**, Director General, Housing and Planning, Department for Communities and Local Government and **Professor Steve Fothergill**, Director, Industrial Communities Alliance

Ev 1

List of written evidence

1 Department of Communities and Local Government

Ev 14

List of Reports from the Committee of Public Accounts 2009–10

First Report	A second progress update on the administration of the Single Payments Scheme by the Rural Payments Agency	HC 98
Second Report	HM Revenue and Customs: Improving the Processing and Collection of Tax: Income Tax, Corporation Tax, Stamp Duty Land Tax and Tax Credits	HC 97
Third Report	Financial Management in the Foreign and Commonwealth Office	HC 164
Fourth Report	Highways Agency: Contracting for Highways Maintenance	HC 188
Fifth Report	Promoting Participation with the Historic Environment	HC 189
Sixth Report	Train to Gain: Developing the skills of the workforce	HC 248
Seventh Report	Young peoples sexual health: the National Chlamydia Screening Programme	HC 283
Eighth Report	Department for International Development: Aid to Malawi	HC 282
Ninth Report	The procurement of legal aid in England and Wales by the Legal Services Commission	HC 322
Tenth Report	Services for people with rheumatoid arthritis	HC 46
Eleventh Report	HM Revenue and Customs: Dealing with the tax obligations of older people	HC 141
Twelfth Report	Maintaining financial stability across the United Kingdom's banking system	HC 190
Thirteenth Report	Excess Votes 2008–09	HC 360
Fourteenth Report	Department for Transport: The failure of Metronet	HC 390
Fifteenth Report	Equality and Human Rights Commission	HC 124
Sixteenth Report	Regenerating the English Coalfields	HC 247
Seventeenth Report	Department for Business, Innovation and Skills: Venture capital support to small businesses	HC 271

Oral evidence

Taken before the Committee of Public Accounts on Monday 11 January 2010

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr Ian Davidson
Nigel Griffiths

Keith Hill
Mr Austin Mitchell
Mr Alan Williams

Mr Amyas Morse, Comptroller and Auditor General, **Gabrielle Cohen**, Assistant Auditor General and **Mr David Corner**, Director, National Audit Office, were in attendance.

Mr Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, was in attendance

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL REGENERATING THE ENGLISH COALFIELDS (HC 84)

Witnesses: **Mr Peter Housden**, Permanent Secretary, **Sir Bob Kerslake**, Chief Executive, Homes and Communities Agency, **Mr Richard McCarthy**, Director General, Housing and Planning, Department for Communities and Local Government and **Professor Steve Fothergill**, Director, Industrial Communities Alliance, gave evidence.

Q1 Chairman: Well, good afternoon, welcome back to PAC, a very happy new year to you all. Today, we are considering the Comptroller and Auditor General's Report on *Regenerating the English Coalfields*, and we welcome back Peter Housden, who is the Permanent Secretary of the Department for Communities and Local Government. Could I ask you to introduce your colleagues, please?

Mr Housden: Thank you, Chairman. On my right is Professor Steve Fothergill, the National Director for the Industrial Communities Alliance, also Professor at the Centre for Regional, Economic and Social Research at Sheffield Hallam University, and an original member of the Coalfields Task Force. On my immediate right is Sir Bob Kerslake, the chief executive of the Homes and Communities Agency. On my left, Richard McCarthy, Director General for Housing and Planning in the Communities and Local Government Department.

Q2 Chairman: Thank you, Mr Housden. Do you think there should be proper co-ordination of the three coalfield initiatives?

Mr Housden: I do, Chairman.

Q3 Chairman: Why then do we read, Mr Housden, on page 7, paragraph 13, that "there is no overall strategy for co-ordinating the three key strands of coalfield regeneration", in a Report that you yourself have signed up to?

Mr Housden: I think it is accurate, as the Report indicates, Chairman, that particularly in the early stages, the three strands of the overall programme could have been more actively co-ordinated at national level. I think the Report is fair in pointing

out that at local level, much of that necessary co-ordination was achieved, but I think it is a fair comment that we could have been more pro-active within the department in that field.

Q4 Chairman: So if you look at paragraph 27 of the Comptroller and Auditor General's Report, you are now going to do this, are you?

Mr Housden: We do have, Chairman—

Q5 Chairman: You say you are committed to positive action, so this is now going to happen, is it?

Mr Housden: Yes, it is.

Q6 Chairman: All these recommendations are going to be accepted, are they, and actioned?

Mr Housden: I think the spirit of them is powerful, we will need to discuss with ministers exactly how they want to proceed. One of the things I did want to say, Chairman, was that the Report and the process has been very useful for us in taking stock of progress, particularly given that the recession, and as the economy hopefully moves out of it, poses fresh challenges for these areas, so we do need to look afresh, and there are some important and positive suggestions about how in the current context, bearing in mind this is a programme that has run more than a decade, we could be more effective.

Q7 Chairman: Thank you. Please look at the following paragraph, paragraph 14, on page 7. Why have you not met with other government departments more frequently than six times in two years?

Mr Housden: Again, I think that—well, it is a factually accurate statement. I think across government, we could have done more as a department, because these were three programmes

dealing with land, with enterprise and with community development. There are many other aspects that the Report speaks about in terms of health, education, enterprise, a range of things, which more active cross-government co-ordination, I think, would have helped with. I do think we should recognise, however, Chairman, that in the years covered by this Report, the mechanisms to do that across government were not well developed actually, there was not a reliable means to bring departments to the table. We now have—

Q8 Chairman: Well, you have had 21 years, Mr Housden, on this programme. It is about time you got on with it, is it not?

Mr Housden: We recognise, Chairman, that there is more to do in that particular area. One of the things we have done, however, as a department, is to create a platform so that whether government is interested in coastal areas or coalfield areas or cities or rural areas, there is a mechanism to bring departments to the table in a systematic and organised way, through local area agreements particularly.

Q9 Chairman: Please look at paragraph 7 of the Comptroller and Auditor General's Report. Why did you not set interim milestones to monitor progress?

Mr Housden: This delivery question, Chairman, I think is important. The key thing here is that each of the individual projects within the scheme did have both rigorous appraisal and project management as it went forward, so this is the reason the programme—

Q10 Chairman: How can you say that when the targets stayed the same, you did not know what was going on. As you were trying to spend the money, there was no clear change of the targets as you went along.

Mr Housden: Let me come to that. The distinction I was just making was that at the level of individual projects, I am content that throughout this programme, those have been rigorously appraised and project managed. The strength of your critique on this point, Chairman, is at the level of the programme, ie the collective set of projects, I think we could have done more to set targets and milestones in that way. Your second point though is also important, because bear in mind at the original time the first tranche of land was bought into the programme, the target was jobs, it was what could be done to produce new jobs and growth in coalfield areas. There was no detailed appraisal done at that stage of the original tranche of sites. When that was undertaken, when the programme was properly resourced and underway, it became clear that those original sites would not deliver the number of jobs needed by coalfield communities, so as new sites became available in subsequent tranches, it became more likely that the original jobs target would be hit, so it would not have been appropriate to have inflated the target, because it needed to be kept real. I think here it is also worth mentioning that the ongoing relationship with the Coalfields Task Force, the Coalfields Communities Campaign and so forth, meant that you had in each coalfield community and nationally a body of

informed community-based opinion that held the programme to account. It was indeed the Alliance particularly who were identifying potential new sites, bringing them forward for the government's attention, seeing them incorporated into the programme. So had we adopted a speculative jobs target which bore no relation to the likelihood of those sites being developed out in the time and resource available, then the Coalfields Communities Campaign I think would properly have held government to account.

Q11 Chairman: Please look at paragraph 2.9 on page 18. Why, Mr Housden, have you allowed double counting of the outputs achieved? "... both the Regional Development Agencies and the Homes and Communities Agency have separately claimed all the benefits associated with the development of sites against their own targets ..." They cannot both claim all the benefits for the same thing, can they?

Mr Housden: Well, I think the important thing about reporting of this type, Chairman, is that the basis of it is made clear, and I do apologise that there have, as this Report indicates, been some cases, I underline the word some, where the footnotes, if you like, to the agencies' reporting have not made it clear that these benefits are also being claimed by other agencies. On other occasions, happily, that has been made very clear, but I apologise, because that has not been clear. Government guidance on this, by the way, is very clear. It says it is perfectly reasonable for agencies who have played a part in realising economic benefits to claim them, but they should be clear when those benefits are shared with other agencies.

Q12 Chairman: Good, thank you for that apology. Please look at figure 6 on page 17. There have already been various extensions of this programme, it was supposed to be finished by 2007, we are now looking at 2017, so you will now give us a cast-iron guarantee that you will achieve your targets by 2017, will you?

Mr Housden: Well, I think it varies, Chairman, particularly according to the direction and pace of the economic recovery, because the capacity of coalfield areas to absorb new industrial sites and to create new jobs will, of course, be in part due to the way the economy grows. We are certainly confident that we are on target to achieve those outputs over the life of the programme. I think it would be unwise to be pinned down to a specific date.

Q13 Chairman: Lastly, please look at paragraph 4.11 on page 30, Mr Housden. Obviously the whole point of this is that local people benefit from this. There has been a massive decline in the number of people working in the coal industry, I think from 200,000 in 1981 to 7,000 now, so the whole point of this is to try and create jobs. But how do you know if you're making a difference to people living in former coalfield areas when you do not monitor if the jobs are filled by those people? Look at paragraph 4.11: "Local people and firms do not necessarily benefit from work created by new firms attracted to former coalfield sites." Presumably that is right, is it, as you have signed up to it?

Mr Housden: It is, and I think the figure that is given in the Report is 38% of jobs over the given period have gone to people outside the coalfield areas, that leaves a credible number within them, but paragraph 4.6 is interesting in this respect, Chairman. It talks a bit more there about the number of new jobs created, and the number that are actually additional as a result of these inputs, so there is clearly an important economic benefit. Richard McCarthy wants to add something to this.

Mr McCarthy: If I may, two things, I think it is very important, as the Audit Commission reported, and noted in its report, that one of the benefits you get from jobs going to other people, remember that is still 62% going to people in the local areas, is you are creating economic diversity, and you are generating wealth within the coalfield areas. Some of the coalfield areas also have experienced the benefits of commuting, so if you look at the Dearne Valley partnership, where in Barnsley, you have the benefit of new road access, creating the opportunity for people living in Barnsley from the former coalfield communities accessing work in Rotherham. So actually, I think you do need to take a broader economic picture—

Q14 Chairman: Of course, Mr McCarthy, I agree with that entirely. Why then did Ian Austin, who is the Minister for Regional Affairs, announce when this Report was published that 150,000 jobs had gone to former miners?

Mr McCarthy: I cannot answer that particular number. What I can tell you is that we have had, and there has been a very significant fall, as you will be aware, in people claiming Income Support, Jobseekers Allowance and also Incapacity Benefit.

Q15 Chairman: This is all absolutely fine, the jobs may have been created, nobody denies that useful work has been done, but we are looking at value for money. We want to try and tease out of you the additionality point; just how much difference have you actually made for the money spent?

Mr McCarthy: As the NAO Report identifies, there is a slight difference of view here. The NAO identify additionality of 8,000 jobs through our very specific regeneration programmes, which remember form part of a wider fund of regeneration programmes in the coalfield areas. We think, from the research that we have done, our own internal evaluation, done by external advisers, and also from the guidance that we have produced through English Partnerships on additionality, that actually, some 16,000 of the 22,000 jobs created or helped by the regeneration programmes have been additional to those that otherwise would have been there.

Chairman: Thank you very much.

Q16 Mr Mitchell: Is all the money we are dealing with here British money, or is there EU money mixed in with it? Is it all British money, or are European grants mixed in with these expenditure totals?

Mr Housden: This is UK Government money, but many of the coalfield regeneration programmes in localities will have benefitted from European money.

Q17 Mr Mitchell: But that is additional to the figures we have in this Report?

Mr Housden: Yes, this is UK Government money.

Q18 Mr Mitchell: Would it not be fair to say that if you chuck a huge sum of money, and these sums are big, at an area, you are going to get some results anyway, and you cannot really quantify what you are getting just by chucking money at the problem.

Mr Housden: Well, I think one of the challenges for any type of regeneration activity is to identify, in the jargon, the additionality. So the economy, if it is growing, will generate new jobs and wealth, what have you done in the public sector to increase all of that. Richard McCarthy has talked about some of the measures that are there; there is an established way of calculating that in the regeneration world, in the Homes and Communities Agency and more broadly, and we can demonstrate satisfactorily, I think, additionality in terms of jobs, ie 16,000 jobs according to the Audit Commission that would not have been there without the specific intervention of these programmes.

Q19 Mr Mitchell: Why was there so much emphasis on land reclamation, in other words beautifying the area, some of it was fairly grotty, it is true, but why so much emphasis on that, huge sums, over £400 million spent on that, and pathetic sums, I forget what it was, £27 million or so, spent on companies and company generation, job generation?

Mr Housden: Well, the scale of the remediation of the land required was in many cases very substantial indeed, so you had—

Q20 Mr Mitchell: That needed to be done, did it?

Mr Housden: There was a legal requirement to do it, but actually, the communities themselves were not wanting to have unsightly, dangerous, unusable land, in huge areas. I mean, the acreage of pit sites typically—

Q21 Mr Mitchell: I can understand that, it is an eyesore, but on the other hand, there is a kind of romantic attachment to it, and it is more important to get viable vibrant companies there than to have beautiful landscaping.

Mr Housden: Bob Kerslake might want to talk about this, but one of the things that English Partnerships and the Homes and Communities Agency have done through the life of the programme is to look at the totality of that land and say where and what types of land could most readily be converted for industrial use, and bring jobs into the coalfield.

Sir Bob Kerslake: Yes, just to add a few points on that, firstly, it is right to say there were legal requirements on the UK Government for remediation. Secondly, you cannot create the platform for employment or housing unless you have remediated the land, and something like 1 million square metres of employment space has been established by the programme to date, something

like 2,600 houses are complete. You could not have achieved that unless you have done the remediation, the two things have to sit hand in hand.

Q22 Mr Mitchell: How much of it has been taken up in fact by employment?

Sir Bob Kerslake: Substantial amounts of it have been taken up, as the NAO Report says, but not all of it yet. It is always the case that the take-up—full outputs will take longer than the timescale for the physical remediation.

Q23 Mr Mitchell: Having done it up, you will then sell it on.

Sir Bob Kerslake: Absolutely, if you look at the case of Glasshoughton, in fact, as one of the positive examples of a site that is both completed, generated employment activity, and in fact a net receipt has come back as a result of the selling on of land.

Q24 Mr Mitchell: The number of jobs created, and the claim in paragraph 4.6 that 75% of them "would not have happened without the initiatives", I mean, that looks very tentative. The estimate is based, it says, on benchmarks, and does not draw on a representative survey of businesses and households to identify whether jobs are taken by people outside the target areas, and it emerges further on that 43% of the jobs created are taken by people from outside. These are very back of the envelope calculations, are they not?

Mr Housden: The figure we recognise, I think, is 38%. I think one of the things that is important to recognise here, and the Report pays testament to this, is the depths and the longevity of the deprivation in many of these areas is such that you have a shortage of skills particularly, a lot of people with poor health, so the available pool of labour at the time when these programmes were running at their strongest will have been smaller than it should have been. If you are looking particularly for additional skills, those may well come from people outside the area. So personally, I was not surprised by that balance, and 62% within the coalfield area seems to me to be a credible number. It is not an exact science, doing all of this, but we have had a range of evaluations in addition to the current NAO one: an organisation called SQW did an independent evaluation for us, the Audit Commission did one in 2008. So we feel we have a reasonable factual basis, Mr Mitchell, for those estimates.

Q25 Mr Mitchell: I accept what you are telling me about the deprivation, broken down people, in a sense, broken by mining, but on the other hand, it was also an industry which had skills, and a lot of very tough and adaptable workers, and a lot of those would have gone, if they had any sense, and got jobs outside, in Sheffield or Rotherham or wherever. Do you have any calculations about that?

Mr Fothergill: I think it is important to put these coalfield initiatives into context. They are only part of the overall jigsaw of what has been going on. There has been a lot of other regeneration activity, led by other parts of central government—

Q26 Mr Mitchell: But not co-ordinated.

Mr Fothergill: —or European funding or local authorities. We do have a handle on overall what is happening, and I think it squares the circle and fits in with the 150,000 figure that was mentioned by the Minister, because actually if you look at the growth overall of jobs held by men in the coalfields, the numbers are towards the 150,000 mark higher now than—well, those are the extra jobs that have been created in the coalfields, compensating for the loss of around about 200,000 jobs in the coal industry. Some of that has been to do with the general growth in the national economy, but some of it is undoubtedly the result of the very specific initiatives which have gone ahead in the former mining areas.

Q27 Mr Mitchell: When you say created in the coalfields, you do not know how many have actually gone to work outside the coalfield.

Mr Fothergill: There has been a flow in both directions. Rather like Peter Housden, I think the 62% of jobs going to residents within the coalfields seems a very reasonable figure, because there are two-way commuting flows. The days have gone when the labour market operated on a highly localised basis, when there was a place of work and everybody who worked there lived a couple of hundred yards down the road, and walked to work. These days, labour markets operate over wide geographical scales, so if you are creating jobs in the coalfields, you would expect some of those jobs to go to non-coalfield residents; but equally, if you were creating jobs in adjacent areas to the coalfields, in the likes of Sheffield and Leeds, for example, you would expect some of those new jobs in the cities to be filled by commuters from the coalfields, and that is exactly what has been happening.

Q28 Mr Mitchell: But we do not know numerically which pays, the regeneration of Sheffield, which was going on apace, or the regeneration of the coalfields. Which gives a better return?

Mr Fothergill: We do know the balance of the overall numbers, we do know that numerically, there has only been a really quite modest net increase in out-commuting from the coalfields, so mostly, the balance in the labour market has not actually been restored by, on balance, more people having to travel to work elsewhere. A great deal of the balance has been restored by new job creation within the coalfields themselves.

Q29 Mr Mitchell: Well, the point about the Report is that these initiatives were badly co-ordinated. A suggestion which came from the Select Committee I think two years ago, that some of the initiatives should be better co-ordinated, led to a co-ordination committee which has not done very much; is that correct?

Sir Bob Kerslake: I think there are two points I would make about that. One is to say to make an impact in terms of co-ordination, it is not just about the coalfields funds. Steve has said actually, when

you go to a place like Sheffield, South Yorkshire, there is a whole range of funds going on, European, other government funds, and the key challenge—

Q30 Mr Mitchell: You are very lucky compared to Humberside.

Sir Bob Kerslake: We did reasonably well, let us put it that way, but I think the key point I would make is that it is the local co-ordination that tells you whether you have got the impact right, and there is plenty of evidence, I think, in South Yorkshire, for example, of all the different funding schemes being co-ordinated, both within the coalfield areas and indeed beyond. So actually I think there is an issue about national co-ordination, but I think at local level there is a very strong story to tell.

Q31 Mr Mitchell: From the map at figure 2 on page 12, why do some coalfields benefit from one initiative, some from another, and not many from all of them? How is that decided? What does that mean?

Mr Fothergill: Can I take that one, because I think in many respects, I have probably been responsible for drawing the original coalfield map that everybody uses. Firstly, you have to remember here that not all of the former pit sites went into what is now the Homes and Communities Agency sites programme, so there were obviously going to be some mining communities that were not covered by action by HCA or EP previously. Also, there were a small number of sites brought into the programme that had been lying derelict for so long, and I am talking here—

Q32 Mr Mitchell: In other words, before the closures of—

Mr Fothergill: —right back to the 1960s, that I think it was argued for example by the Coalfields Regeneration Trust that the communities that were around those sites were no longer coalfield communities, so there was in some instances going to be a disjuncture between on the one hand a sites programme, which was dealing with the physical dereliction, and community programmes, which perhaps were more attuned to where mining communities were still very much alive and kicking.

Q33 Mr Mitchell: Does it not create a patchwork quilt? Why not put them all in one lump, with one regeneration sum programme?

Mr Fothergill: It is very attractive, but on the ground, I think it would be a great injustice to some of the former mining communities to exclude them from some parts of the initiative, because they did not have a site that was included in the English Partnerships/HCA programme. There is obviously in some instances going to be disjuncture. Ashington is a good example; in the former pit sites in Ashington in Northumberland, the dereliction was addressed early by the County Council in particular. As a consequence, Ashington, which claims to be the biggest pit village in the world, does not have a site within the HCA/EP programme. You would not wish to exclude Ashington from the activities of the

Regeneration Trust, just because of that historical process, and just because they were so keen to tackle their problems before central government.

Mr Mitchell: I would just rather more was done for South Yorkshire but Northumberland, but never mind, that is a partisan point.

Q34 Mr Bacon: Mr Housden, you said, in talking about why there was not as much co-ordination as there should have been, that there was not a reliable means to bring the different departments to the table. Why not?

Mr Housden: Well, it is a good question. I think the circumstances before 2008 were really when Communities and Local Government wanted to draw the attention of other departments to the needs of particular communities, it was an uphill struggle. I do not think there was a culture that was interested in bending national programmes to particular circumstances, so it was all ad hoc, let us have a meeting to do this, or the other. Our own Select Committee, for example, talked to us with justification about coastal communities in the past. What happened in the 2006 White Paper, and live from 2008, was there was a common cross-government mechanism endorsed by the Treasury to create in each of 150 principal local authorities, sorry about the jargon, a local area agreement, where national and local priorities were brought together. This enabled those authorities serving coalfield communities to really prioritise those with government. Then underneath that, as Bob and Steve have said, the real meat of the co-ordination is at local level, where you get the agencies pooling their programmes. I am not trying to wriggle out of the point here, I think we should have done better in terms of—

Q35 Mr Bacon: Being a central department, why did not the Cabinet Office process, through a Cabinet committee, identify earlier that there were a lot of different departments here who were interested, or who ought to be interested, and drive co-ordination?

Mr Housden: Well, again, I think that is a good question. What you did have at the beginning of this, you will recall, was a very strong political impetus, the original report was signed by four Secretaries of State, but to my knowledge, there was not a Cabinet Committee established to drive progress, perhaps that would have been a good thing—

Q36 Mr Bacon: You think that should have happened?

Mr Housden: I think that would have been a good thing.

Q37 Mr Bacon: Did anyone suggest it? If you have four Secretaries of State signing off on something, presumably they all have their own civil servants, who have all advised them, "Minister, sign here". Does no one in the civil service say, "Hello, would it not be a good idea to have a Cabinet Committee on this?"

Mr Housden: John Prescott is sort of a one-man Cabinet Committee, I am sure he led this with huge drive and élan. I do not know the answer to your

question, whether that was suggested or not, I think it would have been a good thing, but I am not trying to wriggle out of saying that notwithstanding what ministers might have done, I think my department could have been more skilful and more persistent in bringing departments to the table on this thing. I think where we have got to now though, Mr Bacon, is a better place, because we are not about a series of ad hoc requests, would it not be a good thing to think about X or Y—

Q38 Mr Bacon: Can you just remind us of the departments: Children, Schools and Families, DTI or BIS; who else apart from you?

Mr Housden: The Department for Transport have made important contributions, and the Department for Work and Pensions similarly, who do employment and benefits and so forth.

Q39 Mr Bacon: There has been some talk about interdepartmental budgets held interdepartmentally, it is an interesting concept, but it has as many possible risks as advantages, namely that nobody is accountable, but it also would focus minds if the money is being spent in an interdepartmental way. Do you think that would have helped, or would it have not made a difference, or would it have made things worse?

Mr Housden: I think you could solve the question of accountability, but I am not sure it would help. The problem always with ringfenced budgets is it creates incentives for people to only put that amount of money on the table, so if you pooled a budget from four departments and called it coalfields, that means everything else would just shrink away from it. I think Mr Mitchell's questions are brought out quite clearly, what you have got is quite a complicated picture where in the north-west, for example, there was quite strong eligibility for European and other types of programme, so if you were dealing with the coalfield, there were all sorts of other things you could mix and match. Other areas are less eligible and therefore had a different sort of service. So to be clear, I doubt whether in this circumstance a pooled budget would have made a huge difference.

Q40 Mr Bacon: How would you have solved the problems of accountability, by the way?

Mr Housden: I think the Comptroller General would have a voice in all of this, but I think it is perfectly conceivable that you would appoint one accounting officer, and say to that individual, you will be accountable to Parliament for this money.

Q41 Mr Bacon: And that would have been from one of the departments, but who would have therefore a lead role?

Mr Housden: Indeed. Interestingly, your point has force, however, at local level, that one of the things you see Regional Development Agencies doing with coalfield work now, Wigan would be an example, an area who have benefitted from this, is to create a single pot, so they have cut out all the penny packet divisions and said there are lots of multiple needs here, let us create a single pot of money.

Q42 Mr Bacon: One of the things that interests me is how you can have a project, involving the expenditure of a lot of public money, with a national and a local component obviously being an important facet of this and not have somebody say, right at the outset: what are we going to do, how are we going to do it, how are we going to know if we have succeeded? Why was not the attempt that is now being made to co-ordinate the local and the national through these local area agreements an obvious thing to put in place right at the beginning?

Mr Housden: Well, we have talked about the second part of that. I do not share, to be frank, Mr Bacon, the picture that you are, I think, driving towards there. I think the Task Force programme and the National Coalfields Programme then adopted by the government was very clear about its objectives, its funding and its organisation. The criticism I accept is a narrower one about the extent to which at national level we could have mobilised government departments around that. I also think that the three strands that were managed within my department could have been pooled together more actively. I think the key judgment for me, you, the Committee really, is the extent to which that actually has impaired the impact on value for money of the programme. It is interesting, the NAO Report uses a very measured word here, it talks about limited, so I think we are talking about a programme that has had huge benefits for these communities, that has fresh challenges certainly, but huge benefits. We are focusing here, and understandably so, on the things that could have been done better, but I do not think that they fundamentally have impaired the impact of the programme.

Q43 Mr Bacon: It may be difficult to judge that. Plainly some good has been done here, and the Report says that, the question is whether with the money that was available, enough was done, or whether more could have been done. Paragraph 2.16 makes this point rather well, it says: "The range of the Agency's benchmark for cost per job is so wide that the total cost of the Programme could range between £340 million and £1,440 million, and still be considered value for money." Is this not the point, that the metrics are all a bit floppy?

Mr Housden: The metrics, I think, are particular to the nature of the challenge here.

Sir Bob Kerslake: The key thing to have in mind when you look at the benchmarks here is what you are doing on these sites is a combination of things: remediation, employment creation and housing, public space. Therefore, you are inevitably going to have quite a wide range in your benchmarking to capture these different circumstances. That is just a fact of the nature of what we are doing here. So on some of these sites, remediation gets to 90% of the cost. In other sites, there is remediation but very limited job opportunities. So you have to have something that gives you a chance to look in the broad range. What I would say is that when we have looked at each site, we have not just taken one measure. We have looked at the jobs measure, the cost of the remediation, the public space created, and

we have done a full evaluation, including the implications of different options, and including the option of doing nothing. So I think to take that as the sole way in which we have tested value for money, I do not think does justice to the process that has gone on here. Every single site has been subject to a pretty thorough and comprehensive appraisal.

Q44 Mr Bacon: I would like to ask, I am running out of time unfortunately, about the rather excellent gambit of claiming all the benefits, which must have seemed good at the time, what a pity the NAO spotted it. The question I have for you is: do you have a performance bonus, and is it related to the achievement of your benefits? Because if you have achieved all these benefits and claimed all of them, and that is the reason you got your performance bonus, although actually, rightly, some of the benefits were attributable to other agencies, then you are not only double counting, you are getting all of your performance bonuses—Mr Mitchell says perhaps you should be in banking, but do you get a performance bonus, and is it related to the achievement of these targets referred to in paragraph 2.9?

Sir Bob Kerslake: I do get a performance bonus.

Q45 Mr Bacon: What are the criteria?

Sir Bob Kerslake: The criteria are set by the Chair and agreed with—

Q46 Mr Bacon: My question was not who sets them, my question was: what are the criteria?

Sir Bob Kerslake: The criteria across the whole range of the agency's responsibilities.

Q47 Mr Bacon: Presumably it means meeting your targets.

Sir Bob Kerslake: Including delivery of the targets, of which this is one of the areas that we have targets for. In terms of my personal position, actually I was entitled to the full bonus, but I did not take any bonus this year.

Q48 Mr Bacon: How much was your bonus, or would your bonus have been?

Sir Bob Kerslake: The potential entitlement was up to £40,000.

Q49 Mr Bacon: And you were entitled to that, but did not take it?

Sir Bob Kerslake: Yes.

Q50 Mr Bacon: How very public spirited of you. May I ask what is your basic salary?

Sir Bob Kerslake: £220,000.

Q51 Mr Bacon: So you are still okay?

Sir Bob Kerslake: I am not complaining.

Q52 Chairman: You said that co-ordination is now improving, why do we read then in paragraph 3.24, Mr Housden, that partnerships to improve co-ordination between local organisations have had their funding reduced? "The Programme initially

earmarked £20 million for the partnerships, but has committed only £815,000 because rising costs and declining receipts have put pressure on its finances." 3.24, on page 26.

Mr McCarthy: This is for the Coalfield Action Zones, which are the eight areas identified by what was English Partnerships for additional support. They relied on income coming into English Partnerships from its wider receipts from land sales. You will not be surprised to learn that its receipts from land sales have fallen away dramatically over the last two years, reflecting the wider economic downturn that we face, so it is simply a question that we have to fund part of this programme from receipts as well as from government grants.

Sir Bob Kerslake: Sorry, I could not hear what the page reference was, but this funding came—our budget, as you know, is a gross budget that relies on receipts, those have fallen, and they have constrained what we can do at the current time. That is the basic position on this.

Chairman: Thank you very much.

Q53 Keith Hill: Could I tempt you, Mr Housden, into a speculation? You see, what is very noticeable about this programme, about which the NAO is quite positive really, in terms of making the sites more attractive, better places to live and work, et cetera, local authorities have obviously been very enthusiastic about the initiative, but it has its origins in a programme initiated in 1996 by the previous administration, it did not really come on stream until the early 2000s. What do you think was lost in that period of between 15 and 20 years between the height of the redundancies in the coal mining industry and the beginning to have impact of this coalfields programme?

Mr Housden: There is some intelligent writing in the Report, I think, which echoes other testimony that the single thing that may have been put at risk there was actually about employment and a work culture in mining communities, because the number of miners and other people of working age in those communities who went on to what was then called invalidity benefits, and in effect moved away from the labour market, never to return, I think there is a plausible case to say that if from the 1980s onwards, never mind the 1960s, but from the 1980s onwards, when that very rapid period of pit closures came upon us, if there had been—rear view mirrors are always the easiest, but if there had been a very vigorous programme, that movement into IB and into worklessness, and that whole difficult culture, that might have been slowed.

Q54 Keith Hill: Regeneration is an extremely difficult, challenging and slow business. I know this, I have a New Deal for Communities in my own constituency in south London. But actually, if you look at the additionality aspect of this, and it has already been touched on in our exchanges, the NAO reckons that since 2003, there has been an extra 8,000 jobs, the Department says 16,000. If you look at the percentages, that is probably jobs for possibly 8,000 former miners in the locality at a cost of £600

million. Do you think that represents a reasonable expenditure for the number of jobs created for local people?

Mr Housden: Well, the arithmetic like that, I think, does not do justice to the breadth of the programme, in the sense that in order to create those jobs, significant amounts of reclamation and other work needed to be done, and there were also broader community benefits being desired by the programme, so jobs, houses, land reclamation, community capacity, all of those things formed the objectives of the programme.

Q55 Keith Hill: Let me come back to this issue about the monitoring of the effects of this programme. It does seem really very odd that there was no routine monitoring of local jobs for local people from the beginning of the programme, it would not have been very difficult to do. Why was it not done?

Mr McCarthy: I think because actually, and partly Steve answered this earlier, and he might want to comment, but you are actually dealing with a much more dynamic approach to the way economies work. I referred earlier, for example, to the way that the Dearne Valley partnership was established across three local authorities, Rotherham, Barnsley and Doncaster, and how they developed a package which actually responded only in part to coalfield communities, but also to declines, for example, in the textile areas, and steel. So actually, what you found is that people were working economic solutions across a wider economic sub-region. So in some cases, that meant people moving, in other cases they were commuting, in other cases they were actually travelling in. So actually it is much more complex than simply tracking individual people into individual jobs. What you do have the benefit of, which we do track, which we have covered in our evaluation, and was covered again by the Audit Commission, is we do watch carefully what is happening with the total position on employment rate, on the numbers who are claiming Jobseekers Allowance and Incapacity Benefit and so on, where all of our figures show significant improvements. I mean, job creation in the eight years to 2006 was at 10%, which was higher than the national rate, which was just over 7%. During the same sort of period, we halved the gap in the employment rate between where it had been and where it was now, which was a significant improvement. As I mentioned earlier, real reductions right across the claimant count across those areas. So what you have is actually very localised approaches, sophisticated and more complex economies, and actually approaches often done in partnership. I do think it is worth emphasising this point, you have had very strong strategic partnerships develop around local authorities in these areas, that connected up those different funding streams.

Q56 Keith Hill: I agree that labour markets are dynamic, but you could routinely monitor the occupancy rate of the completed sites. That is a stable thing, is it not, and that was not done on a

routine basis; again, that seems like a kind of fairly elementary measure of the progress of the programme.

Mr Fothergill: Just on this point of monitoring, it is not at all fair to say there has been no monitoring of this programme. I do not know if members of the Committee have looked, but the organisation I represent, the Industrial Communities Alliance, is the local authorities in the old industrial areas of Britain. The largest predecessor of that organisation is the Coalfields Communities Campaign, which represents, as you would expect, the coalfield local authorities. We have monitored this programme like a hawk from its very inception, regionally and nationally; in fact actually, the structure of dialogue that has been in place between English Partnerships as was, now Homes and Communities Agency, the dialogue with our local authorities, and the extent to which we have held those agencies to account on their performance on this programme, has really been exemplary. I think it is one of those things that is completely missing actually from the NAO Report. You know, we have scrutinised year by year what has been coming out of this programme, and every year we have gone back and said, we need extra things putting in, and they have said to us, we have got slippage here for this reason or that reason, and we have debated that with them.

Q57 Keith Hill: Since you have monitored, Professor Fothergill, do you know how many former miners actually have got jobs as a result of the coalfields programme?

Mr Fothergill: Very specific questions like that, we do not, and it would be a fluid question anyway to ask, because when somebody gets a job, they do not necessarily keep that job for life. People are moving in and out of jobs all the time. The honest truth is that many of the ex-miners themselves have now dropped out of the labour market, because if you were made redundant in your 40s during the mid 1980s, you are picking up a state pension now. This is principally a programme about benefitting the sons and daughters and the wider members of the community in former mining areas. It is not essential that it is ex-miners.

Q58 Keith Hill: I have to move us on. If you look at paragraph 4.17, which identifies three sources of employment in the coalfield areas, by far the largest number of new jobs appear to be in the public sector. Now they are jobs, that is fine, I just wonder if they are jobs for ex-miners, and why there is such a preponderance of the public sector, and why the programme has been unable to attract more investment from the private sector.

Mr Fothergill: Firstly, that is a real snapshot of the process, I think those statistics just look at the period 2003 to, I believe, 2007, and that reflects the particular configuration of what was essentially national economic growth and national employment growth during that period. There is no doubt at all that taking a longer view, there has been

a broader based growth in jobs in the former mining areas; not exclusively, as I was saying a moment ago, for ex-miners, but that is not the point. At the time the miners went on strike, if you remember, in 1984–85, their argument was that if these jobs went, it was disappearance of jobs, not just for themselves, but for their communities in perpetuity. So the task of regeneration has been about replacing jobs for generations to come in these communities; that has been well underway, and the studies of employment outcomes globally in the coalfields do confirm, (i) that we have been replacing jobs, that we have not got there thoroughly, right to the end of the task yet; and (ii) actually the rate of job creation accelerated after 2000, which does very broadly correspond with the programmes initiated in the mid 90s finally coming on stream.

Chairman: Thank you, Professor, it is nice to have an enthusiastic witness.

Q59 Mr Davidson: I am slightly confused about the purposes of all of this, whether or not it was mainly designed to benefit the land, or to benefit the people. Who decided the proportions of money: 464 towards physical sites, 160 on grants, and then only 6.5 million into businesses. How was that decided?

Mr Housden: I think by ministers, on advice, and I think, Mr Davidson, the key thing was how that land could be brought back into productive use in order to create jobs.

Q60 Mr Davidson: So you are saying that ministers made conscious decisions that those were the proportions?

Mr Housden: They would have done, yes.

Q61 Mr Davidson: Earlier on, you mentioned that some of the land work was actually about remedying sites that were actually dangerous.

Mr Housden: Yes.

Q62 Mr Davidson: Some of it was clearing up. That in a sense is not regeneration of the community at all, is it? That is a different sort of obligation. Can you just clarify the proportions involved?

Mr Housden: I am not sure that I can give you numbers about the proportions.

Q63 Mr Davidson: So you do not know?

Mr Housden: I do not have the information here today, but I do know that typically, many of these sites would present both of the types of situations that you describe.

Q64 Mr Davidson: I understand that, that was not what I asked.

Mr Housden: When I was answering the Chairman's initial question, in the first stages, the first tranche of sites were identified, and as it became clear the scale of the challenge on those sites, and their economic potential, it was recognised that they would not deliver the number of jobs that would be required by communities.

Q65 Mr Davidson: Right, but if we are pursuing the question of value for money, we have to identify what the point of actually doing this is. If the point is to make the sites safe, then that is a different element, a different process of counting, to the question of job creation by remedying sites. It seems to me that if you had been seriously interested in monitoring your value for money in terms of creating jobs, you would be able to separate out money that you had to spend because of safety concerns, and that had to be done anyway, as distinct from the money that was being spent to generate jobs, because presumably, you would always be in the position where you had more sites seeking money spent on them than you had money available, and therefore, you had to have some sort of priority, and presumably therefore, you had a process by which you identified sites that gave the biggest bang for the buck in terms of job creation, but there was also sites that irrespective of that process, you had to spend money on because they were dangerous. Now give me some evidence that you had that process.

Mr Housden: I think you are exactly right, there will have been some sites with very low economic potential, where their remediation would have been put well to the back of the programme, and you might have expended some limited money to actually just make them safe, to prevent people getting on the site or other types of issues. But the distinctions you are seeking to draw are perhaps not as absolute, because some sites with very high—

Q66 Mr Davidson: I understand all that. I have chaired the regeneration group in my own constituency, and we have wrestled with these problems, but we understood what we were doing and the choices that we were making, and you do not seem to have. Can I just ask, in terms of viring money from one heading to another, as it were, of these three categories, have you ever recommended to ministers that they should actually be spending perhaps more on business regeneration than they are on land remediation? Because I noticed at one point that the Deputy Prime Minister's Office had identified I think £50 million—yes, in paragraph 12, that “£50 million was required to meet the need identified by a Government Task Force in 1998”, in terms of business. Did you ever recommend that the balances had been got wrong?

Mr Housden: It is worth pointing out that each year to 2007, there was an annual conference to review the progress of the overall programme, at which ministers were active and involved, with a range of interests, giving them advice about the balance of needs in the programme, and reshaping it going forward, point 1. Point 2, if you take business development, the point you are pursuing here, the potential sources of funding for that in an area would be many and varied actually, it would not simply be from this programme. People have mentioned European funds, there are others, Regional Development Agencies were active, so you would be able to draw money into those activities not simply from this programme.

Q67 Mr Davidson: Okay, so the £50 million required to meet the need identified has been met by other sources, has it?

Mr McCarthy: That refers to—

Q68 Mr Davidson: Paragraph 12.

Mr McCarthy: —the money that has gone into the venture capital funds, where actually the government has put £20 million into venture capital, and that has geared in private sector investment which will take us beyond those numbers.

Q69 Mr Davidson: Has the £50 million that has been identified there been found?

Mr McCarthy: In effect, yes.

Mr Fothergill: I think I can help on the £50 million, because I am personally responsible for that £50 million being written into the Coalfields Task Force report, when I was a member.

Q70 Mr Davidson: Has it been found?

Mr Fothergill: Can I finish?

Q71 Mr Davidson: No, can you answer? The way it works is I ask you the questions and you answer.

Mr Fothergill: I think first of all, you need to understand that that £50 million was not the basis of some detailed scientific investigation, it was what felt right at the time to the members of the Coalfields Task Force, indeed I think actually we said £50 million with an aspiration to raise it further. Now the Coalfields Enterprise Fund is clearly substantially smaller than that, and from a local authority point of view, that is somewhat disappointing, but the Coalfields Enterprise Fund is not the only equity investment player in the field.

Q72 Mr Davidson: So do I take it then I am not getting an answer to this?

Mr McCarthy: Let me just help you. If we look at the Coalfields Enterprise Fund, it consists of £20 million of public sector investment, £10 million of that is matched in the second element of the fund, so that takes you to £30 million. The first element has already geared in £22 million of additional private sector investment, through the matching process. That takes you to £50 million.

Q73 Mr Davidson: Right, so in fact, the £50 million that was identified as being required by the Government Task Force in 1998 has been provided?

Mr McCarthy: In effect, yes.

Q74 Mr Davidson: What do you mean, in effect? Either it has been provided or it has not.

Mr McCarthy: There has been a mix of private and public sector funds.

Q75 Mr Davidson: That was what was meant by that figure when it was identified, was it, it was a mixture of private and public funds, as distinct from what I had read it as being, the £50 million that would have to be put in in order to be matched elsewhere.

Mr McCarthy: I think the aspiration, as Steve will tell you, was for public sector funds to have reached that level, they have not.

Q76 Mr Davidson: That is what I thought. Can I just clarify then, in terms of what has happened to the people involved, and I must say, I do find myself very surprised by the statement in 3.22 about the development saying that—there was a quote from 2004, recommending that “the redevelopment of any site should not go ahead unless programmes are in place to ensure that the benefits are available locally”, and that that is still not happening. I can remember chairing an organisation in Scotland when I was a local authority member, when we were doing this 20 years ago. Now if it is the case here, 20 site developments, 16 did not have a specific programme in place for local jobs, these are lessons that were learnt in GEAR in the east end of Glasgow more than 20 years ago, because what happened then was that they created jobs, and these jobs were all filled by people commuting in from more prosperous areas, and therefore, what was introduced was a policy of training people specifically for jobs that were known to be onstream, and you seem not to have done this. Now how can we consider that this is value for money when you have no objectives in terms of regeneration for the people, the jobs benefitting the people in the particular areas?

Mr Housden: Two things to say, Mr Davidson, about this. I think the first of them is that the level of engagement with local communities in this programme, as Professor Fothergill has indicated, has been at a level that is quite unprecedented, because often you hear the criticism that regeneration programmes are being done to communities.

Q77 Mr Davidson: Sorry, can I—

Mr Housden: I do not think that is the case here.

Q78 Mr Davidson: You have stalled enough. Can I just clarify? It says here that of the 20 sites in development, 16 “did not have a specific programme in place for local people.” Either that is true, or it is not. Now you have agreed this Report, and therefore I presume it is true. I find it absolutely astonishing that there is not a specific programme in place for local people on particular site developments. Can you just clarify why there is this apparent negligence?

Mr Housden: I am not aware of the 16 individual instances that the NAO survey team are referring to. I am aware that the activities of the Coalfields Regeneration Trust have been highly effective in a number of areas. We have talked extensively this afternoon about the benefits that have been available for people in coalfield communities. We have seen something like 2,300 community centres generated in addition to local employment.

Q79 Mr Davidson: Sorry, you are not disputing this then, are you?

Mr Housden: I am sure it is right, but if it is seeking to make, and if you are seeking to make, the point that this is a programme that has not benefited local people, I think there is a huge—

Q80 Mr Davidson: How do you know? There is a final point I want to clarify. In terms of regenerating these communities, do you have statistics that demonstrate that people now in these areas are living in better housing than they were compared to the national average, that health in these areas is better than it was compared to the national average, that there is less alcohol and drug abuse in these areas compared to the national average, that the school results are better compared to the national average than they were? Is there any evidence that these areas have improved from the difficult multiple deprivation position that they were in before as a result of your actions?

Mr Housden: Yes, there is evidence.

Q81 Mr Davidson: Can you let us have that in writing?¹

Mr Housden: Indeed. There is evidence, but I think you are on to an important point here because, as a whole, communities across England, of course, have seen improved school results and improved life expectancy over the period, for example. What we have monitored, and continue to monitor, is the gaps between these relatively deprived communities and national averages, and in some cases you have seen those gaps closing to the good. In other cases they have closed more slowly or have not closed at all. One of the things, Mr Davidson, we are worried about currently, of course, with the recession, is the extent to which coalfield communities, particularly in their employment, have a resilient economy. Although the data is not as good as we would like here, there are some indications that these communities have suffered a bit more than other deprived areas into the recession. That is the sort of thing we are watching and that is why we would not be complacent about the impact here.

Q82 Mr Davidson: Just to be clear then, some of the statistics now are as bad as they ever were?

Mr Housden: No. I think you would find, and again we can write down properly the full range of evidence, that in all the key indicators coalfield areas have made progress. The question is have they made progress more quickly than the national average.

Q83 Mr Davidson: That is what I meant. As compared to the rest of the country is the situation as bad as it ever was?

Mr McCarthy: No, and I think we have already given you quite a lot of data to show right across the claimant count, jobs creation, et cetera, that we are ahead and, therefore, reducing the gap with the national rate. For example, the Audit Commission report says that by 2006 the coalfields had a lower proportion of unfit housing than the national rate. You asked about housing and there is a very clear fact base here. These were areas that had experienced significant social deprivation, significant physical decline, which were very focused usually on single industries and had quite a big gap between the low point of their decline and the aspirations of the

specific programmes of regeneration which sit alongside those wider programmes that we referred to earlier.

Sir Bob Kerslake: If I may quickly add one point about the lack of plans, each one of the sites, when they came into the programme, was assessed in terms of its remediation, investment and its jobs creation potential and its homes creation, and each one of them has an agreed plan and an agreed target. The key point is that it varies from site to site and every site is assessed in terms of those issues.

Q84 Mr Williams: In the South West you are treating coalfield sites, but apparently you are not providing grants to the communities. Why not?

Mr McCarthy: That is because the Coalfields Regeneration Trust spends its money in the most deprived communities across the country and that is in the Forest of Dean and it does not match the levels of deprivation that we see in other coalfield communities.

Q85 Mr Williams: We are told also that the Coalfields Regeneration Trust has funded projects which should have been funded by other providers. How does that come about?

Mr McCarthy: It is allowed to. It is given a very broad remit under which to operate because we wanted it to innovate, we wanted to fill gaps, and, critically, to connect communities and to give them a new capacity and new confidence. It is not that it was not meant to fund things that others can fund, but sometimes it has felt it necessary or appropriate to do that, to bring a service to a local area or community that would not otherwise be the case. There is another example that you might quote, where Jobcentre Plus did not want to go into and felt they could not justify opening an office in an area, where what the Coalfields Regeneration Trust did was create a space in a building so that they could pay someone locally. If you like, what it did there was a modest contribution to the job of Jobcentre Plus, but if it had not done that, Jobcentre Plus would not have been locally based in that community. So I think it is about that freedom and flexibility to respond where gaps occur.

Q86 Mr Williams: We are told that the Regional Development Agencies and the Home and Communities Agency separately claimed all the benefits against their targets, so you are getting double counting. How did that come about and why was it not recognised, and, if it was, when was it remedied?

Mr Housden: We followed the Government guidance on this, Mr Williams, which does allow agencies which have contributed to benefits to record them. It does not require them to chop them up artificially.

Q87 Mr Williams: Yes, but we are told that it is reported to Parliament as if they were separate.

Mr Housden: Yes. I think what has happened once or twice on some occasions has been that the footnote, making it clear that these benefits are also

¹ Ev 14

being claimed by agency A, B and C, has not been included, and I have apologised to the Chairman for that. The Government guidance is clear, we have followed it, and in some instances that transparency has not been provided and I apologise again for that.

Q88 Mr Williams: In 1998 the Department announced the creation of the Coalfield Enterprise Fund. It was over five years later in 2004 that it became operational. Why was the need recognised so early and the action taken so late?

Mr McCarthy: The fact is that period breaks down into two. The first four years were the development period. It was something which was very new, which was unusual and breaking new ground, but quite frankly it took too long. It was a long period. It is hard with the benefit of hindsight to justify properly the length of time that was taken. It was complex, trying to bring the different partners together. When English Partnerships said, "We now have a fund manager ready to run with this fund but you, the department, need to take this forward", which we needed to do for legal reasons, the implementation phase was very quick. It was during that phase that the European Investment Fund decided it could no longer guarantee the Barclays investment and we had to find a different way of structuring the fund, and we also secured our state aids clearance. But it is true that the first four years took much longer than we would have liked, despite its complexity, to bring the fund ready to go into the implementation phase.

Q89 Mr Williams: Jumping to another issue, the Home and Communities Agency has its guidelines for bringing land back into use. The range of guideline costs, we are told, is so wide that the total cost of a programme could lie between £340 million and £1.5 billion, one four and a half times the other, and still be treated as good value for money.

Sir Bob Kerslake: I think we have answered that point earlier.

Q90 Mr Williams: But how can you justify good value for money with such an unbelievable range?

Sir Bob Kerslake: The point I made earlier was that the guidelines are wide because the nature of what you are doing varies enormously from site to site. We are always looking at both the cost of remediation and the creation of jobs, so you will get a wide range of costs per job on those sites because some require less remediation than others. If you take the Avenue Coking Works, for example, the largest and most contaminated site in Europe, 90 per cent of the costs are going to remediation. Similarly, there are other sites in relation to Silverdale, for example, in the West Midlands where there are high remediation costs and very limited job creation opportunities, so you will get a variation. The key point is that we have tested site by site. We look at what we are getting by way of a benefit and remediation as well as job creation, and we evaluate each individual site against the benchmarks and the alternative options for that site, and clearly we are working to an agreed budget with

the department which will not go beyond the sum that is available to us, so what we have to do is take priorities based on what we can achieve on individual sites. The benchmark is a broad benchmark because of the nature of the task we are doing here.

Q91 Mr Williams: The NAO calculated that on one of six sites the expected cost of treating the land was over three times the recommended cost. How did you get it wrong initially, or how did you get it wrong in performance?

Sir Bob Kerslake: The reason why that varies is that it is very hard to get a good understanding of the costs of a site until you get into the work. Much of the costs are underground. Whilst we are doing the initial site investigations, they very rarely get you to the full story on a site and so on some, but not every site, we have found that the costs have been considerably higher because the levels of contamination were higher, and indeed we have had to re-think the whole remediation strategy on some of them because of the nature of what we have found. It is a product of what we are doing here and the uncertainties on the site until we get into the work; that is the principal reason.

Q92 Mr Williams: Certainly in the Welsh coal valleys we discovered that there was enormous advantage in fact in possibly having the development peripheral rather than within the mining valleys, which actually did not have many sites, and it was better value for money and more productive, to use the term you used earlier, to commute to where the jobs were rather than trying to take the jobs to where the people were.

Sir Bob Kerslake: And I think there are sites where that judgment has been made but they are evaluated site by site, and we look at the alternative options for value for money on those sites, including where is it best to create jobs and where is it not.

Q93 Chairman: Mr McCarthy, I was struck by something you said and I do get a bit fed up with hearing it. When there has been a real cock-up witnesses always say "with the benefit of hindsight". What he asked you was, why did you announce something in 1988 and take until 2004 to do it? You do not need the benefit of hindsight to know; you did not get on with it. Will you be a bit tighter with language? The fact is, just say, "I am sorry; we made a mistake". There is no hindsight involved. You were just a bit slow on the uptake.

Mr McCarthy: I apologise if I was not clear. We do regret the time it took to progress that part of the fund.

Q94 Mr Davidson: It seems to me that there is a large number of organisations and different funding streams here. What I am not clear about is what value has been added by this process. I see the objectives. Why did you not simply give the money, say, to the local authorities and say, "You are the people on the ground. Get on with it"? What value have all these structures and separate streams added that have brought about better results?

Mr Housden: Two things immediately. The expertise of English Partnerships, now the Homes and Communities Agency, in development, reclamation

and all the issues around that, would not be found in the vast majority of local authorities. Secondly, there was a very clear intention by the Government that this should be community based so the Community Regeneration Trust was not a body of Government; it was funded to generate community capacity. In those two senses I think there is some foresight.

Professor Fothergill: Could I just add from the local authority point of view here that my local authorities never wanted to take over responsibility for the sites programme. It would have been stretching their capabilities in many instances. Also it would have undermined one of the key principles underpinning the programme, which is that the good sites on which money can be made can cross-subsidise those that require massive amounts of public expenditure in order to rectify them. Dispersing the programme down to individual local authorities, or indeed right down to individual RDAs, would have undermined that key principle that has proved very effective in helping to deliver the programme. What I would also add from a local authority point of view is had the programme not been established, I think we would have been down here twice a week knocking on doors saying, "Something needs to be done about these former pit sites", and we should not lose sight of that.

Sir Bob Kerslake: Could I add one other, which is the risks attached to these sites. One of the things that add value to the programmes is that you can manage the risks across the programme. I would not have wanted to be the local authority that had to take on the Avenue Coking Works at £172 million. That is a hugely important dimension of running the programmes. The skill comes from being a national programme that you deliver with local engagement and local leadership. That way you get the best of both worlds: you manage the risks, you can move the money across programmes but you get close local engagement.

Q95 Mr Mitchell: That is a very interesting question about the effects of the ten-year delay in pit closures of the 1980s and the start of action after the Coalfields Task Force recommended the setting up of these initiatives in 1997. There was a delay and a lot of the closures were in the 1980s, were they not, as Mrs Thatcher's revenge on Arthur? I see it is Arthur's birthday today—he is 72—so it is very appropriate we are holding this session today. That is also an interesting test of the effect of the initiatives, is it not, because you have got a ten-year period, say, 1987 to 1997 or 1998 when the initiatives really begin, in which not much was done apart from European funding, and then the big programme which was introduced by Labour. Can you give us comparable statistics in terms of the contrast between those two periods for collieries which were closed in the 1980s in terms of job loss, job drift away, loss of population, number of firms coming in, degree of land reclamation, amount of land reclamation? Can you give us comparable statistics for the two periods?

Professor Fothergill: At the risk of sounding like a statistics anorak, yes, round about two-thirds of the job losses since the beginning of the 1980s happened during the 1980s and the other one-third happened mostly, but not exclusively, in the first part of the 1990s. The responses in terms of the labour market, unemployment, incapacity benefit, out migration, all happened on a large scale in the 1980s and the early 1990s. By the time we get to the decade which has just ended, the noughties, as is the term these days, we can begin to see that some of those very adverse trends are being arrested. There is no longer net out migration from the former coalfields, the rate of job creation has accelerated compared to the 1980s and the 1990s. That is not to say that there were no regeneration efforts in the 1980s and the 1990s. I think it is a mythology that nothing was done but unquestionably the Coalfields Task Force gave a new impetus and after 1998 there was a lot more activity.

Q96 Mr Mitchell: Can you give us some statistics on that?

Mr Housden: Yes, we could write to you.²

Q97 Mr Mitchell: But the initiatives in the 1980s were mainly European?

Professor Fothergill: Not exclusively. There was an organisation called British Coal Enterprise, for example, which was established to try and help redundant miners and create new jobs and did have some positive effects, but I think the big effects begin to kick in from the late 1990s onwards. I just say that as an empirical point, not as a political point.

Mr Housden: You would have had the early days of the Single Regeneration Budget which was introduced in 1995–96. Also, City Challenge benefited some mining areas, but Steve is right that the big scale of the programme came after 1998.

Q98 Chairman: Sir Bob, I hope you do not mind me asking you a personal question. You are obviously a very able person—you ran Sheffield City Council, I see—and Mr Bacon asked you about your salary. There is a bit of a campaign going, which I support, saying that generally in the public sector people should not earn more than the Prime Minister. Why are there 50 people who work for the BBC who earn more than the Prime Minister? Why are there 50 people who work for Transport for London? Do you think we will get good people coming into the public sector if we limit salaries to people like you if we want to bring it into line with what the Prime Minister earns? I am just asking you from a personal point of view.

Sir Bob Kerslake: I thought I had got away lightly. I think it is a very hard judgment to make, to be frank, about salary levels. What we do know now is that we have a market that is quite open between the public and private sectors and the jobs that are carried out in the public sector often are very big and demanding

jobs with high expectations on them. How it sits in relation to the Prime Minister's salary is very hard for me personally to—

Q99 Chairman: I know; it is a very unfair question. I apologise for asking it.

Sir Bob Kerslake: I do not think I can reasonably say what—

Q100 Chairman: There is a lot of public comment on it and you were here.

Sir Bob Kerslake: I do not think I can reasonably say what the benchmark for that salary is. What I have always felt, though, is that the salary you get in a job is something that is determined ultimately through government, as it was in my case.

Chairman: Presumably it is the reward of working in the public sector which is the most important thing, is it not?

Q101 Mr Mitchell: How about university professors? **Professor Fothergill:** They get less than one-third of that salary.

Q102 Chairman: We will now conclude our hearing but there is one question which I have got to put to you, Mr Housden, on how we are going to take this forward now. Obviously, progress has been made but this has cost us much more than originally planned. It has taken longer, it has cost £600 million. There are obviously serious concerns about value for money. You have got half a billion pounds left to spend on this programme, and obviously we want you to get a grip on it. You have committed yourself this afternoon to improving leadership and co-ordination. Can you commit yourself now to writing to us by the end of February with a detailed action plan and timetable for achieving your aims on the remaining half a billion to be spent?

Mr Housden: I would be very happy to do that, Chairman.³

Chairman: Thank you. That concludes our hearing.

³ Ev 21

Supplementary memorandum from the Department of Communities and Local Government

Questions 80–81 (Mr Davidson): *Statistics that demonstrate that people now in these areas are living in better housing than they were compared to the national average, that health in these areas is better than it was compared to the national average, that there is less drug and alcohol abuse compared to the national average, that school results are better compared to the national average—is there any evidence that these areas have improved from the difficult multiple deprivation position than they were because of your actions?*

Key statistics for coalfield areas in relation to housing, drug and alcohol abuse, school results and health are set out at Annex A to this note.

Questions 95–96 (Mr Mitchell): *Comparable statistics in terms of the contrast between those two periods for collieries that were closed in the 80s in terms of job loss, job drift away, loss of population, number of firms coming in, degree of land reclamation, amount of land reclamation. Can you give us comparable statistics for these two periods?*

The statistics looking at the comparison of long-term trends in coalfield areas are set out at Annex B to this note.

The Interim Evaluation of the Coalfields Regeneration Programmes (CLG, 2007) concluded that the coalfields programmes had made a significant impact on the reduction of derelict land in the coalfields and had made real headway in addressing the skills and training deficit and in helping the process of community rebuilding and development. But that significant challenge remained. More specifically, the evaluation found the following:

Analysis of National Coalfields Programme and Coalfields Regeneration Trust monitoring data suggests that the combined job outputs of both programmes had contributed significantly to the growth in workplace-based employment that occurred between 1998 and 2004 in the coalfields as a whole.

It is evident from the changes in the extent of derelict land in the coalfields, that the National Coalfields Programme has made a significant contribution to improving the environmental conditions in the coalfields as a whole.

Whilst there was a reduction in the number of key benefit claimants in the coalfields over the period 1999–2005, there remains a significant remaining health deficit in the coalfields.

COALFIELD AREAS—KEY STATISTICS

METHODOLOGY NOTES

Definition of coalfield areas

The definition of coalfield areas used for analysis in this paper are those produced by Housing and Communities Agency, Sheffield Hallam University in 2004 and employed in CLG's coalfield regeneration work.¹ These coalfield areas are derived from 2003 ward boundaries, which are more or less equivalent to the Lower Super Output Areas (LSOA).

MEASURING CHANGE: ESTIMATION OF COALFIELD AREAS

Measuring change in coalfield areas (at ward or LSOA level), particularly over several years, is problematic due to:

- (a) many indicators only available at Local Authority level; and
- (b) where data is available at ward level, changes in administrative boundaries preclude analysis over a long time-series.

For indicators available at Local Authority level, a population weighted estimate was used to derive estimates for coalfield areas within Local Authority boundaries based on the proportion of the population (at LSOA level) residing in the coalfield area.

HOUSING

Indicator: Percentage of dwellings non-decent (original definition) by area group and sector, 2001 to 2006.

Source: English Housing Condition Survey (EHCS).

Data from EHCS can be used to assess the condition of housing in coalfield areas and England, for three categories (1) overall across all housing sectors, (2) private sector housing, and (3) social sector only (see table 1).

(1) Across all housing sectors:

- Between 2001 and 2006, the percentage of households in coalfield areas classed as non-decent decreased by 5% (29.4 to 24.4%).
- However, this improvement was less than in England which decreased by 6.5% (33.3 to 26.8%) over the same period.

Summary—between 2001 and 2006 there has been an improvement in the condition of overall housing in coalfield areas, but at a lower rate than in England. However, the proportion of non-decent homes in the coalfield areas is lower than the national average.

(2) Private sector housing:

1. Between 2001 and 2006, the percentage of private sector households in coalfield areas classed as non-decent decreased by 2.9% (27.7 to 24.9%).
2. Again, this improvement was less than the England average, which decreased by 5.6% (31.9 to 26.4%) over the same period.

Summary—between 2001 and 2006 there has been an improvement in the condition of overall housing in coalfield areas, but at a lower rate than in England. The level of non-decent homes in coalfield areas remains below the national average.

(3) Social sector housing:

1. Between 2001 and 2006, the percentage of social sector households in coalfield areas classed as non-decent decreased by 11.4% (34.3 to 22.8%).
2. This was a greater improvement than the England average, which decreased by 10.1% (38.9 to 28.7%) over the same period.

Summary—between 2001 and 2006 there has been an improvement in the condition of overall housing in coalfield areas, and at a greater rate than in England. The level of non-decent homes is also below the national average.

¹ See <http://www.communities.gov.uk/publications/citiesandregions/regeneratingenglish>, Figure 1, p.6.

Table 1

PERCENTAGE OF DWELLINGS NON-DECENT (ORIGINAL DEFINITION) BY SECTOR,
2001 TO 2006.

	<i>original definition of decent homes</i>					<i>updated definition</i>	
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
social sector:							
coalfield areas	34.3	<i>na</i>	30.5	26.3	23.9	22.8	23.8
other areas	39.5	<i>na</i>	35.9	32.0	29.8	29.4	29.9
all areas	38.9	<i>na</i>	35.4	31.3	29.2	28.7	29.2
private sector:							
coalfield areas	27.7	<i>na</i>	27.0	25.0	23.2	24.9	34.5
other areas	32.3	<i>na</i>	30.6	29.1	27.3	26.5	35.9
all areas	31.9	<i>na</i>	30.3	28.7	27.0	26.4	35.8
all sectors:							
coalfield areas	29.4	<i>na</i>	27.9	25.3	23.4	24.4	32.1
other areas	33.7	<i>na</i>	31.6	29.6	27.8	27.0	34.9
all areas	33.3	<i>na</i>	31.3	29.2	27.4	26.8	34.6

Source: English Housing Condition Survey (LSOA level data).

DRUG AND ALCOHOL ABUSE

Indicator: Drug offences (per 1,000 population).

Source: Home Office CDRP Police recorded crime.

Key points:

1. Coalfield areas have lower rates of drug offences than England.
2. Although the rate of drug offences have increased in coalfield areas, the rate of increase has been less than England overall. As a result, the gap between coalfield and England has widened from 0.6% in 2002–03 to 1.8% in 2008–09 (figure 1).

Summary—drug offences in coalfield areas are consistently below the level of England for the years data is available. One possible explanation is that coalfield areas are less urban, and so may contain less opportunities for drug related offences.

Indicator: Alcohol Hospital Admissions (per 1,000 population).

Source: LAPE Alcohol-related hospital admissions.

Key points:

1. In 2008–09 alcohol related hospital admissions were 35 per 1,000 population in coalfield areas, and 29 per 1,000 population in England.
2. The gap has between England and coalfield areas has been steadily increasing, from 3.4% in 2002–03 to 6% in 2008–09 (figure 2).

Summary—alcohol related hospital admissions are higher in coalfield areas than in England, and there has been a widening of the gap since the early 2000s.

Figure 1

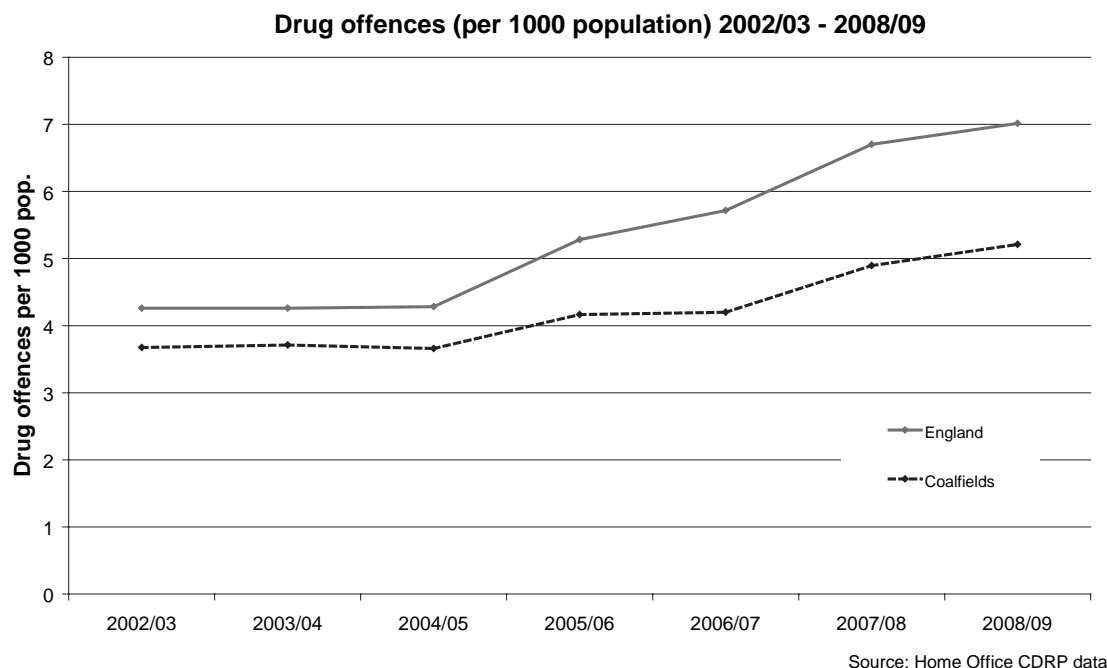
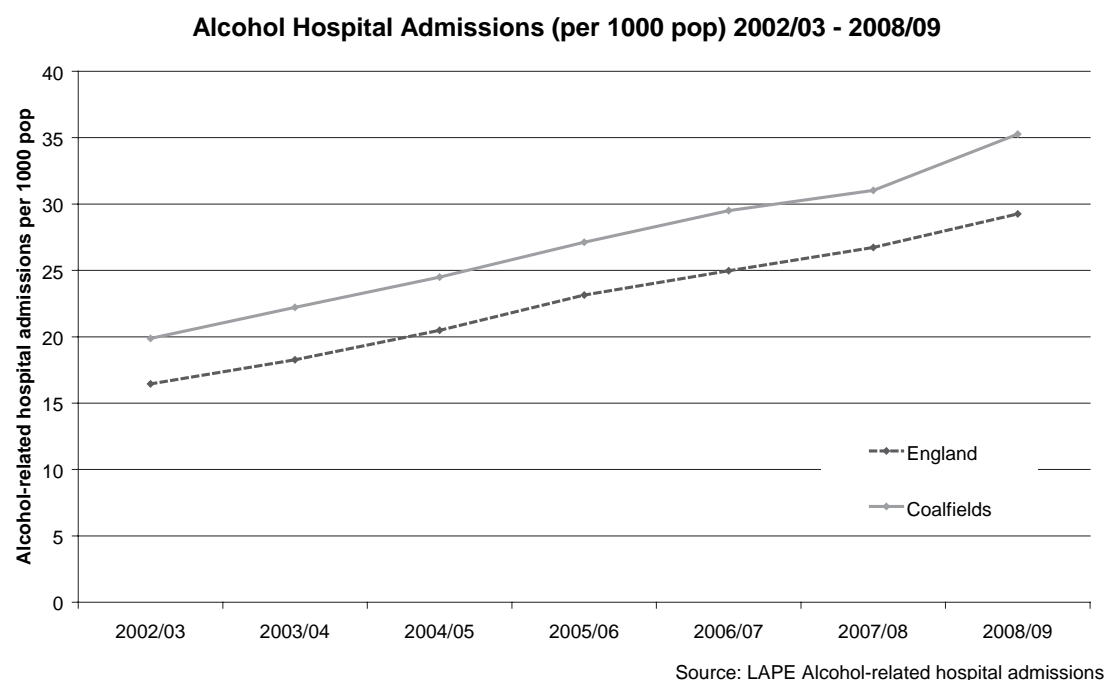


Figure 2



SCHOOL LEVEL RESULTS

Indicator: School attainment: proportion of pupils (by school location) achieving 5+ GCSE's A*-C (including Maths and English).

Source: DCSF School Achievement and Attainment Tables (SAAT).

Key points:

1. Attainment at KS4 has improved in schools located coalfield areas (from an average of 35% of pupils in 2004-05, to 42% of pupils in 2007-08), although this is still below the national average of 48% (table 2).
2. However the rate of improvement was greater in coalfield areas than in England overall. In 2004-05, the gap between coalfield areas and England was -9.5%; by 2007-08 the gap had reduced to -6.0%.

Summary—while school performance in coalfield areas is still below the England average, the gap between the two has narrowed by over a third between 2004–05 and 2007–08.

Table 2

PROPORTION OF PUPILS (REFERENCE BY SCHOOL LOCATION) ACHIEVING 5+ GCSE'S A*–C (INCLUDING MATHS AND ENGLISH).

	2004–05	2005–06	2006–07	2007–08
Coalfield areas	35.2	36.4	39.1	41.6
England	44.7	45.6	46.3	47.6
Gap	–9.5	–9.2	–7.2	–6

Source: DCSF School Achievement and Attainment Tables

HEALTH

Mortality

Indicator: Mortality from cancer, circulatory disease and coronary heart disease.

Data source: National Centre of Health Outcomes Development (NCHOD)

Key points:

1. Deaths from three major causes of mortality (cancer, circulatory disease, and coronary heart disease) are all higher in coalfield areas than in England (table 3 and figure 3).
2. *Cancer*—although the overall trend in deaths from cancer has declined in coalfield areas and England, the gap between coalfield areas and England has remained constant at around 18 deaths (per 100,000 population).
3. *Circulatory disease and coronary heart disease*—the gap between coalfield areas and England has reduced substantially for circulatory disease and similarly for related coronary heart disease;
 - from 44 deaths per 100,000 population in 1993 to 19 deaths (per 100,000 population) in 2008 for circulatory disease. This is a reduction of 55%;
 - from 33 deaths (per 100,000 population) in 1993 to 16 deaths (per 100,000 population) in 2008 for coronary heart disease. This is a reduction of 52%.
4. In coalfield areas the number of deaths from circulatory disease have reduced dramatically so that deaths from cancer are now close to equal as the most common cause of mortality. In 2008 circulatory disease contributed 196 deaths (per 100,000 population), compared to deaths from cancer at 191 deaths (per 100,000 population).

Summary—although mortality from cancer, circulatory disease and coronary heart disease are all higher in coalfield areas than in England, significant progress has been made in reducing the gap as well as the absolute number of deaths.

Table 3

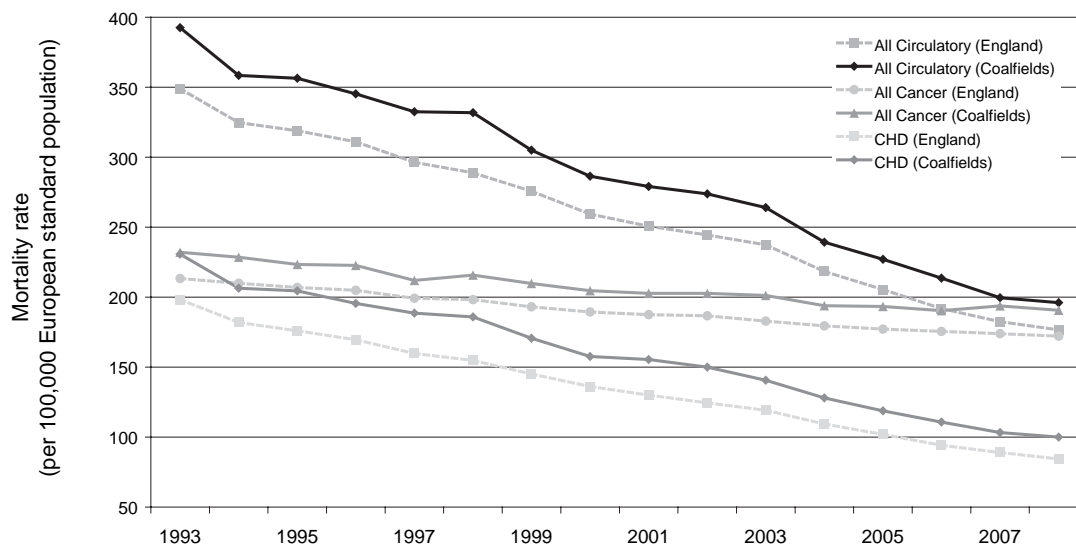
MORTALITY FROM CIRCULATORY DISEASE, CANCER, AND CORONARY HEART DISEASE

Year	All circulatory disease mortality (England)	All circulatory disease mortality (Coalfields)	Gap—All circulatory disease mortality	All cancer mortality (England)	All cancer mortality (Coalfields)	Gap—All cancer mortality	Coronary heart disease mortality (England)	Coronary heart disease mortality (Coalfields)	Gap—Chronic heart disease mortality
1993	349.0	392.5	43.6	213.3	232.0	18.8	198.2	230.7	32.6
1994	324.8	358.4	33.7	210.0	228.5	18.5	181.9	206.3	24.5
1995	318.8	356.4	37.6	207.0	223.4	16.4	176.0	204.5	28.5
1996	311.0	345.2	34.2	204.9	222.6	17.8	169.5	195.5	26.0
1997	296.4	332.5	36.1	199.2	211.9	12.7	159.8	188.6	28.8
1998	288.8	331.9	43.0	198.2	215.8	17.6	154.8	185.9	31.1
1999	275.7	305.0	29.3	193.1	209.8	16.7	145.2	170.6	25.5
2000	259.4	286.5	27.1	189.4	204.6	15.2	136.2	157.6	21.5
2001	250.6	279.1	28.5	187.5	202.8	15.3	130.1	155.4	25.3
2002	244.4	273.8	29.4	186.7	202.7	16.0	124.4	150.0	25.6
2003	237.3	264.0	26.7	182.9	201.3	18.4	119.2	140.6	21.4
2004	218.3	239.3	21.0	179.5	193.9	14.5	109.4	128.1	18.7
2005	205.5	227.0	21.5	177.1	193.3	16.1	101.9	118.7	16.8
2006	191.8	213.5	21.7	175.6	190.4	14.8	94.1	110.8	16.7
2007	182.5	199.7	17.2	173.9	193.8	19.9	89.0	103.2	14.2
2008	176.7	196.1	19.4	172.2	190.6	18.4	84.4	99.9	15.6

Source: NCHOD Directly Age Standardised Mortality Rates

Figure 3

**Deaths from Circulatory disease, Cancer, and Conorary Heart Disease
in England and Coalfield areas**



Source: NCHOD Directly Age Standardised Rates (All ages)

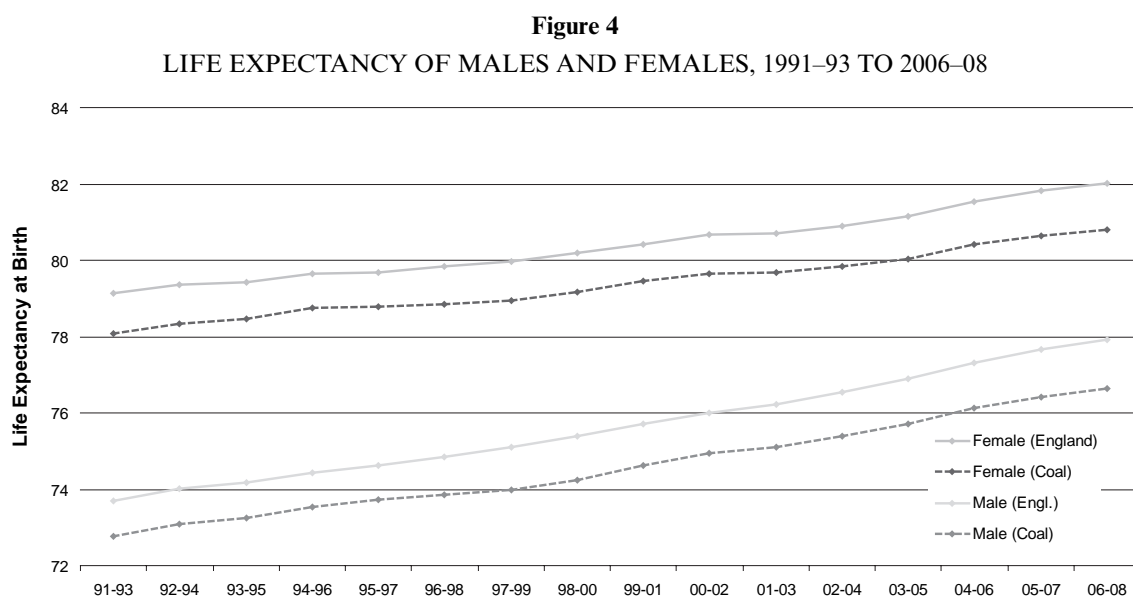
Indicator: Life Expectancy

Data source: National Centre for Health Outcomes Development (NCHOD) Life Expectancy (All ages)

Key points:

1. Life expectancy is lower in coalfield areas than in England for both males and females. In 2006–08, the life expectancy gap for males and females was around 1.2 years below the England average (figure 4).
2. Although life expectancy has improved in coalfield areas between 1991–93 to 2006–08 (from 72.8 years to 76.6 years for males, and from 78.1 years to 80.8 years for females), the rate of improvement has been less than in England overall.
3. As a result the gap between coalfield areas and England has widened for males and females, from 0.9 to 1.0 years in 1991–93, to 1.2 to 1.3 years in 2006–08.

Summary— since the early 1990s life expectancy has improved in coalfield areas, but at a slower rate than England overall. As a result the gap between coalfield area and England has widened for males and females to around 1.2 to 1.3 years.



Source: NCHOD Life Expectancy (All Ages)

Annex B

COMPARISON OF LONG-TERM TRENDS IN COALFIELD AREAS

The indicators and tables below set out the long term trend for key economic indicators, and present limited evidence of the extent to which any change can be assessed as a result of changing policy towards coalfield from 1997 onwards and election of the Labour government.

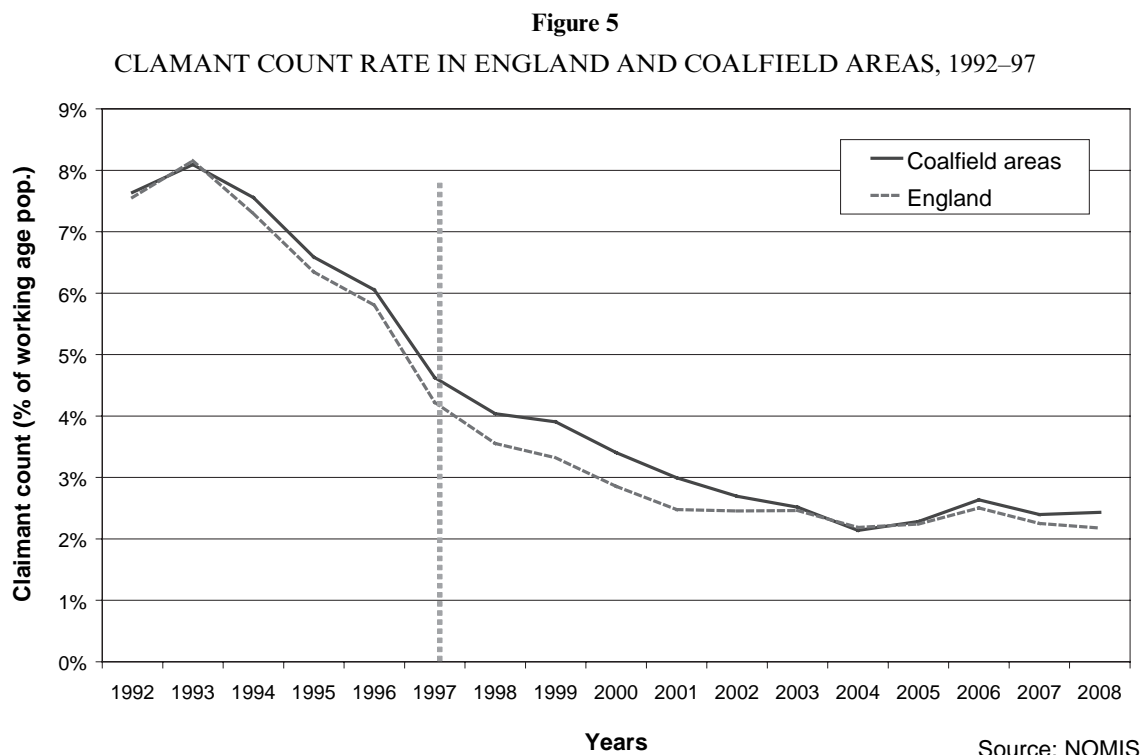
Indicator—Claimant Count

Source: NOMIS Claimant Count

Key points:

1. Since the early 1990s, the claimant count rate in coalfield areas has been around 0.2% higher than in England (figure 5).
2. Between 1997 to 2001 the gap in claimant count rate between coalfield areas and England widened to around 0.5 to 0.6% before narrowing.
3. Since 2002 onwards, the claimant count rates in coalfield areas and England have converged at a level between 2.2 to 2.5%.

Despite the improvement in the period from 2002 to 2005 there is no strong evidence that claimant count rates improved, relative to the England average, as a direct result of a change in policy from 1997. As indicated below, there has been a gap between the coalfield areas and England since 2006.



Indicator: Proportion of the working age population claiming (i) any benefits, (ii) Incapacity Benefit (IB), (iii) Job Seekers Allowance (JSA).

Source: NOMIS—DWP Benefit Claimants, Working Age Client Group

Key points:

1. The proportion of working age people claiming any benefits, IB or JSA is higher in coalfield areas than in England (table 4 and figure 6).
2. The proportion of people claiming any benefits, IB or JSA has been falling in coalfield areas and England at since the mid-1990s; however since 2001 the rate of decrease for any benefits and IB has been greater in coalfield areas.
3. As a result, the gap between coalfield areas and England for any benefits fell from 3.3% in 2001 to 2.1% in 2007, while the gap for IB fell from 2.3% in 2001 to 1.6% in 2007.

Summary—the proportion of benefit claimants, including IB and JSA, is higher in coalfield areas. In the case of all benefits and IB, the gap between coalfield areas and England has been narrowing since 2001, while the gap JSA claimants is already relatively small at around 0.1 to 0.2% higher in coalfield areas.

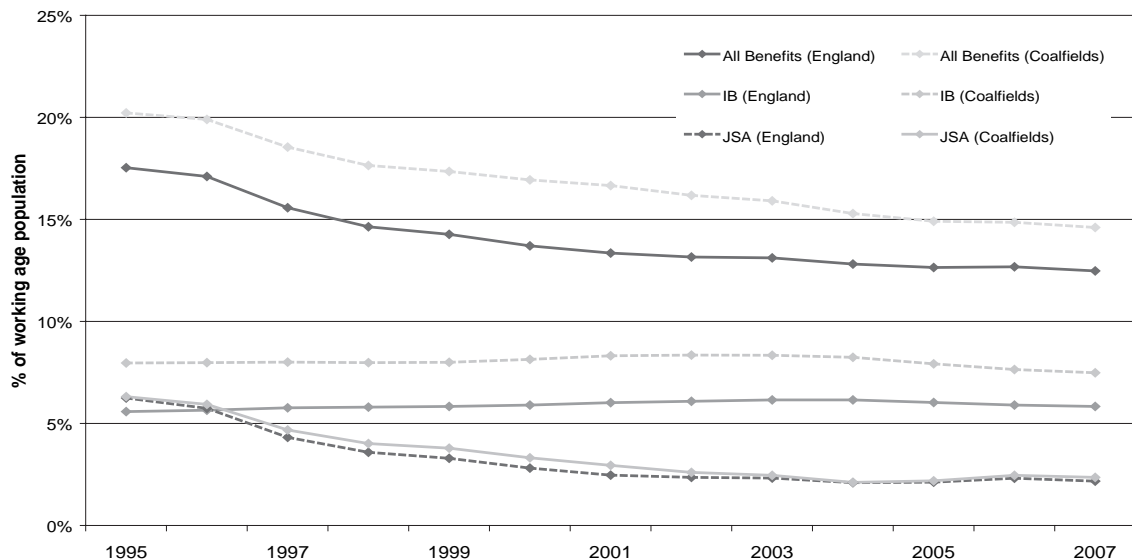
Table 4
PROPORTION OF THE WORKING AGE POPULATION CLAIMING (I) ANY BENEFITS, (II) INCAPACITY BENEFIT, (III) JOB SEEKERS ALLOWANCE, IN COALFIELDS AND ENGLAND.

Year	All Benefits (England)	All Benefits (Coalfields)	Gap—All Benefits	Incapacity Benefit (England)	Incapacity Benefit (Coalfields)	Gap—Incapacity Benefit	JSA (England)	JSA (Coalfields)	Gap—JSA
1995	17.5%	20.2%	2.7%	5.6%	8.0%	2.4%	6.2%	6.3%	0.1%
1996	17.1%	19.9%	2.8%	5.6%	8.0%	2.3%	5.7%	5.9%	0.2%
1997	15.6%	18.5%	3.0%	5.8%	8.0%	2.2%	4.3%	4.7%	0.4%
1998	14.6%	17.6%	3.0%	5.8%	8.0%	2.2%	3.6%	4.0%	0.4%
1999	14.3%	17.3%	3.1%	5.8%	8.0%	2.2%	3.3%	3.8%	0.5%
2000	13.7%	16.9%	3.2%	5.9%	8.1%	2.2%	2.8%	3.3%	0.5%
2001	13.3%	16.7%	3.3%	6.0%	8.3%	2.3%	2.5%	2.9%	0.5%
2002	13.2%	16.2%	3.0%	6.1%	8.4%	2.3%	2.4%	2.6%	0.2%

Year	All Benefits (England)	All Benefits (Coalfields)	Gap—All Benefits	Incapacity Benefit (England)	Incapacity Benefit (Coalfields)	Gap—Incapacity Benefit	JSA (England)	JSA (Coalfields)	Gap—JSA
2003	13.1%	15.9%	2.8%	6.2%	8.3%	2.2%	2.3%	2.5%	0.1%
2004	12.8%	15.3%	2.5%	6.2%	8.2%	2.1%	2.1%	2.1%	0.0%
2005	12.6%	14.9%	2.3%	6.0%	7.9%	1.9%	2.1%	2.2%	0.1%
2006	12.7%	14.9%	2.2%	5.9%	7.6%	1.7%	2.3%	2.5%	0.1%
2007	12.5%	14.6%	2.1%	5.8%	7.5%	1.6%	2.2%	2.4%	0.2%

Source: NOMIS: DWP Benefit Claimants, Working Age Client Group

Figure 6
COMPARISON OF BENEFIT CLAIMANTS, INCAPACITY BENEFIT (IB), AND JOB SEEKERS ALLOWANCE IN ENGLAND AND COALFIELD AREAS.



Source: NOMIS - DWP Benefit Claimants, Working Age Client Group

DEMOGRAPHIC PROFILE

Key points:

- Between 1987 and 2008, population increased by 3% in coalfield areas, compared to 9% in England.
- Nonetheless, the age composition of coalfield populations has remained constant and over the last 30 years. This is also in line with the proportion in England overall:
 - approximately 62% of people are of working age in England and coalfield areas (table 5);
 - around 8 to 10% of people aged 18–24yrs old.

Summary—From the table alone, there is little or no evidence of a post-1997 policy impacting on demography of coalfields and slowing the decrease in population growth rate.

Table 5
POPULATION AND AGE COMPOSITION OF COALFIELD AND ENGLAND, 1987 TO 2008.

Years	England			Coalfield areas		
	Total population (000s)	% Working age	% 18–24yr olds	Total population (000s)	% Working age	% 18–24yr olds
1987	47,300	—	—	3,955	—	—
1988	47,412	—	—	3,962	—	—
1989	47,553	—	—	3,983	—	—
1990	47,699	—	—	3,992	—	—
1991	47,875	—	—	4,000	—	—
1992	47,998	61.2%	10.1%	4,006	61.5%	10.0%
1993	48,102	61.1%	9.8%	4,007	61.3%	9.6%
1994	48,229	61.0%	9.4%	4,004	61.1%	9.0%
1995	48,384	61.0%	9.0%	4,000	61.1%	8.5%
1996	48,519	61.1%	8.6%	3,993	61.1%	7.9%

<i>Years</i>	<i>England</i>			<i>Coalfield areas</i>		
	<i>Total population (000s)</i>	<i>% Working age</i>	<i>% 18–24yr olds</i>	<i>Total population (000s)</i>	<i>% Working age</i>	<i>% 18–24yr olds</i>
1997	48,665	61.1%	8.4%	3,988	61.1%	7.6%
1998	48,821	61.2%	8.3%	3,984	61.1%	7.5%
1999	49,033	61.3%	8.3%	3,985	61.1%	7.6%
2000	49,233	61.4%	8.3%	3,982	61.2%	7.7%
2001	49,450	61.7%	8.4%	3,987	61.3%	7.8%
2002	49,652	61.8%	8.6%	3,997	61.5%	8.0%
2003	49,866	61.9%	8.8%	4,012	61.6%	8.3%
2004	50,111	62.0%	9.0%	4,025	61.7%	8.5%
2005	50,466	62.2%	9.1%	4,041	61.8%	8.7%
2006	50,763	62.3%	9.3%	4,052	61.9%	8.9%
2007	51,092	62.2%	9.4%	4,064	61.8%	9.0%
2008	51,446	62.1%	9.5%	4,081	61.6%	9.1%

Source: NOMIS Mid-year population estimates.

**Coalfields Forward Action Plan—How the Department will take forward recommendations from NAO Report—
Regenerating the English Coalfields**

<i>Departmental Action</i>		<i>NAO recommendations</i>
1.	<p>Establish a Coalfields Programme Board to ensure effective oversight of the entire programme and drive forward co-ordination across the National Coalfields Programme, Coalfields Regeneration Trust and Coalfields Enterprise Fund.</p> <p>Chaired by a CLG Director, the Board would comprise senior staff from the HCA, the Trust and Enterprise Fund, the RDAs and the Industrial Communities Alliance.</p> <p>The Board will review the strands of work undertaken by other groups within the governance structure.</p> <p>The Board will also ensure delivery of the programme is aligned with wider Government policy eg in relation to skills, enterprise, health etc.</p> <p>It will have responsibility for assuring that effective local co-ordination mechanisms and engagement with stakeholders is in place.</p> <p>The establishment of the Board will assist in working with the Coalfields Regeneration Trust to ensure resources are targeted on employment and training opportunities and linked to priority areas for action on all coalfield sites.</p> <p>The Board will also take receipt of the report on the review of the coalfields programme, before considering the options and putting recommendations to Ministers.</p>	<p>Establish a Coalfields Delivery Board to exercise control over the separate coalfield initiatives wherever there are separate but related projects to maximise benefits from their alignment or integration.</p> <p>To get better value for money from the £120 million of coalfield funds still to be committed to projects and the substantial benefits still to be achieved over the next decade, the Department should take immediate steps to:</p> <p>Better lead and coordinate Coalfield regeneration:</p> <ul style="list-style-type: none"> — Articulate a clear overarching aim for coalfield areas that puts people as well as coalfield sites at its heart. — Develop an overarching strategy which addresses the need to: <ul style="list-style-type: none"> — reduce the number of coalfield areas categorised as severely deprived; — achieve better consistency of support between the coalfield areas and focus uncommitted investment onto the most deprived areas; — support local people to access job opportunities for all sites; and — provide stewardship of the outcomes expected for coalfield communities up to 2020. <p>Improve performance measurement and monitoring:</p> <ul style="list-style-type: none"> — Review the continuing relevance of the targets in light of the changing economic climate and fortunes of coalfield communities. — Reprofile the targets to better reflect the increased spending and scope of the Programme. In particular the target for Private Sector Investment should be increased in proportion to the increase in gross public sector spend. The target for housing should be increased so it remains stretching compared to forecasts. — Allow for optimism bias in forecasts when setting targets. — Set annual milestones to monitor progress towards targets and challenge variances, taking action to maintain delivery where necessary. — Define clear objectives for the Fund including the rate of return required to stimulate interest from other investors.

<i>Departmental Action</i>		<i>NAO recommendations</i>
2. Establish a Senior Strategic Whitehall Group to ensure appropriate linkages are being made between the coalfields programmes and policy development more widely. This Group would be chaired by CLG, with membership from other Government Departments.	Group already established—initial meeting took place on 19 January. The next meeting is scheduled for 19 April 2010.	Turn the Coalfields Forum into an effective Whitehall Delivery Board with clear terms of reference. Membership should be Whitehall only and the Department should engage directly with individual departments to resolve specific issues. To improve design and control of future programmes where there are multiple initiatives with overlapping aims, the Department for Communities and Local Government should: <ul style="list-style-type: none"> — Establish mechanisms to bring together common interests and exploit synergies between them. — Achieve better integration by incentivising separate agencies to work together through common goals. — Articulate a clear overarching aim for coalfield areas that puts people as well as coalfield sites at its heart. — Develop an overarching strategy which addresses the need to: <ul style="list-style-type: none"> — reduce the number of coalfield areas categorised as severely deprived; — achieve better consistency of support between the coalfield areas and focus uncommitted investment onto the most deprived areas; — support local people to access job opportunities for all sites; and — provide stewardship of the outcomes expected for coalfield communities up to 2020.
3. Strengthen the existing Coalfields Programme Delivery Board to ensure it is driving progress against key targets for the NCP and that effective arrangements are in place to ensure the vfm of each project and the NCP as a whole. The Delivery Board would be chaired by HCA with CLG membership and draw on experience from the Housing Fiscal Stimulus Board.	Ongoing—work with HCA on taking this forward. Any new arrangements to be in place before the end of 2010.	To maintain the relevance of targets for future programmes the Department should: <ul style="list-style-type: none"> — Review targets at regular intervals so they remain stretching, relevant and appropriate to measurement of performance against the objectives of the programme. — Formally review targets where emerging information, such as changes to environmental regulations, affects the potential of a programme. — Increase targets in proportion to increases in the scope or scale of a programme.
The Programme Board would consider reports / recommendations from the Delivery Board.		

<i>Departmental Action</i>	<i>NAO recommendations</i>
<p>4. Review on the future of the Coalfields programmes looking at the National Coalfields Programme, the Coalfields Regeneration Trust and Coalfields Enterprise Funds.</p> <p>Consideration will also be given to whether there should be an element of external / arms length input to the review.</p> <p>To ensure targets remain relevant and up-to date, particularly in the light of recent radically changed market conditions, the proposal (subject to Ministerial agreement) is to review achievement against targets to date and future output and funding trajectories. As well as whether / what further work is needed to establish additionality / occupancy rates etc.</p> <p>The review would also consider how the programme fits in the context of wider regeneration policies which are currently the subject of the Public Value Programme review, and future funding challenges.</p> <p>Carry out an independent evaluation of the Coalfields Enterprise Funds to assess its effectiveness in attracting venture capital to date and make recommendations on the future of the Fund.</p> <p>The Coalfields Programme Board would consider the report and outcomes from the review. Any changes to targets / structure or objectives would be subject to Ministerial agreement.</p>	<p>It is intended that the review will be carried out and report to the Coalfields Programme Board before the Summer 2010 recess</p> <p>To improve accountability, transparency and reporting Departments should:</p> <ul style="list-style-type: none"> — Agree and apportion benefits between bodies where more than one public agency claims the benefits of the same public expenditure. — Disclose more clearly the public contribution to jobs primarily created by private partners. <p>Improve performance measurement and monitoring:</p> <ul style="list-style-type: none"> — Review the continuing relevance of the targets in light of the changing economic climate and fortunes of coalfield communities. — Reprofile the targets to better reflect the increased spending and scope of the Programme. In particular the target for Private Sector Investment should be increased in proportion to the increase in gross public sector spend. The target for housing should be increased so it remains stretching compared to forecasts. — Allow for optimism bias in forecasts when setting targets. — Set annual milestones to monitor progress towards targets and challenge variances, taking action to maintain delivery where necessary. — Define clear objectives for the Fund including the rate of return required to stimulate interest from other investors. — Evaluate whether the Fund is addressing the particular equity needs of businesses within the coalfields. <p>Improve information to support decision-making:</p> <ul style="list-style-type: none"> — Evaluate the additionality of the programme based on a representative survey of programme beneficiaries to inform appraisals for new projects. — Monitor occupancy rates on sites to identify whether sufficient jobs are created, and identify whether nearby site developments are needed. — Use value for money benchmarks for all coalfield projects.

<i>Departmental Action</i>	<i>NAO recommendations</i>
<p>5. Local co-ordination mechanisms should be determined locally building on recent initiatives such as the Total Place programme and the HCA's Single Conversation, to improve co-ordination according to the circumstances of the area and whether the LA, the HCA or RDA is leading. LAs would play a key role in ensuring effective co-ordination and effectiveness</p> <p>The Industrial Communities Alliance will play a key role in ensuring effective learning and sharing of best practice on coalfields regeneration across local authorities and agencies.</p> <p>To report to Coalfields Programme Board.</p>	<p>Improve information to support decision-making:</p> <ul style="list-style-type: none"> — Evaluate the additionality of the programme based on a representative survey of programme beneficiaries to inform appraisals for new projects. — Monitor occupancy rates on sites to identify whether sufficient jobs are created, and identify whether nearby site developments are needed. — Use value for money benchmarks for all coalfield projects. <p>Evaluate whether the Fund is addressing the particular equity needs of businesses within the coalfields.</p> <p>Develop more sophisticated housing and employment benchmarks based on directly attributable costs so estimates are not skewed by unavoidable costs to treat contaminated land.</p> <p>Create a National Advisory Group of Agencies, Local Stakeholders, and Interest Groups to inform the forum of local priorities.</p>
<p>* NAO Recommendations set out in full below</p> <p>*To improve design and control of future programmes where there are multiple initiatives with overlapping aims, the Department for Communities and Local Government should:</p> <ul style="list-style-type: none"> — Establish mechanisms to bring together common interests and exploit synergies between them. — Achieve better integration by incentivising separate agencies to work together through common goals. <p>*To maintain the relevance of targets for future programmes the Department should:</p> <ul style="list-style-type: none"> — Review targets at regular intervals so they remain stretching, relevant and appropriate to measurement of performance against the objectives of the programme. 	

- Formally review targets where emerging information, such as changes to environmental regulations, affects the potential of a programme.
- Increase targets in proportion to increases in the scope or scale of a programme.

***To improve accountability, transparency and reporting Departments should:**

- Agree and apportion benefits between bodies where more than one public agency claims the benefits of the same public expenditure.
- Disclose more clearly the public contribution to jobs primarily created by private partners.

***To get better value for money from the £120 million of coalfield funds still to be committed to projects and the substantial benefits still to be achieved over the next decade, the Department should take immediate steps to:**

***Better lead and coordinate Coalfield regeneration:**

- Establish a Coalfields Delivery Board to exercise control over the separate coalfield initiatives wherever there are separate but related projects to maximise benefits from their alignment or integration.
- Articulate a clear overarching aim for coalfield areas that puts people as well as coalfield sites at its heart.
- Develop an overarching strategy which addresses the need to:
 - reduce the number of coalfield areas categorised as severely deprived;
 - achieve better consistency of support between the coalfield areas and focus uncommitted investment onto the most deprived areas;
 - support local people to access job opportunities for all sites; and
 - provide stewardship of the outcomes expected for coalfield communities up to 2020.
- Turn the Coalfields Forum into an effective Whitehall Delivery Board with clear terms of reference. Membership should be Whitehall only and the Department should engage directly with individual departments to resolve specific issues.
- Create a National Advisory Group of Agencies, Local Stakeholders, and Interest Groups to inform the forum of local priorities.

***Improve performance measurement and monitoring:**

- Review the continuing relevance of the targets in light of the changing economic climate and fortunes of coalfield communities.
- Reprofile the targets to better reflect the increased spending and scope of the Programme. In particular the target for Private Sector Investment should be increased in proportion to the increase in gross public sector spend. The target for housing should be increased so it remains stretching compared to forecasts.
- Allow for optimism bias in forecasts when setting targets.
- Set annual milestones to monitor progress towards targets and challenge variances, taking action to maintain delivery where necessary.
- Define clear objectives for the Fund including the rate of return required to stimulate interest from other investors.
- Evaluate whether the Fund is addressing the particular equity needs of businesses within the coalfields.

***Improve information to support decision-making:**

- Evaluate the additionality of the programme based on a representative survey of programme beneficiaries to inform appraisals for new projects.
- Monitor occupancy rates on sites to identify whether sufficient jobs are created, and identify whether nearby site developments are needed.
- Use value for money benchmarks for all coalfield projects.

Develop more sophisticated housing and employment benchmarks based on directly attributable costs so estimates are not skewed by unavoidable costs to treat contaminated land.