ANNEX F

Local Taxes in Rural and Urban Areas

Rate Relief in Rural Areas

EXISTING RATE RELIEF FOR BUSINESSES PROVIDING RURAL SERVICES

F1. There is an existing rate relief scheme, implemented in April 1998, for village shops and post offices in rural areas. This gives 50 per cent mandatory rate relief for any sole general store (selling food and household goods) and/or post office in settlements of under 3000 population in a designated rural area and with rateable value of less than £6,000. This is intended to protect the last provider of essential services in isolated rural communities. Local authorities have the discretionary power to increase the rate relief to 100 per cent and to give 100 per cent rate relief to any other business in such settlements that they consider to be important to the community. This is subject to a rateable value limit of £12,000. The Government funds the full cost of the mandatory rate relief and 75 per cent of the discretionary relief, with the local authority funding the remaining 25 per cent.

F2. A recent report on a survey by the Local Government Association shows that the mandatory rate relief scheme for village shops and post offices is working effectively. However, while some local authorities are making imaginative use of the discretionary scheme, overall use of the discretionary scheme is variable partly because some authorities find it difficult to help some businesses rather than others and would welcome further national guidelines. The current scheme costs the Government about £4.4m a year at present (£2.2m on the mandatory relief and £2.2m on the discretionary).

POSSIBLE EXTENSION OF SCHEME

F3. There is continuing concern about the decline in services in small rural communities. Recent concerns have focused on three areas where there is particular evidence of decline:

- Public houses which can be an important focus for communities, particularly where other facilities such as shops and post offices have closed, and may provide specific community facilities such as meeting rooms or children's play areas.

- Garages and petrol filling stations in rural areas. Rural residents are more dependent on their cars for travel and garages may also provide other facilities (shops, cash facilities) in an area where these are not otherwise provided.

- Small (particularly food) shops that are not the sole shop in settlements under 3000.

F4. All of these types of business are currently eligible for discretionary rate relief under the existing scheme. Our proposals for rate relief for small businesses generally (see annex D) will provide further assistance, but we are also considering whether additional mandatory rate relief for those businesses providing important local services would help to sustain communities and reduce social exclusion.

OPTIONS FOR EXTENDING THE RELIEF

F5. We would welcome views on whether we should extend the mandatory 50 per cent rate relief in designated rural settlements of less than 3000 population to the following premises:

- singly owned pubs where the pub is either the sole remaining retail outlet or it is the sole public house and provides a defined community facility or service (eg cash machine, cashback facility, meeting room for local community, or public information and communication technology access point) where they have a rateable value of less than £6,000;
- shops selling mainly food where they have a rateable value of less than £6000;
- singly owned garages offering a cash machine or cashback facility where there is no post office and where they have a rateable value of less than £6,000

Local Tax Measures in Deprived Urban Areas

ADDITIONAL RATE RELIEF IN DEPRIVED URBAN AREAS

F6. The Report of the Urban Task Force, *Towards an Urban Renaissance*, which was published in June 1999, recommended the creation of Urban Priority Areas (UPAs), ‘to enable local partnerships to target regeneration incentives and investment on areas where there is a mix of economic need and latent market potential’. The Government will shortly be publishing its response to the Urban Task Force Report, when it issues its white paper on urban policy.

F7. Among other things, the Urban Task Force Report suggested that there should be business rate reductions or exemptions for small retailers within designated UPAs and that the cost of these could be met through the national rate pool rather than expecting local authorities to meet the additional costs.

F8. There are in fact two ways of paying for relief through the national rate pool. One is for the Government to make good any shortfall, as happens for other mandatory rate reliefs, and 75 per cent of the cost of discretionary rate reliefs. The alternative is for other ratepayers to make good the shortfall through a supplement on the multiplier (as proposed in annex D for the general small business rate relief scheme).

F9. Since the publication of the Urban Task Force Report, the Department of Health has published a report *Improving Shopping Access for People Living in Deprived Neighbourhoods*. It has been prepared by PAT 13, one of the Policy Action Teams formed following publication of the Social Exclusion Unit’s Report, *Bringing Britain Together: a National Strategy for Neighbourhood Renewal*.

F10. PAT 13 noted that a fundamental problem with recommending business rate relief as a way to sustain shops in deprived areas was that rents and hence rates were often very low. Therefore the value of any relief offered might be very low and hence would have little impact. Nevertheless, it strongly supported DETR's work on business rate relief for small businesses and said that this would avoid the need to develop a new business rate relief scheme specifically aimed at helping retail outlets in deprived neighbourhoods.

F11. Further research carried out for the Department of the Environment in 1995[1], showed that in the longer term increased rates were offset by reductions in rents. Similarly, the value of rate relief was offset over time by increases in rents. This effect may take several years, especially where rent reviews are at periodic intervals, and changes in rates may not always be fully offset by changes in rents. But this does suggest that the benefits of rate relief are likely to be greatest in the first few years.

F12. On the other hand, even small additional reliefs, which would cost very little, may have significant effects on marginal business, and so may be worthwhile, especially if part of a package of measures.

Views are invited on whether the Government should introduce additional relief for small retailers or other businesses in deprived urban areas.

TOWN IMPROVEMENT SCHEMES

F13. The Urban Task Force report also recommended that town improvement schemes – partnerships between private sector interests and local authorities – should be put on a statutory footing. This would turn the schemes into something akin to business improvement districts (BIDs) in North America. Within a BID area, all businesses are liable to pay a levy to fund the improvement works, even those that voted against the establishment of the BID.

F14. The Government's response, in July 1999, to the House of Commons Environment, Transport and Regional Affairs Committee's Report on Local Government Finance said that there were a number of differences between the American context and the UK position which meant that BIDs were not directly replicable. Local authorities had a greater statutory role as service providers in the UK. There were different local taxation systems. American downtown areas had generally reached a nadir in terms of neglect and dereliction, which prompted businesses to take action in the absence of local authority initiative; and there was no consensus from UK businesses for BID style changes.

F15. However, it would be possible to devise a scheme for town improvement schemes, which was more suited to circumstances in England. These could be used in various types of urban area, big and small, including market towns.

F16. If the Government decides to take forward proposals for town improvement schemes, we would need to consider how they should be funded. The Government's response to the Select Committee suggested that the proposals for a supplementary rate could provide one means of funding a scheme on similar lines to a BID, without the drawbacks.

1 'The Relationship Between Rates and Rents', The Institute for Fiscal Studies, for Department of the Environment, 1995.

F17. As mentioned in annex C, we are proposing to allow local authorities to raise a selective supplementary rate in certain parts of their area, rather than across the whole local authority area. In order to raise a selective rate, the council would need to secure the agreement of the ratepayers affected, through the endorsed Partnership Arrangements. The selective rate could be used to fund a town improvement scheme. All ratepayers in the town improvement scheme would pay the supplement, including any that had opposed it, as is the case with US-style BIDs.

F18. An alternative approach would be to fund town improvement schemes on a voluntary basis. This already happens informally in some areas, for example shops and property owners in Oxford Street in London have helped to fund improvements to the local environment. Only those businesses that want to contribute do so. However, this allows others to benefit from the improvements without having paid towards them.

F19. It would also be possible to establish an entirely separate statutory scheme for town improvement schemes, unrelated to the national rate or the supplementary rate. This would risk duplicating the procedures and mechanisms put in place for consultation on the supplementary rate, placing an additional burden on businesses and councils. However, it would provide a means to involve contributions from others with an interest in local regeneration projects who are not ratepayers, such as property owners. It might also allow for more flexibility in the amount of funds raised and their use than the supplementary rate scheme.

Views are invited on whether using the supplementary rate to fund town improvement schemes is a suitable alternative to business improvement districts.

LOCAL TAX RE-INVESTMENT PROGRAMME (LTRP)

F20. The Urban Task Force report also recommended that an American scheme known as tax increment financing (TIF) be adopted in this country to help fund urban regeneration. This initiative, which we have named the local tax re-investment programme (LTRP), would allow selected local authorities to retain, for a specified period, any increases in business rates and council tax yield in a defined area, thus encouraging regeneration activity in that area. The funds raised would be spent on projects/improved services that would be of benefit to the area concerned. The LTRP would not affect the amount paid by the rate or council taxpayer. Rather it relates to the distribution between local authorities of funds from rate, council tax and grant.

How the scheme could work

F21. When an area is selected for the LTRP its business rate and council tax yield would be calculated and recorded. During the life of the scheme any increases in business rate yield over and above this recorded level would not have to be paid into the national rate pool, but would be retained by the local authority. In addition, any additional council tax from the regenerated area would not result in a corresponding reduction in revenue support grant, as would ordinarily be the case. The additional resources thereby available to the local authority would be recycled on projects or improved services that would be of benefit to the area concerned, through a local partnership with other community stakeholders. We have considered two alternative methods for calculating the rates and council tax at the start of the scheme and increases thereafter. These are set out in Appendix 1.

The Details of the Proposal

F22. The core features of the scheme could be as follows.

A bottom-up process where, in line with the National Strategy for Neighbourhood Renewal, the local strategic partnership, (LSP), bringing together the public, private and community sectors (or other existing partnership where an LSP has yet to be formed) identifies the area and applies to central government to have it designated.

F23. It would be for the LSP to apply for designation where it could demonstrate that the scheme would:

- make successful long-term regeneration of a particular area possible where it might not otherwise have been so; or
- allow the LSP to consolidate or maintain its intervention in a particular area for longer thus increasing the likelihood of success.

Application criteria which would help to minimise dead-weight and identify those areas where the measure would make a real difference.

F24. It is important that we only approve schemes that can bring about real improvements – which are unlikely to happen otherwise. A set of proposed criteria to help assess applications fairly and consistently is at Appendix 2. These demonstrate the mix of information that would be required on the history and current condition of the area, the strategy for the area, current activity and projected improvements.

Targets to be agreed for each area in advance to assist with evaluating the success of the scheme against the Government's regeneration objectives.

F25. This is intended to encourage LSPs to think carefully at the start of the process about what can realistically be achieved. LSPs would propose their own targets and agree these with central Government as part of the approval process. The success of the scheme in their area would be assessed by progress against these targets after 8 years (see below). Targets would need to reflect central Government as well as local regeneration priorities (see Appendix 2).

An initial 8 year life span to encourage rapid action, and a possible 5 year extension for those areas making progress against their targets.

F26. This would encourage rapid action but also give long enough for changes in the tax base to start coming through. The extra 5 years might be used as a means of rewarding success by allowing LSPs that were making good progress against their targets to continue to operate the scheme. Additional time might also be made available to areas that had taken longer to get started but were now beginning to make progress. The designation of areas that had clearly not been assisted by the LTRP would be stopped after 8 years.

Agreement at the outset that the extra income would be spent on projects or improved services which would either be of benefit to the area concerned or ameliorate the effects of new development in that area, *and* that it would be entirely additional to funds already spent in the area.

F27. This would give LSPs considerable discretion over how they spent the additional income but would maintain the link between the area where the money is raised and who it benefits. Expenditure would not have to take place inside the boundary of the LTRP area to fulfil the above criterion. The LSP would also retain discretion over what the money was spent on – from transport connections to additional assistance for schools or public realm improvements. We would, however, expect the expenditure to be additional to the resources already being put into the area by the LSP.

A one-way system which meant that if the tax base for the area reduced this would not result in a reduction in resources.

F28. This is a self-explanatory feature that would need to be in place to ensure that local authorities that, despite the best efforts of the LSP could not turn an area around, did not lose out.

A LIMIT ON THE NUMBER OF SCHEMES AND ON THE SIZE OF THE AREAS.

F29. The LTRP will provide a financial incentive to local authorities to support ongoing regeneration of selected areas. It is important to limit the number of schemes to ensure that:

- it makes a difference – the LTRP relies on LSPs prioritising action, that means selecting only certain areas. If it was available everywhere it would impact nowhere;
- should some dead-weight occur, its impact on non-LTRP authorities will be limited;
- again, should some dead-weight occur, the cost is small. As a start we expect to authorise only a limited number of relatively small areas, e.g. sub-ward level, throughout England to meet the concerns on impact, dead-weight and cost. We also expect LTRP areas to cover an identifiable neighbourhood or community.

Pros and Cons of the Scheme

F30. Unlike other local tax based instruments, the LTRP provides a direct incentive for the local authority to step up action in areas which are in particular need of regeneration to attract new businesses and residents. It should encourage and reward success, and help to maintain and build on that success in the medium and longer term.

F31. There are however a number of potential consequences of the scheme which consultees should consider:

F32. Dead-weight. Because the scheme rewards success, we must be sure that the areas chosen are in genuine need and that the activity (or increases in tax base) which take place following designation would not have happened (or would not have happened as quickly) without the added incentive of the LTRP. This is important if the scheme is to add value rather than simply giving money away for improvements that would have occurred any way, or to areas which would have improved without any intervention. The draft criteria in Appendix 2 are designed to reduce the likelihood of this.

F33. Costs to non-LTRP authorities. The LTRP by its nature changes the distribution of funds from the national rate pool and of revenue support grant by allowing certain local authorities to keep increases in local tax yield. It could be argued that this represents a cost to other local authorities. However, in so far as the income generated by the scheme would be genuinely additional i.e. would not have been generated without the LTRP, there should be no real life impact on other local authorities.

F34. Displacement of activity and resources within a local authority area. On the assumption that an LSP's available resources would not increase significantly for some years into LTRP status, the LSP is bound to have to divert some resources into the LTRP area from elsewhere to kick start regeneration. However the choice of the area would be for the LSP alone. It therefore seems reasonable to assume that any displacement would be in line with their own priorities and would take account of existing area-based regeneration activities. This would also be tested through the application procedure.

F35. Displacement of businesses and people from a non-LTRP authority area to a LTRP authority area. Our initial view is that displacement (i.e. businesses and people moving from one local authority area to another to take advantage of benefits provided by a scheme) is unlikely to be a significant issue for the LTRP. There are three main reasons.

- The scheme does not offer any financial benefit to businesses or people that will be removed at the end of the period. Instead it encourages the LSP to improve conditions. This is likely to encourage the growth of business activity in the area itself but is less likely to be a sufficient draw to businesses that are already operating successfully elsewhere.

- Where displacement of businesses did occur, the national rate pool would be slightly decreased. But because other local authority areas receive their share of the pool on the basis of their resident (not business) population, the reduction would be shared out amongst everyone – minimising the impact on any individual authority/partnership. Costs could arise where other local authority areas lost some of their resident population as a result of an LTRP area, in terms of a reduced share of rate and grant income, but again these costs would be unlikely to be significant given the probable size and number of LTRP areas.

- Even if some displacement did occur this is not in itself undesirable as one of the objectives of this particular scheme is to increase the numbers of businesses and residents in the designated areas, not overall. This is consistent with the Government's wider objective of allowing all to share in economic prosperity. We would need to use the index of local deprivation to ensure that we target relatively deprived areas.

F36. In order to meet our separate goal of improving the co-ordination of area based initiatives, we will formally consult the Regional Co-ordination Unit and the Government Offices for the Regions to ensure that we take account of their expertise and reduce unnecessary duplication of management at the local level.

LOCAL TAXES IN RURAL AND URBAN AREAS: POINTS FOR CONSULTATION

Views are invited on:

- extending mandatory relief in designated rural settlements;

- whether the Government should introduce additional relief for small retailers or other businesses in deprived urban areas;

- whether using the supplementary rate to fund town improvement schemes is a suitable alternative to BIDs;
- whether LSPs (or other existing partnerships) would find the LTRP a useful regeneration tool. Do you think local partnerships need the additional incentive of the LTRP or do the benefits of regeneration give enough incentive to encourage action?
- whether the core features of the scheme are reasonable. Will they achieve the desired effects? Do you have any suggestions for other core features that might benefit the scheme?
- whether the design of the scheme, as proposed in this Annex and the associated appendices, does enough to reduce the possibility of dead-weight and displacement and therefore the possible negative impacts on non-LTRP authorities;
- which of the two approaches, set out in Appendix 1, for measuring the increase in tax yield in the LTRP area is the most appropriate for this scheme;
- whether the application criteria and questions set out in Appendix 2 are fair. Do you think they will be successful in identifying the most appropriate areas and reducing dead-weight?
- the proposal to ask LSPs to agree regeneration targets for the LTRP area and for performance against these to be used as part of the assessment process.

APPENDIX 1

METHODS FOR MEASURING INCREASES IN THE LOCAL TAX YIELD

F1.1. Successful regeneration of an area would be likely to result in an increase in the total tax base for business rates and council tax, with new properties being built and existing properties increasing in value. But it would be difficult to use increases in the total local tax base as a means of determining the amount of additional resources the regeneration had produced. Increases in the value of existing properties would only be reflected in the periodic revaluations and even then would not necessarily lead to an increase in yield. For example, at the recent revaluation of business rates, the multiplier was reduced to keep total yield across England constant in real terms, while the total tax base increased significantly. So the tax yield increased only where values increased by more than 15 per cent.

F1.2. With both rates and the council tax, various reliefs also affect the yield. To take an example, no rates are paid on empty factories or warehouses, only half rates are paid on empty shops and offices, and only half the council tax is paid on empty homes. For this reason the tax base of an economically depressed area could give a misleading picture indicating greater prosperity than was actually the case. Indeed a regeneration scheme could fail, with new factories and shops falling empty, and yet appear a success from the increase in the tax base in the area.

F1.3. For these reasons it is better to measure the changes in tax yield directly, rather than increases in the tax base. There are two main options for measuring changes in yield. First measuring the increase in yield for the area as a whole, and second, measuring the increase from new developments.

Increases in tax yield from the whole area

F1.4. At the start of the scheme the total rate and council tax yield from the area would be calculated and recorded, and any increase thereafter would be treated as additional income for use in the area.

F1.5. The advantage of this approach is that, following a revaluation, it will include increases in yield arising from higher values of existing buildings resulting from improvements to the neighbourhood, rather than just the increases resulting from new buildings. Account can also be taken of increases in yield as empty existing buildings are brought back into use.

F1.6. The disadvantages of this approach are that the amount of additional resources would be adversely affected by old properties going out of use or being demolished. However, regeneration is likely to involve clearing sites for new, better quality development. This means that works carried out to allow regeneration to take place could reduce the funding available for regeneration.

F1.7. Another drawback is that regeneration might well be a success, yet the resulting increase in the total rate yield could be moderated or indeed reversed by the impact of the periodic revaluations of properties. As noted above, an increase in rateable value of less than 15 per cent would have led to a reduction in revenue following this year's revaluation of business properties. Similar effects could be seen at future business rate and council tax revaluations.

F1.8. A revaluation could result in an unmerited windfall for the LSP. This might happen if values in the region increased relative to the national average, and this regional effect resulted in values in the LTRP area also rising faster than the national average. However this is an unlikely scenario. Deprived areas do not tend to benefit as much as more prosperous neighbouring areas during regional booms. Thus at the recent revaluation, there were significant increases in rateable values for the City of London, Canary Wharf, Westminster and Kensington and Chelsea, but only modest changes in some other parts of inner London.

F1.9. An LTRP area would therefore be more likely to lose out than to gain from a revaluation, if this method of calculating the additional resources were used. There could also be further losses in future years after each revaluation, as successful appeals against the new values eroded the tax base.

Increases in tax yield from new buildings

F1.10. An alternative way of determining the additional resources would be to count as additional only the income arising from new or improved buildings.

F1.11. The rule here would be that where a property first becomes subject to rates or the council tax after the LTRP area has been established all the resulting revenue is additional revenue for use in the area. This would include both new buildings and old buildings so radically upgraded that they were incapable of occupation during the improvement works, and thus had not been liable for rates or council tax during that period. To avoid over-complication, additional resources would need to include the revenue from buildings planned before the LTRP area was established, and whose existence could not therefore be ascribed to the LTRP. This would add an element of dead-weight to the scheme.

F1.12. For improved or extended buildings where the rateable value increases, or it moves to a higher council tax band, the extra rates or council tax yield would also count as additional resources.

F1.13. It could be argued that, to be consistent, the revenue lost from old buildings going out of use or being demolished should be deducted from the additional resources from new and improved buildings. However, there is not much to this argument. Regeneration is likely to involve clearing sites for new, better quality, development, and it would be wrong to discourage this by cutting the size of the additional resources.

F1.14. It is not uncommon, for rating purposes, for a building to be sub-divided into separate units or merged with another building to reflect changes in occupation or use. The building will be continuously shown in the rating list unless there are major refurbishment works. A split or merger may affect the total rateable value of a building. But in the absence of major refurbishment works it would be difficult to justify treating any resulting increase in rate income as additional resources, given that splits and mergers are a characteristic result of everyday business activity, and are not in themselves indicators of regeneration.

F1.15. Advantages of this approach are that by measuring the additional resources by reference to new and improved buildings only, the partnership will be given some protection against the effects of rating and council tax revaluations. Even if the yield from new properties fell at a revaluation, they would still have a positive value and so there would still be some additional income to fund the LTRP. On the other hand if, as under the alternative method above, changes in the values of the old properties were also taken into account, then the additional resources could be wiped out.

F1.16. Disadvantages of this approach are that no account is taken of increases resulting from growth in the rateable values or council tax bandings of existing buildings at revaluation, even where this growth is the result of improvements to the neighbourhood from regeneration works. Nor is any account taken of increased yield resulting from new occupants being found for previously empty buildings, as the area becomes a more attractive place to live and work. However, it would be possible to adapt this approach to take account of increased yield from properties which were empty at the start of the LTRP but subsequently found occupants. This would have the advantage of avoiding any perverse incentive which might be created in favour of building new buildings rather than bringing existing ones back into use.

APPENDIX 2

POSSIBLE CRITERIA FOR APPLICATION FOR DESIGNATION OF A LOCAL TAX RE-INVESTMENT PROGRAMME AREA

F2.1. The objectives of the scheme are to contribute to:

- increasing economic prosperity in under-performing areas;
- drawing people back into areas which have suffered from out-migration; and
- bridging the gap between deprived areas and other areas of the country in the four key outcomes – crime, health, educational achievement and worklessness.

F2.2. It will do this by giving LSPs a financial incentive to create the conditions that will:

- increase business activity in the area, drawing in new businesses and encouraging business growth; and
- improve quality of life for people in the area making it a more attractive place to live.

F2.3. Operating assumptions are that:

- there will be a limited number of areas throughout England;
- LTRP status will initially last for a period of 8 years with the possibility of a 5 year extension under certain circumstances;
- each LTRP area will be small – typically part of a ward;
- an LTRP area will normally cover an area which includes both residential and business areas (although exceptions could be made); and
- applications for the LTRP will have to form part of a broader strategy for regeneration of the area concerned. They should reflect the Regional Planning Guidance and the regional economic strategy. Applications should also demonstrate that proper account has been taken of existing initiatives in the area. A regional-level view will be sought during selection on priorities for the LTRP within the region.

Criteria to establish consistency with the objectives of the scheme:

F2.4. An application for LTRP status would need to be supported by a variety of evidence demonstrating both need and opportunity. The information to be supplied would be decided by the LSP, but relevant information might include data that showed that:

- the percentage of empty properties (both residential and commercial) was either increasing or was consistently higher than the local average;
- the proportion of vacant brownfield land was either increasing or was consistently higher than the local average;

- the council tax or business rate base was decreasing relative to the local average;
- the business start-up rate and the survival rate of new businesses in the area was lower than the local average;
- the vitality/profitability of businesses in the area was lower than the local average;
- the number of people living in the area was decreasing (not available nationally at ward level but may be kept by some local authorities);
- the area's relative position as one of the most deprived areas, as shown by the new indices of deprivation.

Criteria to eliminate dead-weight:

F2.5. An application for LTRP status would need to demonstrate that the scheme would allow the LSP either to undertake necessary regeneration activity which would not otherwise take place, or increase the intensity or lifetime of their intervention in a way which would not otherwise happen and which was necessary to ensure success. This could be demonstrated through the answers given to a series of questions:

- What is the LSP's overarching strategy for regenerating the area?
- What action has already been taken to address the problems in the area?
- If no action (over and above usual levels of service) has yet been taken, why not?
- What would the LSP do differently in the area if they had LTRP status?
- What impact do they believe this would have in terms of creating additional revenue?
- What would the LSP do with that additional revenue if it were forthcoming?
- What impact do they believe this additional activity would have in the area and how would this help to achieve the objectives of the scheme?
- What role would the additional resources play in ensuring the broader strategy for the area was successful?
- Why is LTRP status essential to the success of the strategy?

F2.6. The above questions are designed to make LSPs think about what they could realistically hope to achieve and require them to demonstrate that LTRP status would make a real difference. Specifically, they would require a LSP to show how it intended to change its activities in a way that would turn around an area with a declining or consistently low tax base.

F2.7. The information received would be cross-referenced with the other evidence provided above to establish whether the area had a real and entrenched problem which needed help either to get it kick started or to succeed, and whether the LTRP was the right mechanism to help. We would also expect answers to be quantified (see below), making comparisons between applications easier and allowing for assessment at a later date.

Regeneration Targets

F2.8. In order to ensure that the limited number of LTRP areas were being put to best use, we would expect each area to agree targets against which the success of the scheme could be assessed after 8 years. If after this time the scheme had made good progress against its targets, LTRP status could be retained for up to a further 5 years. If not, LTRP status could be removed. It would be necessary to allow 8 years initially because the nature of the scheme means that we would not expect significant benefits to start to come on line for some time. At the 8 year point it would also be possible to assess the success of the scheme overall and decide whether further areas should be designated.

F2.9. The setting of targets would be part of the selection procedure and would be different for each area depending on the circumstances and particular problems faced. We would ask each LSP to suggest targets as part of their application. This would assist with the choice of areas and would be agreed with the LSP as part of the designation process.

F2.10. As one of the objectives of the scheme is to bridge the gap between deprived areas and other areas, targets for closing the gap (both within the local authority area and beyond) in key areas such as crime, health and education and employment would be expected. Other areas in which targets might be set include rates of property vacancy, household numbers, business start-ups etc.