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COMMUNITY LAND

Proposals for a Local Authority  
land scheme, based on a  
financial study  
of the  
Community Land Act, 1975.

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Submitted as part of  
the requirements for  
the Degree of  
Master of Philosophy

Department of  
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ERRATUM

page 27, line 10: for "efficiency", read "inefficiency".

page 30, line 1 : insert "this is drawn" after comma.

page 75, line 9 : should read: "of land for public use and of land for improvement  
for disposal are already"

## SYNOPSIS

From an analysis of the financial arrangements of the Community Land Act, this dissertation proposes an alternative framework for a local authority land scheme. The Community Land Act, which enabled local authorities to take development land into public ownership in order to ensure that its development was in the best interests of "the community", was passed by a Labour Government in 1975 and vigorously opposed throughout its existence by the Conservative Party. Chapter 1 outlines the political controversy that surrounded the Act's operation. Its dismantling and imminent repeal by the new Conservative Government comes as no surprise; but the Government stresses that this is on the grounds of its impracticality and not of political opposition. The retention of a high level of Development Land Tax (introduced a year later than the Community Land Act and designed to return a proportion of increases in land values to the community), and of the Land Authority for Wales (an executive body set up to implement the Land Act in the Principality), together with the establishment of Urban Development Corporations (redevelopment bodies to be equipped with broad powers of land acquisition and management), seem to indicate that the Conservative Party is not opposed in principle to public ownership of development land or at least a part of development value. The Government cites the Community Land Act's poor financial performance with respect to the amount of land it provided for development as the reason for its unacceptability.

Thus perhaps a practical land scheme would enjoy acceptability and, unlike the Central Land Board of 1947 and the Land Commission of 1967, whose histories are outlined in chapter 2, would survive the

short terms of party political power. This is felt to be particularly important to Planning as access to the ownership rights over development land gives the Planner the opportunity to see his proposals implemented in a positive way rather than negatively through existing development control mechanisms.

The criteria for practicality and acceptability of a local authority land scheme are thought to be administrative efficiency and effectiveness of implementation and it is believed that both can be fulfilled through the provision of an adequate financial framework. The financial discipline introduced by the Community Land Act is classified in chapter 3 and examined in terms of three "Key Areas". The first of these deals with the administration of Central Government loan sanctions for the commencement of programmes; the second, with the operation of the Community Land Accounts for the continuation of programmes; and the third, with the division of surpluses and financing of deficits on the completion of programmes. For their analysis in chapter 4 according to the experience of six local authorities in a variety of circumstances, another "Key Area"; of land dealing practices before and during the operation of the Community Land Act; is added. The study is carried out principally by means of Questionnaire survey of Council Financial Officials.

On the basis of the analysis, conclusions are drawn in chapter 5 as to the suitability of the Land Act's financial arrangements to local authority land dealing, and recommendations are made in chapter 6 for the efficient administration and effective implementation of a future land scheme. If the financial framework of any such scheme

is sound, it is thought that survival at the least will be assured and the Planning Profession will be given the opportunity of a fair trial in that which may have been its intended form of operation.

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## INTRODUCTION : THE COMMUNITY LAND SCHEME

In 1960, a property developer bought a plot of agricultural land on an urban periphery for £100,000. He held it vacant until 1970, by which time the town had expanded to encircle the plot of land. Its value on the market as a prime site for office development had increased tenfold to £1 million. The developer applied for planning permission to build an office block on the land; it was granted by a local authority anxious to provide more jobs for its ratepayers. By holding his land undeveloped for ten years while economic growth generated by the town had caused it to expand, the developer had made an unrealised profit of £900,000. He built the office block and held it vacant while land and property prices continued to increase. By having premises ready for rent when the price was right, he held a valuable collateral which he used to borrow more money for further land deals.

He used £500,000 of this money to buy another plot of agricultural land on the new urban periphery. By 1979, the town had again expanded to make it a prime site for office development; its market value had increased to £1,500,000. He again applied for planning permission to build an office block; however, under the Community Land Act, the local authority served a Compulsory Purchase Order on the land and bought it at its market price. The developer had thus realised a profit of £1 million; but 80 per cent of this was returned, not to the Treasury but to the authority, in Development Land Tax. Thus the developer's profit was reduced to £200,000. The authority offered the land, with planning permission for office development, back to him on a 99-year lease with 10-year

rent reviews. Written into the lease was a specification that the office block must be offered for rent immediately it was completed. The authority also issued a development brief which stated that the site must be landscaped and that the block must be no more than fifteen storeys high.

The developer would have preferred to own the land freehold and develop it the way he chose; freehold ownership would also give him a stronger collateral for obtaining loans. He had heard that the Community Land Act may soon be repealed, so he delayed his decision on the authority's offer. After the change of Government in May 1979 and the initiation of repeal procedures, he made the authority an offer for the freehold of the land.

## CHAPTER 1

### THE POLITICAL CONTEXT

On May 21st, 1979, the new Conservative Government took the first steps towards honouring a long-made pledge by issuing a Guidance Note to Local Authorities which contained two instructions. The first of these was to bring further expenditure under the Community Land Scheme to a halt "as quickly as possible". The second was to free Local Authorities from the restrictions on the disposal of land imposed under Section 123A of the Local Government Act of 1972, which, as amended by the Community Land Act of 1975, required that the permission of the Secretary of State be obtained before any disposal. It was made clear that this action was to be taken pending the repeal of the Community Land Act in the soon-to-be passed Local Government, Planning and Land Bill. It was hardly unexpected: in its election manifesto, the Conservative Party had announced its intention to

"scrap expensive Socialist programmes such as the  
nationalisation of building land."

(Milne and Stevens, 1979)

Even more specifically, speaking in his Henley constituency on April 23rd, 1979, the future Secretary of State for the Environment, Michael Heseltine, stated that on accession his party would

"abolish the Community Land Act and its many controls."

(Milne and Stevens, 1979)

Previous months had heard the Act variously condemned by Conservative Members of Parliament as "an expensive and bureaucratic flop" (Michael Latham), "one of the most obvious failures of the present (Labour) administration" (Nick Budgen), "the most ghastly bureaucratic and economic failure that any government could possibly perpetrate" (Hugh Rossi), and "the greatest non-event of the decade" (Hugh Rossi again). (Hansard 1979). The only surprise was that the new Conservative Government had given such an urgent priority to scrapping the Community Land Act in the face of pleas for careful consideration of its possibilities by professional bodies like the Royal Institution of Chartered Surveyors and the Royal Town Planning Institute.

"Although the Act was generally accepted as being far from perfect", said the RTPI, "it did provide a positive means of dealing with green field and inner city development. It seems that the Government is merely repealing the Act, which in England had not yet even come into force, without taking a considered look at the possibilities it offers."

(MacDonald, 1979)

The possibilities offered by the Community Land Act were clearly open to question; those offered by its repeal, which included a saving of over £50 million per year, apparently were not. Thus after four years on the Statute Book, the Land Act passes into history.



## Objectives and their achievement

The Community Land Scheme had two objectives as stated in the Government White Paper "Land" (Cmnd.5730), published on September 12th, 1974:

- "a) to enable the community to control the development of land in accordance with its needs and priorities;  
and
- b) to restore to the community the increase in value of land arising from its efforts."

(D.o.E., 1974)

Control of development in accordance with community needs and priorities could be brought about to the greatest effect, it was thought, through public ownership of development land; restoration of increase in value of this land, by taxation. The Community Land Act 1975 and the Development Land Tax Act 1976 gave effect to the objectives. The former legislation was:

"An Act to enable local authorities and certain other authorities to acquire, manage and deal with land suitable for development, and to make other provision for and in connection with the public ownership of land; to amend planning law and the rules for assessing the value of land for compulsory acquisition and other cases where compensation is payable; to make provision concerning unoccupied office premises; and to establish a Land Authority for Wales."

(Community Land Act 1975  
in Parsons and Redding, 1976)

Under the various stages of operation of the Act, authorities would be enabled, and then required, to acquire all land that was considered for development. Disposal of this land would take place with the consent of the Secretary of State, and its subsequent development would be according to terms specified in leases and development briefs; the freehold ownership would remain with the authority. Thus it was hoped that this development would be in the best interests of the community as represented by the local authority. In the eventual stage, authorities would buy land at "Current Use Value"; or, more accurately, "current use price" as assessed by an impartial arbitrator (normally the District Valuer). Its value over and above this as land suitable for alternative development would not be taken into account on purchase, but would decide the price at which it was resold with planning permission enabling this development. Thus an authority would buy at Current Use Value and sell at future use value, and the difference in price (which had formerly been speculation profit) would accrue to the authority; and thus, it was hoped, to the community. Hence the achievement of the twin objectives as stated in the White Paper "Land". For Planning, the Land Scheme was held to be of particular importance. It would be "planning-led"; that is, it would ensure that development conformed with "the proper planning of an area" by specifying the terms of this development in leases and briefs on disposal. The Planner would move out of the realms of negative controls and restrictions into a new world of "positive planning"; he would help to decide the type and location of land acquired, the improvements necessary for its development, the type of development

desired thereon and the consequent terms of disposal. Development rights had been nationalised in 1947. Here was the beginnings of nationalisation of the land over which these rights were exercised.

To enable local authorities to take land into public ownership, certain new acquisition powers were given. These modified existing powers of compulsory purchase (as given in the Town and Country Planning Act of 1971) thus:

- a) The principle of public acquisition would no longer be a valid objection to Compulsory Purchase Orders under the Community Land Act;
- b) The Secretary of State for the Environment would no longer be obliged to hold a public enquiry into objections where such an enquiry had already been held, for example, for a local plan;
- c) Special powers for the compulsory acquisition of land owned by other public bodies in an authority's jurisdiction would be removed.

(Barrett, Boddy, Stewart, 1978)

Disposal would normally take place according to the General Consent given by the Secretary of State in D.o.E. Circular 26/76; that is, on the "best terms" that could be obtained on the market. Leasehold disposal of up to a maximum of 99 years would apply to land for industrial or commercial use, and freehold disposal with an assurance that this would be passed on to individual owner-occupiers, would apply to land for residential use. Other forms of disposal would need the special consent of the Secretary of State. (D.o.E. 1976a)

The Community Land Act was to have three stages of operation: in the first stage, which commenced on April 6th, 1976, (the "First Appointed Day"), authorities would have a general duty to "consider the desirability" of bringing development land into public ownership and to "have regard to" the land needs of all sections of the community. In practice, this would involve serving notices of intent to acquire or not to acquire land for which planning applications for "relevant development" were made. Much development would be classed as "Exempt" or "Excepted" to this category; including that for agricultural purposes, that on land which had been in freehold ownership since White Paper Day (September 12th, 1974) and certain extensions or alterations to existing developments. Authorities would also have the power to declare "Disposal Notification Areas", from which they would be informed in advance of all proposed disposals and would consider the desirability of acquiring the land.

In the second stage (which would commence on different "relevant dates" according to local situations) authorities would be required to take all land to be developed for a particular use into public ownership. Specific "duty orders" would be issued by the Secretary of State until they covered development land of every type in every authority's jurisdiction. Thus development would only take place on land which had passed into public ownership; the "Second Appointed Day" would be reached and the Community Land Act would become fully operational.

In the interim period, the Development Land Tax Act would apply. It is thought that land has two values: existing use value or "the value of the land for the purpose of which it was actually being

used"; and development value, or "an additional value to the use value, due to the possibility of a more profitable use" (Town and Country Planning Act, 1947, in Leung, 1979). The former is acknowledged in the "Current Use Value" concept of the Community Land Act. The latter value may be realised through sale (at a price which takes this into account) or development (which puts the land to its more profitable use). As a levy on development value realised through the sale or change in use of land, Development Land Tax would apply, subject to a basic exemption of £10,000 in each financial year, at a rate of  $66\frac{2}{3}$  per cent on the first £150,000 of realised value and at a rate of 80 per cent on the remainder. From April 1st, 1979, the 80 per cent was applied to all gains above the £10,000. Local authorities would buy land net of Development Land Tax; in effect, tax on the sale of land to a local authority would be payable not to the Treasury but to the authority itself. Until authorities were empowered to buy land at a price which reflected only Current Use Value, the net of tax provisions were hoped to represent substantial savings.

In practice, the Community Land Scheme never progressed beyond the first stage; land dealing activity by local authorities was minimal (as at April 1978 only 954 hectares had been acquired, of which 64 hectares had been disposed of) and popular opinion was that the Second Appointed Day, originally hoped to be attained by 1985 at the latest, would never materialise. The basis of this belief was that a change of Government was more likely than was the imposition of any "duty orders" that would have signified the commencement of Stage Two; and a change of Government would almost certainly bring

about the repeal of all or part of the Community Land Act. As indeed it has.

### Ideologies and their application

The Community Land Act and its repeal are only the most recent developments in the land ownership debate. Attempts to tax increases in land values go as far back as 1427; an Act of this year (6 Henry VI c.5) assessed contributions to construction costs according to the benefits of defence, profit and safeguard conferred by the erection of sea walls and sewers by the Commission of Sewers. Arguments for the public ownership of land were given vent by Thomas Spence, a Newcastle shoemaker, in 1775. "The earth" he said, "was the common heritage of mankind but had been usurped by a few people called the aristocracy". (Land Campaign Working Party, 1976). He called for the restoration of land to its rightful heirs - the people. Spence was jailed, but his banner was taken up by the Labour Party in its Manifesto of 1928 which announced that

"it would vest in the nation the ownership of both agricultural and urban land ..... without haste, but without rest ..... with due compensation to the persons affected."

(Newcastle Workers' Chronicle  
June 1975, in Land Campaign  
Working Party, 1976)

It was believed that the removal of the inequality of wealth and power related to the private ownership of land and buildings was a major step towards Socialism. Since the Second World War, the Labour

Party Conference has on six separate occasions passed resolutions demanding the full or partial nationalisation of land. Each of the three Labour Governments has passed legislation to take development land into public ownership and to tax increases in its value.

On the other hand, Conservative Member of Parliament Lord Hugh Cecil stated in 1912 that

"the claim of the people, either as users or as an organised community, to appropriate either all the value of land or any particular increment in that value because they have created it and are therefore entitled to a share of it different from what they can fairly claim in respect to anything else, is a pure delusion."

(Cecil, 1912)

To appropriate shares of such value for the community would be

"to set the State to perform a task which is beyond its powers."

(Cecil, 1912)

Conservatism has believed that, subject to certain controls, the free market is able to, and should be allowed to, develop its own land in its own best interests. Each of the three public ownership legislations introduced by post-war Labour Governments has been repealed by successive Conservative Administrations.

However, the current Conservative Government has been quick to stress that its reasons for repealing the Community Land Act are not political but practical.

"Our reason for abolishing the Community Land Scheme is simple ; it has not worked."

says Marcus Fox, the Under Secretary of State for the Environment.

He goes on to cite the Land Act as:

"an oppressive and expensive piece of bureaucratic machinery which has delayed development and created uncertainty ..... in the first two years of operation, the Scheme only provided 954 hectares of land for private development; and this at a cost of £33.6 million, of which £6.7 million was administrative costs."

It also required the administration of 151 Government Circulars.

Furthermore, the Community Land Scheme was unlikely to become "self-financing" as originally intended; Future net expenditure provision as set out in the last Government's final Public Expenditure White Paper of January 1979 was substantial (Table 1):

TABLE 1 : FUTURE C.L.A. EXPENDITURE PROVISION (GT.BRITAIN)

YEAR	£ MILLION AT 1978 SURVEY PRICES
1979-80	54
1980-81	64
1981-82	64
1982-83	64

(Hansard, 1979)

In the climate of cutback, it is perhaps unsurprising that the Land Scheme was earmarked as an area where savings could be made.

However, Fox's immediate superior, Michael Heseltine, had



stated two years earlier that if he

"could be shown that there is a need for land assembly functions to be handed over to local authorities to achieve certain specific and desirable aims, I don't see why a local authority shouldn't have the power."

(Maddox, 1977)

And on the dismantling of the Community Land Act, it was stated by Heseltine that

"local authorities would not be left with any gaps in their armoury for acquiring land for development."

(Milne, 1979b)

Their land assembly role would be "maintained and clarified".

Perhaps such promises were intended to silence the lobby within the Conservative Party that was keen to see the retention of some, if not all, of the Land Act; even so, it appeared that the desirability of public dealing in development land was not entirely rejected by the Government.

Other moves correspond with this presumption. Michael Latham, Conservative M.P. and ex-director of the House Builders' Federation has stated that

"Conservatives do agree with a proper level of taxation of development value"

and indeed the Development Land Tax Act has survived the change of Government. In the opinion of some, it has survived at a surprisingly high level: in his Budget of June 1979, Chancellor of the Exchequer, Sir Geoffrey Howe, fixed the tax at 60 per cent of all realised increases in development value over £50,000 in any year. Thus the

rate was cut by 20 per cent and the threshold raised by £40,000; but Howe was anxious to stress that there would be no further changes. The Land Authority for Wales, an executive body which was set up to administer the Community Land Act in the Principality, has also been retained by the Government after consultation with organisations representing Welsh local authorities and the Welsh building industry. Its future functions will be of land assembly for disposal and to hold against need; in the words of the Secretary of State for Wales,

"to make development land available as quickly as possible and in circumstances where the private sector found it difficult to complete transactions."

(Hansard, 1979)

The L.A.W. will also be empowered to give advice to local authorities on the disposal of surplus land.

As compared to the performance of the Community Land Scheme in England and Scotland, in the thirty months between September 31st, 1976 and March 31st, 1979, the Authority acquired 577.9 hectares and disposed of 225.4 hectares. During 1978-79, its disposals represented approximately 30 per cent of the Welsh Land Market. Its assets and liabilities are shown in Table 2 below:

TABLE 2 : LAND AUTHORITY FOR WALES : STATISTICS

Assets at 1.4.76	NIL
Assets at 31.3.79	£8,650,000
Liabilities at 31.3.79	£4,300,000
Estimated net worth at 31.3.79	£4,350,000
Average annual gain in net worth	£1,450,000

(L.A.W., 1979b)

"It would be churlish to deny that this has been a solid and worthwhile contribution to land availability in Wales ", said Michael Latham. (Latham, 1979)

Furthermore, the Government has given urgent priority to the establishment of "Urban Development Corporations" in the docklands of London and Liverpool. To be modelled on New Town Development Corporations, these bodies will be responsible for the redevelopment of the docklands and to this end will be equipped with executive powers of industrial development and promotion, environmental improvement, housing and service provision; and land acquisition and disposal. (MacDonald, 1979b) The public ownership of development land, at least for a period, is considered vital to the operation of the Urban Development Corporations.

It must also be remembered that a Conservative administration passed the Town and Country Planning Act of 1971, which enabled local authority acquisition by agreement or compulsorily subject to the Secretary of State's authorisation, of any land required for comprehensive development or redevelopment or "the proper planning of an area" (Section 112). The same Conservative Administration, in 1973, operated a "mini-land scheme" to cope with soaring house prices: £80 million (substantially more money than was provided for the operation of the Community Land Scheme!) was made available to local authorities to acquire land for disposal to private house-builders.

The picture that emerges is one of considerably more complexity than at first appeared. Conservative ideology may well be opposed to the public ownership of land; but in practice, both current and past

Conservative Governments have introduced legislation and operated schemes that rest to some extent on this principle. Practical considerations appear to outweigh ideological ones; and Conservative opinion was clearly that the Community Land Act was not practical. Perhaps it was indeed this belief that formed the basis of the Government's decision to repeal the Act. The intriguing conclusion is that a practical land scheme; that is, one that achieved its desired aims without excessive expense or bureaucracy; may have survived under a Conservative administration in the same way that the Land Authority for Wales and the Development Land Tax Act have survived at present, while the "cumbersome and expensive" Community Land Act will not. The question of how desirable such a survival would be remains to be considered.

## CHAPTER 2

### THE PLANNING CONTEXT

The repeal of the Community Land Act will certainly correspond with historical experience. As stated in the previous chapter, the Land Act and the Development Land Tax Act constitute the third attempt since the last war on the part of the Labour Governments to take development land into public ownership or to tax increases in its value. Each of the attempts have come to naught; schemes have been swiftly removed on the succession of Conservative administrations.

#### Uthwatt and the 1947 Act

The Uthwatt Report of 1942 recommended that all development and redevelopment rights be vested in the State; and all increases over "existing use value" of land prior to development be appropriated by the State. Furthermore, on payment of compensation to previous landowners, public authorities should be enabled to acquire compulsorily or by agreement all land required for development or redevelopment. The ultimate situation would be one of State ownership of all developed land. The Report also proposed a taxation of "betterment", defined as

"any increase in the value of land (including the buildings thereon) arising from central or local government action, whether positive, e.g. by the execution of public works or improvement, or negative, e.g. by the imposition of restriction on other lands."

(Uthwatt, 1942)

The term has since broadened to include any increase in the value of land due to a cause other than a specific action by the owner of the

land (Leung, 1979); Uthwatt recommended the imposition of a 75 per cent "betterment levy" which would be charged on unrealised increases in land values over existing use value at a base date: 1949 was suggested, with revaluation taking place every five years. In the face of political opposition and the discovery of certain administrative flaws, the Town and Country Planning Act of 1947 drew only partially on Uthwatt's recommendations; development and redevelopment rights were indeed vested in the State and could only be transferred in the form of planning permission, but compulsory acquisition of land at a price reflecting existing use value and disposal at a price reflecting future use value was not, as a rule, provided for. Local authorities would only be empowered to acquire certain land designated in, or for the implementation of, the new Development Plans; and would need to obtain ministerial consent before doing so. As an alternative means of recovering land value increases, a 100 per cent Development Charge, calculable on the difference between existing and future land use value, was levied on the granting of planning permission. Thus all increases in value due to the granting of permission would accrue to the State. On land sales, the State would also receive the difference between existing use value (which would be paid to the previous owner) and future use value. Thus only gains realised through sale or development of land were appropriated; unrealised increases in land values did not become subject to a betterment levy. To administer the Development Charge and to deal with cases for compensation (for which a special £300 million fund was established), the Central Land Board was set up.

It soon became clear, however, that the imposition of a 100 per cent Development Charge removed from landowners all financial

incentive to sell or to develop. A "development land famine" arose, which public authorities were unable to check as they had not been equipped with sufficiently clear powers of compulsory acquisition. The Conservative Party announced its intention to amend the financial provisions of the 1947 Act as soon as it was returned to power; developers sat and waited. The Party's day came in 1951; and in 1953, legislation was introduced to abolish the Development Charge, disband the Central Land Board and extinguish the £300 million fund. The following year, a new code of compensation payments was established. Confidence was restored to the land market and the famine disappeared; at the expense, perhaps of some land and property speculation whereby developers would buy land or construct buildings to hold vacant in anticipation of price rises.

#### The Land Commission

The second attempt to secure a public interest in development land and its value increases came in 1967. The Land Commission Act of this year had two objectives:

"firstly, to secure that the right land was available at the right time for the implementation of national, regional and local plans; secondly, to secure that a substantial part of the development value created by the community returns to the community by collecting a levy on betterment."

(Blyth, 1969)

To achieve the former objective, the Land Commission was established. Access to a loans fund of £45 million enabled the Commission to purchase land net of betterment levy for disposal at a price reflecting its market value. It was given powers of compulsory acquisition over:

- "a) land where there is a current planning permission;
- b) land shown in a development plan for purposes which may be prescribed by regulation;
- c) land designated in a development plan as subject to compulsory purchase by a Minister or statutory undertaker or local authority;
- d) land for the site of a designated New Town;
- e) land declared by a local authority to be a clearance area."

(Land Commission Office  
for Scotland, 1969)

To achieve the latter objective, a betterment levy of 40 per cent (later to rise to 50 per cent) was to be charged on any gain in excess of the existing use value of land which was realised through its sale, by agreement or compulsorily. It was hoped that this rate would be sufficiently high to prevent undue gains being made by private landowners, and sufficiently low to give them an incentive to bring land into development. The Land Commission was given the task of calculating and collecting the betterment levy.

In practice, the Commission operated at a considerable trading loss and was plagued by apparent lack of support from Central Government and open hostility from Conservative-controlled local authorities. (Stewart, 1973). Its role in the acquisition and management of land for disposal was never fully clarified and the collection of the betterment levy (which was passed directly over to the Treasury) presented it with problems of calculation, particularly where small-scale developments were concerned.



1970 saw the succession of a Conservative Government; the following year, the Land Commission was disbanded on the repeal of its Act. There followed a period of extremely rapid increase in land prices in the "property boom" of the early 1970's. Between 1970 and 1973, prices trebled and, by holding land and property vacant and ready for sale while its market price increased, speculative fortunes were made.

#### The Community Land Scheme

Perhaps this period of land price rise saw the conception of the Community Land idea. If large gains were to be made from the ownership, development and sale of land, then surely they should be made not for a few owners or developers, but for the community at large; furthermore, control was needed on a land market that had swollen out of all proportion. Control would ensure that development was not speculative, or in the financial interests of the few, but was in the best interests of the many. The Labour Party was returned to power in February 1974 and again set about putting its ideas into practice; this time, with the Community Land Act and the Development Land Tax Act.

However, by the time the Community Land Scheme became operative in 1976, land prices had fallen by over 30 per cent from their 1973 levels; the boom was over. The large gains were no longer there to be made and the need for control over the land market was reduced. The situation became one of "not enough development". The Land Act was criticised for its financial wastefulness and its repeal by the 1979 Conservative Government is now imminent. Thus another attempt has failed; but at least agreement is approached over the

question of returning betterment gains to the community. The Development Land Tax Act has, after adjustments, survived.

It was seen in the last chapter that public ownership of development land has been a central issue to Labour Party policy. Although the Party response to the repeal of the Community Land Act has not yet been formulated, it is likely that the issue will remain central; even before the change of government, the Party's environment study group was investigating alternative means of bringing development land into public ownership (Grant, 1978). Future Labour Governments may well be expected to take further steps to achieve it; thus is the cycle of legislation and repeal that has been in evidence since the last war likely to continue?

#### Positive Planning

It has been argued that public ownership of development land is necessary for the achievement of "positive planning". When land ownership functions and planning functions are performed by the same public authority (as was the case under the Community Land Scheme), not only does the authority have control over development rights, it is also able as a landowner to specify the terms of development. In practice, land would be disposed of leasehold subject to certain covenants specifying these terms; as an additional control, "development briefs" would be issued. These would consist of information on the land and requirements of the statutory bodies involved in its development, together with the aims of the authority for the type of development that should take place; (Gazzard, 1978). Such development should pay heed to the "planning backing" of Structure and Local Plans.

Thus the Planner would be involved at all stages, from the drafting of these plans to the determination of the type of development that should take place on the land disposed of by the local authority. This final function would be particularly significant as, without access to the ownership rights over land, the Planner finds himself only able to decide, by development control regulations, the sort of development that should not take place. The Planner can only achieve ends according to the means available to him and it is thought that ownership of development land gives him the means to achieve a great deal. In the words of the White Paper "Land" (Cmnd. 5730):

"existing powers to implement their plans are restricted by the price that the market puts on some land and by the fact that the planners' resource is in the hands of private owners rather than at the disposal of the community .....Public ownership of development land puts control of our scarcest resource in the hands of the community."

(D.o.E., 1974)

On the other hand, it has also been argued that to combine land dealing functions with Planning functions is to concentrate power to an undesirable degree. Grant (1978) has stated that:

"awkward policy issues ..... arise from the imposition of a major trading function on bodies geared primarily to the provision of services and the regulation of private enterprise."

Perhaps there is a fear that, while Planning authorities not only make development decisions but also influence the destination of land affected by these decisions, considerations other than those

for development in the best interests of the community may dictate to whom, and at what price, local authority-possessed land is sold. Perhaps there is also a fear that these new functions would overburden Planning departments to the degree that they would not be able to carry them out effectively. It must be remembered that, under the Community Land Act, local authorities were intended after the Second Appointed Day to have control over virtually all development land.

Whether one feels that the Planner should be endowed with the responsibility of controlling development by the ownership of the land concerned, or whether one adopts the view that he is simply an adjudicator in the free market and that control over development rights alone gives him sufficient means to ensure that development is in the best interests of the community, there can be little doubt that the constant changing conceptions of the Planner's role and the framework within which it is to be performed is damaging to his profession. The Planner cannot be expected to perform his new functions of "positive planning" if it is clear to all that any scheme facilitating this will be dispensed with the instant that a change of government occurs. But the implications of successive about-turns on the question of public ownership of development land or development value surely go deeper than this. It is an indictment of the governments that build and tear down the edifices designed to achieve these ends, and a sad reflection on the Planning Profession if an acceptable solution to the question cannot be found. The Planner's control over development rights does not give him the liberty to operate in a vacuum and the fact that it has taken over thirty years

to evolve an acceptable means of taxing the gains that arise mainly from this control in the way of betterment says little for the appreciation of his responsibilities. If Development Land Tax is that acceptable means, then so much the better; but its arrival is long overdue.

It must also be remembered that the concept of public ownership of development land has been with the Planning System since its inauguration. Control over development rights was only half of the system as proposed in 1942 and as implemented in part in 1947; the other half would give the Planner control over the raw material upon which these rights were to be exercised. To enjoy its intended form of operation, perhaps even to achieve its desired results, it may be argued that the Planning System needs access to the land that would be provided by a local authority land scheme. If this is open to question, the notion that it has not been given fair trial with this form of operation is not.

#### An Acceptable Land Scheme

How then, would this fair trial be reconciled with the need for a land scheme to be broadly acceptable? In the case of the Community Land Act, it has been seen that practical reasons are possibly of greater importance to its repeal than are political ones. Judged in the Government's own terms, the impracticality of the Land Act was brought about by its expense, its bureaucracy and its failure to produce results. Criteria of practicality and thus acceptability of a land scheme may therefore be assumed to be that it is cheap to administer; that it is not excessively bureaucratic; and that it produces the desired results. It is felt important that lessons be

learned from the Community Land Act's apparent failure to fulfil these criteria; and that these lessons form the basis of recommendations for a practical and acceptable land scheme.

If this is the case, then why not, as many do, take the lesson from the efficient operation and consequent survival of the Land Authority for Wales and establish regional land-trading bodies along these lines? Certainly it is not to be denied that the L.A.W. has enjoyed considerable success in making land available for development; but do such bodies really provide an answer to the question of public ownership of development land as a Planning function? The Planner has little more access to land possessed by a regional body than to land possessed by a private developer. Land control and land ownership remain divided and the Planner remains an adjudicator, even over land possessed by the regional body.

Furthermore, the survival of the Land Authority for Wales gives no guarantee that a whole series of similar bodies would be acceptable to a Conservative Government. In fact, a land scheme that gives existing authorities the means but not the duty to achieve certain ends may well be more acceptable in a climate of bureaucracy cutback.

But not if it is deemed to be inefficient and ineffective. Perhaps efficiency may be ensured through its administration; results may then be hoped for through an effective framework of implementation. If the cycle of legislation and repeal that has plagued the Planning Profession for thirty-five years is to be broken, efficient administration and effective implementation must be ensured in the next attempt. But how?

## CHAPTER 3

### THE FINANCIAL DISCIPLINE

In the last chapter, both the desirability and importance to the Planning Profession of a practical and acceptable local authority land scheme was stressed. It would be desirable in that it would give the Planner new responsibilities in determining the development that should take place; it would be important in that it would survive the short terms of party political power, thus redefining the Planner's role to some degree of permanence.

However, unless it is equipped with an adequate financial framework, any scheme is likely to be subject to the same administrative <sup>in</sup>efficiency that caused the unacceptability of the Community Land Act; and unless the framework is suited to its intended purpose, ineffective implementation is likely to result.

The Act has been described as an attempt  
"to restore the missing financial component of the  
Planning apparatus."

(Ash, 1978)

The intentions for "positive planning" outlined in the previous chapter were to be enacted through a series of new financial measures. These were of particular significance in that they imposed an entirely new discipline on local authority land deals.

#### Land Deals and their Finance

Local authorities are not inexperienced in the field of land dealing; land is required for the fulfilment of many of their functions. Its acquisition is demanded for the construction of

council housing or public buildings, or for the provision of public open space. Authorities may also choose to acquire land where the intention is for ultimate disposal. Acquisition may proceed by agreement between the parties concerned, or compulsorily according to certain legislative powers. The Town and Country Planning Act of 1944 had given authorities new powers of acquiring land compulsorily for a variety of purposes, that of 1947 had extended these powers over land designated thus in the new development plans, and that of 1971 empowered the Secretary of State to authorise compulsory purchase of any land provided:

- "a) that the land is required ..... to secure the treatment as a whole ..... of any area in which the land is situated; or
- b) that it is expedient that the land should be held together with land so required; or
- c) that the land is required for development or redevelopment ..... as a whole for ..... relocation of population or industry or the replacement of open space in the course of the redevelopment or improvement ..... of another area; or
- d) that it is expedient to acquire the land immediately ..... to achieve ..... the proper planning of an area."

(Town & Country Planning Act 1971,  
S.112, in Karlake, H., 1972)

Either under these powers, or by agreement, land may be acquired for an authority's own purposes or for disposal.



To facilitate acquisition, a number of financial arrangements are made. As a rule, capital must be appropriated either from an authority's own capital fund or from a loan. The former is defined under the Local Authorities Loans Act, 1945, as:

"any fund established for the repayment of debt; or as a reserve, or for the maintenance, renewal, or repair of property, or for superannuation of staff, or for insurance, or otherwise for meeting future expenditure of a capital or non-recurring nature, or for any like purpose;"

(Local Authorities Loans Act 1945,  
S.8, in Hardacre and Sage, 1965)

Up to certain limits, it may be replenished from sales of assets or contributions from revenue. Alternatively, loans may be taken from Central Government sources, or, subject to central approval, from private sources such as merchant bankers or pension funds.

Capital expenditure as a "once-for-all" outlay finances the purchase of the land concerned (and, if the intention is for development by the authority itself, provision of buildings and plant). The revenue implications of this expenditure which continue through time, include land improvements, management and administrative expenses and interest charges on loans. These are normally financed from an authority's revenue fund, which is replenished by the collection of rates on the properties in its jurisdiction.

Arrangements for both capital and revenue finance differ according to the purpose for which the land is required. If the authority prefers to finance capital expenditure from a Central Government loan (and according to the size of the outlay, it is often

*this is drawn*

to its advantage and convenience to do so),<sup>^</sup> from one of three "sectors" of finance: Key Sector, which is intended to provide for schemes which are part of national policy; Subsidiary Sector, which covers projects that are dependent upon Key Sector schemes; and Locally Determined Sector, which is an unspecified allocation intended to cover any other projects considered. Land for housing purposes would be financed from Key Sector; Subsidiary Sector would cover land for such purposes as transport and education; and land for parks and libraries would draw its capital finance from Locally Determined Sector. Locally Determined Sector would also be available for land acquisition for private disposal.

Key Sector finance is administered by way of individual loan sanctions for schemes having ministerial approval, while Subsidiary Sector loans are assumed to be necessary for the execution of approved Key Sector schemes and are thus not subject to such detailed control. Locally Determined Sector loans are administered en bloc without specifications: in England, County Councils subdivide allocations according to the schemes considered by their Districts.

Certain land transactions may be deemed to be of particular social importance by Central Government and to ensure that they are carried out without excessive rates-fund burden, their revenue costs may qualify for varying degrees of grant-aid; money extended without obligation from the Government to offset a local authority's current expenditure in connection with particular schemes. There are five main groups of such transactions (A.M.A., 1975).

The first group concerns land acquisition for housing purposes. Capital expenditure is financed from Key Sector; loans are administered

on the basis of the local authority-prepared Housing Investment Programme (England) or Housing Plan (Scotland). These rolling programmes forecast housing requirements and likely resultant expenditure. Revenue costs including interest repayments fall initially on the Housing Revenue Account and are grant-aided to the tune of 66 per cent from Central Government housing subsidies.

The second group concerns land that is needed for purposes of slum clearance; this is acquired using Key Sector loans which again are controlled through the Housing Investment Programme and Housing Plan systems. Central Government pays a grant equivalent to 75 per cent of the annual revenue costs (from which any capital receipts from the land are discounted).

The third group concerns derelict land that is acquired by an authority for purposes of improvement for redevelopment. Capital finance is drawn from Key Sector; revenue costs fall initially on the rates fund but are assisted by grants ranging from 50 to 100 per cent according to the location of the authority in a "Derelict Land Clearance Area" as designated under the Government's Regional Policy. Disposal receipts reduce the amount of grant-aid payable, but these are rarely significant when set against the costs of improvement of the land.

In the fourth group is land required for comprehensive redevelopment by the local authority itself. Capital costs are met from Locally Determined Sector loans and may be eligible for 50 per cent grant-aid on revenue implications, although the amount of aid available does not exceed £5 million in any one year.

The final group concerns land for projects approved under the Government's Urban Programme, a system of aid designed to improve the quality of life in deprived urban areas. Capital expenditure on such projects is financed from Key Sector; revenue expenditure is grant-aided to the tune of 75 per cent.

If a local authority prefers to meet capital costs from its own resources, it must also carry all revenue implications on its rates fund. Clearly, it may appropriate capital as a grant or an interest-free loan as it chooses; it is only answerable to itself, after all. But capital expenditure has revenue implications other than the repayment of interest and using its own resources, the authority does not have access to the many forms of revenue grant-aid that may have accompanied a Central Government loan. Furthermore, in comparison with Central Government resources, a local authority's own capital is minimal; and subject to many claims. It is rather the freedom that it gives from external restriction that makes the internal capital fund an attractive source of finance for land deals.

Thus prior to the operation of the Community Land Act, local authority land transactions would be financed according to the intended use of the land. From its own point of view, an authority had access to three methods of financing:

- a) Capital expenditure and revenue expenditure both from its own resources;
- b) Capital expenditure from Central Government loan; revenue expenditure including interest repayment from its own resources;
- c) Capital expenditure from Central Government loan; revenue expenditure including interest repayment from its own resources, aided by grants of up to 100 per cent accordingly.

## Community Land Deals and their Finance

The Community Land Act introduced a fourth method: capital and revenue expenditure were to be financed from Central Government loan. As a land trading exercise, it was hoped that the scheme would be self-financing; and that not only acquisition costs but all revenue costs associated with holding and improving land would be recovered on the land's disposal for development. Hence it would be possible to capitalise all current expenditure and finance it from a loan. As loans were intended to be used specifically in connection with the Community Land Scheme, they would need to come from Key Sector; a new fund, "Community Land Key Sector", was established for their disbursement. This would be according to five-year "Rolling Programmes" of land acquisition and disposal, prepared by the authorities themselves in consistency with the objectives of their Development Plans. They were intended to show the results of previous transactions, proposals for the forthcoming year and estimates for the following four years of land to be acquired for residential, industrial and commercial development. Acquisitions would not need to be expressed in terms of individual sites, but rather by total areas, costs and anticipated disposal receipts. Subject to the approval of the Rolling Programmes, block loan sanctions would be issued annually.

To enable the capitalisation of current expenditure, authorities would enter all costs and revenues arising from the operation of the Community Land Scheme into their "Land Account Statements "; a copy of a Statement is shown in Appendix 1. The Statements would have two sections: the Surplus Account, which would record total costs and

revenues, and the Profit and Loss Account, which would only record costs and revenues on transactions carried out in the preceding financial year. The Surplus Account would be a cumulative Statement; the Profit and Loss Account would relate only to one year and would be drawn up afresh annually. In the Surplus Account, costs would include expenditure on land acquisitions and improvements, management expenses, administration costs and interest on borrowings; credited against these would be revenue in respect of land disposals or appropriations to other accounts and other income from land on hand. The Land Accounts would be closed at the end of the year while total deficit or surplus was calculated. If a deficit, this would be rolled forward to the Land Account of the following year; if a surplus, this would be divided in the ratio of 40:30:30. 40 per cent would be appropriated by the Secretary of State to pass to the Treasury's Consolidated Fund; 30 per cent would pass into an "Equalisation Fund" for redistribution to those authorities whose Land Accounts were in deficit; and 30 per cent would be retained by the local authority. The authority would not be permitted to use the retained portion to finance further expenditure under the Scheme; it would be credited to other projects in place of borrowing approvals which would otherwise have been given. Thus the spending capacity of authorities would not be increased by the generation of Land Account Surpluses; they would simply save interest payments on loans that had already received approval.

Clearly, certain problems would arise from this method of operation. Rate-fund isolation and effective appropriation of 70 per cent of all surpluses would perhaps give authorities strong incentives to pursue "dual land schemes" (Barret, Boddy and Stewart, 1978), with

Community Land finance being used to "carry" unprofitable transactions while profitable deals were financed from alternative sources and generated capital and revenue for the authorities' own uses. To insure against this possibility, it was directed that, after the First Appointed Day, all land purchased for private disposal, whatever the source of finance, would become "Community Land" and would need to pass through the Land Accounts. Thus local authorities would be obliged to accept the new arrangements.

However, there were important exceptions to this rule. Land purchased before the First Appointed Day and disposed of during the operation of the Land Scheme would not need to pass through the Accounts. Neither would grant-aided transactions. As recognised loss-making deals which nonetheless provided worthwhile social benefits, these were felt inappropriate to the Land Scheme. Much has been made over the aim of the Scheme to be "planning-led"; yet its objective was to acquire a public share in development land rather than land that needed substantial improvement before development could even be considered. Derelict land, slum clearance land, land for comprehensive redevelopment and for Urban Programme projects would continue to be catered for elsewhere. Although accumulation of funds from profitable land deals may have given authorities the liberty to pursue certain loss-making schemes under the Community Land Act, the general intention was that they would concern themselves with regulating the development that would have been considered by the private sector in any case. Rather than a method of pursuing social goals at the expense of financial ones, the Community Land Scheme is more correctly seen as an attempt to secure a Planning control over the land market; both the development

and the profits created therein. Community Land Key Sector finance was not grant-aided; authorities were liable for the full repayment of all loans, and were thus hoped to concern themselves with land deals that would enable this by recouping their outlay. Whether the arrangements for its administration, which insulated authorities from all debt until land was disposed of, made Community Land Finance appear to be a form of grant-aid and thus be used to other purposes, remains to be seen.

### Practical Experience

In practice, matters were rather different to intentions; the Community Land Scheme enjoyed a chequered history and many of its operational difficulties centred on its financial arrangements. To make provisions for changing circumstances, these were continually altered.

Conceived in a time of land and property price boom (1972-73), the Scheme came into operation during the subsequent slump both in prices and in development activity. No longer was there competition for land; the need for control over the market was reduced. The broader economic situation of inflation and public expenditure cutbacks led to substantial reductions in the Scheme's budget. Revisions in December 1976 slashed funds by £35 million for each of the following years and this trend has continued (Table 3):



TABLE 3 : COMMUNITY LAND SCHEME ; CAPITAL EXPENDITURE

<u>WHITE PAPER</u>	<u>£ MILLION PER YEAR</u>						
	1976 <u>- 77</u>	1977 <u>- 78</u>	1978 <u>- 79</u>	1979 <u>- 80</u>	1980 <u>- 81</u>	1981 <u>- 82</u>	1982 <u>- 83</u>
Feb.1976	31.3	76.7	102	102			
Dec.1976		41.7	67				
Feb.1977		38	64	102			
Jan.1978			64	83			
Jan.1979				54	64	64	64

(Grant, 1978 and Hansard, 1979)

With these budget reductions, tighter controls on expenditure were clearly thought necessary; Guidance Note for Local Authorities (GNLA) No. 12, entitled "Effects of Public Expenditure Cuts" and issued in December 1976 dispensed with the proposed system of Rolling Programmes (which had never in fact been introduced). Authorities would continue to apply for loan sanction by individual site; a supposed temporary method of operation that had been used in the initial stages to give time for the drafting of Rolling Programmes. They would need to submit detailed particulars of proposed expenditure by year and would not normally have sanction approved unless rapid turnover and financial benefit was assured according to the following criteria:

- "a) Housing Land; Disposal within two years of acquisition for a consideration which at least recoups the total cost of purchase, any essential servicing and interest charges;
- b) Industrial Land; Disposal within three years of acquisition

for a mix of premium and rental payments which recoups at least half the total costs incurred in that time;

c) Commercial Land; Prospective purchasers should have been identified and there should be an assurance of disposal within 18 months. Additionally the disposal should attract a mix of premium and rental payments which recoup at least half the total cost incurred within 3 years of acquisition."

(D.o.E., 1976c)

Although the Note also stated that consideration would still be given to schemes which failed to meet the criteria but which had "powerful planning and social arguments in favour of early local authority intervention," the emphasis was clearly on profitability.

GNLA 14, issued in September 1977, relaxed the criteria a little, substituting the word "strong" for "powerful" and stating that loss-making schemes which nevertheless were important to local employment and inner city regeneration would be considered for loan sanction. But the Land Scheme's budget was not increased.

Neither was it increased with the issuing of GNLA 17 in March 1978, which rescinded GNLA's 12 and 14 and introduced more flexible criteria for the approval of loan sanction, or GNLA 19, issued in November 1978. However, the latter Note was particularly significant in that it once again encouraged authorities to draw up Rolling Programmes for one year ahead instead of five as originally intended in 1976. "Financial profiles" would be provided for the ensuing five years, but block loan sanction would only be given for the yearly Rolling Programmes. The final submission date for these was the last day of

January, 1979.

The Note also stated that for "an experimental period" of five years, authorities would be allowed to retain 50 per cent of their Land Account surpluses instead of the previous share of 30 per cent. The share intended for redistribution would fall from 30 per cent to 20 per cent and the Treasury share from 40 per cent to 30 per cent.

In less certain terms, the consideration of joint schemes between authorities was encouraged, and the possibility of risk-sharing for "exceptional" schemes introduced; whereby authorities would be required to accept some of the land holding charges on their rates funds. Finally, future borrowing capacity would be decided at least in part by the sizes of surplus generated, or deficit incurred, in the past.

It was hoped that these measures would go some of the way towards removing the deterrents to local authority operation of the Land Scheme that had become only too obvious through considerable under-spending (Table 4):

TABLE 4 : LOCAL AUTHORITY EXPENDITURE UNDER  
THE COMMUNITY LAND ACT

	<u>£ MILLION PER YEAR</u>		
	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>
Budgeted	31.3	38	64
Actual	13	20	36

(Grant, 1978 and Building, 1979)

"I look forward with confidence," said Guy Barnett, Under Secretary of State for the Environment, in December 1978. (Milne, 1979a).

He was mistaken; in effect, all the measures came too late. Within six months there was a change of government and one of the first moves of the new Conservative Administration was to issue GNLA 20 which stated that, while loan sanctions already given for the current financial year would be honoured, no new sanctions would be issued excepting:

"where the authority can show that they were under a clear legal or moral obligation to acquire,"

or

"where ..... it would be sensible to acquire further land - for example, to complete an exercise in land assembly in order to secure early disposal of land already acquired."

(D.o.E., 1979)

Authorities were also freed from all restrictions on disposal of land. Thus the Community Land Act would remain law until such time as its repeal could be enacted, but its financial backing was effectively removed, rendering it virtually inoperative. Financial arrangements are the "teeth" of any land scheme; legislation may allow, but finance enables its operation and without financial backing, it exists in name only. That this backing is sound is thus of utmost importance. Efficiency of administration and effectiveness of implementation are perceived to be the two requirements of a practical and acceptable land scheme. Clearly, finance is central to the question of efficiency; but, in that it must be administered in such a way that gives incentive and ease to apply a scheme to its intended use, finance is also central to the issue

of effectiveness. Provide a sound financial backing; one that ensures the best use of available resources and is suited to the intended form of operation; and perhaps one has also provided for the success and survival of a land scheme.

The question that arises is, judged in these terms, how sound was the financial backing of the Community Land Scheme? It is believed that this question can be answered to the greatest degree of satisfaction by those authorities who were given the task of operating the Land Scheme; and thus being subject to its financial framework.

#### "Key Areas"

Authorities would implement programmes under the Community Land Scheme in three stages: they would submit schemes to Central Government for approval to obtain loan sanction; carry out acquisition, management and improvement of land for disposal according to these schemes; and dispose of land on their completion. The new financial discipline may be seen to correspond with these three stages.

The initial stage, of approval by Central Government, involves the issuing of loan sanction and the basis for this; yearly, by individual site according to strict criteria specified in successive GNLA's. This contrasts on the one hand with the original intention to give loans en bloc for use in connection with Rolling Programmes, and on the other hand with authorities' previous land finance arrangements.

The second stage, of implementation of land programmes, involves the operation of the Land Accounts; their intended self-financing nature which allowed capitalisation of current expenditure; their

isolation from authorities' rates funds; their annual closure necessitated by this form of operation; and their imminent final closure with the repeal of the Community Land Act.

The third stage, of disposal of land, involves the issue of the division of any surpluses between the authority, Central Government and the Equalisation Fund; and the subsidisation of any deficits by the Government from the Equalisation Fund.

In summary, the three stages of operation of the Community Land Act and the corresponding "Key Areas" of the financial discipline are shown in Table 5 below:

TABLE 5 : FINANCIAL OPERATION OF THE COMMUNITY LAND ACT

<u>STAGE</u>	<u>"KEY AREAS"</u>
1. Approval of schemes by Central Government	Loan sanction (individual sites; strict criteria; Rolling Programmes; authorities' previous arrangements)
2. Implementation of schemes	Operation of Land Accounts (self-financing; capitalisation of current expenditure; rate-fund isolation; annual closure; final closure)
3. Disposal of land	Division of surplus/financing of deficit (40:30:30 division; Equalisation Fund)

Here, then, is a framework for analysis. It is to be hoped that a study of the experiences of a number of authorities with respect to each of the "Key Areas" may allow generalisations to be made on the financial operation of the Community Land Act; and that, on the basis of these, recommendations may be made that ensure the arrangements of any future land scheme fulfil the criteria of efficiency and effectiveness that appear to be crucial to its practicality and acceptability.

## CHAPTER 4

### THE DISCIPLINE IN PRACTICE

In the last chapter, three "Key Areas" of the new financial discipline imposed on local authority land dealing by the Community Land Act were identified. It was seen that the questions of loan sanction, operation of Land Accounts and division of surpluses or financing of deficits corresponded with the three stages of operation of the Community Land Scheme: approval of schemes, their implementation and the disposal of land on their completion.

However, to assess the operation of the Community Land Act in a broader framework, another key area may be added; that of local authority land dealing under alternative arrangements that existed before and in some cases during the operation of the Community Land Act. As has been seen, local authorities have had land dealing powers for many years and the question of how the new arrangements introduced by the Community Land Act affected their practices here should be answered.

Thus analysis of the sequence of "Key Areas" may be preceded by a review of local authority involvement in land dealing:



### The Local Authorities and their Study

Fourteen local authorities were approached for the study: South Yorkshire, Tyne and Wear and West Midlands Metropolitan

County Councils; Warwickshire and Hereford and Worcester County Councils; Coventry, Stoke-on-Trent and Liverpool City Councils; Newcastle-under-Lyme, Charnwood, Middlesbrough, Wolverhampton and Hinckley and Bosworth Borough Councils; and the Peak Park Planning Board. Stoke-on-Trent, Liverpool and Hinckley and Bosworth Councils and the Peak Park Planning Board stated that they could be of little assistance to the study. In the interests of convenience, the invitations from Hereford and Worcester and Middlesbrough Councils were declined; and in the interests of avoiding a West Midlands bias, so too were the invitations from Wolverhampton and West Midlands Councils. Thus the Key Areas were studied in terms of six local authorities:

1. South Yorkshire Metropolitan County Council;
2. Tyne and Wear Metropolitan County Council;
3. Warwickshire County Council;
4. Coventry City Council;
5. Newcastle-under-Lyme Borough Council; and
6. Charnwood Borough Council.

Six was thought to be a sufficient number of authorities on the one hand, to allow detailed studies to be made of their experience with the Community Land Act's financial arrangements in the time and space available, and on the other hand, to allow certain generalisations to be made that are hopefully applicable in a wider context.

The mix was also felt to include a variety of circumstances: political control differed, both at the time of the study and during the operation of the Community Land Act; different financial measures, based on such as Regional Development Policy, were available to



authorities; different priorities and policies existed accordingly; areas of jurisdiction and power differed between County and District. Reviews of the authorities and their jurisdictions are given in Appendix 2.

The survey was carried out principally by use of questionnaire interview; a copy of the questionnaire is shown in Appendix 3. It was designed in such a way as to elicit both factual information and personal and professional opinion on the operation of the Community Land Act in terms of each of the Key Areas. Every effort was made to ensure the objectivity of the questions and to ensure that the opinions expressed were those of the interviewee and not the interviewer. In addition, information was taken from Land Account Statements, Land Policy Statements, Rolling Programmes and Committee Agendas and, less formally, officials were allowed to elaborate at length on some of their opinions after the questions had been answered. While many local authorities had very limited dealings under the Community Land Act, they were all obliged to operate Land Accounts and thus to submit to the financial discipline. As this forms the focus of the study, the questionnaire interview survey was directed at financial officials; Treasurers and their Assistants, Group Accountants and Technical Directors. Clearly, a comprehensive, in-depth study of the Community Land Act would need to take information and opinions from other departments, such as Planning and Estates, as well as from Councillors themselves. But to the purpose of proposing a new financial discipline on the basis of the experience of that introduced by the Community Land Act, information and opinions from finance departments were felt to be of most value.

A blank Land Account Statement is shown in Appendix 1. The factual information from the authorities' Statements is tabulated

in Appendix 4; reference will be made both to this and to the figures constructed in Appendix 5 from some of the statistics contained therein throughout the analysis of the questionnaire survey which follows.

#### Local Authority Land Dealing

The findings according to the question of local authority land dealing bear several consistencies. As was postulated, the general picture is one of considerable experience in the field of land dealing. Tyne and Wear and Newcastle-under-Lyme Councils even went so far as to say that they dominated the industrial land markets in their respective jurisdictions. The former stressed that the local land market was stagnant; that is, that there was not enough development. Thus it was the responsibility of the Council to provide land for development; or more normally, provide the development itself. Its programme of Construction of Advance Factory Units demanded that plots of land be obtained leasehold from District Councils, then disposed of leasehold to industrialists. This policy of acting in place of "the missing developer" in a depressed area had been in existence since 1975. The industrial land market in Newcastle-under-Lyme seemed to be in a more healthy state than that in Tyne and Wear, but similarly, the land disposed of by the Council ("normally ten acres per year") was enough to dominate it, and officials spoke of a long-standing policy of disposal of small industrial sites.

Warwickshire and Charnwood Councils, while not enjoying the apparent market dominations of Tyne and Wear and Newcastle-under-Lyme Councils, had both had experience in operating long-term rolling programmes of opportunity purchase of land for private disposal.

Charnwood's began with the acquisition of an aerodrome for development as an industrial site before the Second World War; the disposal of this site provided the capital for further acquisitions either for development by the Council in advance of private disposal or simply for disposal without development. Warwickshire had operated a programme of acquisition of greenfield sites on urban peripheries for maintenance as smallholdings estates until the time was ripe for disposal.

Coventry City Council is in an unusual position; it has owned much of the land in its densely-populated and highly-developed jurisdiction since the City's redevelopment after Second World War bomb devastation and had thus had little recent experience of land acquisition. However, possession of any land requires both management and formulation of terms for leasehold disposal and the Council seemed to be well-experienced in these areas if not in recent acquisition.

Finally, even though land acquisition for private disposal had not been a practice of South Yorkshire County Council prior to the operation of the Community Land Act, officials spoke of their difficulties in acquiring land for refuse disposal. Even at this level, a local authority is obliged to have some contact with the land market, and though activity levels may differ, the picture of considerable experience in dealing with land remains.

It might perhaps be expected that this activity is conducted in accordance with well-developed land policies; but this was not borne out by the study. Only in the cases of Tyne and Wear and Newcastle-under-Lyme did land policies exist; of industrial development for the creation of employment and acquisition of land to facilitate such development. As stated above, both Warwickshire and Charnwood

Councils conducted their land acquisition and disposal programmes on the basis of opportunity purchase; activities were thus conditioned by the nature of the land available at any time and not by any conscious policy. "We simply hope to use the resources we have to make for the development of our main centre, Loughborough." said an official of Charnwood Council. Neither did South Yorkshire or Coventry Councils, which, it will be remembered, had only limited experience of land acquisition and disposal, conduct their affairs according to a policy.

The question that arises, therefore, is did the operation of the Community Land Act affect either the level of local authority land dealing, or the policy that this was, or wasn't, conducted in accordance with? The answer is largely no in either case. Only in South Yorkshire and Coventry did it give the Council the means and the motivation both to expand their dealings in land and to formulate a policy accordingly. South Yorkshire took up the policy of industrial development for employment creation with not inconsiderable enthusiasm: the Council had not involved itself to a great extent in land dealing before the operation of the Community Land Act, but the availability of capital finance with no apparent rate-fund burden gave it the impetus to pursue ambitious schemes in accordance with this new policy area. At the end of 1978-79, the Council held 106.04 hectares of Community Land (Appendix 4 and Figure 2, Appendix 5); nearly ten times as much as its nearest rival, Tyne and Wear Council (Appendix 4 and Figure 4). One such ambitious scheme was the acquisition of land for leasehold disposal to industrialists as part of a proposed 170-acre industrial estate at Carcroft, to the north of Doncaster.

The total cost of acquisition and management of just one-fifth of the site stood at £226,384 on March 31st, 1979, and the Council was eager to complete the scheme although it classed the site as "marginal".

Officials of Coventry Council stated that all of the land that was acquired or attempted to be acquired under the Community Land Act would not otherwise have been considered. Neither would the Land Policy, which was largely one of "unblocking ownership problems on difficult sites" and use of Compulsory Purchase powers to assemble sites for disposal to developers, have been formulated. The reason given for this was that the Community Land Act allowed Compulsory Purchase Orders to be made on land that was intended for private disposal per se. However, the availability of an extra source of finance specifically intended for land in a time of stringency elsewhere was also acknowledged as an incentive. In the cases of Tyne and Wear, Warwickshire, Newcastle-under-Lyme and Charnwood, Councils continued to pursue their former land policies or programmes of opportunity purchase under a different financial discipline. However, while they all reported that their levels of land dealing had not altered under the Community Land Act, some appreciated that the extra finance provided under the Act at least enabled them to maintain previous levels when many other activities were subject to economy. Only Charnwood Council seemed hostile to the Community Land Act: officials reported that its complex financial arrangements constituted a short-term restriction on their programme of land acquisition and disposal.

## Loan Sanction

The first of the "Key Areas" of the new financial discipline introduced by the Community Land Act has been identified as loan sanction on approval of schemes by Central Government. As has been seen, with certain exceptions, the Act placed all land deals where the intention was for private disposal into a Land Account which would be financed by loans from the newly-created Community Land Key Sector. The mechanics for obtaining finance for such deals would thus be changed considerably. The local authorities of the study found themselves in a number of different situations. The most popular source of finance for land acquisitions for private disposal before the operation of the Community Land Act was the capital possessed, and the revenue generated, by the authority itself. South Yorkshire, Warwickshire and Charnwood Councils conducted their land deals thus. Tyne and Wear, Coventry and Newcastle-under-Lyme Councils, on the other hand, preferred to proceed by borrowing money from Central Government. The argument for using internal capital and revenue was that it gave authorities the freedom to use money as they wished and not be subject to external constraints that would accompany loans obtained from other sources. If they had to be answerable to anyone, the authorities would prefer to be answerable to themselves. The argument for borrowing money from Central Government was that land is a long-term asset and thus a low priority for use of indigenous funds; whereas a loan may be repaid over a long period of time while the asset begins to earn money. Of course, by proceeding thus, Councils incur interest repayment charges; these and other revenue implications fall on their rates funds. However,

in the cases of Tyne and Wear (where money was borrowed from Urban Programme funds) and Newcastle-under-Lyme (where Derelict Land Key Sector finance was used) this repayment was grant-aided to the tune of 75 per cent and 100 per cent respectively. Only Coventry had to incur the full interest charges, on loans from Locally Determined Sector.

As stated in the previous chapter, "grant-aided" land remained outside the Community Land Accounts; thus South Yorkshire, Tyne and Wear and Newcastle-under-Lyme Councils had access to Urban Programme and Derelict Land funds during the operation of the Community Land Act. These authorities thus had alternative means of financing land acquisitions for private disposal, while in the cases of Warwickshire, Coventry and Charnwood, Community Land Key Sector loans were reported to replace the former sources of finance completely.

The question that must be asked is, which was the preferred source of finance and why? Of the six local authorities studied, only two - South Yorkshire and Tyne and Wear - preferred the system introduced by the Community Land Act; and the favour of the latter was tempered with bitterness at having budgeted for, and not obtained, loan sanctions for a number of schemes. The Councils' stated reason for preferring to operate with Community Land Key Sector finance was that it enabled them to incur large debts without suffering rates-fund burdens. Even Urban Programme loans, whose revenue implications are 75 per cent grant-aided, impose burdens to some degree.

Why, then, were the Community Land Act's financial arrangements unpopular with the other four local authorities? Both Warwickshire

and Charnwood Councils, which it will be remembered, operated rolling programmes of opportunity purchase financed by indigenous capital and revenue funds prior to the Community Land Act, claimed that it entailed an undesirably high degree of dependence upon Central Government. Newcastle-under-Lyme Council, which, being in a Derelict Land Clearance Area, was fortunate enough to have access to Derelict Land Key Sector loans (repayments of which are 100 per cent grant-aided) during the operation of the Community Land Act, were unhappy with the requirement that 70 per cent of all surpluses would be appropriated by Central Government. Coventry's criticism was that the loan sanctions were administratively complex in a way that Locally Determined Sector loan arrangements (which involve submission of schemes to the County Council for financial approval) had never been.

Thus from the point of view of the local authority, the adequacy of Community Land Key Sector loans as alternative means of financing land deals is open to some question. A variety of sources of finance were available to local authorities before, and in some cases during, the operation of the Community Land Act, and in the majority of instances, these were preferred to Community Land Key Sector loans. The sources available and the sources preferred are summarised in Table 6 overleaf.



TABLE 6:

## FINANCING OF LAND DEALS

<u>LOCAL AUTHORITY</u>	<u>SOURCE OF FINANCE FOR LAND INTENDED</u>	
	<u>FOR PRIVATE DISPOSAL</u>	
	<u>PRE-CLA</u>	<u>DURING CLA</u>
S. Yorkshire	CAP-REV ✓	CLKS / UP ✓
Tyne & Wear	UP / LDS	CLKS / UP ✓
Warwickshire	CAP-REV ✓	CLKS
Newcastle-u-Lyme	DLKS ✓	CLKS / DLKS ✓
Coventry	LDS ✓	CLKS
Charnwood	CAP-REV ✓	CLKS

Key

- CAP-REV : Capital and Revenue Funds  
 UP : Urban Programme  
 LDS : Locally Determined Sector  
 CLKS : Community Land Key Sector  
 DLKS : Derelict Land Key Sector  
 ✓ : Preferred source of finance

Suggestions of how the Community Land Act could have been better financed centred largely on the theme of more money or power to local authorities. Tyne and Wear Council would have preferred block loan sanctions to individual site loan sanctions, to tie in with its well-developed three-year programme of industrial development. This programme, originally drafted in 1978 (although industrial development policies had been in existence since 1975), demanded

both improvements in "basic industrial infrastructure" such as road access and drainage, and provision of new or refurbished premises by way of advance factory construction. Land acquisition is central to the programme, and block loans would have given the Council freedom to pursue a number of schemes over more than one year.

Newcastle-under-Lyme Council would have preferred to keep a greater proportion of the surpluses on Community Land deals, in the same way that it had kept any surpluses arising from its Derelict Land deals - the revenue costs of which, it will be remembered, are 100 per cent grant-aided. Warwickshire and Charnwood Councils saw Joint Accounts, under which surpluses and deficits were shared throughout the County, as the great failure. They would have preferred to have operated free from such restrictions. Coventry Council, on the other hand, suggested that Community Land Act borrowing should have been financed from the rates to encourage local authorities to operate efficiently. Only South Yorkshire Council was happy with the arrangements as they stood.

To look at some of the measures of loan sanction in greater detail, it appears that sanctions by individual site were unpopular as they had operated. They were criticised for being complicated, long-winded, inefficient and cumbersome. In particular, the expiry of loan sanctions at the end of each financial year and the delay entailed in re-application hampered the implementation of schemes. But perhaps the picture is not entirely black: only Warwickshire Council questioned the validity of Central Government opinion over local authority opinion concerning individual sites for which sanction would be applied, and South Yorkshire and Newcastle-under-Lyme Councils

were perfectly happy with the arrangements. In the words of an official of Newcastle-under-Lyme Council;

"We would prefer to make a strong case and obtain loan sanction for a scheme then be left to proceed without Central Government interference than to have our programmes subjected to a continuous scrutiny".

Furthermore, the criteria of profitability and rapid disposability of land that were applied to such sanctions were appreciated by the majority of the local authorities. It will be remembered that GNLA 12 specified that loan sanctions would only be granted on commercial land where disposal recouping at least half of total costs was assured within eighteen months; on housing land where disposal recouping at least total costs was assured within two years; and on industrial land where disposal recouping at least half of total costs was assured within three years. Officials could understand the Government's reasons for imposing such criteria; Warwickshire and Charnwood Councils understood that money was in short supply and its economical use had to be ensured, while Coventry and Newcastle-under-Lyme Councils appreciated the strict financial discipline that the criteria imposed upon local authority land dealing.

"As an educational exercise in obliging local authorities to look at land deals as business ventures" said an official of Newcastle-under-Lyme Council, "the Community Land Act should not be underestimated." Only Tyne and Wear and South Yorkshire Councils thought the criteria totally unrealistic and unacceptable. The former stressed that local land deals could only hope to come into profit between twenty and twenty-five years after acquisition. Oddly, the latter's deals did

not appear to be subject to such scrutiny; officials claimed that Central Government never looked for a profit and never refused a loan sanction. The Council's attitude was that it had been given the freedom to roll up debts on land deals indefinitely. The extent of the debts may be perceived from the Land Account deficit shown in Appendix 4 and Figure 1; at a Figure approaching £1.5 million at the end of 1978-79, it was by far the highest amongst those of the study. It may be added that the possibility of repayment of the deficit at the end of the current financial year has caused officials to revise their views somewhat.

Despite the unpopularity of individual site loan sanction as it operated, the apparent alternative, that of Rolling Programmes based on block loans, was not preferred; few authorities operated to such programmes and even those that did would have been unable to draw out acquisition, management and disposal forecasts for future years. Opinion was that unforeseeable circumstances made such forecasts unrealistic and impractical. Coventry Council thought it similarly unrealistic for Central Government to be in a position to extend block loans and risk "rapidly snowballing" losses; to a greater extent than had been the case under individual site loan sanction as shown in Figures 1, 3, 5 and 7, one imagines. Only Tyne and Wear and Warwickshire Councils would have preferred block loans to individual site loans and only the former seemed to have a valid case for needing them; as stated above, the Council operates a three-year rolling programme of factory construction which necessarily takes land requirements into consideration. Warwickshire, on the other hand, proceeds by opportunity purchase.

The interest rates charged on loans from Community Land Key Sector, which were set notionally at the beginning of each financial year, were widely criticised as being unnecessarily high. Most of the authorities of the study pooled their loans into Consolidated Loans Funds, for which single interest rates apply to all borrowing transactions. Community Land loans remained external to the Funds and only in the latter stages of the Act's operation (for the financial year commencing at April 1979) were authorities charged similar rates to those applying to their Consolidated Loans Funds. Calculation of a separate interest rate for a particular borrowing transaction was seen to present problems; accountants felt that it complicated matters to no avail.

The repeated "changing of rules" by Central Government according to the availability or otherwise of finance was largely resented by the local authorities. GNLA 12, which was responsible for introducing the criteria of profitability and rapid disposability outlined above as well as cutting the budget of the Community Land Scheme by almost half, was seen as having a "deadening effect".

"The Community Land Act had become a centrally-controlled scheme ..... it fell foul of GNLA 12 and never recovered," said an official of Coventry Council.

The opinion was echoed by a Charnwood Council official:

"GNLA 12 showed that the Government had placed the Community Land Act on the shelf. Consequently, we too lost interest."

Authorities were seemingly sceptical of the promises of GNLA 19, which, coming near the end of the period of operation of the Community Land Act, intended to replace individual site loan sanctions with block loans based on Rolling Programmes, and to allow local authorities

to keep greater proportions (50 per cent) of any surpluses.

"It came too late and brought too little," stated an official of Charnwood Council.

Only Tyne and Wear Council seemed to show any enthusiasm: it budgeted for much more Community Land Act money, only to have the unpleasant experience of being refused loan sanctions totalling one million pounds by the present Government. Being morally committed to programmes, officials have been left to find the money from other sources and describe the loss of the sanctions as "a tragedy". Their impression was that they had been misled.

#### Operation of Land Accounts

The second "Key Area" of the Community Land Act's financial discipline has been identified as the operation of the Community Land Accounts. To isolate these from the rates, it was necessary to capitalise all current expenditure on land intended for private disposal; it was assumed that the ensuing large capital debt would be paid from the proceeds of disposal of the improved land.

Without exception, the Land Accounts of those authorities studied were in deficit for each of the years of operation, although extent of deficit differed as may be seen from Appendix 4 and Figures 1, 3, 5, 7, 9 and 11. However, Warwickshire, Newcastle-under-Lyme and Charnwood Councils estimated that their Accounts would soon move into surplus as they disposed of improved land. Newcastle's had been moving in the right direction since 1976-77 (Figure 9) and was already £150,000 in surplus by November 1979. Although Warwickshire and Charnwood's deficits were growing (Figures 5 and 11), the Councils' intended appropriations or disposals of land were expected to reverse

the trends. In these cases, if not in others, the indication is that the Community Land Act is to be repealed just before it begins to show financial benefits.

Authorities were reluctant to admit that they had had difficulty in operating the Land Accounts, although most reported that they were complicated and confusing. The division of Accounts into surplus/deficit (to cover total costs and revenues) and profit/loss (to cover those on land dealing in one year only) appeared to present problems.

The isolation of the Accounts from the rates funds was favoured by most of the local authorities. It enabled them to undertake financially risky schemes (which nevertheless yielded "planning gain" or "social benefits") without feeling revenue implications. Newcastle-under-Lyme Council incurred a debt of £248,133 on acquiring an old hospital site ten miles outside the town for assembly and improvement for sale in small plots to housing developers from the Master Builders' Federation. By catering for small builders, the Council felt it was fulfilling a worthwhile function: yet clearly, debts had to be carried while piecemeal disposal took place, and the scheme was described as "high risk" as it was never certain that a demand would exist for houses so far from the town. Officials doubted if the scheme could have been considered had the debts needed to be serviced from the rates fund. Coventry Council incurred "enormous losses" on improving inner city sites for disposal for industrial development which would nevertheless "meet the optimum employment needs of the city". Warwickshire Council found it difficult to resist arguments from its Planning Department to clear derelict Birmingham Gas Corporation land at Stratford-upon-Avon for private disposal for industrial use, loss-making though the scheme was.

Officials of Warwickshire and Newcastle-under-Lyme Councils thought that, in face of the appropriation of such a large proportion of surpluses by Central Government, rate-fund isolation formed the incentive that was necessary for local authorities to even consider dealing under the Community Land Act. The question seems to be, where does one draw the line between incentive to deal and lack of incentive to deal economically? That debts do not have to be serviced from an authority's rates fund in many ways constitutes such a lack of incentive. Both Coventry and Charnwood Councils raised this point and it is illustrated in the case of South Yorkshire Council which never had any intention of bringing its Land Account into surplus as long as it was not faced with the necessity of servicing its sizeable deficit (Appendix 4 and Figure 1) from its rates fund.

However, with the closing of the Land Accounts and the expiry of all loan sanctions on the 31st of March, 1980, this necessity may arise, not only for South Yorkshire but for all local authorities whose Land Accounts are in deficit. Furthermore, five of the six local authorities studied are obliged to, or have chosen to, continue land programmes begun under the Community Land Act after this date. Only Warwickshire Council intended to dispose of all its community land freehold as facilitated by the present Government's General Consent in GNLA 20:

"The restrictions on the disposal of certain material interests in land .... are revoked and a new General Consent is appended to this Note, which leaves authorities free to dispose of freehold or leasehold interests as they wish."

(D.o.E., 1979)



This would leave the Council needing to dispose of 7.01 hectares (Appendix 4 and Figure 6). The other Councils were anxious to retain interests in their sizeable land holdings (Appendix 4 and Figures 2, 4, 8 and 10) and were seeking other sources of finance for completion of programmes: South Yorkshire from private sources (Merchant Banks and pension funds were mentioned); Tyne and Wear from Urban Programme funds; Coventry from Locally Determined Sector; Newcastle-under-Lyme from indigenous capital and revenue as well as loans from Derelict Land Key Sector; and Charnwood also from indigenous capital and revenue.

#### Division of Surpluses

The third "Key Area" of the Community Land Act's financial discipline has been indentified as the division of Land Account surpluses and financing of Land Account deficits by Central Government. The Community Land Act, it will be remembered, arranged for any surpluses to be divided in the ratio of 40 per cent to Central Government; 30 per cent to an "Equalisation Fund" for redistribution to those authorities whose Land Accounts were in deficit; and 30 per cent to be retained by the generating authorities for use in place of other borrowing approvals. Thus a local authority was faced with an effectual 70 per cent tax on any surplus, but as few were made, it was more likely to be faced with the possibility of a share-out, however small, from the Equalisation Fund.

Amongst the six local authorities of the study, no surpluses were made: nonetheless, opinions were strong on the division of any likely ones. Only South Yorkshire Council felt that the question was irrelevant, as, in the official's own words, the Council "had never had a surplus and was never likely to."

Other authorities felt that the 70 per cent tax was a disincentive to run into surplus and thus to operate economically; as was the case with the isolation of debts from the rate fund, it encouraged authorities to pursue loss-making schemes for "planning gain".

While all of the local authorities for which statistics are available received distribution shares from the Equalisation Fund, ranging from Tyne and Wear's £387 to South Yorkshire's £4,459 (Appendix 4) only the latter Council felt that the shares were of any significance.

### Conclusion

Thus experience of the new financial discipline introduced by the Community Land Act was mixed: some authorities relished the freedom that it gave them, others found it restrictive. Some found it a useful extra tool in the implementation of new or existing policies, others would have preferred to operate without it. But none were without their opinions as to its effectiveness, and while differences exist, then so do consistencies and it is to be hoped that these consistencies may form the basis for recommendations concerning any future attempts to evolve a local authority "Land Scheme".

It has been the intention of this chapter to make some generalisations about local authorities' experiences of land dealing both before and during the operation of the Community Land Act's financial discipline. It remains to draw these generalisations together and make recommendations accordingly. This will be attempted in subsequent chapters.

## CHAPTER 5

### THE DISCIPLINE IN SUMMARY

May it initially be stressed that before any conclusions may be drawn from the findings outlined in the preceding chapter, it must be remembered that they only apply to the six local authorities studied and any broader generalisations rest on the assumption that other authorities enjoyed similar experiences. Nonetheless, it is believed, as was stated earlier, that the authorities of the study represent a wide range of situations and it is to be hoped that recommendations based on their experiences may be applicable elsewhere.

#### Generalisations

In terms of land dealing, it may be reiterated that authorities seemed long experienced in this field, and even those recently-established authorities such as South Yorkshire and Tyne and Wear (which were created on re-organisation in 1974) have been involved in land dealings for the better parts of their existence.

This involvement in land dealing may be conducted according to a Council Policy, as in the cases of Tyne and Wear and Newcastle-under-Lyme; or, more frequently, it may take the form of an overview of the land market to ascertain the availability of land which may fulfil a particular need at a particular time. In short, it may be policy-led or opportunity-led. In either case, it appears that the Community Land Act did not throw local authorities into the dark of a whole new policy area: it simply altered the arrangements for procedure in a field which was already well-known to them. Four out of the six local authorities of the study did not even expand their land dealing activities or alter their policies under the Community Land Act.

"Only the financial arrangements changed," said an official of Tyne and Wear Council.

Yet were the new financial arrangements entirely suited to the well-established practices of local authority land dealing? It appears not. Four out of the six authorities of the study had preferred their previous arrangements, be they by borrowing or financing internally. The Community Land Act's arrangements were best suited to the practices of South Yorkshire and Tyne and Wear Councils, which seemed to look on them as a form of "grant-aid", providing indefinite-term loans that never had to be serviced. Clearly, this was not the way in which the Community Land Act was intended to be operated.

The unpopularity of the Community Land Act seemed to be largely due to its undesirably high degree of central control. Clearly, where Key Sector finance is concerned, control must be centralised to some degree; and it is difficult to see a way in which a scheme concerned solely with land could not be financed from Key Sector. But central control in the case of the Community Land Act was also synonymous with delay, inefficiency and complexity and it seemed to be these by-products that were held in low esteem by local authorities. While it appeared that most were willing to submit to individual site loan sanction arrangements in theory, complications such as the expiry of sanctions at the end of each year with the closing of the Land Accounts, the complexity of application forms and the long delays in obtaining or being refused sanctions caused their unpopularity in practice. Similarly, while the majority of authorities appreciated the criteria of profitability and rapid disposability that were applied to the granting of loan sanctions, the constant changing of these criteria by successive GNLA's was resented.

If loan sanctions by individual site were appreciated at least in theory, block sanctions based on Rolling Programmes were not. The feeling was largely that they were unrealistic from the point of view of both local and Central Government and that the attempts to introduce them both initially in 1976 and latterly in early 1979 were misguided. Most authorities' land programmes appeared to proceed in terms of individual sites as and when they became available, and any land scheme should attempt to take heed of this in its administration of finance. The indication is that the system of individual site loan sanction is more suited to local authority land dealing than its apparent alternative.

What, then, of the Land Accounts themselves, which were operated on the basis of capitalisation of current expenditure in order that debts (which were hopefully to be only short-term) could be incurred without revenue implications and without rates-fund burdens? As has been seen, the system rests on the assumption that debts may be recouped on the sale of improved land. However, with the apparent stagnation of the land markets in such urban jurisdictions as South Yorkshire, Tyne and Wear and even Coventry, this assumption is unfounded at least in the foreseeable future. An official of Coventry Council stated that as few as 20 per cent of costs of acquisition and improvement of an inner city plot could hope to be recouped on disposal. Tyne and Wear Council's officials expected land deals to move into profit between 20 and 25 years after acquisition. South Yorkshire Council's officials never even looked for profits. The situations are illustrated graphically in the escalating Land Account deficits of Figures 1, 3 and 7, which correspond with the accumulation of land shown in Figures 2, 4 and 8. It appears that in these cases, the financial arrangements of the Land Accounts were misconceived; the sale of a plot of land would

not even cover its own acquisition and improvement costs, let alone the cumulative interest and management costs arising from its possession.

However, in the cases of Warwickshire, Newcastle-under-Lyme and Charnwood, perhaps the same criticisms are not valid. All three authorities reported that their Land Accounts would be likely to move into surplus in the immediate future (Newcastle's was already there), as improved land was sold, leasehold or freehold, or appropriated to other accounts. The indication is that where the land market is apparently healthy, the Community Land Accounts operated as they were intended to and one can only speculate as to what would have been the overall financial situation had the Community Land Act been in operation for one more year. Even the Land Accounts of 1979-80, when they are closed, may show a rather more healthy financial situation than those of 1978-79.

Clearly, though, exclusion of all jurisdictions where the land market is in stagnation from a particular system of accounting is no basis for a future local authority land scheme. The question of incentive to run into surplus or stay in deficit would remain unanswered. A number of authorities reported that both rate-fund isolation and appropriation of large proportions of any likely surpluses by Central Government on the one hand removed the incentive to seek profit and on the other, gave an incentive to remain in deficit. However healthy or stagnant a jurisdiction's land market was, as long as authorities found themselves in such a position, the likelihood of Land Accounts running into deficit and the Community Land Scheme failing to become "self-financing" remained. The lack of incentive to operate economically may well have allowed local authorities to pursue loss-making schemes

for social benefit or "planning gain"; yet this was not the intended purpose of the Community Land Scheme. Schemes that are expected to make a loss should be covered by grant-aided loans and not form priorities under arrangements that are intended to give local authorities a land market role.

Yet even those authorities that incurred sizeable deficits and were never likely to run into surplus (South Yorkshire, Tyne and Wear: in Appendix 4 and Figures 1 and 3) were anxious to continue their land programmes after the expiry of all Community Land Key Sector loan sanctions on March 31st, 1980. In some cases, this was due to continuing legal or moral obligations, but it is notable that only one of the authorities studied intended to dispose of all its community land freehold.

It appears that the maxim "As in the beginning, so in the end," applies to local authority land dealing: active in the practice before the operation of the Community Land Act, and eager to remain so on its passing. This is not to say that the switch from one financial discipline to another will not present problems: authorities' finance officials are busily seeking alternative sources of finance in the uncertainty that prevails over the closing of the Land Accounts and appropriation or otherwise of their deficits or surpluses.

"We'll be up to our necks in it," stated an official of South Yorkshire Council. But hopefully these problems will be short term and involvement in land dealing will continue.

It has been postulated that the Community Land Act was politically unacceptable because it was deemed impractical. It has also been postulated that if future years see future Labour Governments, further

attempts to endow local authorities with a land market role are likely. It is to be hoped that, from the generalisations on the experience of the Community Land Act's operation, implications can be drawn for the practicality and acceptability of these likely further attempts.

### Implications

Firstly, in its attempts to give local authorities a market role, the Community Land Act appears to have largely failed. It has already been seen that authorities were not inexperienced in land dealing before the operation of the Act and that, rather than expand their activities during its operation, they simply adapted them to the new financial discipline. Deals that would have been financed from indigenous capital and revenue or Locally Determined Sector loans were instead financed from Community Land Key Sector loans. Most authorities thought that they had perfectly adequate legislative powers for involvement in land dealing before the operation of the Community Land Act. It is true that the Act was in its infancy, and that the intention was for authorities to gradually increase their market operations until positions of dominance were reached after the "Second Appointed Day"; but the fact that the Act was most popular in jurisdictions where land markets were stagnant and profits on deals impossible seems to indicate that its best use was not concerned with market involvement.

In fact, its best use appeared to be as a provision for incurring large, unserviced debts on loss-making land deals which yielded "planning gain"; such as Tyne and Wear's Construction of Advance Factory Units and Coventry's assembly of inner city sites. Yet not only



was it not intended to be operated thus (as illustrated by the fact that all grant-aided transactions, which would normally apply to such loss-making deals, were kept outside the Land Accounts), the resultant deficits were central to the criticisms of "inefficiency" which brought about the Act's repeal. This is not to deny the importance of local authority involvement in loss-making spheres; indeed, the fact that Community Land Finance was used thus perhaps implies that existing allocations of grant-aided loans were insufficient. But it is also important that a scheme designed to give the local authority in general, and the Planner in particular, a degree of involvement in, and control over, development land and its market, is used to its true purpose. If any future land scheme is to be used to such a true purpose, there must be no doubt, from the local authorities' point of view, that this is where its most rewarding use lies.

This would appear to demand an entirely different system of financing to that introduced by the Community Land Act. Authorities must be given the incentive to deal economically for them to expand their land market activities. Grant-aided loans such as those from Urban Programme and Derelict Land Key Sector funds could continue to finance acquisition and management of land which needed substantial improvement before it even became marketable.

In capitalising all current expenditure and thus removing rate fund burdens, the Community Land Act also removed such an incentive to deal economically. Furthermore, appropriation of 70 per cent of all Land Account surpluses gave authorities an incentive to remain in deficit and thus enjoy share-outs from the Equalisation Fund. This is illustrated to some degree by the fact that the only local authority that felt its

Equalisation Fund share-out to be of any significance was the authority that incurred the largest Land Account deficit; South Yorkshire (Appendix 4). It is true that the Community Land Act came at a time of rate increase and that the Government was wary of imposing an extra burden on the rates funds; indeed, claims that the scheme "would not cost a penny" may have formed a strong political selling point. But at least rates fund servicing of Land Account deficits would have operated as an inbuilt control on land dealing under the Community Land Act. Had they been obliged to operate thus, authorities may have been unwilling to incur excessive debts; thus their activities may have been directed towards marketable sites; and development land. In jurisdictions such as South Yorkshire and Tyne and Wear, where by all accounts such sites do not exist, use of the Community Land Act would have been limited; but in other jurisdictions, its use could have proceeded unhindered by the strict central control (and resultant inefficiency) that was necessary under the system as it operated. In short, while control was necessary, perhaps it should have been imposed at the start by way of incentives to deal economically, rather than throughout by way of scrutiny of all deals by Central Government. It is believed that obliging local authorities to service deficits from their rates funds would have constituted such an incentive.

So too, then, would enabling authorities to keep their Land Account surpluses act as an incentive to run into surplus. Some of the authorities studied (Warwickshire, Coventry, Newcastle-under-Lyme) expressed the opinion that only in face of rates-fund isolation of deficit was the appropriation of 70 per cent of surplus by Central Government acceptable. If the former "carrot" is removed, then so

should the latter "stick" be; if authorities are required to accept the financial burdens of land scheme dealing, then so should they be allowed to enjoy the financial benefits. Perhaps the only stipulation should be that Land Account surpluses must be used to cover further expense under the land scheme as more land is acquired, managed and improved for disposal.

Yet if any land scheme must proceed on the basis of loan sanctions for individual sites (and it appears that such a system is favoured by local authorities), for the sake of all concerned, attempts should be made to simplify and streamline procedures. The necessity for loan sanctions to expire at the end of each financial year seems questionable, even if it is convenient for accounting purposes; delays while authorities re-apply for sanctions are hardly conducive to continuing programmes of acquisition, assembly, improvement and disposal. Even more worrying is the prospect of an authority being refused loan sanction to continue a half-completed scheme, as was the case with Tyne and Wear. Having approved a scheme initially, there should be no need for Central Government to re-assess it a year later. However, continuing loan sanctions would also require efforts from local authorities to make accurate estimates of the total costs of schemes and not just their costs within one year. Similarly, once criteria for issue of loan sanctions have been established by Central Government, they should be adhered to. Constant changes of criteria are damaging not only to the operation of land programmes themselves, but to relations between Central and Local Government in general. Only two out of the six authorities studied reported satisfactory relations with the Department of the Environment; the other four seemed to think that there was just as much uncertainty in the Department as there was at a local level.

Yet as has been seen, authorities seemed perfectly willing to respond to one set of criteria, however strict. When asked if he could suggest a better way of operating the Community Land Act, an official of Coventry Council said that he

"wouldn't mind how it was operated - as long as the rules didn't change every week."

Many of the changes of rules were in connection with changing economic circumstances brought about by such as public expenditure cutbacks and inflation. Perhaps the Government had no choice; but if the power to choose were shifted to the local authorities by giving them responsibility for the financial consequences of their own land dealings, perhaps the same observation of strict economic criteria could be achieved without rules needing to be imposed from above. The land scheme would become a means instead of a centrally-controlled duty.

The setting of "notional" interest rates on Community Land Key Sector loans that differed from authorities' Consolidated Loans Funds rates also appeared to be a complication of dubious necessity. Accountants seemed to breathe a collective sigh of relief when, in the later stages of the operation of the Community Land Act, they were allowed to apply similar rates of interest. Perhaps the Government had realised its mistake: perhaps future governments with similar intentions will bear the experience in mind.

Finally, to return to the first conclusion, if the Community Land Act failed to give local authorities a new land market role, perhaps due to its financial discipline being suited to a different form of operation, it must not be assumed that authorities are unwilling to take such a role. The indication is that schemes begun under the Community

Land Act, whether or not they would have been considered had the Act not operated, will be continued after its passing. And even those authorities that preferred to proceed by other methods of financing recognised that these methods may not be open to them indefinitely. Many expressed worry that the soon-to-be-imposed restrictions on local authority expenditure of indigenous capital may adversely affect their land dealing programmes. Others described Locally Determined Sector loan allocations as "minimal" - and likely to shrink further. And clearly, land dealing is only one of the functions which compete for use of both unspecified loan allocations and internal reserves possessed by an authority. Perhaps the continuation of land dealing in accordance with authorities' wishes is rather less easy than at first sight appears.

Yet if the wish is there, then the basis is there for a future local authority land scheme; the requirements appear to be that it is financially viable and that it is suited to its intended purpose of enabling local authorities to take up a land market role. Hence the two criteria of administrative efficiency and effectiveness of implementation might be ensured.

It has already been postulated that the current Conservative Government is not opposed to the principle of public ownership of development land and that it was the Community Land Act's impracticality that brought about its repeal: perhaps at this stage it should also be stressed that neither do Conservative-controlled local authorities appear to be opposed to the principles of the Act. Every one of the six authorities studied agreed that local authorities should have a role in the land market and thought that the Community Land Act was basically a very good idea. Even Newcastle-under-Lyme and Coventry

Councils, which experienced changes of political control during the operation of the Act, only suffered short delays in programmes while matters were reviewed before momentum continued. The overwhelming point is that political opinions did not affect levels of activity under the Community Land Act.

Neither then, should political opinions be allowed to remove a land scheme that has been proved to be practical. Indications are that, through the unsuitability of its financial arrangements to its efficient and effective operation, the Community Land Act was not so; but on the basis of the lessons learned from its operation, it should be possible to make recommendations for the practicality, and acceptability, of a future land scheme.

## CHAPTER 6

### A NEW LAND SCHEME

To reiterate, it appears that to fulfil the criteria of efficient administration and effective implementation necessary for its practicality and acceptability, a local authority land scheme needs to be financially viable and to be suited to its intended purpose. Its intended purpose would be acquisition and disposal of marketable land for private development in order that this may accord with the local authority's wishes and may accrue financial and other benefits to the community. It is believed that the means available to an authority for the acquisition of land for public use and of ~~disposal~~<sup>for disposal</sup> land for improvement are already adequate. For the Planner to secure an interest in development land, the land scheme must allow authorities to expand their activities in the land market itself. It is to be hoped that the aim is not incompatible with that of financial viability; and that both may be ensured by the arrangements proposed below, which are based on the experiences of the operation of the Community Land Act by the six authorities studied.

Firstly, in terms of the legislation for a local authority land scheme, it appears that few new powers are necessary. The indication is that authorities prefer to acquire land by agreement than by compulsion. Of the six authorities studied, only Coventry operated in the latter way; and only Coventry Council felt that the Community Land Act gave significant new legislative powers in that it allowed, subject to the consent of the Secretary of State, Compulsory Purchase Orders to be made unconditionally on land where the intention was for private disposal. But it will be remembered that under the Town and

Country Planning Act of 1971, an authority is already empowered to compulsorily acquire land for comprehensive development or redevelopment or

"immediately for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated."

(Town and Country Planning Act 1971  
S.112 in Karslake, H., 1972)

The Royal Institution of Chartered Surveyors (1978) points out that the Act and D.o.E. Circular 26/77 specify that acquisition must be related to land required immediately and that perhaps there is a need for wider powers over land which is not required immediately. Yet would they need a whole new Act? As suggested by officials from Coventry Council, amendments to the Town and Country Planning Act of 1971 may be found to be sufficient and may avoid the need for the drafting and approval of another piece of complex legislation. Simple removal of the word "immediately" from the above clause may be adequate.

The first proposal is that a future local authority land scheme may be based not on a new piece of legislation, but on amendments to the Town and Country Planning Act of 1971 which broaden the Compulsory Purchase powers of local authorities to cover all land intended for private disposal.

A key factor of any such scheme's success, however, is likely to be the financial discipline according to which it is conducted. As has been stated, legislation may allow, but finance enables, the operation of a land scheme and finance is thought to be crucial to both its efficiency and its effectiveness.



Being specifically intended for use in connection with a land scheme, finance would need to come from a newly-created Key Sector fund. Borrowing from this sector would need ministerial approval: loan sanctions for individual schemes, based on detailed forecasts of total capital costs over their duration by local authorities, could thus form the mechanism for administration of this finance. Loans would be repaid at interest rates which tallied with those applying to other local authority borrowing through their Consolidated Loans Funds or loans pools. Proceeding in this way would give both Central Government the opportunity to assess schemes on their own merits prior to their commencement, and local authorities freedom to continue unhindered once sanction had been obtained.

The second proposal, therefore, is that land scheme capital expenditure may be financed from Key Sector borrowing on the basis of loan sanctions for total capital costs of individual schemes. Interest would be charged at Consolidated Loans Funds rates.

If it was so desired, Central Government would be able to judge loan sanction applications on strict grounds of profitability as was the case under the Community Land Act; but this should not be necessary. Authorities should be encouraged by the financial discipline to concern themselves primarily with profitable land deals. Other deals should be catered for elsewhere. Controls may be inbuilt from the beginning which ensure that this is the case. To allow local authorities to expand their activities in the land market, the financial arrangements of a land scheme must be geared towards economical operation. While Community Land Act-style capitalisation of current expenditure pending future repayment of loans on disposal of assets is the method of accounting

adopted by property companies, with local authorities it is thought to constitute a disincentive towards economical operation and to create the need for Central Government to apply profitability criteria to loan sanction applications. If, on the other hand, authorities were obliged to finance revenue costs from their rates funds, they would presumably be less inclined to become involved in loss-making land deals. In short, they would concern themselves with acquisition and disposal of marketable land.

Even so, it is likely that sizeable debts may be incurred by authorities in the initial stages of a land scheme as acquisitions and improvements prior to disposal are carried out. They are unlikely to be willing to operate a scheme if they are not shielded from these debts at least in the short term. After a certain period, however, if that land acquired was marketable, its disposal should bring rewards and remove the need for this. It is proposed that for an interim period, current expenditure including interest repayment is capitalised, but after this time, deficits are serviced from authorities' rates funds. As well as being an incentive to bring accounts into surplus quickly and not incur excessive rates funds burdens, this measure should ensure that the type of land acquired in the first place is marketable. Of course, local authorities would be free to pursue loss-making schemes if they so wished; as they would be servicing their own debts. But it is likely that grant-aided loans, where available, would be preferred for the financing of such schemes; as they were so intended.

The length of the interim period during which current expenditure is capitalised and authorities do not incur rates funds burdens would be a matter for discussion between Central and Local Government. Half of the local authorities of the study expected their Community Land

Accounts to move into surplus shortly; that is, three years after their establishment. But some of the schemes pursued by these authorities, it has been seen, were loss-making. Perhaps a shorter period of Land Account deficit would have been experienced had they been given the incentive to pursue profit-making schemes. Given the necessity of a land scheme to enjoy its intended mode of operation (which in this case would be on the basis of Key Sector loans serviced from authorities' rates funds) and hopefully show financial benefits within the term of operation of one government, it is proposed that this period be no longer than two years.

Thus the third proposal is that, after an interim period of two years in which all current expenditure including interest repayment is capitalised, local authorities may be required to service Land Account deficits from their rates funds.

What then of any Land Account surpluses? Should there be any reason to appropriate them for Central Government use or for redistribution? Allowing local authorities to keep their own surpluses would seem to be the strongest incentive for them to run into surplus; as posed in the previous chapter, perhaps the only stipulation should be that they be used to acquire more land under the land scheme. The ability to plough land receipts on disposal back into further acquisition was one of the most popular attributes of local authorities' own capital funds under the arrangements that existed prior to the Community Land Act; furthermore, it may be argued that as local authorities would be required to service their own land scheme debts, they should also be allowed to retain their own surpluses.

The fourth proposal is that local authorities may be allowed to retain Land Account surpluses for further acquisition and management expenses under the land scheme.

The final recommendation is that any new land scheme should not be imposed as a duty upon local authorities. The means would be available for their participation as they saw expedient in the best interests of their jurisdiction. It has already been seen that authorities wish to continue their Community Land programmes after the Act's repeal, even in face of the Government's apparent desire that much local authority land be disposed of freehold. There seems to be no reason to suspect that authorities would be unwilling to expand their dealings in marketable land if the financial discipline was so suited; but those authorities that chose not to do so, perhaps because they could see no benefits in entering local land markets, should be free to exercise their discretion. For the sake of relations between Central and Local Government at the very least, participation in any land scheme should not be forced; it rather must be induced, by the indication that it can provide worthwhile benefits.

In summary, the proposed arrangements for a future scheme that enables local authorities to become involved in dealing with marketable land are as follows:

1. It may be based not on a new piece of legislation, but on amendments to the Town and Country Planning Act of 1971 which broaden the Compulsory Purchase powers of local authorities to cover all land intended for private disposal.

2. Capital expenditure may be financed from Key Sector borrowing on the basis of loan sanctions for total capital costs of individual schemes. Interest may be charged at Consolidated Loans Funds rates.
3. After an interim period of perhaps two years in which all current expenditure including interest repayment is capitalised, local authorities may be obliged to service any Land Account deficits from their rates funds.
4. Local authorities may be allowed to retain Land Account surpluses to offset further acquisition and management expenses under the land scheme.

The argument has been that not only will this encourage authorities to expand their land market activities, but that it will not be open to the criticisms of administrative inefficiency and ineffectiveness of implementation that are thought to have brought about the unacceptability and repeal of the Community Land Act.

Of course, some local authorities may see their land dealing functions differently; perhaps as a responsibility to bring despoiled land into development; and in these instances a land scheme as proposed may enjoy only limited applicability. But it is believed that a land scheme cannot cater for all needs, and it would be hoped that availability of grant-aided loans may cover those of such authorities as South Yorkshire and Tyne and Wear.

In other instances, it would similarly be hoped that authorities would use the new source of finance to purchase, compulsorily or by agreement, land that is needed for development, with a view to determining

that it is developed in the best interests of their jurisdictions and reaping the benefits of increased market value on disposal.

Clearly, many other factors must be given consideration in proposing measures for such an involvement. For example, what would determine the prices paid by local authorities for land? Would they be allowed to enjoy any benefits such as those provided by the "net of Development Land Tax" arrangements under the Community Land Act, or should current use value alone form the basis for pricing? Would dispossessed landowners be enabled to make compensation claims, and if so, on what basis?

The arrangements for local authority land acquisition and possession should also be clarified. Should this be according to any plan, or rather according to availability and need at any one time? Should authorities have purchases in mind before they acquire land, thus intervening directly in the market, or should land be held against future needs? Should land banks be limited in size, and need there be any restrictions on periods for which land is held by authorities?

The basis upon which local authorities conduct their schemes also has implications for their internal organisation. Should new administrative arrangements be made, or should expanded functions of land dealing be absorbed in existing Planning, Finance and Estates departments? Either way, the common goals under a land scheme may help to break down inter-departmental barriers. But who should have the final decision on land acquisitions and disposals?

Formulating the terms of disposal may also need some guidance. How far should these terms accord with the developer's wishes? Should the

public at large be given a role in the formulation or is the public as represented by the democratically-elected local authority sufficient to ensure that development is in the best interests of the community?

Many questions are raised, and it is in no way assumed that should a future government attempt to draw up another local authority land scheme, they will not be taken into consideration. But it is believed that if the financial discipline upon which such a scheme is based is sound, then its practicality may be assured and through broad appeal, it will enjoy survival at the least. It may even enjoy success.

## CONCLUSION : EXPERIENCE AND THE FUTURE

In the previous chapter, financial arrangements were proposed that may hopefully ensure efficient administration and effective implementation of a local authority land scheme. Their underlying rationale is one of facility and not of obligation; they would constitute a means, but not a duty, by which local authorities may become involved in dealing with development land. The extent to which the means was used would depend upon the authorities themselves; when it was considered expedient to acquire land in order to ensure that its development accorded with the represented wishes of their rate-payers, or in order to ensure that a public interest was secured in its value increase, authorities would draw out programmes of acquisition, management and disposal for submission to Central Government. On the basis of the programmes, loan sanctions would be issued to cover capital costs. Revenue costs would (after the proposed interim period) be paid by the authorities themselves; but any profits arising from the land deals would be retained locally and used to acquire more land, again subject to central approval. At the eventual stage, an authority might own a large proportion of the developed land in its jurisdiction; conversely, it might prefer not to participate in the scheme as it saw no benefits to be gained from involvement in the local land market.

Thus under the proposed financial discipline, the role of Central Government would be to issue capital finance from a new fund on the basis of local authority land programmes. Its control would subsequently extend only over interest repayments on the issued loans. The role of the local authority would be to apply for loan



sanctions for land programmes, then implement the programmes with due consideration to their revenue costs (for which the authority would be liable). On their completion, the authority would dispose of the land and collect the financial benefits; its control would subsequently extend over the development according to terms specified in leases and development briefs.

The rationale of the Community Land Act was not one of facility but one of obligation; it rested on the assumption that eventually, local authorities would be required to take all development land into public ownership. Proclaiming itself as the panacea that would restore the land to the people, it introduced a whole new financial discipline in accordance with its far-reaching aims. Yet its financial arrangements appear, in the light of the experience and opinions of some of the authorities that had the task of operating under them, to have been fundamentally misconceived. By their very nature, they gave authorities the incentive to concern themselves with loss-making land deals that were nonetheless important for other reasons. But the intention of the Scheme was that authorities would acquire a public share in development land so that the fruits of this development should accord with the wishes of the community. The inefficiency and resultant ineffectiveness in this form of operation were inbuilt by the Scheme's own arrangements; and imposition of strict central control over land deals did not solve the basic problem. Successive GNLA's chopped at its branches rather than its roots.

Yet had the arrangements been more suited to the purpose of acquiring a public share in development land, would the Community Land Act have survived? There are grounds for believing so. Political party agreement has been approached on the question of betterment; as illustrated by the retention of a high rate of Development Land Tax by the present Government. If the Land Act had proved itself according to the two criteria proposed herein - of efficient administration and effective implementation - perhaps agreement would also have been approached over the question of public ownership of at least some development land.

It has been argued that, given the centrality of the issue to Labour Party policy, a future Labour Government will again attempt to take a proportion of development land into public ownership. The purpose of the analysis of the Community Land Act and its financial arrangements has been to use the experience of operation as a basis for recommendations for the practicality, and hopeful acceptability, of any future land scheme.

How important is it that a future land scheme survives or even materialises at all? Why should not governments reach the conclusion that they are more trouble than their successive establishment and dismantling warrants? The waste of effort, manpower and resources involved in these repeated attempts seems to constitute an argument for such a conclusion.

What, then, of the Planning profession? Should the issue be dropped, then so too will the opportunity for "positive planning", promised on the birth of the Profession in 1947 and attempted to be

given to some degree on three separate occasions since then.

"Positive planning", brought about through the possession of ownership rights as well as development rights, would allow the Planner to see his proposals fully implemented through terms in leases and development briefs; rather than guided through the existing negative mechanism of development control.

Clearly, Conservative Governments could not be expected to take kindly to nationalisation of all land, whatever possibilities that this might offer to the Planner. Nor would a Labour Government be likely to consider such a move possible. But this is some considerable way removed from a land scheme that gives existing local authorities the means to acquire land for leasehold disposal to private developers; as stated above, the authorities would be free to choose whether they used the means or not. When they chose to do so, their Planning staff would be given new responsibilities in drawing up programmes of land acquisition and improvement as well as terms of disposal. If these were fulfilled to the satisfaction of the authorities, activity might be expected to increase. The Planner would stand or fall by his own performance in a new sphere. If in the first instance there must be an appreciation that a land scheme should give a means and not impose a duty, in the next instance, the means best suited to the achievement of its objectives must be devised. Perhaps it will be along the lines proposed here.

The success of a local authority land scheme, while it may be facilitated through provision for efficient and effective financial operation, can only be ensured by its use to a worthwhile purpose.

This study has centred on the former; responsibility for the latter must lie with the local authority in general and the Planner in particular. Having secured a public interest in development land and its value increases, how should the interest be used? Through the drafting of Development Plans, the Planner already has experience in determining the type of development which is desirable for his local authority's jurisdiction. Ownership of land would give him the opportunity to determine that this development actually took place.

In the final reckoning, the concept of "Community Land" is a dubious one. Any claims that are made for the restoration of land to its rightful owner, the people at large, rest only on the adequacy of the means employed. Such far-reaching claims demand equally far-reaching means; better, perhaps, to make modest and substantiated claims and ensure their fulfilment through the provision of means thus suited. In this case, the claim would be that the proposed land scheme gave local authorities the opportunity to become increasingly involved in dealing with development land.

Had the Community Land Act simply made such a claim and had its means been more suited to the claim's fulfilment, perhaps it would have survived and the Planner would have at least begun to fulfil new functions. If acceptability signifies practicality and survival is a function of success, then every effort must be made to ensure the survival of its successor. Maurice Ash (1978) has stated that

"the survival of Planning is the question of the implementation of the Community Land Scheme."

Planning survives; the Community Land Act does not. Only the future  
may reveal whether it died in vain.

approx. 29,000 words  
(including appendices)

A P P E N D I C E S

APPENDIX 1 : COMMUNITY LAND ACCOUNT STATEMENT

STATEMENT 1  
COMMUNITY LAND SURPLUS ACCOUNT FOR THE YEAR ENDED  
31 MARCH 19

**1. Credits for the year in respect of:**

(a) disposals or contracts for disposals	..	..	..	..	X
(b) land not to be disposed of	..	..	..	..	X
(c) land becoming grant aided	..	..	..	..	X
(d) land appropriated as housing land	..	..	..	..	X
(e) land appropriated as slum clearance land	..	..	..	..	X
(f) receipts from other authority surpluses	..	..	..	..	X
(g) redistribution shares from Secretary of State	..	..	..	..	X
(h) other income from community land (specify)	..	..	..	..	X
(i) interest from use of surpluses	..	..	..	..	X
(j) receipts from Inland Revenue	..	..	..	..	X
(k) grants from the Crown	..	..	..	..	X
				<hr style="width: 100%;"/>	XX

**2. Less: Debits for year in respect of:**

(a) deficit from previous year's account	..	..	..	..	X
(b) land acquisitions	..	..	..	..	X
(c) land becoming community land on appropriation	..	..	..	..	X
(d) debits before disposals	..	..	..	..	X
(e) management expenses	..	..	..	..	X
(f) improvements	..	..	..	..	X
(g) costs of administration	..	..	..	..	X
(h) payments to Inland Revenue	..	..	..	..	X
(i) interest on borrowings	..	..	..	..	X
(j) application of surpluses from other authorities	..	..	..	..	X
				<hr style="width: 100%;"/>	XX

**3. Surplus or deficit on community land surplus account** 

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XX



STATEMENT II  
 STATEMENT OF ACCOUNT AS AT 31 MARCH 19 OF  
 REDISTRIBUTION SHARES RECEIVED

Redistribution shares received								
19	to	19	..	..	..	..	X	
19	to	19	..	..	..	..	X	
etc.								
Total redistribution shares received							XX	XX
<i>Less:</i>								
Repaid to Secretary of State								
19	to	19	..	..	..	..	X	
19	to	19	..	..	..	..	X	
etc.								
							XX	XX
Carried forward for repayment in future years								XX

STATEMENT III

COMMUNITY LAND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 19...

	Proceeds	Less Total Attributable Costs	Surplus Deficit	Less Costs Previously Written off	Net Surplus Deficit
Land sales (Appendix A)	X	X	X	X	X
Premiums on leases (Appendix A)	X	X	X	X	X
Rent from leases	X	X	X		X
Land to be retained or becoming grant aided or appropriated to housing or slum clearance (Appendix A)	X	X			
Amount by which land is written down to market value (deduct)					X
Other sources or charges (specify)					X
Profit (loss) for the year					<u>XX</u>

STATEMENT IV  
FINANCIAL POSITION OF COMMUNITY LAND ACCOUNTS AT  
31 MARCH 19

**Funds employed**

*Undistributed Funds Generated by the Land Accounts*

Brought forward from previous year .. .. . X  
(Statement IV)

Less: Distributed during the year .. .. . X  
(Statement I surplus of previous year) .. .. .

Add: Redistribution shares received during the year .. X

XX

Add: Profit (or deduct loss) for the year .. .. . X  
(Statement III)

Interest earned during the year on unapplied surpluses .. X

Carried forward to next year .. .. . XX

*Borrowings*

Borrowings on items in the accounts .. .. . X

Less: Advances from land accounts to loans fund .. X

Net borrowings .. .. . X XX

XX

*Represented by*

Community land not yet disposed of (Appendix B) .. X

Leases on rental (Appendix A) .. .. . X

XX

Current debtors .. .. . X

Less: Current creditors .. .. . X

XX

STATEMENT V

MEMORANDUM STATEMENT OF SURPLUS OR DEFICIT ON  
ESTIMATED CAPITAL VALUE OF LEASES ON A RENTAL BASIS  
GRANTED DURING YEAR ENDING 31 MARCH 19

Estimated capital value of leases .. .. . X

Less: Attributable costs .. .. . X

Surplus (Deficit) (Appendix A) .. .. . XX

APPENDIX A  
RECORD OF LAND DISPOSED OF DURING YEAR ENDED 31 MARCH 19

1. LAND SOLD									
Property	Area* and proposed use	Date Acquired	Land Cost	Improvements	Holding Costs net of temp. income	Total Cost	Proceeds	Surplus Deficit	
			£	£	£	£	£	£	£
A									
B									
C									
Totals carried to Statement III									
2. LAND LEASED PRINCIPALLY FOR A PREMIUM									
Property	Area* and proposed use	Date Acquired	Land Cost	Improvements	Holding Costs net of temp. income	Total Cost	Premium	Surplus Deficit	
			£	£	£	£	£	£	£
D									
E									
F									
Totals carried to Statement III									
3. LAND LEASED OTHERWISE THAN PRINCIPALLY FOR A PREMIUM									
Property	Area* and proposed use	Date Acquired	Land Cost	Improvements	Holding Costs net of temp. income	Total Cost	Estimated capital value of lease	Surplus Deficit	
			£	£	£	£	£	£	£
G									
H									
I									
Brought forward from previous years									
Totals carried to Statement IV									
Totals carried to Statement V									

4. LAND TO BE RETAINED or becoming grant aided or appropriated to housing or slum clearance

Property	Area* and proposed use	Date Acquired	Land Cost	Improvements	Holding Costs net of temp. income	Total Cost	Total cost to be credited
			£	£	£	£	£
J							
K							
L							
Totals carried to Statement III							

APPENDIX B

RECORD OF LAND ON HAND AT 31 MARCH 19

Property	Area* and proposed use	Date Acquired	Land Cost	Improvements	Holding Costs net of temp. income	Total Cost to date	Provisions to reduce to market value	Revised book Value	Authority's Estimate of market value
			£	£	£	£	£	£	£
P									
Q									
R									
Totals carried to Statement IV									

\*Areas to be shown in hectares.

APPENDIX 2 : LOCAL AUTHORITIES STUDIED

1. South Yorkshire Metropolitan County Council

Major responsibilities:

Structure Plans; Development Control; Passenger Transport;  
Fire Brigade and Police; Reserve Housing powers; Highways;  
Refuse disposal.

Population at June 1978:

1,304,100

Area in hectares:

156,047

Rateable Value at April 1979:

£131,227,000

Metropolitan Boroughs in the County:

Barnsley, Doncaster, Rotherham, Sheffield (City).

Political composition at May 1979:

Labour, 62; Conservative, 31; Ratepayers/Residents Association, 4;  
Liberal, 2; Independent, 1.

Political control since 1975:

Labour.

Government assistance:

Intermediate Assisted Area until July 1979, when Rotherham  
and Mexborough were upgraded to Assisted Areas.

Profile:

Created on re-organisation in 1974, the Metropolitan County  
includes the city of Sheffield and the large towns of Barnsley,  
Doncaster and Rotherham together with many smaller urban centres.  
Its industrial base is one of coal and steel production and  
engineering; glass, textile and clothing manufacture are also

represented. Sixty-seven square miles of the County lie within the Peak District National Park.

Land dealings under the Community Land Act:

All of the 106.04 hectares on hand at March 31st 1979 were acquired for industrial development by the Council itself on estates at Aldham, Carcroft, Dinnington, Eastwood, Goldthorpe, Thorne and Wath West. Substantial improvement and development for leasing to industrialists has been carried out, but no land has yet been disposed of.

Officials Questioned:

Mr. Morton, Group Technical Officer.

Mr. Keasley, Principal Accountant.



## 2. Tyne and Wear Metropolitan County Council

Major responsibilities:

As for South Yorkshire.

Population at June 1978:

1,165,100

Area in hectares:

54,252

Rateable Value at April 1979:

£121,756,000

Metropolitan Boroughs in the County:

Gateshead, Newcastle-upon-Tyne (City), North Tyneside,  
South Tyneside, Sunderland.

Political composition at May 1979:

Labour, 54; Conservative, 44; Liberal, 4; Ratepayers/  
Residents Association, 1; Independent Labour, 1.

Political control since 1975:

Labour.

Government assistance:

Assisted Area.

Profile:

Created on re-organisation in 1974, Tyne and Wear Metropolitan County takes its name from its two principal rivers, upon which centre the two main urban areas of Newcastle-upon-Tyne and Sunderland. The smaller towns of Wallsend, Tynemouth, Gateshead, Jarrow and South Shields flank the north and south

banks of the Tyne. The County suffers from the decline of many of its traditional heavy industries such as shipbuilding, engineering and coal production. Newcastle has been extensively redeveloped since the Second World War.

Land dealings under the Community Land Act:

- a) 10.38 hectares of derelict land at Pelaw, Gateshead were acquired in March 1977 for reclamation, landscaping and construction of nursery factories, factory workshops and road links prior to disposal to industrialists. The land remains on hand; 2.16 hectares were appropriated to the Urban Programme Account in 1978-79.
- b) Several small sites were acquired for similar industrial purposes in August 1978 at Gateshead and Sunderland. They remain on hand.

Officials Questioned:

Mr. Bainbridge, Group Accountant.

### 3. Warwickshire County Council

Major responsibilities:

Structure Plans; Development Control; Passenger Transport;  
Fire Brigade and Police; Reserve Housing powers; Highways;  
Education; Social Services; Libraries; Refuse disposal.

Population at June 1978:

469,500

Area in hectares:

198,069

Rateable Value at April 1979:

£62,678,000

Local authorities in the County:

North Warwickshire, Nuneaton, Rugby, Stratford-on-Avon,  
Warwick.

Political composition at May 1979:

Conservative, 43; Labour, 10; Independent, 2.

Political control since 1975:

Conservative.

Government assistance:

Unassisted Area.

Profile:

The County, whose boundary was redefined to exclude parts  
of the West Midlands conurbation on re-organisation in 1974,  
includes the historical towns of Warwick and Stratford-on-  
Avon and the industrial centres of Rugby and Nuneaton

together with the smaller towns of Bedworth, Kenilworth and Royal Leamington Spa. Mixed agriculture is predominant in the rural south, while coal-mining forms an industrial base in the north-east.

Land dealings under the Community Land Act:

- a) A 1.95-hectare disused railway depot at Stratford-on-Avon was acquired in March 1977. No improvements have been carried out and the Council intends to sell the land freehold for industrial development.
- b) A 1.21-hectare plot of disused Gas Corporation land at Stratford-on-Avon was acquired in December 1978. No improvements have been carried out and the Council intends to sell the land freehold for industrial development.
- c) A 3.85-hectare plot of brick company land at Kenilworth was acquired in March 1979 when the company folded. Half of this will be disposed of freehold for industrial and residential development, the other half has been appropriated from the Land Account for use as a Council refuse tip.

Officials Questioned:

Mr. J. F. Eke, Assistant County Treasurer.

#### 4. Coventry City Council

Major responsibilities:

Local Plans; Development Control; Education; Housing;  
Social Services; Libraries; Public Health; Refuse collection.

Population at June 1978:

340,100

Area in hectares:

9,654

Rateable Value at April 1979:

£43,140,450

County:

West Midlands Metropolitan County.

Political composition at May 1979:

Labour, 31; Conservative, 23.

Political control since 1975:

Labour 1975-77; Conservative 1977-79.

Government assistance:

Unassisted Area.

Profile:

The City, an eastern outlier of the West Midlands conurbation, was redeveloped following extensive bomb damage in the Second World War. Its industries include motor car and machine tool manufacture and its relative freedom from problems of industrial decline and unemployment has led to large population increases over the past thirty-five years.

Land dealings under the Community Land Act:

- a) 5.05 hectares of agricultural land were acquired in March 1977 for disposal for private housing development. No improvements have been carried out and the land remains vacant in the Council's possession.
- b) 0.03 hectares of land in the City were acquired in April 1977 for disposal for private housing development. No improvements have been carried out and the land remains in the Council's possession.
- c) Several small plots of land were acquired in 1978-79 from such owners as the Post Office and Industrial Hydraulics for future industrial and commercial development. They remain in the Council's possession.

Officials Questioned:

Mr. H. J. Hunt, Assistant City Treasurer.

Mr. M. Colton, Senior Accountant.

5. Newcastle-under-Lyme Borough Council

Major responsibilities:

Local Plans; Development Control; Housing; Public Health;  
Road Maintenance; Refuse collection.

Population at June 1978:

117,700

Area in hectares:

21,109

Rateable Value at April 1979:

£12,602,638

County:

Staffordshire.

Political composition at May 1979:

Labour, 31; Conservative, 21; Independent, 3; Liberal, 1.

Political control since 1975:

Labour 1975-77; Conservative-Independent 1977-79.

Government assistance:

Unassisted, but a Derelict Land Clearance Area.

Profile:

The Borough is situated in the north-west of Staffordshire and includes the foothills of the Pennines to the north and the edge of the Potteries conurbation to the east. Its chief industries are coal mining, brick and tile manufacture and electrical engineering. Though largely urban, the Borough is fringed with rural agricultural land to the north, west and south. It suffers from problems of mining dereliction and

the Council is active in the reclamation of disused sites.

Land dealings under the Community Land Act:

a) A 30-hectare disused hospital site at Burntwood, ten miles from Newcastle-under-Lyme, was acquired from the Area Health Authority in March 1977. After receiving an offer of half of its cost price from commercial buyers, the Council decided to carry out improvements itself and sell the land in small plots to companies from the Master Builders' Federation. The hospital buildings were demolished, roads and installations were built, a sewage works was refurbished and the site was divided for sale. Since 1977, 20 hectares have been disposed of. The housing development is in a pleasant setting, surrounded by Forestry Commission land, and in an area of very low vacancy rates. However, the scheme was high-risk as demand for houses so far removed from the town was never certain.

b) A 1.58-hectare derelict site in Newcastle-under-Lyme was acquired using Derelict Land Key Sector finance and appropriated into the Community Land Account of 1977-78. After improvements using Community Land funds, half of the site was sold in 1978 to an industrial developer at a premium on a 125-year lease (after special permission had been obtained from the Secretary of State). The premium alone covered costs and the scheme is expected to make a 30 per cent profit.

The other half of the site was sold at the same time



to an industrial developer on a 10-year lease with a 5-year rent review. The rent is held low in return for certain restoration work by the developers. The scheme does not show a profit now, but will when the rent is reviewed. The whole deal is described as "opportunist".

Officials Questioned:

Mr. J. Nixon, Assistant Borough Treasurer.

Mr. S. Powys, Chief Assistant (Development).

6. Charnwood Borough Council

Major responsibilities:

As for Newcastle-under-Lyme.

Population at June 1978:

130,000

Area in hectares:

69,016

Rateable Value at April 1979:

£17,660,017

County:

Leicestershire.

Political composition at May 1979:

Conservative, 42; Labour, 12; Liberal, 3; Independent, 1.

Political control since 1975:

Conservative.

Government assistance:

Unassisted Area.

Profile:

The Borough's main town is the University and industrial centre of Loughborough; population is also concentrated in several large industrial villages in the Soar and Wreake valleys. Its chief industries are electrical engineering, hosiery and chemical manufacture. Much of the Borough is attractively rural, with the country parks of Bradgate and

Wanlip and the County's most renowned beauty spot of Charnwood Forest in the west.

Land dealings under the Community Land Act:

10 acres of allotment land in Loughborough were acquired before the operation of the Community Land Act and appropriated into the Land Account of 1977-78.

Improvement for disposal for industrial development in accordance with the Leicestershire Structure Plan was continued using Community Land funds. After the change of Government in 1979, the Council was offered the opportunity of transferring the scheme back to its own capital and revenue accounts. The opportunity was taken and the scheme continues.

Officials Questioned:

Mr. W. J. Dark, Borough Treasurer.

APPENDIX 3 : QUESTIONNAIRE

## QUESTIONNAIRE

### 1. Local authority land dealing

- a) How did your land dealing activities under the Community Land Act compare with those before / those proposed after its operation?
- b) (If applicable) Why did your land dealing activities change under the Community Land Act?
- c) Have you followed a policy of land acquisition and disposal under the Community Land Act?
- d) Did you follow a policy of land acquisition and disposal prior to the operation of the Community Land Act? If so, how did it differ from your policy during the Act's operation?
- e) Will your land policy change on the removal of the Community Land Act?
- f) Are you now disposing of land or do you have further contractual or moral obligations to fulfil under the Community Land Act?
- g) Would you welcome further powers of land acquisition? If so, what form would they take?

### 2. Loan sanction

- a) How did you obtain finance for your land dealings before and during the operation of the Community Land Act?
- b) How will you obtain finance for future land dealings?
- c) Of these financial arrangements, which were preferable and why?

- d) Financially, could there have been a better way of operating the Community Land Act?
- e) What is your experience and opinion of the loan sanction arrangements by individual site?
- f) What is your experience and opinion of the criteria of profitability and rapid disposability that were applied to such sanctions?
- g) What is your experience and opinion of the loan sanction arrangements by year according to 5-year or 1-year Rolling Programmes?
- h) What is your experience and opinion of the notional interest charges on loans?
- i) How did the measures introduced by GNLA's 12, 14 and 19 affect your dealings under or your attitudes towards the Community Land Act?

### 3. Operation of Land Accounts

- a) Could I see your Land Account Statements for as many years as possible?
- b) What difficulties, if any, have you experienced with the operation of the Community Land Act?
- c) What is your experience and opinion of the Community Land Act's accounting procedure, which required capitalisation of current expenditure?
- d) What is your experience and opinion of the isolation of the Land Accounts from the rates funds?

- e) What arrangements have you made for the final closure of the Land Accounts at the end of this year?

4. Division of Surpluses / Financing of Deficits

- a) Were your Land Accounts in deficit or surplus for each of the years of operation?
- b) What is your experience and opinion of the effectual 70 per cent tax on Land Account surpluses?
- c) What is your experience and opinion of the financing of deficits from the Equalisation Fund?

5. Miscellaneous

- a) How have relations been with the County Council/District Councils?
- b) How have relations been with the Department of the Environment?
- c) What were your Council's political opinions of the Community Land Act?
- d) Did these affect your level of activity under the Act?
- e) What is your own professional and personal opinion of the Community Land Act, both as it has operated and as it was intended to operate after the Second Appointed Day?

APPENDIX 4 : COMMUNITY LAND ACCOUNT STATISTICS 1976-79



KEY TO CHART

COMMUNITY LAND SURPLUS ACCOUNT

Debits (£) :

1. Deficit from previous year
2. Land acquired or transferred into the Account
3. Improvements
4. Management expenses
5. Cost of administration
6. Net interest charges
7. Redistribution shares to other authorities

Credits (£) :

8. Land disposed of or transferred out of the Account
9. Redistribution shares from other authorities
10. Other income from Community Land
11. Interest from use of surpluses
12. Receipts from Inland Revenue
13. Grants from Crown
14. Deficit on Community Land Surplus Account

COMMUNITY LAND PROFIT AND LOSS ACCOUNT

15. Loss (profit) in year (£)

LAND ACQUIRED OR TRANSFERRED INTO THE ACCOUNT DURING THE YEAR

16. Area (hectares)

LAND DISPOSED OF OR TRANSFERRED OUT OF THE ACCOUNT DURING THE YEAR

17. Area (hectares)
18. Deficit (surplus) (£)
19. Housing disposal (hectares)
20. Industry disposal (hectares)
21. Other disposal (hectares)
22. Area transferred out of the Account

LAND ON HAND AT 31 MARCH

23. Area (hectares)
24. Total cost (£)
25. Estimated market value (£)

n/a : not available

SOUTH YORKSHIRE

TYNE AND WEAR

Code	1976-77	1977-78	1978-79	1976-77	1977-78	1978-79
1	24,340	502,314	719,690	5,157	45,605	62,480
2	448,138	6,038	438,308	27,127	42	7,266
3	8,179	204,604	201,213	NIL	5,972	248,297
4	NIL	540	10,895	NIL	NIL	NIL
5	19,492	27,986	61,584	12,124	6,442	6,275
6	6,670	42,536	69,225	1,197	4,503	10,110
7	NIL	NIL	NIL	NIL	NIL	NIL
8	NIL	NIL	NIL	NIL	NIL	7,405
9	NIL	NIL	4,459	NIL	NIL	387
10	NIL	150	25,037	NIL	NIL	NIL
11	NIL	NIL	NIL	NIL	NIL	NIL
12	NIL	NIL	18,269	NIL	NIL	NIL
13	4,505	64,181	24,530	NIL	NIL	NIL
14	502,314	719,690	1,428,621	45,605	62,480	326,636
15	47,718	85,138	81,985	NIL	NIL	(7,405)
16	59.04	NIL	47.00	10.38	NIL	2.16
17	NIL	NIL	NIL	NIL	NIL	1.65
18	NIL	NIL	NIL	NIL	NIL	NIL
19	NIL	NIL	NIL	NIL	NIL	NIL
20	NIL	NIL	NIL	NIL	NIL	NIL
21	NIL	NIL	NIL	NIL	NIL	NIL
22	NIL	NIL	NIL	NIL	NIL	1.65
23	59.04	59.04	106.04	10.38	10.38	10.89
24	454,596	634,551	1,265,957	27,127	35,735	291,354
25	454,596	634,551	1,265,957	n/a	n/a	n/a

Code	<u>WARWICKSHIRE</u>			<u>COVENTRY</u>		
	1976-77	1977-78	1978-79	1976-77	1977-78	1978-79
1	6,431	86,752	105,202	n/a	139,789	194,978
2	61,399	NIL	177,938	n/a	2,944	174,418
3	NIL	NIL	NIL	n/a	NIL	NIL
4	NIL	NIL	NIL	n/a	192	459
5	17,447	13,788	15,098	n/a	19,327	21,866
6	1,564	7,903	11,584	n/a	18,230	28,528
7	NIL	NIL	NIL	NIL	NIL	NIL
8	NIL	NIL	NIL	NIL	NIL	NIL
9	NIL	NIL	652	NIL	NIL	1,208
10	NIL	2,629	2,528	n/a	503	NIL
11	NIL	NIL	NIL	NIL	NIL	NIL
12	NIL	611	NIL	n/a	NIL	NIL
13	NIL	NIL	NIL	n/a	NIL	NIL
14	86,752	105,202	306,643	139,789	194,978	419,041
15	NIL	13,319	17,316	n/a	83,152	31,801
16	1.95	NIL	5.06	5.05	0.03	0.95
17	NIL	NIL	NIL	NIL	NIL	NIL
18	NIL	NIL	NIL	NIL	NIL	NIL
19	NIL	NIL	NIL	NIL	NIL	NIL
20	NIL	NIL	NIL	NIL	NIL	NIL
21	NIL	NIL	NIL	NIL	NIL	NIL
22	NIL	NIL	NIL	NIL	NIL	NIL
23	1.95	1.95	7.01	5.05	5.08	6.03
24	76,302	66,431	251,208	98,765	111,826	305,296
25	70,000	150,000	380,500	n/a	201,500	379,250

NEWCASTLE-U-LYMECHARNWOOD

Code	1976-77	1977-78	1978-79	1976-77	1977-78	1978-79
1	n/a	191,428	183,556	n/a	7,144	11,580
2	n/a	56,646	NIL	NIL	1,936	35,212
3	n/a	135,175	71,297	NIL	NIL	NIL
4	n/a	4,548	8,788	NIL	9	11,505
5	n/a	16,498	24,000	n/a	1,646	NIL
6	n/a	19,155	11,288	n/a	845	3,321
7	NIL	NIL	NIL	NIL	NIL	NIL
8	NIL	217,401	284,085	NIL	NIL	NIL
9	NIL	NIL	1,137	NIL	NIL	n/a
10	NIL	1,021	4,843	NIL	NIL	NIL
11	NIL	NIL	539	NIL	NIL	NIL
12	n/a	NIL	NIL	NIL	NIL	NIL
13	n/a	21,471	NIL	NIL	NIL	NIL
14	191,428	183,556	8,325	7,144	11,580	61,618
15	n/a	(50,239)	(178,093)	n/a	n/a	n/a
16	31.58	n/a	NIL	n/a	n/a	n/a
17	NIL	16.79	4.89	NIL	NIL	NIL
18	NIL	(120,624)	(173,250)	NIL	NIL	NIL
19	NIL	2.73	3.80	NIL	NIL	NIL
20	NIL	1.42	NIL	NIL	NIL	NIL
21	NIL	12.03	1.09	NIL	NIL	NIL
22	NIL	0.61	NIL	NIL	NIL	NIL
23	31.58	15.39	10.50	NIL	n/a	n/a
24	141,288	235,186	248,333	NIL	1,936	35,212
25	n/a	500,000	350,000	NIL	1,936	n/a

APPENDIX 5 : FIGURES 1 - 11

FIGURE 1. LAND ACCOUNT DEFICIT

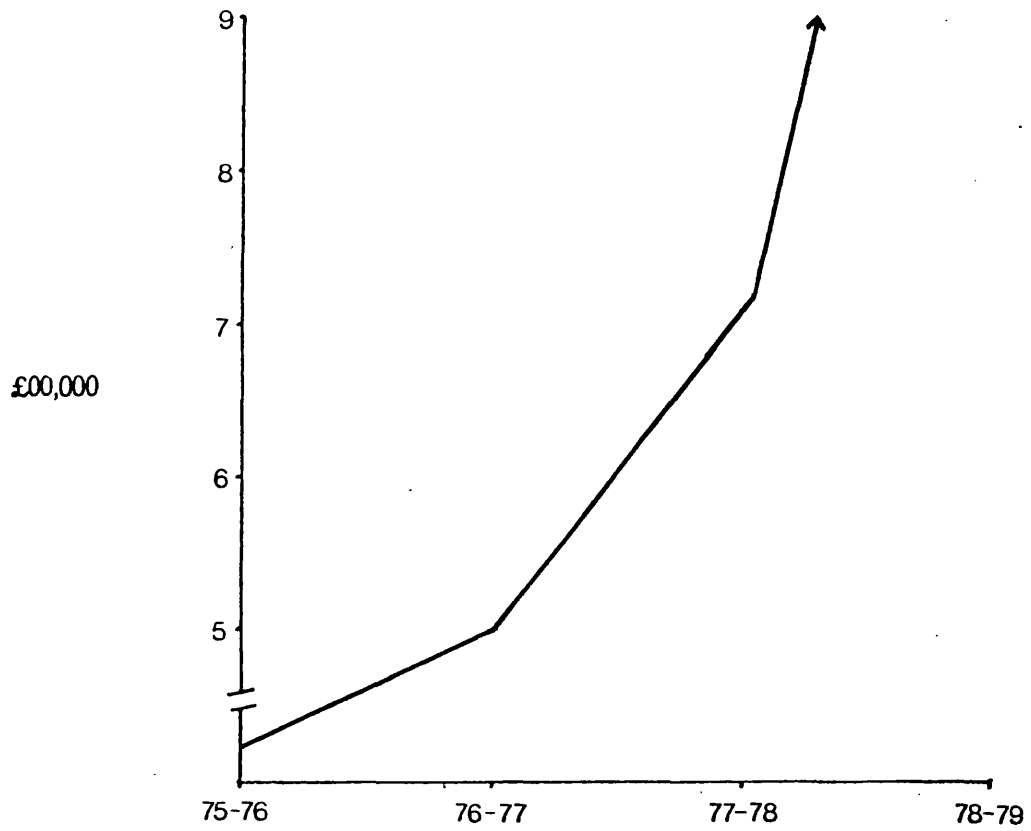


FIGURE 2. LAND ON HAND AT 31 MARCH

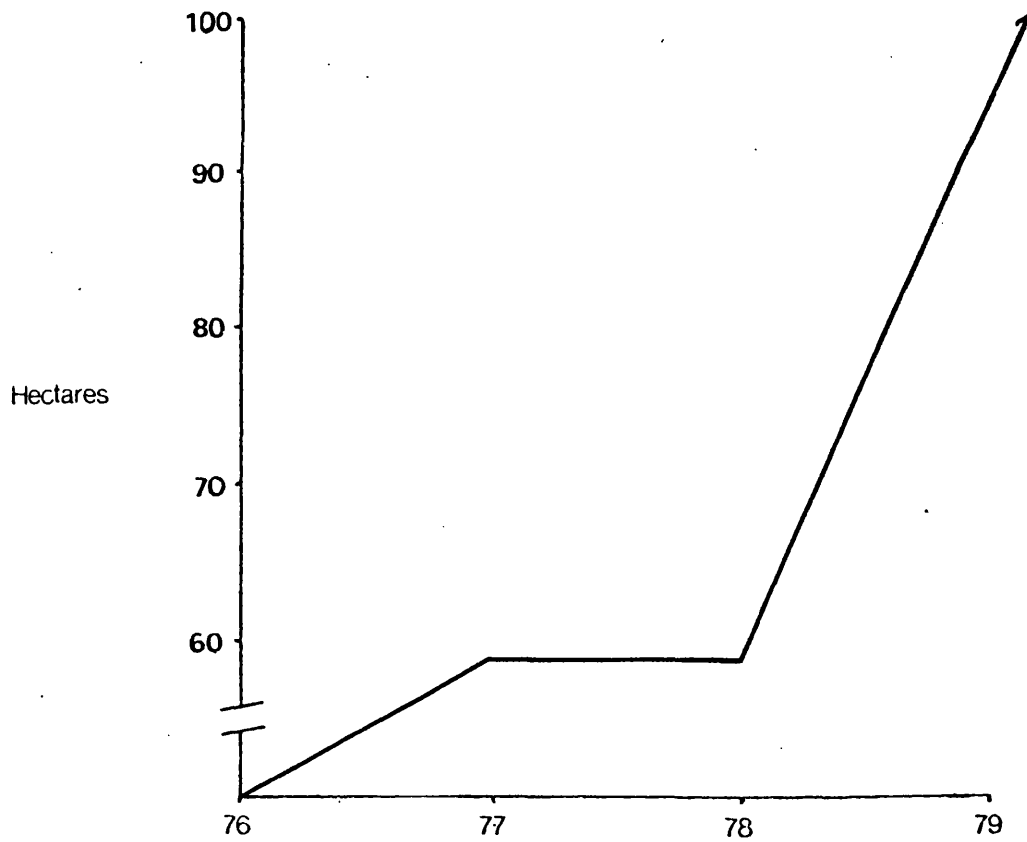


FIGURE 3. LAND ACCOUNT DEFICIT

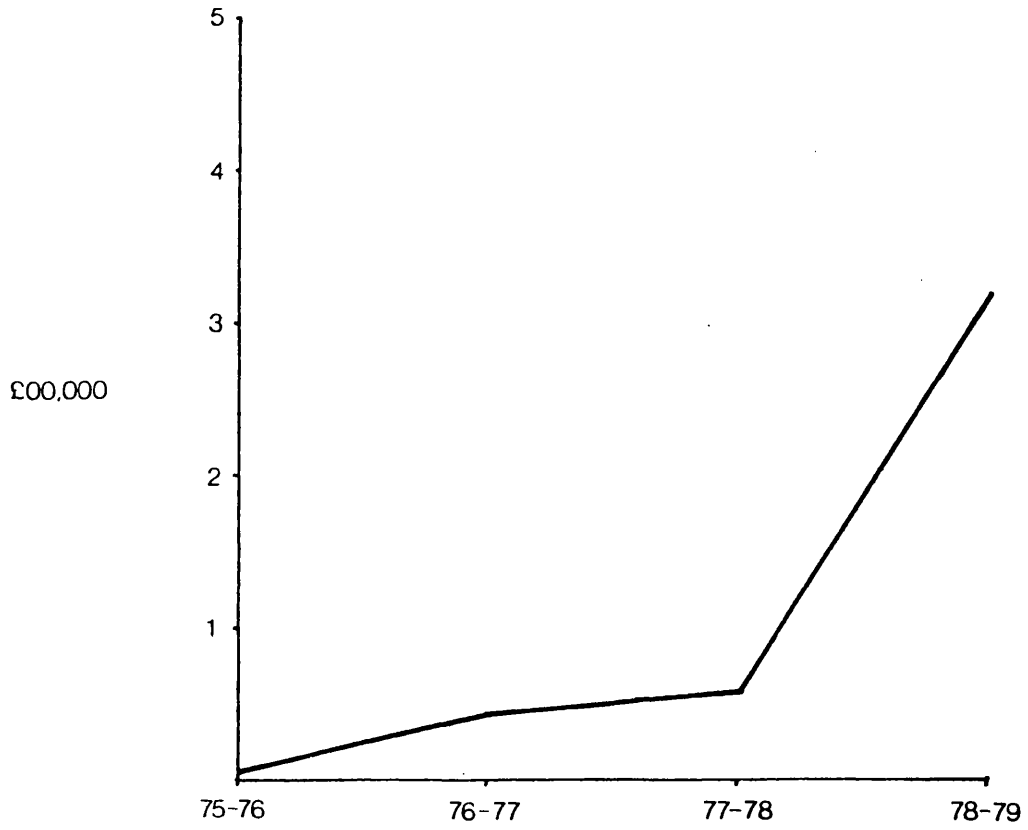


FIGURE 4. LAND ON HAND AT 31 MARCH

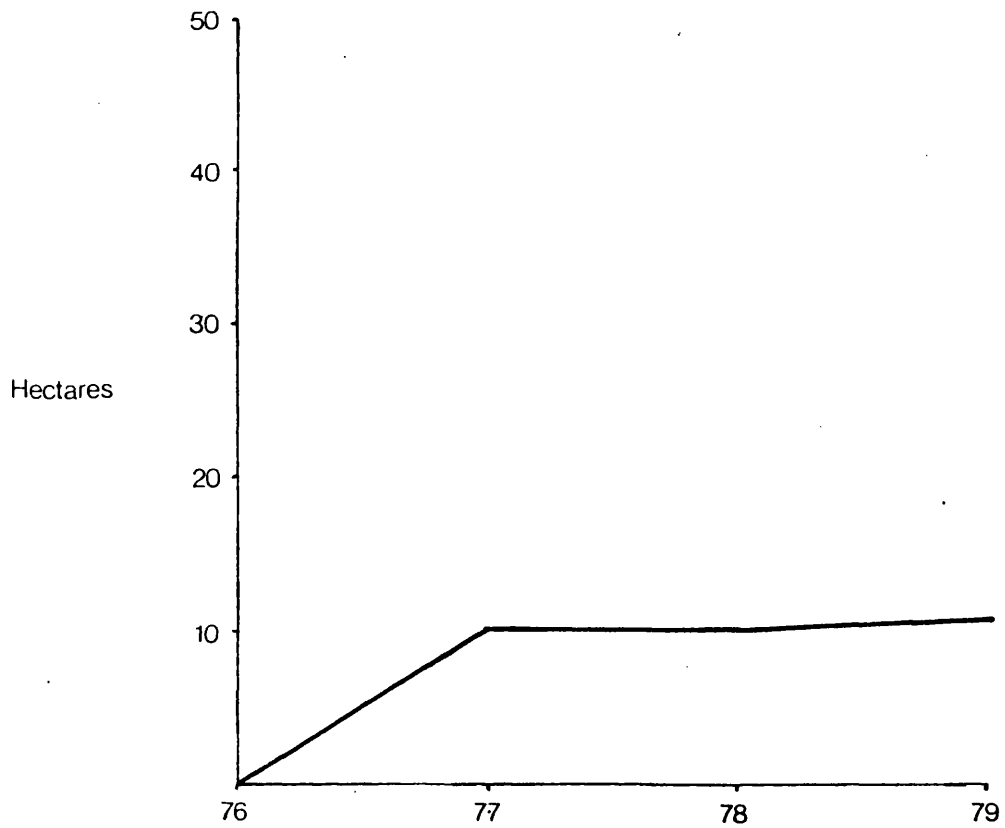




FIGURE 5. LAND ACCOUNT DEFICIT

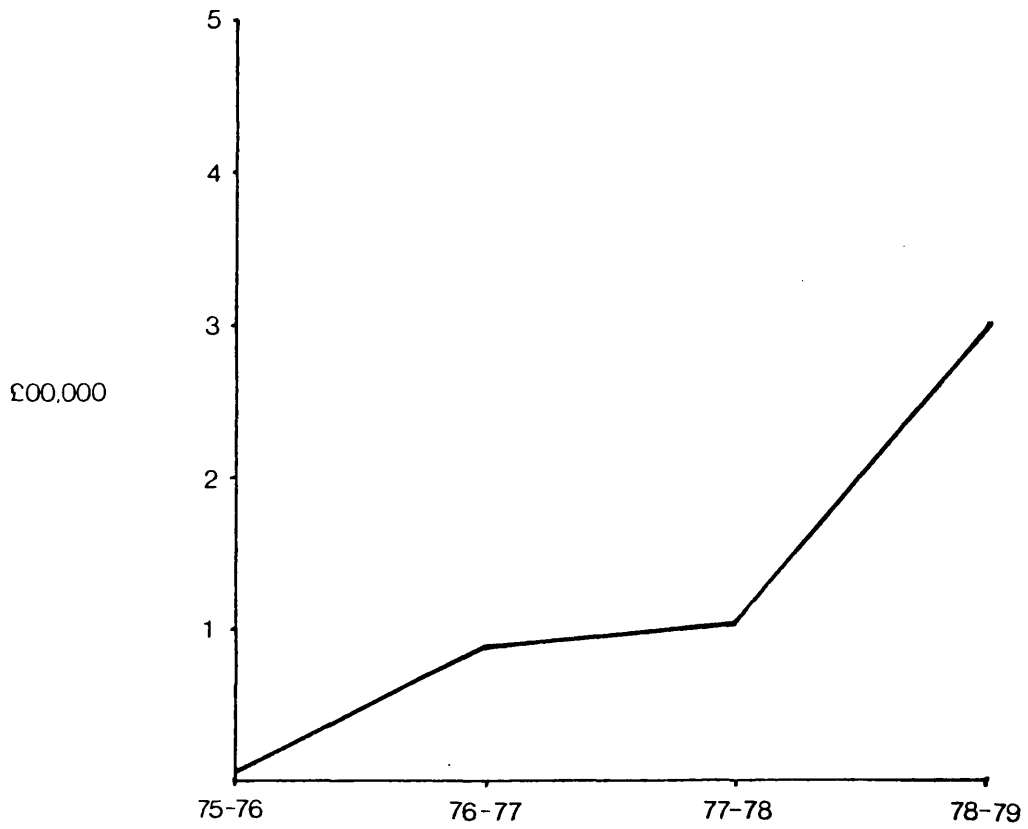


FIGURE 6 LAND ON HAND AT 31 MARCH

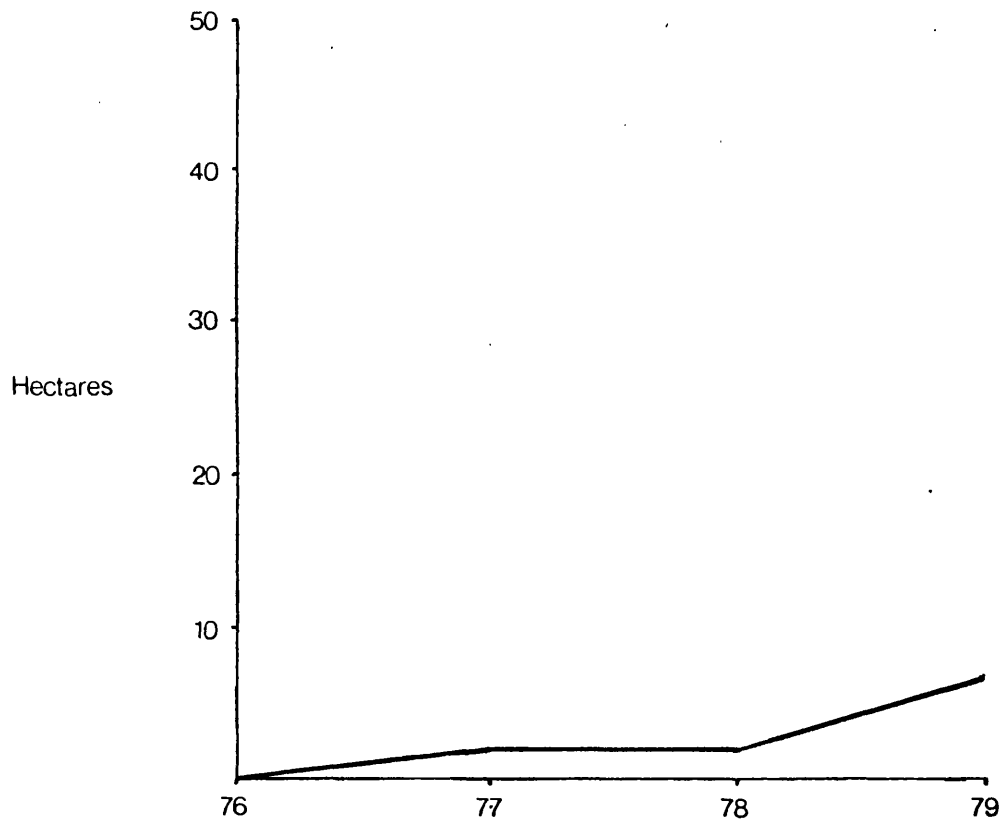


FIGURE 7. LAND ACCOUNT DEFICIT

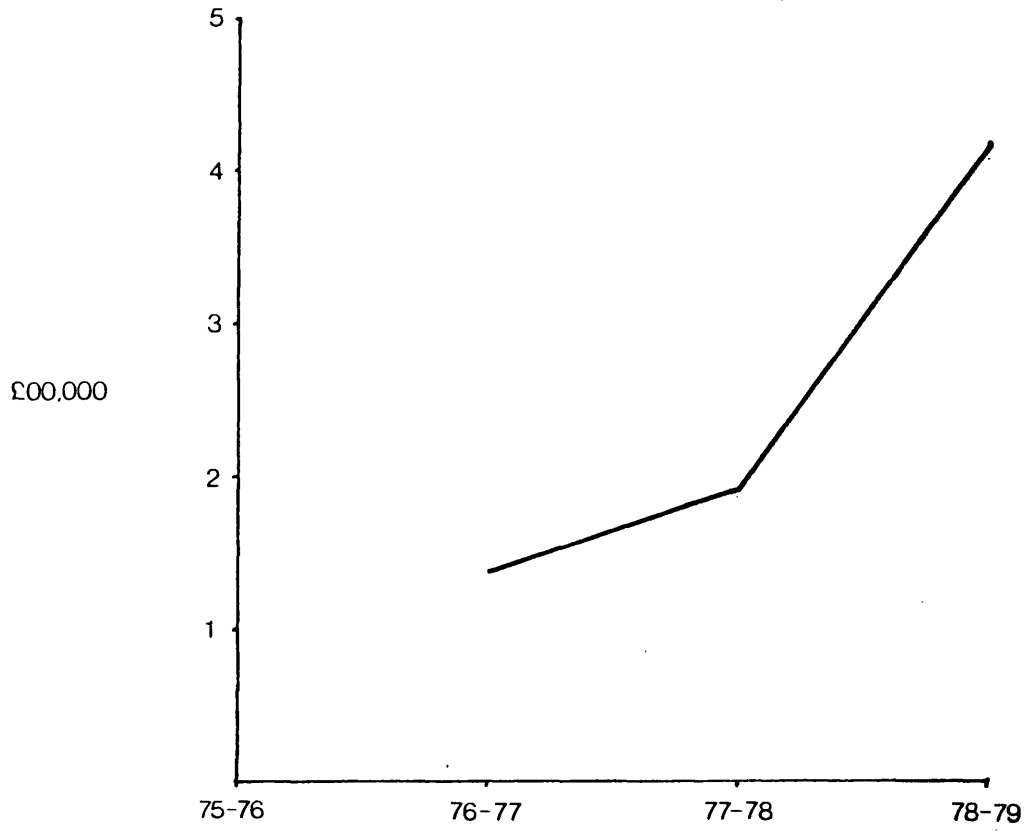


FIGURE 8. LAND ON HAND AT 31 MARCH

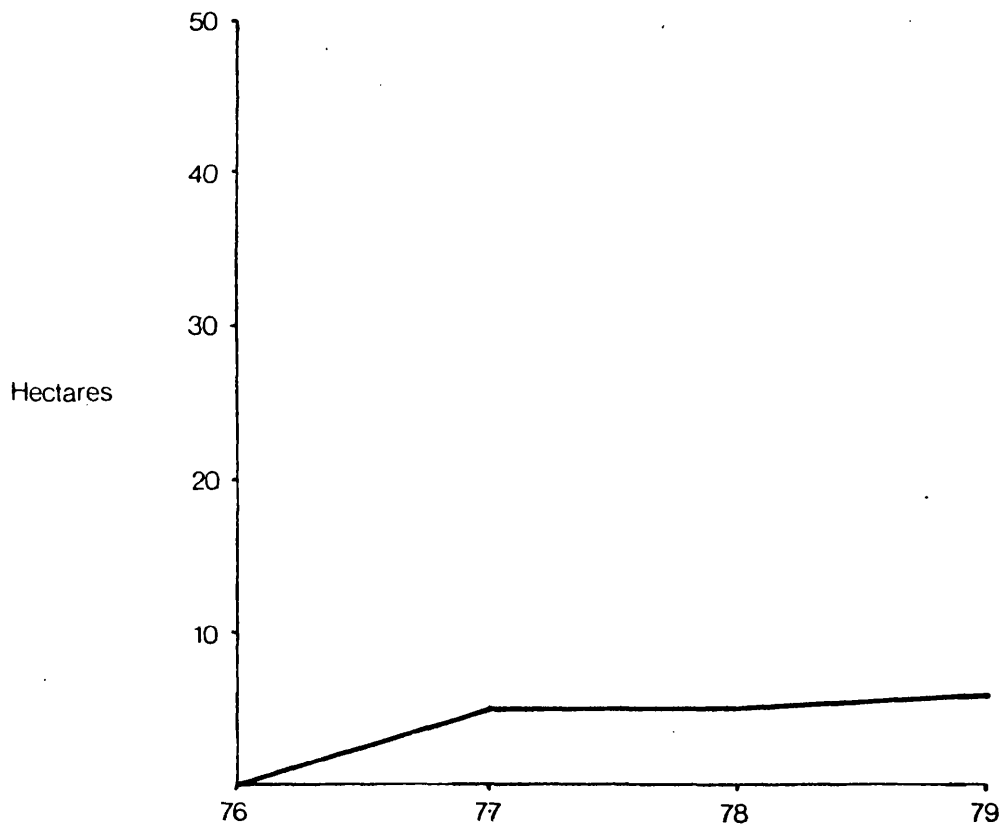


FIGURE 9. LAND ACCOUNT DEFICIT

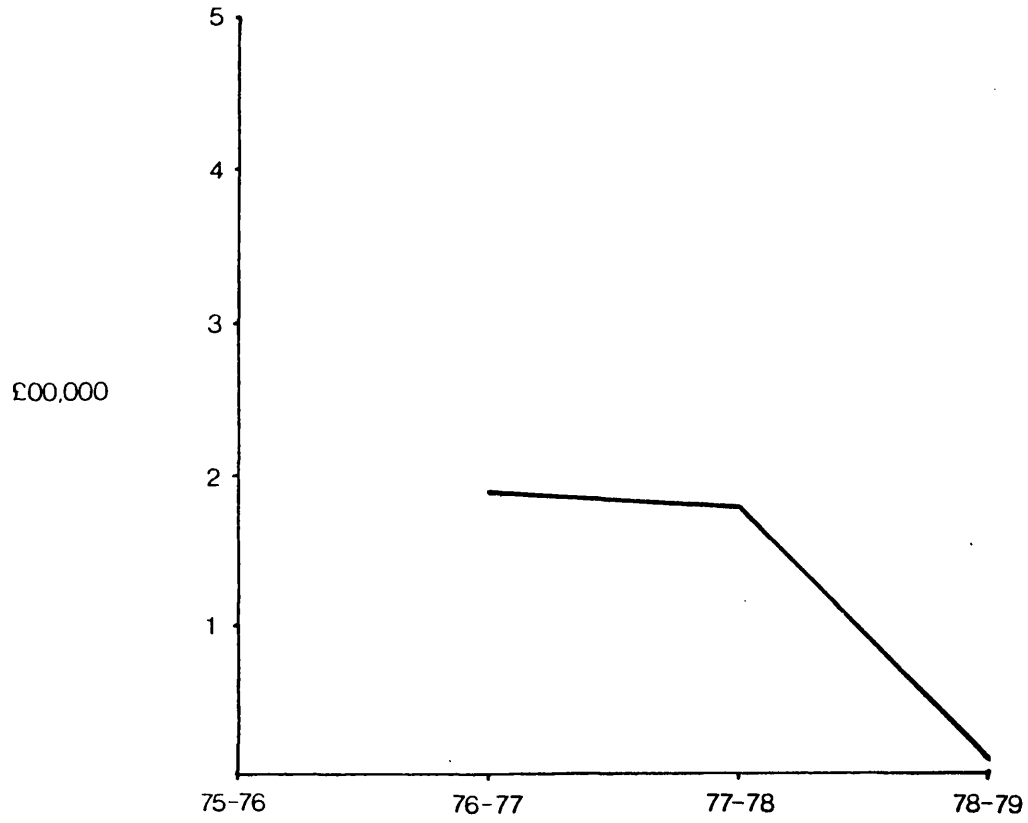


FIGURE 10. LAND ON HAND AT 31 MARCH

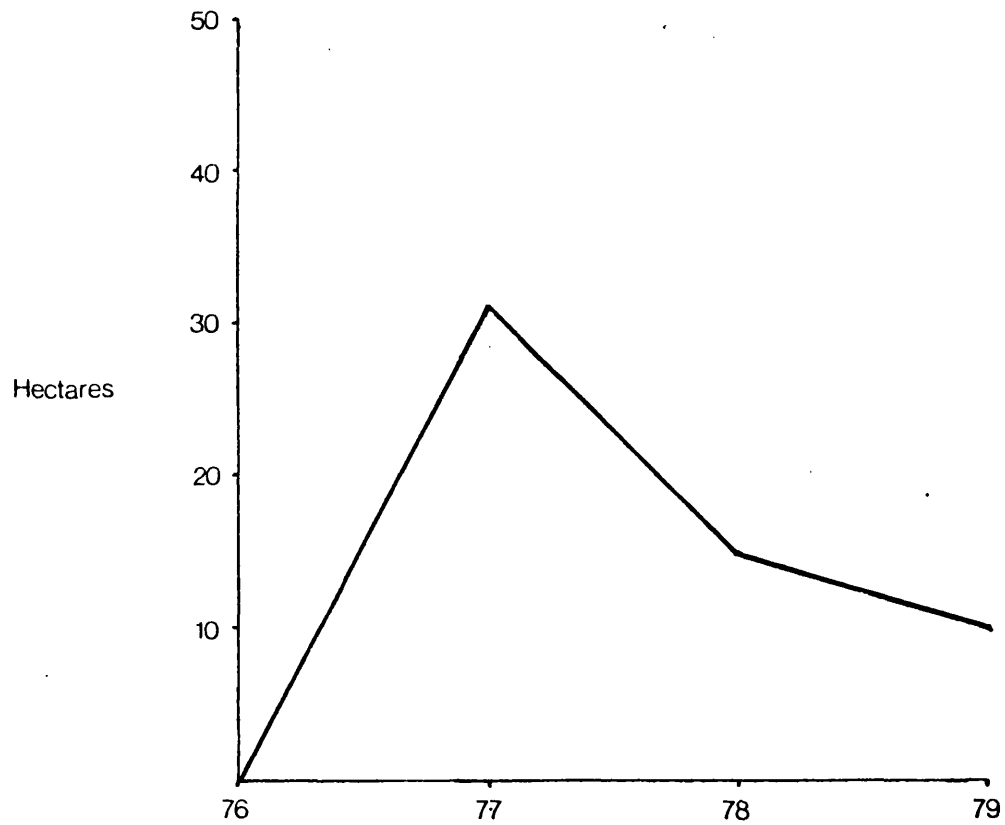
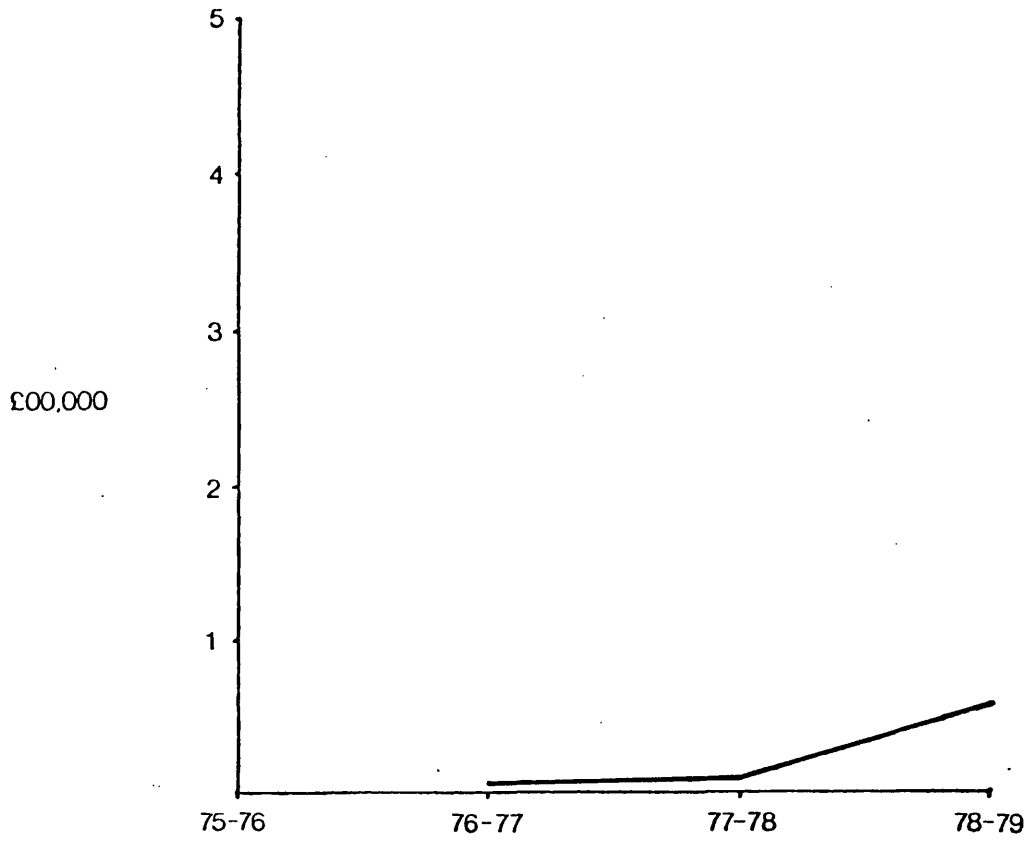


FIGURE 11. LAND ACCOUNT DEFICIT



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