This report has been prepared under Section 6 of the National Audit Act, 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

John Bourn  
Comptroller and Auditor General  
National Audit Office  
10 February 1997

The Comptroller and Auditor General is the head of the National Audit Office employing some 750 staff. He, and the National Audit Office, are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.
Contents

Summary and recommendations
Achievement of wind up objectives 1
The achievement of value for money 5
The proper conduct of public business 6

Part 1: Background
Introduction 9
Wind up 9
Committee of Public Accounts 11
Scope and methodology 12

Part 2: Wind up of Leeds Development Corporation
Background 16
Managing wind up 17
Disposal of assets and liabilities 19
Transfer of functions 24
The proper conduct of public business 26
Laying a foundation for sustained regeneration 30
Conclusions 32

Part 3: Wind up of Bristol Development Corporation
Background 34
Managing wind up 34
Disposal of assets and liabilities 36
Transfer of functions 38
The proper conduct of public business 44
Laying a foundation for sustained regeneration 49
Conclusions 50

Appendices
1: Life span of the 12 Urban Development Corporations 52
2: Other organisations interviewed by the National Audit Office 53
3: Key dates 54
Summary and recommendations

1 Twelve Urban Development Corporations were set up between 1981 and 1993 in four tranches. Established under the Local Government Planning and Land Act 1980, their remit is to achieve the regeneration of designated urban development areas experiencing long-term decline. They are required to carry out their work within a strategic, financial and operational framework set out by the Department of the Environment, but are provided with the autonomy to develop and implement their own approaches to regeneration. Set up as limited life non-departmental public bodies the Corporations are being wound up over the period 1995 to 1998. The Corporations are expected to sell or transfer all their assets and liabilities before wind up, obtaining the best return that can reasonably be achieved and not assuming the Department will complete any unfinished business. The Corporations are required to make satisfactory arrangements for completing outstanding projects, transferring functions and laying a solid foundation for sustained regeneration.

2 This report examines the first two Corporations to wind up. Leeds Development Corporation began operating in June 1988 and closed down in June 1995. Bristol Development Corporation was due to commence operations at the same time as Leeds. However, a petition to the House of Lords by Bristol City Council, whilst being largely unsuccessful, led to significant reductions in the urban development area and delayed commencement of Bristol Development Corporation’s operations until January 1989. Bristol Development Corporation closed down in March 1996.

3 The National Audit Office examined whether Leeds and Bristol Development Corporations achieved the Department’s wind up objectives; whether in doing so they achieved value for money; and whether they had due regard for the proper conduct of public business as they wound up their operations. An evaluation of the impact of three Corporations, Leeds, Bristol and Central Manchester, is being carried out by the Centre for Urban Policy Studies at the University of Manchester on behalf of the Department.

Achievement of wind up objectives

4 There was a significant difference in the extent to which the two Corporations achieved the wind up objectives. Whereas Leeds Development Corporation was successful in completing all but four of its tasks before it wound up, Bristol Development Corporation handed over more than 100 incomplete tasks to the Department at the end of its life. Neither Corporation had produced formally documented risk assessments to examine the likelihood that planned wind up tasks would be completed, to propose corrective action where possible and to advise the Department on possible strategies for managing outstanding tasks (paragraphs 2.4, 3.6 and 3.8).
Disposal of assets and liabilities

5 Leeds Development Corporation disposed of all land holdings, and Bristol Development Corporation of nearly all, through commercial sales or transfers to other bodies such as local authorities. Bristol Development Corporation completed the acquisition and consolidation of plots of land to form its flagship development site, Quay Point, and by the time of wind up a development strategy and planning consent were in place for the entire site. The Corporation, however, was unable to complete a sale of Quay Point to the private sector prior to wind up, despite concentrating most of its efforts in the last year of its life on trying to dispose of this site. As a result the Department required the Corporation to transfer Quay Point at its full market value to English Partnerships; responsible for promoting regeneration and the development of vacant, derelict or contaminated land and buildings throughout England. Since the transfer, English Partnerships has continued negotiations with the Corporation's preferred developer and two national companies for the provision of major office developments (paragraphs 2.5-2.6, 3.10 and 3.12).

6 Both Corporations continued to improve the infrastructure of their respective urban development areas during wind up. Leeds Development Corporation, having carried out road and dock wall improvements to at least the standards of those bodies who would take over their repair and maintenance after wind up, successfully transferred responsibility to these bodies at the wind up date. The Corporation had maintained amenity land and footpaths to higher standards than those used by the local authority. The Corporation passed these assets to Leeds City Council with an endowment which was sufficient to maintain the assets to the Council's standards (paragraphs 2.9-2.11).

7 Bristol Development Corporation was not able to complete the transfer of its main infrastructure project, the St Phillips Causeway, before wind up. The road was completed in June 1994, and an adoption agreement with Avon County Council signed in May 1995. However, Bristol City Council, who became the highway authority on the abolition of Avon County Council, has not yet adopted the road. The Council has raised a number of concerns, most of which are contractual matters relating to construction defects which the Department consider have no financial implications for public funds. Others relate to the adequacy of the initial specifications and have been the subject of continuing discussions between the Department and Bristol City Council, and may involve future public sector costs. Consequently, responsibility for upgrading and maintaining the road has fallen to the Department at a total estimated cost of £400,000. The Department expect to be able to transfer the road in 1997 when the necessary work has been completed. The Department have also had to take over responsibility for the completion of cycleways, together with old jetties on the River Avon which had been acquired in order to facilitate a major riverside housing development (paragraphs 3.15-3.18).

8 Leeds Development Corporation disposed of all its 245 operational assets during its final year. Bristol Development Corporation only disposed of one of 450 operational assets before it wound up. In order to allow Bristol Development Corporation to concentrate on the more pressing disposals of
Quay Point and other key development sites, the Department considered that better value for money could be achieved if the remaining operational assets were transferred to the Department for future disposal or use (paragraphs 2.19-2.20 and 3.25).

9 Leeds Development Corporation ended its life with funds of £2.3 million which exceeded the estimated outstanding liabilities, such as compensation claims and legal costs associated with outstanding planning matters. Bristol Development Corporation returned £5.5 million to the Department when it closed down. The Department have estimated the total cost of Bristol Development Corporation's outstanding liabilities, including the completion of infrastructure work, the management of the remaining tasks by consultants and Departmental staff, and the settlement of claims, to be up to £10.4 million (paragraphs 2.21 and 3.27).

Transfer of functions

10 At wind up both Corporations' statutory planning powers were transferred back to their respective City Councils smoothly. Leeds Development Corporation had contracted the processing of planning applications back to Leeds City Council. Complex and sensitive applications were, however, handled entirely by the Corporation. Bristol Development Corporation did not contract out the processing of planning applications. However, it did liaise with Bristol City Council who maintained a parallel planning function during the Corporation's life, which ensured it had sufficient information after wind up to progress outstanding planning business. At wind up Leeds Development Corporation destroyed a planning file relating to the Kirkstall Valley. Although the planning application covered by this file had been withdrawn and superseded by a new application, the file was on a list of files, drawn up by the Corporation, to be transferred to the Council after wind up. Of the files listed this was the only one which was not transferred. Whilst the Corporations are expected to destroy obsolete files, the Department expect them to be particularly cautious about destroying planning files relating to planning decisions (paragraphs 2.22-2.24 and 3.28-3.29).

11 Corporations were allowed to devise grant schemes to meet their individual regeneration needs. Leeds Development Corporation operated five different grant schemes, whereas Bristol Development Corporation considered that the stronger economic circumstances in South West England did not require the use of grants. On the wind up of Leeds Development Corporation, eight grants required further administration and some £4.4 million was transferred to English Partnerships who took over their management (paragraphs 2.25 and 3.28).

Laying a foundation for sustained regeneration

12 Although all Corporations had development control powers under which they grant planning permissions, all other responsibilities, such as highways, education and housing, remained with the local authorities. The Corporations were expected to promote a market led improvement for their urban development areas. On the Corporations' demise, local authorities and other
public agencies may subsequently take forward regeneration. These bodies' responsibilities in the former urban development areas will be no different than for any other areas (paragraphs 2.40).

13 Leeds Development Corporation's regeneration statement highlighted progress and future opportunities for the urban development area and the Corporation continued to discuss existing projects during wind up with successor bodies. But insufficient attention was given to developing a regeneration statement, which would ensure that important information about developers' interests and the potential of sites was transferred to the Corporation's successors. The Corporation worked closely with the Council on a number of development projects during wind up and the Corporation's Chairman held two meetings with the Chairman of Leeds City Council's Planning Committee (paragraphs 2.41-2.43).

14 Bristol Development Corporation drew up a list of sites within its area identifying their current status, future plans and suggestions about development, as well as providing comprehensive details on Quay Point to English Partnerships. The Deputy Chief Executive of Bristol Development Corporation, a secondee from the Department of Transport, was also seconded to English Partnerships after wind up to maintain continuity. But Bristol Development Corporation did not pass on a coherent statement setting out the outstanding development needs of the urban development area, nor provide detailed information of problems with any sites or evidence of external interest in development opportunities (paragraphs 3.43-3.44).

15 The administrative file systems maintained by both Corporations did not aid the transfer process. While Corporation staff were able to operate the systems, once these staff were no longer in post, successor bodies found it difficult to locate key documents and information. In addition, the National Audit Office found that information provided by Bristol Development Corporation to the Department on compensation claim payments was incomplete and contained errors. The Department issued guidance on wind up to the Corporations in May 1995, which included reference to the importance of Corporations getting their files in order. Formal written guidance had not been issued prior to this because the Department wanted to wait until the lessons learned from the wind up of Leeds Development Corporation could be identified and disseminated (paragraphs 2.44, 3.24 and 3.44).

16 Both Corporations sought to maintain the regeneration momentum during wind up. Leeds Development Corporation continued to award grants to encourage environmental improvements and fund other development projects until it was wound up. Bristol Development Corporation continued to seek to interest developers in sites and used compulsory purchase orders to acquire under-utilised land. The work done on Quay Point by the Corporation has meant that the site is expected, by the Department, to form a major part of the future regeneration of Bristol linking with other local developments at Harbourside and the Broadmead shopping centre (paragraphs 2.25, 2.45 and 3.45).
Recommendations

17 The National Audit Office recommend that:

- public bodies winding up should provide the Department or any residuary body with a regularly updated risk assessment, examining the likelihood of wind up tasks not being completed, proposing corrective action where appropriate and identifying possible strategies for managing any outstanding tasks. This should enable the Department, or any residuary body, to develop a contingency plan for managing, staffing and funding any business left unfinished;

- public bodies winding up should ensure that their document storage and retrieval systems are of a high standard and left in good order to facilitate access after wind up by the Department and other successor bodies. In particular, such public bodies should exercise great care to ensure that files on sensitive issues are not destroyed and that, after wind up, reliable records are available of the location of each file; and

- Corporations should help maintain regeneration by consulting widely on future regeneration possibilities for the area and by paying more attention to the transfer of knowledge on the development opportunities provided by individual sites.

18 Neither Corporation fully complied with the Department's guidance on land disposals. Following a previous Committee of Public Accounts report (20th Report 1988-89, HC 385) Corporations have been expected to obtain pre sale valuations before confirming the sale of land. The National Audit Office found that for five of the 12 land disposals achieved by Leeds Development Corporation in the final two years, valuations had not been obtained either before the sale or afterwards to confirm the amount achieved, although the Corporation had retained consultant chartered surveyors to advise on land disposals. The National Audit Office also examined 12 disposals by Bristol Development Corporation. Pre sale valuations had been obtained in 11 of these cases but, contrary to Departmental guidance, three of these were more than six months old (paragraphs 2.7-2.8 and 3.13).

19 Both Corporations spent a considerable amount of time in their final two years negotiating the transfer of assets to the local authorities and seeking to agree whether, and at what level, endowments for future maintenance should be paid. Leeds Development Corporation provided Leeds City Council with an endowment of £200,001 to pay for the maintenance of landscaped areas that the Corporation transferred to the local authority on wind up, although the Department's own calculations indicated a higher amount might have been appropriate (paragraphs 2.10-2.12 and 3.16-3.20).
20 While the Corporations had the powers to develop public assets as part of their regeneration strategies, prior to the passage of the Housing Grants, Construction and Regeneration Act in July 1996, the Secretary of State for the Environment did not have the powers to insist that successor bodies should take over their long term management. For those Corporations winding up in March 1998, the Department have declared their intention to use the new powers in the 1996 Act to transfer residual assets and liabilities to a re-formed Commission for the New Towns. However, as the Department intend that the re-formed Commission for the New Towns will have only a relatively short life, the Department will still expect the Corporations to agree suitable long-term succession arrangements for their public assets before they wind up (paragraph 2.13).

21 The two Corporations achieved varying success in their ability to surrender leases without incurring excessive exit costs, in meeting the costs of outstanding compulsory purchase order claims and in selling off operational assets. Both Corporations had to pay to surrender leases which extended beyond their lifetime and left the Department to settle outstanding compulsory purchase order claims. Leeds Development Corporation achieved receipts of 20 per cent more than the depreciated value of the operational assets it sold. Nearly all Bristol Development Corporation’s operational assets were transferred with a net book value of zero to the Department for future use or disposal. When examining a sample of sales of operational assets by Leeds Development Corporation, the National Audit Office found that staff were permitted to purchase the Corporation’s assets provided they were willing to match the highest offer made by three outside tenderers. In some cases, staff who purchased vehicles were also responsible for obtaining the external quotations (paragraphs 2.14-2.20 and 3.21-3.25).

Recommendations

22 The National Audit Office recommend that:

- in order to reduce the uncertainty about the long term maintenance of public assets limited life public bodies should, at the time decisions are made to develop such assets, estimate the whole life costs of the asset; consider the future affordability of the proposed maintenance regime; and consult with the body likely to inherit the asset where that is known; and

- when selling off operational assets public bodies should ensure that quotations are obtained by someone who does not have an interest in purchasing the asset.

The proper conduct of public business

23 Both Corporations drew up plans, as required by the Department, to show how staffing levels would be reduced during wind up. Leeds Development Corporation paid a total of £564,500 and Bristol Development Corporation a total of £394,000 to staff who continued to work during the wind up period. To ensure that the Corporations retained key staff in the approach to wind up
they paid them terminal bonuses. The 17 key staff at Leeds Development Corporation and 11 of the 12 key staff at Bristol Development Corporation were all paid their maximum entitlements (paragraphs 2.26-2.29 and 3.30-3.32).

24 The National Audit Office also examined 50 per cent of expense claims made by staff in both Corporations in the last three months before wind up. All claims were supported by appropriate vouchers and receipts, and were properly documented and authorised (paragraphs 2.30 and 3.34).

Use of consultants

25 Bristol Development Corporation made greater use of consultants during wind up than Leeds Development Corporation. Bristol Development Corporation spent £4 million on consultants in its final two years out of a lifetime total of £14 million, compared with Leeds Development Corporation who spent £800,000 out of a lifetime total of £5 million. But whereas Leeds Development Corporation complied with Departmental guidance on the letting of consultancy contracts, at Bristol Development Corporation the National Audit Office identified a number of weaknesses (paragraphs 2.31-2.32 and 3.35).

26 Of the 13 contracts examined by the National Audit Office at Bristol Development Corporation, eight were competitively tendered and five were let by single tender. In the case of the competitive retendering for the post of internal auditor, the incumbents were awarded the contract after being allowed to re-submit their bid to a level below that of their competitors, on the grounds that it would have been unwise to change internal auditors who were performing well and that this process enabled the Corporation to renegotiate their rate of remuneration. The National Audit Office found no evidence that the other tenderers were given a similar opportunity to reconsider their bids. Four of the five contracts let by single tender were for amounts which exceeded Bristol Development Corporation's delegated authority. Ten of the contracts examined at Bristol Development Corporation were long term retained consultancies. Only two had been competitively retendered, as required by Departmental guidance. The Department refused permission for terminal bonuses to be paid to two retained consultants working full time, but the Corporation subsequently increased one consultant's daily rate by 57 per cent (paragraphs 3.36-3.40).

27 In another retained consultancy, a public relations company was paid for: among other duties, maintaining direct contact with Ministers and their offices and to interest backbench Members of Parliament in the activities of the Corporation and encourage them to support the Corporation. In January 1994, the Department asked Bristol Development Corporation to reconsider its use of this public relations company. In March 1994, the Chief Executive replied that the company was not a lobbying organisation and that he felt that the terms of the contract had been adhered to. On the strength of this assurance, the Department took no further action and the consultant continued to provide services to the Corporation throughout the wind up period. Documentation on
consultancies was generally poor and weakened both Bristol Development Corporation’s and the Department’s ability to monitor progress and costs (paragraphs 3.41-3.42).

Declarations of interest

28 During wind up of Leeds Development Corporation, the Local Government Ombudsman carried out investigations into allegations made by local residents of maladministration on planning decisions which related to the Kirkstall Valley and embraced possible conflicts of interest amongst Board members. Subsequently, after wind up, the Kirkstall Valley Campaign Limited sought permission from the High Court for a judicial review of certain planning decisions made by the Corporation, again on the grounds that possible conflicts of interest had arisen. Concerns were raised by the Ombudsman in December 1995 and the High Court in March 1996 about how conflicts of interest relevant to discussions about planning decisions relating to the Kirkstall Valley had been dealt with by the Board. In particular, they criticised the fact that, having declared personal interests, certain Board members did not withdraw when discussions took place on planning issues in the early years of the Corporation. The Ombudsman found that no injustice had occurred and the High Court determined that as the proposed development had not gone ahead the potential conflicts of interest were no longer relevant. The Department’s guidance has subsequently been strengthened to reflect the opinion of the High Court about the need for members with an interest to withdraw from meetings (paragraphs 2.33-2.39).

Recommendations

29 The National Audit Office recommend that:

- the Department’s public bodies should rigorously follow the rules on the recruitment and use of consultants, in particular the periodic competitive retendering of retained consultancies; and

- the Department should ensure that the Corporations’ external auditors review periodically the Corporations’ compliance with the rules on consultants and guidance on declarations of interest.
Part 1: Background

Introduction

1.1 The Urban Development Corporations in England were established under the Local Government Planning and Land Act 1980. Their remit is to achieve the physical, environmental and economic regeneration of designated urban development areas experiencing long-term industrial and economic decline. Twelve Corporations were set up, in four tranches, between 1981 and 1993. Each Corporation was expected to develop its own approach to tackling the different regeneration issues it faced. All Corporations were expected to complete their work within a limited time span, and over the period 1995 to 1998 they are progressively winding up (Appendix 1).

1.2 This report examines the first two Corporations to wind up. Leeds Development Corporation began operating in June 1988, wound up in March 1995 and closed down in June 1995. Bristol Development Corporation was due to commence operations at the same time as Leeds Development Corporation. A petition to the House of Lords by Bristol City Council, whilst being largely unsuccessful, led to significant reductions in the urban development area and delayed commencement of Bristol Development Corporation’s operations until January 1989. Bristol Development Corporation wound up in December 1995 and closed down in March 1996.

Roles and responsibilities

1.3 The Corporations are executive non-departmental public bodies, accountable to Parliament through the Secretary of State for the Environment. Each Corporation was designated as the planning authority for its urban development area, enabling it to determine planning applications. They also received compulsory purchase powers to acquire land. Each Corporation is run by a Board appointed by the Secretary of State. The Board appoints a Chief Executive, who is designated by the Department of the Environment as the Accounting Officer. The structure of the relationship is in Figure 1.

1.4 Each Corporation has to operate under the provisions set out in three key documents:

- the **Management Statement** defines the Corporations’ roles and responsibilities and their relationship with the Department at a strategic and policy level;

- the **Financial Memorandum** sets out the basis of the working relationship between the Department and the Corporations in all financial management issues; and

- the **Urban Development Corporation Guidebook** provides detailed operational guidance on the day to day activities of the Corporations.
Figure 1: Key bodies involved in Urban Development Corporations

**Secretary of State for the Environment**
- Appoints Board
- Approves appointment of Chief Executive
- Approves staff terms and conditions
- Confers planning function
- Determines annual grant
- Authorises compulsory purchases
- Determines dates of wind up
- Inherits residual assets and liabilities

**Department of the Environment and Government Offices for the Regions**
- Provide general guidance
- Designate Chief Executive as Accounting Officer
- Approve project expenditure above specific thresholds
- Monitor performance against corporate plan
- Set wind up objectives
- Provide wind up guidance
- Monitor achievement of wind up targets
- Support legislative process
- Secure funding for residual liabilities

**Urban Development Corporation**

**Board**
- Appoint Chief Executive
- Set corporate policy
- Determine planning applications
- Approve projects and expenditure
- Approve wind up plan
- Ensure wind up plan achieved

**Chief Executive**
- Responsible for financial management, including propriety and regularity in use of funds
- Ensures resources used efficiently and effectively
- Appoints staff
- Manages operations
- Manages wind up

**Source:** National Audit Office

**Notes:**

1. A Board comprises the Chairman, Deputy Chairman and between five and 11 other members.

2. No residuary body existed when Leeds and Bristol Development Corporations wound up. In the future, Corporations winding up will be able to transfer remaining assets and liabilities to a residuary body under the Housing Grants, Construction and Regeneration Act 1996.

The Secretary of State for the Environment and the Department establish the administrative and financial framework for the Corporations. The Board are responsible to the Secretary of State for ensuring that agreed objectives are met. The Chief Executive is responsible for managing operations and is the Corporation's Accounting Officer.

1.5 The Corporations' accounts are externally audited by firms of chartered accountants appointed by the Secretary of State. The external auditors for Leeds Development Corporation were Kidsons Impey and for Bristol Development Corporation they were Deloitte and Touche.
1.6 In March 1992, the Department issued general advice to the Government Offices for the Regions on the issues likely to arise on the wind up of the Corporations. The Department had prior experience of winding up other non-departmental public bodies, but the situation for Leeds and Bristol Development Corporations was different in that they were the first Urban Development Corporations to be wound up, and there was no residuary body. The Department were in close contact with the two Corporations during their wind up, providing advice when required. In 1993, in the course of the National Audit Office's examination of the achievements of the second and third generation Urban Development Corporations (HC 898, 1993-94), the Department had told the National Audit Office that guidance on steps the Corporations should take before wind up was being prepared. The Department issued draft guidance in January 1995, which was finalised in May 1995 once they had gained sufficient experience of the lessons learned from the wind up of Leeds Development Corporation for it to be meaningful to the other Corporations. The Department subsequently revised this guidance in June 1996.

1.7 Leeds and Bristol Development Corporations were largely funded by grant-in-aid from the Department of the Environment and receipts from the sale of land and property. They were expected to use these funds to attract private sector funding for development projects. The Department of Transport contributed £20.5 million towards the cost of the St Phillips Causeway in Bristol (Figure 2).

<table>
<thead>
<tr>
<th></th>
<th>Leeds (£m)</th>
<th>Bristol (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant-in-aid</td>
<td>55.7</td>
<td>78.9(1)</td>
</tr>
<tr>
<td>Land sales</td>
<td>15.9</td>
<td>33.6</td>
</tr>
<tr>
<td>Total</td>
<td>71.6</td>
<td>112.5</td>
</tr>
</tbody>
</table>

Source: Leeds and Bristol Development Corporations' 1995 Annual Reports

Note: (1) Includes £20.5 million provided by the Department of Transport to the Department of the Environment towards the cost of the St Phillips Causeway.

Each Corporation used a different mix of funding.

Wind up

1.8 Each Corporation has been expected to pursue its regeneration strategy in the knowledge that it would be wound up. After consulting local authorities and other interested parties, each Corporation prepared its own wind up strategy. Since 1990 the Department have required each Corporation to address, in its corporate plan, the key issues likely to arise on wind up. Two years before the wind up date, the Corporations must prepare an action plan and timetable, together with starting preparations for wind up.

1.9 The Corporations are expected to sell or transfer all assets and liabilities before wind up and not to assume that any unfinished business will be completed by the Department. They are required to obtain the best return that can reasonably
be achieved from disposals. They also need to make satisfactory arrangements for completing outstanding projects and transferring functions, such as planning, and lay a solid foundation for sustaining the impetus of regeneration.

1.10 The Department's Urban Development Corporation Guidebook suggests that the Corporations should aim to pass on all their assets and liabilities no later than three months before the scheduled wind up date. Corporations winding up after 1996 may be able to transfer assets and liabilities to a residuary body. Powers to establish a residuary body are included in the Housing Grants, Construction and Regeneration Act 1996. The Secretary of State has indicated his intention to use the Commission for the New Towns in this role. For Leeds and Bristol Development Corporations there was no residuary body, and all outstanding property, rights and liabilities were transferred to the Secretary of State. English Partnerships has agreed to take over specific uncompleted projects and land. English Partnerships, a non-departmental public body sponsored by the Department of the Environment, is responsible for promoting regeneration and the development of vacant, derelict or contaminated land and buildings throughout England.

1.11 Four Statutory Instruments are required to wind up a Corporation (Figure 3). These remove the Corporation's power to act from the wind up date, except for a period during which the final accounts and reports are prepared and the Corporation's offices are closed down.

Committee of Public Accounts

1.12 The Committee of Public Accounts has undertaken a number of examinations of Urban Development Corporations. The Committee has examined the effectiveness of the first two Corporations, London Docklands and Merseyside (20th Report 1988-89, HC 385). It has also examined two specific projects: Merseyside Development Corporation’s Grand Regatta Columbus and Fanfare for a New World Concert (3rd Report 1994-95, HC 94) and the construction of the Limehouse Link by London Docklands Development Corporation (47th Report 1994-95, HC 574). In addition, the Comptroller and Auditor General examined the achievements of the second and third generation Urban Development Corporations (HC 898, 1992-93). This report examined the extent to which bodies had achieved their objectives and targets, together with the Department's strategic management including their preparations for wind up.

Scope and methodology

1.13 This report reviews the efficiency and effectiveness of the preparations for, and execution of, the wind up of Leeds Development Corporation (part two) and Bristol Development Corporation (part three). In particular, the National Audit Office examined:

- whether the Corporations' preparations for wind up were adequate and whether the Department's wind up objectives were achieved;

- whether, in achieving these objectives, the Corporations achieved value for money; and
Four Statutory Instruments are needed to wind up Urban Development Corporations.

- whether the Corporations’ arrangements for wind up were completed with due regard for the proper conduct of public business.

The study identifies lessons for the wind up of the remaining Corporations, some of which are applicable to other public bodies. An evaluation of the impact of three Corporations, Leeds, Bristol and Central Manchester, has been commissioned by the Department and is being carried out by the Centre for Urban Policy Studies at the University of Manchester.

1.14 The National Audit Office methodology for this study is summarised in Figure 4. It included a review of the Corporations’ and Department’s records; an examination of a sample of transactions completed within the last two years of the Corporations’ lives; and interviews with representatives from various organisations associated with the Corporations (Appendix 3). Chartered
accountants, Baker Tilly, were employed by the National Audit Office to advise on the study methodology and assist in the examination. Figure 5 details the criteria used by the National Audit Office for evaluating the extent to which the Corporations achieved the Department's wind up objectives.

### Figure 4: The main features of the National Audit Office examination

#### Study sample
The National Audit Office reviewed the Corporation’s arrangements for wind up by sampling the following transactions.

<table>
<thead>
<tr>
<th>Transactions</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants</td>
<td>At least 25 per cent of consultants used in the final year.</td>
</tr>
<tr>
<td>Land disposals</td>
<td>At least 25 per cent of disposals in the final two years and all land not sold by wind up.</td>
</tr>
<tr>
<td>Endowments</td>
<td>All payments to bodies taking over the future management of assets and liabilities.</td>
</tr>
<tr>
<td>Operational asset disposals</td>
<td>All cars, at least 50 per cent of computers and at least five per cent of other operational assets such as office furniture.</td>
</tr>
<tr>
<td>Lease disposals</td>
<td>All sales and surrenders in the final year.</td>
</tr>
<tr>
<td>Compulsory purchase order settlements</td>
<td>At least 40 per cent of outstanding compulsory purchase order settlements and at least 25 per cent of those completed in the final two years.</td>
</tr>
<tr>
<td>Grant payments</td>
<td>All grants transferred to third parties on wind up and 25 per cent of those made during final two years.</td>
</tr>
<tr>
<td>Staff redundancy and terminal bonuses</td>
<td>All payments made in the final year.</td>
</tr>
<tr>
<td>Expense claims</td>
<td>Some 50 per cent of claims made in the final three months.</td>
</tr>
</tbody>
</table>

#### Interviews
The National Audit Office sought to identify different perceptions of the effectiveness of wind up and to identify lessons learnt, by interviewing:

- staff at Leeds and Bristol Development Corporations, the Department of the Environment and the Government Offices for the South West, and Yorkshire and the Humber;
- members of the Boards of each Corporation; and
- staff in organisations which worked closely with the Corporations and who inherited assets or liabilities, or on-going responsibilities for planning and/or regeneration activities. This included staff working for local authorities, English Partnerships and the District Valuers Office. A list of the organisations interviewed is at Appendix 2.

#### Review of research and published documents
The National Audit Office reviewed a variety of documents and reports produced by the Corporations, including the wind up plans, annual reports, audit reports and corporate plans, together with guidance material produced by the Department of the Environment.

*Source: National Audit Office*

The National Audit Office used a mixture of transaction testing and interviews to examine the wind up of Leeds and Bristol Development Corporations.
### Figure 5: National Audit Office criteria used to assess the wind up performance of an Urban Development Corporation

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether all land, infrastructure and fixed assets were disposed of, or transferred, before wind up</td>
<td>Whether the methods used for sale and transfer were appropriate; the extent to which all liabilities were identified, and appropriate action taken to settle or transfer them at least cost, before wind up; and whether all leases were terminated and lease surrender costs were reasonable.</td>
</tr>
<tr>
<td>Satisfactory arrangements should be made to complete outstanding projects and tasks and for transferring functions</td>
<td>Whether the wind up strategy had identifiable milestones, and whether these were closely monitored and achieved; whether the management of grant funded projects, which were not finished, was transferred to an appropriate body, and related hand-over arrangements were well planned; whether all planning files were in order, outstanding planning matters kept to a minimum and whether successor bodies were satisfied with the information and briefings provided; whether adequate funding was set aside to cover outstanding liabilities, including those arising from outstanding compulsory purchase order claims; and whether the Government Offices for the Regions were provided with accurate and appropriate information to assist with the management of any outstanding matters.</td>
</tr>
<tr>
<td>Wind up should be conducted with due regard to probity and regularity</td>
<td>Whether internal controls continued to function properly during wind up; and whether severance payments made to staff complied with the Department's guidance.</td>
</tr>
<tr>
<td>A solid foundation should be laid for sustaining the impetus of regeneration after the Corporation's demise</td>
<td>Whether the Corporation was able to maintain the momentum of regeneration until its demise; whether an appropriate regeneration strategy was produced, after consultation with successor bodies, and the strategy made widely available to all relevant parties; and whether briefings were provided to key bodies involved in regeneration in the local area.</td>
</tr>
</tbody>
</table>

**Source: National Audit Office**

The National Audit Office used the above criteria to examine the wind up of Leeds and Bristol Development Corporations.
Part 2: Wind up of Leeds Development Corporation

Background

2.1 Leeds Development Corporation was established in June 1988 for an area comprising South Central Leeds and the Kirkstall Valley. The Corporation sought to promote regeneration through buying up and improving individual blocks of run down and under utilised land, and then selling consolidated sites to developers. Grants were used to fund environmental improvements and to make some development projects financially viable. The area was close to major transport networks and the Corporation contributed to improvements to local roads and to the motorway network. The Corporation’s boundaries and key projects are shown in Figure 6.

Photograph 1: Clarence Dock, site of the Royal Armouries Museum

Source: Leeds Development Agency

The Corporation invested £11.8 million in the Royal Armouries Museum project: £6.8 million for land assembly, site preparation, infrastructure and environmental improvements and a £5 million grant towards construction and fitting out costs.
The Corporation was originally given an indicative wind up date of March 1994. In November 1991, in recognition of the impact of the economic recession on the property market, the Corporation’s life was extended to March 1995. Appendix 3 summarises the key dates in the history of the Corporation.

The Corporation’s work on developing an exit strategy played a significant part in informing the Department’s guidance on the wind up of Urban Development Corporations. The strategy described the administrative, legal and financial context of wind up, and outlined the financial and human resources available to the Corporation. Some 70 milestones were identified, target completion dates set and nominated officers given responsibility for the achievement of individual targets. These milestones ranged from publishing the final annual report and accounts to completing existing landscaping work and transferring planning files to Leeds City Council.

The Chief Executive reported on progress towards windup at each Board meeting. In addition, the Board monitored monthly statements of projected and actual spending. In the last calendar year of the Corporation’s life quarterly financial balance sheets were reviewed by the Board. The Corporation met the Department every three to four weeks to advise on progress, and on the actions taken and proposed. On wind up, the Corporation had completed all but four of its tasks, leaving the Department to resolve a small number of claims against compulsory purchase orders. In addition, one planning matter which the Corporation dealt with before it wound up was the subject of an application for judicial review after the Corporation had closed down.
The Calls and Riverside rehabilitation of old riverside premises for shopping/entertainment and housing

Clarence Dock and Eastern Riverside Royal Armouries Museum and student housing

Holbeck restoration of historic workshops

Jack Lane Improvement of access roads and environmental works

Hunslet Business Park new industrial units on previous wasteland

Hunslet Green mixed private and social housing, leisure and retail development

Source: Leeds Development Corporation

Leeds Urban Development Area comprised South Central Leeds and the Kirkstall Valley and covered 540 hectares.
Disposal of assets and liabilities

Freehold land

2.5 During its lifetime, the Corporation paid £27.6 million for some 42 hectares of freehold land. A further £5.4 million was spent on site preparation. In total this represented about 59 per cent of the grant-in-aid of £55.7 million received over its lifetime.

2.6 All the land was disposed of prior to wind up, either by commercial sale or by transfer to other bodies (Figure 7). The commercial sales realised £15.9 million. The difference of £17.1 million between the cost of purchase, including site preparation and sales receipts, was attributable to several factors: property purchased during the late 1980s had to be sold during the depressed property market conditions of the 1990s; land acquired for public spaces or new roads was transferred to successor bodies for notional amounts; the need to decontaminate land; and statutory compensation awarded to acquire land from owners inflated purchase prices. The strong demand for sites, in such areas as the Hunslet Business Park, indicated that the Corporation had been able to increase the value of specific sites within the urban development area.

Figure 7: Freehold land disposed of by Leeds Development Corporation

Source: Leeds Development Corporation

Leeds Development Corporation disposed of all its freehold land the majority commercially.

2.7 The Corporations are expected to secure the market price for land disposals. The Corporations are also required to obtain professional advice at the outset of the disposal process and obtain a valuation before entering into negotiations with prospective purchasers. This procedure was introduced by the Department after the Committee of Public Accounts in its report on Urban Development Corporations (20th Report 1988-89, HC 385) had underlined the importance of Corporations' improving control over the valuation and sale of land.

2.8 The National Audit Office reviewed 12 commercial land disposals which occurred in the last two years of the Corporation's life and found that in five cases (42 per cent), which were sold for a total value of £2.9 million, there was no documentary evidence that property valuations had been obtained, either
prior to the commencement of sales negotiations or upon completion of the sales. During wind up, however, the Corporation retained consultant chartered surveyors who advised on land disposals and the Board received a monthly report on the changing value of the land holdings, offers received and transfers completed.

Infrastructure

2.9 As part of its regeneration efforts the Corporation spent £6.5 million on building 8.1 kilometres, and upgrading 3.5 kilometres, of roads, bridges and tow-paths. Work on improving the urban development area’s infrastructure continued during the wind up period (Box 1). The Corporation’s road works were undertaken to the standards prescribed by Leeds City Council as the local highway authority, and the Corporation encountered no problems in transferring ownership to the Council. Similarly, British Waterways accepted full responsibility for maintenance liabilities arising from work undertaken to upgrade the Clarence Dock walls. Both the Council and British Waterways believe that such works are unlikely to cause future difficulties or generate any outstanding obligations.

Box 1: Examples of infrastructure work in the final two years

- A footbridge across the River Aire, the Centenary Bridge.
- A 1.8 kilometre new road to service the Hunslet Green Development.
- A link road to provide an approach to the Royal Armouries Museum.
- Dualling of the A61 Hunslet road, a key arterial route through South Leeds.

Photograph 3: The Centenary Footbridge across the River Aire

Source: Leeds Development Corporation

The Corporation spent £230,000 on acquiring land and £540,000 for the construction of the Centenary Footbridge, which links the city centre to new developments on the south bank of the River Aire.
2.10 Leeds City Council sought funding for the on-going cleaning and routine maintenance costs associated with the land and infrastructure it took over. With the Department's endorsement, the Corporation provided the Council with an endowment of £200,001 to maintain the facilities in perpetuity.

2.11 The endowment was originally intended to reflect the Corporation's higher maintenance requirements, arising from its policy of planting more trees, shrubs and flowers, together with its commitment to ensuring frequent grass cutting and litter removal. These higher requirements were estimated to cost £29,600 per annum, or 148 per cent more than if the maintenance was carried out to Leeds City Council's normal standards. The Corporation considered that this would be too costly and decided to fund maintenance after wind up to the Council's normal standards. The Corporation also recognised that the Council might find it difficult to justify adopting two different maintenance standards. The level of endowment was reviewed by the Department who estimated that, based on normal Treasury guidelines for calculating endowments, the long-term maintenance costs would still be considerably greater than the endowment of £200,001 negotiated by the Corporation. The Department told the National Audit Office that, as the Council was prepared to sign a maintenance agreement for this sum, they sought and obtained the Treasury agreement for the proposed endowment.

2.12 The Corporation's experience highlighted the need for earlier consideration to be given to the long term maintenance of public assets. At the time decisions are being made to develop public assets the whole-life costs should be estimated, the future affordability of the proposed maintenance regime considered and the body likely to inherit the asset, where that is known, consulted. In calculating the appropriate level of endowment, factors such as the likely deterioration rate, routine maintenance requirements, the asset's expected life and potential replacement costs need to be considered. The Corporation informed the National Audit Office that it had consulted Leeds City Council at an early stage and it had been agreed that an endowment would be provided by the Corporation. However, as neither party could be sure how many small pieces of land the Council might inherit at wind up, precise calculations of the endowment had not been made.

2.13 While the Corporations have the powers to develop public assets as part of their regeneration strategies, prior to the passage of the Housing Grants, Construction and Regeneration Act in July 1996, the Secretary of State for the Environment did not have the powers to instruct a successor body to take over any assets developed by a Corporation, nor to determine the level and nature of the endowment to be provided for their upkeep. For those Corporations winding up in March 1998, the Department have declared their intention to use the new powers in the 1996 Act to transfer residual assets and liabilities to a re-formed Commission for the New Towns. However, as the Department intend that the re-formed Commission for the New Towns will have only a relatively short life, the Department will still expect Corporations to agree suitable long-term succession arrangements for any public assets they own, and to make every effort to dispose of all other assets and liabilities before wind up.
Leases

2.14 During its lifetime the Corporation held some 22 hectares of land and property under nine leasehold agreements. All were still in the Corporation's ownership two years before wind up, which the Corporation had foreseen given the depressed state of the property market. During wind up the Corporation was able to sell five of the leases. However, the Corporation needed to pay surrender costs to exit from the remaining four leases which extended beyond its life. These included three commercial leases, one of which was for the Corporation's own offices. The Corporation had acquired the leases early in its existence when the property market was strong and had been unable to negotiate shorter leases to fit its life expectancy.

2.15 The Corporation's advisers had initially recommended that the costs of withdrawing from three of the commercial leases would be £231,000. The Corporation's Board, with guidance from the Department, finally approved settlement payments of £315,000. These higher surrender costs were agreed to avoid lengthy delays arising from possible legal action by the leaseholders and to ensure that the Department did not end up having to manage the surrender of the leases, which could have resulted in additional legal and administrative costs. The Corporation was in a relatively weak negotiating position at the end of its life.

Photograph 4: Kirkstall Valley Nature Reserve

The Corporation paid £300,000 to transform the ash tips left over from the Kirkstall Power Station into a nature reserve and has provided the Yorkshire Wildlife Trust with a grant of £125,000 to manage the 11 hectare site.
2.16 The fourth lease related to the Kirkstall Valley Nature Reserve which is managed by the Yorkshire Wildlife Trust. The Corporation and the freeholder, the National Grid, agreed in principle to assign the lease to the Trust. The Trust agreed in principle to accept the assignment. The plan was abandoned because the Corporation and Trust were unable to agree lease transfer arrangements, largely because the Trust felt it could not afford to take over the proposed level of responsibility for road and bridge maintenance and potentially contaminated land. The Trust felt that the Corporation, in trying to assign these potentially expensive liabilities, had not given adequate consideration to its position as a charity with limited income. The Corporation, who were by then in a weak negotiating position, surrendered the lease to the National Grid paying them £10,000. By December 1996, the Trust and the National Grid had largely resolved the question of who should maintain the access road and who should be responsible for any long term problems of land contamination, and negotiations over the transfer of the land were at an advanced stage.

Compulsory purchase order claims

2.17 Five months before wind up was completed, the Corporation had 20 outstanding compulsory purchase order claims. Box 2 summarises the procedures for claiming compensation under such orders. The Corporation sought, in accordance with Departmental guidance, professional advice in handling the claims and based its negotiating position on estimates provided by the District Valuer. The Corporation had settled all but four claims by its dissolution and since wind up the Department have received details of one other potential claim. Claimants have a statutory period within which to lodge claims and in a number of cases the period exceeded the Corporation's operational life. In the absence of a residuary body, responsibility for settling the outstanding cases passed to the Department. With the Department's agreement, the Corporation appointed chartered surveyors to advise the Department about the approaches being taken towards finalising the claims both during and after wind up. The Department believe that the cost of settling these outstanding claims, including any future administrative and legal fees, and future interest payments due to the claimants, will be adequately covered by the Corporation's post wind up tax rebate (see paragraph 2.21).

Box 2: Compulsory purchase order compensation arrangements

When a compulsory purchase order is made to buy land, the owners or tenants are entitled to compensation. This compensation is to cover the cost of the land and disturbance expenses, such as the cost of relocating to other premises and/or the loss of profits. Under the Limitation Act 1980, claimants have up to six years after they have surrendered possession of their land to make a formal claim. Depending on the complexity of the case, the resolution of a claim may take many years. If a claim cannot be satisfactorily resolved between the parties, a claimant may refer the claim to the Lands Tribunal, an independent body established to hear such disputes.

2.18 By wind up, outstanding claims had cost some £1.7 million in advance payments. In one case a double payment of £31,517 was made during the last few months of the Corporation's life. The National Audit Office found that the double payment occurred because the amount had been sent through the
Corporation’s payment system both as a part payment on account and again as part of a final payment. By November 1996 recovery was still being actively pursued by the Department.

**Operational assets**

2.19 In April 1994, a year before its wind up, the Corporation owned 245 operational assets, such as cars, computers and furniture. Originally costing £288,000, by 31 March 1995 they had a book value, after allowing for depreciation, of £33,000. The Corporation disposed of all its operational assets during its final year for £40,000, some 20 per cent more than their depreciated book value.

2.20 Purchases by staff were permitted but, to ensure a competitive price was realised, the Corporation required a minimum of three outside tenderers. To be successful an offer by a member of staff had to match the highest of these. The National Audit Office reviewed a sample of disposals and confirmed that these procedures had generally operated satisfactorily and that the highest offer was accepted in each case. The National Audit Office found, however, that in three of the seven disposals of Corporation vehicles, the staff member who purchased the vehicle also obtained the written external quotations. These sales were authorised by the Corporation’s finance staff, except in the case of the Finance Director’s purchase which was authorised by the Chief Executive. The proper procedure would be to ensure that officers with an interest in purchasing an asset are not the ones who obtain the external quotations of its saleable value.

**Cash surplus**

2.21 The Corporation ended its life with a cash surplus of £797,000, returning £300,000 to the Department which was surrendered to the Consolidated Fund in 1994-95. A further £497,000 was returned to the Department for surrender to the Consolidated Fund during the three month post wind up period up to June 1995. In addition, the Corporation received a Corporation Tax rebate of £171,000 in 1994-95 and a further rebate of some £1.37 million in February 1996. As a body corporate, Corporations are liable to pay Corporation Tax on their chargeable gains which may arise on disposal of development land. Where development land was bought using grant-in-aid, as was the case with the Corporation’s early purchases, Corporation Tax was payable on the full proceeds from the sale. Once the proceeds from these early sales were re-invested then any losses on subsequent property transactions could be off-set against previous tax paid, and rebates sought. The Department estimate that the Corporation’s residual financial assets will exceed all outstanding liabilities, such as compensation claims and legal costs.

**Planning**

2.22 During its lifetime, the Corporation granted 1,273 applications for planning permission, 289 (23 per cent) in the final year of its life. Leeds City Council handled the processing of planning applications for the Corporation under contract, receiving a payment for each application and forwarding recommendations to the Corporation for approval. The Corporation retained ultimate responsibility for planning decisions and processed the more complex
or sensitive cases itself. In such cases Leeds City Council maintained a dummy planning file, so that it was conversant with what transpired on those applications. In the Corporation's final year the Council was paid some £144,000 in planning fees. This was a substantial increase on the payment of some £70,000 in the financial year 1993-94, and reflected an increase in planning activity as wind up approached.

2.23 The Corporation worked closely with developers to ensure that planning applications were in an acceptable form and as a result only a very small percentage (five per cent) of applications were refused. However, the Corporation's approach to planning in the Kirkstall Valley was contested by local residents and a Leeds City councillor who formed a company called Kirkstall Valley Campaign Limited. During 1995, two complaints were investigated by the Local Government Ombudsman: one related to a decision to grant planning permission for student housing; the other to an application for planning permission on a site close to the premises of a sports club. The Ombudsman, in a December 1995 ruling, while acknowledging that some maladministration had occurred, did not uphold the complaints in either case as no injustice had occurred. However, the Ombudsman did raise concerns about how some conflicts of interest had been dealt with during the Board's discussions on these planning matters. This issue is more fully dealt with in the section on declarations of interests (paragraphs 2.33-2.39).

2.24 On wind up, statutory planning powers were transferred smoothly back to Leeds City Council. The Council considered that the planning files were in generally good order and that outstanding planning matters had been kept to a minimum. After transfer of the planning files to the Council one file could not be found, relating to an application for planning permission in the Kirkstall Valley in May 1993 which had been withdrawn and superseded by a new application (paragraph 2.35). The file was the only one not transferred, although it was listed by the Corporation with others for transfer from it to the Council. The West Yorkshire Police were called in to investigate the file's disappearance. In June 1996, the Police were informed by the Corporation's former Planning Director that the file had been destroyed by the Corporation. The Police were satisfied that no criminal offence had occurred. The Department's Urban Development Corporation Guidebook authorises the Corporations to destroy obsolete files, but they are advised to be particularly cautious about destroying planning files. The Department are considering issuing further guidance to Corporations requiring them to provide a list of files destroyed.

Management of grants

2.25 The Corporations were given discretion, within their financial delegations, to devise grant schemes to suit their individual regeneration needs. The Corporation managed five different grant schemes (Figure 8). At wind up eight grants required further administration and some £4.4 million was transferred, along with briefings on the sites involved, to English Partnerships. Since wind up, five of these projects have gone ahead and by December 1996 three had not started. The Department are closely liaising with English Partnerships in order to monitor the progress of these three schemes.
The proper conduct of public business

Payments to staff

2.26 At the peak of its operations, in 1992, the Corporation employed 31 staff and had an annual salary bill of £730,000. In March 1995, at the time of wind up, 16 staff remained and the salary bill for 1994-95 was £549,000. The Chief Executive, Finance Director and Financial Accountant were retained for all, or part of, the three months following wind up primarily to ensure that the final accounts and report were produced.

2.27 In accordance with Departmental requirements, the Corporation drew up a plan in July 1992 showing how it was going to reduce its staffing during wind up. To ensure the retention of sufficient staff with appropriate skills in the run up to wind up the Corporation was able to nominate up to half of its employees as key. Key staff, who satisfactorily completed their responsibilities and had been in post for at least two years, were eligible for terminal bonuses of up to 50 per cent of their final year's salary. Staff over 50 years were entitled to have extra years added to their recognisable service for their pension. However, at the time the Corporation wound up, if staff took the terminal bonus then their added years would be abated by an equivalent amount. The Department do not have to approve terminal bonus payments as long as they conform to the approved scheme.
2.28 The Corporation nominated 12 staff as key. Of these, eight received the full terminal bonus and two received pension enhancements rather than a terminal bonus. Two did not receive any because they left before their wind up tasks had been completed. A loyalty bonus was paid also to seven non-key staff who remained until wind up. The loyalty bonus was limited to 10 per cent of the final year's salary. In addition to these bonuses, staff received statutory redundancy payments and pay in lieu of holidays not taken. A total of £564,500 was paid to key and non-key staff. Staff were also entitled to receive any annual performance related pay that had been awarded (Figure 9).

**Figure 9: Terminal payments made to Corporation staff on completion of wind up tasks**

<table>
<thead>
<tr>
<th>Key staff payments</th>
<th>Non-key staff payments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory entitlements and other payments</strong></td>
<td><strong>Statutory entitlements and other payments</strong></td>
</tr>
<tr>
<td>- Redundancy</td>
<td>- Redundancy</td>
</tr>
<tr>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>- Holiday pay in lieu</td>
<td>- Holiday pay in lieu</td>
</tr>
<tr>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>237,000</td>
<td>19,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key staff: Payments</th>
<th>Non-key staff: Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bonuses</strong></td>
<td><strong>Bonuses</strong></td>
</tr>
<tr>
<td>- Terminal bonus</td>
<td>- Loyalty bonus</td>
</tr>
<tr>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>- Pension enhancement</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total payments</strong></td>
</tr>
<tr>
<td>302,000</td>
<td>25,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source: Leeds Development Corporation</th>
</tr>
</thead>
</table>

**Notes:**
(1) Depending on their length of service and whether they were returning to government employment, key and non-key staff were eligible to receive differing combinations of statutory entitlements, other payments and bonuses.
(2) One key staff member left in December 1994 having completed his tasks and two other key staff worked during the final months close down period. All others left at the end of March 1995.
(3) Of the non-key staff, one worked until the end of June 1995, all others left at the end of March 1995.
(4) Two key staff, being over 50, chose to convert their terminal bonuses into pension enhancements.

Terminal payments to 10 key Corporation staff totalled £539,000. Terminal payments to seven non-key staff totalled £25,500.
2.29 The National Audit Office reviewed the final payments made to the 16 staff who remained until wind up, and the one key staff member who left in December 1994 having satisfactorily completed all his wind up tasks. In all cases the Corporation awarded staff the maximum entitlement. The Corporation informed the National Audit Office that staff performed at a level which warranted full payment of terminal bonuses.

2.30 The National Audit Office also examined 27 out of the 53 expense claims submitted by staff members in the last three months of the Corporation's lifetime to ensure compliance with internal controls. All claims were supported by appropriate vouchers and receipts, and were properly documented and authorised.

Use of consultants

2.31 Individual Corporations are responsible for determining detailed procedures for letting and managing consultancy contracts, based on the Department's Urban Development Corporation Guidebook. The Corporation paid some £800,000 in consultancy fees in the final two years, out of a total of £5 million paid for consultants during its lifetime. As the Corporation began its preparations for wind up, expenditure on consultants at first decreased but then rose in the final year. This was due to the need for detailed advice on land disposals and claims against compulsory purchase orders.

2.32 The National Audit Office reviewed 10 consultancy contracts (25 per cent) let in the final year. All the contracts had been let in accordance with the Department's guidance. Six had been let by competitive tender and four by single tender. The competitively tendered contracts had been awarded to the lowest tenderer in all cases but one. In this one case, the decision that the consultant had greater experience and offered a more comprehensive service was clearly documented by the Corporation and properly authorised. Single tenders can be let for contracts below £3,000 and, in circumstances requiring urgent action, for contracts up to £15,000. One of the single tender contracts was for less than £3,000. The other three were all for amounts between £3,000 and £6,000. Two were considered by the Corporation to be urgent as they related to putting properties up for sale at the next available auction and in the third case the Corporation judged that only one consultancy company had the requisite expertise. The Department were informed of these contracts in accordance with the guidance.

Declarations of interest

2.33 During wind up the Local Government Ombudsman carried out investigations into allegations made by local residents of maladministration on planning decisions which related to the Kirkstall Valley and embraced possible conflicts of interest (paragraph 2.23). Subsequently, after wind up, permission was sought by the Kirkstall Valley Campaign Limited from the High Court for a judicial review of the granting of outline planning permission and related matters by the Corporation, again on the grounds that possible conflicts of
interest had arisen. Concerns were raised by the Ombudsman and the High Court about how conflicts of interest during discussions about planning decisions relating to the Kirkstall Valley had been dealt with by the Board.

2.34 The Ombudsman criticised the fact that some Board members had not declared personal interests when considering the planning policy for the area, but was not asked to consider the role of the Chairman of the Board. Furthermore, the Ombudsman considered that when these members subsequently declared their interests, they should not have been present at meetings which discussed planning guidelines and frameworks. The Corporation's policy was that a Board member could remain in the room once a declaration had been made but not take any further part in the meeting. Although the Ombudsman sustained allegations of maladministration through a failure by some Board members to declare conflicts of interest and leave relevant meetings, the Ombudsman did not consider that any actual injustice had occurred.

2.35 In July 1995 the Kirkstall Valley Campaign Limited sought a judicial review of a planning decision made at the Corporation's final Board meeting, to approve the detailed plans for a large supermarket and restaurant in the Kirkstall Valley put forward by Kirkstall Valley Properties Limited. In May 1993 Kirkstall Valley Properties Limited had made an application for a comprehensive development of land in Kirkstall Valley. One aspect of this application was the relocation of a sports club to a location outside the urban development area to allow clearance of the site to make way for the development. One possible site for the relocation was adjacent to land owned by the Chairman of the Board and a family trust. Both the site and adjacent land were in the North East Leeds green belt. The move could only occur if the site was sold to the sports club and planning permission given for its development. If in those circumstances the move had occurred and the Chairman of the Board and the family trust had obtained the removal of their land from the green belt the value of their land could have increased.

2.36 In March 1996 the High Court ruled in favour of the Corporation, rejecting allegations that members of the Board had a pecuniary interest in the outcome of that planning decision. Accordingly, it refused to quash the planning decision. The Court found that the Chairman had a direct pecuniary interest which could have tainted an earlier decision of the Board to invite Kirkstall Valley Properties Limited to submit a planning application. However, the Court accepted that given the passage of time that taint was no longer operative when the Board came to consider Kirkstall Valley Properties Limited's applications in 1994 and 1995.

2.37 Another Board Member, who was connected to the sale of the sports club premises, did declare an interest. This Board Member was not present at the Board meetings when these planning matters were discussed. However, he was present when Kirkstall Valley Properties Limited made a presentation to the Board prior to their being invited to submit a planning application. The High Court considered that there was a danger that his presence could have influenced the decision making process and pointed out that while withdrawal from meetings was not a universal requirement when a conflict of interest arose
it was undoubtedly wise. This Board Member, together with another Board Member and a senior officer of the Corporation, were associated with the sports club as honorary vice-presidents. The Court confirmed that this association involved no financial or executive responsibilities and was not to represent any conflict of interest. In August 1996 the Court of Appeal rejected an application for leave to appeal by the Kirkstall Valley Campaign Limited. The decision to grant outline planning permission and approve the detailed plans has been upheld by the Courts.

2.38 The National Audit Office reviewed the Corporation's compliance with Departmental guidance on declaration of interests. Early in its life, the Corporation required that interests be declared and a register of interests maintained. The Department's guidance on declarations of interest, issued in March 1988, only required that interests be declared. Neither the Corporation's, nor the Department's, guidance at that time required withdrawal from meetings where a conflict of interest arose. The Chairman of the Board informed the National Audit Office that he had offered to leave the room when matters were being discussed where he had declared an interest. It was only after advice from the Chief Executive, and with the full consent and agreement of the whole Board, that he remained in the room.

2.39 In January 1992, the Department issued amended guidance. This required that a standing register of interests be maintained and that all interests be declared at Board meetings. The significance of interests should be discussed by Board members, with advice from the Chief Executive, and decisions fully minuted. Board members with a significant interest are expected to withdraw from discussions unless it is a public meeting when they may remain. In June 1996, the Department further strengthened the guidance requiring Urban Development Corporation Board members to leave the room and not take part in any discussion or decision on matters in which they have any significant interest, even if it is a public meeting.

Regeneration strategy

Although all Corporations had development control powers under which they grant planning permissions, all other responsibilities such as highways, education and housing remained with the local authorities. The Corporations were expected to promote a market led improvement for their urban development area. On the Corporations' demise, local authorities and other public agencies may subsequently take forward regeneration as their responsibilities in the former urban development areas will be no different than for any other areas.

2.41 Corporations are required to draw up a regeneration statement to pass on to their successors. The statement is intended to consolidate the knowledge and experience of the Corporations, and outline an appropriate way forward for the urban development area. Departmental guidance, issued shortly before Leeds Development Corporation wound up, suggests that the views of the general public could be taken on board and that the successor body, generally the local authority, should be consulted.
2.42 Prior to producing its regeneration statement the Corporation sought views on the future of the area by mounting exhibitions, advertising in the local press, writing to community organisations and convening meetings with companies and individuals who had invested in the area. The Corporation distributed some 500 copies of its regeneration statement. This regeneration statement highlighted progress and future opportunities for various parts of the urban development area. The statement also included unattributed remarks, collated after a series of consultation exercises undertaken by the Corporation throughout Leeds with members of the public, praising the Corporation's work and casting doubt on the ability of the local authority to maintain the development momentum. Although the Corporation consulted British Waterways and English Partnerships on existing projects up to the end of its operational life, English Partnerships informed the National Audit Office that it was not consulted on the regeneration statement.

2.43 The Corporation worked closely with the Council on a number of development projects during wind up and the Corporation's Chairman held two meetings with the Chairman of Leeds City Council's Planning Committee. But detailed briefings were not provided by the Corporation to the Council and English Partnerships about the potential of sites, which the Corporation considered it did not have the time or money to realise. Consequently useful information may have been lost during the wind up of the Corporation.

2.44 The Corporation's administrative filing system was not well structured and, as a result, the National Audit Office found it difficult to obtain key facts and to piece together the basis upon which decisions about the strategy had been made. Those organisations which have taken on the Corporation's regeneration role are experiencing similar difficulties now that all the remaining information has been placed in storage and the Corporation's former staff are not available to interpret the records. The Department's guidance issued in May 1995, after the Corporation ceased to operate, stressed the importance of Corporations' getting their files in order before wind up.

**Maintaining the regeneration momentum**

2.45 The Department expected the Corporation to continue with regeneration work as long as possible during wind up, and to seek to ensure that local bodies inheriting responsibility for regeneration, could benefit from the Corporation's experience. The Corporation met these expectations by making grants until it was wound up, and successfully transferring them to English Partnerships. Leeds City Council informed the National Audit Office that the Corporation had given a major impetus to the development of South Central Leeds. While the Council stressed that much still needed to be done to clear up remaining derelict mill sites, to ensure that the area around the Royal Armouries Museum was upgraded, and to resolve the conflicts about the development of the Kirkstall Valley, it was optimistic that the momentum of regeneration would be maintained.
Conclusions

Achievement of wind up objectives

2.46 The Corporation largely achieved the Department's objectives for wind up. All land, infrastructure and operational assets were disposed of or transferred to the local authority, Leeds City Council. Leases which extended beyond the Corporation's life were surrendered. The wind up strategy had identifiable milestones, and progress was closely monitored by the Board. The planning function was successfully transferred to Leeds City Council, and outstanding grant funded projects were transferred to English Partnerships. The Corporation ended its life with sufficient funds to cover claims against unresolved compulsory purchase orders.

2.47 The continued use of regeneration grants throughout the wind up period, and the transfer of grants for continuing regeneration projects to English Partnerships, aided the Corporation in its attempts to maintain the momentum of regeneration once it had ceased to exist. The Corporation also continued to work with successor bodies on existing projects during wind up. The Corporation developed a future regeneration statement after undertaking a consultation exercise and distributed some 500 copies. It is debatable whether the Corporation could have done more through briefing its successors and developing a better structured file management system, to maintain continuity and to ensure a transfer of knowledge about the development opportunities offered by individual sites.

The achievement of value for money

2.48 Some of the Corporation's land was transferred at wind up at no cost, having negligible value. Where it did sell its land the Corporation made a deficit primarily because of the depressed property market, the transfer of some land at notional prices, the need to decontaminate land and the requirement to compensate previous owners. However, in 42 per cent of the disposals examined by the National Audit Office the Corporation had not obtained pre or post sale valuations. The Corporation paid higher than forecast surrender costs on three leases which extended beyond its life in order to avoid passing them over to the Department. In selling off its operational assets the Corporation achieved 20 per cent more than their depreciated book value, although the National Audit Office found a need to improve the procedures for obtaining quotations for assets sold to staff. The Corporation provided Leeds City Council with an endowment of £200,001 to maintain in perpetuity public assets which were transferred to the Council.

The proper conduct of public business

2.49 Internal controls over payments to staff and consultancy contracts continued to function properly during wind up. Staff received severance payments which were consistent with statutory entitlements and additional benefits agreed by the Department. The Corporation, on the basis that most wind up tasks had been satisfactorily completed, paid the maximum entitlement in all cases. All expense claims examined by the National Audit Office were properly
documented and authorised and the Corporation’s tendering procedures for consultants, including the use of single tenders, complied with Departmental guidance.

2.50 Complaints against some of the Corporation’s planning decisions in the Kirkstall Valley were not upheld by either the Local Government Ombudsman or the High Court. Both were, however, critical of some Board members who having declared personal interests failed to withdraw from meetings during discussions of particular planning applications. The Department have since strengthened their guidance to Urban Development Corporations’ Board members.
Part 3: Wind up of Bristol Development Corporation

Background

3.1 Bristol Development Corporation was established in January 1989, extending over an area stretching eastwards from Temple Meads railway station in the city centre along the Avon Valley for four kilometres. Characterised by large railway shunting yards and contaminated land, the area had traditionally been a base for manufacturing, scrapyards and warehousing. The Corporation used two main strategies to promote regeneration. The first involved road improvements to overcome difficulties of access to and within the urban development area which has many low bridges and a large number of railways and waterways. The second involved buying up blocks of land and selling consolidated sites to developers. The Corporation's boundaries and key projects are shown in Figure 10.

Photograph 5: The Avon Meads and Castle Court Complex

Source: Chorley Handford

The Corporation sold the land at one end of the St Phillips Causeway for redevelopment into a large entertainment and retail centre, receiving some £13 million.
BRISTOL Avon Riverside low cost housing schemes, restoration of jetties and new business park

Yay Point

land assembly and
site clearance

Avon Riverside and
Unicorn Business Parks light industrial sites

St Phillips Central Business Park
road improvements and
light industrial sites

River Avon

St Phillips Causeway
new two kilometre elevated
spine road and cycleways

St Phillips Central Business Park

Riverside and

Castle Court
entertainment and
retail complex

Source: Bristol Development Corporation

Bristol Urban Development Area stretched east from Temple Meads Railway Station along the River Avon and covered 364 hectares.
3.2 After the Area and Constitution Order was presented to Parliament in May 1988, Bristol City Council petitioned the House of Lords opposing the creation of the Corporation. In November 1988, an enquiry by the specially formed House of Lords Select Committee on the Bristol Development Corporation (Area and Constitution) Order 1988 endorsed the need for the Corporation, but recommended that the size of the urban development area be reduced. The Secretary of State for the Environment accepted this recommendation. Appendix 3 summarises the key dates in the history of the Corporation.

Photograph 6: Avon Riverside Housing Scheme

Source: Bristol Development Corporation

The Corporation created a new waterside urban village along the banks of the River Avon comprising over 600 homes, shops, a doctor's surgery and a nursery.

Managing wind up

3.3 The Corporation was originally due to wind up in March 1994. In November 1991, in recognition of the impact of the economic recession on the property market, the Corporation's life was extended to December 1994. The Secretary of State, in March 1994, extended the Corporation's life by another year to December 1995, so that it could dispose of its flagship development site at Quay Point. The extension was given on the understanding that the Corporation's operations in the extra year would be funded from land sales and on the assurance that attempts to sell Quay Point would not divert attention from wind up.

3.4 In May 1994 the Corporation produced its initial wind up strategy which identified some 50 high level tasks with specified milestones. At the time the Corporation was confident that all the tasks would be completed, including the
disposal of all assets and liabilities. During wind up regular liaison meetings were held between the Department and the Corporation, at which the Department expressed concern that the strategy did not provide enough detail to allow adequate monitoring to take place and sought further clarification. The Department were particularly concerned to identify the exact number of outstanding tasks, how many would be completed and whether the Corporation would have sufficient funds.

3.5 The Corporation employed consultants Sir William Halcrow and Partners (Halcrow), who had been its project managers on a number of construction projects, to produce documentation for the Board on progress in completing the wind up tasks. In their first report to the Board and the Department in April 1995 the consultants documented 225 detailed tasks that were still outstanding, including 28 that were unlikely to be completed by wind up. This task list included a breakdown of many of the high level tasks identified in the first plan.

3.6 The Corporation closed down in March 1996 leaving the Department to complete over 100 tasks. These comprised 95 of the 225 tasks documented by Halcrow, which the Corporation handed over to the Department in December 1995, and an additional 14 tasks identified by the Department between December 1995 and March 1996. In order to finish winding up the work of the Corporation, the Department estimated in March 1996 that they would need to use three staff full time for nine months and a full time member of staff for at least a further six months. In addition, the Department expect to use a variety of consultants for associated legal and financial work. The Department estimate that the cost of managing the remaining wind up tasks will be some £677,000, comprising £120,000 for Departmental staff and £557,000 on outstanding consultancy work.

3.7 In August 1995, Bristol City Council and Avon County Council presented to both the Corporation and the Department a list of tasks which they hoped the Corporation would commence before wind up, over half of which were not on the Corporation's list of tasks. The Councils' list included some tasks, such as minor improvements to access roads, which were subsequently undertaken by the Corporation. The Councils' list also included tasks which would have required major expenditure, such as the upgrading of low bridges to allow free passage of heavy goods vehicles and the completion of a pedestrian pathway along the River Avon. Avon County Council was abolished on 1 April 1996 and since wind up Bristol City Council has decided not to pursue many of these tasks.

3.8 Even though there was considerable uncertainty about the number of tasks which would be completed on time and the costs involved, the Corporation did not produce a documented risk assessment either to help its own management of wind up or to prepare the Department for the likely tasks it would inherit. The completion of tasks was, however, discussed regularly at Corporation Board meetings and at meetings with the Department.
3.9 The Department informed the National Audit Office that, during 1996, they were able to complete the majority of inherited tasks. Only the outstanding issues on the St Phillips Causeway, the Avon jetties and some major land compensation cases referred to later in the report remained to be completed in January 1997.

Disposal of assets and liabilities

3.10 During its lifetime, the Corporation paid £34 million for some 66 hectares of freehold land. This represented about 43 per cent of the grant-in-aid of £78.9 million received over the Corporation's lifetime. Most land was disposed of before wind up through commercial sales and some was transferred to other bodies (Figure 11). At wind up 11 small plots with negligible realisable value were transferred to the Secretary of State. The Corporation's receipts over its lifetime for the sale or transfer of land totalled £33.6 million, of which some £14 million was received in the final two years.

![Figure 11: Freehold land disposed of by Bristol Development Corporation](image)

Source: Bristol Development Corporation

Note: (1) The majority of the land transferred to the Secretary of State was highway land which is expected to transfer to Bristol City Council once the highways are adopted.

Bristol Development Corporation disposed of the majority of its freehold land commercially.

3.11 Several plots of land were sold with the Corporation retaining the right to receive an agreed proportion of any profits that might arise once the site was fully developed and let. While the Corporation only received small amounts from most of these arrangements, in the case of Avon Meads, the Corporation received around £1 million.

3.12 The Corporation completed the acquisition of the individual sites which it consolidated as the Quay Point site. The Corporation did not, however, succeed in selling Quay Point to a commercial developer. As a result, the Department required the Corporation to transfer all rights over the site to English Partnerships so that it could build on the development framework laid by the Corporation. The Corporation transferred Quay Point to English Partnerships...
for £6.9 million, an amount which agreed with the District Valuer's estimation of its market value (Box 3). Included in the transfer was the Corporation's marketing centre, which had been built at a cost of some £500,000 and which had been used as a base for promoting and marketing the urban development area. Since the transfer, English Partnerships has continued to negotiate a sale of Quay Point (now called Temple Quay), benefiting from the planning framework and development strategy laid down by the Corporation.

Box 3: Quay Point

To acquire the 8.7 hectare site the Corporation issued a compulsory purchase order in 1990. Following a Public Inquiry in 1991, the order was confirmed by the Secretary of State for the Environment in February 1992.

The Corporation had consolidated individual sites to form Quay Point in order to create a new business district in central Bristol comprising offices, retail and residential facilities. The Corporation first sought to dispose of the entire site in the summer of 1994 and three tenders were received in November 1994. Negotiations with the Corporation's preferred tenderer, Argent Group plc, broke down in February 1995 and the Corporation received two new tenders in April 1995. In May 1995 a proposal from one of the tenderers, Castlemore Securities Limited was chosen. The proposal involved payment of a basic price at the outset, a commitment by the developer to undertake highway improvements and on-site infrastructure work and an agreement that the Exchequer would receive a proportion of any profits from the development of the land. The Corporation and the Department commissioned a series of independent reviews of the proposal to ensure that the Exchequer was adequately protected. These concluded that the arrangements were acceptable.

Whilst the Secretary of State had extended the Corporation's life by one year, primarily to allow more time to dispose of Quay Point, he insisted that contingency arrangements were necessary should a commercial sale not occur. Therefore, in May 1995 the Secretary of State informed the Corporation that English Partnerships would take over responsibility for the site after wind up if disposal had not taken place.

Protracted negotiations took place between the Corporation, Avon County Council, Bristol City Council and the developer. The Corporation agreed with the Department that an unconditional contract should be signed by 17 November 1995, on the grounds that any later date would be too late to effect a transfer to English Partnerships. This target was not met and the Corporation continued to negotiate with the developer. On 28 November 1995 the Secretary of State told the Corporation that it had run out of time and asked it to arrange for Quay Point to be transferred to English Partnerships as soon as possible. On 8 December 1995 the Corporation transferred the site to English Partnerships who is taking forward marketing and off-site and on-site infrastructure works. Bristol and West Building Society has identified Quay Point for a new headquarters building, and Castlemore Securities Limited are likely to act as development agent for English Partnerships undertaking speculative development of other plots.

3.13 The National Audit Office reviewed 12 other disposals (25 per cent) which occurred in the two years before wind up. In 11 out of the 12 disposals the Corporation had obtained independent pre sale valuations, and in ten cases the sale price was equal to or greater than the valuations. However, three of the 11 valuations were completed between 12 and 18 months before the sale despite the Urban Development Corporation Guidebook requiring pre sale valuations to be carried out no more than six months before a sale.
The Corporation spent an estimated £24 million buying individual sites and paying compensation in order to consolidate land around Temple Meads railway station for commercial, retail and residential development.

3.14 The prices agreed for four of the 12 disposals were based on the purchaser agreeing to carry out further work to either decontaminate land or improve roads. In only two cases was this arrangement written into the sale contract and the Department were only informed of one of these.

Infrastructure

St Phillips Causeway and other road works

3.15 The Corporation's main infrastructure project was the construction of the St Phillips Causeway, an elevated dual carriageway which opened new access routes to the area and enabled traffic to cross the area in a northerly and southerly direction. The Causeway was constructed using a design and build contract in order to ensure that the contractor assumed most of the risks. The Corporation also reconstructed and upgraded some roads in other parts of the area, including the Victoria and Albert Road system around the St Phillips Central Business Park.

3.16 In May 1995 Avon County Council, the then local highway authority, signed an agreement to adopt the St Phillips Causeway. But on wind up the Corporation had not been able to transfer the road. The road contractor had not remedied all outstanding defects, including anchorage points for maintenance work and an agreed list of minor defects. These are contractual matters and the
Department consider they will have no financial implications for public funds. In addition, Bristol City Council, who is now the highway authority, has raised concerns which relate to the adequacy of the initial specifications, for example problems over surface water and the quality of drainage pipes. These are the subject of continuing discussions between the Department and Bristol City Council and may involve future public sector costs.

3.17 As a result of the St Phillips Causeway not being transferred prior to wind up, it has fallen to the Department to resolve outstanding matters regarding its adoption by Bristol City Council. The Department have retained Halcrow to oversee the infrastructure works to be undertaken by the construction contractor. The Department expect to have to pay to maintain and manage the road up to the end of 1997. The Corporation estimated initially that the costs of such work would be some £243,000 between January 1996 and March 1997. The Department now estimate the cost at around £400,000, principally because of the longer period they will have to pay to maintain the road. Provision for the maintenance of the road by the local highway authority would be made through Revenue Support Grant, but Bristol City Council informed the National Audit Office that it remains concerned about the long term maintenance costs of the road.

Photographs 8: St Phillips Causeway

The St Phillips Causeway, an elevated two kilometre dual carriageway, opened up a part of the urban development area which was poorly served by road links. The Causeway also provides for traffic coming from the north along the M32, which links the centre of Bristol with the M4, to bypass the congested Temple Meads area and connect directly with the A4 to Bath in the southeast. It was completed in July 1994, ahead of schedule, and at a cost of £49 million, some £6 million less than the Department's approved budget.
Following adoption of the road, the Department will reimburse Bristol City Council for the cost of statutory compensation for noise insulation for local residents affected by the road, at an estimated cost of £113,000. In addition, the Department also expect to incur administrative and legal costs in relation to compensation claims made by local residents for depreciation in the value of their homes arising from the construction of the Causeway. Bristol City Council informed the Department that, by May 1996, there were 45 claims for compensation with a total estimated value of some £250,000.

Cycleways

The Corporation spent some £246,400 on developing a cycleway through the urban development area. The Corporation considered that the elevated St Phillips Causeway would not be suitable for cyclists and, as part of the process of gaining approval to build the Causeway, made a commitment to providing a cycleway through the area. On wind up, however, many items of work needed to be completed including negotiation of the route with land owners and Bristol City Council and upgrading signage, lighting and drainage. The Department expect that this work will cost some £100,000 to complete.

Jetties

Developers were reluctant to undertake housing construction at Avon Riverside along the banks of the River Avon, unless a public body would accept responsibility for over 470 metres of old jetties left over from an old paper mill site. The jetties could not be demolished as they provided access to the river bank and formed part of a walkway alongside the river. To overcome the impasse, the Corporation decided in November 1993 to take over the freehold for the jetties. In exchange the developer agreed to transfer land on the bank to Bristol City Council for use as a public footpath and to contribute to its long term maintenance. The developer agreed to pay £36,000 towards the costs of repairing and maintaining the surface of the jetties. The Council was not prepared to take over long-term responsibility for the jetties and the Corporation did not identify any other organisation to whom the jetties could be transferred or sold. On wind up ownership of the jetties passed to the Secretary of State. Discussions between the Department and the Council are continuing on this issue.

Lease

The only lease held by the Corporation in the wind up period was for its own offices. The Corporation was not the main leaseholder but sub-leased its office space from the company who occupied the rest of the building. The Corporation's sub-lease was due to expire in June 1998. At one stage the Corporation envisaged that the main leaseholder would take back the lease. This did not happen and in September 1995 the Corporation sought to market the sub-lease more widely. No purchaser came forward and the Corporation had to surrender the sub-lease to the main leaseholder in March 1996 at a cost of £160,000. With two and a quarter years of the sub-lease remaining, this cost was higher than the total rental and other out-goings of some £120,000 which remained to be paid. The Corporation received advice from consultants that a
premium of £40,000 was appropriate, as this would release the Corporation from any liabilities for future repairs and the removal of partitions. The Corporation was in a relatively weak negotiating position at the end of its life.

Compulsory purchase order claims

3.22 At wind up, 32 compulsory purchase order claims had not been finalised, some 23 per cent of the 140 claims made over the Corporation's lifetime. Nineteen of these are expected to require further payments. In four cases the claimants had referred their claims to the Lands Tribunal, an independent body established to hear such disputes. The Corporation had made insufficient financial provision at wind up to settle these outstanding claims and the shortfall will now fall to the Department.

3.23 The National Audit Office examined 14 outstanding compensation claims (44 per cent). In three of these the Corporation had not made any advance payments. Of the remaining eleven claims which had been partially settled, ten were supported by valuations from the District Valuer confirming that the advance payments were fair and reasonable.

3.24 The National Audit Office also examined nine claims (25 per cent) which had been settled in the final two years. The value of settled claims averaged around 55 per cent of the original claim. In all the claims examined the Corporation had obtained the District Valuer's confirmation that the compensation paid was fair and reasonable. But in six of the cases the compensation paid was different from the amount the Corporation reported to the Department. While the errors both overestimated and understated the various payments the net effect was an understatement of £295,000 (16 per cent).

Operational assets

3.25 As a consequence of the need to concentrate its small core of remaining staff on disposing of Quay Point and other development sites, the Corporation only disposed of one of its 450 operational assets by wind up, the Chief Executive's car. In the sale, which was approved by the Department, the Chief Executive bought the car having matched the highest quotation obtained from three car dealers by the Secretary of the Corporation's Board. The Department considered that better value for money could be achieved if all the remaining operational assets, which had cost the Corporation some £345,000 to acquire, were passed over to the Department for disposal or use with a net book value of zero.

Cash

3.26 During its final year the Corporation financed its activities using some £15 million of receipts from land sales. But these receipts were not always received when expected and the Corporation faced the possibility in the second half of 1995 that it might not have the cash to pay its outstanding liabilities. In the event the Corporation generated enough cash from its land sales at the right time to cover its immediate exit costs.
In total, the Corporation returned some £5.5 million to the Department, some £5 million before wind up; £300,000 in January 1996; and £240,000 in its final days. The Department have been able to use £5.3 million of this to meet some of the Corporation’s liabilities. The remaining £240,000 is being held by the Department who propose to use it to pay for more of the Corporation’s outstanding liabilities. Taxable profits on land disposals were netted against tax liabilities associated with the St Phillips Causeway, and as a result the Corporation incurred no Corporation Tax liabilities. However, the total estimated costs of the outstanding liabilities including the completion of infrastructure work, the management of the remaining tasks by consultants and Departmental staff, and the settlement of claims were estimated by the Department in November 1996 to be some £10.4 million, over £4 million more than the Corporation’s £6 million estimate made in December 1995.

The Corporation decided not to use grants as part of its regeneration strategy, believing that the principal obstacles to development in the normally buoyant South West economy were the large numbers of small sites of land in different ownership and the poor quality of the infrastructure. Therefore, at wind up, the only functions the Corporation had to transfer related to planning. In the Corporation’s final year, there was a marked increase in the number of planning applications, with 154 received. These accounted for some 20 per cent of the 720 applications received in its lifetime. The Corporation had not contracted back the planning operation to Bristol City Council, but passed copies of planning applications to the Council and sought comments. The Council maintained a parallel planning function for the urban development area throughout the life of the Corporation, treating planning applications it received from the Corporation in the way it would treat any other planning application, making recommendations and passing these back to the Corporation. On wind up, the transfer of planning files and related matters was achieved smoothly and Bristol City Council resumed statutory planning powers for the area without difficulty.

On wind up some 40 outstanding planning applications were transferred to Bristol City Council which required decisions, the enforcement of planning decisions, or monitoring to ensure that conditions upon which planning permission was granted had been complied with. A further three applications were the subject of planning appeals to the Secretary of State.

The Corporation’s highest staffing numbers were in 1992-93, when 39 staff were employed and the annual salary bill was £926,000. By January 1994 staff numbers had fallen to 23 and the annual salary bill was £555,000. In April 1995 the Corporation drew up a plan to show how it was going to reduce its staff during wind up. This identified 15 staff as key. Three resignations before December 1995 meant that only 12 of these key staff received terminal bonuses. Two also received pension enhancements. The introduction of the Local Government Pension Scheme (Augmentation) Regulations in October 1995 allowed eligible key staff over 50 to receive both terminal bonuses and pension enhancements. In addition to these bonuses, staff were entitled to receive...
statutory redundancy payments and pay in lieu of holidays not taken. The Corporation paid a total of £398,000 to its key staff. Staff were also entitled to receive any annual performance related pay that had been awarded (Figure 12).

Figure 12: Terminal payments made to Corporation staff on completion of wind up tasks

<table>
<thead>
<tr>
<th>Thirteen Executive staff (1)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive/Directors</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical/Finance</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretary/Personal Assistant</td>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Terminal Payments (2)</th>
<th>Number of staff</th>
<th>£</th>
<th>Number of staff</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory entitlements and other payments</td>
<td></td>
<td></td>
<td>Bonuses</td>
<td></td>
</tr>
<tr>
<td>Redundancy</td>
<td>12</td>
<td>112,000</td>
<td>Terminal bonus</td>
<td>12</td>
</tr>
<tr>
<td>Holiday pay in lieu</td>
<td>11</td>
<td>16,000</td>
<td>Special bonus(3)</td>
<td>1</td>
</tr>
<tr>
<td>Pension enhancement</td>
<td>2</td>
<td>104,000</td>
<td>Total</td>
<td>270,000</td>
</tr>
<tr>
<td>Total</td>
<td>128,000</td>
<td></td>
<td>Total payments</td>
<td>398,000</td>
</tr>
</tbody>
</table>

Source: Bristol Development Corporation

Notes:
(1) The Corporation achieved wind up in December 1995 with 12 key staff and a seconded civil servant.
(2) During the final three months the Corporation also engaged five consultants and two temporary staff.
(3) Depending on their length of service and whether they were returning to Government employment, staff were eligible for differing combinations of statutory entitlements, other payments and bonuses.
(3) A special bonus of £2,000 was paid to a seconded civil servant in lieu of a terminal bonus.

Terminal payments to 13 Corporation staff totalled £398,000.

3.31 Eleven of the 12 key staff who received terminal bonuses were paid the maximum entitlement, six months salary. One key officer, the Secretary of the Board, resigned in July 1995 due to ill health. He was awarded two-thirds of the maximum terminal bonus and his full redundancy entitlement. He was then immediately re-employed as a part time consultant and worked until close down was completed in March 1996. His £13,000 consultancy contract to December 1995 was let as a single tender on the grounds of urgency and then extended until the end of March 1996 for a further fee of up to £2,000. In the Corporation's view, the sensitive role of Secretary to the Board could not properly be filled by a new recruit or another member of staff and he was
therefore re-appointed on a part time consultancy basis and paid pro rata to his
previous salary. The Corporation notified the Department in October 1995 and,
despite reservations about the way the Corporation had handled the matter, the
Department gave retrospective approval.

3.32 After the Chief Executive’s departure in December 1995 he was replaced by the
Deputy Chief Executive, a secondee from the Department of Transport, who also
became the Accounting Officer. As a secondee, the Deputy Chief Executive was
not eligible to receive a terminal bonus and instead received a special bonus of
£2,000 on leaving the Corporation. During close down the Corporation also
employed two temporary staff and five consultants. The Department’s guidance
has since been changed to reflect the Department’s expectation that, for future
wind ups, the Chief Executive will remain until the Corporation’s final
dissolution.

3.33 The Corporation paid over £40,000 to four other consultants for advice on staff
termination packages including pensions, terminal bonuses and redundancy
payments. Advice on the pension enhancements of the Chief Executive and one
other member of staff formed a major part of this work. The Corporation
considered that, without an expert in-house personnel function during wind up,
it had to rely on external consultancy advice on complex issues such as staff
contracts, pensions and termination packages.

3.34 The National Audit Office also examined 50 per cent of expense claims
(37 out of 74) made in the final three months before wind up. All claims were
supported by the appropriate vouchers and receipts, and were properly
documented and authorised.

Use of consultants

3.35 Individual Corporations are responsible for determining detailed procedures for
letting and managing consultancy contracts, based on the Department’s Urban
Development Corporation Guidebook. Of the £14 million spent by the
Corporation on consultants in its lifetime, some £4 million (29 per cent) was in
the final two years. The Department estimated that a further £557,000 would
be spent by them on consultants to resolve matters left outstanding by the
Corporation after wind up. The National Audit Office examined 13 of the
35 consultancies used by the Corporation in 1995 and found weaknesses in the
employment of consultants.

Competitive tendering

3.36 Of the 13 contracts examined by the National Audit Office, eight were let by
competitive tendering. One of these was the contract for the post of internal
auditor which was retendered in 1992, having originally been let in 1989. The
incumbent auditors did not submit the lowest bid and the Corporation’s Finance
Director recommended that a different firm be appointed. The current firm was
then allowed to renegotiate its bid to a level below that of its competitors and
awarded the contract. The Corporation reached this decision on the grounds
that it would have been unwise to change the internal auditors, who were
considered to be performing well. The Corporation believed that the tender
allowed for the market to be tested and in doing so for the rate of remuneration to be renegotiated. The National Audit Office found no evidence that the other tenderers were given a similar opportunity to reduce their bids.

Single tender appointments

3.37 Single tenders can be let for contracts below £3,000 and, in circumstances requiring urgent action, for contracts up to £15,000. Five contracts, of the 13 examined, had been let by single tender:

- one case where the consultant had previously been working for the Corporation as an employee of another consultancy and had then gone into business independently and was considered to have specialist knowledge;

- one case where the consultant had worked for the Corporation several times in earlier years before being re-engaged as a consultant;

- two cases in which the consultants were considered to have specialist expertise and knowledge; and

- the Board Secretary (paragraph 3.30).

In four of these cases the consultants received payments in excess of £15,000. In the fifth case the amount was initially for £13,000 and then later extended by another £2,000. Where consultancy contracts exceed a Corporation's delegation, the approval of the Department is needed before a contract is let. The National Audit Office found that for three of these contracts the Corporation had not followed the Department's guidance and instead sought retrospective approval once the consultancy had commenced.

Retained consultancies

3.38 Retained consultancies are for a specific period on a call off basis. The Department expect retained consultancies to be regularly and competitively retendered to ensure continuing value for money, but have not specified a time scale for such retendering. The Department also expect the total expenditure for the retained consultancy to be estimated at the outset, and if there is a likelihood of the required work exceeding the original estimated cost by more than 20 per cent then the consultancy should be retendered.

3.39 Ten of the contracts examined by the National Audit Office were retained consultancies. Only two had been competitively retendered even though most dated from between 1989 and 1990, with the most recent having been let in 1992. Where competitive retendering took place the incumbent consultant was reappointed.

3.40 In 1995 the Corporation's Director of Marketing and Project Manager were both consultants with long term contracts, whose terms and conditions were more appropriate for a permanent member of staff. Both worked full time from the Corporation's offices, occupied line management positions in the Corporation and were paid for attending staff training courses. In September 1995, in order
to retain their services until wind up, the Corporation proposed they receive terminal bonuses of £14,000 and £16,000 respectively, but this was rejected by the Department. The Corporation subsequently increased the daily rate of the Director of Marketing's contract by 57 per cent. from £230 to £362 per day. The Corporation considered that the Director of Marketing role was vital during the final stages of wind up and found itself in a weak bargaining position. The consultant, unlike the Corporation’s employees, did not stand to lose terminal bonuses and other entitlements if he ended his consultancy before wind up was complete. The National Audit Office found no evidence that the Project Manager's contract had been similarly renegotiated.

3.41 In a further case, a public relations company was paid to, among other duties, maintain direct contact with Ministers and their offices and to interest backbench Members of Parliament in the activities of the Corporation and to encourage them to support the Corporation. The consultant organised meetings for the Corporation with Members of Parliament, and representatives of public and private sector bodies; drafted letters to Ministers seeking support for the Corporation; and prepared a draft letter for the leader of the Conservative Group on Bristol City Council to write to the Minister of State for Housing, Inner Cities and Construction in defence of the Corporation’s activities and opposing the local authority. The consultant also wrote to the press, as a concerned citizen, complaining about an article criticising the Corporation, without disclosing that he was being paid to work on its behalf. The Department believed that some of the company’s work exceeded the remit on such consultancies outlined in the Department’s guidance issued in August 1990, entitled “Publicity and Advertising: Guidance to Non-Departmental Public Bodies”. In January 1994, the Department asked the Corporation to reconsider its use of this public relations company. In March 1994, the Chief Executive replied that the company was not a lobbying organisation and that the terms of the contract had been adhered to. The Department did not take the matter any further and the consultant continued to provide services to the Corporation throughout the wind up period. In the period October 1992 until 31 March 1994 the consultant was paid some £70,000. In the period 1 April 1994 to 31 December 1995 the consultant was paid a further £73,000.

Documentation

3.42 The National Audit Office found that the Corporation’s documentation of consultancy contracts was poor. Tender briefs and assessments, and original contracts, were frequently missing. This lack of key information weakened the ability of the Corporation to monitor the progress and cost of consultancies. These weaknesses had already been identified by the Corporation’s internal auditors in May 1995, but were never fully rectified despite the Corporation employing consultants to improve its filing system. In addition, in December 1995 shortly before wind up the Department completed a limited post monitoring review of ten consultancies and concluded that there appeared to be a "complacent, almost cavalier approach to procurement and the need for monitoring". The review found an absence of written briefs, a lack of clear specification of outputs, a poor standard of filing and poor cost monitoring. The Corporation felt that the conclusion of this review would have been different if it
had been given a fuller opportunity to discuss the findings with the Department. The poor quality of documentation was also noted by English Partnerships, who informed the National Audit Office that it had found it difficult to understand the scope of the consultancy contracts awarded by the Corporation in relation to Quay Point.

Regeneration strategy

3.43 The Corporation only partially fulfilled the Department's expectations with regard to its regeneration statement. Much was achieved by the Corporation but there were aspects of earlier development plans, such as the construction of a weir on the River Avon and an expansion of social housing to the north of Temple Meads, which were not implemented. During the final two years the Corporation did not produce a coherent regeneration statement for the future regeneration of the area, but produced a list of all sites within the urban development area identifying their current status, future plans and suggestions about developments. However, this did not provide detailed site information identifying any problems with the sites, such as access or contamination, possible solutions and evidence of external interest by developers. Information on the outstanding difficulties, plans and possible solutions would have been useful to those responsible for maintaining the momentum of regeneration after the Corporation's demise.

3.44 Comprehensive details were provided by the Corporation to English Partnerships for Quay Point. However, both English Partnerships and Bristol City Council believed more could have been done by the Corporation to pass on information to assist with future regeneration work. The Corporation's filing systems were not easy to use, so that when Corporation staff were no longer in post it became difficult for successor bodies to locate information. In order to help maintain continuity the secondment of the Corporation's former Deputy Chief Executive from the Department of Transport was continued with English Partnerships until November 1996.

Maintaining the regeneration momentum

3.45 The Corporation sought to continue its regeneration activities until the last possible moment. It continued to seek to interest developers in sites and tried to use its compulsory purchase powers to acquire under utilised land. The work done on Quay Point by the Corporation up to wind up has meant that the site is expected by the Department to form a major part of the future regeneration of Bristol, linking with other local developments at Harbourside and the Broadmead shopping centre. However, this emphasis on continuing regeneration was partially at the expense of a sharper focus on the need to wind up the Corporation's affairs and meant that a significant number of tasks were left to be completed by the Department.
Conclusions

Achievement of wind up objectives

3.46 The Corporation did not achieve many of the objectives of wind up. Although most land was sold, the flagship development site of Quay Point had to be transferred to English Partnerships. Similarly, St Phillips Causeway, the Corporation’s main infrastructure project, was not adopted by the local highway authority and the Department have had to take over responsibility for managing the structure. On wind up, 23 per cent of compulsory purchase order claims were outstanding. The Corporation disposed of only one of 450 operational assets before wind up in order to concentrate on other priorities. Most planning applications were dealt with and the planning function was successfully transferred to Bristol City Council.

3.47 The Corporation handed over some 100 uncompleted tasks to the Department with an estimated cost of up to £10.4 million, only £5.5 million of which was covered by the Corporation’s cash surplus at the end of its life. The Department estimate that it will take until the end of 1997 to deal with the outstanding tasks, at a cost of some £677,000 in staff and consultancy fees. The Corporation had not undertaken a documented risk assessment during wind up to examine the likelihood that planned wind up tasks would not be completed, to initiate corrective action where possible, and to provide the Department with regular advice on possible strategies for managing outstanding tasks.

3.48 The Corporation continued to pursue regeneration up until the end of its life, but this was at the expense of other wind up objectives. The assembly of land at Quay Point was completed and now forms the basis for regeneration in the city, linking with other local developments at Harbourside and the Broadmead shopping centre. No regeneration statement was produced to help maintain the continuity of regeneration once responsibilities passed to the local authority and English Partnerships. Consequently, such organisations felt they had insufficient information with which to carry regeneration further forward.

The achievement of value for money

3.49 Of the 12 disposals examined by the National Audit Office, the Corporation had obtained independent pre sale valuations in 11 cases and receipts had exceeded or equalled the valuation in 10 of these. But three of the valuations were between 12 and 18 months old and did not comply with Department guidance which expected pre sale valuations to be undertaken no more than six months before a sale. No agreement was reached, prior to wind up, on who should take over the Avon Riverside jetties. The Corporation’s main lease was surrendered for a higher than expected sum.
The proper conduct of public business

3.50 Staff who worked during the wind up period received the maximum terminal payments. The Secretary to the Board, who resigned on grounds of ill health and received some terminal payments, was immediately re-engaged as a part time consultant as the Corporation considered his expertise could not easily be replaced. Internal controls over expense claims to staff continued to function properly during wind up.

3.51 The Corporation relied heavily on consultants during the wind up period. But the National Audit Office identified weaknesses in the letting of the contracts: use of single tenders above permitted limits; extensive use of retained consultancies without formal competitive retendering; and poor documentation. The National Audit Office also found examples of consultants employed on long term contracts, the terms and conditions of which were more appropriate to permanent staff.
Appendix 1

Life span of the 12 Urban Development Corporations

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Established</th>
<th>Wind up</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merseyside</td>
<td>July 1981</td>
<td>March 1998</td>
</tr>
<tr>
<td>Second Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trafford Park</td>
<td>February 1987</td>
<td>March 1998</td>
</tr>
<tr>
<td>Black Country</td>
<td>May 1987</td>
<td>March 1998</td>
</tr>
<tr>
<td>Teesside</td>
<td>May 1987</td>
<td>March 1998</td>
</tr>
<tr>
<td>Tyne and Wear</td>
<td>May 1987</td>
<td>March 1998</td>
</tr>
<tr>
<td>Third Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leeds</td>
<td>June 1988</td>
<td>March 1995</td>
</tr>
<tr>
<td>Bristol</td>
<td>January 1989</td>
<td>December 1995</td>
</tr>
<tr>
<td>Central Manchester</td>
<td>June 1988</td>
<td>March 1996</td>
</tr>
<tr>
<td>Sheffield</td>
<td>June 1988</td>
<td>March 1997</td>
</tr>
<tr>
<td>Fourth Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plymouth</td>
<td>April 1993</td>
<td>March 1998</td>
</tr>
</tbody>
</table>

Source: Department of the Environment
Appendix 2

Other organisations interviewed by the National Audit Office

<table>
<thead>
<tr>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avon County Council</td>
</tr>
<tr>
<td>Bristol City Council</td>
</tr>
<tr>
<td>British Rail Property Board</td>
</tr>
<tr>
<td>British Waterways</td>
</tr>
<tr>
<td>Deloitte and Touche</td>
</tr>
<tr>
<td>District Valuers</td>
</tr>
<tr>
<td>English Partnerships</td>
</tr>
<tr>
<td>Ernst and Young</td>
</tr>
<tr>
<td>Leeds City Council</td>
</tr>
<tr>
<td>Leeds Development Agency</td>
</tr>
<tr>
<td>Weatherall, Green and Smith</td>
</tr>
<tr>
<td>Yorkshire Wildlife Trust</td>
</tr>
</tbody>
</table>

*Source: National Audit Office*
Appendix 3

Key dates

<table>
<thead>
<tr>
<th>Leeds Development Corporation</th>
<th>Key events</th>
<th>Bristol Development Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1987</td>
<td>Secretary of State for the Environment announces decision to establish Corporation</td>
<td>December 1987</td>
</tr>
<tr>
<td></td>
<td>Bristol City Council petition House of Lords against establishment of the Corporation</td>
<td>May 1988</td>
</tr>
<tr>
<td></td>
<td>House of Lord's Select Committee rejects Bristol City Council's petition, but reduces the size of the urban development area</td>
<td>November 1988</td>
</tr>
<tr>
<td>June 1988</td>
<td>Area and Constitution Order comes into force</td>
<td>January 1989</td>
</tr>
<tr>
<td>October 1988</td>
<td>Corporation becomes local planning authority</td>
<td>February 1989</td>
</tr>
<tr>
<td>November 1991</td>
<td>Wind up date confirmed</td>
<td>November 1991</td>
</tr>
<tr>
<td></td>
<td>Bristol Development Corporation's life extended for one year</td>
<td>March 1994</td>
</tr>
<tr>
<td>March 1995</td>
<td>Planning Function Order removes planning powers</td>
<td>December 1995</td>
</tr>
<tr>
<td>March 1995</td>
<td>Property Rights Order transfers residual assets and liabilities to the Secretary of State for the Environment</td>
<td>December 1995</td>
</tr>
<tr>
<td>April 1995</td>
<td>Area and Constitution Order revokes designation of urban development area</td>
<td>January 1996</td>
</tr>
<tr>
<td>April 1995</td>
<td>Dissolution Order ceases Urban Development Corporation operations - except to close down operations</td>
<td>January 1996</td>
</tr>
<tr>
<td>June 1995</td>
<td>Corporation closed down</td>
<td>March 1996</td>
</tr>
</tbody>
</table>

Source: Department of the Environment