



## THE LINK BETWEEN LOCAL ENVIRONMENTAL QUALITY AND ECONOMIC IMPROVEMENT

## **The Link Between Local Environmental Quality and Economic Improvement**

Written by Amanda Booth

This publication is one of an occasional series of papers researched, written and produced by ENCAMS. It attempts to highlight the issues of local environmental quality and anti-social behaviour.

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## Preface by the Chief Executive of ENCAMS

ENCAMS is an environmental charity responsible for enabling the public, major landowners and private sector agencies to deliver improvements in local environmental quality and anti-social behaviour.

The role of ENCAMS is to address issues of anti-social behaviour such as littering, dog fouling, graffiti, fly-tipping, abandoned vehicles, drug related litter and neighbour noise nuisance that detrimentally affect the local environment. The organisation undertakes campaigns such as the Keep Britain Tidy campaign and programmes such as Blue Flag, and the Cleaner Safer Greener network.

ENCAMS is part funded by the Department for Environment, Food and Rural Affairs and works closely with other government departments such as the Office of the Deputy Prime Minister and the Anti Social Behaviour Unit in the Home Office. Additional funding is received through private sector backing or via work with local authorities and other land managers. The charity has a Board and membership base that is made up from organisations drawn from the private, public and voluntary sectors.


The purpose of this report is to demonstrate that good local environmental quality is a significant factor in improving the economic investment and ongoing prosperity of an area whether that be a centre for tourism, a town centre or a neighbourhood that has been earmarked for regeneration.

I believe that a quality local environment is an essential element for all neighbourhoods. It is the bedrock on which to build social, environmental and economic stability and the glue that holds it all together.

### **Alan Woods OBE**

Chief Executive, ENCAMS





## Foreword by Marie Rimmer

## Introduction

The quality of our public space and environment has been, and is, a crucial part of our regeneration strategy in St. Helens and is one of the key elements of our success in attracting inward investment, increased footfall in the town centre and quality of life for our residents.

St. Helens has come a long way over the last couple of decades. The town prides itself on being on the cutting edge of regeneration and this undoubtedly contributed to the Council being awarded 'excellent' status from the Audit Commission. St. Helens was one of the pilot areas in the Government's City Growth Strategy initiative and we have won a raft of awards in recent years for the work we have done in turning St. Helens around. This is in no small part down to the dedication and hard work put in by the council, its partners and the community in transforming St. Helens into a desirable place to live, work and do business.

I would urge all agencies that are involved in regeneration projects and strategies to assist struggling communities to take the quality of the local environment very seriously indeed when devising their plans and strategies, as it is crucial to the sustainability of these projects in the long term.

### Marie Rimmer

St. Helens Borough Council



This report attempts to demonstrate that a specific focus on improving local environmental quality (LEQ)<sup>1</sup> in deprived areas can make a significant contribution to economic recovery. Minister Alun Michael said in June 2004:

"In good condition, public spaces help foster a sense of community and promote a psychological and physical well being within the communities that share them. Public spaces marred by litter, graffiti and vandalism can encourage fear of crime and anti-social behaviour. They detract from a sense of community. There is also a commercial and economic case to be made for ensuring that attention is paid to the quality of public space. Just as nobody likes to live in a run down neighbourhood, nobody likes to work or shop in a dirty, neglected area."

In The UK Government Sustainable Development Strategy, March 2005, the Prime Minister says:

"We need to regard the local environment as a major public service (like the NHS or Education), which benefits us every day. Looked at this way, it is clear why policies to promote better quality environments have long term social and economic benefits... our goals are a strong economy and decent homes in places with clean, safe and green public spaces."

<sup>1</sup> LEQ incorporates the whole 'street scene' and includes factors such as litter, graffiti, dog fouling, flyposting, vandalism, abandoned vehicles and the condition of highways, pavements and street furniture.



## Background

Poor environmental quality isn't just a superficial, cosmetic issue; it can lead to further deterioration of a neighbourhood, where crime also flourishes. This is best and most famously illustrated by James Wilson and George Kelling with their 'Broken Windows' theory (1982), which has been highly influential in crime reduction strategies in the USA. They say:

"If a window in a building is broken and is left unrepaired, all the rest of the windows will soon be broken."

When windows remain broken, community controls break down and people who may consider themselves law-abiding may participate in behaviours they normally would not. At this point, crime and violence may not flourish, but citizens may think that crime has increased and alter their behaviour accordingly. This community is now "vulnerable to criminal invasion". Fear of crime is high and people "avoid one another, weakening controls".

Regional Development Agencies (RDAs) in England recognise that good LEQ is an important component that contributes to economic improvement and growth. For example, in the north-west and south-west of England, the 'image' of the region is vital to a sustained growth in tourism. Steve Broomhead, Chief Executive North West Development Agency, said in July 2004: *"All our wonderful attractions and heritage will count for nothing if people find it difficult to obtain information, if our streets and our cities are not clean, and frankly, if our loos are not up to scratch. It's as basic as that."* Recently, in the Prime Minister's Strategy Unit report on 'Improving the prospects of people living in areas of multiple deprivation in England', recommendations were made that RDAs take into account the issues surrounding cleaner, safer, greener communities. In the Office of the Deputy Prime Minister's (ODPM) report, 'Core Cities: Where do they stand' (2004), 50 European cities were examined and it was found that quality of life and LEQ was one of the six key factors underpinning successful cities.

The National Strategy for Neighbourhood Renewal's (2001) aim is that "within 10–20 years no one should be disadvantaged by where they live" and specific targets have been set for deprived areas across a number of government departments (Public Service Agreements). In examining government-led programmes to improve the most deprived areas of England, it has been said that those focusing on neighbourhood renewal have neglected to include a specific focus on poor LEQ, which in itself, is often a symptom of social and economic causes. In their research on Local Strategic Partnerships (LSPs), Lucas and Fuller (2003) claimed key programmes that tackle deprived areas fail to address LEQ issues and this significantly contributes to the stigmatisation of these neighbourhoods. Dirt and neglect leads to frustration and disempowerment and these perpetuate the cycle of social and economic decline.

The 2003/04 New Deal for Communities (NDC) National Evaluation Annual Report 2004 recognised that LEQ is crucial:

"Projects addressing the 'liveability' agenda, such as environmental improvements, changes to refuse collection services, and street cleaning schemes provide evidence of 'quick wins' and are welcomed by local NDC residents and local agencies. Improving the local environment may also help reduce outmigration. If NDC areas are perceived as poor localities offering 'last choice' housing, this will complicate still further the task of achieving other outcome targets."



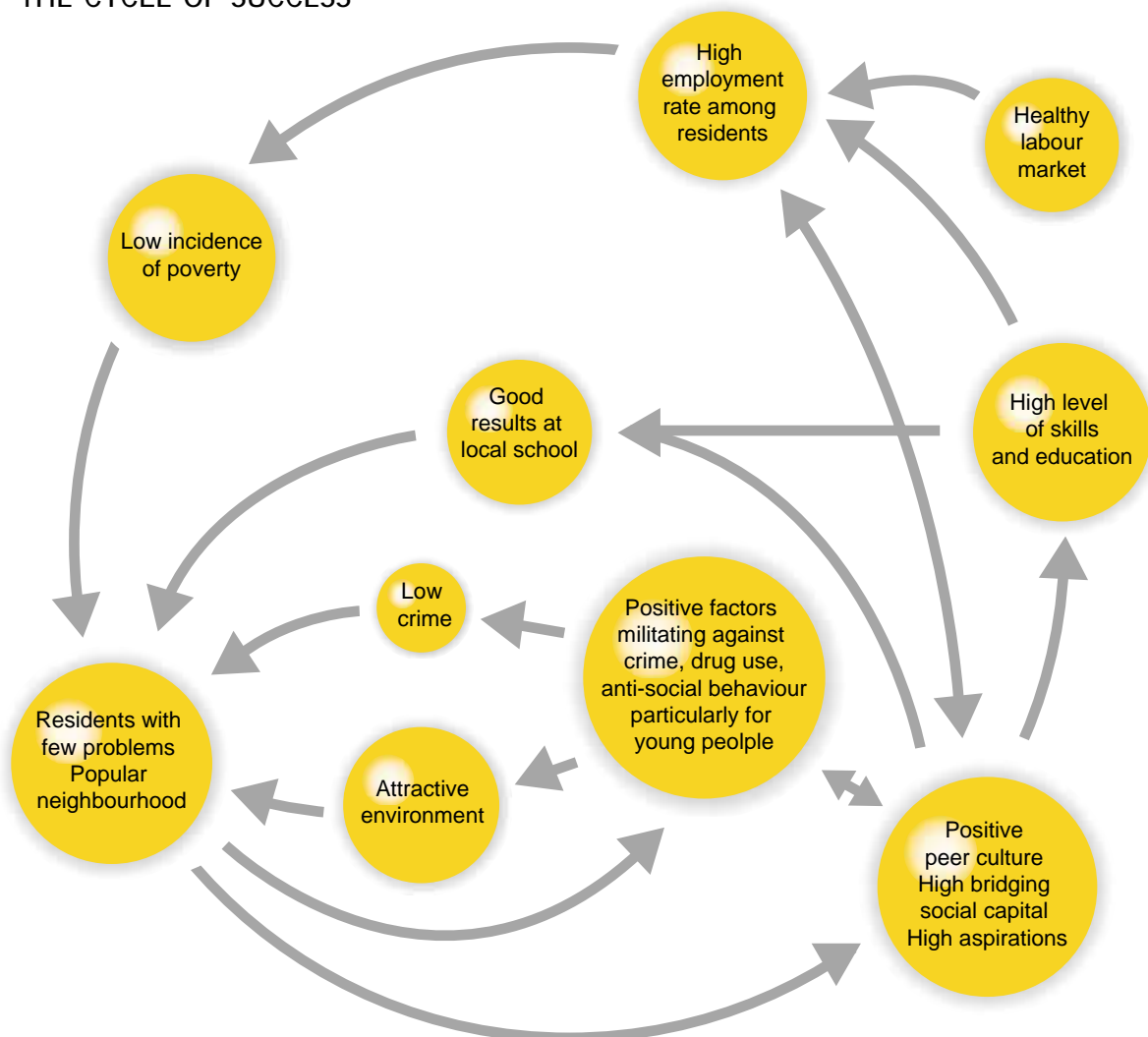
The Full Regulatory Impact Assessment of the Clean Neighbourhoods and Environment Bill, December 2004<sup>2</sup>, outlined that there are considerable economic benefits to businesses and private individuals associated with cleaner neighbourhoods. Benefits to the private sector include:

- Attracting more customers and increased consumer spending
- Increased tourism

- Increased investment in local business
- Improved image of businesses
- Better retention of staff
- Increased house prices in lagging areas

The Strategy Unit report also agrees that good LEQ is vital to the success of deprived neighbourhoods, which is simply illustrated in the diagram below:

## THE CYCLE OF SUCCESS



<sup>2</sup> The Clean Neighbourhoods and Environment Bill received Royal Assent in April 2005.



## Making the Case

Significant moves have been made by the Government in recent years to give LEQ issues much higher priority and it is now committed to raising standards via a whole range of initiatives and new legislation:

- Neighbourhood wardens funded by the ODPM's Neighbourhood Renewal Unit have been very successful in increasing resident satisfaction, reducing fear of crime, improving quality of life and LEQ.<sup>3</sup>
- The Clean Neighbourhoods and Environment Bill Act 2005 contains new powers for land managers to improve LEQ.
- The Anti-Social Behaviour Act 2003 contains powers to deal with enviro-crime.
- ODPM Public Service Agreement 8 requires the department to lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas across the country, with measurable improvements by 2008.
- The Liveability Fund has enabled a number of authorities to make significant improvements in LEQ.
- The Comprehensive Performance Assessment of local authorities includes an assessment of how they perform on LEQ issues.
- The Best Value Performance Indicator 199 requires local authorities to measure the extent of litter, detritus, flyposting, fly-tipping and graffiti.

Consultants, Frontier Economics Ltd, in their work for the Office of the Deputy Prime Minister (2004) examined the link between LEQ, or 'quality of place' as they call it, and economic improvement. Quality of place is defined (by Yorkshire Forward) as:

"The sum of all those factors which together make somewhere – whether a town, city or region – an attractive place to live."

Frontier Economics suggests that an investment in public space can have a positive economic effect. This can occur in those areas that have pre-existing advantages (e.g. a stock of historic buildings, a waterfront or riverside) and transport links that allow the benefits to accrue across a wide geographic area. They say that the evidence base, although thin, suggests that such investment can:

- Stimulate the local economy and generate above average private sector returns, securing the long-run sustainability of the project
- Have a positive impact on perceptions of the area, especially non-local ones

and that:

- This positive impact may retain workers in, and attract workers to, the wider area which has easy access to the centre

Frontier Economics states:

"There is evidence that well planned, implemented and maintained urban space improvements can have a positive impact on the trading performance of most town centre occupiers, although the full effects may take 2–3 years to be realised. The Association of Town Centre Management found that the cost of such projects typically range from between £1 million to £10 million. In most cases, this was less than 2% of the total annual turnover of the retail businesses within the town centre. They argue that most improvements in trading performance will therefore be enough to offset the cost of most schemes, without taking into account other benefits such as reduced crime."

<sup>3</sup> ODPM Research Report 8, Neighbourhood Warden Scheme Evaluation, April 2004.





Some illustrations are taken from their report:

- A project in the Bellenden Renewal Area in Peckham concentrated on an estate with high levels of deprivation. It involved cleaning up the local market, up-dating the bollards, lamp posts etc. and introducing some artwork. There was a revival among some local businesses. For example, the former dairy has become a thriving café.
- Investment and maintenance policies often operate in tandem and generate tangible returns. For example, the Camden Boulevard project aims to make streets in Camden more attractive by 2005 through upgrades to roads, pavements and lighting combined with improved maintenance, cleaning and law enforcement. To date, this has achieved an 81% consumer satisfaction rating and insurance claims against the council fell from £400,000 to nothing in three years.
- Returns on retail properties in regeneration areas out-perform returns on retail properties elsewhere. There is some evidence that regeneration schemes can lead to significant gains in value of property. For example, the Royal Institute of Chartered Surveyors (2003) found retail property performs extremely well within wide regeneration areas compared to increases elsewhere. The differences were less clear cut for office and industrial property.
- Their research suggests that once regeneration has been initiated, particularly for retail-based projects, the increased private sector returns may be able to sustain investment into the future.
- There are synergies from rebranding an area: the South West Regional Development Agency has been active in developing a "South West England" brand, to be used by organisations and companies across the region.

Others concur with Frontier Economics' view.

In a briefing paper on business growth incentives by GLE & One London Policy Roundtable (3 Nov 2003), it is stated:

"There is a role for councils to play to support business development, the business view focused on relatively simple practical issues, such as parking, street cleaning and financial help."

Local authorities have responded to this agenda. For example, Cambridge City Council has carried out a Clean, Green, Safe and Active self-assessment. The council has a medium-term objective for a strong economy and an attractive environment. The Wyre integrated Economic Development Strategy (1998–2001) states that measures of the quality of life, such as clean air, safe streets and access to the environment as stated in the Lancashire Green Audit, indicate the needs and tensions in promoting economic growth whilst reducing overall consumption".



## Case Study

### CHANGING VIEWS OF ST. HELENS – STRATEGIC ACTION PROGRAMMES ERCU SEPT 1994

A study was carried out in St. Helens by Tidy Britain Group's Environmental Research and Consultancy Unit (ERCU) in 1994. St. Helens was visited again 10 years later, in December 2004, to see if the recommendations from the study had been followed up. The premise of the project was that: "the maintenance and appearance of public sites and spaces can have a significant effect in shaping the perception of quality investors".

The aim of the study was to examine the appearance of the area, primarily from the standpoint of potential inward investors and local businesses. Based on past experience of ERCU in the UK and Europe, three assumptions underpinned the study:

- 1 High-quality environments are essential to an area's competitiveness.
- 2 Such environments are achieved by tackling the causes and not the symptoms of environmental malaise.
- 3 And they are sustained by a thriving local economy, which directly and indirectly funds the revenue maintenance costs.

### PERCEPTIONS OF POTENTIAL INVESTORS IN 1994

The study was undertaken at the request of the Board of 'St. Helens First', which required that an examination be made of the environment of St. Helens Metropolitan Borough, primarily from the standpoint of potential inward investors and companies already located in the borough. The aim of the study was to identify aspects of the environment, as seen or perceived by the target business audience, which were capable of improvement and to suggest ways in which the issues might be tackled. One hundred extended interviews were conducted with environment managers, property owners and investment agents.

Existing perceptions were found to be very variable. The further away potential investors were based, and/or the less extensive their direct involvement in the St. Helens property market, the less favourable impressions seemed to be. On this basis, the worst perceptions would be held by, say, a potential investor in the south of England with no direct experience of St. Helens. However, ERCU encountered remarkably uninformed and inaccurate views on the part of investment gatekeepers in Manchester and Liverpool.

From a distance, St. Helens was seen as part of Merseyside, and suffered from that association. It was regarded as an old industrial town with severe environmental and economic problems, which had suffered badly from closures by major firms and the closure of the coal mines. The significant environmental endeavours of the past 15 years had not necessarily been communicated to all potential investors.

One view from Manchester was "I would be surprised if St. Helens had any profile with investors. Once there, it is a little off the beaten track, and in need of widespread environmental enhancement."

Although the recently opened M62 Linkway is expected to have a major positive effect, access was generally seen as poor. "You either drive past St. Helens without knowing it is there, or you look up its backside."

In the past the image of St. Helens has been tainted with that of the A580 – "a drab road, and dated". Specific references were made to the poor image projected from the A580 by the Haydock industrial estates.

The quality of the environment becomes more and more important as the potential inward investor gets closer to the site – but the whole approach route is important.

Several interviewees, including one national company which manages industrial estates in St. Helens, commented that: "St. Helens is very confusing to drive around. It is a bit of a jumble, which reflects the past pattern of development.



It has small, tight roads, is congested, and signage to industrial estates is poor.”

The main environmental factors influencing inward investors were:

- overall image of the locality;
- accessibility – by road, rail and air;
- quality of estates and sites available;
- quality of landscape;
- general quality of life.

All involved in investment apply their own personal and company standards to what they see. What is clear is that quality investors attach great importance to cleanliness and the attention to detail displayed by local environment managers.

## THE LEADERSHIP ROLE OF THE LOCAL AUTHORITY

In order to be effective in improving the environmental image of St. Helens and to raise environmental standards in the private sector, interviewees saw it as essential for the local authority to take the lead, by setting an example on its own land holdings – in particular its industrial estates.

More importantly, low environmental standards appear to deter quality inward investors who need to be confident that their investments will enjoy a high quality environmental setting in the long term. Sensible and consistently applied and enforced planning policies help to provide this guarantee of environmental quality.

## RECOMMENDATIONS

ERCU had a number of recommendations in their final report that included improving the image of key sites in St. Helens and attention to an improvement in LEQ.

## TEN YEARS LATER

As a result of the ERCU report and others in a similar vein<sup>4</sup>, over the space of 10 years, St. Helens has worked hard on improving the quality of public space. There has been an increase in commercial investment in the town and a dramatic fall in unemployment from 19% to just 2.5%. First there was an investment in infrastructure, followed by an investment in environment. The successful elements include:

- Investment in the public realm
- Investment in the retail and service sector
- Reducing the number of voids (empty properties) to below the national average
- Development of a night-time economy not just targeted at the 18–30 age group, but also at the 30–50 age group
- More restaurants and improved choice in leisure provision

Bob Hepworth, St. Helens Director of Urban Regeneration and Housing, claims: “the success is down to the look and feel of a better public realm which has had a direct effect on new private sector investment”.

Huge improvements have been made in the town centre, thanks to public sector leadership, Single Regeneration Bid (SRB) funding and stakeholder consultation. The George Street quarter has been transformed. There has been an improvement in the fabric of the buildings, for example the outside Theatre Royal now looks spectacular with its glass frontage. There is a huge paved square outside the town hall, which used to be a traffic island. They have even invested in better Christmas lights. Bob Hepworth says: “Investment in quality Christmas lights and associated activities including a temporary ice rink in the main square has had a huge impact on confidence in the town centre and for the first time attracted a major sponsor”.

<sup>4</sup> St. Helens became one of four pilots in Gordon Brown's City Growth Strategy (a theory of competitive cities by the leading American business academic, Michael Porter). A piece of work was also commissioned to look at the detractors to inward investment, and there were 40 to 50 with some of them focusing on the environment.



Car parks are a good indicator of the use of a town centre. These are being improved and usage has increased as more and more people choose to shop in St. Helens rather than going elsewhere.

Bob Hepworth talks anecdotally on how St. Helens has improved and become a more desirable place to live: "10 years ago, the Managing Director of a large manufacturing inward investment company said the housing offer was such that he would have difficulty persuading his wife to move into the area. With over 5,000 new homes built in the borough in the last 10 years, over half at the upper end of the market – all this has changed."

In Newton-le-Willows the 'Newton 21 SRB' project has seen £14.5 million of SRB against £63 million private sector investment. The High Street Conservation Area in Newton-le-Willows has been substantially improved, derelict cottages that were empty for many years have been renovated and a listed building converted into a restaurant. The council has put significant resources into the streetscape. There are also new apartments being built near the train station, where people from outside the area are buying so they can commute to Manchester. Innovative ways of attracting small businesses are being used. At Centrix House just off the High Street business space is being rented out on a desk per week basis.

Investment in infrastructure and renewal does not lead to business and retail growth without regular and sustained maintenance of these areas. There is a revised regime of street cleaning in the town and transfer of housing stock to Helena Housing Association, which has meant that the housing association can now borrow to invest in the environment. Bob claims: "the estates now don't have the problems associated with some social housing areas such as sofas in gardens and badly maintained estates". There is a very high level of customer satisfaction, few voids, increased right to buy take up and low turnover in tenancies.

In the core retail area voids are at an all-time low and in the Hardshaw Centre, Church Square Shopping Centre and nearby Church Street there is currently only one empty shop. Recognising the need to stay on top, the council has recently agreed to support an investment of £6.5 million to replace pedestrian surfaces and associated lighting and street furniture in the central core.

Investor enquiries continue to remain high and the problem now being faced is a shortage of suitable development sites to meet demand. This is quite a turnaround and provides a clear demonstration that the strategy is working.

In 2004 the council reviewed its detractors. This time it identified 50 sites requiring attention. The scale of this issue has declined considerably and a strategy of continuous improvement from an 'excellent' council<sup>5</sup> seems to be paying off.

<sup>5</sup> St. Helens is classed as an Excellent Council by the Government's Continuous Performance Assessment rating.





## Conclusions & Recommendations


This report clearly demonstrates that there is a link between an improvement in LEQ, the public realm and economic improvement. The recommendations stemming from this report are:

- There should be regional and local standards for LEQ (set by Government) that measure against the Local Environmental Quality Survey of England<sup>6</sup> (LEQSE) that is carried out annually by ENCAMS on behalf of Government<sup>7</sup>. This should be actively supported by Regional Development Agencies, regional Government Offices and Regional Assemblies.
- Local authorities must take the lead in investing public money in the improvement and maintenance of public open space to encourage private sector investment.
- Members of local authorities should endeavour to encourage political priority being given to LEQ issues.
- Regional Development Agencies and Regional Assemblies should include good LEQ as standard in regional strategies such as the Regional Economic Strategies and Regional Spatial Strategies where focusing on the further development of 'Principle Urban Areas'.
- Regeneration funds and projects should include a specific target for improved LEQ.

<sup>6</sup> The annual Local Environmental Quality Survey of England (LEQSE) is now in its third year of operation. The survey not only sets performance benchmarks but also increasingly enables us to plot trends over time in relation to local everyday programmes that make the quality of life a good or bad experience.

<sup>7</sup> ENCAMS is an environmental charity that is responsible for assisting in enabling the public, major landowners and private sector agencies to deliver more effectively on local environmental quality, maintenance, management and improvement. ENCAMS' role is about addressing the issues of anti-social behaviour such as littering, dog fouling, graffiti, fly-tipping and nuisance neighbour noise.





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