



Cornwall and Isles of Scilly 2007 - 2013 ERDF Convergence Programme

Thematic Evaluation

Regeneration Thematic Report

May 2015

Cornwall and Isles of Scilly 2007-2013 ERDF Convergence Programme evaluation supported by ERDF Convergence through the Convergence Support Team project, Cornwall Council and Cornwall and Isles of Scilly Local Enterprise Partnership



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Contents

1	Introduction	1
2	Regeneration.....	1
3	Funding and implementation.....	3
4	Regeneration projects and spend.....	5
5	Conclusions	9
6	Lessons for the future	10

1 Introduction

AMION Consulting, ICF International and Spirul were appointed by Cornwall Council on behalf of the Convergence Programme Local Management Committee (LMC) to undertake a thematic evaluation of the Cornwall and Isles of Scilly 2007-2013 European Regional Development Fund (ERDF) Convergence Programme. The evaluation has been structured to focus, in particular, on exploring the impact and difference that the Programme has made and its cost effectiveness, in the following four thematic areas:

- Business support;
- Innovation and Research and Development (R&D);
- Workspace; and
- Transport infrastructure.

In addition the evaluation has also explored a number of more qualitative and process-related issues in relation to the themes above, plus a further two focusing on:

- Regeneration/place-based interventions; and
- Environment.

This document contains the Thematic Report for Regeneration and forms one of six individual thematic reports listed above to accompany the final overall report. It provides an assessment of regeneration activities and regeneration focused projects delivered as part of the Convergence Programme 2007-2013. The assessment has drawn on:

- an analysis of Programme Management Information in relation to expenditure and outputs and results relative to targets;
- a review of programme/project documentation and other elements of the existing evidence base, including the Annual Implementation Reports, the SQW Interim Programme Evaluation (2010)¹ and available project evaluations; and
- stakeholder consultations, which followed a semi-structured topic guide.

2 Regeneration

There is no 'regeneration theme' in the Convergence Programme in the same way that there is a clear environment or innovation theme underpinning the overall strategy and priorities. However, the recognition that the vitality of a 'place' is important in attracting and retaining viable, high growth, knowledge based businesses is a clear driver for the Programme.

¹ SQW, October 2010, Programmes Review of European Regional Development Fund in the South West – Convergence Programme

This is strongly articulated in the Operational Programme (OP)² which states that Priority 4: Unlocking the Economic Potential of place will ‘focus on realising the potential of a number of ‘centres’ to attract new investment and provide high quality business accommodation needed to secure the knowledge based, high value economy set out in the Programme objectives’. This the OP goes on to say ‘will include taking a holistic approach to regeneration, taking account of both need and opportunity and critically ensuring development takes place in a sustainable manner’. It is arguable that there was the potential for operational tension in delivering large capital place-based regeneration projects that simultaneously met the criteria of delivering high growth, high value added jobs and Gross Value Added (GVA)³ at a cost that was commensurate with benchmarks for the Programme.

The strategic objective of Priority 4 is to:

- accelerate the regeneration of Camborne Pool Redruth and St Austell and the Clay Country through the provision of infrastructure and other support which assist the development of a sustainable, knowledge based economy;
- develop in a sustainable manner, the capacity of key towns to accommodate new investment critical to the development of a knowledge based and higher value added economy; and
- support economic development in key towns which increase the use of public transport and reduce car use and congestion.

The ‘key towns’ for the focus of Priority 4 funding were largely selected based on their population and business scale and historic and future growth prospects. The Draft Regional Spatial Strategy identified Camborne Pool and Redruth (CPR) and Falmouth/Penryn as playing an important role in accommodating growth whilst supporting work to inform the Operational Programme identified Bodmin, Penzance, Newquay and St Austell as locations which influence a wide economic hinterland. Whilst all were considered to have the potential to secure significant new investment which could add to the process of transforming the economy, two different approaches were identified aimed at reflecting the scale of need as well as opportunity. These were referred to as:

- ‘Integrated Place Regeneration’ - in the areas, of St Austell and the Clay Country and CPR, recognising the deeper seated and more widespread nature of the economic, environmental and social issues and therefore the need for more major regeneration and requiring long-term significant support, the policy response was aimed at taking a more comprehensive approach to place making and regeneration; and
- ‘Realising Place Potential’ - in the towns of Bodmin, Truro, Falmouth, Newquay and Penzance and the Isles of Scilly, which it was considered required more limited and specific interventions with actions focused on managing economic growth in a planned and sustainable manner, the policy response was aimed at responding to opportunities.

² Convergence Programme for Cornwall and Isles of Scilly, Operational Programme 2007-13 (amended version)

³ GVA is a measure of the economic value of goods and services produced in an area. It is defined by the Office for National Statistics (ONS) as “... the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production”.

Investment through Priority 4 was much broader than regeneration and included substantial investment to support transport projects, workspace, site acquisition and servicing and other activity including environment. Details of these project investments are fully set out in the following sister documents to this thematic report: transport theme⁴, environment theme⁵ and workspace theme report⁶.

Actions under other Priorities have also contributed to these ‘place-based’ objectives but as a subsidiary objective. So, for example, while Priority 1 recognised the need to focus on the Combined Universities in Cornwall (primarily based in Falmouth), this was due to the opportunity for increased innovation rather than its location per se. Similarly, Priority 3 recognised the importance of Newquay Airport but again this was from the perspective of building on an asset and maintaining and increasing critical transport linkages rather than the regeneration impact in Newquay.

3 Funding and implementation

There was no defined allocation of funding for the individual key towns or activities to be supported in those areas. To ensure the flexibility to respond to need and opportunities presented during the course of the Programme, spending ranges were set for the different policy foci. The indicative range allocated to each of the strands is set out in Table 3.1. Based on a Priority 4 allocation of €163million, Euros spending limits are also given.

Table 3.1: Indicative range allocated		
Policy focus	Allocation range	Euros
Integrated Place Regeneration	40%-60%	65m - 98m
Realising Place Potential	30%-50%	49m – 82m

Activities to be supported were identified, followed by the production of Sustainable Integrated Development Strategies, as required by the EU; one for each of the identified towns. It was very clear that Priority 4 required all actions to be supported to fit within the Sustainable Integrated Development Strategies (which were referred to locally as strategic Investment Frameworks – SIFs) produced for each of the key towns. These were intended to set the framework for investment and were to include a robust baseline of current conditions, a review of current land use, an assessment of transport related matters, a clear aim and set of objectives, and investment proposals covering infrastructure, business development, and skills and learning. In addition they were required to set out long-term plans for sustainable economic growth, milestones, risk assessment and implementation arrangements. The Plans were to be reviewed and updated periodically.

⁴ ERDF Convergence Programme - Thematic Evaluation: Transport Theme (April 2015)

⁵ ERDF Convergence Programme - Thematic Evaluation: Environment Theme (April 2015)

⁶ ERDF Convergence Programme - Thematic Evaluation: Workspace Theme (April 2015)

The SIF approach was a direct response to the need for a clear strategic rationale and fit for all interventions within each of the key towns. The SIF process was initially led by the South West of England Regional Development Agency (SWRDA) working with local authorities who had responsibility for developing the SIF document for each town⁷. The documents were substantial and required significant input and resource. In a number of cases, they were clearly intended as economic strategy documents with a life and remit that extended beyond the Operational Programme period. However, the number of projects listed in each of the SIF documents was numerous and it could be argued that the list presented in some, if not all the SIFs, was a 'wish list' rather than a refined list of clearly articulated projects with a strong strategic fit, which singly and/or collectively could address the identified economic and social needs of the towns and deliver Priority 4 outputs, results and impacts. Many of the projects identified across the SIF documents had long local histories and it was unclear whether there was a realistic potential for delivery within the timescale of the Programme. In general the projects did not appear to have had any 'high level appraisal' or prioritisation based on eligibility, deliverability, impact and/or potential value for money. In the same way, there was no selection criteria identified to aid the prioritisation of the proposed projects.

The development of SIFs was intended to allow local partners to agree the focus of activity for place-based regeneration with the expectation that subsequent detailed appraisal of proposals coming forward under the SIFs would provide a further opportunity to determine the greatest impact for ERDF investment. It is clear that the authors of the SIF documents intended them to be used as material considerations in planning decisions. In some planning decisions the SIF document has been considered material, whilst in others little or no account has been taken of the relevant SIF. The scale of investment needed to deliver all of the projects identified in the individual SIF documents vastly exceeded the resources of the SIF programme as a whole and it became evident that some form of prioritisation would be required. Furthermore, there was no clear record of the 'approval' or 'acceptance' process for a SIF document.

Three SIF delivery teams were funded through Priority 4 funding to directly support the implementation of the SIFs. These included:

- the Isles of Scilly;
- CPR Regeneration; and
- a larger team within Cornwall Development Company (CDC), which had responsibility for St Austell and the Clay Country, Newquay, Bodmin, Penzance and Truro SIFs. The team within CDC comprised a professional services team as well as project development and programme management.

All three were 'new teams' set within existing structures - Isles of Scilly Council, CPR Regeneration and CDC. The professional services team within the CDC Places and Sites Delivery Team were intended to be a resource for the CDC and the Isles of Scilly SIF teams but the latter's use of the CDC team reduced substantially over time. Other than within CPR Regeneration the staff involved in delivery of the SIFs were not intended to be the same or even overlap with those involved in their concept and development. Whilst the CDC staff were involved in the development of the

⁷ It is not clear if all SIF documents were endorsed by the then Programme Monitoring Committee (PMC).

Truro and the Penzance and Isles of Scilly⁸ SIFs this resulted from the institutional change (with the creation of Cornwall Council) rather than a deliberate policy shift.

4 Regeneration projects and spend

In total, 17 projects could be identified as having placed-based regeneration as a prime objective as set out in Table 4.1. Amounting to a total investment of £45.5 million of which ERDF funding was £23.8 million, an intervention rate of 52.4%.

However, of the 17 projects identified 4 were SIF team delivery costs (at a total cost of £8.8 million, of which ERDF accounted for £6.8 million). A further 3 can be classified as high level strategy/planning, whilst another 3 are effectively pilot/demonstrator projects. Just 7 physical regeneration projects were funded within the SIF areas. However, as noted previously substantial investment was incurred to support regeneration related activity through expenditure on workspace, transport and environment themed projects.

With regard to the location of the regeneration projects the analysis shows that 3 strategy planning projects were in Bodmin, Penzance and Falmouth whilst 2 of the demonstrator/pilot projects were in St Austell (both based at Eden) and 1 was in CPR. Of the 7 physical regeneration projects, 4 were in the CPR regeneration area and accounted for £20.7 million, approximately 62% of the total £33.4 million invested in these 7 projects. The remaining 3 physical projects were split across Newquay, Isles of Scilly and Falmouth.

A summary of the projects is provided in Table 4.1.

Table 4.1: Regeneration projects, spend and SIF area						
	Location	Priority	ERDF	Total	Intervention %	Complete
SIF Team Costs						
Cornwall Development Company SIF Delivery Team		P4	£4,079,560	£5,371,103	76.0%	30 Sep 15
Isles of Scilly: SIF Delivery Team		P4	£894,874	£1,004,880	89.1%	30 June 15
CPR Delivery Support		P4	£1,459,397	£1,945,872	75.0%	31 Dec 14
CPR Delivery Support (2011/2012)		P4	£349,143	£465,687	75.0%	31 Dec 12
Strategy / Planning						
Port of Falmouth masterplan & economic assessment	Falmouth	P4	£164,787	£227,315	72.5%	30 Jun 11
Bodmin Masterplan	Bodmin	P4	£341,000	£430,000	79.3%	30 Apr 12
Penzance and Newlyn Area Masterplan	Penzance	P4	£260,000	£350,000	74.3%	31 Dec 12

⁸ The CDC SIF team's involvement in the Penzance and Isles of Scilly SIF was limited to that part which related to Penzance.

Pilot / demonstrator						
Heartlands Project	CPR	P4	£2,800,000	£14,002,000	20.0%	31 Dec 12
Green Build Hub	St Austell (eden project)	P4	£1,121,400	£1,495,200	75.0%	31 Dec 15
HOW2 Development Phase	St Austell (Eden project)	P4	£384,577	£559,577	68.7%	30 Sep 13
Regeneration projects						
Redruth Brewery Quarter Enabling and Public Realm Project	CPR	P4	£1,701,602	£3,524,270	48.3%	30 Jun 15
Wheal Harmony Remediation & Servicing Project	CPR	P4	£1,282,500	£1,710,000	75.0%	30 Apr 15
Community Energy Pilot, Tolvaddon	CPR	P4	£150,000	£200,000	75.0%	31 Mar 13
The Elms, Redruth	CPR	P4	£1,017,440	£1,446,175	70.4%	31 Dec 15
Aerohub Business Park Site Servicing and Infrastructure	Newquay	P4	£3,934,856	£6,706,542	58.7%	31 Dec 15
Porthcressa Regeneration Phase 1 Public Realm Enhancements	IoS	P4	£2,092,359	£2,405,011	87.0%	30 Sep 14
Falmouth Marine School - Realising Marine Potential	Falmouth	P4	£1,808,400	£3,616,800	50.0%	30 Jun 15
Total			£23,841,895	£45,460,432	52.4%	

Table 4.2 shows the target output, results and impacts for Priority 4. As noted above the workspace, transport and regeneration themes are closely related as they are all funded from Priority 4 and as such the outputs, results and impacts set out below are expected from a wide range of project activity.

Table 4.2: Priority 4 Outputs	
Priority 4 indicators	Outputs, Results and Impacts
Outputs	
Square meters of floorspace (sq m)	60,000
Hectares of land for development (ha)	58
Previously developed land prepared / developed (ha)	10
Redundant buildings developed for new economic use	40
Historic buildings / sites developed for new economic use	20
Strategic Investment Frameworks prepared	7
Projects achieving BREEAM Excellent rating or equivalent	80%
Results	
Numbers of jobs created	3,751
Numbers of jobs safeguarded	2,517

Private sector investment (£'m)	157.0
Gross increase in GVA (£'m)	131.3
Impacts	
Increase in net GVA (£'m)	86.8
Additional net employment	2,481

Table 4.3 sets out the outputs, results and impacts associated with the 17 identified regeneration projects. It also shows the proportion of Priority 4 targets accounted for by contracted outputs, results and impacts and the proportion of the target represented by those achieved and forecast to be achieved by 2015.

Table 4.3: Regeneration Theme – Outputs, Results and Impacts							
17 Projects	Cost: £45.46m ERDF: £23.84m (52.4%)						
	Contracted	Achieved	Forecast	Achieved + Forecast	Priority 4 targets	Contracted as % of P4 target	Achieved + forecast as % of P4 target
Outputs							
Historic buildings/sites developed	3	2	0	2	20	15%	10%
Sustainable Integrated Development strategies prepared	1	1	0	1	7	14%	14%
Redundant buildings developed for new economic use	1	1	1	2	40	2.5%	5%
Hectares of land for development	30	7	1.1	8.1	58	52%	14%
Sq m of floorspace	2,855	450	450	900	60,000	4.7%	1.5%
Projects achieving BREEAM "excellent"	4	0	0	0	80%	-	-
Results							
Private sector investment (£m)	£0.78m	£0.24m	£0.19m	£0.43m	£157.0m	0.5	0.3%
Gross new jobs created	57	17	30	47	5751	1	0.8%
Gross increase in GVA (£m)	£2.77m	0	£2.62m	£2.62m	131	2	2

As noted above, there was no a prior apportionment of the funding for the different activities supported under Priority 4 and neither was there hypothecation of funding by SIF location. It is not possible therefore to say ex post what proportion of Priority 4 outputs the regeneration activities were intended to deliver. A simple comparison of the proportion of expenditure incurred against the proportion of outputs, results, and impacts whilst interesting is unlikely to

yield anything useful in terms of policy as it is expected that such activity takes longer, requires significant expenditure and has higher cost per unit of output ratios than more 'standard' workspace type activity also funded under Priority 4.

The analysis, most importantly perhaps, shows that overall, few regeneration projects were undertaken and even less physical regeneration activity took place. The only concentration of activity sufficient to achieve a significant shift in perception occurred within CPR. It is not unexpected that the majority of activity should have occurred within the Integrated Place Regeneration area of CPR. It is arguable that the Porthcressa regeneration project also had a measurable impact in changing perceptions given its very visible and prominent location and the scale of the regeneration relative to the size of St Mary's. Impacts elsewhere have, however, been limited. Whilst two 'demonstrator/pilot' projects were supported at the Eden project in the vicinity of St Austell, they are unlikely to have a measurable impact on the visible perception of the area.

Consultations and documentation reviews indicate that the small number of regeneration projects is due in large part to the influence of a number of external conditions and events since the SIF process began in 2007.

The institutional landscape during the process of drawing up the Operational Programme and the SIF was significantly different to that in which the SIF programme has been developed and delivered. Major changes have taken place at the local, regional and national level that have affected the development and delivery. The most notable and influential developments included the formation of the Unitary Cornwall Council, together with the closure of the South West Government Office, the South West UK Brussels Office (SWUKBO) and latterly South West European Partnership (SWEP), which became the Cornwall Brussels Office, and the SWRDA. Upon the closure of SWRDA, the Department for Communities and Local Government (CLG) became the Accountable Body for the ERDF Convergence Programme. Furthermore, the Regional Growth Fund (RGF) was introduced, which had different criteria to traditional Regional Development Agency (RDA) funded projects.

Policy has shifted during the life of the Programme. The SIF documents identified in the region of 150 projects. The CDC SIF team subsequently undertook a delivery review and produced an Interim Delivery Plan identifying 40 projects. With the agreement of the PMC, the CDC Board at its January 2010 meeting took the view that the Interim Delivery Plan programme and associated projects were not sufficiently transformational. The SIF senior management teams across Cornwall and the Isles of Scilly and other stakeholders were given the task of undertaking a detailed review of the projects, combing through the SIFs to identify those which would deliver key strategic and transformation priorities (in line with the new Cornwall Council Economic White Paper) and thus would 'make the greatest contribution to Priority 4 of the Convergence Programme 'Unlocking the Economic Potential of Place'.

The Final SIF Review Report and Delivery Plan (October 2010) represented a very significant shift in focus from the January 2010 Interim Delivery Plan, on account of the recommendation by the CDC Board and the PMC that the SIFs should be far more focused on delivering key strategic and transformational priorities rather than 'spreading the jam too thinly'. Although the process of developing an accepted project delivery plan took approximately one year, it is not immediately obvious that this delay could have been avoided, given the work and agreements required.

As a result of the policy shift, two clear approaches to project development were discernible in the management of the CDC SIFs - proactive and reactive. The key priority projects, Newquay Aerohub, Falmouth Docks and the Eco –Town at St Austell with dedicated project leads were managed very closely with a clear proactive approach to their development. Detailed monitoring of activity and progress is evident and close working relationships with the project promoters were developed. Accounting for significant ERDF SIF spend, the success of Priority 4 was heavily linked to their delivery. Projects which were not considered priorities were managed less closely. Their progress depended largely on the capacity and motivation of the project promoter - whether public or private sector. As a result some areas such as St Austell town centre received very little investment.

The structure of the SIF delivery teams within CPR Regeneration and CDC with responsibility for 6 of the 7 SIF areas has also evolved significantly over the course of the Programme. Within CDC there was initially a dedicated SIF team sitting alongside a professional services team. In addition there were area co-ordinators responsible for particular SIFs.

In 2012 the CPR Regeneration team was absorbed within the CDC team and as a result of a number of the institutional, policy and internal CDC structural changes there was no discrete SIF team within CDC – rather the professional services team was embedded within a CDC project services team (albeit with a primary role to service SIF projects). There were fewer area co-ordinators within the team, with resources re-directed and contract staff utilised to support the delivery of priority projects. The contract staff appear to have been more closely aligned with the bespoke project teams than the CDC based SIF team. The early and frequent restructuring of the teams, in particular the CDC SIF team made delivery more challenging and particularly so for a short-life funding programme.

5 Conclusions

Substantial efforts have been made to regenerate the CPR area in a sustainable manner through the SIF and with good results. This is largely accounted for by the historic development work undertaken by CPR Regeneration. In 2012, CPR Regeneration was taken into CDC, with a number of staff transferring across and maintaining their focus on the CPR area. The new CDC SIF Team built upon and extended the progress that had been made when it took over responsibility.

Regeneration and place-making outside of CPR and St Austell, however, in practice was not a focus for the Convergence Programme and even within these areas the investment activity was largely still driven by the overarching message of ‘supporting high growth’. Combined with ambitious targets for outputs, results and impacts in a challenging economic context, regeneration projects struggled to gain support or to be considered value for money. As a result there are very few clear ‘regeneration’ projects.

It is evident that institutional change had a fundamental effect on both the overall objectives of the SIF programme and project delivery mechanisms. The loss of the District and Borough Councils and the structure of the CDC SIF team hampered the opportunity for regeneration champions to emerge and be encouraged.

There was no ring fencing of SIF funds. However, the Isles of Scilly SIF team appear to have secured a relatively high level of ERDF funds compared to a number of other SIF areas. As with CPR Regeneration which was also successful in securing a relatively high level of funds success would appear - at least in part - to having a dedicated professional team, a clearly defined geographical area, direct oversight and involvement of councillors and the community.

A closer working relationship between those involved in the concept and development stage and the delivery stage may have brought more realism to bear and a clearer understanding of priorities for the Operational Programme and the Key Towns. Such an understanding may have led to individual SIF programmes and projects that had more currency, were more immediately deliverable and more in keeping with the Operational Programme and its delivery targets.

The focus on priority projects emerging as a result of the SIF Review led to a refocus of activity and spend away from town focused projects and priorities as identified in individual SIFs. For example, in the 2010 October Delivery Plan Bodmin had one priority project which related to infrastructure. Similarly, one priority project was identified for St Austell (the Eco-town) which was one of 32 in the original SIF document for that town. As the associated November 2010 Delivery Plan noted,

'in effect the SIF Review has brought the SIFs up to date in the context of the new unitary authority and aligning them with Cornwall wide strategic economic priorities. It also dispelled the notion that each SIF Area had an allocation of ERDF investment, projects would be considered on their merits and contribution to 'Cornwall Plc'.

The Programme has demonstrated a clear need for effective project development support for applicants from both the public and private sector in terms of designing and developing their projects and to align with the Priority 4 objectives and ERDF funding eligibility. The provision of the Development Pot (funding used to resource project development and feasibility work) and its use by the CDC and other SIF team was a significant factor in bringing forward projects for delivery.

6 Lessons for the future

The following lessons for the future have been identified:

- the process of developing strategies with associated projects needs to have clear guidance regarding their purpose and content. Those with responsibility for delivery should be involved in the development of the strategies to create a sense of ownership and to ensure that the projects are deliverable and value for money;
- related to the need for ownership and responsibility, is the importance of having local delivery capacity;
- there is a need for greater clarity about roles and responsibilities. In particular, there is a need to articulate the role of the team tasked with assisting project development and the role of the appraisal team;

- it needs to be recognised that a team - regardless of background and experience – requires time to establish itself and become operational, with structural changes kept to a minimum particularly in projects or programmes with a short life-span;
- place-based regeneration projects tend to be addressing long-term multi-faceted problems and will consequently often take years from concept to delivery;
- regeneration projects often tend to be large, complex and due to their capital nature require significant funding. Value for money assessments in terms of one output such as jobs will appear expensive and this has to be planned for within strategies and funding plans. Benchmarks for comparison need to be related to other regeneration projects; and
- regeneration requires both a ‘bottom-up’ and ‘top-down’ approach. Projects need community and institutional champions to be successfully developed and delivered.