

# **Targeted Regeneration Investment**

**Guidance for local authorities and delivery partners**

20 October 2017

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## Executive Summary

The approach for the programme is based on the following principles:

**Aim** – to support projects that promote economic regeneration with activities focussed at individuals and areas most in need, whilst serving the aims of wider sustainable development.

**Regional** - local authorities are working together at a regional level and governance arrangements are emerging. A key feature of the programme is the identification of priority projects through a process of regional working with the context outlined in agreed Regional Plans for Regeneration.

**Targeted** - investment targeted in a small number of Regeneration Areas in order to generate a greater impact, rather than spreading resources thinly in all parts of Wales.

**Bespoke** – recognising there are separate challenges and opportunities in all parts of Wales and that the solutions must be identified and prioritised by regional partnerships.

**Prosperity for All** - the development of regeneration projects should support delivery of the well-being objectives set out in the strategy but with the overriding aim of widening economic prosperity. Programmes and projects should also reflect the commitment towards developing integrated approaches to the needs of particular communities with a strong emphasis on cross-sectoral working.

**Rolling programme** - the Welsh Government will invite regeneration investments to come forward on a rolling basis. There will be no deadline for applications and projects will be considered when a proposal is ready.

**Funding** - a total budget of up to £100 million is available over an initial 3-year phase for the period for 2018-21. Regions will work within notional funding allocations. The maximum intervention rate per project is 70% and must be the minimum amount of funding required to enable the project to proceed.

**Support and assessment** – robust support and challenge from the early inception of plans and projects through to delivery. Project-level decision-making will be supported by clear assessment criteria and consideration by a National Regeneration Investment Panel.

## Introduction

1. This guidance sets out the Welsh Government's proposals for a new programme of regeneration investment commencing in 2018. It describes the main aims of the Targeted Regeneration Investment programme (TRI programme) and how regeneration funding should be integrated as effectively as possible with other local and national initiatives.
2. Local authorities and regional partnerships are invited to develop capital investment proposals for regeneration which reflects local needs and priorities. Proposals for investment will also need to have been the subject of extensive engagement with local communities. The programme considers the government's wider commitment to pursuing concerted action aimed at widening prosperity and improving people's quality of life.
3. The programme is in part a recognition that the benefits of the economic prosperity Wales has enjoyed over recent years has not reached every community. As part of its response to this challenge, the Welsh Government is seeking to develop a programme of targeted regeneration investment in those communities that supports wider economic development.
4. Targeted regeneration investment has a crucial part to play in widening prosperity and building resilient communities in all parts of Wales, rather than simply in those areas that offer the best commercial returns. There are particular challenges tackling inequality and in developing well-connected and sustainable communities in areas which are economically disadvantaged or blighted by earlier heavy industries. We also recognise there are different challenges in rural areas.
5. Regeneration is defined as "an integrated set of activities that seek to reverse economic, social, environmental and physical decline to achieve lasting improvement, in areas where market forces will not do this alone without some support from government".
6. Regeneration can act as the catalyst for change and can bind together, and enhance, wider strategic investments. Where the Welsh Government and partners invest, in creating employment opportunities, in building schools and in supporting transport connectivity, for example, regeneration offers the opportunity to maximise this investment in a coordinated and integrated way; the whole being greater than the sum of its parts. The way we plan our capital investment decisions can have a big impact on the economy, help different organisations to deliver their services in a single place, and minimise the individual's need to travel.
7. Local authorities, working with wider stakeholders and engaging closely with communities, have a crucial role to play in identifying priorities and delivering programmes and projects on the ground. Proposals for investment should also take into account other major programmes already

underway including the Metros, City Deals, Valleys Taskforce and Wylfa Newydd. We are looking to regional partnerships to prioritise projects which consider local circumstances and wherever possible enhance the impact these wider programmes can achieve.

8. In line with the reforming local government agenda, these proposals reflect the new way that local authorities are working together at a regional level. We want to build on the good work that has already occurred within the established and emerging City Deal partnerships. The programme has also been designed to make use of the governance arrangements already emerging to support regional working. More generally, our intention is that this programme will be embedded into a new regionally-focussed model of economic development and regeneration.
9. We want to encourage regeneration projects which are designed to add value to, and complement, existing investments, both revenue and capital. This means that regeneration projects should not be seen in isolation. Opportunities for targeted investment need to be set in the context of wider programmes to build more resilient communities. They should emerge from the ambition and analysis set out in well-being plans and they should be designed to harness the commitment and enthusiasm of communities and local partner organisations.
10. Initially, the Welsh Government is inviting applications for regionally-endorsed local authority project proposals for a three-year period beginning in April 2018. However, in the context of developing a successor programme to EU structural funds partners are also encouraged to begin to identify projects which could feature in a rolling programme of regeneration projects in years to come.

## Prosperity for All

11. These proposals for the programme mirrors the commitment to joined up working and doing things differently set out in '*Prosperity for All*', the Welsh Government's new national strategy. That strategy makes clear that while material wealth is crucial, prosperity is also about every one of us having a good quality of life, and living in strong, safe communities. Our long-term aim is to build a Wales that is prosperous and secure, healthy and active, ambitious and learning, and united and connected. Under these headings we have highlighted the twelve well-being objectives for government:

### **Prosperous & Secure**

- Support people and businesses to drive prosperity
- Tackle regional inequality and promote fair work
- Drive sustainable growth and combat climate change

### **Healthy & Active**

- Deliver quality health and care services fit for the future
- Promote health and well-being for everyone
- Build healthier communities and better environments

### **Ambitious & Learning**

- Support young people to make the most of their potential
- Build ambition and encourage learning for life
- Equip everyone with the right skills for a changing world

### **United & Connected**

- Build resilient communities, culture, and language
- Deliver modern and connected infrastructure
- Promote and protect Wales' place in the world

12. The *Prosperity of All* strategy also identifies five priority areas for action namely:

- early years;
- housing;
- social care;
- mental health; and
- skills and employability.

13. Proposals for investment under this new programme will be expected to demonstrate a clear link to one or more of these objectives and themes in support of a real economic impact. However, our aim will also be to ensure that the projects supported in due course reinforces a commitment towards joined-up working and integrated solutions which are at the heart of the changes that the strategy seeks to bring about.

## Programme aims and objectives

14. The Welsh Government is looking to support projects that promote economic regeneration - creating jobs, enhancing skills and employability, and creating the right environment for businesses to grow and thrive – with focus on individuals and areas most in need to ensure prosperity is spread to all parts of Wales.
15. We are seeking to develop a programme of targeted regeneration investment in the physical infrastructure of those communities that can promote economic regeneration.
16. The aim of this programme is to facilitate the development of, and support for, regionally-significant regeneration investment proposals in defined Regeneration Areas. Ultimately, this sort of economic resilience is a vital contribution to the wider well-being of communities.
17. For the purpose of this programme, a Welsh Government 'Regeneration Area' is a defined geographical location where regeneration and integrated project activity takes place. The geographic scope of the area will vary in line with local circumstances – such as town centres, rural market towns, seaside towns, housing estates, for example - but it will have been chosen as an area for targeted regeneration investment due to its socio-economic profile, the complex range of challenges facing the area and the opportunity to reverse decline with an appropriate mix of interventions over a finite period of investment.
18. Regeneration investment must be targeted in a small number of Regeneration Areas in order to generate a greater impact than spreading resources thinly in all parts of Wales.
19. We are committed to a cross-government approach. We will therefore be supporting investment projects that clearly fit within a wider regional vision whilst showing complementarity and adding value to wider Welsh Government policies and programmes.
20. The programme will provide capital investment to support project proposals that contribute to these aims. We want to see proposals which spread prosperity for all and contribute towards delivering the government's twelve well-being objectives, but with a firm emphasis on economic regeneration.
21. The priorities put forward for investment support should be responsive to the analysis of the opportunities and challenges facing the region. Proposals should evidence how they propose to respond to the needs of disadvantaged individuals and communities, drawing, as appropriate, on data such as the Welsh Index of Multiple Deprivation.
22. Regional proposals for investment will be scrutinised by a National Regeneration Investment Panel. Every project will need to demonstrate

value for money and this will be central to the scrutiny applied by the Panel. The Panel will also be charged with ensuring that the investment available is utilised as effectively as possible across Wales . The Panel will also provide advice aimed at ensuring a degree of coherence across regional programmes and at ensuring that budgets are utilised in a manner which make best use of other possible funding sources to deliver maximum regeneration outputs.



## Regional Plans for Regeneration

23. Local authorities are working together at a regional level and governance arrangements are emerging which this programme seeks to build upon and strengthen. This regional working is one element of the reform of local government but it also provides a mechanism for ensuring the maximum strategic impact from this investment.
24. A requirement of this programme is for robust regional partnership and governance arrangements to be in place at the outset to agree an overall plan for regeneration, to prioritise investment proposals and to provide assurance around decision-making. Where such governance arrangements are already in place, or are emerging, the terms of reference for such partnerships should be adapted to encompass a wider regeneration remit, as outlined in this guidance.
25. The regions will need to develop their own assurance, appraisal and prioritisation frameworks to ensure that projects coming forward meet legal requirements, are deliverable, and are consistent with Welsh Government and local authority policy objectives. Regions will also need to demonstrate that proposals for investment reflect meaningful engagement with the communities concerned.
26. Regional partnership arrangements should involve a broad range of stakeholders from the public, private and voluntary sectors and draw on relevant expertise from a range of policy areas.
27. At the level of individual projects, local authorities and regional partnerships will also need to consider appropriate governance arrangements at a local level to oversee project development, delivery and effective monitoring.
28. As a precursor to identifying priority projects for investment, consideration should be given to the wider strategic context for regeneration. Each region has strategies that have been prepared setting out the economic challenges they face, the opportunities that are presented and outlining the broad approach for dealing with them. The strategic context for regeneration should therefore already be available.
29. The primary aim of the Regional Plan for Regeneration will be to describe this wider strategic framework and provide the context for individual project proposals. A Regional Plan for Regeneration may be considered as an evolving document that can be adapted to meet emerging challenges and opportunities. A suggested template is provided at **Appendix 1** and will need to be presented to the Welsh Government for consideration before any projects are put forward seeking investment.

## Project development and delivery

30. As part of the Regional Plan for Regeneration, the Projects Delivery Plan should identify and outline projects that can be developed and delivered over a varying timeframe:

Short-term	Projects that can be delivered within 12 months. Should there be additional in-year funding the 'shovel-ready' projects in the short-term list will be taken forward in the first instance.
Medium-term	Projects that can be developed and delivered within a 1-3 year period.
Long-term	Projects that can be developed in readiness for delivery in future years (3 years+).

31. The Projects Delivery Plan (see template at **Appendix 2**) should be considered as an evolving 'live' document that can be updated on a regular basis. It will outline the region's 'production line' of projects under consideration, being developed and being delivered. The longer-term projects may be more aspirational but would aim to demonstrate the region's ambitions over a longer timeframe.
32. Projects should make clear which designated Regeneration Area they are associated with. Proposals for investment should also describe how they link in with priorities identified locally in Well-being Plans. Regeneration projects should also make clear how they contribute to the well-being objectives and the themes set out in Prosperity for All.
33. A project is a distinct activity with a clear proposal by which an investment decision can be made. Project proposals must be SMART (specific, measurable, achievable, results-based, time-bound) and will be presented via a Project Application Form. Projects should clearly establish intended outputs with a clear definition of what success would look like (a list of our headline project outputs is outlined at **Appendix 3**).
34. The Welsh Government welcomes collaborative proposals, jointly from two or more local authorities. There may also be scope for 'umbrella' schemes to be proposed in defined Regeneration Areas across a whole region. For example, proposals with commonality and clear guidelines for implementation, such as a Building Enhancement Programme or a Homes above Shops programme, could be developed with a consistent approach and administered by a single local authority.

## Funding overview

35. The Welsh Government will invite regeneration investments to come forward on a rolling basis. There is no deadline for applications though we will expect proposals for expenditure during 2018-19 to have been received by 31 March 2018. Projects will otherwise be considered when a proposal is ready.
36. A total budget of up to £100 million capital funding is available over an initial 3-year phase for the period for 2018-21.
37. A notional funding allocation is being outlined to assist with planning the programme in each region. This is not a fixed budget, but an indication of the available budget over the initial 3-year period. Actual allocations will be dependent on the quality of projects approved and the decisions of the National Panel.
38. The table below outlines the notional allocation, which has been allocated on a *per capita* basis. Projects should be planned and developed in line with these notional budgets and must also take into account annualised budgets.

Region	Notional allocation 2018-21
North Wales (6 LAs)	£22 million
Mid Wales (2 LAs)	£7 million
South East Wales (10 LAs)	£44 million
South West Wales (4 LAs)	£27 million

39. Regeneration projects must take full advantage of whatever other sources of investment are available from the public, voluntary and private sectors.
40. The maximum Welsh Government intervention rate per project is 70% and should be set at the minimum level of funding required to enable the project to proceed. All projects seeking regeneration investment must provide a minimum financial contribution of 30% to the project from non-Welsh Government sources.

<b>Welsh Government funding</b> (cannot be used as part of the 30% match-funding)	e.g. SHG, WHQS, TISS, i.e. any hypothecated funding that is funding available for a specific purpose.
<b>Non-Welsh Government funding</b> (can be used as part of the 30% match-funding)	e.g. local authorities' funding, Lottery, EU funding, private sector, third sector, WG loan funding.

41. If the project is seeking funding to undertake activities where the Welsh Government already has a programme in place (e.g. Social Housing

Grant) then the guidelines and funding intervention rates for those programmes will take priority.

42. There will not be a revenue budget specifically tied to this capital programme but authorities will need to demonstrate that they are using existing grant mechanisms and resources – both revenue and capital - to support projects and to secure the long-term sustainability of their proposed activities.
43. Once the Regional Plans for Regeneration have been presented and accepted a Project Development Fund will be made available for each region. The purpose of the fund will be to further explore the viability of project proposals and to assist in refining project detail. Proposals for using the fund will need to be agreed by the National Panel.
44. Development funding of up to £200k per region could be utilised on an annual basis over the initial 3-year period to assist in the early development of projects. The Project Development Fund will provide a maximum 50% contribution towards such costs.

## Project approval process

45. A project that features in the Regional Plan for Regeneration and has been endorsed by the region may be presented for Welsh Government consideration. The proposal must be submitted by a local authority as lead partner and grant recipient, acting on behalf of a partnership of the public, private and third sectors, where appropriate.
46. In the first instance, a National Regeneration Investment Panel will consider all project applications and will be make investment recommendations to the Cabinet Secretary for Communities and Children. The Panel will meet on a regular basis and projects may be considered at any stage.
47. The National Panel will be responsible for advising the Cabinet Secretary on whether projects represent value for money and correspond to programme requirements. They will do so in light of detailed scheme criteria set out in **Appendix 4**.
48. Projects will only be considered for formal approval by the Panel when full project details are in place, when procurement has been completed and match-funding confirmed. However, in order to ensure that funds and staff effort are utilised as effectively as possible regional partnerships will also be able to submit proposals seeking 'Approval in Principle' in order that planning work can proceed with full approval sought at a later date.
49. No funding will be offered or a grant letter issued until the full project proposal is in place.

## Further Support and next steps

50. All queries about this guidance should be directed to:

[regenerationpolicy@wales.gsi.gov.uk](mailto:regenerationpolicy@wales.gsi.gov.uk).

51. For advice and assistance on developing the Regional Plan for Regeneration, contact your local Welsh Government regeneration team.

52. It is the expectation that the Welsh Government has an opportunity to discuss draft Regional Plans for Regeneration with each region before the end of the calendar year with the Plans then finalised by the end of January 2018.

53. The Project Development Fund will open for applications in February 2018 with projects being submitted for consideration from March 2018.

54. Further documentation, such as the Project Application Form and supporting guidance, will be issued in January 2018.

55. A Regeneration Programme Board, led by the Welsh Government, will oversee programme delivery across Wales and will seek representation from all regions.

## Appendix 1

### Regional Plan for Regeneration (suggested template)

1	<b>Vision for the region</b>
2	<b>Regional Overview</b> <ul style="list-style-type: none"><li>• Analysis of issues and challenges facing the region including an analysis of disadvantage and deprivation drawing upon evidence such as the Welsh Index for Multiple Deprivation;</li><li>• Analysis of opportunities for regeneration;</li><li>• Analysis of opportunities for complementarity with wider regional strategic priorities e.g. City Deals, Valleys Taskforce.</li></ul>
3	<b>Partnership &amp; Governance arrangements</b> <ul style="list-style-type: none"><li>• Outline arrangements to be in place to agree an overall plan for regeneration, to prioritise investment proposals and to provide assurance around decision-making.</li></ul>
4	<b>Approach for targeted regeneration investment</b> <ul style="list-style-type: none"><li>• Approach to supporting economic regeneration within the context of <i>Prosperity for All</i> and the Welsh Government's well-being objectives</li><li>• Aims &amp; objectives for regeneration</li><li>• Identification of Regeneration Areas and the rationale for investment</li></ul>
5	<b>Overview of key projects</b> <ul style="list-style-type: none"><li>• Summary of projects being proposed</li><li>• Summary of outputs being proposed</li></ul>
6	<b>Projects Delivery Plan (see Appendix 2)</b> <ul style="list-style-type: none"><li>• Project breakdown with financial overview</li></ul>

## Appendix 2

### Projects Delivery Plan (suggested template)

Project name & short description	TRI funding breakdown			
	2018/19 £	2019/20 £	2020/21 £	Future £
Short-term				
Medium-term				
Long-term				
Total				



## Appendix 3

### Key outputs

Reference	Output
TRI 1	Gross jobs created
TRI 2	Number of Jobs accommodated (enabled through regeneration investment)
TRI 3	Number of jobs created in the construction sector as a result of Welsh Government regeneration investment.
TRI 4	Total number of traineeships on the project.
TRI 5	Number of traineeship leavers progressing to further learning (at a higher level) or employment (incl. employment with the contractor)
TRI 6	Investment induced (£)
TRI 7	Enterprises accommodated
TRI 8	Hectares of Land developed
TRI 9	Non-residential Premises created or refurbished (sqm)
TRI 10	Non-residential Premises created or refurbished (number)
TRI 11	Number of additional market housing units (Built or ready for Occupation - as a direct result of regeneration support)
TRI 12	Number of Additional Social housing units delivered (Built or ready for Occupation - as a direct result of regeneration support)
TRI 13	Number of Additional Intermediate housing units delivered (Built or ready for Occupation - as a direct result of regeneration support)
TRI 14	Number of households helped towards securing improvement in the energy performance of their homes
TRI 15	Number of empty homes brought back into use
TRI 16	Number of non-residential units brought back into use
TRI 17	Estimated Reduction in CO2 Equivalent Emissions
TRI 18	Number completing employment related courses or gaining employment related qualification
TRI 19	Number of SMEs based in Wales successful in securing contracts/sub contracts
TRI 20	Value of contracts/sub contracts awarded to SMEs based in Wales (£)

Output definitions will be provided within the Project Application Form guidance at a later date.

## Appendix 4

### Project Assessment Criteria

Criteria	Key considerations	Score	Weight
Contextual analysis and strategic fit	<ul style="list-style-type: none"> <li>Alignment with <i>Prosperity for All</i> and wider Welsh Government objectives</li> <li>Alignment within wider regional context</li> <li>Demonstrates clear strategy for area</li> <li>Awareness of local challenges &amp; opportunities</li> <li>Response to regeneration aims &amp; objectives</li> </ul>	/5	X3
Well-being of Future Generations Assessment	<ul style="list-style-type: none"> <li>Evidence of five ways of working</li> <li>Evidence of contributing to well-being goals</li> <li>Evidence of alignment with Local Well-being Plans</li> </ul>	/5	X3
Project Rationale & Approach	<ul style="list-style-type: none"> <li>Contributes clearly to area strategy</li> <li>Evidence of need for project</li> <li>Reasons for undertaking the activity</li> <li>Clear case for change</li> <li>General quality &amp; clarity of proposal</li> </ul>	/5	X2
Benefit and impact	<ul style="list-style-type: none"> <li>Contribution to economic regeneration</li> <li>Contribution to spreading prosperity and tackling deprivation</li> <li>Does the project deliver measurable benefits?</li> <li>Clear proposal for outputs and outcomes</li> <li>Detailed proposal for how these will be measured</li> </ul>	/5	X4
Project costs and Value for Money	<ul style="list-style-type: none"> <li>Clear financial proposal with cost breakdown</li> <li>Costs are realistic and represent best value?</li> <li>Overall proposal represents VfM in consideration of benefits and impact</li> </ul>	/5	X4
Deliverability	<ul style="list-style-type: none"> <li>Robust Governance &amp; Partnership approach</li> <li>Project Management - Team and Experience</li> <li>Clear project plan</li> <li>Evaluation proposal</li> <li>Viability, Sustainability and Achievability</li> <li>Exit strategy</li> </ul>	/5	X4
		30	100

**Each criterion will be scored out of 5 (half marks allowed)**

0	The proposal fails to address the criterion under examination or cannot be judged due to missing or incomplete information.
1	Very poor. The criterion is addressed in an unsatisfactory manner.
2	Poor. There are serious inherent weaknesses in relation to the criterion.
3	Fair. While the proposal broadly addresses the criterion, there are significant weaknesses that would need correcting.
4	Good. The proposal addresses the criterion well, although some improvements are possible.
5	Excellent. The proposal successfully addresses all relevant aspects of the criterion and any shortcomings are minor.