
**Evaluation of the Single Regeneration Budget
Challenge Fund;**

A Partnership for Regeneration

An Interim Evaluation

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July 1998

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APPENDICES (SEPARATE DOCUMENT)

EXECUTIVE SUMMARY

X1. Introduction

This is a summary of the conclusions of the interim evaluation of the Single Regeneration Budget Challenge Fund which has been prepared by an evaluation team based in the Department of Land Economy in the University of Cambridge for the Department of the Environment, Transport and the Regions. The evaluation team are tracking the progress and achievements of 20 case studies over a period of eight years and producing a series of reports at various stages in the life of these broadly representative case studies. This is a summary of the report on the interim evaluation which was undertaken roughly two years into the life of case study schemes - some of which have a duration of seven years. It focuses mainly on process issues surrounding the operation of the SRB Challenge Fund but also presents early indicative results on scheme outputs, net impacts and cost effectiveness as well as results of analysis on how well a competitive Challenge Fund such as SRB has been successful in targeting regeneration resources to the most needy local areas of England.

In the period leading up to this interim report the evaluation team produced a series of working papers which are published on specific aspects of the evaluation as a whole. The first outlined the evaluation framework and methodology. A second paper was based on a short study of SRB case study competitive bids which were unsuccessful and which gave some useful insights into the effects of a competitive system on unsuccessful local partnerships. A third study made use of locally available data to construct a baseline of conditions prevailing in the 20 case study areas before the SRB regeneration scheme started. These baseline indicators will be updated when the schemes end in order to assess any change in conditions during the life of the schemes. This baseline work has been supplemented by a major household survey carried out in eight of the twenty case study areas. This survey, which is reported on in detail elsewhere, supplements other baseline work by filling important gaps in our knowledge about social conditions in disadvantaged areas, and in particular enhances our understanding of the multi-dimensional nature of economic and social disadvantage and linkages between the various aspects of deprivation, disadvantage and social exclusion

in local areas in which they are concentrated. Finally, an earlier study examined for all 500 or so successful Challenge Fund schemes in rounds one, two, three the extent to which regeneration schemes have been targeted by the SRB competitive system to those local areas which have the highest regeneration needs. The results of the analysis in these earlier papers are brought forward into this interim evaluation report - although in some cases only very briefly.

X2 Summary of Conclusions

The nature of the local area regeneration problem

Perceptions as to what constitutes a local area regeneration problem differ and the nature of the local area regeneration problem is discussed extensively in chapter one. There are usually three inter-related components. There may be a weakened economic base, combined with large concentrations of unemployed and socially disadvantaged residents in an area which often has a very poor physical environment. It is often the young in such areas who feel the most alienated and directly affected by poor quality housing and other facets of poverty and this in turn often leads to problems associated with truancy, drugs and crime. The problem is not, as such, simply that the economic fortunes of a local economy decline. Rather, it is the cumulative unbalanced nature of the decline which seems to have a momentum of its own passing from one generation to the next and which is seemingly impervious to resolution by market forces and the impact of mainstream public policy programmes.

There is often considerable variation, but some of the worst areas have all of the following characteristics;

- high levels of unemployment and unemployment rates in excess of 40% amongst specific groups like the young and those from ethnic communities.
- a disproportionate concentration of workers in relation to national or regional averages who are unskilled, have relatively local subscribed travel to work areas, below average educational attainment and low incomes.
- low take-up rates of main stream programmes including training and higher education and high take-up rates of social and housing benefit.

- above average rates of crime and ill health amongst residents and the local area having a negative image as a place to live and work in with a poor environment and run-down shopping and leisure facilities.
- few, if any, large companies remaining in the area as a result of closure associated with structural decline or the out-flow of investment as a direct consequence of the adverse conditions and image of the area concerned.
- a low rate of new firm start-up and low numbers of small firms generally
- dilapidated and run-down premises poor quality land and a shortage of modern industrial and commercial premises, particularly for small enterprises.

In order to provide further insight into the nature of the economic and social aspects of local area problems and to emphasise the powerful interactions which exist between different facets of the problem a large survey of households in eight areas which are currently the subject of initiatives financed under SRB was undertaken. The survey sought to provide a clear baseline for the research so that it was possible a) to indicate the extent to which the degree of social deprivation and labour market distress was *disproportionately* greater in the areas concerned and b) as a benchmark from which to assess change over the years as the SRB initiative unfolded bearing in mind the substantial methodological difficulties that exist in identifying cause and effect and the need to allow for other factors that influence the pace of change in local areas. (Chapter one).

The survey results indicated most clearly the broad characteristics of households in the SRB case study areas which were the subject of the investigation. In general the areas contained;

- in relation to the nation as a whole a below average proportion of heads of households in full and part time employment
- an above average proportion of households with the head unemployed and seeking work
- an above average proportion of households whose members were economically inactive
- relatively few of the members of the households held qualifications
- a high proportion of the households were dependent on various kinds of state benefits for their income,. Average household incomes were in general below the national average.
- the proportion of lone parents was very much higher than the national average
- the proportion of households renting rather than owning their own properties was much higher than the national average.

Overall, the picture painted is one of low economic activity, low employability, low incomes and high benefits dependency. Moreover, it is also important to assess what the people living in relatively deprived areas feel about the area, their dwellings and what *they* see as serious problems which are reducing their general levels of well-being. It is precisely for these reasons that it was necessary to undertake the surveys concerned.

The Social Survey revealed that the households in the SRB areas were two-three times as dissatisfied with their dwellings and the conditions in their area than might be expected in the light of results from national surveys. One in three households regarded crime as a serious problem in their area compared to one in five nationally. Some 23% of households pointed to serious crime problems associated with drugs compared with only 3% of households nationally. The poor physical environment of the local areas was indicated by the fact that some 28% of households identified a serious problem with traffic compared with a national average of 18%. (Chapter one).

What also stood-out was the strong statistical associations between the economic, social and housing characteristics of the residents in an area and their views, fears and perceptions and the way in which all these factors come together to reinforce social exclusion. Logistic regression analysis was used to reveal these interdependencies in the Social Survey. (Chapter one).

Key features of the SRB approach

In order to highlight the key features of the SRB Challenge Fund approach to local area regeneration it is helpful to identify seven key characteristics of regeneration delivery mechanisms. These are;

- Degree of Involvement of Other Parties
- Degree of Competition for Funds
- Boundaries
- Breadth of Functions
- Delivery
- Local Capacity
- Funding

The reorganisation of regeneration programmes which occurred in 1994 in England represents a radical change from both the approach to local area

regeneration policy which had gone before it in England and also in relation to that which existed, and in the main which still exists, in Scotland, Wales and Northern Ireland. In summary, it is a system based upon two principal features. The first is that of partnership, this is very much the ‘engine-room’ of the SRB approach to regeneration. The argument is that the nature of the regeneration problem often contains diverse and complex features embracing economic, social and physical factors and thus successful regeneration requires bringing all the relevant parties to the table who have a stake in improving the general well-being of the area concerned. The second is that of competition. The argument here is that competition encourages innovation in the approach to regeneration and in essence means that the players concerned have to get their act together. In the context of normal competitive processes getting their act together means delivering what the market wants. In the context of SRB it means achieving a regeneration package and the associated outputs and capacity building that meet the requirements of the Government Offices for the Regions (GORs) as the main delivery agents for Government of the system with local partnerships delivering the regeneration product.

Key characteristics of the Challenge Fund

There were some 373 partnerships associated with Rounds one and two. Total expenditure in the first two rounds was equal to some £11 billion of expenditure. Of this, £2.2 billion came from the Single Regeneration Budget, £4.37 billion from other public sources and £4.44 billion from the private sector. The majority of the partnerships were seeking to bring about regeneration at a relatively small local level with nearly 68% targeted on the Small Area or the single local authority district. The evidence suggests that over 37% of the schemes received SRB support in the range of £1-5m. Nearly 20% received £500,000 or less and just over 9% received assistance in the range £10-£15 million. (Chapter 2).

In terms of overall size, including all types of expenditure, the position was somewhat different with just over 19% receiving between £1-£5 million, 15% in the range £5-£10 million, 16% in the range £20-£50 million and 12% in the range £50-£100 million. There was considerable variation across the Government Office regions in the size of scheme supported. The regions with the large conurbation’s tended to have the very large schemes, particularly London. Whereas the more rural regions had a

disproportionately larger share of the smaller regeneration schemes. (Chapter 2). The size of approval schemes is strongly influenced by the available regional budget which has obviously been influenced by commitments enduring from previous urban programmes.

Nearly 54% of all schemes were led by a local authority lead partner. A further 16% were led by a Training and Enterprise Council. Only about 6% were led by the private sector. The Voluntary and Community sector accounted for a further 6%. It may not have been realised by many that the SRB initiative in round one and two tended to support regeneration schemes of a relatively long duration. Nearly 29%, for example, are scheduled to last for seven years. Over 60% are scheduled to last five years or more. (Chapter 2).

The organisation and management of the SRB Challenge Fund

The roles of the DETR, GORs and local partnerships

Although the SRB CF came into operation in April 1994 in the first year (1994/95) its budget was used to promote regeneration through arrangements already in place through existing programmes. The new arrangements as such began in 1995/96. The bidding process at the present time has extended to a fourth round which would relate to regeneration schemes starting in 1998/99. The basic principle behind the SRB CF approach as adopted in round one and two has been that local partnerships submit bids to their local Government Office for the Region (GOR). The philosophy of the SRB is thus to delegate the identification of an appropriate regeneration response in relation to perceived needs to local partnerships. The Government Offices for the Regions then assess these bids against published criteria and on the basis of this assessment make a recommendation to Ministers. Ministers then take the final decision as to what bids should be supported in each region. It should be recognised that the SRB CF was initiated at the same time as the new unified network of Government Offices for the Regions and the combined emphasis was on providing a regeneration package that it was felt would be 'more responsive to local needs and priorities'. Given the sheer diversity of the regeneration schemes which can be funded it is very important to have a unified government response.

The structure and form of Partnerships

The SRB scheme represented something of a step change in relation to the procedures operated by the Government through its local agents, in this case the GORs, and the partnerships receiving the regeneration funds. The SRB approach was conceived as an essentially ‘hands-off’ approach to achieving local area regeneration. This means that those submitting a bid have to demonstrate that there will be effective management and monitoring arrangements in place to ensure that those who are supposed to benefit from the regeneration measures do so and that the time-table proposed is followed. The partnership is also required to ‘appraise’ projects within the partnership scheme. Lead partners in successful bids receive an allowance of some 5% of the sum awarded in the first year towards set-up and administration costs. Administration costs in subsequent years are not allowed to exceed 5%. An additional 2% for administration is possible if the partnership can match it by a contribution from the private sector. (Chapter 3).

The distribution of the SRB Challenge Fund in Relation To Local Area Needs in England

Although aggregate budgets for each Government Regional Office are allocated according to the extent of deprivation in each region there is no automatic presumption that a competitive challenge fund regime will lead to an allocation of regeneration resources which reflects closely the distribution of deprivation and the relative needs of each local area. Highly deprived local areas may not prepare bids or may have them rejected because when they are assessed by the GORs their likely impact and cost effectiveness is felt to be poor. At the same time less deprived areas might be particularly effective in putting forward successful schemes. Chapter five examined the distribution of the SRB Challenge Fund expenditure across England under the first three rounds and assessed how closely it has, ex-post, gone to meet local need where this is measured on the basis of the Index of Local Conditions. (Chapter 5).

The 20 most deprived Districts, as measured by the Index of Local Conditions, were awarded £949.2m of SRB funding. Their resident

population is almost 5½ million which gives a figure of SRB spend per capita of £174. The 56 most deprived Districts (including the 'top 20') were allocated £138 of SRB resources per head of population (where the "population" is the population for the whole district), whilst the 99 most deprived districts (including the 'top 56') received £122 of funding per capita. The remaining 267 Districts which are non-deprived in the sense that levels of deprivation overall are close to or better than the English average (but which may contain pockets of deprivation) received only £21.5 of SRB funding per capita which is about one third of the all-England-average of £64.(Chapter 5).

The 20 most deprived Districts (5.5% of all Districts) contain 11.1% of England's population but were awarded 30.3% of all SRB funding. The most deprived 56 Districts contain less than a third of England's population but received almost two-thirds of aggregate SRB funding - whilst the 99 most deprived Districts contain 42% of England's population but received over 80% of SRB funding. By contrast the 267 less deprived and non-deprived districts account for 58% of England's population but received only 19.4% of total SRB funding. (Chapter 5).

The evidence is clear. The geographical distribution of SRB funding has in practice been responsive to local needs as measured at LA District level and that for groups of more or less deprived districts the amount of funding per head has been sensitive to the degree of relative need or deprivation. This result relates specifically to the first three SRB rounds taken together. For individual rounds the same kind of result emerges but the overall relationship between spend and needs is less systematic and weaker (Chapter 5).

SRB funding in relation to local needs compared with previous urban policy initiatives.

We have seen that SRB spending in its first three rounds taken together has been successfully targeted at the most severely deprived local authority districts in England. All but 1 of the 99 most deprived districts (Harlow, number 83) received SRB funding and within this group the most severely deprived 20 districts (and 56 districts) received more SRB funding per head of population than the group with less severe deprivation. But SRB was also available to the 267 non-deprived districts in which overall deprivation was

near to the English average or better. Many of these districts, although prosperous overall, have small pockets of deprivation or other special regeneration problems which need tackling. Small amounts of SRB spending has been successfully won by some of these districts. Only about 37 districts received no SRB funding over the three rounds taken together.

In many respects therefore the SRB Challenge Fund has been highly responsive to the graduation of relative needs across the LA Districts of England. This contrasts with UDCs in which only 16 or so District Areas received funding, EZs in which perhaps 40 Districts were direct beneficiaries, City Challenge with less than 30 Districts affected and Urban Programme in which 57 Districts were assisted. In all these cases there were fixed boundaries so that only a small minority of Districts were designated for funding whilst all other Districts, irrespective of relative need, received nothing. The SRB regime is a flexible, responsive approach to tackling local area regeneration across the whole of England whilst, in broad terms, not compromising the targeting of resources in line with overall need.(Chapter 5).

The origins of Partnership

Issues relating to partnership were examined using the case study evidence from both the successful and the unsuccessful schemes. Just over half of all the partnerships examined, whether they had resulted in a successful or an unsuccessful SRB bid, had come together in some form before the submission of their first SRB bid. However, only half of these had resulted from an attempt to form a strategic partnership with which to tackle the needs of the wider City area or region.(Chapter 6).

Where the partnership was of fairly recent origin there was a recognition that the partnership approach to tackling the specific problems being addressed was now increasingly the main vehicle by which funds for regeneration initiatives were likely to be available in the future from both the British Government and also Europe. However, this was more than simply the recognition of a funding imperative. Most believed that the partnership model enabled a more holistic and strategic approach to tackling the problems concerned. City Challenge had helped to develop and foster this view in those areas where it was operating. (Chapter 6).

It was quite common to find that there was usually one or two individuals from one or more organisations who had been the leading light in inspiring the partnership either before or as a result of SRB. The individual(s) concerned perceived the opportunity for producing a step change in the way in which the regeneration activity was undertaken and a more effective regeneration solution brokered. (Chapter 6).

In other cases, particularly where the local authority or TEC was the lead partner, there has been a concern amongst other partners involved that they would not get a seat at the decision making table. This concern was expressed particularly by the voluntary and community sector. In some cases difficulties in seeing eye to eye often was the result of the different institutional formats under which the organisation concerned had to work. Thus, TECs were obviously very interested in directly apparent and measurable results with their focus on output driven targets. Local authorities, at least traditionally, had been less concerned with directly measurable short term paybacks in regeneration terms with their more long-standing tradition of involvement in areas concerned. The community and voluntary sectors had not historically been particularly output driven at all.(Chapter 6).

A further problem can be expressed most simply as the problem of managing expectations. This has proved to be a particular problem in retaining the commitment of the voluntary and community sector particularly where the regeneration scheme which the partnership is managing extends many years into the future. Despite problems of this kind it was unusual to find examples where there had been a clear refusal to join the partnership and equally partners who were associated with both successful and unsuccessful bids declared a willingness to either retain the existing partnership or build something similar if appropriate in the future.(Chapter 6).

What is clear is that the local authorities and the TECS tend, in the main, to be the strongest partners and thus the lead partners for a number of fairly obvious reasons. As a result of this the main concern has been to try to ensure that other partners involved can obtain effective representation. As the section on the bidding process shows, this is particularly important since the community and voluntary sector do not usually have the capacity to launch major bids themselves and be the lead partner. Thus of 373 successful

partnership regeneration schemes in round one and two only 23 are led by the community and voluntary sectors. (Chapter 6).

The process of involving the community groups and the voluntary sectors has not always been smooth and uneventful. In Round one there were cases where it was appropriate to involve the community / voluntary sector but they had only been involved to a rather limited extent. There has, however, been something of a learning experience across the successive rounds of SRB on the part of traditional lead partners like local authorities about how it is possible to achieve more effective partnership where the community and voluntary sectors are involved. This learning process had often been expedited to some degree by a fair amount of steering on the part of the GOR concerned as to what 'effective' partnership meant.

An effective regeneration strategy has to recognise the key interdependencies which exist between different aspects of the problem and this includes not only the physical and economic, but interfaces with crime and health. In this context there is an increasing recognition of the need to have parties from the education and health sectors. Involvement of educational institutions at all levels is also being seen as of great importance in many bids. This is not only because of the simple fact that it is the young who are often the most alienated and directly affected by poor quality housing and other facets of poverty, but also because of the strong associations between crime, truancy, what happens in school and the access points for tackling some of the core factors responsible for the regeneration problems concerned. It is not just secondary schools that are important but also the Higher Education Sector, particularly when it comes to attracting inward investment into a broad regional area and it is necessary to highlight the capacity of the area to generate a steady stream of high calibre manpower.

Most of those interviewed in the case studies believed that membership of the partnership had positively enhanced their capacity to bid for funding. They suggested that this had been achieved through the development of a more strategic approach to the regeneration initiative, being more experienced in the "regeneration language", the provision of "more effective and wider participation" and a badge of legitimacy which allowed them to be better placed to bid for Millennium Funds, European Funds and Regional Challenge. Their

capacity to undertake regeneration activities had also improved. Other factors highlighted included; the pooling of expertise and resources, networking, willingness to build regeneration packages, avoidance of duplication, greater co-ordination and a more strategic approach to regeneration.

Non-lead partners were asked to identify how far the partnership arrangements themselves had been responsible in their opinion for elements of the scheme working well. Some useful pointers emerged. There was recognition that an output driven regeneration initiative like SRB required very careful attention to the monitoring and evaluation of progress, as well as careful forward planning. This necessitated a strong central administration function. It was important to have working group sub-committees reporting regularly to the main operational structure and to ensure close working relations between the different partners involved. This was true even where there had historically been strong links between the different partners concerned. There were variations in the degree of delegation which existed across the various elements of the partnership structure and this seemed to reflect the capabilities of the partners concerned and the mechanisms used to involve the different partners.

Problems arising tended to focus around the delivery of the outputs required under the delivery plan according to the timetable required. There were also difficulties in some cases in getting key co-ordinator appointments made early enough in the life of the partnership and this points to the very real need for this to be a priority even at the bid stage. The use of secondees from the relevant organisations involved has been used to good effect in some regeneration schemes and such manpower considerations need to be given a high priority.

There were problems in both rounds associated with delays in funding and downsizing and the impact of these factors on getting things going. In some cases unrealistic targets had been set. Critical path problems emerged quickly given some of the very large and complex schemes involved and such problems reinforced the need to ensure that there were strong administrative arrangements in place and the associated resources in terms of personnel and financial resources. Quite naturally community groups in particular were not particularly well placed to deliver and to slot into in some cases a very strong output driven procedure and it took time for the operation of the scheme to settle down.

In some cases operational problems were greatly exacerbated by cut-backs or delays in funds that were part of the leverage package required. Examples where such funding difficulties could emerge related to Regional Challenge, European Funding and the availability of funds from the private sector particularly where funding was levered from Housing Associations and the like. Since most public sector funding these days requires matched funding it is quite possible that a form of 'funding grid-lock' can emerge. In such cases the need for frequent and smooth communications with the GORs pays dividends.

Taking all things into account, when asked to classify the effectiveness of the partnership approach in producing high quality regeneration outputs the majority of non-lead partners felt that it was above average. In terms of living-up to ongoing expectations in creating new, innovative, cross-cutting solutions to problems some 40% of case study non-lead partners believed the experience to-date had been better than expected (Chapter six).

Experience of the bidding process

In round one a total of 464 Challenge Fund bids were made of which 201 were successful and 263 were unsuccessful - a rejection rate of 57%. In round two some 326 bids were made of which 172 were successful and 154 were rejected - a failure rate of 47%. Taking both rounds together there were 417 unsuccessful bids of which 25 were unsuccessful in both rounds. For round one only we know something about what subsequently happened to the 263 unsuccessful partnerships. Some 160 (over 60%) did not re-submit in any form, whilst 49 (19%) re-submitted and were successful in round two, and 29 bids (11%) were discouraged from re-submitting at the outline stage and 25 (almost 10%) resubmitted in round two but were unsuccessful again (Chapter six).

The views of the Partnerships about the bidding process

There were some general pointers about the bidding guidance that stood-out. In general, it took time for most partnerships to get to grips with concepts like gross output measures, baselines, milestones, leverage and the like. Criticisms were at their greatest for round one as might be expected. The degree of difficulty experienced was less the more that the lead partner concerned had

experience of European programmes and the like where similar terminology had often been required. The degree of difficulty was also dependent on the amount of advice sought from the GORs. As the rounds have progressed the bidders have tended to make more use of the GORs and in turn the GORs have made available more by way of aide memories as well as instructional seminars and workshops. Bidders tended to welcome the use of worked examples which has in fact been a feature of the extra supplementary assistance which the GORs have sought to make available since the first round. They also liked the use of check-lists.

The bid timetable

For the unsuccessful bidders the time taken to prepare bid documents varied significantly. The shortest time was six man weeks. The longest was over thirty. The average was about sixteen from beginning to end. For the successful bidders there appeared to be far more variation at the extremes but the average was again sixteen weeks. For the unsuccessful bidders the meetings with the Regional Offices varied from none to a maximum of four. The average was two. It was clear that some bidders in round one did not appreciate how important it was to take up the offer of a meeting with the GOR. The successful bidders in general took more opportunity to discuss with the GORs. Thus, some had five or six meetings and one indicated twelve! The average was four (Chapter six).

Advice at the final bidding stage

For the unsuccessful bid partnerships there was considerable variation in the effort which individual bidders put into making contact with the Regional Offices or in revising their bids. Thus, whilst some had made personal contact and visited the Regional Office concerned, others had only made contact over the telephone. There were some concerns expressed by about a third of the case study unsuccessful partnerships as to whether they had been pointed firmly enough in the right direction, particularly during the first round in terms of assigning relative priorities in their bid. Almost all partners considered that they had been dealt with by the respective Regional Offices in a prompt manner.

In comparison to the unsuccessful bid partnerships there had been more contact between the successful bid partnerships and the GORs. Well over half of the case study partnerships examined commented on constructive interactions at this stage mentioning “good relations”. Criticisms made by the GORs about the outline bids, and which were generally taken on board by the partnerships, tended to relate to the need for some downsizing and reduction in the breadth of the bid, sometimes involving the removal of a whole element like the housing component. Other comments related to the need for more reassurance of consultation with the community and evidence that the benefits of the scheme would spread to a wider area. In one or two cases there was the concern that the partnership being proposed was not effective enough in its original form. In some cases the bidders were required to firm up the outputs.

Virtually all of the successful bid partnerships took the advice given by the GORs on board in part or in whole. As a result when they were asked as to whether they thought that the final bid was fundamentally different to the outline bid a significant number felt that it was and this contrasted clearly with the experience of the unsuccessful bidders. The main differences were identified to be more focus on strategic issues, a reduction in size and alterations to the partnership structure (Chapter six).

The reasons for a bid being unsuccessful

The reasons for a bid not being successful varied but there were common problems. One was the size of the bid in terms of the resources being asked for. Leverage was a problem, with too much reliance on the SRB funds. In some cases there were unrealistic assessments of outputs and insufficient geographical focus. A frequent comment was that the bid did not hang together in terms of the mix of objectives and, less frequently, there were concerns about the partnership being able to deliver what was being suggested. A further issue was the actual strength of the partnership and the ability of the partners concerned to achieve the synergy’s proposed.

The views of the unsuccessful bid Partnerships

Naturally the views of the unsuccessful bid partnership as to whether they accepted the reasons given by the Regional Offices as valid varied considerably. In general, most felt that that the comments were probably well founded and that they gave them an indication as to how they would be improving future bids. A small number of bids felt let down and this sentiment was felt most strongly by the Community led case study partnerships (Chapter six).

The views of the Government Offices for the Regions

The Government Offices for the Regions felt that the lack of a convincing partnership was a feature of the round one bids where bidders were often seeking to bend existing structures which were the legacy of previous funding regimes but which were characterised by little true partnership synergy. A further problem was the lack of a strategic approach. It is frequently difficult when looking at many of the bid documents to discern what the basic objectives of the initiative being proposed are and how the package of expenditure and thus activities proposed will come together to produce outcomes which will help to alleviate the identified problems of the area/client groups concerned.

The lack of coherence with respect to objectives was mirrored in the failure to produce realistic estimates of the levels of gross outputs that can be achieved with the resources available and over the proposed period of time suggested in the bid. On the resources side there is also the problem of balance in relation to the leverage expected between the SRB funds and that which is likely to come forward from other organisations in the public, private or voluntary sectors. Sometimes even relatively straight forward amendments to the approach would have improved things considerably if for example, bidders realised that they can cost time inputs of the private sector in their calculations. It should be recognised that the understanding of some case study bidders of what is meant by gross outputs, leverage and other similar concepts, including the notion of a baseline, is weak. Often the best estimates of gross outputs etc. are made by those organisations who have had some experience of dealing with EU programmes or previous UK urban policy initiatives (Chapter six).

The views of partners about the competitive nature of the Challenge Fund Bidding process

The unsuccessful bid partnerships were asked for their views on the overall competitive nature of the challenge fund bidding process and what changes they felt would be desirable. Opinions varied considerably. Some partnerships felt that the Challenge Fund bidding process encouraged better quality bids and more coherent and focused regeneration strategies. However, virtually all partnerships commented on the time consuming nature of the bid preparation process and the uneven playing field thus provoked. Some commented that it was a recipe for the weak to get weaker if the system was not applied with care. The resources required to mount a bid was argued to be a problem for partners seeking to represent some of the most needy areas. Community groups and the voluntary sector partners were particularly vociferous (Chapter six).

The views of the GORs as to improvements in the quality of bids between round one and round two

A significant number of partnerships which failed in the first round put in a bid at round two. The feeling from the GORs was that the overall quality of the bids had improved and this reflected a better understanding of the concept of true partnership and the involvement of the community and voluntary sector. There was evidence of more coherence in terms of the underlying strategy behind bids and more realistic estimates were being made of the leverage and volume of outputs achievable.

Regional Officers had observed what happens to unsuccessful bid partnerships in the region. Most partnerships stayed in existence but the weak usually stay fairly weak with the community led bids falling into this category. The staying power of a partnership was influenced by the characteristic of the area concerned and whether there was a long history of the type of problems which the partnership tackled. Thus durability was probably stronger in the traditionally depressed and deprived areas.

The general view from the Regional Offices was that the process of bidding helped to improve discipline within the partnership and improved the

communication flows between the respective members. The need to have a clear strategy and convincing delivery capacity was becoming appreciated. Some officers took the view that City Challenge bidding had helped bidders to realise the need for coherence, but it had not really built an understanding of the need for partnership capability as in the SRB regime (Chapter six).

SRB Delivery System

Chapter seven examines and assesses the experience of case study partnerships in managing and administering the main stages in the SRB delivery system from the preparation of Delivery Plans through to project appraisal, project monitoring, the financial and audit systems and exit arrangements.

Some of these processes caused problems for some partnerships in the early days and this has resulted in a more “hands on” approach being pursued both in central guidance and by Government Offices in order to assist partnerships with the systems required to implement the delivery process and demonstrate public accountability and value for money.

The preparation of Delivery Plans in round one schemes caused difficulties in many partnerships due in part to the lateness of central guidance. These difficulties had been largely resolved by the second year and round two schemes encountered considerably fewer difficulties at the Delivery Plan stage. The project appraisal process is also setting down after a difficult start in some partnerships who felt that it was burdensome. There is, however, still a tendency to regard project appraisal as an obstacle to be overcome in a mechanical way rather than as a means of assessing outputs, cost effectiveness, project options and risks. Government Offices are working to overcome this through a process of education. About a quarter of case studies had experienced modifications of their projects as a result of Government Offices vetting of larger project appraisals.

In terms of the implementation of the Delivery Plan, 60% of schemes were in line with or better than expectations, but 40% had experienced significant delays in getting projects underway and had fallen behind schedule in the early stages. By the second year most of these delays had been made up but delays on some larger capital projects have been longer due to environmental, planning and funding problems.

About a third of case studies had experienced difficulties in constructing an appropriate baseline and in a few cases the whole concept was alien. Central guidance on this is quite limited and in a separate baseline report on baseline by the Evaluation Team it is recommended that guidance to local partnerships should be changed.

The structure of the partnership management systems varied widely even amongst the case studies. Those with inappropriate management arrangements experienced more tensions and suspicions between partners and tended not to make good use of monitoring data in managing the scheme and even experienced problems in measuring gross outputs consistently. However, there were also partnerships which had appropriate management arrangements and managed all aspects of their scheme well. Much depends on whether the key managers in the partner organisations have adequate time to devote to the SRB scheme.

The financial system of SRB schemes also created problems for some partners. A centralised computer system for payments and receipts is not laid down so that those of the lead partner were usually adopted. The lead partner computer systems are not all the same so that some partners such as TECs which are partners in as many as 10 SRB schemes may have to comply with 10 different reporting systems and accommodate 10 lead partner auditors. Again many of these problems were burdensome initially and have become less so with familiarity.

Reasonably good progress is being made in planning exit arrangements. Two case studies had fully resolved their exit arrangements and fifteen have a clear strategy of intentions but as yet no formal arrangements on how regeneration momentum will be maintained. Three schemes do not have a clear strategy and are hopefully looking to mainstream programmes and/or EU funds for continued support. Schemes should be encouraged to prepare a written statement of their exit plans and how they propose to carry them out (Chapter seven).

Community group /voluntary sector involvement

Only a handful of SRB schemes in rounds one and two had a lead partner from the community/voluntary sector which reflects the real limitations in the capacity of these groups to undertake regeneration schemes. Fortunately amongst the twenty case studies there were three in which the community/voluntary sector played a dominant role and these are examined in some detail as examples of good practice.

In the other case studies the involvement of the community sector varied widely. The evaluation team assessed the degree of community involvement in all case studies and concluded that in six there was high and effective involvement. In nine there was some involvement but not very effective and in five there was only token involvement.

The degree of community group /voluntary involvement also varied with the nature and characteristics of the schemes such that;

- Schemes focusing mainly on economic objectives and thematic schemes generally have relatively lower involvement of community groups /voluntary sector than multiple objective schemes, e.g. City of Sunderland, Swadlincote Woodlands.
- Small area estate based schemes have the most strongly developed community group involvement because the community groups are directly and intimately affected by the scheme, e.g. Chalkhill, Hull City Visions, Woolwich, Nottingham, South Leytonstone, Limes Farm and Central Brighton.
- Town and city wide schemes are characterised more by umbrella community groups/partnerships and city wide voluntary organisations acting as partners in a more representative fashion as opposed to direct involvement e.g. Wolverhampton, Bristol and Rochdale.
- Schemes extending over more than one District which also tend to be thematic are more likely to have token representation of a voluntary sector

organisation or none at all e.g. Lancashire Manufacturing, Merseyside Learning Partnership, Northumbria Community Safety and West Cornwall Initiative.

- Some schemes recognised that the community sector was relatively under-developed and lacking in capacity and decided not to involve community groups as partners but rather build-up their capacity through involvement as individual projects. To some extent this applies in Nottingham, West Cornwall, City of Sunderland, Swadlincote Woodlands and Rochdale.
- Community groups and voluntary organisations are less well developed in remote and scattered communities in more rural areas than in heavily urbanised areas e.g. West Cornwall, Swadlincote Woodlands.

SRB has made good progress in making local authorities, TECs and other agencies aware of the importance of involving local communities in regeneration schemes. However, further involvement is being constrained by the lack of capacity of the sector to become fully involved in the regeneration process and the interim evaluation concludes that, in any further rounds of SRB measures to raise the capacity of community groups should be strengthened. Various options for achieving this are set-out. The preferred one being that partnerships should be encouraged to have at least one project managed by a community/voluntary group and that such projects should include a cost component specifically for the purpose of raising the management /administration capacity of the group (chapter eight).

The private sector

Chapter nine of the interim evaluation discusses the nature and extent of private sector participation in SRB schemes. Only 22 out of 373 schemes in rounds one and two are described as private sector led (6%) and in some of these the lead partner is in fact a local authority. The extent of private sector leverage in private sector led schemes was also below average.

In the 20 case studies as a whole the extent of private sector leverage is similar to that for all round one and two schemes at approximately £1 of

private sector leverage for every £1 of public sector expenditure. Three case studies with a large degree of private sector involvement are examined in more detail. These are the West Cornwall Initiative, the City of Sunderland Partnership and the Lancashire Manufacturing Partnership.

The chapter argues that much of the external comment about the role and participation of the private sector in regeneration schemes including SRB is oversimplified and often misleading. Aspirations about private sector participation and leverage are often inflated and do not recognise the real constraints which exist. Six ways in which the private sector may participate in regeneration partnerships are identified;

- 1) As lead partner
- 2) As one of several non-lead partners
- 3) As a non-partner financial contributor (or contributor in kind)
- 4) As a developer of property
- 5) As a supplier of goods and/or services to the partnership (or as a subcontractor delivering part of the programme)
- 6) As a beneficiary of the programme, particularly in business support schemes.

Paradoxically perhaps, the less involved the private firm is in the regeneration partnership itself the higher private sector leverage is likely to be. Leverage is likely to be highest in categories four and six. In the first case the developer is carrying out development which the scheme requires, perhaps on land cleared and made developable by the partnership, but the developer is carrying out its normal business and stands to make profits in doing so. The development costs of the premises, which the developer recoups with added profits, counts as private sector leverage in the scheme and is likely to be large.

In category six, private firms benefiting from business support programmes receive some assistance from the scheme and may change their behaviour as a result. The public sector cost of scheme assistance may be relatively low as a proportion of the expenditure incurred by the firm in responding to the assistance and hence private sector leverage is relatively high. As in category

four, private firms are incurring expenditure in pursuit of their main objectives of profitable growth - and in the process may well create regeneration outputs for the scheme.

In the 20 case studies as a whole 89% of all private sector leverage occurred in category four, developers , 8% in category six, beneficiaries of business support schemes. Private sector expenditure for reasons of publicity or general goodwill towards local regeneration needs amounted to only 3%.

There are real dangers of conflicts of interest arising in situations where private developers profit from regeneration schemes and also take part in partnership decisions as lead partners or partners. By their very nature large private profit making companies, operating under the Companies Act with responsibilities to shareholders cannot become lead partners or partners in schemes in a substantial way because they could not be seen to take profits whereas they would face potential risks and liabilities. If managers/ executives participate in regeneration schemes they do not represent their specific company but rather take part voluntarily as individuals or as members of a private sector association such as Chambers of Commerce. Many are retired business people and serve voluntarily as individuals. They do not have significant funds to devote to regeneration schemes.

Nor do they have substantial capacity to undertake regeneration projects. Chambers of Commerce which are partners in SRB schemes are sometimes represented by an administrative officer. The extent of the contribution made to the formation of regeneration strategies and SRB programmes varies quite considerably.

SRB schemes need to secure the involvement of individuals with private sector experience to help in the design and execution of regeneration schemes in such a way as to attract the private sector into deprived areas and to bring management expertise into partnerships. But these individuals are not representatives of their own companies and do not bring significant private sector funding. To secure private sector leverage partnerships must look to those companies who carry-out property development for profit as part of the regeneration scheme.

Partnership induced effects

Chapter ten examines how far partnership itself can bring additional benefits to regeneration schemes compared with project delivery through a single agency /department.

There was evidence that the act of forming local partnerships has some positive effects in enhancing both private and public leverage into SRB target areas. About half the case studies claimed such a positive effect.

Case study partnerships were also asked to assess whether working in partnership had generated other benefits through mechanisms such as clustering, economies of scale, critical mass, improved co-ordination, and synergy.

Partnership induced effects associated with improvements in co-ordination of partners were assessed as being most favourable in the case studies with about half of partnerships observing a “strong” effect. The three mechanisms enhancing co-ordination were given a similar assessment. Partnership had resulted in a reduction in duplication of effort and hence reduced administrative and management costs. Problems of indivisibility had been alleviated by the partnership approach so that larger scale activities had been carried out under the partnership umbrella than would have been possible by individual partners working alone. Additional efficiency had arisen by bringing together partners specialising in areas of expertise in which they had comparative advantage and the consequent mix of skills had resulted in improvements in project design and implementation which enhanced the cost effectiveness of the scheme.

Partnership effects arising from the geographical clustering of regeneration were the least favourably assessed. Over a half of partnerships had secured no efficiency gains from this source. Only a quarter of partnerships had secured significant efficiency gains from the ability to negotiate lower costs (scale economics) or to achieve a critical mass threshold which would push future regeneration forward without further public assistance. Similarly there

were few demonstration or external benefits for neighbouring areas around the target area, except in a minority of case studies.

Two potential mechanisms by which partnerships might encourage synergy whereby partners adopt common objectives within the partnerships and support partnership objectives in their other regeneration activities were also assessed for case study partnerships. In over two third of case studies any such benefits were assessed as zero or weak - reflecting other evidence of tensions between partners and between lead partners and partners. However in a third of case studies the benefits deriving from agreeing and pursuing a common set of partnership objectives were clearly beneficial.

To gain a better understanding of what partnerships meant by “weak” and “strong” partnership induced effects, they were asked to quantify any efficiency gain in terms of the percentage reduction in the unit of costs of generating a given gross output. Few partnerships were able to quantify the effects, but some attempted to. If these answers were typical of all schemes the impact of partnership induced effects reduced public sector costs per unit of regeneration output by about 3%. Partnerships indicated however that these types of benefits had not yet fully materialised.

Eleven of the twenty case studies had experienced instances of partnership adding to administration costs but these were not as large as the gains. Overall, the assessment is that partnership itself brings positive but modest net benefits to the efficiency of the regeneration process.

The bending of the mainstream programmes

SRB has had some success in bending both mainstream programmes and other regeneration programmes in favour of SRB target areas. This conclusion arises from discussions with the lead partners and partners of the 20 case studies

during which each item of “other public expenditure” and its source was examined in detail. The results make a distinction between longer distance

'bending' across LA District boundaries and short distance bending from one locality to another within LA Districts.

The amount of mainstream programme bending across LA District boundaries is estimated at £12.8 million out of a total case study main programme spending of £162 million i.e. about 8%. Programme bending within District boundaries over short distances was significantly higher at £47.8 million or 30%. For the bending of other regeneration programmes such as English Partnerships and European Structural Funds the corresponding figures are 8% over longer distances and 10% over short distances.

These figures should be set against case study funding from SRB itself of £174 million. Thus for pure mainstream programmes every £1 of SRB funding resulted in the bending of main programmes across District boundaries of a modest 7 pence but between local areas within District boundaries of another 27 pence - some 34 pence in all. If other regeneration programmes are added to mainstream programmes the figures rise to 12 pence (long distance), 34 (short distance) and 46 pence (total) respectively.

Modest programme bending achievements at the inter-LA District /TEC level are not unexpected given that each Department has its own independent formula for allocating its funds geographically - irrespective of what other Departments are doing. At the within LA District/TEC level main Departments are operating more flexibly and entering into local partnerships more enthusiastically and have shown more willingness to divert programme spending between localities accordingly (Chapter ten). However, in some cases local authorities may have distorted their own expenditures away from their preferred position in order to "win" SRB funding for one of their localities at the expense of others.

Gross outputs

The analysis of gross outputs so far in the twenty case studies reached the following conclusions;

- a minority of partnerships are experiencing difficulties in monitoring gross outputs accurately in spite of efforts by Government Offices in referring back inconsistent monitoring returns.
- the case studies are generating gross outputs across the whole range of standard output indicators relating to the labour market, enterprise development, housing, crime and safety, physical regeneration and community development, as well as non-standard outputs in highly specialised areas such as drug abuse.
- although actual gross outputs tended to lag behind expected gross outputs in the Delivery Plan in the early months of schemes, the position now is that actual gross outputs are running substantially ahead of expectations in most output categories.
- ethnic minority gross outputs account for a significant proportion of total outputs including 13.5% for jobs and, 25.3% for the numbers of people trained obtaining qualifications.
- comparisons of expected scheme lifetime forecasts of gross outputs in year one and two Delivery Plans revealed that case studies are raising gross output estimates as time progresses (Chapter eleven).

Early indications of additionality and value for money

Estimates of case study scheme additionality were made separately from the cost side and from the scheme outputs. The two estimates were used to set a range of indicative values. For the SRB target areas of the case studies average additionality is estimated to be within the range of 50-60% of gross outputs and for the wider local economies to be within the range of 40-50% of scheme gross output.

The additionality estimates for the target area in individual case studies vary widely between 100% and less than 50%. These assessments were made by the evaluation team after discussing with lead partners and larger project managers what would have happened to the components of each scheme had

SRB not existed. To a large extent they would otherwise not have been in the local area but would have been elsewhere in the wider local economy or the region.

These estimates suggest that the SRB scheme additionality is not out-of-line with that estimated for other types of regeneration policy instruments. SRB diverts expenditure and regeneration activity into specific target areas away from other local areas.

Additional benefits are then set alongside Exchequer costs associated with case study schemes to obtain early indications of Value For Money. Because there is a large basket of benefits measured in different units it is not possible to express Value For Money or cost effectiveness as one ratio such as a cost per job. The results are therefore expressed as the amount of each component of benefit in the basket which is generated in SRB schemes for every £20,000 of Exchequer expenditure incurred.

For the 20 case studies £20,000 of Exchequer costs generates 0.5 additional jobs, 11 pupils with enhanced educational attainment. 0.7 people trained with qualifications, 3 young people receiving personal development training, 17 residents benefiting from community safety measures, 3 residents using additional health sports or cultural facilities along with other smaller benefits to the target area and its residents. Early indications are that SRB is operating cost effectively in what are difficult deprived areas (Chapter eleven).

X3 Lessons and implications for future policy.

This interim evaluation of SRB has taken place at a time when the policy context is fluid. Regeneration programmes along with other programmes are being reviewed. Regional Development Agencies (RDAs) are to be established in 1999 along the lines set out in the White Paper "Building Partnerships for Prosperity". The New Deal for the young and older unemployed is being piloted in eight local areas. Health Action Areas and Employment Zones are being set up in selected localities. The Social Exclusion Unit has been set up in Whitehall and will focus initially on specific cases of exclusion such as the homeless and pupils excluded from schools.

Against this changing policy background the results of the interim evaluation of SRB provides some insights into three key questions:

- I. Is there a continuing valid rationale for maintaining a holistic area based regeneration programme such as SRB?
- II. Is a competitive challenge fund approach for a limited amount of regeneration funding consistent with the targeting of resources to the most needy local areas?
- III. Is the approach, design and management of the SRB Challenge Fund appropriate for an area based regeneration programme and can improvements be made?

Rationale

The social survey and other baseline work in SRB case study areas shows clearly that some localities suffer the whole range of economic, educational, social, community and environmental disadvantage relative to the national average and that these multiple aspects of deprivation afflict a relatively high proportion of the resident population. The breadth and depth of deprivation single them out from other areas which suffer only singular aspects of deprivation amongst relatively small groups within the population.

In areas similar to those covered by the case studies the deprivation can become endemic, inter-generational and cumulative with widespread alienation and exclusion from mainstream society - with each aspect of disadvantage adversely affecting and interacting with others. For example, poor economic performance leads to unemployment, low incomes and benefit dependency and social problems such as poor school attendance and attainment and high levels of crime. These social problems and the poor image connected with them encourage the private sector to move away from the area causing further economic disadvantage and encouraging out-migration of higher income households. Market forces work to accentuate the problems rather than to correct the multi-dimensional failures. The costs falling on the Exchequer, in the form of social security benefits, social services and policing are high and permanent.

The rationale for an area based comprehensive regeneration programme is that it can address the multiple market, institutional and community failures and hence reduce the costs on society of attempting to maintain the status-

quo. The availability of hypothecated and targeted regeneration funding can be used to top-up mainstream programme spending in difficult high cost areas in circumstances where the statutory obligations of mainstream programmes limit the amount of area targeting that can be undertaken in priority areas without damaging other areas. The analysis in Chapter eleven shows that SRB funding only gave partnerships negotiating power sufficient to bend mainstream programmes by a modest amount. Moreover, the analysis in Chapter ten suggests that SRB partnerships can generate extra efficiency in delivering regeneration projects, compared with a single focus agency departmental approach, through improved co-ordination, synergy and clustering effects.

The conclusion of the evaluation team, based on interim evidence after two years operation of SRB, is that there is a continuing valid and strong rationale for an area based regeneration programme.

Area targeting of regeneration resources

One critical issue is whether it is possible to retain the benefits of a competitive challenge fund type of approach whilst also ensuring that regeneration funding is targeted to local areas most in need. Even if the competitive element is sacrificed, there are other issues surrounding how limited resources can be allocated most efficiently in relation to needs. One relates to how well needs can be measured. Another relates to the relative merits of concentrating all available resources on a small number of very needy areas, as opposed to the SRB approach so far of spreading resources quite widely across a larger number of local areas to address a gradation of needs.

Local area partnerships and Government Regional Offices consider that there are merits in a competitive system of bidding for funding by local partnerships. The main sources of benefit are in the effects it has in the forging of effective and genuine rather than token, paper partnerships and in the disciplines it provides for local partners to work together to design cost effective “bottom-up” innovative regeneration schemes which are customised to local problems. It has also promoted a more strategic approach to comprehensive regeneration and has promoted a rapid learning process within

partnerships in relation to managing regeneration schemes and in demonstrating public accountability. The annual bidding rounds of the Challenge Fund provides a tight but manageable timetable and a discipline in completing the tasks on time. Generally it has educated and sharpened up the way in which local partnerships operate.

Chapter five contains an analysis of how well the SRB Challenge Fund system has targeted regeneration resources in relation to local areas most in need. The position after three rounds of SRB is examined. The results show that the targeting of funding to areas of need has been generally successful. More funding has been awarded to the ten most deprived areas than the next ten and so on. Moreover pockets of deprivation in otherwise more prosperous areas have also been addressed. But the targeting to need has not been precise. Two areas with the same scale and depth of deprivation do not receive the same scale of funding. There was also a long tail of small successful schemes in less deprived areas, some of which were addressing particular problems found in more remote rural areas.

The evaluation team consider that there are three reasons why the competitive SRB system has allocated resources broadly in accordance with local needs. Firstly, SRB spending is allocated to GORs on the basis of needs and size taking account of commitments. Secondly, local partnerships have targeted their schemes well in relation to local needs. Thirdly, GORs have encouraged schemes in the most needy areas in reviewing outline bids. Thus the evidence from the evaluation is that a “managed” competitive system is consistent with one which also targets effectively in relation to local needs.

In the summer of 1997 the incoming Government issued further guidance to ensure even more effective targeting to local needs. GORs were asked to examine their regions’ needs and priorities as a guide to local partnerships in preparing new bids with a view to encouraging bids from the most needy local areas. The position with respect to targeting local needs should therefore be even better after round four than it was after round three.

In considering any options for future policy, local area needs will have to be examined in relation to SRB existing commitments to local areas over the previous four Rounds of SRB. In many areas of high need, regeneration

funding of very substantial amounts has already been committed for up to five to seven years ahead. In considering the priorities for any new funding it is crucial that these commitments are taken into account. Account should also be taken of changes to the recently updated Index of Local Conditions/Index of Deprivation which has also been subject to methodological improvements and which is the best indicator available of relative local area needs in urban areas. What is required now is an assessment of local needs “not catered for” using the recently updated indicator of needs.

Another option is to retain a competitive challenge fund element constrained and managed to allocate resources according to local needs. The new RDA partnerships would set the regional strategies, in relation to opportunities and needs. Economic opportunities would be pursued with RDA funding. Underneath the private sector led RDA regional partnership would be a series of core local area partnerships which would bid for regeneration funding after developing their own local area strategy consistent with the wider regional strategy. All regional and local area partnerships would be supervised and guided by GORs or RDAs to ensure public accountability and cost effectiveness. This option should ensure effective targeting of regeneration resources according to local area needs. To ensure that it does, there could be more precise steering of funding from the centre in such a way as to stipulate which types of area will qualify for regeneration funding and which will not.

In its first four rounds SRB bids could be submitted from all 366 local authority district areas in England, even though the then Index of Local Conditions classified only 99 Districts as being deprived. Some of the 267 less deprived Districts, however, included pockets of deprivation within them. About 20% of SRB funding was allocated to a long tail of small schemes in the less deprived Districts - often addressing specific remote rural area problems rather than deprivation per se. This had, in the view of the Evaluation Team, the benefit of helping to catch emerging problems and do something about them before they became entrenched. This was a valuable source of flexibility hitherto relatively absent from the Government response which has been somewhat burdened with fixed, spatial boundaries that needed elaborate reviews and revisions before change could be brought about.

Since it is also the case that the most deprived areas require substantial, sustained funding to successfully make inroads into the wide range of inter-related problems they have, then one option, to remove eligibility from the 267 less deprived areas and define SRB qualifying areas more closely than hitherto. There are many options as to where the qualifying lines could be drawn should such an option be favoured. One is to limit regeneration funding to bids which met one of two qualifying conditions which are:

- I. The bid target area should be located in the 99 most deprived local authority district areas as measured by the recently updated Index of Deprivation.
- II. The bid should have more than 25% of its target area in the 10% most deprived Wards nationally according to the Index of Local Conditions.

The advantage of having two qualifying definitions is that Districts not in the 99 most deprived areas, on average, can qualify under the second criteria if they have a severe local pocket of deprivation.

Given that the Index of Deprivation is not designed to measure problems which specifically occur in remote rural areas, such as transport services, village shops, and high cost public service provision and that these occur mainly in the 267 less deprived Districts, one option would be to address rural development problems outside the main SRB type regeneration programme. For example, the RDAs could manage a rural development programme in each region funded from the former EP and RDC budgets (plus a little of SRB if necessary). Such a programme could take the form of a rural challenge fund or could be pro-active.

Whichever option is chosen for any future regeneration programme, its characteristics and practicalities in terms of structure, management, delivery mechanisms etc. will need to be resolved. In the next section we briefly review the main characteristics in relation to evidence emerging from this interim evaluation.

X4 The design, structure and delivery arrangements of a future regeneration programme.

We set out in Chapter one the main programme characteristics which have to be considered in addition to targeting to local needs as discussed above. These are:

- a) Delivery through partnerships or not
- b) Geographical boundaries
- c) Breadth of regeneration functions
- d) Degree of competition for funds
- e) Involvement of the private sector
- f) Local capacity building, particularly in relation to the voluntary /community sector
- g) Relationship to other funding regimes
- h) Public accountability

In this section we briefly describe where the balance of evidence from this interim evaluation lies in relation to each of these characteristics.

(a) *Partnership.*

The evidence from the interim evaluation is that, whilst some early attempts at local partnership in round one were far from effective, SRB has been a powerful system in cajoling local partnerships rapidly up a steep learning curve so that the vast majority of local partnerships are now genuine and effective partnerships rather than paper or token partnerships. The work of GORs has been crucial in this process of moulding effective partnership. The best partnerships have fully involved local communities in regeneration and this has given the local community a sense of ownership. There is evidence that local partnerships assess local needs well and achieve some co-ordination, synergy and clustering benefits. There is still some way to go in bringing the worst partnerships up to the standards of the best and partnership tensions and system inefficiencies prevail in a large minority of partnerships. Overall, delivery through local partnership has proved itself and could usefully be retained.

One issue for the future is the danger of proliferation of the number of local partnerships and the difficulties this might cause for RDAs which may have to oversee them. The idea of encouraging one core partnership operating with flexibility in each local area might be considered. Core partnerships might well become the local centre of excellence for handling SRB schemes in that area as well as EU Structural Funds and other regeneration initiatives. Expertise in project design and delivery would then be combined to yield

economies of scale, synergy and co-ordination benefits. It would be important, however, to avoid organisations, the private sector and community groups who may wish to become involved in the regeneration process from being excluded because they were not involved in the original partnership.

(b) *Geographical boundaries.*

Existing SRB partnerships prefer the current system where each bid can define its own target area, to one such as City Challenge and UDCs where the boundary of the target area is imposed from the Centre and fixed for the duration of the programme.

(c) *Breadth of regeneration functions.*

The evidence from the baseline work undertaken by the evaluation team is of multi-faceted regeneration needs which requires policy intervention in which all aspects of economic, social, community and environmental needs are addressed simultaneously. This suggests a programme with a wide breadth of regeneration functions as the most appropriate for the future.

(d) *Degree of competition for funding.*

The balance of the evidence is that competition has raised the average quality of partnerships and projects and that partnerships stay together to improve their performance even when initially rejected in the competitive process. There is little evidence, given the rigorous process of bid approval, that Central Government and/or their Regional Offices select schemes according to hidden agendas. Moreover, the actual allocation of resources according to need has not been widely distorted by the competitive challenge fund nature of SRB. Competition, rather than being highly expensive and time consuming, appears to enhance the efficiency of local partnerships.

The evaluation team consider that the principle of competition can be retained in future. It could be combined with a range of options, to improve targeting in relation to local need as described above. Competition imposes desirable disciplines on all concerned, particularly when there is dialogue between Government Offices for the Regions and partnerships.

(e) ***Involvement of the private sector.***

It is the intention that RDAs will be private sector led regional partnerships which is fitting if RDAs will be concerned mainly with exploiting economic opportunities in the regions. The SRB partnerships have worked hard to involve the private sector in their regeneration schemes with encouraging but mixed results so far. The analysis in Chapter nine examines the different ways in which the private sector can become involved in, and provide private funding for, local area regeneration programmes. The appropriate role for the private sector varies widely with the type of regeneration scheme envisaged and this has to be taken account in considering the desirable or optimum involvement of the private sector in local regeneration partnerships.

Some SRB partnerships could usefully review their schemes with the aim of strengthening their private sector representation. This will be all the more important in getting the most out of their potential relations and joint working with their respective RDA.

(f) ***Local capacity building, in relation to the community/voluntary sector.***

It emerged from Chapter eight that there are good practice case studies, both in involving community/voluntary groups in partnerships and in building the capacity of community groups. But these are probably in a minority. In many partnerships, the community sector is not genuinely playing a full role in partnerships, nor have they a strong enough capacity to do so. Hitherto SRB has made distinct progress in capacity building but there is clearly much still to be done.

The evaluation team consider that there is a case for introducing more specific capacity building mechanisms into any future regeneration programme. This is also the view of the CDF and CRE. One option, of having a separate capacity building sub-budget, may be inflexible. We favour more flexible guidance whereby each partnership should be encouraged to include one or more projects to be managed explicitly by the voluntary/community sector and that these projects should include a proportion of its funding (up to 20%) for the specific purpose of strengthening the administrative, management expertise and capacity of the community/voluntary groups (including where appropriate formal training).

Another option is to provide a limited seed corn fund designed to finance strategic capacity building projects put forward by the voluntary /community sector to the GORs for a relatively limited period.

(g) *Relationship to other funding regimes.*

Problems have arisen in case study partnerships in the timing, scheduling and other systems of other public sector programmes in relation to SRB - not least with EU Structural Funds. On a positive note partnerships also report that the SRB system has been instrumental in accelerating the progress of other funding regimes which are otherwise searching in vain for “good” projects and matching funding partners. Future policy should if possible seek to address the first problem whilst preserving the distinct benefits of the second observation.

The European Structural Funds are scheduled to be reviewed and revised in 1999 - roughly at the same time as the RDAs will become fully operational. Early signs such as those contained in the Commission’s 1996 Report on Economic and Social Cohesion suggest that reform could well be in the direction of targeting more to local areas of social and economic exclusion rather than larger sub-regions which make up the traditional Assisted Areas. If this was to be the case, there would be an opportunity to match and co-ordinate the main domestic regeneration programmes much more closely to the EU Structural Funds regeneration programmes, to the benefit of both. Ideally the same local area partnership would be closely involved with both.

Relationships between an SRB regeneration programme and other existing and new departmental initiatives such as education and health action areas, the New Deal and Employment Zones will also need to be considered. This would best be dealt with in an inter-departmental working group initially prior to each department issuing central guidance to the respective initiatives locally, including existing SRB partnerships.

Co-ordination under the four rounds of SRB Challenge Fund has been achieved most easily where the Government Offices for the Regions have been in “control” of other funds (ie Structural Funds). Where external agencies are making the decision it is likely to be much more difficult (eg lottery, New Deal etc).

(h) *Public accountability and Government Regional Offices.*

One of the strongest conclusions of this interim evaluation is that the original concept of SRB being a “hands-off” policy instrument has not proved to be realistic in terms of ensuring public accountability and has gradually become more “hands-on”. There is a consensus that GORs have played a crucial role in policing the 500 or so local partnerships and that much of the success of SRB has been due to the firm, but flexible, and sensitive activities of GORs. Without GORs the demonstration of public accountability would also have been at risk.

In future, this role of encouraging, guiding, overseeing and policing the 500 existing SRB local partnerships may be passed on to the new private sector led Regional Development Agencies. This could prove a difficult task for the RDAs to carry out, particularly in the early years when they will also be seeking to develop regional strategies and stimulate inward investment in circumstances in which experienced SRB staff may choose not to move into the RDAs from the Government offices.

PREFACE

The Single Regeneration Budget Evaluation Unit

This is a summary of the conclusion of the interim evaluation of the Single Regeneration Budget (SRB) Challenge Fund which brings together the first two years work of the evaluation team based in the Department of Land Economy in the University of Cambridge. It is led by Dr Peter Tyler and John Rhodes assisted by Angela Brennan. The evaluation team are tracking the progress and achievements of 20 SRB case studies over a period of eight years. In the period leading up to this interim report the evaluation team has reviewed the benefit of assistance guidance and advice from a large number of people.

The evaluation team also includes Wendy Russell and Steve Stevens based in the Department of Land Economy and Roger Tarling and Kate McEvoy from Cambridge Policy Consultants. The core research team has been assisted in the social survey aspects of the study by Mark Speed and Bobby Duffy from MORI and Mark Kleinman and Christine Whitehead from the London School of Economics.

The work was guided by a Steering Group from the Department of the Environment, Transport and the Regions which comprised Paul Evans, Mike Gahagan, Judith Littlewood, Lesley Smith (Nominated Officer), Gillian Smith, Sam Mason, Paul McCafferty, Stephen Aldridge, John Wallace, Debbie Butler and Fiona Cruickshank. Other members of the Steering Group included; Daniel Hulls (HM Treasury), Celia Dale (Home Office), Steve King (Department of Social Security), John Elliot (Department for Education and Employment), David Andrews (Department of Trade and industry), Robert Smith (Assistant Director Housing & Regeneration - GOEM) and Ralph Ward (Government Office for London).

Valuable assistance and comments were received from members of an Advisory Group which included; David McAlister (Scottish Office), John Elliot (Department for Education and Employment), David Andrews (Department of Trade and Industry), Steve Dunn (Rural Development Commission), Ailsa Blair (ADC Economic Development, Tourism &

Leisure), John Woodall (Chief Executive, Dudley TEC), Gabriel Chanan (Community Development Foundation), June Dawes (Housing Corporation), Jill Goldsmith (National Audit Office), Joel O'Loughlin (Urban Forum), Cay Stratton (Business in the Community), Professor Peter Hall (University College London) and Richard Beattie (English Partnerships).

The research team would also like to acknowledge the extensive assistance given by the Government Offices for the Regions and also the following twenty case study partnerships without whose co-operation and help this research would not have been possible.

Northumbria Community Safety

West Midlands Industrial Club

Limes Farm Partnership

West Cornwall Initiative

Brent & Harrow

Hangelton Knoll Project

Bristol Regeneration Partnership

Merseyside Learning Partnership

Chalkhill Estate

Lancashire Manufacturing Partnership

The Rochdale Partnership

Regenerating Wolverhampton

Made in Swadlincote Partnership

South Leytonstone Community Partnership

Brighton Regeneration Partnership

City of Sunderland Partnership

Hull City Visions

Nottingham Partnership Forum

Woolwich Development Agency

Royds Bradford

1 THE NATURE OF THE PROBLEM

1.1 Introduction

The Single Regeneration Budget Challenge Fund (SRB CF) was introduced in April 1994. It combined twenty previously separate programmes designed to bring about economic, physical and social regeneration in local areas and its main purpose was to act as a catalyst for regeneration in the sense that it would work to attract other resources from the private, public and voluntary sectors in order to bring about improvements in local areas to the quality of life of local people. It was designed to do this by addressing local need, stimulating wealth creation and enhancing the local competitiveness of the area as a place in which business wished to invest and people wanted to live.

The activities of the SRB CF were intended to make a real and lasting impact partly through the projects which were financed as part of the local regeneration package but also, and perhaps more importantly, through the encouragement of local partnerships. The local partnership approach was seen to be the vehicle by which local players would come together to formulate a joint approach to meeting local needs and priorities.

In the first year of its operation the SRB CF undertook to meet on-going regeneration commitments which had arisen under the previously separate programmes and this amounted to all of the SRB CF spend in that year of £1.4 billion. However, in 1995/96 following a competitive bidding round administered by the Government Offices for the Regions around £1 billion of new money was committed to local regeneration schemes, some of which were designed to last for seven years. It is with the achievements of these schemes under round one and round two of the SRB CF that this Interim-Evaluation is concerned

The SRB budget has also supported the activities of three groups of Non-Departmental Public Bodies whose budgets were ring-fenced within the original SRB budget total. These are English Partnerships, The Urban

Development Corporations and the Housing Action Trusts (HATs). These are not the subject of this evaluation.

1.2 The nature of the local area regeneration problem

Perceptions as to what constitutes a local area regeneration problem differ. There are, however, usually three inter-related components. There may be a weakened economic base, combined with large concentrations of unemployed and socially disadvantaged residents in an area which often has a very poor physical environment. It is often the young in such areas who feel the most alienated and directly affected by poor quality housing and other facets of poverty and this in turn often leads to problems associated with truancy, drugs and crime. The problem is not, as such, simply that the economic fortunes of a local economy decline. Rather, it is the cumulative unbalanced nature of the decline which seems to have a momentum of its own passing from one generation to the next and which is seemingly impervious to resolution by market forces and the impact of mainstream public policy programmes.

There is often considerable variation, but some of the worst areas have all of the following characteristics;

- high levels of unemployment (typically three or four times the national average) and unemployment rates in excess of 40% amongst specific groups like the young and those from ethnic communities.
- a disproportionate concentration of workers in relation to national or regional averages who are unskilled, have relatively locally subscribed travel to work areas, below average educational attainment and low incomes.
- low take-up rates of mainstream programmes including training and higher education and high take-up rates of social and housing benefit.

- above average rates of crime and ill health amongst residents and the local area having a poor image as a place to live and work in with a poor environment and run-down shopping and leisure facilities.
- few, if any, large companies remaining in the area as a result of closure associated with structural decline or the out-flow of investment as a direct result of the adverse conditions and image of the area concerned.
- a low rate of new firm start-up and low numbers of small firms generally
- dilapidated run-down premises and land and a shortage of modern industrial and commercial premises, particularly for small enterprises.

The type of areas which have all, or some of the above characteristics, can vary considerably. Thus, at the present time it is possible to find severe problems of an economic, social and/or physical form in inner city areas, out-of-town housing estates, free-standing towns or peripheral rural villages. Identifying, and thus, addressing the problems faced can be a very difficult challenge.

Some of the most difficult problems by far are to be found in the inner cities. Inner cities often have all of the adverse characteristics described above and yet not that many years ago in historical terms they were often bustling communities with an economic vitality with housing and property eagerly sought after. Throughout the post war period there have been substantial changes in the location of people and jobs as major structural changes have swept through the United Kingdom economy. One of the most dramatic examples of this has been the relative decline of the old urban cores as people have chosen to live in more rural areas and as industrial, and to some extent commercial, investment has rationalised against urban locations.

In many respects the powerful market forces behind what has now been termed the urban-rural shift of people and jobs have been reinforced by government policies such as New Town and Overspill policies which have also sought to facilitate a decanting of activity from the large cities.

What is perhaps the most surprising about the urban to rural shift of economic activity in the United Kingdom, and which is illustrative of the problems facing those who wish to bring about local area regeneration, was that the consequences of this shift for those who chose to live and work in the urban cores appeared to go largely unnoticed for many years. The relatively slow policy response was partly a reflection of the lack of understanding as to the nature of the problems affecting the areas concerned and the main drivers provoking the pattern of change. It did, however, also reflect issues relating to the adequacy of the existing central and local government institutional response in the face of the quite complex economic, physical and social factors that are responsible for the problems which were emerging and the type of policy response that are required to bring about a renaissance of the urban, and in particular, inner city areas in the United Kingdom.

A considerable body of research and analysis sponsored by Government and others throughout the 1970s and 1980s has helped to increase understanding of the nature of local area problems. When this analysis was completed for the inner cities, for example, it became clear that the scale of the problems facing the old traditional urban cores of Britain's industrial revolution were truly breath-taking in terms of the physical dereliction, economic decline and deprivation which had occurred.

1.3 Further insight into the nature and extent of economic and social deprivation at the local level

Whilst a considerable body of evidence has now been accumulated about the nature and extent of local area regeneration problems, it remains the case that there is a great paucity of up to date information at the local level relating to the characteristics of households in deprived areas, the factors that lead to social exclusion and what are the views and feelings of those who are, or believe themselves to be, socially excluded.

In order to provide further insight into the nature of the economic and social aspects of local area problems and to emphasise the powerful interactions which exist between different facets of the problem a large survey of

households in eight of the case study areas was undertaken. The survey sought to provide a clear baseline for the research so that it was possible

- a) to indicate the extent to which the degree of social deprivation and labour market distress was *disproportionately* greater in the areas concerned and
- b) as a benchmark from which to assess change over the years as the SRB initiative unfolded in the area concerned. Bearing in mind the substantial methodology difficulties that exist in identifying cause and effect and allowing for other factors that influence the pace of change in local areas.

The full evidence from this extensive household social survey will be described in a future Report. The survey results indicated most clearly the broad characteristics of households in the seven SRB case study areas which were the subject of the investigation. In general the areas contained;

- in relation to the nation as a whole a below average proportion of heads of households in full and part time employment
- an above average proportion of households with the head unemployed and seeking work
- an above average proportion of households whose members were economically inactive
- relatively few of the members of the households held qualifications
- a high proportion of the households were dependent on various kinds of state benefits for their income. Average household incomes were in general below the national average.
- the proportion of lone parents was very much higher than the national average
- the proportion of households renting rather than owning their own properties was much higher than the national average.

Overall, the picture painted is one of low economic activity, low employability, low incomes and high benefits dependency. Moreover, it is also important to assess what the people living in relatively deprived areas feel about the area, their dwellings and what *they* see as serious problems which are reducing their general levels of well-being. It is precisely for these reasons that it was necessary to undertake the surveys concerned.

The Social Survey revealed that the households in the SRB areas were two-three times as dissatisfied with their dwellings and the conditions in their area than might be expected in the light of results from national surveys. One in three households regarded crime as a serious problem in their area compared to one in five nationally. Some 23% of households pointed to serious crime problems associated with drugs compared with only 3% of households nationally. The poor physical environment of the local areas was indicated by the fact that some 28% of households identified a serious problem with traffic compared to a national average of 18%.

What also stood out was the strong statistical associations between the economic, social and housing characteristics of the residents in an area and their views, fears and perceptions and the way in which all these factors come together to reinforce social exclusion. Logistic regression analysis was used to reveal these interdependencies in the Social Survey. Thus, those residents on income support tended to have a higher probability of;

- living in rented accommodation
- not being married
- relatively young
- not having good health
- having children
- not coping with their incomes
- being a working age lone parent
- not being a car owner and thus not very mobile
- not likely to be able to move out of the area concerned
- having no qualifications
- of ethnic origin
- be unemployed or sick

In a similar way, those residents who were unemployed or out of work because of illness had a higher probability of being;

- living in rented accommodation
- male
- relatively young
- in ill-health
- not able to cope on their income
- a lone parent
- no qualifications
- on income support

Those dissatisfied with their area tended to ;

- not be able to call on friends for help
- not be closely involved with the community
- live in rented accommodation
- often male
- with children
- did not feel safe after dark
- not satisfied with the sports and leisure facilities in the area
- not able to cope on their level of income support
- a car owner
- wanted to move
- have qualifications
- not in good health comes up for those just on income support

Increased understanding as to what constitutes the nature and form of local area regeneration problems and the market and government mainstream programme failures which under-pin them has been reflected in the evolution of the policy response and it is to this which we now turn.

1.4 The regeneration policy trail

As the previous section has indicated throughout the 1980s and 1990s a considerable amount has been learned about the nature of local area regeneration problems and what might be considered to be the most appropriate policy response.

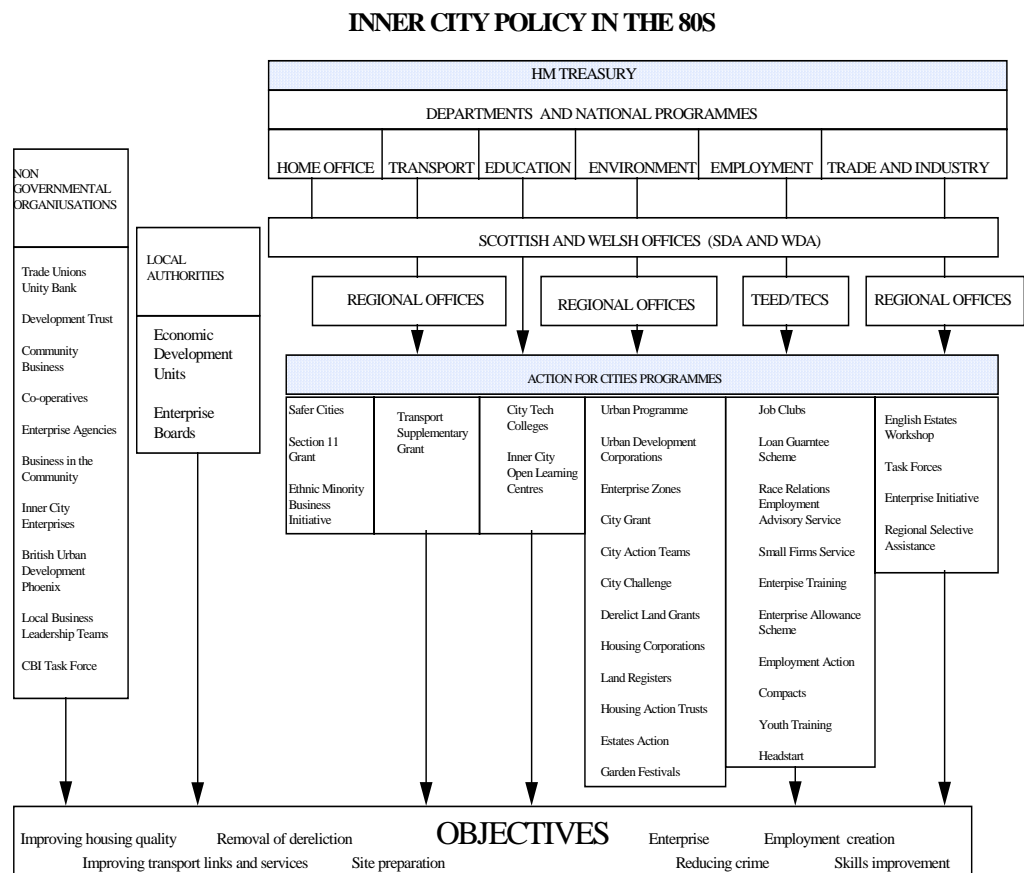
This has been reflected in the evolution of the policy response. Much of the policy response was concentrated on the urban areas which in the main had

the worst levels of economic, physical and social deprivation. Figure 1.1 is helpful in describing the policy trail. This describes a range of local area regeneration initiatives. By the early 1980s there were about thirty programmes under the broad umbrella of the Action for Cities Programme. Six central Government departments were involved and there were a range of other players at the local level responsible for some aspect of local regeneration ranging from local authorities through to Business in the Community. Policies were co-ordinated at the regional level by the office of the central Government department concerned. TEED was responsible for co-ordinating delivery for employment and enterprise programmes involving the TECs.

DoE had one of the most extensive range of programmes. A heavy emphasis was placed on land and property led economic regeneration through initiatives like the Urban Development Councils, Enterprise Zones, Derelict Land Grant and Estates Action. The rationale for these programmes was focused squarely on overcoming market failures in land and property markets.

The Department of the Environment was also responsible for the operation of the Urban Programme which was established originally in 1969 and which had as its principal aim the rebuilding of confidence and the encouragement of investment in urban areas. Urban Programme funds have been given very much on a project by project basis. With the proposed projects submitted by the local authorities concerned. By the early 1990s the Urban Programme was superseded by City Challenge which represented a distinct departure from the conventional project driven approach. The aim of City Challenge was to encourage sustainable improvements in deprived areas through a process of resource allocation based on competitive bids from local authorities. The emphasis was on 'encouraging local authorities to draw up imaginative, ambitious and realistic plans to revitalise key areas of urban regeneration.' (The Government's Expenditure Plans; 1997-98 to 1999-2000 Department of Environment Annual Report 1997). The plans were required to be implemented by *partnerships* between the local authority, private and voluntary sectors and the local community. Eleven Pacemaker Partnerships were established in 1992. A further 20 Round Two partnerships were designated in 1993. The regeneration initiatives were designed explicitly to have multiple objectives brought together within an overall regeneration plan.

Figure 1.1 The regeneration policy trail



Source: Moore, "Taking on the Inner Cities", 1992

The Department of Employment was also heavily represented through a range of programmes which embraced Job Clubs, the Enterprise Allowance Scheme, Compacts and Headstart. In many cases the emphasis of the programme was on re-integrating individuals into the formal job market and overcoming market failures in the labour market.

The Department of Industry had a central role throughout the whole of the period with policy support measures like Regional Selective Assistance and through the activities of English Estates.

For at least part of the period the Department of Employment was also responsible for the operation of the Task Force initiative. Task Forces were first designated in 1986 and have continued to operate in small inner city areas of typically three wards covering 25,000-30,000 people which have high concentrations of the disadvantaged. Each Task Force had a leader and a staff of typically four or five spending something in the region of £1 million per year on local area regeneration projects.

Other government departments included the Home Office with its Safer Cities Initiative and assistance under Section 11. There were also initiatives supported by the Department of Education, most notably City Technology Colleges and Inner City Open Learning Centres.

Table 1.1 presents evidence on the amount of government expenditure being devoted to regeneration in 1993/4 and 1994/5 (the first formal SRB year in which the SRB Challenge Fund began operation. The table also shows the main programmes subsumed under the SRB Challenge Fund. By 1994/95 over £1.5 billion was being spent on regeneration measures of which some £1.46 billion was under the auspices of SRB.

It is against this backdrop that we can see the evolution of the SRB model for urban regeneration. Whereby the need to recognise regeneration problems, the perception of them, and the priority given to particular aspects, is delegated more to local partnerships. In order to highlight the key features of the SRB Challenge Fund approach to local area regeneration it is helpful to identify seven key characteristics of regeneration delivery mechanisms. These are;

- **Degree of Involvement of Other Parties**

Three main other parties can be considered; namely Other Government, the private sector and community/voluntary sector. Involvement between the initiative and each of these parties can occur at all stages of the policy process from formulation to implementation and the involvement of each of the respective partners can vary considerably;

- **Degree of Competition for Funds**

This criterion reflects the process by which funds are allocated. Two extremes can be considered. The first is a totally proactive regime whereby the regeneration body concerned defines relative priorities and allocates funds to meet these accordingly. The other is where application is made for available funds through a competitive bidding process, or what has come increasingly to be referred to as a challenge fund regime. There are many variations in between these extremes. It has frequently been the case in urban and regional policy formulation in the United Kingdom, that a regeneration organisation charged with specific objectives has operated in a proactive way and thus decided where it is going to commit resources to develop land, build

advance factories or train particular groups of workers. During the late 1980s/90s Challenge Fund models had begun to increase in prominence. In many cases there may be a combination of proactive and competitive arrangements.

Table 1.1 Regeneration expenditure

	1994-95 outturn	1995-96 outturn	1996-97 est outturn	1997-98 plans
<i>Single Regeneration Budget</i>				
UDCs ¹	258.0	217.9	193.8	168.0
Docklands Light Railway	29.1	37.1	20.7	33.9
English Partnerships (URA) ²	191.7	211.1	229.6	209.6
Housing Action Trusts	92.0	92.5	87.7	88.7
Challenge Fund		136.4	264.9	481.6
Estate Action	372.6	315.9	256.7	169.9
City Challenge ³	233.6	226.8	230.1	143.0
<i>Other SRB⁴</i>				
Urban Programme	67.8	}	}	}
Task Forces	15.7	}	}	}
Business Start-up Scheme	63.8	}	}	}
Local Initiative Fund	34.5	}	}	}
Compacts	5.2	}	}	}
Teacher Placement	3.3	}	}	}
Education Business Partnerships	2.5	}	}	}
TEC Challenge	3.5	}	}	}
Programme Development Fund	3.1	}117.9	}65.5	}21.2
Regional Enterprise Grants	11.8	}	}	}
Section 11 (part)	65.3	}	}	}
Ethnic Minorities Grant	5.7	}	}	}
Safer Cities	1.9	}	}	}
Ethnic Minority Business Initiative	0.6	}	}	}
GEST 19	4.2	}	}	}
City Action Teams	0.2	}	}	}
CFERs ⁵	-7.8	}	}	}

¹ All Urban Development Corporations (UDCs) due to wind-up by March 1998 as they complete their work. Leeds, Bristol and Central Manchester UDCs wound up on 31 March 1995, 31 December 1995 and March 31 1996 respectively. Figures include payments made by the Department in respect of UDC liabilities after wind-up.

² English Partnerships figures prior to 1994-95 include spending on City Grant, Derelict Land Grant and English Estates and associated administration costs.

³ City Challenge figures include a contribution from the Housing Corporation.

⁴ From 1995-96 total includes aggregated continuing commitments from the programmes brought together in the SRB

⁵ Consolidated Fund Extra Receipts.

Total SRB	1,458.2	1,355.5	1,348.9	1,315.5
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Table 1.1 Regeneration expenditure (contd.)

	1994-95 outturn	1995-96 outturn	1996-97 est outturn	1997-98 plans
<i>Other Regeneration</i>				
Manchester Regeneration	30.2	1.6	-	-
Coalfield Areas Fund	2.0	0.4	-	-
European Structural Funds	159.4	112.8	189.6	150.8
New Towns	-135.3	-125.0	-100.0	-105.0
Special Grants Programme	1.2	1.2	1.0	1.3
Local Investment Fund	1.0	-	-	-
Urban Development Grant	0.1	-	-	-
Publicity	0.3	0.3	0.3	0.3
Dearne Valley	0.8	0.8	0.8	0.3
Groundwork ⁶	5.9	6.2	6.9	6.7
Manchester Bomb Fund			0.2	
CFERs ⁵	0	0	-6.0	0
Total Regeneration	1,517.0	1,347.7	1,434.9	1369.9

Source: The Government's Expenditure Plans 1997-98 to 1999-2000 (Department of the Environment).

- **Boundaries**

The crucial distinction here is between the initiative working with fixed boundaries or without boundaries. Between these two extreme a number of variations are possible with an example being a broadly fluid boundary structure with some layering to reflect major differences in need;

- **Breadth of Functions**

This criterion considers the range and variety of functions to be included in the structure and activities of the regeneration initiative. A number of variants are possible in the degree to which a function is represented reflecting how many resources the regeneration body may be able to devote to any particular function;

⁶ Groundwork was moved to Regeneration from the Countryside and Wildlife Division as of 1997-98. Therefore figures before 1996-97 do not contribute to the total line.

- **Delivery**

This describes the way in which the policy operates to identify need and allocate its resources. There are two extremes. The first is where need and priorities are decided by an organisation responsible for regeneration located outside the specific area concerned. The other extreme is where there is complete autonomy for decision making and resource allocation to meet the local need decided totally in the area which is the subject of the regeneration. Actual delivery mechanisms can vary considerably between these two extremes reflecting the extent to which executive power for each aspect of the activities of the regeneration body is devoted to the local level;

- **Local Capacity**

This criterion reflects the strength of local bodies in being able to undertake regeneration activities. Clearly, strength is related to how much autonomy has been given in the past to local bodies to decide local resource priorities and the institutional infrastructure which has developed;

- **Funding**

This refers to whether the initiative is funded directly from central government or whether it is funded from agencies or similar bodies at the local level. Clearly all public funds could be argued to come from a central budget, but this criterion is reflecting where the decision to allocate the funds is made;

1.5 Key features of the SRB Challenge Fund in England compared with Wales, Scotland and Northern Ireland

In this section we examine the features of the different approaches to local area regeneration across Wales, Scotland, Northern Ireland and England in terms of the key characteristics referred to above. This allows the crucial features of the Challenge Fund approach in England to be clearly highlighted.

Regeneration Policy in Wales

Regeneration policy in Wales is the responsibility of the Welsh Office and policy organisational arrangements have changed the least in recent years compared with England and Scotland. Many aspects of economic regeneration are delegated to two grant-in-aid agencies which together cover the whole of Wales. These are the Welsh Development Agency and the Development Board for Rural Wales. Their roles include site clearance, assembly, reclamation and servicing the provision of premises; increasingly in joint ventures with the private sector, the attraction of inward investment, and support of existing businesses. Many of these functions are undertaken by the IDB and LEDU in Northern Ireland.

Wales shares with England the system of Training and Enterprise Councils which are local partnerships with a strong private sector representation charged with implementing training and other labour market measures and advisory services for DMEs. The TECs, taken together, cover the whole of Wales. Similarly, local authorities in Wales have a considerable capacity in the fields of education, social services, planning, transport, and economic development. As in England there is a wide range of locally based partners with considerable capacity in regeneration covering all local areas in the principality. Boundaries for local bodies are fixed but the Welsh office in Welsh Development Agency have the flexibility to operate flexibly by varying the intensity of their activities in local areas.

Whilst much of WDA's activities are focused on sites, premises, inward investment and business support, the Agency can pro-actively undertake urban regeneration projects in conjunction with the Welsh Office, local authorities, TECs and the private sector. However, with the possible exceptions of Cardiff and Swansea there are not very large cities in Wales with deprivation on the scale of Inner Belfast and many of the urban regeneration programmes are relatively small.

The essence of the Welsh regeneration 'model' is therefore a strong central organisation in the form of the Welsh office which dictates overall strategy and the allocation of funding a strong but increasing decentralised Agency for delivering economic functions, and increasingly a pro-active and flexible

inter-agency partnership approach to tackling regeneration problems at the local level as and when they arise. Private sector representation is strong. Local community involvement in regeneration has been weak but consultation is improving. There is no Challenge Fund competitor bidding arrangements as in England.

Regeneration policy in Scotland

The Scottish Office piloted a partnership approach to regeneration, through the establishment in 1988 of partnerships in 4 peripheral housing estates - Castlemilk in Glasgow, Ferguslie Park in Paisley, Wester Hailes in Edinburgh and Whitfield in Dundee. These partnerships were chaired by The Scottish Office, and the membership comprised the local authorities, local enterprise companies and Scottish Homes, as well as representatives from other local agencies (eg the police, health boards, educational establishments), the local community, voluntary and private sectors. These partnerships followed a comprehensive, strategic approach to the regeneration of their local areas. They were intended to have a lifespan of up to 10 years.

Following consideration of the lessons learned from the setting up of these 4 partnerships, Scottish Ministers decided to roll out this partnership approach, through a policy framework called Programme for Partnership, whereby they encouraged the formation of city/district-wide partnerships, in areas where there are significant concentrations of deprivation, to develop comprehensive regeneration strategies for these areas, including proposals for Priority Partnership Areas (PPAs) and Regeneration Programmes. The extent of deprivation was based on the number of worst 10% of Enumeration Districts, derived from the 1991 Census of Population Deprivation Analysis. Each of these partnerships is led by the Council, and comprises Scottish Homes, the Local Enterprise Company, other relevant agencies, and representatives from the private sector, the community and the voluntary sector. Following consideration of bids, in which need and the quality of bids were taken into account the designation of 12 PPAs, together with support for 11 Regeneration Programmes was announced on 11 November 1996. Each of these PPAs and Regeneration Programmes receives Urban Programme funding to help them pursue their regeneration strategy.

The role of The Scottish Office in relation to the new partnerships is different to that adopted for the pilot partnerships. While not directly involved, The Scottish Office does provide Urban Programme resources, via the Council, to assist with the regeneration effort. It also has a role to play in supporting the PPAs, by representing their interests to the national partner agencies as well as within The Scottish Office. It is also facilitating networking between, and dissemination of information to, partnerships, through the introduction of a newsletter, seminar series, and a programme of good practice notes. The most important element of The Scottish Office's role is monitoring the performance of these new partnerships. This includes the setting of targets for a number of programme-level indicators, the submission of a Monitoring and Evaluation Plan, and the submission of annual reports, which will be discussed with partners during annual appraisal visits.

While the regeneration of deprived areas is dependent mainly on resources from mainstream programmes, the Urban Programme provides a dedicated regeneration resource to support regeneration in Scotland. Under the arrangements for administering the Urban Programme prior to 1996, The Scottish Office was responsible for approving Urban Programme funding for individual projects by means of an annual competition in which local authorities throughout Scotland submitted bids for individual projects. Since the introduction of Programme for Partnership in November 1996, each of the 12 Priority Partnership Areas and 11 Regeneration Programme Areas is allocated a block amount of Urban Programme funding to be used to fund initiatives and projects in pursuance of their regeneration strategy. Decisions on which individual projects to fund are therefore made at the local level, where it is believed decisions can more effectively be taken about the initiatives which can best help to regenerate their areas.

Regeneration policy in Northern Ireland

The position in Northern Ireland is in general quite different to the other three countries and this reflects the evolution of the policy delivery mechanism over many years. Thus, the existing policy regime is dominated by the Department of the Environment and there is currently no agency like English Partnerships in England, for example. Other economic development policy focusing on SME's and the attraction of inward investment is the

responsibility of the Department of Economic Development which oversees the operation of policy through the Industrial Development Board (inward investment), Local Economic Development Unit (SME), and the Training and Employment Agency.

The mainstream departments are, in the main, responsible for the delivery of all policies and local authorities are relatively weak in their capacity to deliver economic development policy. There are no Training and Enterprise Councils.

Funding is from the centre and increasingly agency driven. The funding flows in the case of local area regeneration policy from the Department of the Environment through bodies like the Belfast Development Office and Making Belfast Work, and the Laganside Development Agency.

Policy is essentially targeted on fixed spatial areas, a good example of which is the activities of the Laganside Development Corporation. The Department of the Environment is responsible for land clearance, infrastructure and the environment, whilst the Department of Economic Development essentially covers all other economic development activity. The local authority and the private sector is relatively weak when it comes to the delivery of and involvement with economic development, whilst the community sector is essentially relatively strong and well developed in its local capacity. All the policy is essentially currently delivered in a pro-active, project driven manner.

Regeneration policy in England in comparison

The organisation of regeneration programmes in England has several features which can now be identified as quite different to the existing regeneration regimes elsewhere across the United Kingdom. The key differences would thus seem to be;

- Firstly, the functions carried out by the Single Regeneration Budget are wide, compared with Scotland and Wales, and SRB embrace a wide range of objectives which include land reclamation, site preparation, the

provision of premises, grant assisted development, enhancing employment prospects, education and skills, sustainable economic growth and wealth creation, environmental improvement, housing conditions, initiatives for ethnic minorities, reducing crime and fear of crime and enhancing the quality of life including health, culture and sports facilities.

- Secondly, the whole responsibility for the SRB clearly resides with DETR but there are two separate and distinct delivery mechanisms for different parts of the SRB. One part, with its own ring fenced portion of the SRB budget is delegated to a regeneration agency, namely English Partnerships (EP) which can operate pro-actively in any area of England but in practice has focused heavily in more urban areas. Its functions are limited to land clearance and reclamation, the grant aiding of new and refurbished building and in the provision of premises. English Partnerships operate pro-actively to tackle large areas of dereliction via area based regeneration projects in conjunction with the private sector and other public sector partners as well as having grant schemes for which applications are received and appraised on a common set of criteria. EP operates several regional offices to assess local needs and control and implement projects. A strong central top down approach determining funding and strategy is combined with strong EP implementation skills within a partnership approach at the local level. The organisation and mechanisms for delivering the remainder and much the larger part of the Single Regeneration Budget is known as the SRB Challenge fund. In this case the Challenge Fund is operated by DETR in house without recourse to an agency. For the Challenge Fund, DETR lays down the strategy and the ground rules and allocates funding. An allocation of aggregate funding is made by DETR for each English region according to relative deprivation and other needs indicators.

Within each region policy is administered by 10 Government offices for the Regions, each following the DoE central guidelines and within the regional budgetary allocation. Government Offices have a regional director at Assistant Secretary level and senior officers from DETR, DfEE and DTI with a representative from the Home Office. Government Offices have considerable strength and capacity to administer the process of regeneration in their region. But the Challenge Fund is not pro-active.

Instead it asks for competitive local area regeneration bids from local partnerships. These bids are appraised and evaluated by Government Offices and the higher quality bids are funded up to the region's budgetary allocation ceiling. In the first two years of the new competitive system, about half the bids were successful.

- Thirdly, there are no policy boundaries or restriction on the regeneration objectives which can be covered. Any combination of local partners can submit Challenge Fund bids for any type configuration of local area throughout England. Bids can also vary from single objective thematic bids concerned with business support, or crime reduction or housing to multiple objective integrated regeneration bids concerned with a wide range of economic, social and environmental problems in a bad area. The largest areas of bids range from a single housing estate to a whole region.
- Fourthly, such a radical change to the Challenge Fund competitive system was only possible because there are strong local partners in parts of England - notably the local authorities and Training and Enterprise Councils (TECs) which have been prominent in preparing most of the successful larger bids. Many of the local authorities in particular had developed regeneration expertise because of their heavy involvement in the previous twenty regeneration programmes and in European Structural Funds Partnerships. The capacity of community groups in England is however markedly weaker and the Challenge Funds is going to great lengths to involve the community sector in Challenge Fund bids and to increase their regeneration capacities. Also it is not at all clear that early expectations of a strong private sector involvement in local partnership bids are being fully realised.

Table 1.2 summarises the main differences between the existing regeneration regime in England and compares and contrasts it with the current position in England

Table 1.2 Comparison of the approaches adopted to local area regeneration across the United Kingdom

Criteria	England	Scotland	Wales	N Ireland
Existing Policy Regime	DoE: SRB within which regeneration agency English Partnerships (ring fenced). Also remaining life of Housing Action Trusts and UDCs	Scottish Office funds to Scottish Enterprise together with Highlands & Islands Enterprise. These bodies fund activities of Local Enterprise Companies.	Welsh Office funds regeneration agreed with Welsh Development Agency who also now funds assets of Development Board for Rural Wales	DoE no regeneration agency (like EP). Other depts (DED: LEDU/DB/T&EA).
Degree of involvement of private sector, voluntary sector & LAs.	Private sector representation on TECs. Strong LA involvement at local level. Weak community representation.	Private sector involvement on TECs. Strong LA involvement at local level. Weak community representation.	Private sector representation on TECs. Strong LA involvement & representation at local level. Weak community representation.	Weak private sector. Weak LA. Strong community sector.
Degree of competition for funds	SRB: Partly competitive (on application but Govt Regional office allocation needs formula). EP: by application but also proactive.	LECs pro-active - project driven. Might run scheme but mainly pro-active.	LECs & WDA: Pro-active - project driven.	Pro-active - project driven.
Boundaries	Fluid - need driven	Fluid - need driven	Fluid - anywhere with some layering	Mainly fixed. BDO - MBW - parts Belfast. Laganside - as boundaries. DED - fluid.
Breadth of functions	SRB (top up not mainstream): Housing/social/economic/physical/community. EP: economic infrastructure. Land clearance: factories/offices/sites for housing.	All functions except housing/transport, mainstream education and health.	Quite narrow. Not mainstream. Economic infrastructure/business support/urban regeneration. Not training	DOE: Land clearance infrastructure. Local economic development (MBW) DED: Inward investment. Training, business support.
Delivery	Local	Local	Local. Sub-region	Urban regeneration DoE: BDO: UDGs/EIS CERS, MBW Laganside, DED: LEDU, IDB, T&EA, NIHE
Local capacity	Mainstream: Regional offices (GORs). Strong local players: LAs, TECs & other (Chambers). Weak community.	Mainstream: Scottish Office strong local players: LAs & LECs. Weak community.	Mainstream: Welsh Office strong local players: LAs & TECs & other bodies. Weak community.	Mainstream: All functions. Weak players LA & no TECs etc.
Funding	Central	Central	Central	Central increasingly Agency driven.

Source: SRB Evaluation Team, Dept of Land Economy

1.6 Conclusion

Rationale

The social survey and other baseline work in SRB case study areas show clearly that some localities suffer the whole range of economic, educational, social, community and environmental disadvantage relative to the national average and that these multiple aspects of deprivation afflict a relatively high proportion of the resident population. The breadth and depth of deprivation single them out from other areas which suffer only singular aspects of deprivation amongst relatively small groups within the population.

In areas similar to those covered by the case studies the deprivation can become endemic, inter-generational and cumulative with widespread alienation and exclusion from mainstream society - with each aspect of disadvantage adversely affecting and interacting with others. For example, poor economic performance leads to unemployment, low incomes and benefit dependency and social problems such as poor school attendance and attainment and high levels of crime. These social problems and the poor image connected with them encourage the private sector to move away from the area causing further economic disadvantage and encouraging outmigration of higher income households. Market forces work to accentuate the problems rather than to correct the multi-dimensional failures. The costs falling on the Exchequer, in the form of social security benefits, social services and policing are high and permanent.

The rationale for an area based comprehensive regeneration programme is that it can address the multiple market, institutional and community failures and hence reduce the costs on society of attempting to maintain the status-quo. The availability of hypothecated and targeted regeneration funding can be used to top-up mainstream programme spending in difficult high cost areas in circumstances where the statutory obligations of mainstream programmes limit the amount of area targeting that can be undertaken in priority areas without damaging other areas.

The reorganisation of regeneration programmes which occurred in 1994 in England can thus be seen to represent a radical change from both the approach to local area regeneration policy which had gone before it in England and also in relation to that which existed and in the main still exists in Scotland, Wales and Northern Ireland. In summary, it is a system based upon two principal features.

The first is that of partnership, this is very much the ‘engine-room’ of the SRB approach to regeneration. The argument is that the nature of the regeneration problem often contains diverse and complex features embracing economic, social and physical factors and thus successful regeneration requires bringing all the relevant parties to the table who have a stake in improving the general well-being of the area concerned has several crucial features.

The second is that of competition. The argument here is that competition encourages innovation in the approach to regeneration and in essence means that the players concerned have to get their act together. In the context of normal competitive processes getting their act together means delivering what the market wants. In the context of SRB it means achieving a regeneration package and the associated outputs and capacity building that meet the requirements of the Government Offices for the Regions as the main delivery agents for Government of the system. The recent White Paper on RDA’s indicated that this function may now pass to the Regional Development Agencies and we examine the implications of this later in this Report.

Whatever the merits of the radical Challenge Fund approach in terms of local involvement and value for money turn out to be, there may also be identifiable drawbacks of such a competitive system. Even after allowing for the fact that a central allocation of regional funding overrides the pure competitive principle and the fully pro-active EP agency is retained, distortions may be introduced because of the relative skills of those who prepare bids as well as those who appraise them. Some needy areas may not be funded at all. There are also very difficult issues about the interface between SRB schemes, Structural Fund Programmes and English Partnerships where each may work within difficult strategies. SRB, in taking away other policy instruments and committing high sums to five to seven

year Challenge Fund schemes greatly reduces the way in which government can respond flexibly and pro-actively to scheme problems as when they arise. This evaluation seeks to examine what the balance of the evidence suggests the SRB Challenge Fund has been able to achieve. In particular it examines how well the regeneration funds that were available under round one and round two did go to meet need, at least as measured by the Index of Local Conditions. It also examines the partnership process and the benefits it brings, the volume and composition of the regeneration outputs that are being produced and importantly, the degree to which institutional capacity to tackle regeneration problems is being enhanced.

2 THE KEY CHARACTERISTICS OF THE SRB CHALLENGE FUND

2.1 Introduction

There were some 373 partnerships associated with rounds one and two involving the commitment of over £2 billion of SRB funds which in turn levered a further £9 billion of funds from the public and private sectors. All in all this represented a powerful attempt to regenerate areas in need across England. This chapter is concerned to describe the main characteristics of the SRB partnerships that were funded in the first two rounds as a prerequisite to the wide ranging evaluation which then follows.

2.2 The geographical distribution of SRB expenditure in rounds one and two

It is possible from the substantial database which has now been assembled to investigate a number of features of the expenditure which occurred under the first two rounds of the SRB Challenge Fund. Table 2.1 summarises total expenditure by the Government Offices for the Regions and disaggregates the expenditure according to whether it was SRB, other public or private.

Total expenditure on the 373 partnerships in the first two rounds was equal to some £11 billion of expenditure. Of this, £2.2 billion came from the Single Regeneration Budget, £4.37 billion from other public sources and £4.44 billion from the private sector. The geography of the total SRB spend in relation to need (as proxied by the Index of Local Conditions) is examined in considerable detail in chapter 5.

Table 2.2 provides a breakdown of expenditure by the type of area on which the regeneration scheme was targeted. The majority of the partnerships were seeking to bring about regeneration at a relatively small local level with nearly 68% targeted on the Small Area or the Single Local Authority District.

Table 2.1 Total expenditure for round one & round two schemes (total all years)

Region	SRB		Other public		Private		Total	
	£m	%	£m	%	£m	%	£m	%
EM	112.7	5.0	198.6	4.5	274.7	6.2	586	5.3
ES	56.2	2.5	73.2	1.7	175.7	4.0	305.1	2.8
LO	546.7	24.4	1007.4	23.1	1261.5	28.3	2815.6	25.6
ME	165.2	7.4	590.9	13.5	381.1	8.6	1137.2	10.3
NE	240.9	10.8	296.7	6.8	395.4	8.9	933	8.4
NW	276.5	12.4	612.5	14.0	663.1	14.9	1552.1	14.0
SE	110.0	4.9	177.0	4.1	247.9	5.6	534.9	4.8
SW	72.0	3.2	119.2	2.7	93.1	2.1	284.3	2.6
WM	303.8	13.6	479.4	11.0	559.1	12.6	1342.3	12.1
YH	352.4	15.8	811.2	18.6	390.7	8.8	1554.3	14.1
Total	2236.4	100	4366.1	100	4442.3	100	11044.8	100

Source: DETR Database

Table 2.3 examines the regeneration schemes by size according to SRB funding. The evidence suggests that over 37% of the schemes received SRB support in the range £1-5m. Nearly 20% received £500,000 or less and just over 9% received assistance in the range £10-£15 million.

In terms of overall size, including all types of expenditure, the position was somewhat different with just over 19% receiving between £1-£5 million, 16% in the range £20-£50 million, 15% in the range £5-£10 million and 12% in the range £50-£100 million.

Table 2.4 reveals that there was considerable variations across the Government Office regions in the size of scheme supported. The regions with the large conurbations in them tended to have the larger proportions of the very large schemes, particularly London, whereas the more rural regions had a disproportionately larger share of the smaller regeneration schemes. The size of approval schemes has been strongly influenced by the available regional budget which is geared towards commitments enduring from previous urban programmes.

Table 2.2 Area description by region

Region	Small Area	Single Local Authority District	More than 1 Local Authority District	TEC area	County wide	Region wide	Other	Total
<i>East Midlands</i>	12	5	5	1	3	-	-	26
<i>Eastern</i>	14	2	4	-	2	-	-	22
<i>London</i>	31	14	32	7	-	6	-	90
<i>Merseyside</i>	8	6	-	1	-	6	-	21
<i>North East</i>	25	8	2	1	8	2	-	46
<i>North West</i>	15	14	1	-	3	-	-	33
<i>South East</i>	22	16	4	-	1	-	-	43
<i>South West</i>	10	1	1	1	4	3	1	21
<i>West Midlands</i>	11	8	5	1	5	1	3	34
<i>Yorks & Humb</i>	17	13	1	-	3	2	1	37
All regions	165	87	55	12	29	20	5	373
<i>All regions %</i>	<i>44.3</i>	<i>23.3</i>	<i>14.7</i>	<i>3.2</i>	<i>7.8</i>	<i>5.4</i>	<i>1.3</i>	<i>100</i>

Source: DETR Database

Table 2.3 Breakdown of range of total expenditure for all years

Range of expenditure	SRB		Other public		Private		Total	
	<i>No</i>	%	<i>No</i>	%	<i>No</i>	%	<i>No</i>	%
up to 500K	74	19.8	66	17.7	118	31.6	18	4.8
£501K-£1m	32	8.6	29	7.8	28	7.5	33	8.8
£1.01m-£5m	139	37.3	114	30.5	84	22.5	72	19.3
£5.01m-£10m	50	13.4	39	10.5	39	10.5	56	15.0
£10.01m-£15m	35	9.4	40	10.7	18	4.8	32	8.6
£15.01m-£20m	20	5.4	17	4.6	15	4.0	24	6.4
£20.01m-£50m	21	5.6	54	14.5	48	12.9	61	16.4
£50.01m-£100m	2	0.5	11	2.9	18	4.8	46	12.3
£100.01m-£150m	0	-	2	0.5	4	1.1	23	6.2
£150.01m-£200m	0	-	0	-	1	0.3	4	1.1
over £200m	0	-	1	0.3	0	-	4	1.1
	373	100	373	100	373	100	373	100

Source: DETR Database

Table 2.4 Breakdown of range of SRB expenditure for all years by Regional Office

	up to £500K		£501K-£1m		£1.01m-£5m		£5.01m- £10m		£10.01-£15m		£15.01m-£20m		£20.01m- £50m		£50.01-£100m		Totals	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
East Midlands	1	3.9	0		17	65.4	5	19.2	3	11.5	0		0		0		26	100
Eastern	4	18.2	2	9.1	14	63.7	1	4.5	1	4.5	0		0		0		22	100
London	14	15.6	15	16.7	34	37.8	12	13.3	5	5.5	2	2.2	7	7.8	1	1.1	90	100
Merseyside	3	14.3	0		8	38.1	4	19.1	2	9.5	2	9.5	2	9.5	0		21	100
North East	8	17.4	3	6.5	23	50.0	2	4.3	4	8.7	5	10.9	1	2.2	0		46	100
North West	3	9.1	2	6.1	8	24.2	7	21.2	8	24.2	4	12.1	1	3.1	0		33	100
South East	16	37.2	3	7.0	18	41.9	4	9.3	1	2.3	0		1	2.3	0		43	100
South West	7	33.3	1	4.8	7	33.3	4	19.1	2	9.5	0		0		0		21	100
West Midlands	7	20.6	4	11.8	7	20.6	5	14.7	3	8.8	2	5.9	5	14.7	1	2.9	34	100
Yorks & Humb	11	29.8	2	5.4	3	8.1	6	16.2	6	16.2	5	13.5	4	10.8	0		37	100
All areas	74	19.8	32	8.6	139	37.3	50	13.4	35	9.4	20	5.4	21	5.6	2	0.5	373	100

Source: DETR Database

Table 2.5 Lead partner by region

Region	Local Authority	Private sector	TEC	Joint	Housing Assoc.	Vol. sector	Community GP	Other	Total
<i>East Midlands</i>	19	1	1	4	-	-	-	1	26
<i>Eastern</i>	15	-	3	1	-	-	1	2	22
<i>London</i>	41	5	27	1	1	6	3	6	90
<i>Merseyside</i>	12	-	6	-	-	1	-	2	21
<i>North East</i>	18	4	9	4	-	2	2	7	46
<i>North West</i>	19	2	2	8	1	1	-	-	33
<i>South East</i>	30	4	1	2	-	2	1	3	43
<i>South West</i>	13	1	3	2	1	-	-	1	21
<i>West Midlands</i>	14	1	6	6	1	2	-	4	34
<i>York's & Humb</i>	19	4	3	5	-	1	1	4	37
All regions	200	22	61	33	4	15	8	30	373
<i>All regions %</i>	<i>53.7</i>	<i>5.9</i>	<i>16.4</i>	<i>8.8</i>	<i>1.1</i>	<i>4.0</i>	<i>2.1</i>	<i>8.0</i>	<i>100</i>

Source: DETR Database

Table 2.5 allows an analysis of the SRB partnerships funded under rounds one and two according to the type of lead partner. Nearly 54% of all schemes were lead by a local authority. A further 16% were led by a Training and Enterprise Council. Only about 6% were led by the private sector. The Voluntary and Community sector accounted for a further 6%.

Table 2.6 breaks down the category of regeneration scheme according to the duration of the scheme. It may not have been realised by many that the SRB initiative in round one and two tended to support regeneration schemes of a relatively long duration. Nearly 29% , for example are scheduled to last for seven years. Over 60% are scheduled to last five years or more.

The last characteristic on which we present evidence in this chapter relates to the type of outputs which the regeneration scheme is forecast to produce. This information is summarised in table 2.7. Information is provided on the number of jobs which it is expected that the scheme will create or safeguard, the number of pupil beneficiaries expected, the number of people expected to obtain qualifications through training, the number of training weeks which will be provided, the number of young people expected to benefit from projects which will enable personal development, the number of employers who are expected to be involved in collaborative projects, the number of new business start-ups expected , the number of new and improved buildings and dwellings expected , the number of people expected to be given new access to new facilities and the number of voluntary organisations supported. All of these are forecasts since, as discussed earlier, many of the schemes extend over several years. The outputs are also gross in the sense that they do not allow for any displacement or substitution effects in the local areas concerned. We examine issues relating to the *net* additional outputs which it is estimated could be considered to arise from the regeneration schemes in chapter 11 of this report. The evidence presented in table 2.7 suggests a considerable volume of regeneration benefits of a variety of different types in line with the multi-faceted nature of the problems which are being addressed. Later in this report we consider how well such a volume and variety of outputs are meeting the regeneration needs of the areas on which they are targeted.

2.6 Duration in years by region

Region	One	Two	Three	Four	Five	Six	Seven	Total
<i>East Midlands</i>	-	1	-	9	11	4	1	26
<i>Eastern</i>	-	1	6	1	6	1	7	22
<i>London</i>	1	4	23	4	17	2	39	90
<i>Merseyside</i>	1	2	1	2	9	2	4	21
<i>North East</i>	1	2	17	3	12	-	11	46
<i>North West</i>	-	2	4	1	12	3	11	33
<i>South East</i>	-	3	16	9	6	2	7	43
<i>South West</i>	1	1	5	4	4	1	5	21
<i>West Midlands</i>	-	-	7	2	10	4	11	34
<i>Yorks & Humb</i>	-	2	8	5	9	2	11	37
All regions	4	18	87	40	96	21	107	373
<i>All regions %</i>	<i>1.1</i>	<i>4.8</i>	<i>23.3</i>	<i>10.7</i>	<i>25.7</i>	<i>5.6</i>	<i>28.8</i>	<i>100</i>

Source: DETR Database

Table 2.7 Summary of outputs by region

Region	No jobs created/ safeguarded	No pupil beneficiaries	No people trained obtaining quals	No training weeks	No young people benefiting from projects to promote personal development	No employers involved in collaborative projects
<i>East Midlands</i>	44281	82436	28982	132300	25578	915
<i>Eastern</i>	12037	31814	36769	99645	8647	1965
<i>London</i>	114889	1767569	135109	621602	79119	34586
<i>Merseyside</i>	24035	112896	28429	85652	34567	1609
<i>North East</i>	34537	221632	26723	167396	86588	985
<i>North West</i>	100118	160257	49969	375524	95506	4086
<i>South East</i>	28058	112163	16283	93432	524287	2286
<i>South West</i>	22362	66819	14257	63173	41108	1070
<i>West Midlands</i>	82764	285215	88994	187726	63959	2424
<i>Yorks & Humb</i>	78232	58048	33491	247073	78829	839
All regions	541313	2898849	459006	2073523	1038188	50765

Table 2.7 Summary of outputs by region (contd.)

Region	No new business start-ups	m² new/improved buildings	No dwellings completed private sector	No dwellings completed public sector	No people given access to new facilities	No voluntary organisations supported⁷
<i>East Midlands</i>	4569	588183	15203	760	336711	1839
<i>Eastern</i>	2011	153135	2885	1714	249043	402
<i>London</i>	12426	1067708	13294	6099	2912127	3805
<i>Merseyside</i>	4615	910438	7169	6799	337975	1119
<i>North East</i>	6954	287661	4313	7361	471944	1158
<i>North West</i>	11213	1708192	19020	6993	1691946	2579
<i>South East</i>	2816	833300	2518	421	1013075	1023
<i>South West</i>	3249	237959	8470	3023	419916	4319
<i>West Midlands</i>	14899	825970	19070	4570	632029	4433
<i>Yorks & Humb</i>	10025	372290	11909	5860	634894	1160
All regions	72777	6984836	103851	43600	8699660	21837

Source: DETR Database

⁷ Assumes round 1 output figure (8A) includes community organisations, though not specified in round 1 definition (see Appendix D).

3 THE ORGANISATION AND MANAGEMENT OF THE SRB CHALLENGE FUND

3.1 Introduction

This chapter describes how the SRB programme is organised and managed. It concentrates on the roles of the DETR, Government Offices for the Regions and local partnerships, the use of central guidance and the structure and format of the local partnerships. The chapter concludes by highlighting key process issues relating to the operation of the SRB Challenge Fund which the evaluation examines in the second part of this report.

3.2 The roles of the DETR, Government Offices for the Regions and local partnerships

Although the SRB Challenge Fund came into operation in April 1994 in the first year (1994/95) the majority of the budget was taken up with commitments to regeneration schemes under the 20 programmes which went to make up the SRB. The new arrangements as such began in 1995/96. The bidding process at the present time has extended to a fourth round which would relate to regeneration schemes in 1998/99. The basic principle behind the SRB Challenge Fund approach as adopted in round one and two has been that local partnerships submit bids to their local Government Office. The Government Offices then assess these bids against published criteria and on the basis of this assessment make a recommendation to Ministers. Ministers then take the final decision as to what bids should be supported in each region. It should be recognised that the SRB Challenge Fund was initiated at the same time as the new unified network of Government Offices for the Regions and the combined emphasis was on providing a regeneration package that it was felt would be 'more responsive to local needs and priorities' (Bidding Guidance for Round One of the Single Regeneration Budget). As will be discussed in the next section, one of the features of the SRB Challenge Fund approach to local area regeneration is the sheer diversity of

the regeneration schemes which can be funded under it and as such in terms of assessing the quality of bids submitted, as well as ensuring the day to day running of the scheme, it has been very important to have a unified Government response.

A further point to note is that funds are allocated to partnerships which submit bids on a competitive basis but each Government Office receives its funding quota which is based on a fairly sophisticated needs formula which seeks to recognise the overall geographical distribution of need across the English regions. The role of the DETR is therefore to decide, in consultation with the Government Offices for the Regions, the distribution of the overall SRB Challenge Fund resources across the Government Offices for the Regions so that they can be allocated by the local competitive bidding process.

The DETR is responsible for issuing guidance about the scheme, including the procedures at the bidding stage and features relating to the day-to-day running of the programme in the case of successful bids.

The bid procedure in round one was different to that in round two and there have, in fact, been various changes to the system through time. We consider these changes in more detail shortly, but a big difference between the round one and round two bidding procedures was that by round two there was a two stage bidding procedure whereby partnerships interested in making a bid could submit an outline bid first.

In round one the bidding timetable opened on the 14th of April 1994. Prospective bidders were encouraged to contact their Government Office for the Region, by the end of May 1994, to ascertain whether their bid had a chance of being successful in relation to the broad guidelines and thus objectives of the SRB Challenge Fund as expressed in the Bidding Guidance. Final Bids in round one were required to be submitted by the early September in 1994.

3.3 The structure and form of partnerships

The local partnership is a central feature of the SRB approach to regeneration. A local partnership can be formed from amongst a wide variety of local players involved in some aspect of relevance to local regeneration. Infact the range of organisations involved in local partnerships has increased throughout the four bidding rounds.

The nature and form of a partnership can take a number of different forms and this is examined further in section 3.4. Bidding Guidance in round one emphasised that the three most important characteristics of any partnership was that they should;

- be capable of, and ensure value for money in selecting and delivering the promised outputs,
- that it should be able to provide for proper accountability and regularity of all payments,
- and that all partners will have a say in defining the objectives of the bid and the allocation of resources.

As the discussion in chapter one emphasised the concept of local area based partnership led regeneration is a viable one in the case of England because there exists a range of local players involved in various aspects of local economic, physical and social regeneration who are sufficiently strong enough to be able to take the lead in the process of regeneration. As the evidence in chapter two indicated, this has meant that in practice local authorities and Training and Enterprise Councils have taken a lead role in the bringing about and running of local partnerships. This is not always the case, however, and infact this evaluation has identified examples of partnerships where the lead partner has been from the private or the community sector.

In some cases, particularly in round one, there were existing partnership structures in place as a result of City Challenge, Estate Action, Urban Development Corporations, business leadership or crime prevention measures which helped to provide a format for the partnership model adopted. This is

not to suggest at this stage that such structures necessarily in practice were able to achieve ‘good-partnership’ which is a concept which we examine in greater detail in chapter 6. The key features of what constitutes good partnership have evolved through time and this is reflected in the experience of each individual partnership.

Once a local partnership had been successful in obtaining funds from the SRB Challenge Fund it has then been the responsibility of the Government Office to track the progress of the successful bids through periodic reviews of performance. Tracking progress has required a monitoring of performance system which will be described in the next section.

It is important to emphasise, however, that the SRB scheme represented something of a step change in relation to the procedures operated by the Government through its local agents, in this case the Government Offices for the Regions, and the partnerships receiving the regeneration funds. The SRB approach was conceived as an essentially ‘hands-off’ approach to achieving local area regeneration. This means that those submitting a bid have to demonstrate that there will be effective management and monitoring arrangements in place to ensure that those who are supposed to benefit from the regeneration measures do so and that the time-table proposed is followed. The partnership is also required to ‘appraise’ projects within the partnership scheme. Lead partners in successful bids receive an allowance of some 5% of the sum awarded in the first year towards set-up and administration costs. Administration costs in subsequent years are not allowed to exceed 5%. An additional 2% for administration is possible if the partnership can match it by a contribution from the private sector.

3.4 The role of Central Guidance

To operate the SRB Challenge Fund requires a considerable body of guidance material to be in place. This is true not only of the basic bidding guidance but also the day-to-day running procedures relating to successful schemes.

In relation to the Bidding Process

Bids are assessed on the basis of the degree to which they contribute to good practice, achieve VFM, and meet one of the following objectives;

- enhance the employment prospects, education and skills of local people, particularly the young and those at a disadvantage and promote equality of opportunity;
- encourage sustainable economic growth and wealth creation by improving the competitiveness of the local economy, including business support;
- improve housing through physical improvements, greater choice and better management and maintenance;
- promote initiatives of benefit to ethnic minorities;
- tackle crime and improve community safety;
- protect and improve the environment and infrastructure and promote good design;
- enhance the quality of life of local people, including their health and cultural and sports opportunities.

It is fairly clear from the above list that the type of regeneration package funded under SRB can take an extremely wide variety of forms across the full spectrum of physical, economic and social regeneration.

The flexibility in scheme type is also recognised in the boundary-less approach of SRB. Whilst previous regeneration initiatives operated by Government had been focused on specific areas like the 57 Urban Priority Areas there is no such restriction on the areas to be encompassed within a SRB bid. Indeed, one of the features of the SRB approach to local area regeneration is that bids for regeneration may come in from partnerships in areas that are just beginning to feel some of the early features of local economic and social decline as the result, perhaps, of the closure of a local company (or more recently a coalmine).

The Government Offices for the Regions when assessing proposals do take account of evidence on local needs by drawing on the 1991 Index of Local Conditions (which is currently in the process of being updated) and also other data relating to local labour market conditions provided by the Employment Service.

Round one Bidding Guidance emphasised that in order to achieve a 'worthwhile' impact, it would be best if the regeneration scheme were conceived as part of either a component of an overall strategy for a relatively wide area or to as a contribution to a self-contained local area strategy. Strategies applying to a wider area include Community Support Frameworks prepared in relation to European Structural Funds and specific European Initiatives like RECHAR. Local area strategies would normally be considered as relating to geographical areas smaller than a Local Authority District. The area might straddle more than one Local Authority District and was typically felt to have a population below 25,000.

Further guidance on what was meant by the strategic nature of a bid has emerged during successive rounds of SRB and round four issued Supplementary Guidance to this effect. The Government recognised that it was helpful to bidders to be given a regional context within which to set their bids. Government Offices for the Regions were therefore tasked with issuing an SRB regional framework which described key regional regeneration needs and priority areas to help bidders under round four. The Supplementary Guidance issued by the Government Offices for the Regions has tended to focus on the resources likely to be available for funding of SRB bids, the areas in the region with the greatest need (as indicated in the Index of Local Conditions and other factors), and 'Priority Themes' which includes recognition of the disproportionate needs of certain groups like ethnic minorities, young less-qualified school-leavers, those living in particularly poor housing conditions and areas with high rates of crime.

In exceptional cases it has been recognised that resources might be committed to a scheme which was more of a pilot initiative for a regeneration initiative that might be regarded as innovative in national terms.

Throughout the appraisal of bids the emphasis has been on maximising the leverage of private sector funds and to intensifying the impact of public sector resources by 'achieving greater coherence of spend, including maximum co-ordination with European Structural Funds' (Bidding Guidance for the Single Regeneration Budget - round one). Bids have been expected to show how resources devoted to the bid would help to enhance resources being committed by other initiatives being operated by Government, including mainstream programme spend.

A further relatively innovative feature of the type of bids that were acceptable under the SRB Challenge Fund bidding procedures relates to the duration and spending profile of the bids. Funding under the round one and round two rounds of SRB has been available for regeneration schemes lasting from one to seven years. Partnerships making bids for funds which are committed over a number of years are limited to a maximum spend in individual years.

Bidding Guidance is also provided as to how non-departmental public bodies (NDPB) like English Partnerships, Urban development Corporations and Housing Action Trusts fit into the SRB Challenge Fund. Infact the budgets of each of these individual bodies are ringfenced within the overall Challenge Fund Budget. However, the main concern for potential bidders has related to whether they can involve these bodies in the regeneration schemes proposed either as a direct partner or as a part funder. In practice, as with other features of SRB, there has been a considerable degree of flexibility and agencies like English Partnerships have been able to either join with a lead partner in promoting a bid or provide other funding alongside that available from SRB should the bid be successful. The emphasis throughout has been on ensuring co-ordination and where possible synergy between the actions of the proposed regeneration scheme and the objectives of the NDPB.

The required form and content of a bid document submitted under round one and two

In round one it was requested that a bid should comprise not more than 12 sides of A4. The bid was required to be ordered such that it contained a **covering statement** which made clear the organisations taking the lead in submitting the bid and who the key partners were. There was also a

requirement for a **short vision statement** which summarised the purpose and the context of the bid, together with any specific problems and opportunities which presented themselves. It was felt useful to also provide a statement of the **risks** involved in delivering the regeneration outputs suggested.

The bid was required to provide a statement of the **area/population** that was to be targeted by the regeneration scheme and some detail as to the economic and social characteristics of the area population concerned.

A central feature of the bid document related to the proposed **Delivery Structure**. The Delivery Structure embraces an outline of the organisational structure required to implement the plan, the composition of the top tier of the management structure and how it is proposed to ensure that all the relevant parties would be represented, the experience and track record of the proposed partnership, details of executive support, proposed arrangements for consulting local people as the regeneration develops, and details of the financial system which will be put in place.

Other features of the suggested bid structure relate to the provision of an indication as to what was proposed by way of an **exit strategy** for the regeneration initiative once the SRB funding ceases.

Information was also required on the likely **funding and output** characteristics of the regeneration scheme. As well as proposals to ensure that adequate **monitoring and evaluation** of the scheme can take place. As part of the monitoring and output framework partnerships have to detail how they will produce a **baseline** which contains information as to the nature and scale of the problem facing the area concerned and to which the regeneration project is addressed. **Monitoring and reporting** procedures are required to be described.

In round two the procedures for making a bid changed somewhat insofar as partnerships were now encouraged to submit an **Outline Bid Proforma** (two sides of A4) which provided an initial assessment of the bid in terms of the location of the scheme, partners already committed, other prospective partners, a vision statement, bid objectives and key elements, principal

proposed outputs, funding sought and other funding expected to be secured. If a partnership received a favourable response to the Outline Bid it was then encouraged to make a full bid which was to be of 25 sides of A4.

Besides issuing the formal guidance features of bidding to partnerships applying for funds under SRB the Government Offices for the Regions have also sought to assist would be bidders to understand some of the issues involved and to help them develop bids.

The monitoring of performance of successful partnerships

As mentioned earlier the SRB Challenge Fund is a ‘hands-off’ approach and as such there are considerable responsibilities in partnerships that have not normally been associated with other delivery mechanisms. The main parts of the overall administrative task which partnerships are required to cope with, and which are the subject of specific guidance from Government are ;

- preparation and revisions of annual Delivery Plans
- board meetings, scheme meetings, scheme management and associated documentation,
- project appraisal procedures,
- agreeing contracts with sub-contractors delivering projects,
- quarterly monitoring of gross outputs,
- measuring and up-dating baselines,
- running the claims/payments systems,
- coping with auditing requirements,
- dissemination/consultation

The preparation and revision of annual Delivery Plans

Single Regeneration Budget Challenge Fund Guidance Note No.1 describes what is expected of successful partnerships in relation to Delivery Plans. The idea of the Delivery Plans is to set out for the scheme as a whole the partnership arrangements, strategic objectives, descriptions of existing and planned local conditions; the quantifiable and non-quantifiable results partnerships propose to deliver; and the funding required.

Delivery Plans are required to follow a specific format which embraces;

- an introductory statement which describes the purpose of the scheme, the partnership and how it is intended that it should operate
- a statement of strategic objectives , description of local conditions and indicators of progress
- funding profiles
- milestones towards the achievement of scheme outcomes
- a timetabled list of quantifiable outputs

Board meetings, scheme meetings, scheme management and associated documentation

All partnerships are required to establish and use effective management systems. Specific guidance notes are issued. The DETR have recently produced a summary of the advice contained in the basis guidance document (The SRB Challenge Fund; A Handbook of Good Practice in Management Systems 1997). Partnerships draw down funding under the SRB regime by submitting quarterly returns to the Government Office relating to Key Indicator and Monitoring Information.

The Key Indicators of Performance

The Key Indicators of Performance (KIP) are described in the Guidance Note No 2 but include partnership development and management systems (at least until the Government Office is satisfied that adequate arrangements are in place).

The Key Indicators of Performance also relate to the main quantifiable outputs which the scheme is delivering and expenditure (both Challenge Fund and from other public and private sources). The partnership is thus responsible for the regular **monitoring** of achievements with respect to outputs , milestones and expenditures on all projects.

The main outputs which the scheme is capable of delivering have to be monitored using the **Challenge Fund Quantified Outputs**. There are a

relatively large number of these covering the full range of physical, economic, social outputs which are covered within the very wide remit of SRB Challenge Funded regeneration schemes.

Running the claims and payments systems/ coping with auditing requirements

Partnerships are responsible for putting in place systems which are capable of monitoring financial performance and this includes ensuring that grant payments to individual projects are linked to performance and that expenditure is properly incurred on projects that have been agreed. There is a requirement to establish and maintain an asset register and to ensure that at the end of each financial year that a final statement of expenditure on the approved scheme is prepared and then audited by the accountable body's external auditor. Full details of the financial arrangements which underpin the SRB Challenge Funding is contained in the SRB Guidance Note No 4.

Project appraisal procedures

The partnership is responsible for ensuring that there is a full appraisal of each project to be supported before any expenditure from any source is committed on the project concerned. Any project over the level of £250,000 lifetime SRB Challenge Funding has to be submitted to the Government Office for the Region for approval (the limit is £100,000 for projects/initiatives which are of a pilot nature). The appraisals are required in order to ensure that the projects concerned will meet the agreed strategic objectives of the scheme as described in the partnership Delivery Plan, ensure that Value For Money issues are identified and in general that the procedures identified in SRB Guidance Note No. 3 are followed.

A project appraisal must cover the following items;

- **Basic information** (name and location of the project, accountable manager, funding required, primary activities and purposes of the project including the target population, justification of the need for the project, other related activity occurring in the area concerned, match of activities with SRB objectives)

- **Project costs and funding arrangements** (total project costs broken down into funding each financial year, other public funding, European funding, private sector contributions and other funding, commitment of funding and leverage characteristics)
- **Outputs and outcomes** (problems being addressed by the project, planned outputs and time periods over which they unfold - quantified and unquantified, milestones and details of relevant calculations)
- **Implementation arrangements** (organisations involved and their commitments to the project and timetable)
- **Deliverability** (applicants/organisations' track record, management and financial control systems and viability and related projects which affect the success of the project concerned)
- **Value-For-Money** (unit costs of projected outputs considered in relation to that achieved elsewhere)

Arrangements on the part of the Government Offices for the Regions to assess performance and the procedures adopted

The Government Offices for the Regions are responsible for assessing the overall performance of the partnership scheme through their monitoring of the Key Indicators of Performance. A satisfactory performance means that through the key indicators it appears that partnership development and management are progressing as planned, expenditure is on target, key quantifiable outputs and milestones are on target, and key non-quantifiable benefits and milestones are achieved on time. Monitoring of performance is achieved through Periodic Review.

3.5 Key process issues relating to the organisation and management of SRB Challenge Fund

The previous sections have described the key characteristics of the SRB Challenge Fund approach to the delivery of local area regeneration. It is clear that in relation to its predecessors SRB Challenge Fund represents a significant step change from the essentially pro-active project led approach of

the Urban Programme whereby funding was given to local authorities to bring about regeneration in tightly defined Urban Priority Areas. City Challenge began the process of change by moving to a model based upon partnership, competitive bidding and regeneration schemes with multiple objectives.

A number of key process issues arise which it has been necessary for this evaluation to address. They relate to;

- the experience of local partnerships and how well they have been able to respond to an environment of competitive bidding
- the impact of the “hands-off” approach adopted by government whereby local partnerships are responsible for the management of regeneration schemes on the basis of guidance provided by the Government Offices and the periodic performance review by the Government Offices.
- involvement and empowerment of local communities
- the contribution of the private sector
- the effectiveness of the local partnership model as a vehicle with which to bring about local area regeneration
- the overall impact of the SRB Challenge Fund initiative in bringing about gross and net benefits at the local level

These issues are the subject of Part Two of this evaluation report but before reporting these key findings the next chapter describes the evaluation framework and research methodology which has been required.

4 EVALUATING THE EFFECTS OF THE SRB CHALLENGE FUND PROGRAMME

4.1 Introduction

Evaluation of government programmes is not an exact science and there are many problems of both a conceptual and measurement kind. As will be described in this next chapter HM Treasury have sought to provide some guidance as to the best way forward when it comes to evaluating the effects of central government policies with regeneration objectives.

There is no such thing as a straight forward evaluation and certainly there will always be some difference of opinion as to how the various costs and benefits associated with a policy should be considered and what performance indicators are the most appropriate in assessing the achievements of a programme. Some programmes are more difficult than others to evaluate however, and when it comes to embracing the potential range of difficulties provoked it would seem fair to suggest that SRB is near the top of the list!

Before outlining the conceptual framework which has been used, and the factors which have influenced this, it is perhaps helpful to point to some of the more difficult problems which present themselves and which make an evaluation of SRB especially demanding.

One particularly difficult area relates to the sheer breadth of benefits which the SRB programme is capable of providing. Bidding Guidance (April 1995) indicates that there are seven different broad objectives associated with SRB. These cover the enhancement of employment prospects of local people through training, improvements to the underlying competitiveness of local businesses both new and existing, improving the physical infrastructure and the state of the local environment, improving the housing conditions of disadvantaged groups in the local area, improving access for ethnic minorities, tackling crime and community safety and last, but no doubt not

least, enhancing the quality of life for local people including their health and cultural and sports opportunities.

There are thus multiple benefits associated with SRB of an economic, social and physical kind. Some of the benefits will arise directly from SRB funding but others will arise indirectly from the bending of main programmes or other resources into target areas as a result of the SRB initiatives. Not only are there relatively poor measures of some of the benefits which may arise, particularly when it comes to social benefits, but there are also many interesting issues provoked when it comes to bringing the benefits together into a common basket to try to obtain an idea of what they all add up to. It is not immediately clear what, if any, weighting systems are the most appropriate in such circumstances. However, if we do not attempt to bring the benefits of the programme together in a coherent manner it is difficult to summarise what the impacts of the programme as a whole are.

A further issue relates to how the national economic impacts of SRB should be measured. Clearly, the SRB programme is designed to provide economic, social and environmental benefits at the local level and the framework presented in this Report is mainly concerned with this. However, it is also important to recognise that there will also be national effects. On grounds of equity if the programme helps those who are more disadvantaged in society then this can be considered as a national gain. In direct economic terms there may also be benefits in terms of extra GDP. For the nation as a whole Treasury guidelines indicate that after taking into account wider displacement and macro-economic crowding out effects the only national gains that could arise would be if the programme brought about genuine supply side improvements which led to additional GDP in the medium and longer term.

The evaluation of SRB has also had to face up to the need to identify, analyse and quantify the specific contribution of the partnership approach to the regeneration of relatively small areas. Whilst much has been written about the advantages of the partnership approach to local area regeneration there would seem little by way of any serious attempt to incorporate measurement of the achievements of partnership into formal evaluation. Much of what has been attempted has been concerned mainly with describing the process by which

partnership may come about which is necessary but not sufficient for a comprehensive evaluation.

4.2 An evaluation framework for SRB

One feature of a good evaluation framework is that it should enable the outputs or benefits of a policy or programme to be compared with the inputs or costs. It is only with information of this kind that an assessment of value for money (VFM) can be made. The standard approach as contained in the EGRUP guidelines (HM 1995) has evolved over a number of years and it is to establish a cost benefit account for the regeneration measure concerned and under certain conditions performance measures can be derived which allow one measure to be compared with others.

However, evaluation is not just concerned with the question of value for money. It is also necessary to consider how well the benefits derived are helping to alleviate the problem to which they were addressed (ie the effectiveness of the measure) and there is now wide recognition that this should incorporate not only an assessment of the direct economic and social effects but also of the ability of the programme to improve the workings of the market, the delivery of mainstream public services and the functioning of the local community and voluntary sectors over the longer term so that true regeneration of the area concerned can be achieved. The evaluation framework must also be capable of assessing whether the underlying rationale for the measure was well founded.

The SRB gives equal weight to economic, social and physical regeneration. This is not simply an administrative consequence of bringing together what were previously 20 separate programmes within a single operational structure. Underpinning the SRB is a particular view about the causes both of urban decline and of urban regeneration, which stresses the importance of positive and negative externalities linking economic, social and environmental factors. While mainstream public sector programmes necessarily focus on funding and/or providing a specific service (such as housing, education, policing), the ethos of the SRB is that a multi-sector approach, concentrated in specific geographical areas will produce more than just the sum of its parts.

Because of this, it is crucial that the evaluation methodology allows for these links between social, economic and environmental factors to be explored. In order to carry out the evaluation, it is important to specify separately a range of social, economic and environmental factors. However, these separate specifications should not be taken to indicate a rigid separation between these categories, nor should they preclude consideration of the crucial links between these factors.

While traditional cost-effectiveness analysis is a key component of our approach, evaluation of the benefits of SRB will need to be much broader than this, and in particular, to go beyond a narrowly economic focus. The scope of the SRB is much wider than previous urban and regional policy mechanisms, and so we are concerned with measuring more than just cost per job. We are seeking to find out if there are genuine area effects from delivering services, concentrating resources and stimulating partnerships in this way. We are thereby concerned with **totals** as well as with **margins**. To take one example: we need to do more than count how many training places, who has obtained them and what the value of the qualifications gained are in terms of jobs gained or increased individual earnings. We need to consider also the effects on unemployment rates in the partnership area, the cultural change manifested in higher staying-on rates, the attitudinal change by young people and by employers, and the permanence or otherwise of such changes. What has the overall effect of the SRB spend been in integrating the area into the mainstream of social and economic life, in terms of the willingness of firms and households to move to, or stay within the partnership area? The Single Regeneration Budget has very broad goals and an integrationist approach, and its evaluation needs to reflect this.

The evaluation of SRB will also need to compare the VFM of different activities or approaches to regeneration at the local level and their comparative cost effectiveness in bringing about self-sustaining regeneration. In a similar vein the evaluation should compare the VFM of the SRB Challenge Fund approach with earlier local area regeneration programmes.

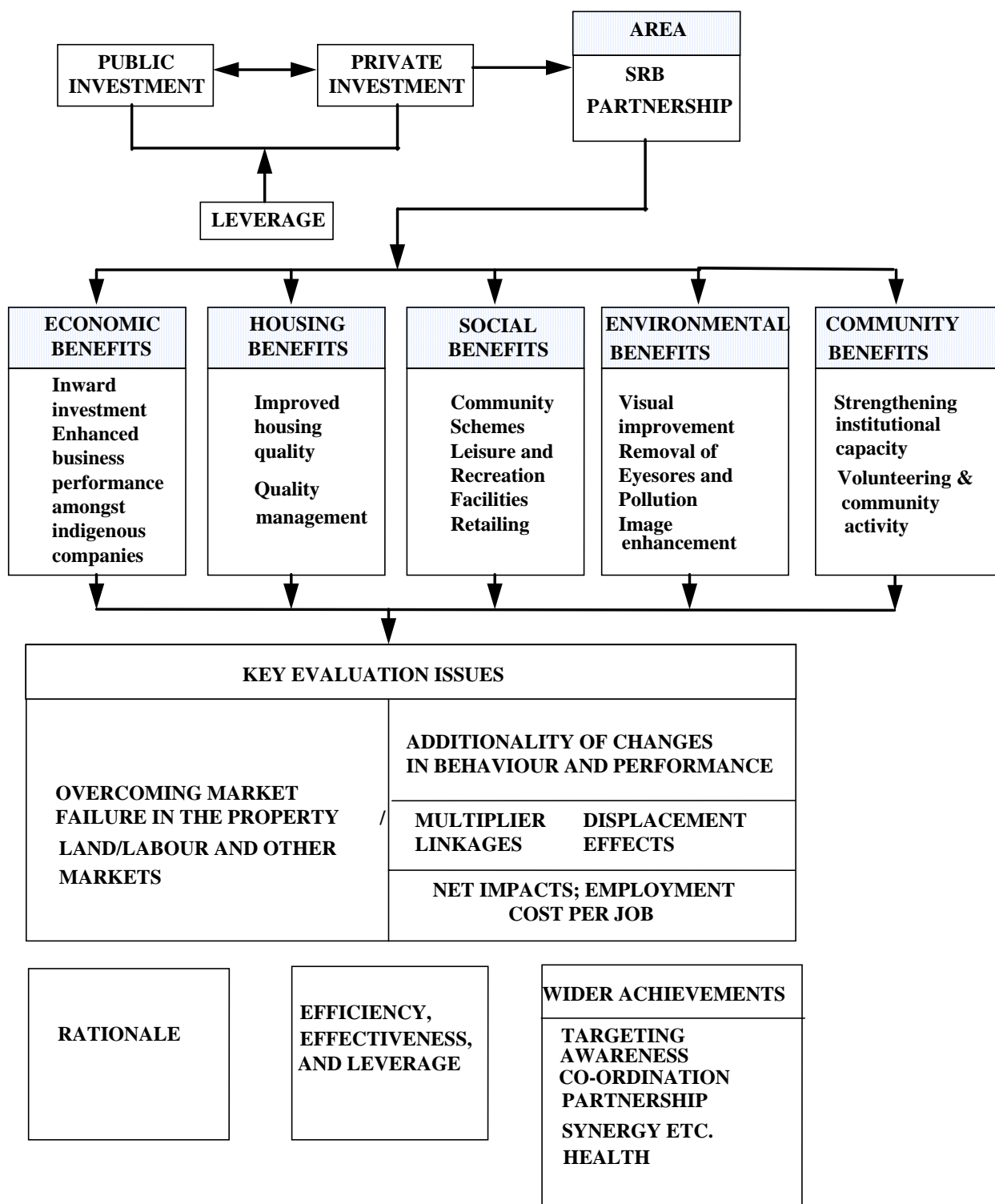
Identifying the appropriate stream of benefits

Figure 4.1 provides a broad overview of the evaluation framework. The activities which come about as a result of the SRB support produce a number

of outputs. The Single Regeneration Budget Monitoring and Periodic Review (Guidance Note Number 1, April 1995) identifies a number of measures of both direct activities and outputs. (For convenience they are all referred to in the Guidance Note by the generic name of output measure). Thus, by way of an example, the provision of small workspace (measure 2B) partly funded by SRB support may allow a number of jobs to be created (measure 1A). These output measures seek to capture the principal benefits of the programme and form the basis of the credit entries in the cost benefit account given in table 4.1. In a similar fashion we can refer to other categories of benefits and beneficiaries contained within the general remit of the SRB initiative. These could include number of training weeks provided (measure 1E) as a further type of economic benefit. It also includes an indicator of environmental benefit (number of buildings improved and brought back into use 6C) and social benefit (number of local people given access to new community facilities and number of new facilities 7A).

The principal economic benefits considered are clearly jobs, training places and enterprises and these have the advantage that their number provides a ready measure, although there may be substantial differences in the quality of them and this needs to be recognised within the evaluation. There may also be economic benefits arising from enhanced community activity like increased volunteering and such benefits require careful measurement where this is possible. A further important consideration is also the length of time which the benefits will exist, itself a measure of quality. It is desirable for this reason to express jobs and training places in terms of job/training place years. A further complication arises, however, when the streams of benefits are likely to unfold over a considerable period of time. EGRUP guidelines (HM 1995) suggest that the outputs of programmes with employment effects are best measured over the medium term (typically between 2 and 5 years), but in the context of the SRB evaluation there are job streams arising over seven/eight years and there is an important issue as to how to treat such outputs in these circumstance. A further complication, which has arisen in recent evaluations of programmes with long time horizons, is whether the streams of jobs should be discounted, and at what rate, to reflect that a job created tomorrow is worth less than a job today. EGRUP recommends always presenting undiscounted and discounted streams.

Figure 4.1 An evaluation framework with which to evaluate SRB partnerships



Source: SRB Evaluation Team, Dept land Economy

Gross to net;

A key feature of the evaluation framework is the distinction made between gross and net outputs or benefits. The starting point for all evaluation must be to seek to identify the gross effects but then to reduce these to the extent that they would have occurred anyway in the absence of the programme concerned. True dead-weight in its simplest form is where the programme did not produce any additional benefits at all in the sense that the economic agents concerned would have done exactly what they actually did if the programme support had not existed. It has been recognised in recent years however, that it is also important to assess whether the programme might have enhanced the quality of the benefits provided, as is frequently the case with respect to the provision of training, or actually brought forward the benefit in time. We would propose using the broader measure of additionality in the context of the SRB evaluation since the nature of many of the projects supported is such that pronounced quality and time shortening effects are quite probable.

Gross to net; allowing for displacement

Once an adjustment has been made to the streams of benefits to allow for the element of dead-weight the next adjustment is to allow for displacement. This is the degree to which the extra benefits created in the local area of relevance to the SRB support have been at the expense of other economic agents in the area concerned or elsewhere. Diversion of economic activity between areas can occur in a number of ways but a common form would be through product market displacement. Clearly the displacement effects of a policy are of particular concern for the policy maker because whilst some degree of displacement may be inevitable and acceptable it is also desirable that on grounds of equity that displacement is from the less needy to more needy areas. In practice, measuring displacement is a very difficult exercise, but the need to establish broad estimates and to discount gross additional effects to reflect this is clear.

A particular form of displacement with respect to training and the labour market is that of substitution. Again, this could take a number of forms. A

simple example would be where a worker who acquires a job as a result of an SRB project does so at the expense of some other worker in the local labour market. Such effects can be quite profound, particularly where the level of skill involved in the substitution is relatively low.

Whilst recognising that it is important to pay particular attention to displacement effects arising from SRB support it is less easy to decide what should be the relevant geographical building blocks with which to calculate displacement. EGRUP gives some guidance. It argues that evaluation should always provide estimates on displacement at a local and national level. The evaluation should also provide estimates for 'policy priority areas' which could include urban priority areas, Assisted Areas, and areas designated for Structural Fund interventions (i.e. Objective 1, 2 and 5b).

EGRUP also recognises that whilst it would be desirable to have consistent definitions as to what is meant by local areas across programmes this will not always be possible because the scale and size of displacement depends on the economic and physical nature of the areas considered. There is a suggestion that in the main it is appropriate to aim for Travel To Work Areas in order to measure local labour market effects and this is probably the best way forward for the SRB programme. Whilst Travel to Work Areas are appropriate to consider issues like displacement it is important not to lose sight of the need to consider such factors as to whether it is local people in deprived areas who secure job benefits arising from programme activity.

The implications from the EGRUP guidelines is that the SRB evaluation should seek to measure displacement at the level of the local area, although whether a travel to work definition is appropriate will have to be considered on a case by case basis. Equally, it is not clear whether there is a need to have an even smaller geographical unit within the local area as is the case with predominately area based policies like UDGs and Enterprise Zones. It will clearly vary on a partnership by partnership basis. That recognition be given where possible to displacement by category of policy assistance would seem to be desirable. It is not clear what the advantages are of measuring displacement at the level of Standard Regions.

Gross to net; local linkage and multiplier effects

Once the overall gross benefits arising from the SRB partnerships have been adjusted to allow for dead-weight and displacement it is then possible to calculate the net benefits associated with the SRB programme. One further adjustment is required, however, and this is to allow for extra benefits that might arise to a local area from increased linkage activity between local businesses as a result of the programme and also additional local income generated by increased local demand for goods and services. The evaluation framework must therefore include these effects to ensure that the overall estimates of net additional benefits associated with the SRB programme are robust. In practice, a body of empirical work has been undertaken to produce such multipliers by category of local area and these will be drawn on in the evaluation.

Wider achievements; partnership effects

This section defines the scope of what are termed partnership effects, identifies the main components of partnership effects and outlines the conceptual bases for expecting the partnership approach to generate additional benefits or reduced costs in developing regeneration programmes.

The hypothesis to be tested is whether the partnership approach is better than a single partner/single action/single programme approach in designing, implementing and achieving local economic regeneration. If the partnership approach itself enhances regeneration outcomes, it is necessary to assess which are the important partnership mechanisms generating additional benefits and how large are the extra benefits. A third aim of the evaluation is to be able to distinguish between more effective and less effective partnerships.

The local area partnership approach is not unique to the SRB Challenge Fund. It was a strong feature of City Challenge and is also embodied in EU Structural Funds regeneration programmes. Such evaluation evidence as has so far emerged from those programmes is largely qualitative but is consistent with the view that partnership effects are significantly positive. But the belief

in the value of the partnership approach arises more from conceptual/ considerations than from any robust empirical analysis. These are that local partnership coming together have the following advantages

- expertise from different backgrounds and experience in understanding the variety and depth of the economic, social, environmental, housing and community problems of the local area and how they interact with each other.
- the ability, as a consequence of expertise and knowledge of a wide range of policy instruments, programmes and projects, to design an integrated package of regeneration measures which systematically addresses the full range of needs of the area and is custom built specifically to do so.
- the opportunity to fashion an integrated local programme of regeneration measures to best meet the range of local needs leads to improved targeting of measures on the most disadvantaged client groups within local communities and providing a good atmosphere for developing innovative and catalytic initiatives which are not governed by administrative ceilings, controls and constraints which are perceived to be a feature of some single programme measures.
- the ability of the partnership approach to enhance the overall resources available for regeneration by drawing in a proportion of funding from some or all of the partners, including the private sector.
- the opportunity to achieve economies of scale in clustering regeneration projects/programmes within a local area and thereby securing economies in project management financial planning and control, recruitment, purchasing, etc.
- synergy effects whereby partners modify their own activities to bring them more into line with the objectives of the partnership as a whole and provide supporting activities to enhance partnership achievements.

- co-ordination effects which may enable the avoidance of duplication of activity, permit large scale indivisible projects to go ahead and allow partners to specialise in areas of expertise/projects in which they have comparative advantage.
- externality effects whereby the integrated partnership approach leads to a clustering of regeneration activities which achieve a critical mass, improve the image of the area and attract new activity both to itself and to surrounding areas.

The evaluation should assess the validity of these perceived advantages of the partnerships approach and establish which have been quantitatively significant.

Reducing social exclusion; bending the mainstream

A crucial part of the evaluation of SRB is to assess how far the activities of the Challenge Fund is able to 'bend' the main spending programmes in the local area with respect to education, transport, housing and other local government services, mainstream training programmes through Training and Enterprise Councils, the Employment Service, the Benefits Agency and the National Health Service. Whilst the geographical distribution of funding for these main programmes is often based on a local needs assessment, they are also subject to nationally determined eligibility and other criteria constraints and targets which can work against the most disadvantaged groups being assisted and these 'excluded' groups are concentrated in some Challenge Fund target areas. Challenge Fund bids are unlikely to bring permanent local area regeneration solutions unless they can alleviate both failures in private sector markets and failures in the delivery of main programme services or in the failure of main programmes to concentrate sufficient resources on areas of greatest need.

Of the seven objectives of the SRB, two might be defined as primarily economic - enhancing the employment prospects, education and skills of local people; and encouraging sustainable economic growth and wealth creation - while five are primarily social or environmental - protecting and

improving the environment and infrastructure and promoting good design; improving housing conditions; promoting initiatives of benefit to ethnic minorities; tackling crime and improving community safety; enhancing the quality of life for local people. In practice, each of these embraces both social and economic goals. The promotion of equality of opportunity is specifically mentioned under the employment heading, and more generally reduced unemployment and increased economic activity will have major consequences for social cohesion. Housing construction and improvement generate jobs, while lower crime rates, a more attractive environment and better infrastructure will attract more investment or at least reduce disinvestment in the area.

Nevertheless, we can identify specific social effects of expenditure under these headings. We can perhaps clarify this point by saying that, at the extreme, even if there were no change in economic activity or employment, the quality of life for local residents will be improved if crime is lower, housing is upgraded, the environment is cleaned up, people are healthier, and sports and cultural facilities are provided.

The SRB has very broad social goals, encompassing the fields of education and training, housing, crime and community safety, the physical environment, health promotion and health education, quality of life and access for ethnic minorities. The scope and scale of the multi-focus evaluation of SRB exceeds any known previous work. There has been, however, a range of recent and current work which is of particular relevance with respect to attempts to link outcomes and impacts in several related areas and which has influenced the evaluation approach which has been adopted.

Ethnic minority issues

The SRB objective here is "to promote initiatives of benefit to ethnic minorities". Evaluating this might imply action on three levels. First, the degree to which ethnic minorities are benefiting from activities funded by SRB. This implies regular ethnic monitoring of usage to provide data on access to services and the use of secondary or primary data on unemployment, victimisation, health etc. Secondly, the degree to which ethnic minority communities are involved as partners in drawing up bids and

running partnerships. Thirdly, and more controversially, whether or not ethnic segregation or polarisation has been reduced through SRB-funded activity. This is controversial as it is not clear whether reduced spatial segregation is or should be a goal of government policy.

Community

Assessing the extent to which SRB funds have been able to build the capacity of community groups is a further factor to which specific attention has been given in the research. Some very helpful guidance to the ways in which community involvement can be assessed and measured has been provided by the Community Development Foundation (Guidelines to the community involvement aspect of the SRB Challenge Fund - 1996 edition). The research has sought to incorporate relevant indicators of community effects as appropriate within the constraints of available information and resources.

The cost side of the account

The cost benefit account also needs to include the cost of the SRB partnerships in terms of government expenditure incurred and government revenue foregone. The cost side of the account should ideally bring together all such effects associated with SRB, that is direct SRB support together with any other public expenditures which are necessary to bring about the benefits. (ie identify explicitly the other main programmes resources levered by SRB). As with the benefits side of the account the key interest is in the additional public expenditure which is incurred. The initial starting point is to consider the whole of the SRB expenditure as being additional, but to recognise that some of the other public sector support might have been incurred anyway in the absence of the SRB initiative and the possibility of this needs to be considered within the evaluation framework. In general the position with the cost side of the SRB evaluation is somewhat easier than with initiatives which contain grants, subsidies and tax relief. It is also necessary to consider the possibility that some SRB expenditure itself may be replacing pre-existing, but no longer funded provision. The only sources of evidence available is an assessment of what formerly happened by way of regeneration expenditure in the area and the judgement of officers in the spending

organisations. A further issue is to disentangle the impact of SRB funding from new sources of funding such as ERDF, EP and Millennium Funding.

A further aspect of the cost side of the account relates to discounting. In recent evaluations of government regeneration initiatives which produce effects which unfold over many years there has been much discussion as to whether the public costs incurred throughout the life of a programme should be discounted back to a base-year when the programme actually began. To give a practical example for the SRB programme this would mean that for a partnership of seven years duration that all of the expenditure incurred in each individual year of the partnership would be discounted back to the beginning of the seven year period. There is always the question as to the appropriate real discount to be used. The current preference as recommended by HM Treasury is 6%.

There has also been debate in some recent evaluations as to how to treat any revenue receipts that may arise during a course of a project, or in this case partnership. Such receipts might arise through the sale of land owned by the public sector and whose value may have been increased during the course of the activities of the partnership. In this sense the receipts are a form of negative cost and help to reduce the original public expenditure. The best way of incorporating these effects into evaluations is still relatively uncertain. Treasury guidance as reflected in the EGRUP guidelines at the present time is that any such negative expenditure should be treated as a windfall gain and not used to reduce the public expenditure. The argument for this is that increased asset values for the partnership area will probably reflect decreased asset values of land or property elsewhere in and around the area concerned and thus there may be elements of zero sum gain, although in practice the calculation is never likely to be made. The outcome of these deliberations for the present SRB framework is that any such receipts should be recorded, but not use them to reduce the public sector costs of SRB.

Performance measures in the evaluation framework

Deriving costs and benefits for incorporation into the cost benefit account requires considerable judgement and presents difficult problems in terms of

research methodology. Nevertheless, once the cost benefit account has been constructed it enables a range of performance measures to be produced.

Perhaps the most commonly referred to is that of cost effectiveness where the cost per job or cost per unit of some other benefit is derived. The cost per job can be made using both direct and indirect additional public expenditure associated with the SRB programme. The estimates are often shown both gross and net, where the difference reflects judgements as to how much of the government expenditure identified would have been incurred anyway in the absence of SRB partnerships.

A more complicated position arises, however, when trying to add together all of the benefits of the SRB initiative and express this per unit of the public costs incurred. There are a number of difficulties. One is that it is often necessary to attribute benefits between different programmes all of which involve public expenditure in the area concerned. It is frequently difficult to disentangle individual contributions.

Another difficulty relates to whether it is possible to add together the often quite disparate outputs which are produced by the SRB programme. One option which was adopted in the evaluation of the Task Force Initiative was to present the benefits that are provided by a unit of public expenditure in a "basket" ie how many jobs, training places, enterprises assisted etc are obtained per million pounds of expenditure. Another, as yet relatively untested approach, is to place values on the benefits and thus be able to weight them together.

The evaluation approach has to provide measures using both approaches. Many problems, however, need to be tackled. One is to identify what should be the relevant benefits in the basket. It is not sufficient, for example, to limit the measurement of economic benefits to jobs safeguarded or created. An attempt should be made to assess those benefits which might come through in the form of increased efficiency and productivity gains, particularly since one of the objectives of the SRB initiative is to improve the competitiveness of local economies. Projects concerned with training should also increase the productivity of those being trained and simply measuring the number of those

trained is not reflecting this at all. There is some suggestion here that to consider the increase in earnings which may result.

It is also important in considering what goes into the basket and how it is measured to distinguish between the number of jobs created and or safeguarded and the number of disadvantaged client groups placed into jobs at the expense of others (ie the number of jobs redistributed). In this sense jobs created have a different status to those redistributed. Placing a value on the latter sort of benefit is extremely difficult it is necessary to assess what society is prepared to pay to reduce social exclusion of certain disadvantaged groups. These arguments can also be extended to a whole range of environmental and social benefits that could legitimately be placed in the basket.

It would also be desirable within the evaluation to derive standard performance indicators relating to the capability of the partnerships to induce leverage of private and other funds from the injection of public sector support, and it should not be forgotten that partnerships may also have increased the value of non-financial support provided in an area like unpaid staff and volunteering.

Whilst it is clearly necessary to be able to establish the Value For Money aspects of the SRB it is also important to ascertain how well the approach embodied within the SRB Challenge Fund is able to tackle the underlying problems to which it is addressed. In this sense it is helpful to measure the scale and direction of achievement. Given the emphasis placed on encouraging sustainable economic growth and wealth creation in the areas concerned an assessment of the effectiveness of SRB in this respect needs to consider how far the actions of the partnership are able to tackle the underlying causes which gave rise to the problems in the first place, as well as build the underlying capacity of the area concerned to attract and retain both people and the investment that gives rise to jobs and income.

To measure the effectiveness of the partnership approach requires baseline estimates to be made which give some indication of the scale and nature of the problems and the underlying causes. Ideally the baseline should not concentrate only on measures of economic, social and environmental

problems. It should also identify and provide at least qualitative judgement on features of institutional capacity and this includes the adequacy of the public, private and voluntary sectors to meet the challenges involved, but also how well they are able to work together to bring about desirable change.

It is also important within the evaluation to identify performance measures to embrace how well the SRB partnerships have been able to tackle problems of poverty and social exclusion. This means ascertaining how well the partnership approach has identified and targeted on the needs of particular groups. Again, as with so many aspects of the evaluation framework for SRB some innovation is required.

A further key feature of the evaluation approach will be to seek to assess the durability of the outcomes produced by the SRB initiatives. A number of issues are relevant here, namely;

- The extent to which key players (usually companies, but also households) intend to remain and continue to invest in their present location once the programme is completed.
- The degree to which the partnership effects have been able to provoke changes in image and perceptions in the local property market such that benefits of enhanced investment and confidence flow after the end of the programme.
- The extent to which the partnership operated perhaps in conjunction with other programmes has been sufficient to achieve thresholds required in the key variables like infrastructure, access, confidence, agglomeration and local linkage such that self-sustaining growth can be achieved. This can be viewed in terms of whether key barriers or constraints to self-sustaining economic growth have been removed.
- Whether sufficient physical and institutional infrastructure exists to maintain the economic momentum.
- The degree to which market failure has been arrested.

Validating the rationale

The last aspect of the evaluation framework considered in this section is its ability to test the underlying rationale for the SRB approach encompassing economic and social aspects. The rationale would appear to embrace three main components. The first is that there is endemic and pernicious market failure in one or all of labour, land/property, capital and housing markets. The second relates to the failure of mainstream programmes to address the breadth, depth and interactive nature of the problems. The third relates to the failure of the institutional capability in the area concerned to be able to tackle the problems in such a fashion as to be able to break the vicious circle whereby the problems of one generation are passed onto the next. In considering how the vicious circle comes about we should recognise the inter-related components of the problem embracing economic, environmental and social factors and a general lack of social cohesion in and across the areas concerned. If this interpretation of the underlying rationale for SRB is correct then it is important that the evaluation framework be sufficiently well developed to identify both the failure concerned and the degree to which the SRB approach is able to overcome it.

4.3 The research method

This section spells out the research method which is being used to gain the substantial amount of information that is needed to produce a robust evaluation of SRB. The research method has reflected a number of features of SRB. The first is that there are a very large number of partnerships and they vary considerably in size, scope, coverage and the partners involved. In recognition of the fact that there are 373 successful partnership bids in the first two rounds alone it has been necessary to adopt a sampling approach to the evaluation.

A second feature relates to the duration of some of the partnerships which means that it will be up to eight years before the last one finishes. This fact has led to a timetable to the evaluation which extends for eight years.

Thirdly, the breadth of the SRB objectives and thus the range of beneficiaries involved means that the research methodology has to be capable of capturing the effects of the SRB on a large number of disparate categories of benefit streams ranging from economic, social through to the environmental.

Fourthly, the emphasis on capturing the institutional aspects associated with partnership effects necessitates a large scale interviewing programme with a large number of parties.

The following sections describe the salient features of the research method.

Main features of research method

To derive a cost benefit account with which to evaluate the direct benefits from the SRB Challenge Fund required a robust research methodology which would produce results which are consistent with Treasury evaluation guidelines and good practice. The research methodology has had to be able to assemble information relating to a wide range of gross and net economic, social and environmental benefits, disentangle the impact of other policies and programmes and establish an alternative position such that it is possible to establish what has been the additionality associated with the SRB partnership approach. The methodology has thus needed to be able to provide estimates of displacement, linkage and income multiplier effects. Once the overall net additional achievements of the programme have been established for the different geographical areas described earlier then it is possible to produce various indicators of performance and to assess the overall impact of the programme.

A number of factors have influenced the nature of the research methodology which has been adopted. Establishing what would otherwise of happened in the absence of SRB is very complex given the large variety of influences operating on the economy of the areas concerned. Moreover, the effects of the programme will unfold over a considerable period of time and the mechanisms by which economic regeneration may occur are many, and often quite diffuse. One approach frequently used in evaluation work is to identify a range of economic indicators that might be expected to be affected by the

programme and then establish a baseline of information for these variables. Subsequent changes in the values of the indicators concerned in the policy active period can then be compared and contrasted with the indicators at the baseline before the policy began, or more likely with the value of the indicators in a period **before** the policy began to allow some indication of the broad pattern of change before assistance.

There are good arguments for establishing a baseline from which to evaluate the achievements of the SRB and this has been a feature of the research approach adopted. The advantages with respect to establishing the achievements of social and partnership effects may be significant. There are also advantages with respect to the economic effects because a coherent baseline allows an assessment of the nature and the scale of the problem from which we start and if we can establish programme achievement we are then able to identify the true effectiveness of the programme.

The baseline information required relates to a range of economic, social and physical variables. Some information of relevance is already contained in the SRB output indicators and monitoring system which partnerships are required to establish. Other information is contained in a range of published and unpublished sources, including evidence on property related variables. Other sources of baseline information can only be derived from surveys of businesses and households. This is particularly the case with respect to social factors like income and benefit receipt, social deprivation, community involvement and attitudes and perceptions towards the general quality of life in the area, and also specifics like fear of crime, leisure facilities and attitudes to housing conditions. Data on these factors is relatively scarce at the level of the geographical resolution required.

Whilst the derivation of comprehensive baselines is an important part of the evaluation methodology it can only be one component of it. The calculation of additionality and displacement requires the use of carefully constructed questionnaires and interviewing techniques applied to a very large number of people and organisations. It is only in this way that the information required for a thorough evaluation can be gained. There really does not appear to be any alternative given the intricate and involved nature of the policy and non-policy interactions concerned.

With the above factors in mind the research methodology has comprised the following key elements;

- an extensive desk-based study of all successful partnership bids in round one and round two of the SRB Challenge Fund
- an analysis of unsuccessful partnership bids
- the selection of twenty case study partnerships which received funding from the SRB Challenge Fund during the first and second rounds. The twenty case studies were selected to feature a range of characteristics that it was felt would be important influences and the shape and form of the regeneration activity achieved.
- the construction of an extensive baseline in certain of the case study sample areas and certain other areas used as controls. the research approach was to update the baselines indicators at specific times in the future when the SRB partnership regeneration scheme had been operating in the area concerned for some time. The baseline was calibrated by;
 - a) drawing upon information from a range of published and unpublished sources. This included Census of Population information and material held by the Case Study partnership
 - b) an extensive survey of households in target case study areas. These surveys concentrated heavily on social factors on which data from other published and unpublished sources is relatively scarce at the level of geographical resolution required.
- an interim evaluation of the SRB Challenge Fund over rounds one and two based heavily on the experience of the twenty case study partnerships and an extensive range of interviews with the key players involved including the Government Offices for the Regions. The interim evaluation was designed to be completed at the end of the second year of the evaluation study and is the concern of this evaluation report.
- an insight into the achievements of the SRB Challenge Fund at the final evaluation stage based on the achievements and experience of each of the

twenty case study partnerships when they had formally come to the end of the time allowed for their regeneration schemes. This means that final evaluation reports emerge each year from year 3 to year 7 of the overall evaluation assignment.

- a durability evaluation study designed to assess for certain of the case study areas how much the regeneration achievements have taken root and the degree to which the original regeneration problems had improved

4.4 The twenty case studies used in the evaluation

The 20 case studies were selected from 201 successful Challenge Fund bids in round one and 172 bids in round two. The following selection criteria were used to ensure that the selected sample of 20 case studies were reasonably representative of all 373 bids in rounds one and two:

- duration of case study
- SRB expenditure devoted to the scheme
- the region in which the scheme was situated
- the type of partnership leader
- the objectives of the schemes
- the area type e.g. small area, LA District, 2 or more districts, county, region.

These criteria, when applied simultaneously, provide binding constraints on the selection process in that there is very little room for manoeuvre in finding combinations of 20 case studies which meet all the criteria. Whilst every effort was made to include some case studies which were regarded as particularly interesting, other intuitively attractive cases have had to be left out in order to meet these six primary selection criteria. Other criteria were considered less formally as for example the inclusion, amongst the 20 case studies, of actions relating to individual estates and bids emanating from more rural as well as heavily urbanised areas.

The 20 case studies which were selected are shown in Table 4.1 together with their characteristics in terms of whether from round 1 or round 2, duration, SRB spend, partnership leader, region, objectives as stated on the DETR database and area type.

It is useful to compare the characteristics of the sample selected with the characteristics of the population of schemes, considering the extent to which each selection criteria is met.

Round one and round two representation.

There was no strict quota as to the numbers of case studies to be drawn from round 1 and round 2 schemes except general guidance that up to 50% could be drawn from round 2. Round 2 schemes were thought to be more typical of likely Challenge Fund schemes as a whole to the extent that round 1 was used to get the system up and running when everyone concerned was on a steep learning curve. In the event 8 case studies have been selected from round 2. The sample split between the two rounds is therefore similar to the population of schemes in the two rounds.

In general, round 2 schemes of 7 year duration could not be selected because they would not be completed when the final evaluation would have to take place under the evaluation plan which the Department has set out. This ruled out several interesting larger projects which made it more difficult to meet all the selection criteria. However, in the final selection we have broken this rule in order to include in the sample the South Leytonstone Community Partnerships.

Table 4.1:- Selected Case Studies

No	Case Study Name	Rnd 1/2	SRB Exp £m	Duration	Lead Partner	Region	Objectives	Area Type
1	Northumbria Community Safety	1	0.9	2	Other	NE	Crim, Emp, Ethn	Region
2	W Midlands Industrial Club - Engineering	2	0.4	3	Vol	WM	Emp	Region
3	Limes Farm Partnership	1	1.0	3	LA	ES	Hous, Crim, Env	Small area
4	West Cornwall Initiative	1	2.8	3	Priv	SW	Econ, Emp	More than 1 LA
5	Brent & Harrow	1	1.6	3	TEC	LO	Emp, Educ, Train	More than 1 LA
6	Hangleton Knoll Challenge Fund Prog	2	1.6	4	Com Gp	SE	Emp, Educ, Train, Env, Crim, Qual	Small area
7	Bristol 2020	1	7.9	4	LA	SW	Emp, Econ, Hous, Ethn, Crim, Qual	LA District
8	Merseyside Learning Partnership	2	4.4	5	TEC	ME	Educ, Emp	County/TEC
9	Chalkhill Estate	1	3.3	5	LA	LO	Emp	Small area
10	Manufacturing Partnership	1	8.7	5	TEC	NW	Econ, Emp	County
11	Canalside Rochdale	1	10.5	5	Joint	NW	Econ, Emp, Hous	Small area
12	Regenerating Wolverhampton	1	16.5	5	Joint	WM	Emp, Econ, Hous, Ethn, Crim, Env	More than 1 LA
13	Swadlincote Woodlands	2	3.4	6	LA	EM	Educ, Train, Econ, Env, Hous, Crim	Small area
14	South Leytonstone Community Partnership	2	10.0	7	LA	LO	Hous	Small area
15	Regenerating Central Brighton	2	10.1	5	LA	SE	Emp, Train, Educ, Econ, Hous, Ethn, Crim, Env, Qual, Health	Small area
16	City of Sunderland Partnership	1	10.9	7	Priv	NE	Econ	LA District
17	Hull City Visions First Challenge Fund	2	11.7	5	Other	YH	Emp, Educ, Train, Hous, Crim, Env, Qual, Health	LA District
18	Nottingham Capturing the Dynamic	2	13.2	6	Joint	EM	Emp, Educ, Train, Econ, Hous, Ethn, Crim, Env, Health	LA District/TEC
19	Greenwich Regeneration - Woolwich Rev	1	24.9	7	LA	LO	Econ	LA District
20	Royds Bradford	1	31.0	7	Vol	YH	Hous	Small area

Source: DETR Database

SRB spend and duration of scheme.

As a guide to applying these two criteria to the case study selection process the Department suggested the matrix presented in table 4.2.

Table 4.2: Number of case studies by duration and SRB spend

SRB lifetime expend (£m)	Duration (years)				Total
	3	4	5	7	
less than 0.9	3				3
0.9-5.0	1	1	3	1	6
5.0-10.0		1	1	2	4
10.0-15.0			2	3	5
Over 15.0				2	2
Total	4	2	6	8	20

Source: DETR

This matrix was drawn up to be representative of round 1 schemes, and since the selection was being extended into round 2 schemes, it was suggested that some flexibility should be exercised in applying these two criteria if it was necessary to do so in order to better meet other criteria. For example a scheme of 5 or 6 year duration from round 2 could be substituted for a scheme of 7 year duration from round 1. Moreover, relatively small infringements of the SRB expenditure band limits would be permissible.

In the event the actual selection of case studies matches very closely with the guideline matrix. A 2 year bid substitutes for a 3 year scheme to assist in meeting other criteria and one 3 year selection is slightly over the £0.9m expenditure band limit. One 4 year scheme is below the expenditure band limit but two 5 year schemes compensate by being over the expenditure band limits. Of the designated 7 year schemes the two schemes in the £5.0 - 10.0m range are at the very top of their limit but the other six schemes are comfortably within their expenditure bands.

Lead partner.

This is an important selection criterion because the evaluation will be seeking to find how far the success of a partnership is governed by the effectiveness of the lead partner and whether some types of lead partner are able to achieve more than other types of lead partner as a consequence of differences in their background, experience, perspective or methods of working. With respect to this criteria, it is more important to secure a good spread of types of partnership leader rather than be too rigid in insisting on strict statistical representation. (See table 4.3).

Table 4.3: Types of partnership leader - sample and population

	Number of schemes			
	Statistical representation of population			
	Rnd 1	Rnd 2	Average (1+2)	Actual sample selection
Local Authority (LA)	10.6	10.7	10.7	7
Training & Enterprise Councils (TEC)	4.6	1.7	3.2	3
Joint leadership	1.1	2.6	1.8	3
Private sector (Priv)	1.5	0.8	1.2	2
Voluntary sector (Vol)	0.9	0.7	0.8	2
Other	1.0	2.2	1.6	2
Community Group	0.3	1.2	0.7	1
Total	20	20	20	20

Source: DETR Database

NB. Four schemes are led by Housing Associations and these are included in "Community Group".

A selection of 10 or 11 case studies with local authority leadership is justified by the statistical representation in the population but as a matter of deliberate intention 7 have been selected as being sufficient to assess the qualities which local authorities can bring to Challenge Fund activities in their role of lead partner. This accommodates a selection above strict statistical representation for partnership leadership by the private sector, the voluntary sector, the "other" category, community group, and for joint partnership leaders. Specifically the consultants judgement is that an assessment of the partnership leadership qualities of the private sector, the voluntary sector, the "other" category would be better informed if it were based on 2 case studies

each rather than the single case study which is indicated on a strict statistical representation within the population of schemes. The selection of 3 TEC led case studies is in line with their distribution in the population of round 1 and 2 schemes.

Region

The distribution of schemes by region of origin and the final selection of sample case studies by region is shown in Table 4.4.

Table 4.4:- Schemes by region - Sample and Population

Region	Statistical Representation			
	Rnd 1	Rnd 2	Average (1+2)	Actual Sample selection
South East (SE)	1.9	2.8	2.3	2
London (LO)	4.9	4.8	4.9	4
Eastern (ES)	1.3	1.0	1.2	1
South West (SW)	1.0	1.3	1.1	2
Merseyside(ME)	1.5	0.8	1.2	1
North West (NW)	1.9	1.4	1.7	2
North East(NE)	2.8	2.0	2.4	2
Yorkshire/Humberside (YH)	2.2	1.7	2.0	2
West Midlands (WM)	1.3	2.4	1.8	2
East Midlands (EM)	1.1	1.7	1.4	2
All regions	20	20	20	20

Source: DETR Database

On a strict statistical representation 5 sample case studies would be justified for London and 1 for the South West. One of the London case studies has been transferred to the South West. The Eastern Region and Merseyside have been allocated 1 case study each and all other regions 2 each which very broadly corresponds to their statistical representation in the population - given that, in actual sample selection, individual case studies are indivisible.

Area type

The definition of area types changed slightly between round 1 and round 2. Also given that London and Merseyside are regions the definitions of the “region wide” and “county wide” categories are not always consistent from one region to another. The critical differences which matter are the distinction between "small area", "single LA District wide" and areas which are larger than a single local authority. With these caveats in mind the distribution of the population of schemes and the sample selection are shown in Table 4.5.

Table 4.5:- Area Type - Sample and Population

Region	Statistical Representation			
	Rnd 1	Rnd 2	Average (1+2)	Actual Sample selection
Small Area	7.0	11.0	8.8	8
Single LA District	5.9	3.8	4.9	5
2 or more LA Districts	3.8	2.0	3.0	3
Countywide	2.1	1.7	1.9	2
Region-wide	1.3	0.8	1.1	2
Other	-	0.6	0.3	-
Total	20	20	20	20

Source: DETR Database

Overall, the sample selection corresponds reasonably closely to the "area-type" distribution of the population of schemes.

Scheme objectives.

For round 1 schemes the database records only the main objective(s) whilst for round 2 schemes the database records the full range of objectives. Moreover, in round 1 schemes of very different types are given the same stated objective of "employment" whereas in round 2 scheme objectives are stated with more precision. This difference in reporting/monitoring procedures confuses the analysis of schemes by objective.

The important consideration in the selection of the 20 sample case studies is to achieve a balance between single objective and multiple objective schemes and to ensure as far as is possible that the main objectives (economic, employment, education and training, housing crime reduction, ethnic groups, environmental and "quality of life") are represented adequately in the selected sample case study schemes. This has largely been achieved, but not completely. For example we attempted to include a scheme with a single environmental objective but were unable to do this and simultaneously meet all other criteria.

In the list of 20 case studies presented in Table 4.1 the frequency of the stated objectives is as follows:-

Employment	14 (15)
Economic	10 (11)
Housing	10 (4)
Crime	9 (4)
Environment	7 (4)
Education	7 (4)
Training	6 (4)
Ethnic	5 (3)
Quality of Life	4 (4)
Health	3 (2)

Figures in brackets show the statistical representation of stated scheme objectives of the population of schemes as recorded on the database. The case study selection, relative to the population, is biased slightly against the employment and economic objectives and towards those with objectives relating to housing, crime, education, training, environment and ethnic groups.

In the final selection of case studies these are 2 single objective housing schemes, namely South Leytonstone and Royds Bradford. The economic objective is prominent in West Cornwall, the Manufacturing Partnership (NW) and Sunderland. Education and training feature strongly in three case studies and crime in two case studies. Seven of the twenty case studies have genuinely multiple objectives, including Bristol, Rochdale, Wolverhampton, Central Brighton, Hull and Nottingham.

Other features of the selected case studies

The twenty case studies reflect a wide variation of funding sources as a proportion of total scheme cost.

Table 4.6 Funding sources as a % of total scheme cost

	Total scheme cost (£m)	SRB %	Other public sector %	Private voluntary sectors %
Northumbria Community Safety	1.8	50	39	11
W Midlands Industrial Club	1.3	54	31	15
Limes Farm Partnership	12.2	8	80	12
Hangleton Knoll Challenge Fund Bid	2.8	57	14	29
Merseyside Learning Partnership	9.5	46	34	20
Chalkhill Estate	6.8	49	21	31
Manufacturing Partnership	72.5	12	38	50
Canalside, Rochdale	97.2	11	23	66
Regenerating Wolverhampton	46.5	35	38	27
South Leytonstone Community Partnership	33.8	30	36	34
Regenerating Central Brighton	50.1	20	34	45
City of Sunderland Partnership	24.7	44	13	43
Hull City Vision's First Challenge Fund	103.2	13	27	60
Nottingham Capturing the Dynamics	58.1	23	24	53
Woolwich Revival (Greenwich)	99.0	26	41	34
West Cornwall Initiative	24.1	12	61	27
Brent & Harrow	2.3	70	21	9
Bristol 2020	46.4	17	8	75
Swadlincote - Woodlands	25.9	13	22	65
Royds - Bradford	105.0	30	23	47

Source: DETR Database

Table 4.6 shows that the share of SRB Challenge Fund spend in total scheme cost varies from 8% to 57%, whilst the share of funding from other public sector sources varies from 13% to 80%. The private/voluntary sector contribution shows a similar wide variation ranging from 11% to 66%. Taking an unweighted average of the sample case studies the proportions of

funding from the three sources is approximately a third each. It is more appropriate, however, to take an expenditure weighted average which is 21% for SRB spend, 32% for other public sector spend and 47% for private sector spend. On this basis every £1 of SRB funding is associated with £1.52p of other public sector expenditure and £2.22p of private expenditure. Put another way every £1 of public expenditure levers in 88p of private sector expenditure.

It is the larger sample schemes which are more effective in leveraging other public sector funding and private funding. However, it must be remembered that the private sector leverage is a forecast which may not always prove to be accurate and is likely to be influenced by cyclical movements in the national economy during the 5 to 7 year duration of the larger schemes.

Private sector leverage is relatively high in those case studies which include a substantial proportion of physical regeneration of new or refurbished commercial/industrial premises and/or houses and the private expenditure involved is the construction expenditure of private sector developers. This is most marked in Hull City Visions, Nottingham and Rochdale but also present in Central Brighton, Sunderland, Woolwich and Leytonstone case studies. In the Manufacturing Partnership case study private sector leverage is also relatively high but this will take the form of manufacturing investment in plant and equipment more than buildings. Other public expenditure is relatively high in case studies in which SRB supplements main programme spending as for example housing, education and the police.

Four of the case studies are thematic in that they focus on one aspect of regeneration and apply it over a relatively large geographical area. The Merseyside Learning Partnership aims to raise the employment prospects of 22,000 young people by improving their educational achievement and skills. A similar theme is pursued in the West Midlands Industrial Club which fosters links between schools and engineering companies in an attempt to improve the image of engineering as a career and to encourage school leavers to seek jobs in engineering firms. By contrast the Northumbria Community Safety Strategy is a scheme which addresses crime amongst young people through measures to prevent crime and reduce drug abuse in a large area of Tyneside and Northumberland. Finally, the Manufacturing Partnership aims

to achieve a more competitive manufacturing base in Lancashire in order to create jobs for young people in expanding manufacturing firms.

The other case studies pursue multiple objectives - employment, economic, housing, social environmental and quality of life - which is the major innovative thrust of the SRB Challenge Fund as a whole. It is based on the proposition that successful economic regeneration of run down areas is not likely to be successful without first improving housing, social and environmental conditions and on the other hand that poverty, crime and social exclusion cannot be alleviated on a sustained basis without also finding economic solutions through increased employment opportunities and a higher skilled workforce. SRB schemes are attempting to break into this vicious circle through an integrated attack on all aspects of the problem. Some schemes focus on a large town as a whole but most tackle selected smaller areas within a city and some restrict their efforts to one housing estate.

Nevertheless the case studies are selected to vary in the emphasis placed on one or two of the full range of multiple objectives since each scheme is custom built to meet the balance of need in each area. Two of the larger case studies, South Leytonstone Community Partnership and Royds - Bradford place housing improvement at the centre of their regeneration strategies. Both areas also have a high ethnic concentration and housing improvement will be combined with measures to improve social conditions. Three smaller case studies, the Limes Farm Partnership, the Chalkhill Estate in Wembley and Hangleton Knoll (Hove) focus on regeneration problems in individual housing estates. The areas, which have high ethnic concentrations, are in need of physical improvements to the housing stock as well as measures to raise skills via training, widen access to jobs in neighbouring areas and reduce high levels of crime. Hangleton Knoll in particular is characterised by the very substantial involvement of community groups and the voluntary sector in the regeneration process.

Several larger schemes focus on economic improvements to induce social and environmental regeneration although they vary in the emphasis placed on particular sectors of economic activity. The Central Brighton scheme seeks to expand activity in the cultural and entertainment sector, whilst Sunderland is aimed at promoting innovation, R&D and inward investment in

manufacturing activities particularly in the former Coalfield part of the scheme's designated area. The Rochdale scheme, with a total cost of £97 million of which two thirds is private sector leverage, is a site by site land clearance programme combined with the refurbishment of old buildings and houses which are worth preserving combined with new buildings and an ambitious canal restoration programme. Hull CityVisions is a similar type of bid to revitalise a river corridor and consists of a blend of city-wide themed interventions for the education training and business sectors combined with local actions targeted at priority areas to establish a food processing business park and facilities to enhance the development of the marine sciences. The scheme also includes community health projects.

The Woolwich revitalisation scheme is another £100 million scheme which combines action to regenerate the Woolwich Arsenal and accommodate the University of Greenwich with much needed help to improve the image and environment around the run-down retail shopping area, and other measures to assimilate the large ethnic community include language support projects.

The Wolverhampton scheme has a very high social content aimed at raising the quality of life in the city and raising employability amongst disadvantaged communities. Another feature of the scheme is the importance attached to securing the active involvement of the voluntary sector and community groups on a city-wide basis. The Nottingham scheme has similarities with Wolverhampton in that it has been developed in conjunction with local communities for the benefit of local communities and there is a genuine attempt to raise the capacity of community groups to play an active role in the regeneration process. Prominent in the Nottingham scheme are the objectives of accessing employment through training, education, counselling, guidance and advice and sustaining local communities through community capacity building initiatives, estate security, site and environmental improvements and community facilities.

4.5 Conclusion

This chapter has described the main factors which have influenced the choice of the evaluation framework and the research methodology. The sheer breadth of the SRB Challenge Fund initiative means that there are a considerable array of conceptual and measurement problems presented in seeking to undertake an evaluation of its achievements. With these problems in mind the next part of this Report describes the main findings to emerge from the evaluation.

5 THE DISTRIBUTION OF SRB CHALLENGE FUND IN RELATION TO LOCAL AREA NEEDS IN ENGLAND

5.1 Introduction.

Although aggregate budgets for each Government Regional Office are allocated according to the extent of deprivation in each region there is no automatic presumption that a competitive challenge fund regime will lead to an allocation of regeneration resources which reflects closely the distribution of deprivation and the relative needs of each local area. Highly deprived local areas may not prepare bids or may have them rejected because when they are assessed by the Government Offices for the Regions their likely impact and cost effectiveness is felt to be poor. At the same time less deprived areas might be particularly effective in putting forward successful schemes. This chapter examines the distribution of the SRB Challenge Fund expenditure across England under the first three rounds and assesses how closely it has, ex-post, gone to meet local need where this is measured on the basis of the Index of Local Conditions.

5.2 Assessing geographical variations in local need

For many years the Department of the Environment, Transport and the Regions have prepared deprivation indices covering a range of spatial areas. The current Index of Local Conditions is based, among other things, on 1991 data and combines a number of indicators into a single deprivation score for each area. The Index has been produced at three spatial scales - local authority district, Ward and Census Enumeration District. The Index includes 6 indicators at the ED scale, 7 at the Ward scale and 13 for local authority districts which include 6 non-census based indicators.

At the LA District level, which is the spatial scale most feasible for this exercise, three deprivation measures are derived for each district:

- the average LA district score, covering the whole area
- the proportion which is a "deprived area(s)" ie EDs within the most deprived 7% in England and
- the severity of deprivation in the worst parts (ie the average score of the three worst wards).

These are seen as measuring the degree, extent and intensity of deprivation respectively in each LA District. The 366 LA Districts in England can then be ranked (1 equals most deprived) to provide three indicators of relative deprivation. The Index effectively identifies the most deprived districts - it does not claim to measure small differences in deprivation score for the large number of relatively prosperous areas where the deprivation score is low or near to zero which should all be taken as non-deprived.

5.3 Identifying the geographical distribution of SRB expenditure

The data problems are more severe with respect to the measurement of SRB spend by area because successful SRB scheme's target areas are not defined systematically by any form of area categorisation such as EDs, Wards or Districts. Indeed most scheme target areas do not coincide with any of these but rather have boundaries which include parts of EDs, Wards and Districts. To obtain precise definitions of target areas would require detailed work on about 500 local schemes in the three rounds of SRB and even if this was undertaken the defined areas could not be matched to any standard areas for which the Index of Local Conditions is calculated. For this reason this exercise is carried out at the local authority district spatial level where it is possible to measure both SRB spend within Districts and the Index of Local Conditions. This is not ideal in the sense that it provides only average SRB spend for the District and does not tell us how far SRB spend within the District has been targeted towards the District's most deprived localities.

The preparation of a database of SRB spend for each District proved time consuming. A database for 150 recently approved Round 3 schemes was prepared from scratch. The database for the 373 successful schemes in

rounds one and two had been prepared but further work has been needed to link SRB schemes with the relevant LA District, to cater for the fact that some LA Districts have several SRB schemes within them even for the one round and the fact that some schemes are geographically broad and cover several LA Districts. Some bids to the Government Office for London are "London-wide" and cover all London Boroughs without determining how much expenditure will take place in each Borough (District). In spite of these difficulties the measures of average SRB spend per District are likely to be as robust as the measures of local needs as reflected in the Index of Local Conditions.

Although analysis was undertaken separately for the 3 SRB rounds it was felt that the geographical distribution of funds for any one round or differences in results between rounds should not be considered as particularly significant. A better test of how well the SRB regime had been able to meet local need was to take the results for all three rounds together.

Three approaches have been followed to relate District SRB spend per District to the Index of Local Conditions for each District. The first was a straight correlation analysis in which a coefficient approaching 1 indicates a very close relationship between SRB spend and local needs whilst a coefficient closer to zero implies a very weak relationship. The second approach was to take the most deprived 20, 56 and 99 districts respectively and calculate the proportion of SRB spend which has been allocated to these highly disadvantaged areas. The third correlated SRB spend by all 366 Districts with 13 indicators of local need in order to establish whether particular categories of need appear to be better targeted than others.

5.4 The key findings

The key headline results of the analysis are presented in tables 5.1 and 5.2. Table 5.1 shows the distribution of SRB funding to blocks of deprived and less deprived districts along with their population. The third column shows the amount of SRB spending per head (rounds 1, 2 and 3 combined) for each group of Districts.

The 20 most deprived Districts, as measured by the Index of Local Conditions, were awarded £953.6m of SRB funding. Their resident population is almost 5½ million which gives a figure of SRB spend per capita of £174.9.

The 56 most deprived Districts (including the 'top 20') were allocated £138 of SRB resources per head of population (where the “population” is the population for the whole District), whilst the 99 most deprived districts (including the 'top 56') received £122.5 of funding per capita.

The remaining 267 Districts which are non-deprived in the sense that levels of deprivation overall are close to or better than the English average (but which may contain pockets of deprivation) received only £21.3 of SRB funding per capita which is about one third of the all-England-average of £64.

Table 5.1 SRB expenditure and expenditure per head of population for most deprived local authority districts in England.

	(Round 1, 2 and 3 of SRB combined)		
	SRB Spend (£m) ¹	Population (000s)	SRB spend/head (£s)
20 most deprived districts	953.6	5,451	174.9
56 most deprived districts	1,989.3	14,410	138.1
99 most deprived districts	2,529.3	20,643	122.5
267 non-deprived districts ²	602.8	28,260	21.3
Total 366 districts	3,132.1	48,903	64.1

Source: SRB Evaluation Team, Dept of Land Economy.

(1) Excludes £404,259 which was allocated to the new unitary authority South Gloucestershire.

(2) Districts with deprivation around the English Average or less.

Table 5.2 presents the same information for the four groups of Districts but as a percentage of the English totals. Thus the 20 most deprived Districts (5.5% of all Districts) contain 11.1% of England's population but were awarded 30.4% of all SRB funding. The most deprived 56 Districts contain less than a third of England's population but received almost two-thirds of aggregate SRB funding - whilst the 99 most deprived Districts contain 42% of England's population but received over 80% of SRB funding. By contrast the 267 less deprived and non-deprived districts account for 58% of England's population but received only 19.3% of total SRB funding.

The evidence is clear. The geographical distribution of SRB funding has in practice been responsive to local needs as measured at LA District level and that for groups of more or less deprived districts the amount of funding per head has been sensitive to the degree of relative need or deprivation. This result relates specifically to the first three SRB rounds taken together. For individual rounds the same kind of result emerges but the overall relationship between spend and needs is less systematic and weaker.

Table 5.2 Percent of SRB expenditure in the most deprived districts relative to their share of population in England.

	% of SRB spend in England	% of England population	% of all Districts in England
20 most deprived districts ¹	30.4	11.1	5.5
56 most deprived districts	63.5	29.5	15.3
99 most deprived districts ²	80.7	42.2	27.0
267 non-deprived districts ³	19.3	57.8	73.0
Total	100	100	100

Source: SRB Evaluation Team, Dept of Land Economy

⁽¹⁾ Using the Department of the Environment, Transport and the Regions Index of Local Conditions which measures degree of deprivation for the District.

⁽²⁾ Hounslow is ranked 99, whilst Bolsover in Derbyshire has a rank of 100

⁽³⁾ Districts with deprivation around the English Average or less.

However the result presented above for groups of Districts is not universally held for each individual District within these groups. There is a wide range of spending per head in Districts within the groups. For example in the top 20 the most deprived District of all, namely Newham, also has the highest SRB spend per capita. But Birmingham which is ranked number 5 in needs has an SRB spend per capita very much lower than Newham (Birmingham at £81 and Newham at £343). Both Birmingham and Newham received about the same amount of SRB funding but Birmingham has a population which is four times larger than that of Newham.

Correlation analysis was undertaken which related SRB spend per capita to the extent of deprivation by individual District (as measured by the value rather than the ranking in the Index of Local Conditions). Separate correlation coefficients were obtained for :

	Correlation coefficient
All Districts (366)	0.75
200 most deprived Districts	0.66
120 most deprived Districts	0.58
99 most deprived Districts	0.51
56 most deprived Districts	0.44

The correlation coefficient for the reduced numbers of Districts may be the more meaningful because it cuts off the long tail of less deprived and non-deprived Districts which have almost identical deprivation values but show some variation in SRB funds per capita successfully bid for under the Challenge Fund.

The coefficients confirm - even at the level of individual Districts - that there is a strong and positive relationship between the degree of deprivation at the District level, and the amount of SRB spend per capita.

5.5 Analysis of SRB spend at the individual Government Office level

A further dimension was added to the analysis by examining the distribution of SRB spend in relation to the degree of deprivation at the District level **within** each individual Government Office area. Table 5.3 provides a summary.

Comparison of column one with either column two or three reveals that there is not a very strong relation between the geographical distribution of SRB spend at the Government Office level and the distribution of population. This is hardly surprising since population itself is not a very good indicator of need. Column four presents the correlation between the geographic distribution and the local index of intensity of deprivation across the whole of England (0.75), as discussed earlier in this paper, but also now for each individual Government Office Region. Thus, what this column shows for each Government Office Region is how well the spend of SRB across the region concerned accorded with the geographic distribution of need across that region as proxied by the intensity of deprivation indicator (all analysis by District). It is most revealing.

In some regions there is an extremely high correlation with Merseyside and Yorkshire Humberside being amongst the highest at over 0.80. In other regions the correlation is far weaker at around 0.50. This broad finding is also reinforced if we adopt the somewhat different approach of ascertaining for each region how much of the total SRB spend in the region is in the top ten most deprived districts in the region (column 5).

In Merseyside perhaps a not surprising result, all SRB spend is in the top ten since so much of the region has districts which are relatively deprived. At the other extreme the Eastern region has just over 50% of its total SRB spend in its ten most deprived districts. The West Midlands is similar and in that case reflects a very real redistribution of resources for regeneration from the traditional urban areas of need to more rural areas, like the Coalfields, where new need is gradually beginning to emerge.

Column six reveals that there have been considerable variations between regions in the average spend per head on SRB. It is noticeable that the more urban regions tend to have the higher spend perhaps reflecting in part the composition of SRB schemes supported with the urban areas having a bias to larger infrastructure projects (housing and environmental improvement) and the rural areas business support and training.

The average spend per head in just the ten most deprived districts in each region reveals this even more clearly (column seven).

A key issue is the allocation of resources by Government Offices for the Regions to the most deprived Districts on the **national** scale and how the existence of highly deprived areas in a region has affected the distribution of resources in the region.

Table 5.3 The distribution in relation to the degree of deprivation by district within Government Office areas

Govt Office	(1) % of all SRB spend in region ⁸	(2) Breakdown of English pop by region ⁹	(3) Breakdown of SRB pop by region ¹⁰	(4) Correlation of SRB spend in GOR relative to Degree of Deprivation Index ¹¹	(5) Proportion regional SRB spend for 10 most deprived districts ¹²	(6) Av spend per head in region ¹³	(7) Av spend/head for 10 most deprived districts £ ¹⁴
E Mids	4.49	8.19	8.09	-0.72	59.99	35.12	58.69
Eastern	2.44	10.99	8.99	-0.55	56.33	14.23	34.8
London	26.4	14.32	15.48	-0.57	58.66	118.04	229.54
Merseyside	6.64	2.92	3.16	-0.83	100	145.68	145.68
N East	12.21	5.33	5.76	-0.64	85.32	146.75	195.25
N West	11.97	11.2	11.43	-0.68	64.16	68.48	120.4
S East	5.94	16.04	13.58	-0.69	63.37	23.71	84.86
S West	3.02	9.88	10.68	-0.51	68.12	19.6	46.88
W Mids	11.46	10.85	11.73	-0.54	71.90	67.68	93.47
Yorks/Humb	15.42	10.29	11.12	-0.81	82.72	96.01	123.01
England	100	100	100	-0.75	-	64.05	-

Source: SRB Evaluation Team, Dept of Land Economy

⁸ % of SRB expenditure in England (1994-1997) by Government Office Region.

⁹ Population as a % of all England total population, source Regional Trends.

¹⁰ Total population in Government Office region which has now received SRB (1994-1997) as a proportion of total population receiving SRB in England (at district level).

¹¹ Correlation of SRB expenditure per capita against degree of deprivation index for districts in the Government Office Region.

¹² SRB expenditure (1994-1997) in the ten most deprived districts in the Government Office Regions as a proportion of all SRB expenditure in the Government Office Regions.

¹³ All SRB expenditure in Government Office Region (1994-1997) as a proportion of **total** population in region.

¹⁴ Average spend per head (1994-1997) by taking SRB expenditure in the ten most deprived districts in the Government Office region and dividing by the total population in the ten districts.

Table 5.4 shows the absolute expenditure and proportion of expenditure in each Government Office devoted to the 10, 20, 56 and 99 most deprived Districts nationally - as well as total Government Office expenditure and expenditure per head.

Hence London has a concentration of deprived District/Boroughs with 45% of its SRB spend devoted to the top 10 deprived Districts nationally, 67% to the 20 most deprived and 84% to the 99 nationally most deprived Districts. The equivalent figures for the only other two regions with representation the 10 most deprived Districts are Merseyside and the West Midlands. Merseyside GO spends 37% of its total SRB spend on the 10 most deprived Districts nationally, 54% on the 20 most deprived Districts and 100% on the 99 most deprived District.

By contrast Eastern Region has no representatives in the 56 most disadvantaged Districts nationally. It has only 32% of its expenditure devoted to the top 99 nationally deprived Districts compared with London's 84% and Merseyside's 100%.

Table 5.4 Levels and proportions of SRB Challenge Fund expenditure devoted to the most deprived areas on a national scale by Government Office for the Regions.

	SRB Expenditure on nationally most deprived Districts (£m)				As % of total GOR SRB spend				GOR total spend ¹ (£m)	GOR spend per hd (£s)
	Top 10	Top 20	Top 56	Top 99	Top 10	Top 20	Top 56	Top 99		
SE	0	0	59.4	116.7	0	0	32	63	186.0	23.7
Lon	371.0	554.9	647.0	698.1	45	67	78	84	826.8	117.4
East	0	0	0	24.1	0	0	0	32	76.5	14.2
SW	0	0	56.8	57.2	0	0	60	60	94.7	19.6
EM	0	0	37.4	65.1	0	0	27	46	140.7	35.1
WM	125.1	125.1	201.7	245.8	35	35	56	68	359.1	67.7
NW	0	67.5	219.6	280.4	0	18	59	75	374.9	68.5
ME	77.9	111.7	138.1	208.0	37	54	66	100	208.0	145.7
YH	0	0	340.3	462.9	0	0	70	96	483.0	96.0
NE	0	94.4	289.0	371.0	0	25	76	97	382.4	146.8
	574.0	953.6	1989.3	2529.3	19	30	63	81	3132.1	69.2

Source: SRB Evaluation Team, Dept of Land Economy

(1) Excludes £404,259 which was allocated to new unitary authority South Gloucestershire.

Table 5.5 shows the share of each Government Office region SRB spend devoted to the 267 less deprived and non-deprived Districts. This ranges from 68% in the Eastern region to 0% in Merseyside.

Table 5.5 SRB spend on less deprived districts by GO (those ranked 100 to 366)

	SRB spend £mn	Share of GO SRB spend
South East	69.3	37
London	128.8	16
Eastern	52.4	68
South West	37.5	40
East Midlands	75.6	54
West Midlands	113.2	32
North West	94.5	25
Merseyside	0	0
Yorkshire & Humberside	20.1	4
North East	11.5	3

Source: SRB Evaluation Team, Dept of Land Economy

5.6 SRB spend in relation to 13 indicators of need.

If the data permitted it would be helpful to establish SRB spend by district for each SRB objective and then analyse how well spend by objective correlated with a particular indicator of need appropriate to each objective. However, establishing a lead objective for many partnerships is problematic. However, as an attempt to move in the required direction it has been possible to correlate the distribution of SRB spend across Districts with 13 different indicators of relative need (see table 5.6). The cross correlation matrix is shown because clearly there are significant correlations between indicators which it is important to be aware of. Relatively high correlations stand out between the distribution of SRB spend and the geographical incidence of unemployment and low earning households/income support.

Table 5.6 Correlation for all LA Districts

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	1														
2	0.753	1.000													
3	0.697	0.933	1.000												
4	0.529	0.724	0.605	1.000											
5	-0.070	0.031	-0.036	0.115	1.000										
6	0.409	0.515	0.398	0.606	0.320	1.000									
7	0.396	0.530	0.528	0.203	-0.328	-0.129	1.000								
8	0.707	0.951	0.943	0.656	-0.055	0.409	0.539	1.000							
9	0.708	0.932	0.867	0.605	-0.064	0.396	0.525	0.914	1.000						
10	0.569	0.672	0.610	0.351	-0.232	0.029	0.561	0.601	0.644	1.000					
11	0.639	0.777	0.742	0.402	-0.119	0.180	0.419	0.741	0.754	0.635	1.000				
12	0.668	0.920	0.896	0.577	-0.065	0.371	0.521	0.918	0.888	0.600	0.755	1.000			
13	0.493	0.616	0.557	0.291	-0.330	0.030	0.525	0.545	0.563	0.662	0.544	0.523	1.000		
14	0.504	0.595	0.470	0.572	-0.126	0.484	0.093	0.489	0.479	0.405	0.439	0.449	0.385	1.000	
15	0.429	0.574	0.540	0.270	-0.194	-0.032	0.660	0.572	0.546	0.569	0.498	0.526	0.422	0.237	1
Key	1	SRB Spend per head													
	2	Basic Index Score													
	3	Unemployment													
	4	Crowded housing													
	5	Lacking amenities													
	6	Unsuitable accommodation													
	7	Education participation													
	8	Child low earn household													
	9	No car													
	10	SMRs (health)													
	11	Long term /all unemployment													
	12	Income support													
	13	Derelict land													
	14	House insurance													
	15	Education attainment													

Source: SRB Evaluation Team, Dept of Land Economy

5.7 SRB resource allocation across the 267 non deprived districts

Further analysis was undertaken of the distribution of SRB spend across the 267 non deprived districts in relation to the distribution of need across these districts where need was assessed according to two measures:

1. Proportion of deprived EDs in the district
2. Intensity of deprivation in the worst three wards in the district

These measures are useful for picking up relatively small pockets of deprivation in what are otherwise relatively affluent areas. We are thus able to consider the distribution of SRB spend per head across the 267 non deprived districts in relation to these needs indicators. When this is done the correlation is 0.21 and 0.37 respectively and thus the SRB spend has not tended to be very tightly focused on non deprived districts with pockets of deprivation, although there are clearly many influences at play and in these circumstances the associations are perhaps more significant than one might expect given that many of the schemes to the less deprived areas are thematically based.

Given the relatively low but nonetheless positive correlation coefficients for the 267 less deprived Districts further exploration of these was undertaken. Table 5.7 shows the amounts of SRB funding awarded to the 267 less deprived Districts.

Table 5.7 SRB Expenditure in 267 less deprived districts

SRB spend £mn	No of less deprived Districts
Over £20m	4
10-20	9
5-10	19
2-5	57
Less than 2	142
0	36
602.7	267

Source: SRB Evaluation Team, Dept of Land Economy

Over the first three rounds of SRB the 267 less deprived Districts attracted funding totalling £607.6 m - an average of £2.3 m per District. However, 36 Districts received nothing so the average SRB spend for beneficiary Districts was £2.6m. Of the beneficiary less deprived Districts, 61% received less than £2 m over the three rounds and a further 25% between £2m and £5m.

Some 32 less deprived Districts received more than £5 m of SRB spend and of these 12% less deprived Districts accounted for 55% of SRB expenditure on the less deprived Districts as a whole. These 32 larger spending non-deprived Districts were then examined individually with a view to identifying those for which there was clear evidence of pockets of serious deprivation. This was done by comparing each Districts' ranking position for the three indices of deprivation - average degree, extent, intensity. In cases where the Districts' ranking was much higher (closer to 1) on the "extent" and/or "intensity" indices than on the "average degree" index this was taken as indicating the presence of pockets of deprivation. The results are shown in table 5.8.

In 13 of the 32 Districts there is evidence of pockets of deprivation, in some cases quite serious. For example, Croydon which is 105th in the ranking of "average degree of deprivation" moves sharply up to 54th in the "extent" ranking and 40th in the intensity ranking. There are clearly deprivation problems in parts of Croydon which justify the substantial amount of SRB awarded. The 13 Districts with pockets of deprivation account for 44% of the total SRB spend of these larger spending non-deprived Districts.

This leaves over half the less deprived Districts for which the evidence suggests no pockets of deprivation - in many cases quite the reverse. For example Rossendale received £12m of SRB funding but is ranked 108th (average degree), 320th (extent) and 211th (intensity) on the deprivation indices.

Table 5.8 Less deprived districts with over £5m of SRB spend over the three rounds

District	SRB Spend £m	Indices of Local Conditions		
		Degree	Extent	Intensity
Croydon	28.2	125	54	40*
Dudley MBC	24.5	142	103	99*
Hillingdon	24.4	156	172	183
Cannock	23.4	143	320	164
Merton	15.2	104	46	61*
Bromley	14.8	208	84	49*
Sutton & Cheam	13.6	183	110	147
Bexley	12.3	181	96	101*
Rossendale	12.0	108	320	211
Ellesmere Port/Neston	11.1	131	216	134
Pendle	10.6	103	181	127
Bolsover	10.0	100	320	180
Northampton	10.0	144	128	70*
Lichfield	8.5	251	225	218
Newcastle under Lyme	8.8	184	256	184
East Staffordshire	8.3	165	167	129
Luton	7.6	115	47	71*
Chester	7.3	198	106	109*
Havering	7.6	158	129	74*
Bury	6.6	161	108	138
Lewes	6.5	308	229	215
Stockport	5.5	213	131	98*
Havant	5.4	160	66	72
Nuneaton	5.8	141	170	140
Cleethorpes	7.1	134	136	154
Wrekin	6.2	133	179	171
Shepway	6.2	130	50	58*
Durham	5.4	123	320	187
Redbridge	5.4	120	93	67*
West Lancashire	5.8	116	320	175
Lancaster	6.1	111	48	56*
Copeland	5.4	101	219	160

Source: SRB Evaluation Team, Dept of Land Economy

Note: * are those Districts in which there is clear evidence of pockets of deprivation

To explore this group of Districts further we considered a fruitful line of enquiry was to examine Districts on either side of the “99 District deprivation” threshold to see how different types of area were treated by the individual components of the “average degree” Index of Local Conditions and within that to see if some less deprived Districts on average had nevertheless individual components of deprivation which could be tackled by thematic SRB schemes.

The Index of Local Conditions is an average of 13 indications of deprivation some of which are economic, whilst others relate to housing conditions, social conditions, crime and education. Housing conditions, with 3 of the 13 indicators, carries a substantial weight particularly as SRB is not a mainstream provider of housing. These 13 indicators were grouped into 4 groups and the Index of Local Conditions scores for each group are shown in table 5.9 for selected “less deprived Districts” and Hounslow the 99th ranked District which qualifies as deprived.

Table 5.9 Index of Local Conditions score groupings for selected “less deprived districts”

	Hounslow (99)	Copeland (101)	Pendle (103)	Merton (104)	Hillingdon (156)
Housing related indicators	9.53	-3.72	-2.88	5.20	2.32
Economic related indicators	-3.79	2.66	-0.01	-0.89	-7.90
Poverty/mortality related	-4.95	-0.77	-1.73	-5.50	-7.70
Education/crime related	-0.74	1.66	3.84	-0.32	-0.25
Average score	0.017	-0.151	-0.786	-1.523	-13.533

Source: SRB Evaluation Team, Dept of Land Economy

NB Positive figures denote high deprivation, whilst negative figures denote relatively favourable conditions.

Hounslow is ranked 99th, and therefore deprived, purely on account of housing related indices which are powerful enough to offset better than average conditions for economic, income, mortality, education and crime factors. By contrast Copeland and Pendle have favourable housing conditions indices but have above average needs in relation to economic, education and crime factors.

Thus the “average degree” Index of Local Conditions is very much an average of many aspects of deprivation and is wholly appropriate for identifying those Districts with the most serious multiple deprivation. But it disguises aspects of disadvantage in overall less deprived Districts which are more thematic in character - as a consequence of the averaging process. But under a Single Regeneration Budget Challenge Fund arrangement Copeland has as much right to bid for funds to address its economic and educational problems, as Hounslow has to address its housing related problems - even though they fall on either side of an arbitrary threshold of an average index. SRB awards thematic bids for those types of situation where the scheme is tackling a thematic aspect of disadvantage which is identified locally.

Examinations of individual bids/schemes for Districts included in table 5.8 suggest that they are thematic and address particular facets of disadvantage identified in the locality. Given these results relation to pockets of multiple deprivation and facets of thematic disadvantage there is merit in not having a strict “cut- off” of SRB funding at the 99th District as ranked by an “average based” index. Moreover, to do so would rule out SRB funding to most rural areas with their own thematic problems of peripherality and rural development which generally would not be ranked highly by the average degree Index of Local Conditions.

5.8 Schemes relating to more than one district

This analysis has been conducted throughout by including schemes which relate to more than one District. In these schemes the SRB expenditure has been allocated to individual Districts on the basis of their population. Our analysis for the 267 less deprived Districts has also been carried out including only single District schemes. The broad conclusions are not materially affected. On this basis fewer of the less deprived Districts received more than £5m of SRB spend (20) but the proportion of these showing pockets of serious deprivation remained about the same at 55% (Table 5.10).

Schemes straddling more than one District are not tackling pockets of deprivation - almost by definition - but are invariably thematic. Some of

them are quite specific and specialised and addressing a need which would not be directly measured by the Index of Local Conditions. A good example of this is the Lancashire Manufacturing Partnership which specifically addresses business performance in the manufacturing sector. This scheme, which straddles 14 Districts of Lancashire is run by a partnership of Lancashire Enterprise Ltd and two TECs.

Table 5.10 Less deprived districts with over £5m of SRB spend over the three rounds (single district schemes only)

District	SRB spend £m	Indices of Local Conditions		
		Degree	Extent	Intensity
Dudley	24.2	142	103	99*
Hillingdon	21.4	156	172	183
Cannock	19.5	143	320	164
Bromley	14.1	208	84	49*
Ellesmere Port/Neston	11.1	131	216	134
Rossendale	11.0	108	320	211
Merton	10.2	104	46	61*
Northampton	10.0	144	128	70*
Pendle	9.3	103	181	127
Newcastle-under-Lyme	8.6	184	256	184
East Staffordshire	8.3	165	167	129
Croydon	7.7	125	54	40*
Chester	7.3	198	106	109*
Lewes	6.5	308	229	215
Bury	6.4	161	108	138
Shepway	6.1	130	50	58*
Wrekin	5.7	133	179	171
Bolsover	5.4	100	320	180
Stockport	5.2	213	131	98*
Bexley	5.0	181	96	101*

Source: SRB Evaluation Team, Dept of Land Economy

Note: * are those Districts in which there is clear evidence of pockets of deprivation

We have examined a selection of individual SRB schemes for those Districts with relatively large SRB spend which do not fall within the 99 most deprived districts as measured by the 1991 Indices of Local Conditions. Many of these are tackling aspects of deprivation which would not be “picked

up” by the Index of Local Conditions or have occurred since 1991. For example the Bolsover Scheme is tackling the specific problems of localised coal-mine closures which have occurred since 1991. The Cannock Scheme is essentially environmental and aims to revitalise the run down town centre - a regeneration need which is not possibly identified in a general index of relative deprivation. Similarly part of the Hillingdon SRB spend is devoted to the Stockley transport model inter-change which would not feature in a general needs indicator. The Pendle scheme addresses manufacturing industry decline and low education attainment. The disaggregated Index of Local Conditions does indicate relatively high needs in these two areas but, in the average index, these are offset by relatively low housing related needs.

5.9 SRB funding in relation to local needs compared with previous urban policy initiatives.

We have seen that SRB spending in its first three rounds taken together has been successfully targeted at the most severely deprived local authority districts in England. All but 1 of the 99 most deprived districts (Harlow, number 83) received SRB funding and within this group the most severely deprived 20 districts (and 57 districts) received more SRB funding per head of population than the group with less severe deprivation. But SRB was also available to the 267 non-deprived districts in which overall deprivation was near to the English average or better. Many of these Districts, although prosperous overall, have small pockets of deprivation or other special regeneration problems which need tackling. Small amounts of SRB spending has been successfully won by some of these districts. Only about 37 districts received no SRB funding over the three rounds taken together¹⁵.

In many respects therefore the SRB Challenge Fund has been highly responsive to the graduation of relative needs across the LA Districts of England. This contrasts with UDCs in which only 16 or so District Areas

¹⁵ These are Harlow, Cambridge, Wellingborough, Runnymede, Warrington, Vale Royal, Spelthorne, Sevenoaks, Crawley, Tandridge, Maldon, Rother, East Northants, Rochford, Mole Valley, Epsom & Epswell, Tonbridge & Malling, Reigate & Banstead, East Cambs, South Holland, Tunbridge Wells, Elmbridge, Castle point, Brentwood, Mid Beds, Colchester, Daventry, Horsham, Wealden, South Cambs, Uttlesford, Surrey Heath, Waverley, South Northants, Chelmsford, Huntingdonshire and Mid Sussex.

received funding, EZs in which perhaps 40 Districts were direct beneficiaries, City Challenge with less than 30 Districts affected and Urban Programme in which 57 Districts were assisted. In all these cases there were fixed boundaries so that only a small minority of Districts were designated for funding whilst all other Districts, irrespective of relative need, received nothing. The SRB regime appears to have been able to provide a flexible, responsive approach to tackling local area regeneration across the whole of England whilst, in broad terms, not compromising the targeting of resources in line with overall need.

6 THE EXPERIENCE OF LOCAL PARTNERSHIPS.

6.1 Introduction

The next two chapters are concerned to examine the process of building partnerships as a vehicle to promote local area regeneration. This chapter is in two parts. The first examines the issues which surround the formation of partnerships, their capacity, quality, and their choice of regeneration scheme. The second part examines the views of the partnerships about the competitive bidding process which has underpinned the SRB Challenge Fund.

Overall, the chapter examines;

- the origins of the partnership, its structure and capacity.
- the quality of the partnership; whether there was genuine involvement rather than “superficial representation” and the breadth of the partnership in relation to the number of partners potentially available.
- the effectiveness of the lead partners; how the quality of the partnership was influenced by the activities of the lead partner and whether different types of lead partner were more or less successful in securing effective partnership.
- relationships between partnerships, public sector agencies and non governmental bodies/groups, notably voluntary bodies and community groups.
- choice of regeneration schemes and priorities; the role of partners in the original design of schemes, and how appropriate the choice of schemes was in relation to the needs and resources available.
- the bidding process itself; the origins of the bid, how the bid developed and how partners were brought together, their role and contribution determined, the lead partner established, how the experience of the partners compared with the original expectations and the partners’ perception of the degree of coherence and consensus in the partnership and clarity in its operating arrangements.
- the factors within the partnership which led to a successful bid including the importance of a unified and cohesive partnership.

The next chapter examines the relationships between partnerships and the Government Offices for the Regions. In particular it discusses how well

partnerships have been able to deal with and manage the requirements of a 'hands-off' partnership approach to regeneration. It draws-out areas where partnerships have found difficulties in achieving the monitoring and performance standards required of them and points to the characteristics of partnerships associated with best practice. In particular;

- the Delivery Plan, monitoring and appraisal procedures; how the operational side and implementation of delivery plans is progressing, how robust are monitoring and appraisal procedures and how delays and difficulties are being identified and dealt with.
- partnership funding packages; are funding arrangements being implemented smoothly and without delays and has the partnership approach achieved leverage of main programme funding to support the objectives and achievement of the partnership.
- partnerships and Government Offices for the Regions; the role played by Government Offices for the Regions and relationships between government offices and partnerships including guidance issued, application procedures, appraisal procedures, and assistance to build the capacity and expertise of partnerships, and the adequacy of Challenge Fund resources made available to support the partnership bids.

Through both chapters an attempt is made to consider;

- the degree of involvement of the community and the voluntary sector in the partnerships, at all stages.
- how far the capacity of community groups and the voluntary sector is strengthened during the Challenge Fund scheme in order to ensure continuing sustained local economic and social development after the scheme has ended.

6.2 The origins of partnership

Issues relating to partnership were examined using the case study evidence from both the successful and the unsuccessful schemes. Just over half of all the partnerships examined, whether they had resulted in a successful or an unsuccessful SRB bid, had come together in some form before the submission of their first SRB bid. However, only half of these had resulted from an attempt to form a strategic partnership with which to tackle the needs of the wider City area or region. Where there had been co-ordinated action previously it had usually related to a specific initiative like the attraction of

inward investment, a component of a business development strategy, or a crime or drug prevention scheme.

Where the partnership was of fairly recent origin there was a recognition that the partnership approach to tackling the specific problems being addressed was now increasingly the main vehicle by which funds for regeneration initiatives were likely to be available in the future from both the British Government and also Europe. However, this was more than simply the recognition of a funding imperative. Most believed that the partnership model enabled a more holistic and strategic approach to tackling the problems concerned. City Challenge had helped to develop and foster this view in those areas where it was operating.

It was quite common to find that there was usually one or two individuals from one or more organisations who had been the leading light in inspiring the partnership either before or as a result of SRB. The individual(s) concerned perceived the opportunity for producing a step change in the way in which the regeneration activity was undertaken and a more effective regeneration solution brokered.

Partnerships were asked about the problems experienced in attracting committed partners. A number of difficulties were mentioned. In some cases partners had been somewhat cynical about what could be achieved on the ground. This was particularly true where there had been little evidence of strategic thinking in the initiatives adopted previously in the local area concerned. It had taken some time to build confidence and this was a particular problem where the regeneration outputs were scheduled to be delivered over a relatively long timetable.

In other cases, particularly where the local authority or TEC was the lead partner, there was the concern amongst other partners involved that they would not get a seat at the decision making table. This concern was expressed particularly by the voluntary and community sector. In some cases difficulties in seeing eye to eye often was the result of the different institutional formats under which the organisation concerned had to work. Thus, TECS were obviously very interested in directly apparent and measurable results with their focus on output driven targets. Local authorities, at least traditionally, had been

less concerned with directly measurable short term paybacks in regeneration terms with their more long-standing tradition of involvement in the areas concerned. The community and voluntary sectors had not historically been particularly output driven at all.

A further problem can be expressed most simply as the problem of managing expectations. This has proved to be a particular problem in retaining the commitment of the voluntary and community sector particularly where the regeneration scheme which the partnership is managing extends many years into the future.

Despite problems of this kind it was unusual to find examples where there had been a clear refusal to join the partnership and equally partners who were associated with both successful and unsuccessful bids declared a willingness to either retain the existing partnership or build something similar if appropriate in the future.

The non-lead partners in the case studies were asked whether they regarded their partnership as participative or consultative at the stage of designing and preparing the bid. The majority view was that it had been consultative. The general view was that they had been listened to when it came to the taking of key decisions but that they had not been involved in the initial discussions with the Government Offices for the Regions. After round one there was more attempt on the part of the stronger partners to involve other partners at all stages of the bidding process and this included formative meetings with the Government Offices. In part this reflected efforts by the Government Offices to facilitate these sorts of interactions sometimes through the use of structured seminars and visits.

The formal structure of partnerships concerned tended to vary quite considerably and a lot has now been learned as to the most appropriate way forward given the accounting and legal necessities and yet the need to maintain a flexible and operational approach to the taking of decisions. In this respect there are lessons to be learned from the experience of both SRB and the Rural Challenge operated by the Rural Development Commission. In the case studies examined learning how to build effective management structures had been difficult, particularly where the private sector or the

community were the lead partners. The administration and monitoring requirements placed on lead partners have led to particular problems which are examined in more detail in the next chapter.

What is clear is that the local authorities and the TECS tend, in the main, to be the strongest partners and thus the lead partners for a number of fairly obvious reasons. As a result of this the main concern has been to try to ensure that other partners involved can obtain effective representation. As the section on the bidding process will discuss, this is particularly important since the community and voluntary sector do not usually have the capacity to launch major bids themselves and be the lead partner. Thus of 373 successful partnership regeneration schemes in round one and two only 23 are led by the community and voluntary sectors.

The process of involving the community groups and the voluntary sectors has not always been smooth and uneventful. The responses from the case study lead partners showed that even where it was appropriate to involve the community/voluntary sector in some cases they had only been involved to a rather limited extent in round one. There was, however, clearly something of a learning experience across the successive rounds of SRB on the part of traditional lead partners like local authorities about how it is possible to achieve more effective partnership where the community and voluntary sectors are involved. This learning process had often been expedited to some degree by a fair amount of steering on the part of the Government Office concerned as to what 'effective' partnership meant. Indeed, one of the most frequently mentioned reasons for bid failure in rounds one and two had been the failure of the bid to convince that there was a robust and effective partnership present amongst those who should be involved in an effective regeneration scheme. This had often led to the original partnership structure being redefined to include sub-committees with a representative from one particular partner being responsible for the co-ordination of the work of that group and answerable to the activities of the main Partnership Board.

In order to assess whether key players were missing from local partnerships it was necessary to consider the nature of regeneration problems being tackled and in particular the interfaces that exist between different elements of the problem. An effective regeneration strategy has to recognise the key

interdependencies which exist between different aspects of the problem and this includes not only the physical and economic, but interfaces with crime and health. In this context there is an increasing recognition of the need to have parties from the education and health sectors.

Involvement of educational institutions at all levels is being seen as of great importance in many bids. This is not only because of the simple fact that it is the young who are often the most alienated and directly affected by poor quality housing and other facets of poverty, but also because of the strong associations between crime, truancy, what happens in school and the access points for tackling some of the core factors responsible for the regeneration problems concerned. It is not just secondary schools that are important but also the Higher Education Sector, particularly when it comes to attracting inward investment into a broad regional area and it is necessary to highlight the capacity of the area to generate a steady stream of high calibre manpower.

The case study partnerships did not perceive that they had suffered from the absence of a specific partner but, as we shall discuss latter, there is a recognition that with respect to future bids an effective partnership is an evolving partnership where new players might be invited into the bidding process as needs change and circumstances must.

Whilst the evidence suggested that there had been some difficulties on the part of lead partners in finding a workable format which would allow community/voluntary sector groups to be more effectively involved in the preparation and design of the bid there did appear to be some change in the extent to which, and the manner by which, these groups have been involved in the regeneration initiative concerned once the bid had been successful and the implementation phase had begun. Thus, community/voluntary sector non-lead partners from eight of the case study partnerships identified that there had been a clear improvement. A further partnership indicated that a “bottom-up” approach had developed. However, more clearly remains to be done since five partnerships identified no real improvement in this respect.

Most of those interviewed in the case studies believed that membership of the partnership had positively enhanced their capacity to bid for funding. They suggested that this had been achieved through the development of a more

strategic approach to the regeneration initiative, being more experienced in the “regeneration language”, the provision of “more effective and wider participation” and a badge of legitimacy which allowed them to be being better placed to bid for Millennium Funds, European Funds and Regional Challenge.

Their capacity to undertake regeneration activities had also improved. The main gains will be examined more extensively in chapter 10. However factors mentioned included; the pooling of expertise and resources, networking, willingness to build regeneration packages, avoidance of duplication, greater co-ordination and a more strategic approach to regeneration.

6.3 The choice of the regeneration scheme

In line with their relatively recent formation most of the case study partnerships had not undertaken any other regeneration activities prior to preparing for their first SRB bid either for the SRB area or elsewhere. However, about one third of the partners had been engaged in activities which had helped them to formulate objectives in relation to the regeneration activities which they were now implementing. These objectives had usually been formulated for a specific area which in some cases was City or local authority wide or a much smaller estate based areas with the hope that extension would occur across a broader area at a latter date.

Interestingly, about 40% of the regeneration activities concerned were being addressed at the time by other publicly funded regeneration programmes like City Challenge, the remnants of the Urban Programme, Home Office Section 11 Support, Business Enterprise Support, Task Force, Estate Action or through the application of European Union Funding. However, the majority were not and this tended to emphasise the finding that there was a fairly high level of innovation in the regeneration approach which underpinned the SRB schemes concerned.

As might be expected, there was a fair degree of variation in where the idea for the bid is felt to have come from, as table 6.1 shows.

Table 6.1 Origination of idea for SRB scheme

	%
Idea of lead body	45
Joint idea of lead body & key partners	25
Encouragement by Government Office	15
Evolved from old project/programme	10
From concern of local community groups	5

Source: Survey of Case Studies

Table 6.2 presents evidence on the factors which influenced the main parameters of the regeneration scheme, namely; the composition of the scheme in terms of the strategic objectives adopted, the overall size and duration of the scheme and its targeting.

The composition of the strategic objectives was influenced in 30% of the case by the fact that a single objective scheme was planned. In a further 20% of cases the strategic objectives were selected in order to fit-in with a previous or existing programme. In 20% of cases the strategic objectives were chosen after consultation with the local community groups or adopted in a bottom-up fashion drawing upon local survey evidence. Advice from the Government Offices for the Regions determined the composition of the strategic objectives in a further 10% of cases.

The overall size of the scheme was influenced in 45% of the cases by size of the client group (residents or companies) that were being provided with a service of a particular kind or by the scale of the capital project identified. In 20% of cases there was a functional need for a County-wide coverage. In 15% of cases the size appeared to be heavily influenced by the advice of the Government Office.

Table 6.2 Process adopted by partnerships to decide on main parameters of the regeneration scheme

	%
<i>Composition of Strategic Objectives</i>	
Programme focused on one main objective	30
Fit in with previous bid/existing programme objectives	20
GO advice	10
Consultation with local community groups/a bottom-up approach influenced by survey evidence	20
Fit in with existing partnership objectives	10
Don't know/can't recall	10
<i>Overall size of scheme</i>	
Self-determining as focused on providing a specific service to residents/ companies in an area or by the scale of building required	50
Needed to be County-wide	20
GO advice	15
Don't know/recall	15
<i>Duration of the scheme</i>	
Perceived likely availability of funding and advice of Government Office	40
Phasing requirements and mix of projects involved/scale of task envisaged (including piloting) misjudged	50
Misjudged	10
<i>Target area</i>	
Perceived geographical coverage required to achieve co-ordinated/functional response	20
Perceived local scale of the problem	65
Government office advice	15

Source: Survey of Case Studies

The duration of the scheme reflected on a pragmatic view of how long it would take to deliver the package of regeneration proposed in some 50% of cases. A further 40% of cases identified the likely availability of funding and the advice of the Government Offices for the Regions as being formative in the length of the scheme chosen. Some 10% of cases simply replied that they had misjudged the duration required completely and offered no further clues!

The way in which respective strategic objectives were prioritised tended to vary substantially with some partnerships admitting to an ad-hoc approach, whilst others pointed to a rather elaborate process involving a fair amount of

discussion amongst many of the partners concerned. In general there was a body of local evidence relating to levels of deprivation, a SWOT analysis of the area etc, to draw on, although much was rather out-of-date or related to too broad an area or client group. There is a clear need to find ways and means to increase the stock of local small area information which can be used in the making of local bids. Some of the evidence had been gathered following other initiatives like City Challenge. Some partnerships initiated an active policy of increasing the stock of local survey based material that was available for their areas in recognition of the longer term need to frame future regeneration bids.

When the non lead partners were asked how the scheme and its elements might have been different if they had been responsible for the overall setting of the design and priorities rather than the partnership as a whole it was of interest that the partners from about half of the partnerships consulted indicated that things would have been much the same. Where a change would have been made it usually concerned with a specific feature within the bid, rather than a fundamental aspect of the approach.

The non -lead partners were also asked with the benefit of hindsight whether they would now set different parameters and priorities for the scheme from those that were infact selected. This was a useful test of the relative quality of the original scheme. Over half of the partnerships consulted stated that they would not have changed the bid priorities.

The non-lead partners were also asked to identify how far the partnership arrangements themselves had been responsible in their opinion for elements of the scheme working well. Some useful pointers emerged. There was recognition that an output driven regeneration initiative like SRB required very careful attention to the monitoring and evaluation of progress, as well as careful forward planning. This necessitated a strong central administration function. It was important to have working group sub-committees reporting regularly to the main operational structure and to ensure close working relations between the different partners involved. This was true even where there had historically been strong links between the different partners concerned. There were variations in the degree of delegation which existed across the various elements of the partnership structure and this seemed to reflect the capabilities of the partners concerned and the mechanisms used to involve the different partners.

Problems when they had emerged in the life of the partnerships so far tended to focus around the delivery of the outputs required under the Delivery Plan according to the timetable required. There were also difficulties in some cases in getting key co-ordinator appointments made early enough in the life of the partnership and this points to the very real need for this to be a consideration even at the bid stage. The use of secondees from the relevant organisations involved has been used to good effect in some regeneration schemes and such manpower issues need to be given a high priority.

There were problems in both rounds associated with delays in funding and downsizing and the impact of these factors on getting things going. In some cases unrealistic targets had been set. Critical path problems emerged quickly given some of the very large and complex schemes involved and such problems reinforced the need to ensure that there were strong administrative arrangements in place and the associated resources in terms of personnel and financial resources. Quite naturally community groups in particular were not particularly well placed to deliver and to slot into, in some cases, a very strong output driven procedure and it took time for the operation of the scheme to settle down.

In some cases operational problems were greatly exacerbated by cut-backs or delays in funds that were part of the leverage package required. Examples where such funding difficulties could emerge related to Regional Challenge, European Funding and the availability of funds from the private sector particularly where funding was levered from Housing Associations and the like. Since most public sector funding these days requires matched funding it is quite possible that a form of 'funding grid-lock' can emerge. In such cases the need for frequent and smooth communications with the Government Offices pays dividends. In most cases where there was such effective communication the problems were eventually overcome relatively quickly.

A further source of operational problem relates to the role and use of the project appraisal procedures. Issues surrounding project appraisal were frequently mentioned as leading to significant delays and we return to this in the next chapter.

It was of interest that when the non-lead partners were asked with the benefit of hindsight whether the choice of the regeneration scheme had been, on balance, a good one virtually all felt that it was. It was recognised, however, that new economic, social and environmental problems were emerging in the target area which the existing regeneration initiative was not addressing, thus in some cases the scheme had revealed the strong inter-relationships which existed between different facets of the original problem and as a consequence suggested new priorities for action.

A range of actions were being undertaken to try to focus attention on these problems and as a consequence seek regeneration funds in the future to tackle them. As mentioned earlier one of the most frequently identified interfaces concerned young people and the opportunities which existed for involving the educational institutions in some form, or other, to bring the world of work to young people at an early enough age so that they realised the value of good training, or as access points to try and tackle problems relating to health, drugs and crime.

Another emerging problem resulted from the decline of a major industry in the local area concerned which provoked severe problems of long-term unemployment given a relatively poor skill base and the relatively poor mobility of those seeking work. The strong interfaces between unemployment and the need for good and reliable transport systems to help to widen the search and travel to work areas of local workers has become a prominent factor.

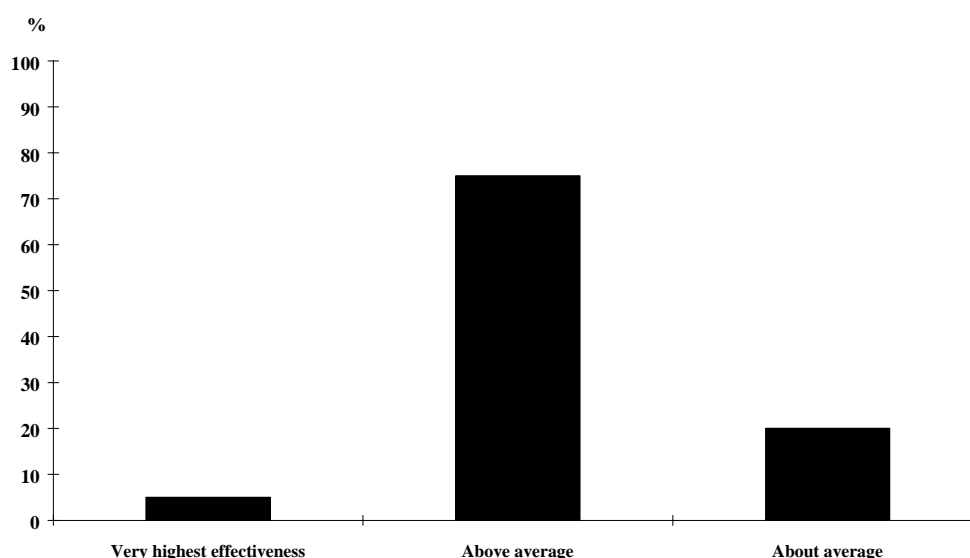
6.4 Partnership issues

The secondary partners were asked to describe the key changes that they would like to see implemented in the partnership arrangements. In general there was a high degree of satisfaction with the broad structure of the partnership, however it was recognised that the partnership would have to maintain flexibility and evolve over time. The involvement of the community/voluntary sector was clearly something that would need to be continually worked at.

When asked whether the partnership was planning or carrying out any other regeneration activities in addition to the existing SRB scheme, something like a third of the case study partnerships said that they were. General satisfaction with the way that the partnership structure had finally bedded down was reflected in the response to the question of whether it was their wish to continue to remain in the partnership. Virtually all of the non-lead partners answered that they would like to.

Finally, taking all things into account, the non-lead partners were asked to classify the effectiveness of the partnership in producing high quality regeneration outputs. It is to be remembered in interpreting the response of the secondary partners to this question that the case studies covered an extensive range of different models of partnership. Thus the partnerships had different lead partners, different size, geography, duration, and key regeneration objectives. The response is summarised in figure 6.1. The majority regarded the effectiveness of the partnership in producing high quality regeneration outputs to be above average.

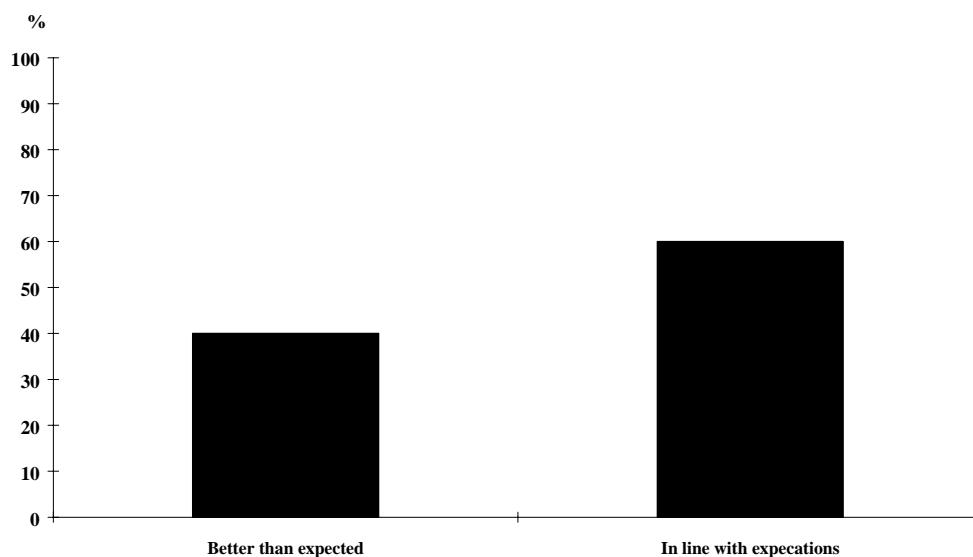
Figure 6.1 Effectiveness of partnership in producing high quality regeneration outputs.



Source: Survey of Case Studies

Finally, in relation to partnership process issues, the non-lead partners were asked about the extent to which the early work of the partnership had lived-up to their ongoing expectations in terms of them being able to work together to create new, innovative, cross cutting solutions to problems. The response is summarised in figure 6.2. Approximately 60% felt that the achievement was in line with expectations, but a further 40% thought it was better.

Figure 6.2 Extent to which the early work of the partnership lived up to ongoing expectations in creating new, innovative, cross cutting solutions to problems.



Source: Survey of Case Studies

The partnerships members were asked whether they felt that the partnership would continue to undertake regeneration work once the present scheme finished. Some 17 out of the 20 case studies felt that it would but that membership and objectives would change and evolve.

6.5 Experience of the bidding process

Introduction

Besides the concept of partnership the second central feature of the SRB Challenge initiative has been the competitive bidding process. In this section we examine the views of the successful case study partnerships about the competitive bidding process and compare them with those of the unsuccessful partnership bids. This section also provides evidence from the Government Offices for the Regions as to their experience of the competitive element of the SRB Challenge Fund arrangements. (Further information on both the views of the unsuccessful partnerships and the Government Offices can be found in an earlier Report produced by the evaluation team; *An Evaluation of Unsuccessful Bids*, Discussion Paper 74 Department of Land Economy, University of Cambridge).

The research presented in this section is thus based on the experience of some twenty successful partnerships, ten unsuccessful partnerships and the views of the Government Offices for the Regions. In round one a total of 464 Challenge Fund bids were made of which 201 were successful and 263 were unsuccessful - a rejection rate of 57%. In round two some 326 bids were made of which 172 were successful and 154 were rejected - a failure rate of 47%. Taking both rounds together there were 417 unsuccessful bids.

For round one only we know something about what subsequently happened to the 263 unsuccessful partnerships. Some 160 (over 60%) did not re-submit in any form, whilst 49 (19%) re-submitted and were successful in round two, and 29 bids (11%) were discouraged from re-submitting at the outline stage and 25 (almost 10%) resubmitted in round two but were unsuccessful again.

The bidding guidance

The successful and the unsuccessful bid lead partners were asked a series of questions about the bidding process and what they thought of various aspects

of it. They were asked at which stage of the bidding process they had gained access to the bidding guidance documents. Half of the successful partnerships had the bidding guidance before the bid was started, 30% whilst the bid was being prepared and 20% when the bid was almost complete. By comparison some 70% of the unsuccessful bidders had received the bid guidance before they began their preparation and 20% when the bid was almost complete.

Both groups of partnerships were asked for their views on the content of the bid guidance, bid lay-out and the sections on strategic objectives, baseline indicators, gross outputs measures, appraisal procedures and the timing of the bid procedures. In general, the responses were fairly similar between the two groups.

Thus, eight of the failed bid partnerships commented on the bidding guidance. Of these three were broadly satisfied. Other partnerships were more critical. The comments emphasised the difficulties which the bidders had experienced in coming to terms with many of the features of an output performance driven regeneration initiative. Thus, they related to the difficulty of understanding concepts like the baseline, gross outputs, leverage and costs. One community group bidder commented “content not specific to the needs of community groups, although it all became clearer once the Regional Office was consulted. Unclear about the strategic objectives section and felt that appraisal guidance was unclear.” Another local authority bidder commented that “the output measures lead to duplication and definitions sometimes confusing”

Of the twenty successful partnerships only two felt that the guidance was generally helpful and clear. The rest made comments similar to the unsuccessful bidders. Thus, one private sector lead partner commented that “it took time to absorb the SRB philosophy” A local authority led bid commented “quite confusing as SRB was new. Was not clear how partnerships should operate. Misunderstood performance indicators initially, chose too many, was not clear how many were required.” A community led bid commented “generally okay, but baseline difficult to obtain”. A TEC led bid commented “poor definitions. Guidance arrived late and was insufficient. Milestones not always measurable, financial structures not in place.” Another TEC stated “found it a turgid document, but Government Offices

very co-operative and had meetings to sort things out”. This latter experience was typical of a number of bids and in general there was a more satisfactory experience the more the bidder had gained access to the Government Offices and sorted key concepts of what, to many, was quite a new system.

Overall, of the thirty case study partnership bids that were analysed, both unsuccessful and successful, there were some general pointers about the bidding guidance that stood-out. In general, it took time for most partnerships to get to grips with concepts like gross output measures, baselines, milestones, leverage and the like. Criticisms were at their greatest for round one as might be expected. The degree of difficulty experienced was less the more that the lead partner concerned had experience of European programmes and the like where similar terminology had often been required. The degree of difficulty was also dependent on the amount of advice sought from the Government Offices for the Regions. As the rounds have progressed the bidders have tended to make more use of the Government Offices. In turn the Government Offices have made available more by way of aide memories as well as instructional seminars and workshops. Thus, in this context one bidder commented” tracking of outputs advice excellent, saw Government Office regional seminars/ presentations on outputs”.

Bidders tended to welcome the use of worked examples which has in fact been a feature of the extra supplementary assistance which the Government Offices have sought to make available since the first round. They also liked the use of check-lists. Thus one bidder commented “Good Practice worklists worked well, felt overall framework of what was required was clear”. Another commented “ SRB seminars were useful, relations with Government Office good”.

This said, bid preparation is nearly always a relatively hurried procedure and the bidders made a number of comments about the bid timetable and the strains it puts upon them. A small number of the round one and two bids that were examined also mentioned that they would have benefited from some regional guidance advice with which would help to put their bid in context. In round four such guidance has been made available.

The bid timetable

For the unsuccessful bidders the time taken to prepare bid documents varied significantly. The shortest time was six person weeks. The longest was over thirty. The average was about sixteen from beginning to end. For the successful bidders there appeared to be far more variation at the extremes but the average was again sixteen weeks.

For the unsuccessful bidders the meetings with the Government Offices for the Regions varied from none to a maximum of four the average was two. It was clear that some bidders in round one did not appreciate how important it was to take up the offer of a meeting with the Government Office. The successful bidders in general took more opportunity to discuss with the Government Offices. Thus, some had five or six meetings and one indicated twelve! The average was four.

Advice at the outline bidding stage

The partnerships were asked what they felt about the advice that they had received from the Government Offices at the outline bidding stage. The outline bidding guidance was produced only from round two onwards and this was reflected in the responses. Some unsuccessful bidders from round one where there had been no formal outline stage felt that their guidance had been “woolly”. Amongst those with experience of round two there was more satisfaction.

Successful bidders in the second round of SRB indicated in their discussions; “Government Office supportive, more so in latter rounds”, “generally helpful, turnover of staff a problem. Gave good advice re initial assessment which assisted with the final bid”, “reasonably good at this point, but Government Offices tended to have own interpretation of bidding guidance”, “immensely positive, good relationships at every level”, “have improved after a poor start” and “reasonable working relations”.

Advice at the final bidding stage bidding stage

For the unsuccessful bid partnerships there was considerable variation in the effort which individual bidders put into making contact with the Government Offices for the Regions or in revising their bids. Thus, whilst some had made personal contact and visited the Regional Office concerned, others only made contact over the telephone. There were some concerns expressed by about a third of the case study unsuccessful partnerships as to whether they had been pointed firmly enough in the right direction, particularly during the first round in terms of assigning relative priorities in their bid. Almost all partners considered that they had been dealt with by the respective Regional Offices in a prompt manner.

It was of interest that only two of the ten unsuccessful bids actually felt that they had changed their submissions fundamentally between the outline and final bid stage and this was mainly to reduce the size of their bid. This appeared to be more a reflection of the sheer difficulty which partnerships said that they experienced in actually changing direction in a fundamental way within the timescales involved and the resources available to them. It also reflected a degree of inertia and some complacency amongst bidders.

In comparison to the unsuccessful bid partnerships there had been more contact between the successful bid partnerships and the Government Offices. Well over half of the case study partnerships examined commented on constructive interactions at this stage mentioning "good relations". Criticisms made by the Government Offices about the outline bids, and which were generally taken on board by the partnerships, tended to relate to the need for some downsizing and reduction in the breadth of the bid, sometimes involving the removal of a whole element like the housing component. Other comments related to the need for more reassurance of consultation with the community and evidence that the benefits of the scheme would spread to a wider area. In one or two cases there was the concern that the partnership being proposed was not effective enough in its original form. In some cases the bidders were required to firm up the outputs.

Virtually all of the successful bid partnerships took the advice given by the Government Offices on board in part or in whole. As a result when they were

asked as to whether they thought that the final bid was fundamentally different to the outline bid a significant number felt that it was and this contrasted clearly with the experience of the unsuccessful bidders. The main differences were identified to be more focus on strategic issues, a reduction in size, alterations to the partnership structure and more focus.

The reasons for a bid being unsuccessful

The reasons for a bid not being successful varied but there were common problems. One was the size of the bid in terms of the resources being asked for. Leverage was a problem, with too much reliance on the SRB funds. In some cases there were unrealistic assessments of outputs and insufficient geographical focus. A frequent comment was that the bid did not hang together in terms of the mix of objectives and, less frequently, there were concerns about the partnership being able to deliver what was being suggested. A further issue was the actual strength of the partnership and the ability of the partners concerned to achieve the synergy's proposed. The extent to which failings in a number of areas compromised the bid can be discerned when it is realised that the Regional Offices viewed the bid as a clear failure.

The views of the unsuccessful bid partnerships

Naturally the views of the unsuccessful bid partnership as to whether they accepted the reasons given by the Regional Offices to be valid varied considerably. In general, most felt that that the comments were probably well founded and that they gave them an indication as to how they would be improving future bids. A small number of bids felt let down and this sentiment was felt most strongly by the Community Groups in the Community led case study partnerships.

The views of the Government Offices for the Regions on successful bids

Table 6.3 presents evidence on the responses of the Government Offices as to what they felt were the three most important for the failure of SRB bids in rounds one and two. The lack of a convincing partnership was a feature of the round one bids where bidders were often seeking to bend existing structures

which were the legacy of previous funding regimes but which were characterised by little true partnership synergy.

A further problem was the lack of a strategic approach. It is frequently difficult when looking at many of the bid documents to discern what the basic objectives of the initiative being proposed are and how the package of expenditure and thus activities proposed will come together to produce outcomes which will help to alleviate the identified problems of the area/client groups concerned.

The lack of coherence with respect to objectives is mirrored in the failure to produce realistic estimates of the levels of gross outputs that can be achieved with the resources available and over the proposed period of time suggested in the bid. On the resources side there is also the problem of balance in relation to the leverage expected between the SRB funds and that which is likely to come forward from other organisations in the public, private or voluntary sectors. Sometimes even relatively straight forward amendments to the approach would have improved things considerably. For example, bidders realising that they can cost time inputs of the private sector in their calculations. It should be recognised that the understanding of some case study bidders of what is meant by gross outputs, leverage and other similar concepts, including the notion of a baseline, is weak. Often the best estimates of gross outputs etc are made by those organisations who have had some experience of dealing with EU programmes or previous UK urban policy initiatives.

The views of unsuccessful bidders about the assessment criteria

The unsuccessful bid partnerships were asked for their views on whether the assessment criteria set-out in the bid guidance were comprehensive, appropriate and adequate and whether the Government Offices had applied the criteria consistently and fairly in an open and transparent manner. Some partnerships expressed their desire to be more involved in the decision process and wanted greater transparency in the procedures, although there was a fair degree of realism as to what was possible in practice.

Table 6.3 Most important reasons for SRB failed bids

Top three	Other reasons
Quality of bids Level of competition Overall level of resources	Overall level of resources
Poor leverage Poor strategy Funding commitment	Deliver infrastructure
Output weak in relation to expend Partnership not robust No strategic links	No clear value added by SRB
Lack of holistic approach Unconvincing solution to the problem Deliverability unconvincing	Weaker than competition Too geographically focused No private sector
Poor partnership arrangements Lack of additionality (relations to other initiatives) Credibility on outputs & Value for Money	
Poor quality of bid Lack of innovation	
Deliverability unconvincing Funding commitment - is it secure Strategy should be in context of need of area	Need effective partnership
Stand alone projects that lack impact (& not truly regeneration schemes) Poor quality of bids - over ambitious, too risky Lack of discussion with GO	
Lack of real partnership (esp. R1) Lack of clarity of bid Lack of strategy not tackling problem identified	Lack of realism - often good ideas not though through.
Under prepared bid (tend to encourage a re-bid for these) Very narrow focus in terms of SRB objectives (esp. one-off projects) Lack of realism	Funding commitments unclear

Source: Consultants Survey of Regional Offices

The views of successful bidders about the assessment criteria

As might be expected in general the views as to the quality of the bid assessment criteria were more positive on the part of the successful bid partnerships than those of the unsuccessful ones. Comments tended to focus on the improvements which had occurred since round one; “Left something to be desired in round one. Far better in round four. Did not feel ground rules were transparent enough and as a consequence it was left to partnerships to infer

what the priorities were.”, “yes, very fair, felt round two process was much stronger”, “inadequate for round one but did improve”.

The views of unsuccessful bidders about the competitive nature of the Challenge Fund bidding process

The unsuccessful bid partnerships were asked for their views on the overall competitive nature of the challenge fund bidding process and what changes they felt would be desirable. Opinions varied considerably. One partnership made the comment that it encouraged better quality bids and another felt the concept behind the regime was a good one making people think more coherently and strategically. However, virtually all partnerships commented on the time consuming nature of the bid preparation process and the uneven playing field thus provoked. One partnership commented that it was a recipe for the weak to get weaker if the system was not applied with care and another expressed the view that the most competitive were not always the most needy.

The views of successful bidders about the competitive nature of the Challenge Fund bidding process

Table 6.4 summarise the widely ranging views of the successful bid partnerships about the competitive nature of the Challenge Fund. As with the views of unsuccessful bid partnerships there was frequent reference to problems provoked by a competitive system in ensuring that the most needy groups and areas get their fair share. The resources required to mount a bid was argued to be a problem for partners seeking to represent some of the most needy areas. Community groups and the voluntary sector partners were particularly vociferous. At the same time, however, there were a number of comments made about the beneficial nature of the partnership approach to regeneration and the way in which some competition had led to better, more focused, regeneration strategies.

Table 6.4 Views on competitive nature of SRB Challenge Fund by successful bidders

Negative	Positive
<p>Does not lend itself to coherent approach to development. Can set individual initiatives in a given area against each other</p> <p>It was difficult to know who we were competing with. The TECs, LEAs have far more "inside knowledge of the system</p> <p>Competitive system does not ensure money is put in areas of greatest need - glossiest approach wins</p> <p>Can be divisive re partnerships with few resources. Ltd funding can waste efforts on bids turned down. Are programmes really producing additionality?</p> <p>Funds should be submitted on basis of need., but generally this does not happen</p> <p>More needy bids lose out to bidders with more resources</p> <p>Not always able to find consultants with all necessary skills even if you can find the partners, could get more work done for less if partners got involved in writing the bid</p> <p>Against it, are promoting RDAs</p> <p>Poor system of allocation - has been a huge cut of money to tackle urban decay.</p> <p>Do not like the "Beauty parade" approach. or the case where with 2 equally good bids one has to fail as with Millennium & Lottery funds. In this respect SRB not so bad as a set of criteria are laid down</p> <p>Not competitive in the real sense, all politics</p> <p>Bureaucratic process very OTT. e.g. Quarterly monitoring absurd & meaningless, feel DoE don't really understand how to manage a scheme, just want figures</p>	<p>Enabled different sources to be influenced & diverted into regeneration</p> <p>Favour Challenge Fund bidding because focuses efforts & thinking about effective delivery</p> <p>No criticism of the competitive element of SRB</p> <p>Quite happy with it</p> <p>Can see advantage of competitive bidding as it ensures there is a focused approach. Problem is to understand the ground rules.</p> <p>A better idea now that it will be based on area of need</p> <p>Are made more aware of own strengths & weaknesses in terms of what is needed, there is a need to be very clear about things</p> <p>Competitive nature of bids makes partnerships think more clearly re objectives, goals, justification for strategies etc.</p> <p>Some District Council services have been enhanced.</p> <p>Would not have got private & other public funds without the partnership.</p> <p>SRB is an exciting opportunity, a big pot of money.</p> <p>Competition here to stay - allocation difficult to judge quality, therefore competition important & useful</p>

Negative	Positive
<p>Biased to larger organisations - resources required not transparent.</p> <p>Bids should be related to need. Some LAs more able to "play process" and mount strong applications, so not level playing field</p> <p>Fundamentally disagree with Challenge Fund- the best bids do not always get through.</p> <p>Nonsensical way of allocating resources but have to play the game</p> <p>Makes bidders go for everything - not always appropriate. Focuses on a financially based view of quality</p> <p>Compounded by fact that areas in greatest distress tend not to be able to commit considerable resources to bidding process.</p> <p>New business start ups should be funded as part of co-ordinated Government strategy rather than discrete SRB programmes</p> <p>Area of greatest need should have money allocated rather than individual projects competing i.e. would be an opportunity for a more co-ordinated Mainstream approach</p> <p>Main disadvantage is that depends on ability of partnership to bid & not on need</p> <p>It is a semi political process Government Office has "pet schemes"</p> <p>Concern that competitive approach can cause short termism</p> <p>Project appraisals should be just objectives, anticipated outputs, Matched Funding & how this will be achieved, difficult to go into much more detail without surety of money & could all change so no sense in putting a lot of other criteria in.</p>	<p>Partnership aspect of SRB can prove beneficial at both bid & operational stages.</p> <p>Competition makes it necessary to determine & evaluate project aims & ensure baseline position - imp to ensure accountability for monies spent. Bidding system should ensure right people delivering right products.</p> <p>Concentrates effort on bid areas, pull towards common objectives. May be a more logical process re ltd central funding.</p> <p>Competition is healthy. If allocation was only needs based it wouldn't matter how partnerships perform. Focusing attention on delivery adds value</p> <p>partnership has helped awareness of other issues better understanding & ability to work tog; learnt from City Challenge</p> <p>Understand outputs & how to justify, concept is good.</p> <p>Does sharpen those putting bids together to become more professional</p>

Negative	Positive
<p>Good success bid may not get 100% funding. Bids improving, but funds are getting less</p> <p>Time & resources are a disadvantage, have fewer resources than in the past</p> <p>Adds an administrative burden. A broad pot of money would be a better process</p> <p>Time & effort involved is off-putting, people/organisation good at bidding will get £</p> <p>Disadvantage that it depends more on capacity to bid than on need</p> <p>Community groups build up expectations only to be disappointed if it fails. Needs to be more dialogue.</p> <p>Competitiveness process appalling for community organisation who have no resources of time/expertise to input.</p> <p>Must be a fair needs based assessment (on reasonable criteria).</p> <p>Competitive process raises expectations among partners & they feel let down if it fails - community particularly hard hit.</p> <p>Would prefer more transparent criteria to work to.</p> <p>Competitiveness of programme creates "winners" & "losers" in isolation which can produce negative attitudes to development.</p>	

Source: Survey of Successful Case Studies

Views of unsuccessful round one & round two bidders on improvements needed to bidding guidance, bidding process or relations with Government Offices

There were a number of comments made as to what the unsuccessful bid partnerships would like to see to the SRB regime as it existed in the first two rounds. With respect to the bidding process a common concern related to timing. Reference was made frequently to the summer period as being difficult, and as might be expected there was a desire to have appraised results earlier. Partnerships felt that they needed more resources to help in the preparation of bids. They also asked that more effort be made by Government Offices to provide guidance manuals particularly for the weaker participants. As was mentioned earlier there have been considerable moves in this direction since the first round.

In terms of relations with the Regional Offices the common request was for more access, better lines of communications and some partnerships suggested that pepper corn resources might be made available to help with the preparation of bids, if only at the outline stage, particularly for inexperienced partnerships.

Views of successful bidders on improvements needed to bidding guidance, bidding process or relations with Government Offices

Virtually all of the case study partnerships felt that there was a need for improvements in the bidding guidance, the bidding process or in the relationship with Government Offices for the Regions. The question is in many ways such a leading one that it is hardly surprising that for both unsuccessful and successful bidders it attracts such a response.

Many of the specific comments relating to individual features of the bidding guidance and the SRB administrative procedures were discussed earlier in this chapter or will be analysed further in the next chapter.

Comments on the bidding process tended to focus on the issues of the timetable behind the bidding process, the value of the outline bidding stage and not unsurprisingly, the need for clarity around the criteria being adopted to measure

the quality of the bid. partners from the Community/voluntary sector again emphasised the value to them of seedcorn funding if it could be made available.

With respect to relationships with the Government Offices for the Regions there was a high level of general satisfaction with the position as had now been achieved by round four. Thus, a typical comment made was; “generally okay, have improved with more detailed guidance”. However, other comments indicate that there may be improvements still to be gained as one might expect. Typical amongst these were; “relations work best when there is a nominated officer to talk to who is familiar with the scheme and stays with it”, “Improved greatly when there was consistency. Had lots of contacts which gave lack of continuity, should have just one contact point”, “ Government Office needs to be more aware of the problems that can arise e.g. public/private relationships. Also, there were comments on how some objectives can work against timing of projects e.g. public consultation causes delays”, “need more communications and transparency” and “Government Office staff under pressure, staff turnover can create problems re continuity, but relations generally okay”.

The views of the Government Offices for the Regions as to improvements in the quality of bids between round one and round two

To complete the analysis of the competitive bidding process it is helpful to complement the views which have come from the unsuccessful and successful bid partnerships as to what change they have asked to see with the views of the Government Offices with respect to what change they have seen emerge in the bids submitted between rounds one and two and also in subsequent round since then.

Table 6.5 summarises the views of the Government Offices for the Regions as to the improvements that they think have occurred between round one and two. A significant number of partnerships which failed in the first round put in a bid at round two. The feeling was that the overall quality of the bids had improved and this reflected a better understanding of the concept of true partnership and the involvement of the community and voluntary sector. There was evidence of more coherence in terms of the underlying strategy behind bids and more realistic estimates were being made of the leverage and volume of outputs achievable.

Table 6.5 Improvements between Round 1 and Round 2 bids; the views of the Government Offices for the Regions

<ul style="list-style-type: none"> • Reorganisation of GO regeneration division. GO more proactive • Better feedback to bidders, Round 1 difficult to give feedback as no detailed guidance, by Round 2 knew the process better
<ul style="list-style-type: none"> • Clearer idea of what SRB about amongst groups applying, however, this is a problem in the sense that resources available are not sufficient to keep the ball rolling in terms of new projects, particularly where bidders are seeking matching funding to back European projects • Bidders have to think more about re-phasing expenditure
<ul style="list-style-type: none"> • Better guidance on outline bids • More emphasis on community groups
<ul style="list-style-type: none"> • Quality of bids, more aware of what is needed. • GO able to give better guidance following Round 1 experience
<ul style="list-style-type: none"> • Outline bid stage very useful
<ul style="list-style-type: none"> • Qualitative and quantitative improvements • Bidders thought more about partnerships • More coherent partnerships
<ul style="list-style-type: none"> • Community side strengthened, very weak in Round 1
<ul style="list-style-type: none"> • Partnerships have better understanding of SRB in Round 2 • Lead partners more aware of role & responsibility of accountable body by Round 2 • More community involvement • Govt agencies working better together
<ul style="list-style-type: none"> • More community involvement, much wider range of organisations • More solid partnerships • Strategic thinking & packages improved (Round 1 many one-off, Round 2 more packages with wider aspects)
<ul style="list-style-type: none"> • Presentation quality improved. • More comprehensive/area focused/long-term structured projects • Stronger partnerships • Need by bidders to make contingency plans for lower funding levels

Source: Consultants Survey of Regional Offices

Regional Officers had observed what happens to unsuccessful bid partnerships in the region. Most partnerships stayed in existence but the weak usually stayed fairly weak with the community led bids falling into this category. The staying power of a partnership was influenced by the characteristic of the area concerned and whether there was a long history of

the type of problems which the partnership tackled. Thus durability was probably stronger in the traditionally depressed and deprived areas.

The general view from the Regional Offices was that the process of bidding helped to improve discipline within the partnership and improved the communication flows between the respective members. The need to have a clear strategy and convincing delivery capacity was becoming appreciated. Some officers took the view that City Challenge bidding had helped bidders to realise the need for coherence, but it had not really built an understanding of the need for partnership capability as in the SRB regime.

Did the partnership receive all the funding that they had asked for?

Just over 60% of the partnerships examined received all the funds they bid for. Of the remainder the largest reduction had been some 60% and the smallest around 5%. The average was about a third. The lead partners of those suffering a reduction were asked whether the reduction created any problems in resetting the priorities of the regeneration scheme or on relationships within the partnerships. Five of the partnerships stated that the reduction had not created any particular problem. In two cases, however, it was argued that it had led to difficult decisions as to which projects to prioritise.

The views of the partnerships about the whole process of forming a partnership, preparing the first bid and having the bid scrutinised by the Government Office.

Finally, the lead partners in the successful bid partnerships were asked for their views as to how did they feel they had benefited from the whole process of forming a partnership, preparing a first bid and having been scrutinised by the Government Office. As might be expected a wide range of views were expressed and they are summarised in table 6.6. On balance, there would appear to be a considerable body of overall support for the merits of the SRB partnership approach to regeneration, tinged with antagonism to Challenge Fund Regime funding as reported in the previous section. There was a fair degree of realism of the difficulties of achieving a more region wide strategic approach to regeneration..

Table 6.6 Views on benefits of whole process of forming a partnership by successful bidders

<p>Helped co-ordinate strategic planning & operational framework between LAs & Police</p> <p>Partnership in its final form was success. We have no complaints re the way GO guided us to start date.</p> <p>Encouraged formation of a partnership amongst local reps & encouraged involvement of local residents.</p> <p>Encourages partners to build projects & packages</p> <p>Strengthened (pre SRB) existing relationships. Synergy with other programmes (Community Works with mainstream TFW & Youth Training).</p> <p>Community will benefit from outcomes of SRB but SRB process has not increased community capacity.</p> <p>Has contributed to more strategic thinking</p> <p>Clear partnership tensions & difficulties, but most partners thought that benefits of partnership would outweigh difficulties it creates</p> <p>LA-GOR relationship is an entrenched us & them relationship,</p> <p>Understand the importance of being totally focused on SRB goals & of managing the process</p> <p>The partners are suspicious of the potential predatory ambitions of each other since they are competitors in the provision of business support services.</p> <p>Are more aware of other issues affecting other partners in partnership.</p>	<p>Could have longer term benefits re fighting crime/improving community safety</p> <p>Encouraged collation of data about the Estate - increased sum knowledge about the Estate</p> <p>Makes other programmes more generally more sympathetic to the objectives.</p> <p>Can link SRB with wider initiatives such as Pan London Strategic Framework, W London Wedge Strategy. Able to target regeneration policy geographically, economically & ethnically</p> <p>It has probably been a learning curve for LA, private sector has a more grown up relationship with GO</p> <p>However, all consider the wider strategic action encouraged by SRB has some merit & will provide a basis for continued strategic action tog when SRB is complete.</p> <p>Major issue how to broker relationships with TEC/local Chamber. Difference in management style, with LA adopting long term approach & TEC/Chamber more wedded to short term targets. Causes tensions but partnership evolved & helped resolve probs.</p> <p>Forming a partnership imposed a straight jacket which was both good & bad, more positive than negative overall e.g. had to put in more elements to the package</p> <p>Challenge Funds a waste of time & resources.</p> <p>SRB seen as different way of approaching regeneration through partnerships</p> <p>Have a bid that reflects what the majority of people want from the community.</p> <p>Timing a problem, deadlines at end Aug./Sept. all Civil Servants on holiday & no Council meetings during August so makes it difficult</p>
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<p>Forming partnership & preparing bid led to building capacity. It is recognised that the partnership model is the way forward. LA now well placed to work in that way, but was not originally.</p> <p>No other form of funding available.</p> <p>Focuses attention and acts as a catalyst to make things happen</p> <p>Had partnership anyway so no difference. Feel overall that bidding is a waste of resources there should be just a pot of money to be used for regeneration (like UP money).</p> <p>Partnership in existence a long time. Has had to be more formal for SRB purposes. Worked with new organisations "value added". SRB is a focus for activity. Focuses the mind & the bid, spent more resources analysing problems of an area.</p> <p>Scheme moving towards more strategic approach re regeneration priorities/effective fund management/good practice</p> <p>It is more beneficial having people working together, produces a more consistent approach</p> <p>It is possible that there is more benefit from regeneration via a partnership than would otherwise have been the case.</p> <p>Believe that there is no strategic plan for London.</p>	<p>Private developer encouraged to build in a marginal location. Community capacity building in terms of their confidence & ability to organise & develop initiatives through the partnership</p> <p>Provided focus for LAs re linking of policy planning to central govt funding for local development. GO has provided some help re bids that has been useful in later rounds</p> <p>GO scrutiny of bid gave legitimacy & support to those involved, helped foster sense of change in community</p> <p>TEC involvement with SRB has given support for ethnic groupings re economic activity - possible to build further on this. Targeting training to community at large. Bidding process strengthened concept of partnerships working for regeneration</p> <p>Different re timescale 5/7 years - need longer to consolidate</p> <p>SRB3 much better (suspect this was due to timing of election i.e. outline in by June (not April/May).</p> <p>Residents direct involvement heightened awareness of regeneration system-learning range of negotiating skills directly linked to regeneration leading to greater empowerment. Qualitative development of project management skills for those directly involved.</p> <p>SRB programme provided services/refurbishment on estates that LA could not supply</p>
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Source: Survey of Successful Case Studies

6.6 Conclusion

Partnership is central to the SRB approach to regeneration and the evidence in this chapter indicates that after the first two rounds of SRB it is now set fairly firmly in the regeneration culture of the major players involved. As the discussion presented in chapter one indicated, an effective partnership orientated approach to tackling the regeneration problems of local areas has evolved over a considerable period of time and this was reflected in the move from relatively pro-active funding regimes where the Government itself largely identifies the broad category of project to be funded, often working closely with local authorities, through to the fully devolved model adopted under SRB.

In the analysis presented in this chapter an attempt has been made to assess whether truly effective partnership approaches were beginning to emerge amongst the case study partnerships examined. In order to be regarded as effective it was necessary to look for clear evidence that there was genuine involvement rather than 'superficial representation' amongst the partners concerned, lead and non-lead. Such effective involvement means that all of the partners are involved in the implementation of the regeneration scheme and feel that their views are being listened to and, if appropriate, acted upon. Since the nature of the regeneration problem is continuously changing it also means that the partnership has to be able to ensure that its responses and the actions of all of its partners are responsive to change.

The evidence suggested that the partnership culture was now beginning to bed-down well, albeit after a rather shaky start in some cases. There have been problems of ensuring that all partners are able to participate in the regeneration scheme in a full and effective way and it has been difficult to reconcile often quite different cultures and approaches across the partners involved. This has been particularly the case with the involvement of the voluntary and community groups. Lead partners, which tend to be in the main local authorities and to a lesser degree TECs, have had to change often quite entrenched views and procedures, helped in no small way by the actions of the Government Offices for the Regions.

The comments about the merits of Challenge Fund approaches relative to more pro-active needs driven allocation illustrate the clear nature of the dilemma facing the policy-maker. The comments from partners and the Government Offices emphasise that there are benefits to be gained from the Challenge Fund approach but there are problems in seeking to ensure that those partnerships representing areas and communities of greatest need get their share of the resources available. This trade-off begs a number of questions. It was important to assess empirically ex-post how well resources under the Challenge Fund approach have in fact been targeted on need, at least as measured by the Index of Local Conditions. This was the subject of the analysis presented in chapter five and the evidence there suggested that SRB Challenge Fund resources in rounds one, two and three had tended to be allocated in a way which followed closely the geographical pattern of relative regeneration need. This, in part, reflects the needs allocation formula used to allocate the SRB funds across the Government Offices but it also illustrates that the Government Offices have tended to take considerable account of the criteria of need in the selection procedures.

A further issue relates to the resources needed to mount a successful bid. In this respect it is important to ensure that the guidance, assessment criteria and procedures associated with the SRB rounds are as transparent and clear as possible. The evidence points to considerable advances having been made by the Government Offices since round one, particularly when it comes to giving strategic regional guidance.

It is also important that the administration issues associated with managing a successful partnership scheme be as straightforward as possible and that adequate management resources be allocated to meet these administration needs. We examine issues of this sort in more detail in the next chapter.

Overall, the broad conclusions from the research presented in this chapter would seem to provide firm support for the partnership approach to local area regeneration and, despite the concerns of many of the partners interviewed, the allocation of resources to areas of relatively greatest need does not appear to be too seriously compromised if the Challenge Fund is operated through a devolved regional support structure of the kind which came into existence with

the Government Offices for the Regions at the same time as the SRB Challenge Fund.

Innovation in thinking and regeneration delivery does appear to be achieved by the SRB approach, but there are clearly difficulties provoked by the relatively 'hands-off' approach adopted by Government in the sense that administration and management of often quite substantially amounts of regeneration resources over considerable periods of time is now entrusted to the partnerships, albeit under the watchful eye of the Government Offices for the Regions. The problems provoked by this are the subject of the next chapter.

7.1 Introduction

This chapter has as its objective an assessment of the strengths and weaknesses of the delivery process which has been put in place centrally for ensuring public accountability required of SRB partnerships in converting SRB expenditure into cost-effective outputs meeting the aims and objectives of the SRB Challenge Fund. There has been scope for the Government Offices for the Regions to implement the delivery system as best fits their region and their schemes, subject to central guidance which has been modified over time.

Central guidance, in printed form, was first made available to all Government Offices and partnerships after round one had been completed in April 1995, covering partnership Delivery Plans, Monitoring and Periodic Review, Project Appraisal and Approval, and Financial Guidance. These were reissued in December 1995 after the round two submissions and have remained more or less unchanged since, although guidance on community involvement was expanded for round three and guidance for more emphasis on strategic priorities and themes was given for round four. These guidance notes have been supplemented by additional publications, setting out “Effective Partnerships”, “Involving Communities in Urban and Rural Regeneration” and “Good Practice in Management Systems”.

Originally, the view taken by Central Government was that the SRB Delivery System would be a ‘hands-off’ approach in the context of a bidding guidance document which set out the broad national criteria for regeneration and encouraged partnerships to submit bids according to specified procedures and a timetable for applications to their respective Government Office. In the event, the document (in typed form) was released on 14 April 1994, only weeks before the May deadline for outline bids, giving potential bidders little time to put bids together. This tended to disadvantage new partnerships, advantage partners with experience in applying for public funds and caused a steep learning curve for Government Offices in compensating for the effects

this had on the uneven quality of bids, whilst simultaneously recognising the potential of bids to target on the most needy areas in their regions.

There is little doubt that the round one bidding process was problematic, inefficient and an inadequate basis for a significant number of Delivery Plans. The round two bidding process had better, more explicit guidance and also more involvement of Government Offices in the conversion of bids into Delivery Plans, primarily through the appointment of lead officers in Government Offices. Many of the problems emerging were identified in the House of Commons Environment Committee Single Regeneration Budget First Report (Session 1995-1996, Order 26-I, 22 November 1995), in which a large number of recommendations were made. Central Government gave its response to this report ('Government Response to the Environment Committee First Report into the Single Regeneration Budget', Cm 3:78, March 1996), supporting many of the recommendations and indicating subsequent actions.

The round two bidding process signalled a shift to a more 'hands-on' approach by Government Offices, backed by Central Government Guidance, which was reinforced by the Environment Committee's Report. The emphasis has been on a better understanding of the need for and identification of suitable Key (Output) Indicators for Delivery Plans by which the partnerships responsible for delivering schemes can demonstrate their accountability within the framework which allows Government Offices and Central Government to demonstrate the value for money achieved by the SRB Challenge Fund. This has been a learning period both for Government Offices and the partnerships and has led to wider acceptance of the reasons why accountability has to be demonstrated. This has been enabled by the dissemination of good practice guides on systems and partnership involvement. It is undoubtedly the case that the existence of the Government Offices for the Regions and their greater accessibility were crucial factors in enhancing the management systems now in place and their acceptability.

In 1997, the SRB Evaluation Team produced a brief report for the DoE Advisory Group for the evaluation study ('A note on Case Study Partnership's concerns about administration and Monitoring requirements', July 1997), based on the case studies of unsuccessful and successful bids that

were underway by early 1997. This chapter updates the analysis contained in that report, although it does not include any dissemination of the bidding process (which is discussed elsewhere in the report) and thus considers the delivery system subsequent to approval of the final bid.

The main interest in this chapter is how the delivery, monitoring and financial/auditing system and appraisal procedures have been perceived by those involved in the round one and round two case study bids and what strengths and weaknesses can be identified in the partnership delivery process. The chapter is broken up into several sections, each concerned with a particular aspect of the delivery process. There then follows two sections, one on partnership views on their relationship with their Government Office and the other on Government Offices views on the delivery process. The chapter concludes with a brief section summarising the key findings.

7.2 The conversion of bids into Delivery Plans.

Delivery Plans in about a half of the case studies were drafted by the lead partner - in two thirds of the cases, this was the local authority, disproportionately more than were lead partners. This is largely accounted for by round one schemes, suggesting that the rapid conversion in round one was dependent on local authority expertise in putting together expenditure plans. A corollary of this is that voluntary or community involvement in preparing delivery plans was lower in round one than in round two schemes.

Two thirds of lead partners in round one schemes indicated that they had difficulty with the guidance available, with only 20% indicating that they had no problems. Of ten components of the Delivery Plan identified, on average each lead partner had difficulty with half of the components. The most important aspect was the requirement for quantifiable outputs, identified by more than half the lead partners. Baselines were also a problem, largely because there was no understanding of what they were. Equally problematic seems to have been the scheduling of activity. Part of the reason for this appears that the rapid turnaround required did not allow for adequate

appraisal of projects and therefore a basis on which to set down a realistic schedule.

Experience among round two lead partners was substantially better, with 90% finding the relevant guidance sufficiently clear. Very few lead partners expressed difficulties in converting bids to delivery plans - the ones who did were from the voluntary and community sector.

This marked improvement between rounds one and two emphasises the importance of written guidance. It is evident from some of the round one case studies that the absence of this in sufficient time has led to problems with the relevance of quantifiable outputs and the scheduling of activity, increasing the need to re-negotiate delivery plans in the early years to agree more appropriate output measures and reschedule activity. The Department, by continuing to issue updated guidance and good practice manuals, has undoubtedly helped to improve understanding in later rounds.

Quantifiable outputs and scheduling are critical factors in the Delivery Plan process because they are key to the achievement of value for money for the scheme as a whole. It is therefore appropriate for Government Offices to be more 'hands-on' in this process at an early stage, as appears to have been the case in later rounds.

Guidance relating to the management, monitoring and financial arrangements did not raise difficult issues at the delivery plan stage. However, these are the aspects that have caused the greater friction in the subsequent delivery phase.

7.3 Appraisal Procedures

Project appraisal is a core component of successful delivery. It serves two functions. On the one hand, it establishes ex-ante the value for money of a project proposal and its potential overall contribution to the overall scheme achievements, after taking account of such factors as additionality and displacement. On the other hand, it needs to establish that the project is realistic and feasible in terms of its proposed implementation and

achievements. This includes ensuring that the funding package is likely to come together in the proposed timescale and that the key outputs are appropriate to the strategic objectives of the scheme, are appropriate for the project and can be achieved in the timescale proposed.

SRB offers a particular advantage in that funding can be committed before the complete funding package is agreed and therefore can play a role in leveraging other funding. However, the actual project implementation is then subject to the timescales approved for other funding. There are disadvantages arising from this, particularly for larger and more strategic projects, where other funding approved may cause delays outside the control of the programme team, as has sometimes been the case with EU funding. This is likely to be more of a problem where a Delivery Plan is based on relatively few projects. Where there are many project options, or schemes based on a large number of projects, it provides a mild incentive to reject a good project in favour of one that can be more quickly funded.

This suggests that there may be a case for some flexibility in annual scheduling where delays can be accommodated without jeopardising completion within the timescale of the scheme. An example of such flexibility was seen in the South West where one scheme was heading for an underspend because of co-funding delays, resources were switched to another scheme that could take up the resources in the current year, and reallocating the equivalent amount from this scheme to the delayed scheme in the subsequent year.

Not all schemes appraise their projects at the time that the Delivery Plan is set down. About 55% of all round one scheme projects had been appraised and only 40% of round two scheme projects. These are averages and include in both rounds schemes where none were appraised and where all were appraised. Overall, 90% of all projects running by the time of the interim evaluation had been appraised and all but one scheme anticipated appraising all projects before they came on stream. Funding delays attributed to Government Office appraisals only occurred in a few round one scheme projects and a quarter of schemes had experienced some modification of their projects as a result of Government Office's appraisal. The Government Offices overturned less than 1% of the schemes' appraisals.

The case studies suggest that the programme teams are acknowledging the benefits of project appraisal, particularly with hindsight when they can compare outcomes for projects appraised and not appraised. Government Offices are perceived as helpful in this process, rather than knowledgeable, and early problems arose mainly because of unsatisfactory points of contact or a lack of local knowledge. However, these problems seem to have been resolved and the process is now running quite smoothly.

It is recognised, especially by schemes which have a large number of projects, that the appraisal process is a substantial administrative burden. Some are considering ways of rationalising the process, for example, by setting a (voluntary) panel of appraisal experts accessible to the management teams or more than one scheme (Cornwall Regeneration - the team responsible for the West Cornwall scheme - is a case in point).

Hence, the appraisal process appears to be operating smoothly. Fewer problems in round two, when more projects were appraised nearer the time of their implementation, might suggest breaking up the appraisal into two stages. The first stage, at the time of setting up the Delivery Plan, could focus on the contribution and relevance to the scheme and the appropriateness of key output indicators. The second stage, nearer to the time of implementation, would look more closely at the feasibility and risk assessment.

7.4 The Delivery Plan implementation

The majority of schemes, 60%, felt that their actual progress in all important aspects was broadly in line with, or better than, what had been proposed in the Delivery Plan, although a quarter of these acknowledged minor delays or problems with management and financial systems. Of the remainder, half felt that they were falling behind schedule to a significant extent and all of them pointed to delays in project commencement as a contributory factor.

60% of round one schemes and 40% of round two schemes indicated that they had had some problems. Half indicated shortfalls in outputs or failure to

achieve milestones and slightly fewer have had problems with their management and financial systems. But none reported specific difficulties with their monitoring systems as a contributory factor.

Broadly speaking, there have not been many divergences from the original Delivery Plans. The main causes, project implementation delays and project shortfalls, have been quickly overcome with minor re-negotiations of the Delivery Plan. Indeed, one round two scheme made use of the delay to extend the scope and depth of consultation on a key project.

Half of the schemes have been given formal or verbal warnings, mainly associated with shortfalls in outputs. All of these were retracted following subsequent action. The most common response was the rescheduling of activities in consultation with Government Offices to enable funds to be taken up and annual output targets to be met. However, more specific actions were taken in two schemes, in one case re-tendering contracts for the supply of training and, in another case, prompting projects to bring their operations in line with the original Delivery Plan. Interestingly, these were both round two schemes and may well be the result of better channels of communication between the schemes and their Government Office.

Overall, there were more warnings for round one schemes than for round two schemes, indicating again the benefits of the more 'hands on' approach and better guidance for round two schemes.

7.5 Operational difficulties in the delivery process

Whereas problems with management, monitoring and financial systems have not been responsible for derailing schedules and the achievement of outputs, they have been a constant aggravation in the delivery process of round one and two schemes. Many of the problems have their origin in the establishment of the Delivery Plan, in particular the choice of output indicators and targets and the extent of consultation across the relevant partnerships. The level of aggravation from round three and round four

schemes should be lower because of the elimination of the origins of many of the problems at the Delivery Plan stage.

Two other issues that have caused concern were baselines and exit arrangements. Both of these were relatively new concepts to partners and the lack of adequate guidance, particularly in round one, meant that several schemes did not address these issues satisfactorily. Indeed, in a number of case studies, appropriate baselines were constructed as part of the interim evaluation because the originals had outputs rather than outcomes as indicators or the indicators could not be measured easily.

(a) baselines

The Evaluation Team have produced a separate report on the measurement of baselines. The main findings were:

- some baseline indicators are superficial and lacking in depth, and also do not properly identify outcomes;
- there is not a large enough set of core indicators covering all strategic objectives to allow SRB scheme areas to be compared;
- there is inadequate comparison of each area's indicators with their counterparts for wider areas which include the scheme area;
- scaling factors and precise definitions of indicators vary widely across schemes.

The Evaluation Team's report makes the following recommendations;

“Any strengthening of central guidance on the construction and measurement of the baseline need not be lengthy, detailed or very prescriptive. The aim would be to guide the weaker applicants without forcing compulsion on the stronger applicants, thus allowing the latter to operate in a flexible way to devise a baseline which is both appropriate to the local target area and to the objectives of the particular scheme. In the past, weaker applicants have spent a lot of time and effort on the baseline which has not been fruitful. Further guidance would save them time and effort whilst improving the quality of the end result.

Our thoughts on the content of any new guidance are:

- a short list of key indicators for the various SRB objectives which bidders should be encouraged to adopt when their scheme is active with respect to that objective;
- a common set of definitions and scaling factors for the key indicators, including local sources of data;
- a comment on the need for partnerships to measure the baseline in the base year and to update it subsequently;
- a brief paragraph of text on the conceptual basis for the baseline (and how it differs from scheme gross outputs) and what the purpose and uses of baseline work are.

(b) exit arrangements

Exit arrangements were a requirement for the Delivery Plan. Mostly, they were couched in fairly general terms. Only two case study schemes have at present fully decided their exit arrangements. Both of these are instances where there are few projects and commitments have been obtained from the partners responsible for continued support after the lifetime of the scheme. Of the remaining fifteen for which the state of planning is known, all but three have devised strategies. The three who have not devised strategies would look to mainstream programmes or EU funds for continued support and are awaiting the outcomes of the Comprehensive Spending Review and the EU's Agenda 2000 before devising strategies.

The other twelve schemes have been more pro-active and have sought to negotiate various contingency plans for exit arrangements, particularly for their strategic projects. For capital projects, many have been able to, or will seek to, sort out revenue (eg. maintenance) requirements during the lifetime of their scheme. For revenue projects, most are relying on the partnership continuing beyond the life of the scheme to create a vehicle to attract future funding for the projects or are seeking commitments from partners responsible for continued support for a project officer who would develop funding.

In only one scheme did the partnership explicitly expect a project to be self-financing (Lancashire Manufacturing). Another group of projects have (or will have) been completed and will have served their purpose. However, the

bulk of projects will require on-going funding beyond the lifetime of the scheme. Where partnerships have established themselves as prime movers, and are recognised as such by local authorities and Government Offices/RDAs, there is some prospect of continued funding being achieved. More fragile partnerships however need to be encouraged to obtain commitments from partners responsible before the end of the scheme. One option that these partnerships might consider is to amalgamate with other partnerships to establish a higher profile.

(c) management systems

Management systems are the means by which partnerships guide the strategy, set priorities for action, execute the Delivery Plan and ensure that there is day-to-day control of its implementation. The main factors affecting how partnerships work are discussed in the chapter relating to partnerships and their structure. There is a great diversity of partnerships even among the case studies and several are weighed down by tensions and suspicions which undermine trust and restrict the extent of delegation. These tend to have generated an inability to take quick and effective decisions and are often dominated by a few partners, with other partners sending juniors to meetings to monitor outcomes rather than contribute to outcomes.

There are however some good examples of partnerships where involvement, contribution and commitment is more equally balanced across the partnership. Such partnerships can create operating groups to manage day-to-day business, allowing an Advisory Board to focus on strategic issues. Further delegation to support teams can achieve economies of scale in monitoring and appraisal. However, such arrangements are only likely where the partnership can create and support its own identity and perceives a longer term future based on a strategic role in local regeneration.

(d) monitoring systems

Monitoring systems are the means by which the partnerships have access to information that ensures day-to-day control, instigates remedial actions and

are able to demonstrate the achievements of the scheme. Their fit with the management systems will determine the effectiveness of the scheme.

In all but two of the schemes, project monitoring information is collected by the projects. In the two other schemes, it is collected by the management team, although one is in the process of delegating collection to the projects. For most schemes, returns were made to the management teams. In six other schemes, returns were made to the lead partner (some of whom will include the management team). Thus, in all of these schemes, project records for all projects were held centrally. There was, however, one scheme where the project records were held by the partner responsible and only a summary was held centrally.

In one scheme, there was no formal system for monitoring and the implication of this is that information was collected on an ad hoc basis, primarily for the purposes of making returns to the Government Office for the Region. This is not a satisfactory basis for controlling delivery because it means that the partnership only reacts to problems after they have emerged, and will at no time have an overall view of how the scheme is progressing so that they can take preventive actions.

Among the other schemes, the extent to which the Boards are provided with comprehensive information varies. There were five schemes where a comprehensive set of project returns was not seen by all partners and only a summary was available to the Board. In all other schemes, all returns were seen by all partners and it is presumed that in most cases these will have been discussed at Board meetings. Only in these schemes will the Boards be able to discuss the progress of their schemes and assess the strengths and weaknesses of various projects contributing to achievements. They are therefore better informed and more able to prioritise short term actions and suggest ways of strengthening delivery.

The Board level is the appropriate forum for making decisions. Strong partnerships may be able to undertake much of the assessment and make recommendations by delegation, but the ultimate internal responsibility is at Board level. Formally, the lead partner is responsible and in weaker partnerships may wish to carry the responsibility alone. Nevertheless, the

apparent interaction of monitoring systems and management structures implies that there is a substantial minority of schemes for which the value of comprehensive monitoring is not perceived as a management tool. It is likely that the problems of under-recording and inaccurate or inappropriate output information is more prevalent among these schemes.

However, the fact that schemes have systems in place does not guarantee that they are being operated or used effectively. It is apparent that some management teams take their systems seriously and use site visits, either quarterly or six monthly, to check on every project's progress and accuracy of recording. One scheme uses monthly site visits in the first quarter of a project's implementation to ensure that progress is being made and teething problems are being addressed. But in the majority of schemes, it would appear that progress is checked only by telephone calls.

Schemes generally require projects to submit quarterly returns, which is the minimum requirement for submitting returns to Government Offices for the Regions. However, some schemes, particularly those with a large number of projects, ask for monthly returns so that they can monitor better project progress and pick up likely shortfalls earlier.

Two thirds of the schemes identified problems that they have had in monitoring outputs. Some of these arose from deficiencies in the definitions of round one Delivery Plans, mainly because they were not specific enough or because they could not be measured without a follow-up survey. Some of the problems could only be resolved by seeking further guidance from Government Offices, such as the interpretation of 'training weeks' and 'job quality' (e.g. permanent/temporary, full-time/part-time, safeguarding, etc).

A number of schemes had identified areas of duplication in the measurement of outputs. Two examples are where support is given for premises for a community facility which then used by one or more supported projects and where individuals attended two or more courses supported by the scheme. These are not perceived to be major problems because most projects have distinct client groups.

Overall, it is thought that monitoring systems, where their importance is recognised, have benefited from the more 'hands on' approach by Government Offices, especially at the Delivery Plan stage, and the greater accessibility which provides clarification on guidance. This is enhancing the performance and value of monitoring systems in more recent schemes and helping to overcome the inherent problems in earlier schemes. However, there are still weaknesses in some of the earlier schemes and evidence of a lack of perception about the internal usefulness of monitoring systems in some schemes.

(e) financial systems

Financial systems, including payments, claims and related systems, are key to the accountability of the schemes. Some schemes appear to believe that having projects sign their forms is adequate protection. But, because ultimate responsibility lies with the lead partner, it is essential that they all have adequate checking and validation mechanisms and are subject to occasional audit procedures.

Payments, claims and related systems are computerised in the majority of schemes. For some, this was a new skill and has led to difficulties in designing systems and ensuring that projects reported in accordance with the requirements of the systems. This process was disrupted when codes were changed and re-programming was necessary, so that there were some mismatches between partnerships returns and Government Office requirements that had to be resolved.

The greater problem facing partnerships is the multiplicity of funding sources, each with widely differing reporting requirements. Each SRB management team could be faced with reporting requirements specified by the Government Office, TECs, RDC and EU Programmes, all of which will differ in the level and, sometimes, the nature of detail requested. Problems of multiplicity are also faced by partners (especially lead partners) who have wider area remits, such as TECs), and could be involved in several SRB schemes.

Although there are central guidelines for financial systems, each SRB scheme has the flexibility to customise its systems to reflect its own delivery plan. Thus schemes will differ in their coverage of strategic objectives they address, the size and nature of the area to which the scheme relates, the key output indicators used, the extent of co-funding, the number of projects involved and the time period of the scheme. The complexity will be compounded by the fact that most of the IT systems for financial control will have originated from the lead partners organisations, in some cases therefore reflecting TEC systems and in others local authority systems, which will differ according to the ways in which the lead partners are made accountable for their activities. In particular, the issues that arise from output-related funding will be better understood by the TECs.

These factors all contribute to making IT systems a complex and technical issue. Each scheme is unique in terms of how it will interact with its Government Office, its partners and other schemes. Hence it is difficult to avoid problems of definition and interpretation which are followed by ad hoc responses. A solution which imposes a degree of standardisation would eliminate the benefits of customising the systems to each scheme.

The actions taken by Government Offices to become more hands on and more accessible are an appropriate response to this complexity. Accessibility to lead officers in Government Offices responsible for one or more schemes allows for interaction within each Government Office (and potential between Government Offices) to ensure consistency and the transfer of good practice which could not be achieved under the initial hands off approach which would have led to more ad hoc responses and not reduced the scale of the problems.

There are a few examples of where partnerships have taken effective action themselves and achieved economies of scale in SRB administration. Where a lead partner has a number of schemes, core systems have been put in place which can accommodate the differences in scheme outputs and timescales. There is also an example of SRB funds being pooled across a number of schemes with different lead partners to form a separate unit which provides the same function, mixing core and customised requirements for reporting.

These do ameliorate the burden on the most active partners but they offer no respite from the requirement to co-operate in auditing exercises set up by, for example, the District Auditor, Government Office for the Region, British Standards, the European Commission and other partners. There would seem to be some scope to investigate whether there are ways in which the auditing burden might be reduced, perhaps by facilitating some general classification procedures for partnerships and/or projects.

7.6 How relationships with Government Offices for the Regions, other agencies and local organisations have influenced the design and implementation of the Delivery Plan

The discussion so far has focused on the issues emerging in the delivery process. Some of these have come about because the way in which the relations with Government Offices, other agencies and other local organisations have developed. Some of these have set the pre-conditions of how the Delivery Plans were designed, particularly the extent of consultation with Government Offices, other agencies and local partners. There have also been operational issues which have emerged as the Delivery Plans have been implemented, among which is the issue of co-funding and leverage. This section describes the relationships to illuminate the context in which the Delivery Plans were implemented.

(a) relations with Government Offices for the Regions

All programmes (twelve from round one and eight from round two) had been allocated a specific liaison officer from the Government Office, with approximately 30% of Government Office personnel attending partnership meetings. Although 55% of partnerships described their overall relationship with the Government Office as co-operative and consultative, 20% had indicated that there was an element of bureaucracy in applying the SRB rules and regulations and that a greater degree of flexibility was required in tailoring programmes to meet local needs.

When asked whether aspects of the scheme development and implementation had caused problems in their relationship with Government Offices, 80% of all partnerships (9 round one and 7 round two) indicated that they had experienced some difficulty. While nearly 44% of this group had difficulties with only one or two issues, 56% had experienced problems with several aspects of the programme development with Government Offices.

Looking overall at the bid and delivery plan stages, 65% of all partnerships had experienced some difficulty associated with Government Offices. When this response was disaggregated, it was found to be significantly higher for round one programmes at 69%, compared with only 31% of round two. Similarly at the operational/management stage 65% had indicated some difficulties with Government Offices, with 62% from round one and 38% of round two partnerships.

Table 7.1 sets out the partnership responses for each individual aspect of the bid development and implementation that had caused problems in relationships with Government Offices. Relatively few of the 20 partnerships had indicated any difficulties for each aspect.

Table 7.1 Problems indicated by partnerships (No of responses)

	Round 1	Round 2
<i>Bidding Stage</i>		
Clarification of bidding guidance	5	1
Outline bid assessment	4	0
Final bid assessment	1	1
<i>Delivery Plan Stage</i>		
Baseline	5	1
Funding arrangements	5	2
Expected gross outputs	4	2
Project appraisal	3	3
<i>Operational/Management Stage</i>		
Monitoring/evaluation arrangements	1	2
Financial management/claims/payments	2	1
Programme/project management & delivery	6	2
Total responses	36	15

Source: Survey of Case Studies

The number of round one and round two responses indicating difficulty with Government Offices were 51, an average of 2.5 per scheme. However, when disaggregated, the responses were 30% for round one and 19% for round two partnerships. Given the initial problems associated with any new programme and the clear indication that round one partnerships were 'feeling their way', the difficulties with Government Offices were broadly in line with expectations. Having clarified this point, it should be noted that 45% of all partnerships indicated that they had no difficulties or only one problem area in their dealings with the Government Offices.

In defining the nature of the difficulties encountered by the above partnership responses, the main areas of concern were:

- clearer guidelines were required;
- Government Offices should have clarified the various elements/rules of the SRB;
- Government Offices should have reacted much faster to requests for information;
- the development of baselines was initially vague;
- project appraisal and monitoring caused confusion for some partnerships;
- delays in project appraisal by Government Offices;
- problems for partnerships in meeting targets and outputs;
- delays in the commencement of some programmes which impacted on projected financial expenditure.

These issues were of particular concern for round one partnerships, as they found themselves on a steep learning curve regarding the operation of a new SRB Programme/partnership approach. In subsequent SRB rounds, the guidelines and functions of Government Offices have been developed which has provided a more robust operational framework for partnerships.

At the bidding and delivery stages there was some confusion, on the part of partnerships, regarding the development of baselines, the precise format for applications to Government Offices and further confusion with respect to the appraisal and monitoring of individual projects. At the management/operational stage there were some project appraisal delays, problems in meeting targets and outputs, difficulties associated with Government Office information flows and delays in the commencement of some programmes which impacted on projected financial expenditure.

The number of face-to-face meetings with Government Offices, before bid approval, ranged from a single meeting to six, though subsequent (post bid approval) meetings indicated a greater variation between the partnerships (from one to eighteen) with the majority having between two and four meetings. To some extent this reflects the 'hands-off' approach on the part of Government Offices, though staff have found it necessary to vary their strategy to meet the needs of widely differing partnerships. They have also found it necessary to become more directly involved with the introduction of detailed guidelines for round two and subsequent rounds. In any event, the majority of programmes do maintain fairly regular telephone contact with Government Office personnel, though this has tended to be more frequent in the early stages of programme development.

80% of all partnerships felt that Government Offices were prompt/authoritative in dealing with programme enquiries. However, when asked if any modified rules/arrangements/ requirements had emerged from Government Offices, 50% of partnerships (fairly evenly split between rounds one and two) had experienced delays, confusion with guidelines and changes to the rules and arrangements of SRB. In some cases further confusion occurred when the accountable body for the SRB programme dealt directly with the Government Office, but was different from the lead partner operating the programme eg: Hangleton Knoll Project (HKP), Central Brighton.

Obviously these problems have had a varying impact within individual programmes, though their resolution has necessarily involved further discussions with Government Office staff. This is supported by the fact that 60% of all partnerships stated that their relationships with Government Offices have improved as the schemes have developed. For 30% of programmes the relationship has remained the same, with only 10% considering that there had been a deterioration.

(b) working with other agencies

Partnerships indicated that they have attempted to work with a wide range of agencies other than those directly involved in the partnership. While some of these are 'natural' choices in terms of their past experience/expertise (eg. DfEE, Home Office/DATS, Health Authorities/Trusts, DTI, LEAs) others

have been encouraged to use their expertise to bolster partnership activities and enable them to become more firmly established within the wider regeneration programmes of local areas. Although the bending of main programmes has met with limited success, evidence also exists (from the discussions with partnerships) that TECs, HAs, English Heritage, English Partnerships, UDCs, Environmental Agency, colleges and universities, business forums and private companies could be further encouraged to participate in local regeneration programmes (eg housing, environmental projects, training/job creation, health care initiatives, local economic development).

Evidence to date has provided an indication of the current scope for partnerships and the potential to develop this type of strategic approach to regeneration at the sub-regional level. Regarding the overall operation of the SRB programme, 90% of partnerships indicated that they had experienced an increase in the volume of inter-agency working, with 65% of this sample considering the development to have resulted in more effective and higher quality functioning between agencies. While 35% of partnerships indicated that SRB had added complexity and difficulties in inter-agency working, this was not necessarily considered to be a totally negative aspect of partnership working, and in any event was often outweighed by the positive benefits of inter-agency collaboration.

In expressing a positive attitude towards the SRB 'partnership approach', a number of reasons were cited as indicators of closer and effective inter-agency operations. Broadly, the consensus focused on:

- Opportunities for disparate agencies/organisations to work towards defined regeneration objectives and goals;
- Identification of a lead partner with the responsibility for the co-ordination of activity delineated within a planned regeneration programme which could enable organisations with less experience and/or resources to participate in local development;
- The dynamics of inter-agency working that enable organisations/agencies to bring their specific expertise to local regeneration initiatives;
- Opportunities to avoid duplication and develop larger-scale coherent programmes eg: Northumbria Drugs Accord involving several local authorities;

- Opportunities for matched funding, additionality and bidding for other funds on the back of a successful SRB Programme;
- Opportunities to cross 'traditional boundaries' in terms of public, voluntary and private sectors and the community working together to meet the needs of local regeneration eg: Royds Bradford estate programme; Hull City Visions (HCV) with responsibility for the City Regeneration Strategy.

Some partnerships have also experienced difficulties in the operation of their programmes in terms of:

- Tensions within the partnership between the lead partner and other strong key partners;
- Tensions between the accountable body with overall responsibility for SRB and partnership board which has responsibility for the day-to-day operation of the programme eg: in some cases local authorities that were directly involved in SRB perceived that they were losing control of 'traditional' areas of responsibility through the creation of separate development companies eg: HCV;
- Lead partners/partnership board setting in place strategies and policies which could be at variance with the perceived needs of local communities;
- Bureaucratic operation of some agencies involved in the programme/projects which can delay support for specific initiatives;
- Community/local involvement in regeneration can make new demands on partnerships which can be viewed as counter-productive by some SRB partners and local agencies.

While there have been operational problems for some programmes, their resolution has sometimes resulted in the strengthening of local partnerships. While the guidelines and rules of SRB have changed with successive rounds, the experience gained by round one partnerships has enabled them to develop their expertise and resources within the local regeneration process. This has encouraged some partnerships to bid in subsequent SRB rounds and/or seek finances from other sources such as EU Structural Funding, the private and other public sectors (eg HCV, Northumbria Safety Strategy).

With the development of more detailed guidelines, the introduction of an outline bid stage and the experience gained by Government Offices during round one, programmes in round two have been able to work within a clearer perspective. Such developments have further impacted on rounds three and

four which has been reflected in the standard of the bids and delivery plans currently being submitted.

The research indicated that while some programmes had experienced 'teething problems', nonetheless the partnership approach had brought benefits and made a positive contribution to local regeneration. As some programmes will be in operation for up to seven years, their full strategic and operational impact cannot always be evaluated in the initial years, particularly where relatively high capital expenditure and infrastructure development is planned and there is a need to build local capacity.

(c) working with local organisations

Nine of the twenty programmes had actually carried out some form of audit of voluntary organisations and community groups, though eleven of the partnerships did hold a register of these groups. When combining these strategies, it was found that 70% of all partnerships had carried out one or other exercise or both. In seeking to consult with voluntary and community groups, 90% of the programmes indicated that they consulted on a regular basis or had done so more than once. The consultation process had involved a number of strategies as indicated in table 7.2.

Table 7.2 Consultation with community/voluntary groups

Form of consultation	%
Through a bid partner in the sector	60
Newsletter/circular/brochure	55
Meetings/seminars/workshops	90
Survey voluntary/community sector	40
Written representation/requests	35
Other	25

Source: Survey of Case Studies

Meetings, seminars and workshops were the most favoured method of communication by 90% of partnerships, with consultation via a bid partner in the sector (60%) and newsletters, circulars and brochures (55%). Surveys of the voluntary and community sectors (40%) and written representation (35%)

were used less frequently. Other activities focused on roadshows, the use of community workers, a planning weekend and the encouragement of local groups to become more involved in the SRB programme/actual projects.

In asking the lead partner how the consultation process was working, there were few indications of a systematic approach in determining the needs of local communities. For partnerships such as Northumbria Community Safety, the lead partner is at arms length with consultation organised through the individual local authorities (as key partners) who have direct links with schools and communities in their administrative areas. However, other partnerships did involve the local community directly in the operation of the programme/decision making (eg HKP & Royds Bradford). In these cases there was a clear commitment to capacity building within the local community which was made more effective as the founding organisations were established long before the advent of SRB, and had therefore built a *local reputation*. While some partnerships have been able to use the resources of voluntary/public sector partners (eg CVS, health authorities, CRE, ethnic organisations) in contacting local communities, the building of communication channels has, to date, been patchy.

The main mechanisms partnerships were using to improve the regular lines of communication were through the closer involvement (both direct and indirect) of voluntary and community groups, work with community forums, links with community centres, work with local residents groups, capacity building through the training of local groups and where possible strengthening links with ethnic minorities.

50% of partnerships indicated that they examined and/or had written down and circulated within the partnership the concerns of the voluntary and community sectors. Given the wide scope of SRB programmes, these concerns were wide-ranging and included:

- employment issues;
- training;
- drugs/crime;
- housing;
- ethnic minorities;
- young people.

While SRB is seeking to address a range of regeneration issues, discussions with individual partnerships indicated that they cannot always accommodate local needs/concerns within the existing programme. While the limitations of programmes was recognised, some partnerships were seeking to tackle identified local issues through subsequent rounds of SRB and/or applications for further funding from a range of other sources (eg EU, Millennium Fund, Lottery Fund).

The needs of ethnic minorities have mainly involved the Afro-Caribbean, African, Bangladeshi, Pakistani, Kashmiri, Vietnamese and Chinese communities, whose interests have been represented through local forums, business associations, youth organisations, CRE and Community Associations/Centres. For the majority of partnerships, there have been few ethnic minority communities located within SRB geographical boundaries and even where they have existed, minority groups have tended to use their existing community organisations. SRB has provided some small business support, training and tried to encourage ethnic minority participation in such structures as partnership forums and/or operation of the programme.

In canvassing the views/needs of local residents, 65% of partnerships have used meetings, 65% newsletters, 45% local surveys and 45% articles in local newspapers, the latter often being linked to the need to inform and publicise the work of the partnership. Other channels of communication had used various local publications (30% of partnerships) and letters to residents (25% of partnerships).

Many partnerships including HCV, Northumbria Community Safety, HKP and Royds Bradford are developing regeneration strategies which will operate beyond the parameters of SRB. While HCV and the Drugs Accord partnerships have bid for other SRB rounds, they are also considering other sources of funding (including EU Structural Funds) as one strategy in offering a broader regeneration programme beyond SRB. By contrast HKP and Royds are seeking to strengthen the capacity of their local communities through the greater involvement of residents in local economic development, and through working in conjunction with a range of voluntary/local groups already engaged in regeneration activity.

While 50% of partnerships had projects in their scheme operated by voluntary organisations and community groups, the latter have generally not made a major contribution to the development of SRB projects within the majority of programmes. Although some partnerships are developing Community Chests (eg Canalside Rochdale & Swadlincote Woodlands) as a resource for local groups, there appears to be no systematic approach regarding financial support for local organisations, to ensure that they have the capacity to manage SRB assisted activities. There are few coherent strategies/plans for the development of the consultation process involving residents, beyond those partnerships in which community based organisations are playing a key role in the operation of SRB (eg Royds Bradford, Hangleton Knoll).

7.7 The views of Government Offices for the Regions on the delivery process

Whilst the representatives of Government Offices for the Regions seen in the regions had a generally positive view about the scheme and felt that it had been appropriate to move to a more hands on approach, they had a variety of views about the delivery process which related to their role. This section reports these views.

The Delivery Plan was recognised as a necessary instrument in the SRB process and valuable in concentrating the minds of partnerships on the requirements for delivering SRB schemes. It was, however, difficult to judge how prescriptive they should be. On the one hand, a lot of detail on projects was onerous to assess and incorrectly forced bids to focus on projects that they wanted to carry out, which reinforced the absence of strategy in some of the bids. On the other hand, some detail was necessary to assess whether or not partnerships were allocating sufficient resources and designing systems which would adequately deliver the required information.

Monitoring was rather demanding but essential. Problems emerged when consultants were brought in by schemes to assist because there were no lines of communication. Government Offices felt that it was essential to sort out outputs at the Delivery Plan stage. This process could limit the number to a

minimum for each scheme, bearing in mind the need to allow schemes to select their own indicators. It also avoids the nit-picking that caused friction in the early years about output indicators. There were also a few problems that emerged when partners, eg TECs, had monitoring cycles that did not correspond to Government Offices' requirements. There is, however, a strong feeling that monitoring systems have generally improved.

Appraisals need considerable guidance. Initially they were of quite poor quality because staff did not have the relevant skills. The proforma structure and seminars have made a difference.

There was a general view that procedures were now working better, especially where schemes have been encouraged to devote more time and resources to them. This is best done at the Delivery Plan stage.

Both baselines and exit strategies have been problematic. Partnerships divided between those who understood them and those who did not. Even where they did, there was a tendency to try 'too hard' with too many indicators, many of which could not be measured for their areas. In general, the match between the scheme area and the areas for which data were available was a problem. More guidance was needed to help bidders to resolve them.

Exit arrangements were generally weak, and failed to recognise the difficulty of securing funding for revenue projects beyond the lifetime of the scheme.

Some Government Offices felt that there was a need to have limited flexibility on annual delivery plans. There has been a lot of small slippages across schemes which have been quickly resolved. Where these occur at a financial/Delivery Plan year end, they create a lot of work and friction.

Overall, the view of Government Offices is that the delivery process in place can work but is affected by the strength of partnerships and the relationship between systems and management structures. There is a strong feeling that the extent to which they have been drawn into the process has been

beneficial, both for demands placed on them and for the effectiveness of schemes.

7.8 Conclusions

The consensus view of Government Offices and partnerships is that the delivery process has improved after a difficult start and that much of the credit goes to the willingness of Government Offices for the Regions to be more hands on than was originally anticipated and the greater accessibility that has been associated with the establishment of lead officers in Government Offices.

Time spent getting the Delivery Plan right in terms of appropriate output indicators and adequate resources for systems is well spent by both Government Offices and the partnerships.

Some minor recommendations are:

- more emphasis should be put on improving the awareness of the value of monitoring in controlling the delivery process;
- appraisals might be undertaken in two stages - the first at the Delivery Plan stage to assess the relevance and contribution to the bid, and the second, nearer to the time of implementation, to assess its feasibility, particularly in the speed with which the funding package is agreed;
- some consideration might be given to general certification of schemes/projects to reduce the burden of externally generated audits;
- some consideration might be given to guidance on possible virement of expenditures between periods, between schemes in the same region and between projects to cater for small slippages in project implementation;
- schemes should be encouraged now to complete their exit arrangements, at least in terms of contingency plans.

8. THE VOLUNTARY SECTOR AND COMMUNITY INVOLVEMENT IN SRB CHALLENGE FUND SCHEMES

8.1 Introduction

From its inception the SRB Challenge Fund placed more emphasis than previous regeneration initiatives on the requirement for regeneration schemes to enhance the well being of communities and of the need for local communities to be integrally involved in the regeneration process in order to help achieve the desired outcomes. Within this overall vision the importance of involving specifically ethnic minority community groups was also recognised.

It is generally acknowledged in the Government Offices that the majority of round one partnerships failed to achieve these objectives, partly because partnerships came together and prepared bids in a rather hurried way in order to meet the time table. But apart from this the round one experience demonstrated clearly that most voluntary sector organisations and community groups lacked the staff resources, skills and administrative capacity to effectively carry out the role of a lead partner in Challenge Fund schemes.

Throughout this chapter we adopt conventional definitions. The “community groups” are characterised as locally based, often informal organisations in which activity and control are exercised by local residents (with and without paid staff). “Voluntary organisations” are usually constituted as a charity or company limited by guarantee and deliver a specialist service often with paid staff using volunteer help and may have national, regional and/or local coverage.

There is a rapidly growing literature on the involvement of voluntary organisations and community groups in the regeneration process - not least from the community sector itself. The Interim Evaluation of City Challenge showed the increasing role which Community Forums played in many of the 23 City Challenge Areas. In 1996 the Community Development Foundation

published guidelines to the community involvement aspect of the Challenge Fund whilst the DOE published a guide for involving communities in urban and rural regeneration in November 1995 and a handbook on effective partnerships (including the role of community groups) in January, 1997. Much of this literature is couched in terms of what should happen in an ideal world - illustrated with the experience of good practice case studies. An important question for this interim evaluation is how far good practice has yet permeated SRB partnerships more generally and how quickly progress is being made in building the capacity of the community sector and securing the active involvement of the community in the regeneration process.

Gabriel Chanan's article on Discovering Community Action (CDF, 1994) highlighted the paradox of the importance of the voluntary sector and community groups in enhancing people's quality of life on the one hand and on the other the weaknesses of the community sector which constrains its ability to effectively carry out economic and social regeneration. It is often "small and poorly resourced for the job it needs to do" and often "too fragmentary or lacking in the necessary powers". Community groups frequently splinter and are fiercely independent, while "leaders" of a group may not represent the community as a whole. Where groups come together into "umbrella" groupings these may not be strong enough, or sufficiently independent, as to strengthen the community sector or give it "a co-ordinated voice". Whilst individual groups pride themselves on their independence, "dynamic umbrella activity is needed to create strength in the local groups as a whole", and hence enable them to be effective partners in an SRB regeneration partnership, by compromising some independence in return for regeneration benefits.

The MORI social survey of 4000 residents in eight case study areas provided some broad parameters of the extent of community involvement. Only 27% felt "closely involved" in the local community. About half said they were too busy to become closely involved and about a quarter preferred not to be involved. The vast majority of residents felt they could rely on friends and relatives in the local community if they needed help and over half had helped friends or relatives in the last four weeks. However, only 16% had taken part in any voluntary work or organised community activity in the last 12 months and three quarters of the 16% had been active in groups with the aim of

improving the quality of life in the local area. These baseline figures highlight the scope for SRB to stimulate community development.

8.2 Community groups and voluntary sector organisations as lead partners in SRB schemes.

Out of a total of 373 approved SRB schemes in rounds one and two only 8 were led by community groups and 15 by voluntary sector organisations - 2% and 4% respectively. On the national database the 8 round one schemes were all classified globally as voluntary sector although some of these would be more accurately classified as led by community groups. The 15 schemes in round two were more precisely distinguished as between community groups and the voluntary sector.

In comparison with schemes led by other types of lead partner, those led by community groups and voluntary organisations are characterised as being of below average size (expenditure) and duration. Some 10% of the schemes are targeted specifically at ethnic community problems and disadvantaged groups such as children and the elderly also feature amongst the objectives. Some 20% of schemes have objectives concerned with improving the physical environment. Over a third of these schemes originate in London where the capacity of community groups and voluntary organisations is at its strongest and 20% from the North East. None originate from the East Midlands.

The exception to the rule that these community led schemes are of below average size is Royds Bradford which is housing related. This scheme was selected as one of our case studies, along with two other small schemes namely Hangleton Knoll and the West Midlands Industrial Club.

Table 8.1 SRB schemes with a lead partner from the voluntary sector or community groups.

	Duration of scheme (years)	Region	Total scheme cost	Classification of local partner
Round 1				
Walker Open Learning & Fitness	2	NE	0.5	Vol
Social Partnership	2	NE	0.7	Vol
Miles Platting & Ancoats Young People	2	NW	2.0	Vol
Architecture Centre - N. Kent	3	SE	0.6	Vol
The Bloomsbury Project	3	LO	3.7	Vol
Cautioning Support Project	5	NE	0.5	Vol
Black Country Urban Forest	5	WM	0.8	Vol
Action for London's Environment	5	LO	4.7	Vol
Royds Bradford	7	YH	104.6	Vol
Round 2				
The Brentwaters Partnership (Suffolk)	3	E	0.1	Com Group
Wolverton: Youth Community Business	3	SE	0.2	Vol
Casac Partnership (Leeds)	3	YH	0.2	Com Group
Amble Challenge Bid	3	NE	0.3	Com Group
Hardwick Comm Partnership Regeneration	3	NE	0.4	Com Group
W. Midlands Industrial Club:				
Engineering in education	3	WM	0.4	Vol
Enhancing the development of ethnic minorities	3	LO	0.6	Vol
Stratford Regional Station	4	LO	1.6	Com Group
Hangleton and Knoll	4	SE	1.6	Com Group
Children and Neighbourhoods in London	5	LO	0.3	Vol
Developing Park Royal's Offer	6	LO	2.0	Com Group
Older People: Harnessing Potential and Providing support	6	LO	2.1	Com Group
Pan London Community Regeneration Partnership (Ethnic Communities)	7	LO	0.8	Vol
Vital Centres and Green Links	7	LO	8.2	Vol

Source: DETR Database

8.3 Royds - Bradford

This scheme is focused on the Royds area which is a complex of housing estates on the south west periphery of the urban area accommodating about 12000 people. It is a comprehensive regeneration scheme focusing on the refurbishment of public sector housing, building new homes for rent or sale, improving the environment, creating/safeguarding jobs, strengthening the training infrastructure, improving educational attainment, the provision of social amenities and building the capacity of local people to create sustained and sustainable regeneration in the area.

The Royds Community Association (RCA) is the accountable body but the SRB scheme for this part of Bradford was developed in conjunction with the wider strategic partnership body known as the Bradford Congress. The Bradford Congress is a partnership of local authorities, Health Authority, the TEC, the voluntary sector and the private sector. The Congress receives formal reports from the RCA Board twice a year and also approves the Annual Reports and Delivery Plans for the scheme as well as appointing one member to the RCA Board. The RCA, which is the embodiment of the scheme's partnership, is a company limited by guarantee, a registered charity, and a "non-influenced company" as defined in the Local Government and Housing Act of 1989. The partners in the company are the Royds Community, Keepmoat Holdings Ltd (developer), Brunel Family Housing Associates and Bradford Metropolitan District Council.

The Board of the RCA Company consists of 22 members of which 12 are local residents democratically elected by ballot for a period of two years. In addition there are three local authority representatives, and one representative each from the Brunel Family Housing Association, local churches, the Bradford Congress, Bradford Breakthrough, a public/private sector forum and from the Education Consortium for the City. Associate membership of the Board was also offered to Bradford TEC, the Police and the Health Authority. The Board meets monthly and is supported by the SRB scheme manager and a small officer team. Underneath the Board are three working parties for economic, social and physical regeneration aspects of the scheme. A Joint Venture has been entered into by the Core Partners and the community architect.

The Board appointed the local authority to act as its financial management agency. A Service Agreement was made between the RCA Board and Bradford Metropolitan District Council whereby the latter established a ring fenced account with clear lines of responsibility and accountability for the receipt and payment of public funds.

The Royds Community Association is democratically representative of the residents of the Royds Area. In addition each housing estate has established support groups of local residents which the respective Board Directors report to. Each of the working parties has local representation from non Board members. To supplement the established consultative mechanism, regular public meetings are held and there is a regular newsletter.

After early delays on capital projects and some initial tensions, the Royds Bradford Partnership, which was created to design and deliver a large community led regeneration scheme, is settling down well. It is a prime example of good practice in community involvement in regeneration of the type created by a carefully specified and highly structured set of partnership arrangements. The end result is a network of relationships extending from City-wide strategic bodies to residents on housing estates. The SRB scheme has been instrumental in providing much of the organisational structure and funding which links the strategic bodies to the local communities in such a way as to place the community at the centre of the regeneration process with its limited capacity supported where necessary by the expertise of larger established organisations. The capacity of the community to design, and implement regeneration is thus being built up for the long term whilst the structure retains a strong democratic component.

8.4 Hangleton and Knoll

Hangleton and Knoll are two run down local authority housing estates to the north of Hove which are physically isolated from the Brighton and Hove urban area. This deprivation and isolation had excluded local residents from the regeneration activity taking place elsewhere in the urban area. The Knoll Estate is one of the oldest council estates in the country and was built in the

1920s whilst the Hangleton Estate was built mainly in the 1950s. The Council stock is of traditional construction and low rise. There are about 8,000 people in the target area. The Estates have no employment opportunities and few leisure facilities and there are serious problems of crime and disaffection amongst young people. The return bus fare to town centre facilities and shops is £3.

The lead partner of the Challenge Fund scheme is the Hangleton Knoll Project which is a long established, community managed charity. It was started in 1983 by a small group of residents who came together following their involvement in a community festival. In its early years the Project employed just one community worker and for the first three years was funded solely from community resources. The Project now employs 9 staff and has helped to initiate over 80 local community groups. Over the period 1983 to 1995 the Project's work on the two estates attracted over £3 million of expenditure, including the Community Centres but excluding substantial amounts of unpaid voluntary work by the community itself. Some 180 residents regularly help in organising and running community activity.

The other main partners in the scheme are the Hangleton Community Association, the Knoll Community Association, the Hangleton and Knoll Community Festival and Brighton & Hove Council (formerly Hove Borough Council). Part of the programme will be delivered by East Sussex Careers Service and Sussex Chamber of Commerce Training and Enterprise. Each project is managed by its own steering group which includes representatives from the main partners.

The partners agreed that Brighton & Hove Council should act as accountable body for the partnership and be responsible for the financial management of SRB funds using the Council's financial management systems to enable accurate and timely budget monitoring and receipts and payment systems to be carried out. Where grant aid is awarded to community groups they are required to account for these and enable auditors to access records under the accounting guidelines set out for the Charity Commission.

The Hangleton and Knoll SRB scheme is another good example of intensive community involvement in regeneration. The Community plays the dominant

role in the regeneration process. The local authority, to which financial management has been delegated, plays a secondary supporting role as was the case in Royds Bradford. But whereas in Bradford SRB had enabled the partnership links between city wide bodies and community bodies to be established, the part played by SRB in Hangleton Knoll is somewhat different. In this case SRB has brought badly needed extra resources to the community sector to enable it to broaden its regeneration activities and has been the vehicle for bringing into partnership with the community other bodies who have expertise in aspects of economic, social and environmental regeneration. A simple and effective community structure was already there - SRB greatly extended the scope of its activities and enhanced its capacity to undertake more comprehensive regeneration.

8.5 The West Midlands Industrial Club

This small SRB scheme aims to sponsor and co-ordinate initiatives which seek to encourage and motivate young people to take up careers in engineering and related industries across the West Midlands region. For schemes which cover several local authority districts or even whole regions, as in this case, the concept of community involvement does not apply to one localised community. Moreover, such schemes are frequently thematic in that they concentrate on a single aspect of regeneration which may be educational attainment, measures against crime or measures in support of particular economic or industrial sectors. In each of these “themes” the relevant community must be defined as for example children and parents, or engineering employers and employees. Community involvement is difficult to achieve, partly because the relevant community is geographically spread out. In this particular scheme the relevant community groups are private sector engineering companies, schools and children.

The lead partner of the scheme is the West Midlands Industrial Club (WMIC) which is a registered charity. A network of regional industrial clubs was established in the early 1990s following the Burnett 1992 Report which was commissioned by the Gatsby Charitable Foundation. The management board of WMIC is drawn from industry and education with a predominant representation of local science, technology and engineering related industrial

employers. Both the Chairman and Vice Chairman of the Executive Committee are local industrialists. There are also board members drawn from Education Business Partnerships, Higher Education, the Gatsby Charitable Foundation and the Engineering Council.

In addition to WMIC as the lead partner, other partners in the SRB partnership are:

- the TELS partnership, comprising a membership of 10 independent agencies concerned with science, technology and engineering
- Regional TECs
- Education Business Partnerships

The financial administration of the scheme is being carried out by Engineering Employers Federation (EEF) which has provided such financial services for the Industrial Club since its inception. The Industrial Club distributes appropriate proportions of SRB funding to the partner TECs who employ area co-ordinators to deliver the programme in each sub-region.

So far the scheme is progressing well. The scheme is efficiently managed by the WMIC and there are few, if any, tensions within the partnership. It is an excellent example of how a voluntary sector lead partner can effectively involve and co-ordinate the private sector, the TECs and the education sector across a wide geographical area to deliver a programme to motivate school children to develop a career in local companies.

All three case studies provide different examples of good practice in community and voluntary sector involvement in SRB funded regeneration schemes. They are a particular subset of SRB schemes in that the community/voluntary sector are lead partners and therefore by definition are not only genuinely involved but are actually dictating the strategic direction of the scheme as well as controlling it on a day-to-day basis. It may be fortunate that the three case studies with community/voluntary sector lead partners, selected from the 22 in the whole “population” of schemes, have all settled down well (albeit after early delays to capital projects) but the likelihood is that a high proportion of the 22 will be effective and successful. The problem does not seem to be in the operation or quality of schemes led by the community/voluntary sector, but rather the fact that there are so few of

them. The main issue is how to increase their number in any future rounds which take place or in future regeneration initiatives. This is considered below in section 8.7.

8.6 Community group and voluntary organisations as partners in SRB schemes.

This section focuses on the extent of community group/voluntary sector involvement in schemes led by other types of lead partner organisations such as local authorities and Training and Enterprise Council. In all but two of the remaining 17 case studies there is at least one partner from the community/voluntary sector.

Table 8.2 illustrates that the nature and extent of community/voluntary sector participation as partners varies widely between case studies. Some of the reasons for this variation are:-

- round two schemes have generated involvement of community groups and voluntary organisations more effectively than round one schemes.
- Some schemes have only voluntary sector involvement, others only community group participation whilst others have both.
- Schemes focusing mainly on economic objectives and thematic schemes generally have relatively lower involvement of community groups/voluntary sector than multiple objective schemes, e.g. City of Sunderland, Swadlincote Woodlands.
- Small area estate based schemes have the most strongly developed community group involvement because the community groups are directly and intimately affected by the scheme, e.g. Chalkhill, Hull City Visions, Woolwich, Nottingham, S. Leytonstone, Limes Farm and Central Brighton.
- Town and city wide schemes are characterised more by umbrella community groups/partnerships and city wide voluntary organisations acting as partners in a more representative fashion as opposed to direct involvement e.g. Wolverhampton, Bristol and Rochdale.
- Schemes extending over more than one District which also tend to be thematic are more likely to have token representation of a voluntary sector organisation or none at all e.g. Lancashire Manufacturing, Merseyside Learning Partnership, Northumbria Community Safety and West Cornwall Initiative.

Table 8.2 Community groups and voluntary organisations as partners in case study schemes.

Name of scheme	Community/Voluntary Sector Partner(s)
Regenerating Central Brighton	Brighton Festival Society PACT Community Project West Hill Community Association Sussex Racial Equality Council Brighton Council for Voluntary Service
Chalkhill Estate	Three representatives of resident
Swadlincote Woodlands	Swadlincote Woodlands Community Forum (newly established)
Rochdale	Rochdale Voluntary Sector Forum
Wolverhampton	Wolverhampton Voluntary Sector Council Community Partnerships sub-committee
Merseyside Learning Partnership	Merseyside Council for Voluntary Service
Brent and Harrow	Community Works Partnership Forum
(North West London TEC)	Kilburn Skills
Limes Farm Estate	Limes Farm Residents Association The Vineyard Church Citizens Advice Bureau
Northumbria Community Safety	Racial Equality Council Northumbria Coalition against crime
South Leytonstone Community Partnership	Stratford Community Forum Cathall Road Estate Steering Group Avenue Estate Steering Group Waltham Forest Forum
Woolwich Revival	Greenwich Waterfront Community Forum (3 out of 9) Council for Racial Equality
Bristol Regeneration Partnership	Bristol Black Voluntary Sector Voluntary Sector Standing Conference on Urban Regeneration (VOSCUR)
Hull City Visions	Gipsyville Action Centre Steering Group Francis Askew School
Nottingham	Broxtowe Estate Forum Voluntary Sector Urban Regeneration Forum
West Cornwall Initiative	None (except at project level)
Lancashire Manufacturing Partnership	None
City of Sunderland	City of Sunderland Forum

Source: Case Study documents

- Some schemes recognised that the community sector was relatively under-developed and lacking in capacity and decided not to involve community groups as partners but rather build up their capacity through involvement in individual projects. To some extent this applies to Nottingham, West Cornwall, City of Sunderland, Swadlincote Woodlands and Rochdale.
- Community groups and voluntary organisations are less well developed in remote and scattered communities in more rural areas than in heavily urbanised areas e.g. West Cornwall, Swadlincote Woodlands.

There are also variations in the numerical strength which community groups/voluntary sector carry in the partnership relative to other partners on the Board. Most common practice is for each partner to have one representative on the Board. Thus for partnerships with 10 Board Members of which 1 was a community partner, the community has a 10% representation. But in some cases the local authority lead partner or partners has three or four representatives on the Board whereas other partners only have one. For example, in Wolverhampton there are 15 Partnership Board Members of which the local authority has 6, the TEC 2 and other partners 1 each. The voluntary sector has 2 partner organisations giving it a weight on the Board of 13%. In other schemes the community/voluntary sector is deliberately given more weight on the Board and therefore greater influence on decision making.

For example, the Woolwich Partnership consists of a Board of nine Members, with three each from the London Borough of Greenwich, local business representatives elected through the Greenwich Waterfront Business Forum and community representatives elected through the Greenwich Waterfront Community Forum. In this case the weight given to community representation is 33% which is the highest of all the case studies (except those in which community groups are the lead partner). However, it is more typical for the community/voluntary sector to have a Board representation of the order of 10% or even less. Such a low figure adds to the danger of the community view being somewhat isolated and peripheral to the decision making process leading to marginal or token involvement. One way of encouraging more active community involvement would be for central guidance to recommend to partnerships a minimum weighting for the community sector on the Partnership Board. Without this the actual influence of the community sector often depends crucially on the abilities of a single

community representative to persuade a majority of Board Members about the importance of addressing community needs at the local level.

8.7 Assessment of community involvement in the 20 case studies

The evaluation team have made an assessment of the degree of effective community involvement across the 20 case studies.

	Number of case studies
High and effective community involvement	6
Some community involvement but not every effective e.g. Bristol	9
Token community involvement or little more	5
Total	20

The majority of case studies are in the medium category, as is Bristol, where there are good intentions all round to involve the community which have not been wholly effective partly because of the limited capacity of community groups and partly because umbrella organisations of splintered and divided community groups find it difficult to achieve genuine involvement. A quarter of the case studies displayed little more than token representation of the community/voluntary sector. These were thematic schemes, where the relevant target community had not been clearly identified, and schemes with multiple objectives covering a wide geographical area of a whole district or more in which there were many local communities to deal with. Almost a third of schemes demonstrated high and effective community involvement. These tended to be small area multiple objective schemes targeting on a single community in which the local authority lead partner recognised the value of involving the end-user beneficiaries in the design and detailed implementation of the regeneration scheme and its individual projects. In general local authority lead partners were more effective in involving community groups than were Training and Enterprise Councils.

8.8 Building the capacity of community groups & the voluntary sector to take part in regeneration.

From the outset the SRB Challenge Fund was designed to encourage the involvement of the community in local area generation and the original guidance made this intention clear. But during round one, and to some extent round two, experience suggested that many community groups did not possess the knowledge, skills and administrative resources to be effective partners, let alone lead partners of regeneration schemes. During this early period the Government Offices for the Regions were not encouraged to give special help to community led bids since it was a competitive challenge fund in which the “playing field” had to be seen to be level. Some community groups made bids in rounds one and two and failed on both occasions and became increasingly dispirited.

Even in this early stage there were mechanisms within SRB through which local partnerships could assist in capacity building amongst community groups. Firstly, local partnerships receive about 5% of SRB spend (7% in schemes with high private sector participation) on the scheme to cover management and administrative expenses. In some cases this is distributed amongst the active and involved partners but in other cases the lead partners (and accountable bodies) tend to retain most or all of it - at the expense of partners who have management, monitoring and administrative tasks to do.

A second mechanism is through scheme projects run by community groups the funding for which can include a component for managing and administering the project and hence building the capacity of community groups to undertake regeneration projects. Such a component was rarely built into project costs in round one schemes but was increasingly included in subsequent rounds.

The third mechanism is a project within the scheme, the objective of which is explicitly to build up the capacity of community to take part in the regeneration process. Several case studies had deployed this mechanism which can take one of several forms. At Limes Farm Estate one project funded a community development worker whilst in Woolwich and Swadlincote’s (Derbyshire) a “community chest” project had been set up to

award small sums (typically £200 to £2000) to community groups to enhance their organisational skills and capacity. Royds-Bradford are running a social network aid programme whilst Rochdale Canalside ran a community planning and training weekend and Hull City Visions run similar focus planning groups. Some of these are quite modest attempts at direct capacity building but they have the merit of recognising that very low levels of capacity have to be enhanced gradually - in some cases by helping to set up formal community groups where there were none before.

In rounds three and four the Government Offices for the Regions began to play a more pro-active role in building successful schemes out of two or more community based bids which individually would not have been approved, given limited funding. The introduction of the “outline bid stage” in the bidding process provided a means for the Government Office to improve and merge together partnerships and schemes involving community groups into something more viable and coherent which would also serve to build the capacity of the community sector.

Whilst the Challenge Fund is playing an important role in building the capacity of community groups through these mechanisms we have still come across instances where the capacity of community groups remains extremely low. In one case a community group was being led by an unemployed person working from his own home and he had to bear the costs of making telephone calls on behalf of the group - and on some estates without a community infrastructure this is not untypical.

Given that there is still much to do by way of building the capacity of community groups, future rounds of SRB (or equivalent policy instruments addressing regeneration in deprived local communities) could usefully place even more emphasis on capacity building than has hitherto been the case. All the mechanisms referred to above should be maintained and where appropriate applied more widely across all schemes. To go a step further, local partnerships could be required to assess the capacity of community groups in their target areas to play an active role in the regeneration scheme. Where the assessment is that capacity is high there should be full involvement of the community group in the scheme - at both partnership and project level. Where capacity is identified as weak the partnerships should demonstrate

how capacity was to be strengthened throughout the duration of the scheme. Ideally community groups should be strengthened to the point where they could continue the regeneration process after the SRB scheme has ended.

We were also impressed by the arrangements in Royds Bradford and Hangleton Knoll whereby community groups remained firmly in control of the scheme as lead partners but had delegated financial accounting for the scheme to the local authority as a service provided to the partnership for an appropriate fee. This type of arrangement could usefully be extended in potential schemes to be led by community groups without accountancy staff.

8.9 Ethnic minority community groups

The evaluation team carried out interviews with ethnic minority community groups in the case study schemes with a significant ethnic minority population. These included Woolwich, Nottingham, Wolverhampton and Chalkhill and to a lesser extent Rochdale and South Leytonstone.

In Woolwich the Community Forum (CF) has three seats on the Board of the partnership. It is made up of 130 individual community groups of which the majority are from ethnic minority communities. In addition the Greenwich Council for Racial Equality (GCRE) was also offered a seat on the Board but declined in order to maintain an independent position. However, they attend as observers and claim to have been genuinely involved in all aspects of the partnership work.

The Woolwich Development Agency, who manage the scheme, employ a full-time Community Development Officer who's role is to build up a database of voluntary and community groups and encourage each one to join the Greenwich Voluntary Action Council which started up in May 1996 and is growing in membership. In this case study, the lead partner has endeavoured to consult with and involve ethnic minority groups from the very earliest days when the bid was being prepared. The Partnership Board consider that in spite of these efforts, the extent of ethnic minority community

involvement is not as high as it should be and a review is currently taking place about how the increase levels of participation and involvement.

When the Nottingham SRB bid was being prepared, the lead partner, Nottingham City Council invited voluntary sector organisations and community groups to an Open Partnership Forum meeting. From this the Voluntary Sector Forum (VSF) was formed which encouraged groups to join and present their ideas about how the voluntary sector could usefully play a role in regeneration schemes. The VSF has ten representative Board Members of which six places are taken by ethnic minority groups. The VSF has been an active partner in the Broxtowe area of the scheme. On the Bestwood and Radford/Hyson Green estates there was less community sector activity when the SRB scheme was being prepared and part of the work of the scheme has been to help establish the Bestwood Forum. All community forums have had opportunities to become genuinely involved in the regeneration schemes and there are plans to convert the Broxtowe Forum into a Community Development Trust.

Whilst the representative voluntary/community board members appreciate the efforts of the lead partner to draw them into regeneration schemes some of the smaller community groups they represent still feel excluded from partnership decisions. Some of the other partners feel the community/voluntary sector is the weak link in the partnership and are looking for ways to strengthen the links between the partnership and community groups more widely. Some partners favour a larger representation of community groups on the board of the partnership. These difficulties in Nottingham are not dissimilar to those, discussed above, in Bristol. There is a real desire to sustain local communities and to regenerate the three deprived estates along with local communities for the benefit of local communities and to some extent the community and voluntary sectors are genuinely involved. But many smaller community groups and ethnic minority groups have found it difficult to become involved through lack of resources and capacity.

The experience of Wolverhampton is similar to that of Nottingham except that there is a complex series of partnership committees to carry out different themes within the overall SRB scheme. A novel feature in Wolverhampton is

that an officer support structure from the TEC and Council is available to help the community sector with essential expertise and skills in project and programme management and achieving the financial and service delivery outputs required by the Government Office. This is an innovative and effective way of enhancing the capacity of voluntary/community groups to take part in local area regeneration.

At Chalkhill surveys of residents revealed that the community was interested in training but early consultation did not recognise how low were the educational and social skills amongst the majority of ethnic minority residents. Involvement has been difficult for several reasons including community groups having no clear view as to what they would like to do and contact between the SRB partnerships. and community is difficult because it is fractious. There are a very large number of community groups and no lack of consultative forums - but they are not effectively linked into the SRB scheme largely because of lack of capacity in the community groups.

A common feature of SRB case studies with a significant ethnic minority population is that the community sector is fragmented, often fiercely independent and is finding it difficult to become fully involved in local regeneration schemes in spite of good intentions and considerable efforts of local partnerships to improve the position. Even where very specific structural arrangements have been put in place to help secure representation of ethnic minority representatives on SRB scheme boards of management, there were no clear cut examples in our 20 case studies of wholly successful involvement of ethnic minority community groups in SRB partnerships.

These examples and other like them have provided enough evidence for the evaluation team to reach the conclusion that the existing provision within the SRB system for building the capacity of community groups to become involved in local area regeneration should be further strengthened.

9 THE ROLE OF THE PRIVATE SECTOR IN THE SRB CHALLENGE FUND

9.1 Introduction

“If SRB round one hoped to attract private sector led regeneration schemes then it failed miserably.”

“...the full involvement of the business community in the regeneration process offers potential advantages which go well beyond the leverage of private sector finance”

These two quotations from the House of Commons Environment Committee Report on SRB (H of C 26-I November 1995; HMSO) are fairly typical of many over simplified assessments of the role of the private sector in the regeneration process. In reality the private sector can play several different types of role in regeneration depending on the nature of the scheme and is heavily constrained from taking on other roles. The extent of private sector leverage is therefore likely to be governed more by the nature of the scheme than by how successful the schemes managers are in their relationships with private sector firms. Comparisons of leverage ratios across different types of regeneration initiatives and schemes may not compare like with like and can therefore be highly misleading. Large observed differences in leverage ratios across schemes of varying types does not necessarily imply differences in the quality of scheme management nor variations in the extent of the interest and the wish to participate in the scheme on the part of local private companies.

We define the private sector in a precise way as to include

- 1) A private firm with limited liability operating alone.
- 2) A company limited by guarantee.
- 3) Companies from 1 and 2 above coming together as a group or association or partnership to achieve common goals which may either be industry/sector based or may also be more public spirited and focus on the problems of a particular region or local area.

Specifically excluded are the voluntary sector and community groups, which although technically in the private sector for national accounting purposes, are more orientated towards individual actions which are not undertaken for corporate profitability reasons. Their participation in SRB is discussed in chapter 8.

Also excluded from the narrow definition of the private sector are Training and Enterprise Councils (TECs). Although TEC Boards of Directors frequently have a majority of members from private firms most TEC expenditures are financed from the public sector, mainly for mainstream training programmes for young people and the long term unemployed.

Paradoxically, universities and colleges have historically been classified as the private sector for national accounting and other purposes even though private sector firms play a small or negligible role in their management and direction and they are largely funded through the public sector. The national SRB database has classified universities/colleges to the private sector but they remain quite untypically representative of that sector.

The distinction between private companies with limited liability and companies limited by guarantee is important in considering the role of the private sector in regeneration schemes.

9.2 Typology of private sector participation in local regeneration partnerships.

The private sector can participate in local area partnership regeneration schemes in six distinct ways.

- 1) As lead partner
- 2) As one of several non-lead partners
- 3) As a non-partner financial contributor (or contributor in kind)
- 4) As a developer of property
- 5) As a supplier of goods and/or services to the partnership (or as a subcontractor delivering part of the programme)
- 6) As a beneficiary of the programme, particularly in business support schemes.

Paradoxically perhaps, the less involved the private firm is in the regeneration partnership itself the higher private sector leverage is likely to be. Leverage is likely to be highest in categories 4 and 6. In the first case the developer is carrying out development which the scheme requires, perhaps on land cleared and made developable by the partnership, but the developer is carrying out its normal business and stands to make profits in doing so. The development costs of the premises, which the developer recoups with added profits, counts as private sector leverage in the scheme and is likely to be large.

In category 6, private firms benefiting from business support programmes receive some assistance from the scheme and may change their behaviour as a result. The public sector cost of scheme assistance may be relatively low as a proportion of the expenditure incurred by the firm in responding to the assistance and hence private sector leverage is relatively high. As in category 4, private firms are incurring expenditure in pursuit of their main objectives of profitable growth - and in the process may well generate regeneration outputs for the scheme.

In this chapter we discuss mechanisms of private sector participation 1 to 6 in turn drawing mainly on evidence from the 20 case studies. But to gauge the overall extent of private sector involvement in the SRB Challenge Fund we also make use of the DETR database of SRB schemes as a whole, focusing in particular on rounds one and two in which there were a total of 373 schemes approved. We shall refer to this as the “national database”. It has been assembled from successful bid documents and incorporates only basic factual information about the broad parameters of each scheme as recorded in the early bid document. If the scheme subsequently evolved, in discussion with Government Offices, any changes are not recorded on the database.

9.3 Private sector led SRB Challenge Fund schemes

Only 22 successful bids out of the total of 373 (0.6%) were originally classified on the national database as being led by the private sector. These are identified individually in table 9.1 which also shows public and private

expenditure incurred in the schemes and where known the name of the lead partner.

Clearly the title of “private sector led” is not what would be universally recognised. None of the schemes is led by a known private sector company. Most appear to be partnerships of associations of local companies some of which become the lead partner and accountable body for the scheme. In other cases the partnership is less formal and the local authority has had to become the lead partner and accountable body. A determining feature seems to be that the scheme originated in a local forum in which local firms or local business men were strongly represented. In two cases a university or college became the lead partner, rather than a local authority or the partnership itself.

Another striking feature of these so-called private sector led schemes is the relatively low leverage of private sector funding for the schemes. The ratio of total public funds to private sector funds is 1:0.56 which is significantly lower than for non-private sector led schemes (see table 9.1 below).

It is difficult to see how a company with limited liability operating under the Companies Act on behalf of shareholders could legitimately be the lead partner for an SRB regeneration scheme or would have any kind of rationale for doing so. The objective of such companies is to compete effectively and make profits supplying goods and services.

Running an SRB scheme is not a profitable exercise and involves considerable risks - it would have to take place through an organisational vehicle which was quite separate from the company itself. Thus, local companies or business people wishing to participate actively in regeneration can only do so if they meet together in some form of partnership or forum with other companies and public sector organisations.

This raises the critical issues for private sector participation in local/regional regeneration partnerships - namely if local business people participating in partnerships do not represent their own respective companies who do they represent? If they represent the local private sector in some wider general

sense are these local private sector representative organisations strong enough to make a vital contribution to regeneration partnerships?

Table 9.1 Challenge Fund partnerships listed as private sector led.

	Name of partnership	Expenditure (£ mn)			Name of lead partner (if known)
		SRB	Other public	Private	
1	South Bank Environmental Investments	2.1	1.4	1.7	
2	East Kent Competitiveness in Business	0.9	3.3	4.9	
3	Centre of Manufacturing Excellence	1.3	10.4	30.1	Teesside Tomorrow/Univ. of Teesside
4	South Tyneside Economic Partnership	1.8	1.6	0.6	South Tyneside MBC
5	Humber Forum - Waste Minimisation	0.4	0.7	0.1	Hull City Council
6	West Cornwall Initiative	2.8	14.8	6.5	Kerrier DC
7	New Dimensions for Stratford and Temple Mills	13.0	18.8	21.3	
8	Developing Park Royals	8.6	18.5	9.9	Park Royal Partnership Ltd
9	Shaping Rotherham's Future	14.3	41.8	6.2	Rotherham Economic Partnership
10	The Elland Initiative	0.3	0.3	0.5	Elland Initiative Partnership
11	Renaissance of Whitehaven	4.0	10.2	10.0	Whitehaven Development Co.
12	Portsmouth and SE Hampshire	3.7	12.3	3.5	
13	Creating Opportunities - Leeds	16.5	18.5	3.3	
14	City of Sunderland Partnership	10.9	3.2	10.6	City of Sunderland Council
15	Chart 99	10.1	17.3	27.9	
16	Miles Platting Ancoats and Northern Quarter	5.7	19.4	34.0	East Manchester Partnership
17	Overcoming barriers to access	0.9	7.1	0.5	Tower Hamlets College
18	Leadership Centre for London	0.1	-	-	Institute of Educ. Univ. of London
19	Safer in Teesside	1.7	2.5	1.8	Teesside Tomorrow/Northern Development Company

Table 9.1 (Cont'd)

Name of partnership		Expenditure (£ mn)			Name of lead partner (if known)
		SRB	Other public	Pri- vate	
20	Meeting the Challenge of Change	6.4	6.8	3.3	Coventry and Warwickshire Partnership Ltd.
21	Public Transport & Utilities Strategy - NW Kent Gateway	0.5	-	0.1	Kent Thames-side Partnership
22	Blueprint for the Community - Bognor Regis	0.4	0.3	0.8	Bognor Regis Ltd.
Total		106.4	209.2	177.6	
Leverage ratio: total public:private 1 : 0.56					

Source: DETR Database

Two of our 20 case studies were selected from the list of 22 in table 9.1 in order to examine more closely the nature of the so called private sector led schemes. The two selected were the West Cornwall Initiative and the City of Sunderland Partnership.

The West Cornwall Initiative (WCI) was founded before the SRB bid and consists of local business people with a common interest in the development of Cornwall meeting together voluntarily. Most of these business people were retired and could not therefore represent their companies and neither did they formally represent the Chamber of Commerce. The group of business people had an informal structure and was not a legal entity with any organisation structure of staff. The group could not therefore become the lead partner in an SRB scheme.

When the WCI SRB bid was prepared the original representatives from the private sector were included but the main partners became the three District Councils of Kerrier (lead partner), Carrick and Penwith, Cornwall County Council, Devon and Cornwall TEC, and English Partnerships along with other organisations such as Business Link, Business in the Community, BT, Cornwall Chamber of Commerce, Cornwall College, West Cornwall LEADER, West Cornwall Enterprise Trust and an environmental group known as Groundwork Kerrier. Although there is a significant private sector

participation in the scheme, the claim that the scheme is private sector led has to be very highly qualified.

The situation in Sunderland is not dissimilar to that in West Cornwall. Before the SRB bid was conceived business people in the area had come together to form the City of Sunderland Forum which came to represent a wide range of interests within the City. The Forum shared a common vision to establish Sunderland as a rapidly developing City and a centre for advanced manufacturing activities. This strong economic dimension originating in private sector dominated Forum was subsequently carried through into the SRB scheme for which a wider City of Sunderland Partnership was formed. This SRB partnership had Sunderland City Council as the lead partner although the chairman of the new partnership was provided by the Forum. Other partners were Sunderland City TEC, the University of Sunderland, Tyne and Wear Development Corporation, the North East Chamber of Commerce and the Riverside North Business Group.

The City of Sunderland SRB Partnership retains a large representation from the private sector and the private sector has clearly influenced the vision and aims of the SRB scheme. Yet the lead partner is the City of Sunderland. It is almost as if a local area private sector can only operate effectively by having a public sector body such as a local authority and a TEC to act as the interface between itself and the SRB system. Private sector representative organisations such as Chambers of Commerce tend to cover much wider areas than the target areas of SRB schemes and do not appear to have the organisational strength or the will to become lead partners. Amongst the 373 SRB schemes in round one and two we cannot identify any in which the lead partner is a Chamber of Commerce. Amongst the so called private sector led partnerships listed in table 9.1 it is more common for a local authority to be the lead partner or a partnership company becomes the lead partner. In this latter case the partners in the company become essentially joint lead partners.

In both the West Cornwall and Sunderland case studies the private sector leverage of funding does not arise directly from the private sector representative organisations and individuals who were instrumental in influencing the vision, direction and content of the SRB scheme. The leverage arises from the private sector investment in commercial premises,

and to a lesser extent in private house building which is made possible by land clearance and reclamation and other activities carried out by the partnership. The great majority of levered funds arise from private sector developer investment in property, which is the traditional way in which regeneration measures have attracted substantial private sector leverage.

9.4 Private sector participation other case studies

Most SRB schemes have some private sector representation on the partnership itself. We have examined the 172 round two successful schemes on the national database and all but 40 (23%) are recorded as having a private sector partner. In the 132 schemes (77%) which have a private sector partner the leverage ratio of public expenditure to private sector expenditure is 1:0.9 - which is a significantly higher ratio than in the few schemes described above as being private sector led.

The leverage ratio for the remaining 18 case studies which are not private sector led is close to the SRB average at £1 of public sector funding to £0.92 of private sector funding.

The public/private sector funding ratio is shown for the 18 case studies individually in table 9.2, which also shows for each scheme the name of the private sector participant(s).

Only one case study had no private sector participation, namely the Northumbria Community Safety Strategy which is a scheme concerned with crime and drug abuse prevention.

Private sector involvement in these case study partnerships takes three main forms:-

- 1) as partners playing a role in partnership decision making and administration
- 2) as property developers
- 3) as beneficiaries of partnership activities.

In the first form the private firms operating as partners usually do so in the format of non-profit making associations of companies such as chambers of

commerce, economic development companies/agencies, business venture, business forums and enterprise boards/agencies. Most schemes have one or more of such private sector associations as partners. As partners they have a continuing influence on the decisions and outlook of the partnership but they are not lead partners and some play a rather passive role. By and large they do not bring substantial private sector leverage to the partnerships because their own funds are often limited to modest membership subscriptions supplemented in some cases by publicly funded business support funding. Nor do they bring senior private sector management skills to the partnerships when the representative on the partnership is an administrative officer rather than senior executive in a local company. In some cases this does not result in the partnership receiving the benefits of either private sector skills or funding which gives rise to token representation rather than active participation.

Table 9.2 emphasises that the substantial private sector financial contributions to SRB scheme expenditures occurs in those schemes in which there is construction/development activity by private developers of commercial premises and/or housing (including the refurbishment of existing premises). This is particularly prominent in Hull City Visions, Nottingham, Woolwich, Royds Bradford, Central Brighton, Bristol, South Leytonstone and Canalside Rochdale amongst the case study schemes.

One issue which has arisen in these partnerships is whether the developers of property in the these schemes should also be a full partner in the partnership. The partnership requires the skills and advice of the developer and the developer needs to know what the partnership is seeking to achieve by way of regeneration results and these are arguments for developers being full partners. On the other hand for reasons of avoiding potential conflicts of interest and ensuring the proper exercise of public accountability and competitive tendering there are advantages in developers being in a more distant contractual rather than in close partnership relationships with partnerships. Case study schemes varied in how this was handled. In some schemes developers were partners but did not take part in partnership discussions and decisions concerning the property development. In other cases developers were not partners but were invited to attend some partnership meetings or parts of meetings as a non-voting observer, carrying

out a major partnership contract. In the interests of transparent public accountability it is clearly desirable if those private companies which benefit

Table 9.2 Private sector participation in other case studies (18)

Name of scheme	Private sector partner(s) or participants	Public sector £m	Private sector £m
Hull City Visions	Kingston Communications Business in the Community Keepmoat Holdings	39.4	61.2
Nottingham - Capturing the Dynamics	Nottingham Development Enterprise	27.3	30.8
Woolwich Revival	Greenwich Business Forum Prior EME Holdings Ltd Asian Chamber of Commerce Greenwich Enterprise Board	65.6	33.5
South Leytonstone Community Partnership	Waltham Forest Chamber of Comm Stratford Business Forum Bovis Construction Ltd Stratford Development Partnership	22.3	11.4
Royds Bradford	Keepmoat Holding	54.1	49.6
Northumbria Community Safety	No private sector partner	1.7	0.2
West Midlands Industrial Club	TELS Partnership W M Industrial Club	1.7	0.3
Limes Farm Partnership	W. Essex Business Education P'ship Essex Careers & Business P'ship Epping Forest Industry Matters Gp	10.7	1.5
Brent and Harrow	Brent Business Venture Harrow in Business Midland Bank	2.0	0.3
Hangleton & Knoll Regenerating Central Brighton	Sussex chamber of Commerce Sussex Chamber of Commerce Brighton & Hove Econ Dev Co.	2.0 27.1	0.1 5.1
Chalkhill	Wimpey Construction UK Wembley Business Support Group	4.7	2.1
Swadlincote Woodlands	Derbyshire Business Venture Business Link S. Derbyshire Grisley Investments Ltd. S. Derbys Chamber of Commerce Swadlincote Chamber of Trade Derbyshire Building Society	9.0	16.7
Canalside Rochdale	Rochdale Chamber of Commerce Rochdale Development Agency	32.9	64.1
Wolverhampton	Wolverhampton Chamber of Commerce	34.1	10.1
Merseyside Learning Partnership	The Prince's Trust Cities in Schools UK ICL	7.6	1.9
Lancs Manufacturing Partnership	Lancashire Enterprise	36.6	35.9
Bristol 2020	Bristol Chamber of Commerce Western Development Partnership	11.8	33.7
Total 18 Case Studies (not private sector led)		390.6	358.5

Source: Case Study documents

of partnership delivery contracts are not also taking part in the process of making partnerships spending decisions or the contracting arrangements to which they give rise.

Partnerships have experienced other difficulties with respect to the property development components within their schemes. Several partnerships underestimated the time it would take to secure the commencement of property development. The process of land assembly, land clearance, the obtaining of planning permission and overcoming environmental difficulties has taken much longer than was anticipated in the bid documents and year 1 and 2 Delivery Plans. Consequently the expected property development expenditures, leverage and associated outputs have not been achieved. It can easily take 18 months for these preliminary stages to be completed before development can commence and new schemes should allow for this in preparing first year delivery plans. In most of our case studies affected by these delays there was a realistic expectation that the original expectation could be met by the end of the schemes life through a catching up process in the later years.

Other problems have arisen in the measurement of private sector leverage with respect to property development. It has long been normal practice within regeneration initiatives to include the construction cost of buildings (including refurbishment) which developers incur in developing sites explicitly included in the regeneration scheme. Measurement problems would arise, however, where sites outside the target area were also developed during the lifetime of the scheme partly because of demonstration effects, or other externalities (eg critical mass) generated by the scheme. These indirect developments may not have been anticipated originally but the issue arises as to whether their construction costs should also be included in private sector leverage - thus indicating an outturn much higher than the original expectations. Partnerships are generally being discouraged by Government Offices from including these complementing developments in the leverage figures.

Government Offices are reporting to us that, after first year delays, most schemes are meeting their expectations with respect to private sector leverage and in a few case exceeding it. This is partly because of relatively buoyant property markets in the upswing of the cycle between 1995 and 1998 and

partly because some round one schemes set their leverage expectations at a relatively low level, preferring to err on the side of caution.

Some multiple objective schemes and some thematic industry based schemes have business support component for SMEs which involve giving grants, loans, or information and advice to new business start-ups and existing small businesses. Other components of schemes support the training of people within companies. These schemes use small amounts of public funding to help firms to change their behaviour in such a way as to improve their competitive performance. Recipient companies also incur expenditure to cover part of the costs of actions taken to improve their performance. This expenditure is normally included in figures of private sector leverage.

Our discussions with case study partnerships allows some broad estimates to be made of the proportions of total private sector leverage which fall into different categories of leverage. Adding the 20 case studies together suggests the following proportions:-

- developers undertaking property development 89%
- beneficiaries of industry support schemes to improve competitiveness 8%
- private sector expenditure for reasons of promotion, publicity and/or good will towards local regeneration needs eg providing computers free for schools, providing some executive time. 3%

The results for the 20 case studies, which are reasonably typical of round one and two SRB schemes, show the very dominant position of private developers expenditure within total private sector leverage. Indeed, adding the first two categories together at 97% shows the proportion of leverage which is directed specifically at generating profits for companies. Only 3% is spending from existing profits and even some of this is incurred partly for promotion and publicity reasons to generate future sales.

It follows that regeneration schemes will have different public to private leverage ratios depending on how much housing and property development the scheme incorporates. In the case of UDCs the aim is to facilitate private sector property development on all appropriate sites in the target area. If this is achieved every £ of public sector expenditure should result in about £3 of private sector developer expenditure - a leverage ratio of 1:3. In the case of

SRB, however, only a proportion of schemes involve property/housing development and even in these schemes it is usually only one amongst many components in the scheme. These other components are directed more at people oriented regeneration such as education, training, health, community development and the alleviation of social exclusion in which private expenditure plays no part or only a minor part in funding. Consequently, because of these large compositional differences the leverage ratio for SRB schemes is near to 1:1. This relatively low leverage ratio, compared with UDCs, has more to do with the compositional nature of regeneration schemes than how effective partnerships have been in involving the private sector in their schemes. To illustrate this point further the next section explores in more detail the position within one partnership in which the private sector has a dominant influence.

9.5 The role of the private sector within the Lancashire Manufacturing Partnership.

The Lancashire Manufacturing Partnership (LMP) aims to achieve economic regeneration through improving the competitiveness of manufacturing firms. There are three partner organisations, two of which are Training and Enterprise Councils - East Lancashire (ELTEC) and Lancashire West (LAWTEC) and the other a private company limited by guarantee - Lancashire Enterprise. The partnership is described on the national database as “TEC led”.

The three partner organisations have jointly formed a company limited by guarantee to organise and administer all aspects of the SRB scheme. This company employs a dedicated full time Chief Executive Officer. The premises and office services for this company have been donated at no charge by British Aerospace. The three founding organisations nominated one representative of their own and two other representatives each on a Board of nine members. The effect of this nomination process is that private sector Board members outnumber TEC representatives. The scheme is private sector led to the extent that a majority of Board members work in the private sector rather than the public sector. The LMP partnership also works closely with two other private sector partnerships - The Engineering Partnership in

Lancashire EPL, supported through TEC Challenge and the Consortium of Lancashire Aerospace (CLA) and there is cross representation between the three partnerships. Since the client group of beneficiaries of this scheme are also firms in the private sector (both SMEs and larger companies) it is safe to conclude that the private sector are genuinely involved in this scheme at all levels.

The detailed expected funding of funding sources for the scheme are shown in table 9.3. The public : private expenditure leverage ratio at 1 : 1.2 is slightly above the average for SRB schemes as a whole but the sources of private sector funding are dominated by the profit making activities of developers (80%) and beneficiaries (18%) leaving only 2% contributed for less direct profit motives associated with local regeneration needs (case study average 3%). There is no evidence to suggest that high private sector involvement in schemes brings with it leverage from the private sector participants in the partnership or more private sector contribution towards regeneration out of existing profits.

Moreover there is no evidence from this and other case studies to show that partnership itself enhances private sector leverage. Since private sector leverage is dominated by developers expenditure on profitable development schemes this leverage would be likely to come forward whatever type of regeneration scheme had brought sites forward for development. In all types of regeneration schemes, private capital is contributed in the main only when the prospects for earning an acceptable rate of return and increased profits are good. Donations out of existing profits are very small in all regeneration schemes including SRB.

Table 9.3 Private sector leverage in the Lancashire Manufacturing Partnership

	£ mn	
SRB expenditure	8.9	
Other public	22.1	
of which:		
LAWTEC/ELTEC	3.6	
Lancashire Enterprises plc.	1.4	
Lancashire County Enterprises Ltd.	5.8	
Lancashire County Enterprises Investments Ltd.	1.5	
European Commission	3.8	
English Partnerships	5.8	
Educational establishments	0.2	
Private Sector	37.4	
of which:-		
Developers	30.0	
UK Clearing Banks	0.5	
British Aerospace	0.2	
Manufacturing businesses (beneficiaries)	6.7	
TOTAL SCHEME COST	68.4	
LEVERAGE RATIOS		
SRB : PRIVATE	1 : 4.2	
TOTAL PUBLIC : PRIVATE	1 : 1.2	

Source: Survey of Case Studies

9.6 Private sector experience of involvement in SRB partnerships.

The House of Commons Committee, after taking evidence from a small number of private sector participants in rounds 1 and 2 schemes, reported in November 1995 that in some cases there was token rather than genuine involvement of private sector associations in SRB schemes and that the

private sector considered that the SRB institutional framework and procedure put very clearly the public sector, the local authorities and the TECs in the lead role which resulted in the private sector “at community level feeling marginalised”. But although the experience of the private sector had “not been universally bad!”, “it is not enough to expect the private sector to simply hand over their cash and then assume a submissive role”.

Whilst we have also heard similar views expressed in interviews with partners and others in the 20 case studies, partnerships are learning quickly from their early mistakes and such views are now in a minority rather than a majority.

The latter quotation needs to be paced in the context of earlier findings in this chapter. Some 97% of private sector cash (leverage) is not handed over to the partnership but is either the costs of developing buildings which remains under the control of developers or is the matching expenditure of programme beneficiary firms which also remains in the control of the firms in question for the purpose of enhancing profits. Only 3% of private sector leverage is put at the disposal of partnerships and much of this is not donated by the private sector partners in SRB partnerships.

It was also argued above that private limited liability companies could not justify taking a lead role in SRB schemes given their profit motive and that private sector representation on the SRB partnership would not usually represent their own individual companies but rather association of firms from the private sector. These associations differ widely in their capacity to be involved in serious regeneration projects. Some have only one or two permanent staff who may be administration rather than senior executives. Some associations wish to exert maximum influence on regeneration partnerships without community significant amounts of time and private sector funding. Most case study partnerships are now sensitive to their private sector partners views and are content with as much private sector involvement as the associations are able to give. In general partnerships’ experience has been that the private sector is not clamouring for involvement in SRB schemes on a widespread scale. Partnerships which have organised seminars/workshops for local business people in order to encourage wider participation and involvement, have not been well attended.

Some private representatives on partnerships are critical of the extent of bureaucracy which exists in running SRB regeneration schemes. They point to the time taken in preparing bids, preparing annual delivery plans, the appraisal exercises for each project and the returning of a large list of gross outputs every 6 months as well as the complexities of the financial systems, the frequency of meetings of Boards and the negotiations with Government Offices for the Regions. Public sector bodies accept these as the normal procedures for ensuring public accountability. In a partnership, which has few administrative resources, these burdens fall on the partners and in particular on the lead partner organisations which have to be strong enough to have robust monitoring and financial IT systems. Private sector representatives view this as bureaucracy associated with the public sector, forgetting perhaps that in their own companies they have equivalent systems, combined with IT specialists and accountants to run them, in order to ensure their own accountability to shareholders under the Companies' Acts legislation. By comparison with these accountancy systems, public accountability procedures are relatively modest and not unnecessarily bureaucratic - but they remain largely unfamiliar to many private sector representatives on SRB partnerships.

Apart from this unfamiliarity with the detail of procedures to ensure public accountability our discussions with private sector partners has identified other factors, outside the control of partnerships, which limit the depth of commitment and involvement of the private sector in SRB partnerships.

Many private sector representative associations and forums cover much wider areas than the target area of SRB schemes. For example, as indicated in table 9.2, the county-wide Essex Carers and Business Partnership is a partner to the Limes Farm SRB Partnership which covers one housing estate containing no businesses of any size. Similarly the County-wide Sussex Chamber of Commerce is a private sector partner in the SRB partnership for Regenerating Central Brighton. With a very limited permanent staff, even in the country wide business representative organisations, the degree of commitment to one SRB scheme in a small targeted geographical area has to be limited. The commitment is limited by the nature of private sector representative organisations rather than by the experience of working within SRB partnerships.

Some of our round one case study partnerships made early mistakes in not involving private sector partners early enough to take a full part in the design and priorities of the partnerships' regeneration scheme as the bid was being prepared and in a few of those the private sector partners have continued to be token representatives rather than be genuinely involve in the running of the partnership. In most cases these mistakes have been recognised and rectified. Private sector partners in round two case studies were more involved from the start, generally their involvement extends beyond the token representative status, and any limitations of involvement are dictated more by the private sector itself than by any shortcomings of the partnerships.

A two way learning process is still proceeding even in partnerships which have been up and running for two years. Above all private sector partners can educate the partnership on the desirability of incorporating into regeneration schemes those activities which can enhance the competitiveness of the private sector - such as enhanced educational attainment, higher skilled labour force, and adequate supply of appropriate premises and a good standard of transport infrastructure. However, few SRB schemes can address all these aspect of competitiveness and some focus more on social than economic regeneration. At the same time public sector partners, in carrying out their lead partnership role and disbursing public money into regeneration schemes, are educating private sector partners in the difficulties and constraints in managing projects and obtaining a good return to the taxpayer in terms of regeneration benefits.

Meanwhile, there is a danger that token private sector representation is being encouraged by outside pressures causing SRB programme managers to insist on private sector involvement in all partnerships whether or not there is a clear rationale for it and irrespective of whether the private sector have the will or the capacity to become involved.

10. PARTNERSHIP AND PROGRAMME INDUCED EFFECTS

10.1 Introduction

The SRB Challenge Fund aims to tackle multiple deprivation and regeneration in highly targeted areas in need and thus works across mainstream traditional departmental programmes horizontally, in contrast to a single main programme approach delivered separately and vertically by each main Department. The comprehensive horizontal approach can only be delivered in partnership. Under SRB, partnerships are locally based and include the delivery organisations of main stream Departments, principally local authorities and Training and Enterprise Councils, as well as other agencies, such as health authorities and the Police, the private sector and community groups and the voluntary sector.

This chapter is concerned with the benefits and costs (disbenefits) of delivering regeneration policies in this horizontal holistic way through a series of local partnerships. Its aim is to identify and where possible assess the magnitude of effects induced by working through partnerships as opposed to the alternative position of Departments and their agents working separately and vertically to assist needy areas. We refer to these differential effects as “partnership and SRB programme induced effects”.

In earlier chapters we have examined how partnerships were formed, how they are made up and led and how they are getting on with the demanding tasks of local area regeneration. In this chapter we attempt to go a step further by examining whether the partnership approach makes any difference to the quantity or quality of regeneration outcomes and the cost-effectiveness with which they are delivered.

The idea that local area policies ought to be delivered horizontally and in partnership is not new. Traditionally elected local authorities in partnership with Government Departments (Housing, Transport, Environment, Social services, Education and the Home Office) have jointly funded and delivered

local area policies. Tensions and weaknesses in these traditional partnership arrangements, as well as their failure to prevent and correct quite widespread and serious local deprivation and economic disadvantage from occurring, led to departments creating new agencies outside this system to support attempts at local area regeneration e.g. Training and Enterprise Councils, Business Links, Housing Corporation and Housing Associations, Urban Development Corporations and Government Offices for the Regions, and the European Structural Fund Single Programming approach. In recent years, with regeneration programmes such as City Challenge and the SRB Challenge Fund, wider partnerships have been encouraged to embrace local authorities, the new agencies and organisations and local communities. There is currently a widely held view that partnership is intrinsically “a good thing” but the reasons why this might be so, and the mechanisms generating “goodness” are not well understood and are rarely specified. Part of the attraction of local area partnership is that it can bring together organisations concerned with different aspects of regeneration and development in an integrated approach. Another is that partnerships are in a favourable position for involving local and regional communities in regeneration and in being responsive to the views and needs of regional and local stakeholders and residents - which represents a weak version of public accountability relative to the elected councillors in local authorities.

However, what has not yet been established is whether and how far the partnership approach can and does improve regeneration outcomes in terms of size, quality and duration of impacts and the cost effectiveness with which such outcomes are achieved. In the SRB evaluation we are attempting to explore this question for the twenty case studies, seeking partners’ views about how partnership has reduced costs for given benefits or enhanced benefits in relation to given costs.

10.2 Mechanisms for generating programme and partnership induced effects.

Several mechanisms through which partnership induced effects might be generated were identified by the evaluation team and partners were then

asked to assess whether these mechanisms had been of significance in their own partnership. The mechanisms were:-

- the ability of the partnership approach to enhance the overall resources available for regeneration by drawing in a proportion of funding from some or all of the partners, including the private sector.
- the opportunity to achieve economies of scale in clustering regeneration projects/programmes within a local area and thereby securing economies in project management financial planning and control, recruitment, purchasing, etc.
- synergy effects whereby partners modify their own activities to bring them more into line with objectives of the partnership as a whole and provide supporting activities to enhance partnership achievements.
- co-ordination effects which may enable the avoidance of duplication of activity, permit large scale indivisible projects to go ahead and allow partners to specialise in areas of expertise/projects in which they have comparative advantage.
- externality effects whereby the integrated partnership approach leads to a clustering of regeneration activities which achieve a critical mass, improve the image of the area and attract new activity both to itself and to surrounding areas.

10.3 The enhancement of private and public sector leverage

Ten of the 20 case study partnerships considered that the partnership approach had enhanced the amount of private sector leverage in their schemes. In five of these the enhancement was assessed as small - of the order of 1-5%. In the other five case studies the enhancement was more significant and in the range of + 5% to 15%. The case study partnerships experiencing these more significant enhancements to private sector leverage are West Cornwall Initiative, Bristol 2020, Merseyside Learning Partnership and Rochdale Canalside.

Almost half the case studies had experienced no significant enhancement of private sector leverage as a direct consequence of the partnership approach. However there was no evidence from any of the 20 case studies of any adverse effects of partnership on private sector leverage as might have been expected if private sector companies had preferred working with single focus

agencies led by private sector board members e.g. UDCs rather than largely public sector led SRB partnerships.

Similarly some partnerships had experienced a situation in which the public sector contribution to SRB programmes had been enhanced by the process of forming partnerships with partners comprising public sector organisation. Partnership had enhanced the bending of mainstream funding into SRB targeted areas. This had occurred in eleven of the twenty case studies and in five of these the enhancement was very significant at 20 to 50%. These six case studies were West Cornwall Initiative, Bristol 2020, Rochdale, Nottingham and Limes Farm (Essex). In another six case studies main stream programme bending enhancement was relatively small e.g Hull, Bradford, Lancashire Manufacturing, Hangleton Knoll and Northumbria. One or two of the eight case studies claiming enhancement was zero voiced fears that it might turn out to be negative as other public funding organisations turn away from the target area precisely because it had received substantial SRB funding. These fears were raised particularly in Central Brighton. Enhanced bending of mainstream programmes into target areas as a result of partnership occurred in many types of public sector organisation, but in our case studies, principally in Health Authorities, the Housing Corporation, Home Office and Police Authorities, Education departments and Careers Service as well as English Partnerships.

There is clear evidence that the act of forming local partnerships to undertake regeneration has some positive effects in enhancing both private and public leverage in SRB target area. But this is achieved only in about half of the partnerships and in many cases the enhancement is not large. There is no firm evidence of any negative impacts of partnership on public and private sector leverage - although one or two case studies considered that there could be negative effects over the full life-time of the scheme.

10.4 Other partnership induced process effects

For each mechanism identified above the 20 case study partnerships were asked whether unit costs were lower or benefits per unit of cost were higher

than they would have been had the same projects been delivered in a non-partnership situation. Initially a qualitative assessment was sought from the partnerships as to whether effect of each mechanism was “zero or negative”, “weak” or “strong”.

Table 10.1 Impact of partnership approach on programme/project cost and benefit

Economic mechanism	Qualitative Assessment of Impact Number of case studies answering:-			
	Zero or negligible	Weak	Strong	Total
<i>Co-ordination - closer working together or partners</i>				
1. Avoidance of duplication (central point for enquiries, reduced admin costs)	6	4	10	20
2. Larger scale activities possible (indivisibility)	7	4	9	20
3. Partners specialising in areas of expertise in which they have comparative advantage	4	6	10	20
<i>Clustering - geographical clustering of regeneration activities</i>				
4. Scale economies (ability to negotiate lower costs)	12	4	4	20
5. Critical mass	10	6	4	20
6. Generate interest in neighbouring areas	11	5	4	20
<i>Synergy - adoption of common set of objectives by partners</i>				
7. Adopt common objectives within the partnership	7	5	8	20
8. Carrying out other initiatives to support Partnership objectives or “bending” main programmes in favour of partnership objectives	7	7	6	20

Source: Survey of Case Studies

None of the case studies individually assessed all eight mechanisms in one way either as zero or strong. Perhaps the most favourable assessment was from Canalside Rochdale (1 zero, 2 weak and 5 strong) which is generally recognised locally, and in the Regional Office as being a robust, productive and well led partnership. One of the least favourable assessments came from Chalkhill, an estate based partnership in London (5 zero, 2 weak and 1 strong).

Partnership induced effects associated with improvements in co-ordination of partners were assessed as being most favourable in the case studies with about half of partnerships observing a “strong” effect. The three mechanisms enhancing co-ordination were given a similar assessment. Partnership had resulted in a reduction in duplication of effort and hence reduced administrative and management costs. Problems of indivisibility had been alleviated by the partnership approach so that large scale activities had been carried out under the partnership umbrella than would have been possible by individual partners working alone. Additional efficiency had arisen by bringing together partners specialising in areas of expertise in which they had comparative advantage and the consequent mix of skills had resulted in improvements in project design and implementation which enhanced the cost effectiveness of the scheme.

Partnership effects arising from the geographical clustering of regeneration were the least favourably assessed. Over a half of partnerships had secured no efficiency gains from this source. Only a quarter of partnerships had secured significant efficiency gains from the ability to negotiate lower costs (scale economics) or to achieve a critical mass threshold which would push future regeneration forward without further public assistance. Similarly there were few demonstration or external benefits for neighbouring areas around the target area, except in a minority of case studies.

Two potential mechanisms by which partnerships might encourage synergy whereby partners adopt common objectives within the partnerships and support partnership objectives in their other regeneration activities were also assessed for case study partnerships. In over two third of case studies any such benefits were assessed as zero or weak - reflecting other evidence of tensions between partners and between lead partners and partners. However in a third of case studies the benefits deriving from agreeing and pursuing a common set of partnership objectives were clearly beneficial.

To gain a better understanding of what partnerships meant by “weak” and “strong” partnership induced effects, they were asked to quantify any efficiency gain in terms of the percentage reduction in the unit of costs of generating a given gross output. Few partnerships were able to quantify the effects but some attempted to.

For example, ten out of the twenty case studies attempted a quantification of the cost reductions arising from the avoidance of duplication. Of these, six partnerships estimated a 2% cost saving or less, with three case studies claiming a unit cost reduction in the range of 5% to 10% and one case study in the range of 10% to 20%. Other mechanisms generated estimates of a similar order of magnitude. Where partnerships assessed mechanisms as “weak”, the equivalent quantification is not more than 2% efficiency saving and a strong assessment is associated with an average saving of 5-10%. If these are then accumulated over the eight mechanisms and included with the “zero” assessments a weighted average for all mechanisms over all case studies is about 3%. This is a broadly indicative figure of the magnitude of efficiency gains in delivering regeneration schemes through a process of partnerships rather than through single partner, single focus regeneration agencies. For this small sample of SRB partnership case studies, in the relatively early period of the partnership’s life, the overall partnership induced impacts on final regeneration outcomes are positive, but on this very limited evidence, of a small order of magnitude. Most partners feel that the extra benefits accruing from the partnership approach were modest and tended to be exaggerated by many outside commentators.

10.5 Adverse effects of the partnership approach

Partners in case study partnerships were also asked whether there had been any circumstances in which the partnership approach had:

- a) increased administrative and/or project costs
- b) resulted in extra delays
- c) reduced programme/project impacts
- d) reduced efficiency cost effectiveness

Eleven of the twenty case studies had experience instances of the partnership process adding to administrative or project costs. Most of these pointed to added administrative burdens falling on partners and lead partners in carrying out all aspects of the SRB process. Others pointed to extra costs for collating information and communication (see chapter 6 for further elaboration of these burdens). In one scheme the costs of community capacity building had been

much greater than allowed for whilst another pointed to an excessive number of Board and Management meetings. In several case studies the costs of setting up the partnership and making it run smoothly in its early stages had been higher than expected. Newly formed partnerships went through a difficult learning process in their early months.

In only three of the case studies had the partnership itself caused delays in starting or progressing regeneration projects on the ground. The main reasons for this were delays caused by the failure to get partnership decisions taken quickly due to “partners own agendas” or the need to get partnership decision approved by funding partners with slow decision making, committee structures. Some of the delays were blamed specifically on local authorities by other partners who found that channels of communication lacked directness and clarity. None of the twenty case studies reported that the structure of partnership itself had reduced the impacts of the scheme or had adverse effects on cost-effectiveness. In all cases the partnership induced benefits exceeded partnership induced extra costs and in a minority of case studies by a significant amount.

Although this interim evaluation of partnership effects concludes that the net effects of partnership are positive but on a modest scale it should be emphasised that some partnerships had only been in existence for a year or two when this assessment was made. Most partnerships readily accepted that they were proceeding along a steep learning curve during this early period. For this reason we asked whether the beneficial effects of partnership were only just beginning to show through or were fully secured and how perceived partnership effects developing in future. The vast majority of partnerships (16 out of 20) maintained that the partnership induced effects were only just beginning to show through and that further benefits of partnership would be generated in the later years of the scheme. Only four case studies felt that the partnership effects had already been largely or full secured. Some partnerships have experienced tensions, partner disputes and other problems which have so far constrained the partnership induced effect.

11 SCHEME GROSS OUTPUTS, ADDITIONALITY, MAINSTREAM PROGRAMME BENDING & VALUE FOR MONEY

11.1 Introduction

This section provides a preliminary assessment of the gross outputs and expenditure recorded by the case studies within the first two years of the operation of the Challenge Fund. The measurement of gross actual and expected outputs for each of the case study partnerships was undertaken using the periodic monitoring returns made by individual lead partners to the Government Offices for the Regions. Similarly, expenditure figures were measured using returns made by schemes to the Government Offices for the Regions. Assessment of the degree to which there is evidence of additionality and mainstream programme bending within the operation of different schemes have been based upon the opinions of each of the partners of the scheme. Assessment of value for money afforded by the Challenge Fund has been undertaken by determining the bundle of net benefits which are generated by each £20,000 of public expenditure.

This assessment provides only an interim evaluation, and as such comprises only a provisional analysis of outputs and expenditure within the first two years of the operation of the Challenge Fund. In the final end-scheme evaluation, these issues will be revisited.

11.2 Case study gross outputs: indicators and definitions

The standard gross output indicators, (see Appendix C) measure a wide variety of outputs, focusing upon, *inter alia*, job creation, training and education, business formation, land reclamation, transport management, housing development and the provision of social, health and cultural facilities within a given area. The purpose in regularly collating data on gross outputs is not only as a form of measure of success of any given scheme, but also as a

means of comparison with what was *expected* that a scheme would have achieved at a given point in time. This latter measurement is possible through comparison of Delivery Plan *expectations* (or forecasts) with the cumulative *actuals* as provided in returns by partnerships to the Government Office.

The process of monitoring outputs is generally a delegated one. Returns for individual schemes and projects within a partnership are usually made by nominated scheme managers to the partnership lead partner, who is then responsible for collating total actual output figures for the partnership as a whole and forwarding these returns to the Government Office. Previously, these returns were made on a quarterly basis, but the onerous nature of this task has meant that these requirements have been relaxed, and returns are now required six-monthly.

The standard output measures provide a broad spectrum of different types of quantifiable output, though clearly the applicability of these different measures will vary enormously according to the objectives of different schemes, and only the very broadest multi-objective partnership will utilise all of them. However, a large number of the case studies also employed the use of non-standard measures of output in order to more precisely reflect the results of individual regeneration schemes. These measures of output varied widely across the case studies and usually reflected the very specific nature of the projects being run by the partnerships. Thus, for example, non-standard measures include the number of area drug forums established (Northumbria Community Safety); number of users of domestic violence service, (Central Brighton); number of environmental initiatives established (Hangleton Knoll); area of canal dredged (Canalside Rochdale) and number of vehicles converted to alternative fuels (Bristol 2020).

Other partnerships chose to include non-standard measures of output in order to more fully reflect the nature of the work of the partnership *per se*. Examples of such include number of media items regarding the work of the partnership (Swadlincote Woodlands); number of evaluation reports produced (Nottingham) and number of consultancy studies commissioned (Woolwich Revival).

In addition to measures of output, partnerships are also required to submit data of expenditure for each six-monthly period. This data (Outputs 9A1 - 9A3) is broken down into three broad categories: SRB spend, other public sector spend and private sector leverage respectively. 'Other public sector' expenditure includes all funding from public (or quasi-public) bodies, including central and local government, police and health authorities, further and higher education establishments and housing associations, (to name a few).

Appendix C provides a summary of the definitions of the gross standard output measures used, and highlights the changes which were implemented in these definitions between Rounds 1 and Rounds 2 of the Challenge Fund. With the exception of the non-standard indicators mentioned in 11.2.3, these standard output measures provide the consistent basis on which partnerships monitor their output and provide quantifiable returns to the Government Offices for the Regions.

11.3 Gross outputs & expenditure: measurement problems

The monitoring and return process for quantifiable outputs should provide a comprehensive database of outputs across all Challenge Fund partnerships within each region. On the basis of the experience of the 20 case studies, however, there would appear to be significant differences in the process of monitoring across regions and across individual partnerships, which make comparison and analysis difficult. Furthermore, there have been found to be significant weaknesses within the entire monitoring process. Returns made by partnerships are often erroneous or incomplete, examples of which include:

- discrepancies between quarterly returns and cumulative totals,
- missing and incomplete returns, particularly in relation to expenditure, forecast and ethnic minority data
- definitional problems relating to output categories and the units of measurement.

These problems with the data arise despite the checking procedures of the Government Offices for the Regions, although it should be stated that

attempts to resolve these discrepancies with the Government Offices for the Regions did not always demonstrate that these procedures were sufficiently thorough. As a result, comprehensive attempts to ensure consistent figures for our research purposes have not always been entirely successful. The need for more comprehensive and secure methods of monitoring partnerships' quantifiable outputs would appear an imperative.

It should also be noted that, in aggregating output data for all 20 case studies, we have necessarily had to conceal the great variety of differences within each. These differences stem not only from the distinct nature of each partnership, but also reflect the fact that the aggregate represents the first two years output (up to 1997) for the partnerships. Over half of the case studies are round one schemes in which this period represents two years of output, whilst for those round two schemes it represents only one year. Furthermore, Table 11.1 has summarised output data under aggregate output headings, and this process may conceal variations between, for example, the number of jobs created as compared with the numbers of jobs safeguarded. However, such aggregation has proved necessary because of the changing definitions of measures of standard outputs between rounds one and two, as outlined in Appendix C.

11.4 Case study gross outputs

Column 1 of Table 11.1 provides an aggregate across all 20 case studies of the actual outputs for the first two years. This data provides evidence of the wide variety of benefits which accrue from Challenge Fund projects. Analysis of outputs across the 20 case studies has illustrated that projects provide outputs in all of the standard output classifications and that, in addition, many of those partnerships also record non-standard outputs.

Although it is difficult to discuss absolute outputs without reference to any benchmark, it would appear that many of the outputs are of some order of magnitude, certainly with reference to the labour market outputs and enterprise development outputs. Furthermore, there would appear to be some sizeable achievement in respect of those outputs which account for the

beneficiaries of projects. These include, to name a few, those given access to new community facilities, (7A1-3), those benefiting from safety initiatives, (5A) and pupils benefiting from projects to increase attainment, (1B), though the magnitude of these outputs may be more a reflection of the accounting. It is important to stress, however, these outputs are incomparable in that the unit of measurements are such that the level of output in certain elements will necessarily be higher than those in others.

These output figures provide grounds for optimism, however, in that they record output for the first two years only (first year in the case of round two schemes), and we might expect that outputs are likely to be lower in the initial stages of a partnership than in later years. This may be particularly so for those schemes where the timespan is over five years, and for those partnerships whose schemes are of such a nature that their outputs are more likely to accrue in later years, examples of which may include more capital projects such as land reclamation and dwelling rehabilitation.

11.5 Case study ethnic minority gross outputs

One of the requirements within the SRB output monitoring process is that separate ethnic monitoring is undertaken to permit examination of the extent to which members of minority ethnic groups are receiving benefits from the Challenge Fund assisted activities. Furthermore, those projects directed primarily at the needs of minority ethnic groups are required to be identified separately within partnerships' Delivery Plans. Clearly, this requirement will bear differentially upon partnerships, with some schemes having few, if any, recipients within their target area from minority ethnic groups, nor projects designed to target such groups.

Column 4 of table 11.1 provides details of the proportions of total outputs which have benefited those from a minority ethnic group. Proportions vary not only across individual partnerships, but also in relation to the nature of the output: some categories, primarily those related to physical reclamation, will clearly not have ethnic minority elements, and have been noted as such in the table. In aggregate, we find that generally the proportion of total output

benefiting ethnic minorities clusters around the 4-12% range, with some notable exceptions either side of that range. Thus, we can see that over one-quarter of trained people obtaining qualifications (25%) or jobs (31%) were from ethnic minority groups, as were over 40% of participants in school-employer projects. Amongst those output categories whose ethnic minority element was relatively low were, paradoxically given the above figures, were number of training weeks (0%), number of disadvantaged obtaining jobs (3%), and number of employee volunteering schemes, (0%). It is perhaps worth reiterating, however, that these are aggregates based upon a sample of 20 case studies and it is perfectly possible that one project may heavily skew the aggregate figures.

11.6 Gross outputs: actuals compared with expected

Part of the production of a Delivery Plan, and an integral part of the Challenge Fund monitoring process, is the requirement that partnerships specify their expected outputs for the year within each of the standard output indicators. This provides a benchmark upon which it is possible to compare the extent to which partnerships actual achievements match their aspirations. Furthermore, The Government Offices for the Regions are able to compare actual and expected outputs in their periodic reviews of partnership performance, and investigate those elements of partnerships where output for the year has fallen below 90% of the expected output. Evidence from other Government Offices for the Regions has suggested that they may also choose to investigate those partnerships where performance has *risen* above 110% of expected, in order to identify and disseminate any sources of good practice.

Column 3 of Table 11.1 provides an aggregate indication of the extent to which actual outputs reflected the expected, or forecast, outputs as specified by partnerships. Again we have grounds for confidence since the vast majority of actual outputs were in excess of those expected, some by magnitudes of several hundred percent. The primary exceptions to this are those which record physical regeneration outputs, such as land reclamation, roads development and improvement and traffic and waste management schemes, where attainment of forecast outputs may be more vulnerable to unforeseen physical planning, environmental and funding obstacles.

Table 11.1: Total actual and expected outputs for 20 case studies, cumulative to year two

		Actual Outputs Cumulative to 1996/97	Expected Outputs Cumulative to 1996/7	Actual Outputs as % of Expected	Eth. Minority Outputs as % of Total Outputs	Actual Eth. Minority Outputs as % of Expected
Labour Market						
1A	No. jobs created/safeguarded	24841.7	25262.23	98.3	13.5	91.8
1B	No. pupils benefiting projects	170609	172834	98.7	14.1	130.6
1C	No. people trained obtaining quals	11210	10911.7	102.7	25.3	145.4
1D	No. residents accessing employment	2389.7	2006	119.1	28.9	102.8
1E	No. training weeks	28343	20635.8	137.3	0	0
1F	No. trained people obtaining jobs	3954	3159	125.2	31.2	146.3
1G	No. unemp. entering self-employment	412	326.6	126.1	9.5	125.8
1H	No. EM pupils attaining English language proficiency	1884	2422	77.8	11.3	373.7
1I	No. disadvantaged obtaining jobs	137	14439	0.9	2.9	6.7
1J	No. young benefiting social projects	50599	17278	292.9	5.6	146.9
1K	No. involved education-employer projects	25734	5525	465.8	41.5	1875.8
1L	No. teachers on business placement	9277	1323	701.2	0	-

		Actual Outputs Cumulative to 1996/97	Expected Outputs Cumulative to 1996/7	Actual Outputs as % of Expected	Eth. Minority Outputs as % of Total Outputs	Actual Eth. Minority Outputs as % of Expected
	Enterprise Development					
2A	No. business start-ups	1716	1498	114.6	12.9	130.0
2B	New/improved ind. floorspace m ²	118684	47000	252.5	n/a	n/a
2C	Survival rate new businesses	793	382	207.6	9.1	218.2
2D	No. businesses advised	3563	1707	208.7	15.4	468.4
	Housing					
3A	No. dwellings completed/improved	2349	1960	119.8	0.6	-
3B	No. dwellings in tenant organisation	150	884	17.0	n/a	n/a
	Crime & Safety					
5A	No. beneficiaries of safety initiatives	370449	263088	140.8	4.8	63.9
5B	No. buildings security upgraded	2221	3353	66.2	n/a	n/a
5C	No. community safety initiatives	95	91	104.4	n/a	n/a
5D	No. youth crime prevention initiatives	9941	6745	147.4	18.1	134.9
	Physical reclamation					
6A	Land improved/reclaimed open space	113.16	65.33	173.2	n/a	n/a
6B	Land improved/reclaimed for devt.	19.58	32.35	60.5	n/a	n/a
6C	No buildings reclaimed	63	120	52.5	n/a	n/a
6D	Km roads built/improved	7.58	13.75	55.1	n/a	n/a
6E	No. traffic calming schemes	4	62	6.5	n/a	n/a
6F	Waste management schemes	57	85	67.1	n/a	n/a

	Actual Outputs Cumulative to 1996/97	Expected Outputs Cumulative to 1996/7	Actual Outputs as % of Expected	Eth. Minority Outputs as % of Total Outputs	Actual Eth. Minority Outputs as % of Expected
Community Facilities					
7A1-3 No. people given access new facilities	197191	140990	139.9	4.4	169.2
7A4-6 No. new facilities	56	35	160.0	0	-
7B1-3 No. using improved facilities	50838	81397	62.5	8.1	99.5
7B4-6 No. improved facilities	75	75	100.0	4.0	100.0
Voluntary Sector					
8A No. vol./comm. groups supported	2681	1058	253.4	9.9	353.3
8C No. employed voluntary work	1942	1382	140.5	5.3	143.7
8D No. employee volunteering schemes	58	46	126.1	0	-
8E No. community enterprise start-ups	28	24	116.7	28.6	160.0
Childcare					
10A No. childcare places provided	717	659.5	108.7	12.6	2250.0

Source: Case Study monitoring returns

In aggregating the differences between the actual and expected outputs across all 20 case studies, we have necessarily been unable to fully demonstrate the very great differences which exist between different partnerships. This variation between actual and expected output is very much a product of context-specific issues, whether they be contractual or physical difficulties or any of a myriad of other potential reasons. Thus, we can witness very large differences not only between different partnerships, but also between years one and two within any one partnership. In the majority of cases, actual output levels were in excess of expected levels. Thus, for example, the total number of beneficiaries of community safety initiatives (output category 5A1) in Northumbria in year 2 exceeded that expected by 750%, whilst in Swadlincote, the number of training weeks (1E) in year 2 was 320% higher. In a few cases, however, actual outputs were significantly lower than expected, such as in West Cornwall, where the number of users of community cultural facilities (7B3) in year 1 was less than one-fifth of expected output, and in Rochdale the area of new business floorspace provided (2B1) was less than half that expected.

Through comparison of the actual with expected output figures we also have an opportunity to determine the extent to which expectations have been met with respect to the ethnic minority output figures. Analysis of Column 5 of Table 11.1 again provides grounds for confidence given that most output figures exceeded expectations by some magnitude, most notably the number involved in education employer projects (1875%) and number of childcare places (2250%). The few exceptions include number of disadvantaged people obtaining jobs (7%) and the number of beneficiaries of safety initiatives (64%).

11.7 Changes in lifetime gross outputs, years 1 and 2

The Delivery Plans produced each year by Challenge Fund partnerships contain not only forecasts of the gross outputs for the year, but also forecast gross outputs for the lifetime duration of the programme. These figures, referred to as 'all year output figures', permit examination of the extent to which there has been significant reconfiguration of the expected lifetime

outputs of the partnership between one year and the next. Not all the Delivery Plans of the 20 case studies have incorporated all year output figures and our analysis, therefore, is restricted to just over half of the case studies.

The case studies tend to be very heavily polarised, with partnerships generally falling into one of two extremes. A small number of case studies analysed - approximately one quarter - made no changes whatsoever to their expected lifetime outputs, whilst a similar number made changes of a minor nature. These changes tended to affect only one or two specific output measures, of which the most frequent tended to be those outputs measuring job creation (1A1-3), and expenditure (9A1-3). Of interest, is that all of these changes involved increases in the level of output, (with the exception, paradoxically, of expenditure forecasts), though the magnitude tended to be low.

At the opposite end of the spectrum, approximately half of the case studies analysed made significant, and wide-ranging, alterations to their expected lifetime outputs. These case studies, including Northumbria, Chalkhill, Wolverhampton, Sunderland and Hull, generally reconfigured at least half of their expected outputs and, whilst the magnitude varied across different partnerships and by virtue of the different of units measurements being recorded, the proportional level of change was usually large. The majority of these alterations were the upwards revision of output levels, and were clearly a response to the partnership's learning process in the first year, as to what levels of output were realistic. Amongst those cases analysed, there was only one exception to this, Hull, in which output levels were generally decreased. It is difficult to generalise about the nature and extent of these changes across the case studies, though it is worth noting that all displayed change across the range of output measures, (including non-standard outputs), and that elements of expenditure were, in all cases, also revised upwards.

Those case studies which displayed evidence of having effected substantial change to their lifetime outputs also, perhaps unsurprisingly, demonstrated a corresponding degree of modification within their expected outputs for minority ethnic groups. These changes broadly mirrored those made to the wider output levels, in that partnerships modifying overall output levels also saw reason to expect that these changes would proportionally impact upon

members of minority ethnic groups. Exceptions to this are in evidence, particularly in outputs in which no initial ethnic minority output had originally been envisaged, and thus which have seen proportional increases in excess of the overall increase. The largest magnitude of these changes was presented within outputs concerned with the labour market, and to a lesser extent crime and safety and community facilities.

11.8 Mainstream programme bending

Chapter 9 considered how SRB had been effective in levering private sector funding into its local partnership regeneration schemes. There had been some notable successes but overall the achievements in relation to private sector leverage were similar to other non-SRB schemes carrying out the same types of regeneration. This section explores how far SRB partnerships have succeeded in bending mainstream public expenditure programmes in favour of SRB scheme target areas. Previous evaluations of regeneration schemes have addressed this issue with an approach that was essentially qualitative, and in some cases anecdotal. They established that some mainstream programme bending had (probably) occurred but not how much - not even as an order of magnitude. In this interim evaluation of SRB we attempt to go one step further and quantify the order of magnitude of mainstream programme bending in SRB partnership schemes. The assessment is based on analysis of the 20 case study schemes.

Apart from discussions with partnerships themselves the main place to look for evidence of mainstream programme bending is non-SRB, other public expenditure in SRB schemes. This represents the gross financial contribution of non-SRB public sector expenditure to SRB schemes. Table 11.2 shows that, for the aggregate of the 20 case studies, total “other public” expenditure for the duration of the schemes, is £274 million - compared with expenditure from SRB of £174 million and private sector expenditure of £384 million. Table 11.1 also shows the sources of other public expenditure as for example from local authorities, TECs, health authorities, home office/police, DfEE other than TECs and the housing corporation. These examples are clearly mainstream programmes.

However, three other public sector sources are also shown to be large contributors to case study schemes. These are English Partnerships, European Structural Funds and the National Lottery/Millennium Commission. These are not mainstream programmes under the normal definition of the term but rather other regeneration programmes more similar to SRB itself. These three regeneration programmes together account for £112 million (41%) of the total £274 million of “other public expenditure”. This leaves £152 million (59%) as the gross contribution of mainstream programmes.

There is evidence from discussion with case study partnerships that SRB has had an effect in bending both mainstream programmes and “other regeneration programmes”. Before considering a detailed assessment of both types of programme bending in each case study a further distinction should be made between short distance and longer distance bending.

Longer distance programme bending would occur where mainstream public expenditure was diverted **into** a local authority area or a TEC area, or a health authority area as a direct consequence of an SRB scheme within a part of one of those areas. Short distance programme bending occurs when public expenditure is diverted from one local area to another **WITHIN** a local authority, TEC or health authority area. The evidence suggests that longer distance mainstream programme bending has been the exception rather than the rule and has consequently been relatively small in magnitude. Short distance bending of programmes has occurred frequently and has been of more importance quantitatively.

Such a finding should not come as a particular surprise. Mainstream departments allocate funding to their main delivery areas according to a formula reflecting each department’s geographical needs assessment. The local authority system is a standard expenditure assessment of a central judgement of each local authority’s need to spend on its own client groups such as primary school children, secondary school children, old people, the under 5’s, miles of road to maintain etc. Similarly, the DfEE central formula for TECs takes account of an area’s unemployment and long term unemployment in allocating funding and the Department of Health carry out health authority area spending allocation based on health based needs

indicators. In none of these mainstream department expenditure allocations by geographical area are their provisions for changing the allocation according to whether the area has been successful or not in obtaining SRB schemes. At this wider area level it is not possible for SRB to bend mainstream programmes unless there are discretionary elements within the mainstream programmes which are not allocated on a formula basis. There are such discretionary elements in some programmes as for example with DfEE where there is a small central special initiatives challenge fund element which individual TECs can bid for.

There is more opportunity for the bending of main programmes over short distances because local authorities and TECs etc. have more flexibility in the allocation of project funding **WITHIN** their own boundaries. This allows them to join in with SRB schemes as partners to help tackle small localities of acute multi-faceted deprivation and disadvantage where unit costs of provision tend to be high but where SRB funding can cover the higher unit costs. However there is a binding constraint on the extent of short distance programme bending that can occur. Local authorities and TECs have statutory and other obligations to provide a basic level of service to all the sub-areas within their boundaries which limits the funding which can be diverted into the target location of SRB schemes.

The opportunities for programme bending may also exist in the case of other regeneration programmes such as English Partnerships, EU Structural Funds and the Lottery/Millennium commission. These programmes are in any case more area selective or targeted and they also require matching funding before projects are allowed to proceed - and like SRB, tend to be delivered through local/sub-regional partnerships. The SRB challenge fund has provided an invaluable framework for building regeneration projects involving matched funding - because, once approved, SRB funding is certain and provides an opportunity to build project partnerships which use and provide matching funds from other regeneration programmes. The effect of this is to bring forward those projects in EP and EU Single Programming documents which are part of SRB funded schemes and in some cases to increase the aggregate project funding moving into the area at the expense of non-SRB areas lacking in matching funding opportunities where projects may be delayed or finally cancelled.

Keeping these distinctions between mainstream programme and regeneration programme bending and between short and long distance bending in mind discussions with lead partners and other partners in case study schemes has enabled the evaluation team to make estimates of how effective SRB has been in bending mainstream programme expenditures. These estimates are subject to wide margins of error and should be regarded only as orders of magnitude.

The results of the assessment are shown for the 20 case studies in table 11.2. For mainstream programmes the amount of mainstream programme bending across LA District boundaries is of the order of £12.8 million out of a total mainstream spending of £162.1 million. Programme bending within District boundaries is significantly higher at £47.8 million. There was also some bending of other regeneration programmes into SRB target areas, amounting to £8.8 million across District boundaries and £11 million between localities within Districts.

These figures should be set against case study funding from SRB itself of £174 million. Thus for pure mainstream programmes every £1 of SRB funding resulted in the bending of main programmes across District boundaries of a modest 7 pence but between local areas within District boundaries of another 27 pence - some 34 pence in all. If other regeneration programmes are added to mainstream programmes the figures rise to 12 pence (long distance), 34 (short distance) and 46 pence (total) respectively.

So far as the evaluation team is aware previous evaluation of other regeneration programmes have not attempted a quantification of mainstream programme bending achievements and if this is correct it is not possible to compare these results for SRB with the achievements of any other regeneration programme. However, the stand alone results for these case studies are not entirely discouraging. The modest programme bending achievements at the inter-LA District/TEC level are not unexpected given that each Department has its own independent formula for allocating its funds geographically - irrespective of what other Departments are doing. At the within LA District/TEC level main Departments are operating more flexibly and entering into local partnerships more enthusiastically and have shown more willingness to divert programme expenditure between localities accordingly.

Table 11.2 Breakdown of expected expenditure for all years (from Delivery Plans)

Case Study Name	SRB £m	Other Public £m	Private £m	Total £m	Target area pop (000s)	£m										
						LA	TECS /Bus Link	Health Auths	Educ/ colleges	DfEE	HO/ Police	Hous Corp/ Ass	EP/oth DETR	EU	Herit/ Lott/mil	Other
1 Northumbria Community Safety	0.9	0.9	0.2	2.0	1400.0	0.3	0.1	0.06	-	0.1	0.06	0.1	-	0.1	-	0.06
2 W Midlands Industrial Club - Engineering	0.4	0.0	0.4	0.8	6100.0	-	-	-	-	-	-	-	-	-	-	-
3 Limes Farm Partnership	0.9	7.8	4.3	13.0	2.5	7.2	-	0.4	-	-	0.2	-	-	-	-	-
4 West Cornwall Initiative	2.8	14.8	6.5	24.1	230.0	3.6	0.4	-	-	-	-	-	3.4	7.4	-	-
5 Brent & Harrow	1.6	0.4	0.3	2.3	440.0	0.02	0.4	-	-	-	-	-	-	-	-	-
6 Hangleton Knoll Challenge Fund Prog	1.6	0.5	0.8	2.9	13.0	0.2	0.2	-	-	0.01	-	-	-	-	0.05	-
7 Bristol 2020	7.9	3.9	34.8	46.6	135.0	3.4	0.01	-	-	-	-	-	0.2	0.02	-	0.3
8 Merseyside Learning Partnership	4.4	3.2	1.9	9.5	1500.0	0.6	-	-	-	0.3	-	-	0.5	1.8	-	-
9 Chalkhill Estate	3.3	1.1	5.7	10.1	6.2	0.4	0.5	-	-	-	-	-	-	0.04	-	0.2
10 Manufacturing Partnership	8.7	28.0	35.9	72.6	1400.0	14.7	3.3	-	0.1	-	-	-	5.8	4.1	-	-
11 Canalside Rochdale	10.5	18.1	71.4	100.0	14.0	4.5	1.0	-	-	-	-	3.1	5.9	3.2	-	0.4
12 Regenerating Wolverhampton	16.5	16.0	17.0	49.5	242.0	2.6	6.2	-	-	*	0.3	1.0	0.3	5.5	-	0.1
13 Swadlincote Woodlands	3.3	5.9	16.1	25.3	32.0	1.2	3.6	-	-	0.2	0.06	0.5	0.2	-	0.06	0.06
14 South Leytonstone Community Partnership	10.0	12.6	11.6	34.2	22.0	6.5	0.2	4.35	-	0.04	0.02	-	1.5	-	-	-
15 Regenerating Central Brighton	10.1	25.6	7.0	42.7	17.0	5.0	0.4	0.5	0.1	0.04	0.1	2.6	-	0.03	16.5	0.3
16 City of Sunderland Partnership	10.7	3.4	13.4	27.5	55.0	0.9	0.4	0.03	0.2	0.1	0.2	-	0.1	1.2	0.1	0.2
17 Hull City Visions First Challenge Fund	11.7	20.5	40.0	72.2	37.0	13.1	0.1	0.1	-	-	*	0.02	1.9	1.1	-	4.2
18 Nottingham Capturing the Dynamic	13.2	16.9	30.7	60.8	32.0	6.9	0.4	-	1.5	0.5	-	0.4	3.5	3.1	0.6	-
19 Greenwich Regeneration - Woolwich Revival	24.9	70.1	36.1	131.1	25.0	17.2	0.5	0.02	1.2	0.1	0.3	6.7	42.6	0.8	0.5	0.2
20 Royds Bradford	31.0	24.4	49.7	105.1	12.5	14.2	1.0	-	-	-	-	7.3	-	-	-	1.9
TOTALS	174.4	274.1	383.8	832.3	11715.2	102.5	18.7	5.5	3.1	1.4	1.2	21.7	65.9	28.4	17.8	7.9

* less than £0.01m

Source: Case study Delivery Plans

Table 11.3 Estimates of programme bending in SRB case study schemes

	Mainstream Programmes (expenditure £s million)			Other regeneration programmes (expenditure £s million)		
	Total	Short distance bending	Long distance bending	Total	Short distance bending	Long distance bending
1. Northumbria Community Safety	0.7	0	0	0.2	0	0
2. W. Midlands Industrial Club	0	0	0	0	0	0
3. Limes Farm Partnership	7.8	3.5	1.3	0	0	0
4. West Cornwall Initiative	4.0	2.0	0.1	10.8	2.5	2.5
5. Brent & Harrow	0.4	0.1	0	0	0	0
6. Hangleton Knoll	0.4	0.2	0	0.1	0	0
7. Bristol 2020	3.9	0.8	0	0.2	0.1	0
8. Merseyside Learning Partnership	0.9	0	0	2.3	0	0
9. Chalkhill	1.1	0.5	0	0	0	0
10. Lancashire Manufacturing P.	18.1	4.2	0	9.9	3.2	2.5
11. Canalside Rochdale	9.0	3.8	0.9	9.1	3.4	1.5
12. Wolverhampton	10.2	2.0	0.2	5.8	1.0	0.5
13. Swadlincote Woodlands	5.6	1.9	0.3	0.3	0.1	0.1
14. South Leytonstone	11.1	3.3	0	1.5	0	1.5
15. Central Brighton	9.1	1.8	0.3	16.5	0	0
16. Sunderland	2.0	0.3	0	1.4	0.2	0
17. Hull City Visions	17.5	6.4	0.2	3.0	0.5	0.2
18. Nottingham	9.7	3.9	0	7.2		
19. Greenwich/Woolwich	26.2	6.1	4.5	43.9	0	0
20. Royds Bradford	24.4	7.2	5.0	0	0	0
Total	162.1	47.8	12.8	112.2	11.0	8.8

Source: SRB Evaluation Team, Dept of Land Economy

11.9 Early indications of additionality

Although the evaluation methodology is to carry out a full assessment of SRB Challenge Fund additionality in the final evaluations of the 20 case studies, as they reach the end of the schemes' duration it also included a preliminary assessment of additionality at the interim evaluation stage (after 2 years) so that the assessment could be taken account in considering the future regeneration policy.

The final evaluation of schemes will involve a detailed assessment of additionality for each of the 20 case studies and this will need to be carried out at the project level. Some case study schemes have as many as 80 projects and thirty projects is not untypical. Projects will be visited and discussions held with project managers. This preliminary assessment of additionality is less detailed and is based on discussions with lead partners and partners as well as only a few of the larger project managers. It was also undertaken quite early in the life of case study schemes. The results, therefore, are presented as a range and should be regarded only as an order of magnitude of the extent of additionality.

Additionality can only be properly considered in relation to a defined geographical area - target area, local economy, region and nation. At the national level the additionality of a local area regeneration scheme is limited to genuine national supply side gains which can be expected to be very low - at only a few percentage points at best. Most of the expenditure is subject to displacement and crowding out effects. This is not of great concern since the objectives of a particular scheme are local rather than national and it is the local additionality performance (relative to other local regeneration initiatives) which is of prime concern. Only local area additionality is being considered here and this implies diversion of resources into the target area at the expense of other areas.

Locally, the two critical geographical areas considered for assessing additionality are the schemes' target area and the local economy. In the case of SRB the size of target areas varies widely from a single housing estate to a whole standard region. Some of the thematic case studies such as West Midlands Industrial Club, Northumbria Community Safety, the West

Cornwall Initiative cover one or more LA Districts and in these cases the SRB target area and the local economy area are the same. In other case study schemes such as Hull, Nottingham, Bristol, Woolwich, Bradford, Brighton, Chalkhill, S. Leytonstone and Limes Farm the target area is only a small part of a single LA District. In these cases we define the local economy as the LA District as a whole. Logically, the degree of scheme additionality will be higher for the target area than for the local economy area to the extent that some scheme projects go ahead in the target area which would, in the absence of SRB, have gone ahead in non-target area parts of the LA District. In this preliminary assessment of additionality an attempt has been made to allow for both dead-weight and the way in which target area projects displace other projects in the rest of the local economy.

At the level of the target area, particularly if geographically small and very local, additionality would normally be expected to be relatively high at 50-60% or more. Only if the SRB funded projects would have gone ahead in the target area anyway, in the absence of SRB, would additionality be low. To the extent that the same projects would have occurred anyway this is referred to as dead-weight - since the SRB expenditure would not be generating any additional effects in the target area. The smaller dead-weight is, the higher will be target area additionality.

There is a close link between mainstream programme bending and target area additionality. The more mainstream programme spending is diverted into the target area from other areas, to supplement SRB funding, the higher the target area additionality is likely to be. SRB spending itself is additional to the target area by definition, since it could not be spent in the target area if the SRB Challenge Fund did not exist. The extent of SRB spend plus main programme bending provides a measure of additionality from the expenditure side. But additionality should also be assessed independently from the output side since expenditures do not translate into outputs in a uniform way and there are extra dead-weight/displacement/substitution effects in assessing the outcomes of the expenditure in the local economy e.g. where beneficiaries receive “an output” but do not change their behaviour such as to generate an additional outcome in the local area. Additionality of outcomes is frequently lower than the additionality of project expenditures, because there is an extra layer of potential dead-weight at the output/outcome end of additionally

funded projects in the area. At this interim stage it is not feasible to take account of all the displacement and leakage effects which are occurring at the project level. The assessment of local area additionality in the final evaluations may well be lower than the estimates below carried out at a programme or sub-programme level.

Additionality of public expenditure for target areas and local economies.

Using the information for the 20 case studies presented in tables 11.2 and 11.3 public sector funding additionality can be estimated at the target area level and at LA District/TEC area level. SRB funding plus short distance main programme bending expressed as a percentage of total public expenditure is target area additionality. Local area additionality is SRB spending plus long distance main programme bending expressed as a percentage of total public expenditure on the scheme. These are shown for the 20 case studies in table 11.4.

Taking all 20 case studies together the additionality proportion of public spending averages 57% for the target area and 44% for the local area economies as defined by LA District/TEC areas. There is considerable variation around these averages ranging from 100% expenditure additionality in the West Midlands Industrial Club to as low as 34% (target area) and 29% (local economy) in Central Brighton and 40% (target area) and 35% (local economy) in Woolwich. The reason for the latter is the huge amount of EP funding for Woolwich Arsenal refurbishment which would largely (but not completely) have gone ahead anyway without the SRB scheme.

Some 12 of the case studies have public sector funding additionality in excess of 60% at the target area level and 11 of the 20 case studies have funding additionality of 50% or more at the local economy level.

Additionality of programme/project outputs in SRB case study schemes

The assessment of the additionality of scheme outputs was assessed by members of the evaluation team in discussion with lead partners and other prominent partners in each of the 20 case study schemes. This involved jointly reviewing groups of different types of projects within each scheme

and attempting to answer the question “what would have happened to each group of projects if SRB had not existed?”. The evaluation team then weighted the answers for each group of projects to arrive at a broad estimate of output additionality for each of the 20 schemes as a whole. These were then weighted together by expenditure weights to arrive at average additionality for the 20 case studies taken together.

Table 11.4 Additionality of public sector funding in SRB case study target areas and local economies

Case Study Schemes	Funding Additionality (%)	
	Target Area	Local Economy
1. Northumbria Community Safety	50	50
2. West Midlands Industrial Club	100	100
3. Limes Farms Partnerships	66	26
4. West Cornwall Initiative	56	31
5. Brent and Harrow	85	80
6. Hangleton Knoll	86	76
7. Bristol 2020	74	67
8. Merseyside Learning Partnership	58	58
9. Chalkhill	86	75
10. Lancashire Manufacturing	51	31
11. Canalside Rochdale	70	45
12. Wolverhampton	62	53
13. Swadlincote Woodlands	62	40
14. South Leytonstone	65	55
15. Central Brighton	34	29
16. Sunderland	79	76
17. Hull City Vision	59	38
18. Nottingham	57	44
19. Greenwich/Woolwich	40	35
20. Royds Bradford	78	65
Total	57	44

Source: SRB Evaluation Team, Dept of Land Economy.

In answering the basic “what if” counterfactual position in the absence of SRB, lead partners were guided towards five key possibilities as follows:

In the absence of SRB, scheme projects would have:

1. Gone ahead unchanged - no additionality
2. Gone ahead later - scored as 10% additionality for each year projects were brought forward in time by SRB

3. Been of lower quality - percentage increase in quality scored as percentage additionality
4. Been of a lower scale - percentage increase in scale scored as additional
5. Not gone ahead at all - 100% additionality

All five types of response were made by lead partners (partners) either for their scheme as a whole (if small) or more commonly for different parts of their scheme. In many schemes the answer was a mix of the five possible responses. By and large this difficult question was answered carefully and comprehensively by lead partners (partners). None of the case study schemes scored zero additionality and only one scheme scored as 100% additional in the target area. In some cases projects additional to the target area would in the absence of SRB have gone ahead elsewhere in the wider local economy indicating lower additionality for the local economy than for the more narrowly defined target area.

The results of the assessment of additionality from the project output side are shown for each of the 20 case studies in Table 11.5, which also shows the average additionality percentage for the 20 case studies as a whole, when weighted by public sector expenditure weights. For individual case studies there are significant differences in additionality estimates between outputs and public sector costs. Some of these differences may well be genuine and be caused by larger projects, in their early days, generating unexpectedly high or low gross outputs per unit of input. In some cases positive partnership effects have also contributed to good design and management of projects leading to high outputs.

However, the average additionality ratios for the 20 case studies taken together are very similar to those generated from the analysis of additional scheme expenditure. For the target area, the average output additionality ratio was 55% and for the local economies 43%. This compares with 57% and 44% respectively for the expenditure analysis. All these estimates involve considerable judgement both from lead partners and the evaluation team and will be subject to wide margins of error partly because they relate to only the first two years of schemes which have up to seven years duration but also because this is an interim assessment in which measurement difficulties are pronounced. For these reasons average additionality estimates should be set in a range of 50-60% for target areas and 40-50% for local economies.

These are not untypical of estimates established for other types of regeneration initiatives - indeed given the scale of SRB they are relatively high.

Smaller case study schemes tend to generate higher additionality ratios than larger schemes. Smaller schemes operating at the margin have a greater opportunity to select only those projects which are highly additional. But whilst such smaller schemes are highly cost-effective they tend to nibble only at the edges of an area's economic and social problems. Larger more comprehensive schemes, which involve considerable mainstream programme as well as SRB funding, tend to be somewhat less additional. Given that many case studies are of this larger comprehensive type, and that they carry a large weight in the average additionality assessment, the conclusion must be that early indications of the additionality of SRB schemes as a whole are encouraging. Local partnership programme delivery can generate additional outputs at least on a par with schemes with other types of delivery mechanism, such as single focus regeneration agencies.

11.10 Value for money in case study schemes - actual 1995/6 and 1996/7

This section examines the value for money of the 20 case study schemes as a whole. Value for money is measured as the ratio of Exchequer costs to net scheme outputs or benefits i.e. cost effectiveness. In some regeneration schemes, which have a single objective, a single cost/benefit ratio, such as "cost per job created" might be taken to represent cost effectiveness or value for money. In the case of SRB, which has multiple interacting objectives, this would not be appropriate. In those cases we first prepare a simple cost/benefit account which confronts scheme Exchequer costs with a basket of different types of net output/benefit which cannot be added together into a single indicator. The cost benefit account for the first two years life of the 20 case studies is shown in Table 11.6 Total Exchequer cost amounts to £171.7 million of which £55.7 million is SRB funding and £116.0 million is funding by other public sector organisations.

Table 11.5 Assessment of case study scheme output additionality

Name of Case Study	Assessment of lead partners	Scheme Additionality Assessment	
		Target Area	Local Economy
1. Northumbria Community Safety	Would have been lower quality (30%) and lower scale(50%) and much slower. Community Safety Strategy & SRB2 would not have gained reputation without Drugs Accord Initiative	85	85
2. West Midlands Industrial Club	Would not have gone ahead at all	100	100
3. Limes Farm Partnership	7% lower scale Housing Scheme & 50% lower scale other elements	45	35
4. West Cornwall Initiative	Unchanged 3% of projects, lower quality for 20% of projects (50% quality reduction), lower scale for 25% of projects (20% lower), 50% project not gone ahead, 2% of projects gone ahead outside bid area	65	60
5. Brent & Harrow	Community Works would not have gone ahead at all. New business development & Understanding Business would have been done to lower scale	75	70
6. Hangleton Knoll	There would have been some delayed projects & some would not have gone ahead at all	80	70
7. Bristol 2020	15% of projects unchanged, 20% of projects would have been delayed (24 months), 10% lower quality (20%), 30% lower scale(50), 20% not gone ahead at all & 5% would have gone ahead outside area	46	41
8. Merseyside Learning Partnership	Lower quality by 10% & lower scale by 30%	60	60
9. Chalkhill Estate	Project would have been done to lower scale (50%)	50	40
10. Lancashire Manufacturing Partnership	Some reduction in quality (15%) & some at lower scale (30%), others would have gone outside area altogether	55	45
11. Canalside Rochdale	Approx. 10% would have gone ahead, 5% delayed (24-36 months), 30% reduced quality/scale, 50% would not have gone ahead & 10% would have gone outside the area	65	55
12. Regenerating Wolverhampton	20% of projects unchanged, 30% not gone ahead, 50% lower scale or quality	55	50

Table 11.5 contd.

Name of Case Study	Assessment of lead partners	Scheme Additionality Assessment	
		Target Area	Local Economy
13. Swadlincote Woodlands	Large majority of projects would have gone ahead unchanged. Most would have had reduced scale, some reduced quality/delays, some would not have gone ahead at all	50	40
14. South Leytonstone Community Partnership	Some lower scale by 50% and 50% of projects would not have gone ahead at all	60	50
15. Regenerating Central Brighton	Many projects would not have gone ahead with exception of New England House Project & poss. some of street improvements in Sydney St. It is likely that some of these other projects would have gone ahead at a later date & probably lower quality, but due to the number of projects would be difficult to quantify	45	35
16. City of Sunderland Partnership	40% of projects would not have gone ahead. Others brought forward by 36 months, some projects diverted to target areas	70	55
17. Hull City Visions	Housing refurbishment would have been carried out to lower scale. Non housing projects would not have gone ahead at all	60	50
18. Nottingham Capturing the Dynamics	10% projects gone ahead unchanged, 40% reduced scale/quality/delay, 40% not gone ahead & 10% gone ahead elsewhere	55	45
19. Greenwich-Woolwich Revival	Many projects would not have gone ahead. Others would have had reduced quality/scale/delay. Some would have gone out of the area	45	35
20. Royds Bradford	Lower scale (30-40%)	65	60
Total 20 Case Studies		55	43

Source: SRB Evaluation Team, Dept of Land Economy.

The benefit side of the account measures net additional benefits for the SRB target areas of the 20 case studies and for the local economies in which they are situated after allowing for displacement. These are measured by taking the gross outputs and then applying the additionality ratios for target areas

and local economies as set out in table 11.5 above. For ease of presentation only principal output/benefits are shown.

Table 11.6 Case study cost/benefit account 1995/6 and 1996/7

Exchequer cost £ million		Net Additionality Benefits ¹		
SRB	55.7		Target Area	Local Economy
Other Public Sector	116.0	Number of jobs created/safeguarded ²	4568	3737
Total	171.7	Number of pupils with enhanced attainment (000s)	93.8	76.8
Notes: ¹ Principal outputs/ benefits only ² Excluding construction jobs ³ Includes those becoming self employed		Number of people trained with qualifications (000s)	6.2	5.0
		Number accessing employment through training ³ (000s)	3.7	3.0
		Number of target disadvantaged obtaining employment (000s)	1.0	0.9
		Number of young people receiving personal/social development (000s)	27.8	22.8
		Number of new business start-ups (000s)	1.0	0.8
		Number of businesses advised (000s)	2.0	1.6
		Number of dwellings completed/improved (000s)	1.3	1.0
		Hectares of land retained/improved	68	55
		Number of community safety beneficiaries (000s)	150.4	123.1
		Numbers using additional health, sports, cultural facilities (000s)	28.0	22.9
		Number of voluntary community groups supported	1475	1206
		Number employed in voluntary sector	1068	874
	Number of child-care places provided	394	323	

Source: SRB Evaluation Team, Dept of Land Economy.

A variety of principal net benefits were generated ranging from jobs, training, and pupil enhancement, through to houses built/improved, land cleared and

community beneficiaries. Thus in the target areas of the 20 case studies some 4,568 net jobs, 93,800 pupils with enhanced attainment, 6,200 trained people with qualifications are prominent amongst the many other benefits achieved.

Given the nature of SRB, it would be highly misleading to select a single cost benefit ratio such as a cost-per-job of £37,600 and use this as a guide to cost-effectiveness. Instead we measure how much of each item within the overall basket of net benefits was generated for every £20,000 of Exchequer cost incurred. This is shown in Table 11.7.

Every £20,000 of Exchequer cost incurred in the target areas of SRB case study schemes generated, on average, approximately half a job, enhanced educational attainment for 11 pupils, almost 1 person trained with qualifications, personal development training for 3 young people, 20% of a new or improved house, additional community safety for 17 residents, and sports/cultural facilities for 3 people. These are only the principal regeneration benefits - other benefits flow in the form of business support, land clearance, support for the community and voluntary sector and in child care places. For disadvantaged areas, containing relatively high numbers of the socially excluded, this represents a good mix of economic, social, community and environmental benefits which are being delivered cost effectively.

11.11 Indicative value for money for the whole of SRB rounds 1 and 2.

Grossing up from a sample of 20 case studies to almost 400 in rounds one and two is necessarily very approximate, but it is only the additionality parameters from the case studies which are assumed to prevail across the population of schemes as a whole. The expenditure figures and gross output figures are available to us for all schemes on the basis of expected values for the duration of each scheme. Thus whilst it would be mistaken to claim that precise estimates of value for money can be made for all schemes, taken together a broad indication of likely overall value for money can be given on the basis of all scheme delivery plans and case study based additionality parameters.

Table 11.7 Net additional benefits generated in 20 SRB case studies for every £20,000 of Exchequer cost incurred

	Target Area	Local Economy
Number of jobs created/safeguarded	0.5	0.4
Number of pupils with enhanced attainment	10.9	9.0
Number of people trained with qualifications	0.7	0.6
Number accessing employment through training	0.4	0.35
Number of young people receiving personal development	3.2	2.7
Number of business start-ups supported	0.1	0.1
Number of businesses advised	0.2	0.2
Number of dwellings built/improved	0.2	0.1
Hectares of land cleared	0.008	0.006
Number of community safety beneficiaries	17.5	14.3
Numbers using additional health, sports and cultural facilities	3.3	2.7
Number of community/voluntary sector groups supported	0.2	0.1
Number doing voluntary/community work	0.12	0.10
Number of child-care places provided	0.05	0.04

Source: SRB Evaluation Team, Dept of Land Economy.

Table 11.8 presents the results of the interim value for money exercise for all rounds one and two SRB schemes. The results show the principal additional benefits generated in both target areas and local economies per £20,000 of Exchequer expenditure. The results are therefore broadly comparable with the interim case study value for money assessment based on **actual** expenditures and gross outputs achieved after only 2 years.

Generally the expected value for money for all schemes over the full duration of the schemes is very similar to the actual early value for money achieved in case study schemes. The basket of net benefits per unit of Exchequer cost is similar for all schemes (expected outputs for the whole duration) to the actual value for money achieved in the first two years of case study schemes. To this extent the VFM results obtained in the final evaluation of SRB case study schemes, may not be very different from these provisional results arising from this interim evaluation of early actual results for case studies or the final expected end-state position for all schemes. The evidence so far suggests that the cost may well be typical of the average cost effectiveness of all schemes.

Table 11.8 Principal additional benefits generated in target areas & local economies per £20,000 of Exchequer expenditure

	Target Areas	Local Economies
Jobs created/safeguarded	0.5	0.4
Pupils with enhanced attainment	4.8	4.0
Numbers trained with qualifications	0.8	0.6
Numbers accessing employment through SRB assistance	0.7	0.6
Number trained obtaining jobs/self-employment	0.1	0.1
Number of young people receiving personal development	1.7	1.4
Number of new business start-ups	0.1	0.1
Number of businesses advised	0.2	0.2
Number of houses completed/improved	0.2	0.2
Numbers benefiting from community safety initiatives	15.0	11.5
Hectares of land cleared	0.01	0.01
Numbers benefiting from health, cultural sports & community facilities	14.5	11.9
Number of community/voluntary sector groups supported	0.1	0.1
Number engaged in voluntary/community work	0.12	0.2

Source: SRB Evaluation Team, Dept of Land Economy.

On the basis of the additionality parameters which have been estimated in section 11.10 it is possible to produce a tentative estimate of the principal additional benefits that the SRB initiative has been able to bring to the target areas and local economies on which it has been focused. This is shown in table 11.9. The overall volume of net additional benefits is significant, with, for example, some 56,000 jobs created or safeguarded and many other outputs across the full sections of the economic, physical and social

Table 11.9 Principal additional benefits generated in target areas & local economies for the nation as a whole

	Target Areas	Local Economies
Jobs created/safeguarded	55910	44728
Pupils with enhanced attainment	536736	447280
Numbers trained with qualifications	89456	67092
Numbers accessing employment through SRB assistance	78274	67092
Number trained obtaining jobs/self-employment	11182	11182
Number of young people receiving personal development	190094	156548
Number of new business start-ups	11182	11182
Number of businesses advised	22364	22364
Number of houses completed/improved	22364	22364
Numbers benefiting from community safety initiatives	1677300	1285930
Hectares of land cleared	1118	1118
Numbers benefiting from health, cultural sports & community facilities	1621390	1330658
Number of community/voluntary sector groups supported	11182	11182
Number engaged in voluntary/community work	13418	22364

Source: SRB Evaluation Team, Dept of Land Economy.

