

**EVALUATION OF THE SINGLE REGENERATION
BUDGET CHALLENGE FUND; AN EXAMINATION OF
UNSUCCESSFUL BIDS**

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October 1996

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PREFACE

The Single Regeneration Budget Evaluation Unit

The Department of Land Economy long-standing interest and expertise in the evaluation of urban and regional policy was underpinned in 1995 by the decision by the Department of the Environment to award to the Department its major research project for the evaluation of regeneration activities funded under the Single Regeneration Budget. The research represents a programme of work which runs to 2003. It is led by Peter Tyler (University lecturer) and John Rhodes (Senior Research Fellow in urban regeneration) assisted by Angela Brennan (full-time Research Officer). The core team is further complemented by Howard Glennerster, Mark Kleinman and Christine Whitehead from the London School of Economics and Mark Speed, Mike Everett and Bobby Duffy from MORI.

A Note on the Single Regeneration Budget

The Single Regeneration Budget (SRB) was introduced in April 1994. It combines twenty previously separate programmes and its main purpose is to provide flexible support for sustainable development and industrial competitiveness in England in a way which meets local needs and priorities. The SRB regime has undertaken to honour on-going commitments and in 1994/95 this amounted to all of SRB spend in that year of £1.4 billion. In 1995/96 following a competitive bidding round administered by the Government Offices in the Regions around £1 billion of new money has been committed to regeneration schemes, some of which will last for seven years. It is with the achievements of these schemes, financed under the SRB Challenge Fund, that the evaluation approach described in this paper is concerned. The SRB also supports the activities of three groups of non-Departmental public bodies whose budget is ring fenced within the SRB budget total. These are English Partnerships, the Urban Development Corporations (UDCs) and Housing Action Trusts (HATs). These are not the subject of the current evaluation.

1 INTRODUCTION

The terms of reference for the evaluation of SRB include an examination of ten case study bids which were unsuccessful. The purpose of this examination was to gauge the reaction of Partnerships when their bids fail, to find out what subsequently happens to Partnerships after their bid has been rejected, and generally to explore what illustrative lessons can be learned from these unsuccessful bids about the SRB bidding process which may be relevant to the future conduct of the programme.

A short paper was presented to the first Advisory Group selecting the ten case studies. All of the ten case study Partnerships selected subsequently agreed to participate in the evaluation but the Hants Education Business Partnership was later taken out of the sample because the main people involved in preparing this bid, both in the lead partner organisation and in other partners, had left their posts and moved on, so that there were no knowledgeable people to interview. This bid was replaced by the Surrey New Business Support Programme which is as near as possible we could achieve as a direct replacement.

The ten case studies are:

		R1/R2	SRB spend (£m)	Region	Lead Partner
1	Canning Town	1	21.5	LO	LA
2	The Erewash Partnership	1	1.8	EM	JOINT
3	Crawford House Partnership	2	6.1	ME	COM GP
4	Gloucestershire Growing	2	1.1	SW	TEC
5	Bury 2000	1+2	8.6	NW	JOINT
6	Southern Neighbourhood Initiative	1+2	3.1	NE	LA
7	Midlands Refugee Support	1+2	0.3	WM	VOL
8	Raising Achievement in Numeracy	1	0.3	YH	LA
9	Surrey New Business Partnership	1	0.6	SE	TEC
10	The Boarded Barns Estate	1	1.5	ES	LA

The previous case study selection paper explained the criteria used to select the ten unsuccessful bids. One was taken in each Government Region area. There was to be a variety of types of lead partner and bid sizes (as measured by SRB lifetime expenditure). Two round 1 unsuccessful bids were selected

which were subsequently successful in round 2. Two round 2 unsuccessful bids were included as were three bids which were unsuccessful in both round 1 and round 2. Finally three bids from round 1 were included in which the Partnership concerned did not go on to prepare bids in round 2.

It should be emphasised that a sample of 10 unsuccessful bids, although providing a good spread in terms of characteristics, cannot be statistically representative of the experience of all unsuccessful bidders. What they can do is provide illustrative material of the experiences of these 10 unsuccessful bidders.

The research method used as a basis for this paper was to interview the lead partner of each of the ten unsuccessful bids and other partners who played a role in the design and preparation of the bids. These interviews were based on a structured questionnaire. Interviews were also held with administrative officers from the SRB section of each of the ten Government Offices for the Region (GOR). These interviews covered each of the ten case study unsuccessful bids from the experience and perspective of GORs but the discussion also ranged wider to cover experience relating to failed bids in general. Issues raised by bid partners relating to the bidding procedures, the bidding guidance, the bidding timetable and the bid appraisal system could then be discussed with GOR officers in order to gain an understanding of perspectives on either side of the Challenge Fund bidding procedures.

The structure of this paper is as follows. Section 2 presents the findings of the research on the unsuccessful bid Partnerships - how and when they formed, their structure, how they prepared the bid, their relationship with GORs, their views on the competitive bidding process, the bidding guidance, and the appraisal process, and what happened to the Partnership subsequent to their bid being unsuccessful. This is followed by the main findings on the views of GORs relating to their own case study unsuccessful bid as well as experience or insights relating to unsuccessful bids more generally. The appraisal process in the regional offices was also examined. Section 3 draws out illustrative conclusions which may be of interest in considering the conduct of SRB and its administration in future rounds. A short two page summary of the main characteristics of each of the ten unsuccessful case study bids is presented in appendices.

Origins of the Partnership

Whilst only a relatively small sample, the ten case studies chosen did represent a good spread in terms of a number of key characteristics. Thus, there was a geographic coverage between north and south and urban and rural. There was a mixture of type of problem being tackled and thus the underlying objectives of the regeneration initiative. There was also a wide diversity in the type of lead partner.

Half of the Partnerships examined had formed prior to the bid, but in all cases the formation was relatively recent and there was little evidence of the partners having acted together across a very broad front to secure wider strategic city/region regeneration objectives as such. Where there had been co-ordinated action previously it had usually related to a direct economic objective like the attraction of inward investment or business development. In these cases there had usually been some attempt to produce a broad statement of the economic objectives being pursued.

The person or organisation which had inspired the Partnership either before or as a result of SRB, varied considerably, it often being the case that there was a key individual who saw the need or opportunity. This individual could be employed in a range of different institutions, although commonly in a local authority or increasingly a TEC. Most Partnerships had a relatively loose structure at the stage examined, reflecting a diversity of interests and a desire for a fairly transparent and democratic management structure.

Whatever its conception, once formed the Partnerships examined were determined to remain together as a coherent group. Nearly three-quarters fell into this category and clearly only time will tell whether durability will diminish with lack of success in obtaining funds from what ever source. The desire to stay together reflected a number of factors, but in most cases the partners concerned recognised that strategic Partnership was becoming a pre-requisite for success in obtaining funds. This was particularly the case where the local authority or a TEC was taking the lead where there was usually a fairly clear understanding that the Partnership had to be effective in the sense

of having a clear strategy and thus more than the desire to fund the project or programme that was the current source of interest.

Origins of the SRB bid

In the majority of cases the idea for the bid had come from the lead partner. Most saw the SRB regime as the direct replacement to the traditional source to which application would have otherwise been made. Two of the bids would have been candidates for Estate Action. There were examples however, where the lead partner who inspired the bid was applying for SRB with no previous history of previous policy application and for whom the relatively open and diverse type of applications which the SRB can encourage was particularly attractive. In this sense, the SRB regime was attracting new participant local organisations.

The objectives behind the failed first bid were formulated by the partners in a number of ways. In some cases there had been some recent research into the nature of the problems facing the local area concerned and this had pointed-up key issues. This was true in approximately half of the case studies. Such research, coupled with the past experience of the individuals involved, focused the key objectives, although in the bid documents it is frequently the case that objectives are not properly specified and are either too broad or vague.

The evidence from the case studies indicated that the actual size of the bid was frequently not well thought out. The decision was a mixture of past experience in the case of local authority orientated bids or rather hit and miss in the case of the rest. Some argued that the bid size was dictated by relative needs. The overall result, however, was that frequently bid sizes were too large. This was coupled with relatively poor leverage ratios as the partners struggled to find adequate matching support. Most bids took advice from the Government Regional Office and recognised that a guiding principle was that the duration of the bid should reflect the scale of the task being contemplated and thus the capacity of the Partnership to be able to guarantee delivery.

The decision of the target area chosen for the attention of the bid was usually based on research into relative need which had been commissioned by one or

more of the partners in the recent past. In the majority of cases the broad objectives of the bid reflected the original perceived needs of the areas concerned and partners were helped by previous research.

Just over half attempted to produce bids in a consultative manner, although the scope for this was a function of the different size of the members of the Partnership, the timetable and nature of the bid being prepared. In one or two cases bid preparation did not reflect a great degree of consultation between respective partners. Very few of the non lead members of the Partnerships held individual discussions with the Government Offices, with the exception of the TECs. There was little evidence of potential partners declining to participate with a lead partner in the preparation of a bid with the exception of a community led bid where the community group concerned was unable to obtain support from the local authority. Since Partnership involvement is a pre-requisite for a successful bid it was a severe difficulty for the lead partner concerned. Consultation between lead partners and community groups in about four of the case studies led by the local authority were successful and this was often achieved by open public meetings on council premises.

The bidding process

The lead partners were asked a series of questions which related to the bidding process and what they thought about various aspects of it. They were asked at which stage of the bidding process they gained access to the bidding guidance documents. Seven of the Partnerships had the guidance at the start of their bid preparation, one during the bidding process and two when the bid was almost complete! Both of these related to Round 1 bids and GORs doubted the reliability of bidders memories as to when bidding guidance had been received. Bidding guidance may not always reach all the personnel in the Partnership who are actually engaged in bid preparation.

The 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 output measures, appraisal procedures and the timing of the bid procedures.

Eight of the failed bid Partnerships commented on the bidding guidance. Of these one was fully satisfied with the guidance. Two other Partnerships were satisfied with most of the bidding guidance, although one of these had benefited from having to meet requirements associated with the European Structural Fund Single Programming Documentation and this had helped in their induction process (There was the comment made that one was being asked to engage in a considerable amount of crystal ball gazing in giving estimates of benefits in the future).

Other Partnerships were more critical of the bidding guidance. The comment was made from a non local authority bidder that the "lay out was repetitive and confusing. The baseline was a nightmare. Never done gross outputs before. Poor guidance on costs/leverage, and the timing of bid presentation was wrong in so far it conflicted with the holiday season which was traditionally recognised as a bad time to get people together."

Another bidder commented " Too much jargon, not user friendly. Too many sections". A more community orientated Partnership commented "Content not specific to needs of community groups, although it all became clearer once the Regional Office was consulted. Unclear about the strategic objectives section and felt the appraisal guidance was unclear." Another bidder, this time with a local authority lead commented that "the output measures lead to duplication and definitions sometimes confusing." These comments came mainly from Round 1 bidders who had previously not been familiar with these kind of guidance documents anyway.

On a positive note there was recognition that the components of the bidding process were valuable in providing structure and direction in articulating a regeneration strategy. There was the comment that it might be helpful to have a manual which gave guidance on the broad ranges of gross outputs that one might expect to see associated with specific projects and that this would help those who were relatively new to such procedures, or who had been used to alternative bidding procedures as was frequently the case with the community sector.

The time taken to prepare bid documents varied significantly. The shortest time taken was six man weeks. The longest over thirty man weeks. The average was about sixteen weeks from beginning to end.

The number of face to face meetings held with the Regional Office varied from none to a maximum of four. The average was two. Some bidders did not appreciate in Round 1 how important it was to take up the offer of face-to-face meetings with Government Officers.

The bidders were asked to comment on their relations with the Government Regional Offices during the outline bidding stage. As might be expected there was greater satisfaction amongst those who had direct experience of Round 2 in which the outline stage was introduced when things had bedded down more than those whose memories were more associated with only Round one where there was no formal outline stage and advice was “woolly.” Overall there was general satisfaction with the advice received.

At the final bid stage there was considerable variation in the effort which individual bidders had put into making contact with the Regional Offices. 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 three Partnerships as to whether they had been pointed clearly 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.

Interestingly, only two of the ten bids actually feel that they changed their submissions fundamentally between the outline and final bid stage and this was mainly to reduce the size of the bid. This was a reflection of the sheer difficulty which Partnerships said they experienced in actually changing direction in a fundamental way within the timescale involved and the resources available to them in terms of manpower and getting the bid together. It also reflects a degree of inertia and some complacency amongst bidders.

The reasons for the 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 was concerns about the Partnership being able to deliver what was being suggested. A further concern was the actual strength of the Partnership and the ability of the partners concerned to achieve the synergies proposed. The extent to which failings in a number of areas compromised the bid can be discerned when it is realised that the view of the Regional Offices in virtually all cases was that the bid concerned was a clear failure.

The view of each Partnership as to whether they felt that the reasons given by the Regional Office were valid varied considerably, with a large majority feeling that the comments were spot-on and the spur they needed to get on and do a better job and only two feeling that they had been let down and that the reasoning did not allow for the different capabilities of organisations making bids. This sentiment was strongly felt by the Community Groups in the community led case study Partnership but not by Community Groups in Partnerships led by other types of organisations.

The 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 the 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. It was of interest in this respect to compare the views of the Partnerships with the evidence from the Regional Offices as to the progression of the bids within the appraisal procedures. Whilst there will always be many factors which are relatively difficult to quantify in the overall decision to reject a particular bid the evidence from the Regional Offices was of a fairly rigorous application of the assessment criteria by a relatively large number of officers in order to ensure equality in treatment.

The Partnerships were also asked for their views on the overall competitive nature of the challenge fund bidding process and what changes did they feel would be desirable. Opinions differed 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. One ethnic minority Community Group led bid considered itself to be at a particular disadvantage.

There were a number of comments made as to what improvements the Partnerships would like to see to the existing regime. With respect to the bidding process a common concern related to timing. Reference was made to the summer period as being difficult, and as might be expected there was a desire to have appraised results earlier. One Partnership felt that more regional officer resources should be made available to them to help in the preparation of bids. It was also suggested that there might be more effort made by the Government Office for the Region to provide guidance manuals particularly for the weaker participants. In terms of relations with the Regional Offices the common request was for more access, better lines of communication 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.

Partnerships were asked whether they had benefited from the whole process of forming the Partnership, preparing the bid and going through the scrutiny involved. Opinions differed considerably. Some, most notably those who had been subsequently successful on another round, felt that it had been a very necessary learning process, a shaping-up exercise which had improved their economic development capacities. Others, most notably those who had not benefited as yet at all in the SRB bidding procedures, felt a lot less positive and the view was expressed that new small Partnerships needed a better system of access.

Events following the bid being declared unsuccessful

The expectation was that cases would differ according to the subsequent success or otherwise of the Partnership in the next round of the SRB. The unsuccessful case studies were divided into four categories. The first related to those Partnerships which were unsuccessful in Round one and chose not to bid in Round two (three cases). The second was those Partnerships which were unsuccessful in Round one and successful in Round two (two cases). The third was those Partnerships that were unsuccessful in both Round one and Round two (three cases) and the fourth group was those who were unsuccessful in Round two and who had not bid in Round one (one case). The tenth case study emerged as a bid that had been unsuccessful in Round two following a successful bid in Round 1 by the same lead partner.

All three of the bids which were unsuccessful in the first round and which did not bid in the second round were not encouraged to make a second bid by the Regional Office. Only one of the three is bidding for Round three and in this case the Partnership has been reformulated. The reaction of the Partnership varied from “intense disappointment because they felt that the impression had been given that they would be successful”, “disappointment but they had been determined to do it anyway”, to a “resigned acceptance.” The reaction of the partners was suitably philosophical, tempered in two cases by the belief that hopefully some component might be taken forward in some way in the future. All Partnerships bemoaned the considerable time and resources expended. The attitude of the Regional Office was fairly formative in the decision not to try again with the same bid, coupled with advice on alternative mechanisms for funding. The main reasons for these bids failing was weak Partnership arrangements, lack of strategic focus, and low level of private sector involvement.

The continuing status of the original Partnership varied with one still existing, one reformation and one outright dissolution. In the case of the remaining original Partnership there was the view that the Partnership had developed more strongly subsequently with the addition of new members. The maintenance of the integrity of the Partnership was helpful for ensuring the continued presence of the community and voluntary sector. In this case other regeneration projects were being undertaken with funds from elsewhere, some aspects of the original regeneration actions proposed for SRB support

had been undertaken and the Partnership was expecting to make a Round four bid.

The attitude of the two Partnerships which had been unsuccessful in Round one but successful in Round two was quite different to those unsuccessful in Round 1 but who did not bid in round 2. In both cases in rejecting the Round one bid the Regional Office suggested that a revised bid be made for Round two with clear suggestions as to where improvements might be made. The second bid was regarded as being fundamentally different to the first. One Partnership was able to incorporate a substantial job creation component by changing the geographical focus of the bid, whilst the other Partnership re-orientated its bid to demonstrate a powerful sense of coherence in terms of strategic objectives and the overall cohesion of the Partnership and its overall mission. Both Partnerships felt that the Round one experience had been an invaluable learning process.

The structure of the Partnership also changed significantly between the two bids. In both cases there was stronger involvement of both the community and the private sector. The geographical coverage of the bid was altered to either give more focus or include other important strategic land uses. There was the clear view in these cases that there was an added sense of purpose and focus to the bids which enhanced their chances of success.

The two Partnerships were asked for their views on the improvements they had observed between Round one and Round two in the bidding guidance and procedures. One indicated that the bidding guidance had been available much earlier. Both Partnerships went to greater lengths to get advice and assistance from the Regional Office and felt that there was clearly more experience overall as to the nature of what was on offer. There was a feeling that the bidding guidance proforma was more straightforward by Round two.

At the present time both Partnership initiatives which had received funding under Round two were perceived to be making good progress. What was significant was that in both cases the Partnerships were planning other regeneration activities within the areas concerned and thought that real progress was likely for a wider strategic area.

Three of the Partnerships had been unsuccessful in both Round one and Round two. All three had been encouraged to make a second full bid.

One of the bids was substantially modified in Round 2 in the sense that there was more geographical focus, a longer duration to ensure that the deliverables could be achieved and better value for money. The Partnership was stronger, with a greater coming together on the part of the voluntary sector although the same core members were still present. The decision to make a second bid reflected the view of all concerned that there was an urgent need to resolve the housing and labour market problems of the deprived area concerned. Moreover, cohesion in the Partnership was building significantly. In developing the second submission the lead partner sought to achieve better geographical focus and balance in terms of strategic objectives, reduced size and enhanced leverage.

The failure of the second bid produced considerable disillusionment amongst the partners, particularly the community groups who sought to remonstrate with a representative from the Regional Office who had the unenviable task of explaining the decision to them. It is significant however that the actions of the lead partner had ensured that the Partnership had remained firmly in place and a revised third round bid is currently being prepared, this time reflecting yet more geographical focus, improved balance in terms of the range of benefits and enhanced leverage. Irrespective of the success of the Round three bid the need to regenerate the area concerned remains as great as ever and it is the view of the Partnership that they will have to find the resources eventually to do it.

Another of the bids sought to make some change in the second bid relative to the first, particularly in terms of the strategic objectives. The second round bid was considered to be fuller but with hindsight still not developed enough because of lack of time and resources. It was recognised that the housing proposal would be a controversial component of the bid but significant change to it was not made in Round 2. The strength of the Partnership improved slightly through more consultation, particularly with community groups although it was acknowledged that the community element of the Partnership was not as tightly integrated as it needed to be. The decision to resubmit reflected the view of the Regional Office that the underlying idea

was a good one. The bidders felt that they received more advice from the Government Office in the Round two. Rejection at the Round two stage provoked somewhat more disappointment, but some elements proposed in the regeneration package have subsequently been able to go ahead with other funding, perhaps as much as 25% of the original. The Partnership stated that a valuable learning process had occurred and that more resources were needed in preparing the bid, as well as ensuring more interaction with the Government Office. The Round three submission will be quite different, mainly in terms of its thematic focus and there is a strengthened Partnership in place.

The third case study in this group provided a different set of circumstances and responses. This bid was essentially led by a community organisation. The lead partner believed that they were encouraged to make a second round application by the Regional Office. The second round bid was different to the first in that there were attempts to enhance the status of the Partnership by the presence of key strategic players. The weakness of the first bid had been that there was no significant local authority or TEC support. In the second bid the lead partner sought to strengthen this, but the local authority in particular remained a reluctant partner. The second round bid also sought to improve the balance of strategic objectives and the overall leverage.

Failure at Round two has led to considerable disillusionment. Fundamental weaknesses remained with the bid throughout its two iterations. One central weakness was the inability of the community group leader to involve other larger strategic partners. A further problem was the inability of the community group to gain supporting funds to enhance leverage.

The views of Regional Offices on unsuccessful bids

This section summarises discussions with Government Regional Office managers as to how they respond to lead partners when they make a bid and how the bids are appraised at both the outline and final bid stage. It also summarises the views of the regional managers as to what have been the most important reasons for failure. Most of the Regional Officers contacted regarded the sample bids selected as being fairly typical of the failed bids which they had received. In one case the bid was believed to be atypical because it was of a better quality than the average, in another the bid was

believed to be different because of the staying power and tenacity of the partners concerned to stay together and carry on with the bid into new rounds of SRB funding.

The approach adopted by the Regional Office to potential bid Partnerships has been changing with the responsibility for the response tending to become more geographically devolved. With the benefit of hindsight some Regional Offices stated that the procedures adopted in Round one in some regions were relatively rushed owing to a tight timetable.

Once a potential bidder makes contact the preferred procedure is for an officer to visit the partners concerned and explain the process involved. Prior to this, although experience has varied between offices, there have been efforts made to alert those organisations/individuals who might be potential bid organisations about SRB and the Challenge Fund procedures. Some regions have held seminars in order to do this. All regions have mailed out the guidance notes to likely organisations. The broad approach has been to try to encourage potential bidders to make as early a contact as possible in order that the nature of the likely bid can be assessed and an officer with the appropriate expertise can then be assigned to make contact. Despite efforts to get bidders to make contact at the outline stage many did not and this was particularly a feature in the early days of Round one. As a rough order of magnitude perhaps a third of all eventual bids had not made contact in this way. Given that the number of bids can often be of the order of 40-50, this is a relatively large pool of organisations and individuals who have not even made use of the advice which has been available. The experience of the Round one however is now less typical as more organisations have become knowledgeable about the preferred procedures in order to maximise bid success. It has also been realised by some organisations that it is possible to look at previously successful bids on deposit at the Regional Office and thus gain some indication of best practice, although the extent to which this facility is being drawn upon is probably well below what it should be.

In broad terms the appraisal procedure is generally the same for the outline as for the final bid stage. The researchers were impressed by the thoroughness and essential fairness of the appraisal system within the obvious resource constraints within which it has to operate, including a tight time-table. The diversity of the bids puts considerable strain on the system in terms of its ability to ensure that the right department/person gets to view the application but in general this appears to be achieved well. Generally all functional directorates see all the bids and expert consultees are called in as and when appropriate should the bid involve a particular set of objectives that are relevant to specific organisations like the Council for Racial Equality etc. The bids go through rounds of increasing intensity with a simple scoring system used both for individual component features of the bid (i.e. relating to presence of a clear strategy, clear Partnership etc.,) as well as an overall score. In some regions the assessors attach an A, B, C, D grade and then the bids are assessed by the regional controllers within these bands. In some cases the assessment is even more demanding in the sense that all officers see all the bids and irrespective of the officers own speciality they are required to rank each bid. The broad thrust of the appraisal procedures is summarised in table 1.

Table 1 Appraisal Procedures

Outline bid appraisal	Final bid appraisal
Assessments made from pro forma. This goes to Lead Officer. Proforma copied to all lead officers, then region-wide to Assessment Panel (now also Div head of each geographical section), Panel decides which bids to encourage and send to Director & Regional Director.	Same process. Outcome recommendation to Minister. Directors and Regional Director meet with Minister. All bids through same process. Encouraged & discouraged treated the same (some discouraged at outline go on to be successful). Ministerial meeting does not change much.
Assessment on proforma by Panel. Bids are then ranked. Assessors views taken on board, all bids are graded. Panel issue letter to encourage/discourage/suggest better strategy be developed	Same way as for outline, all officers across departments in Regional Office.
Inter-departmental Working Group at Grade 7 level. About 10 members each bid also sent to 3 agencies (EP, Housing Corp, Nat Heritage) who provide written comments. Have 1 week to consider. Hold full meeting & decide on contact officer for each encouraged bid.	Meet bidders of encouraged bids July/Sept to help them prepare full bid. Each bid has 2 nominated officers for Working Group for 14-18 bids. Rank bids by quality, no highly formalised or mechanical scoring system. 20 senior people involved with consensus.
All appraised against formal guidance. Each bid is given a lead officer (with most experience on key element eg housing, education). Lead Officer identifies strengths/weaknesses of bid. All officers meet with others such as European Programme representatives take a day to discuss and score bids. Give list to Regional Officer & recommendations to Minister.	Same checklist as for outline. Makes it a level playing field for all. All encouraged bids have lead officer & will have meeting before final bid stage to set out pitfalls & explain formal requirements etc. Give written comments on draft. Lead Officer & Advisory Panel make decision sanctioned by Regional Office. In Round 2 all bids went to 3 assessors & comments were invited from a number of Govt agencies.
Interdepartmental Working Group, 10 officers at Grade 7. Appraisal not formulaic scoring. Judgement on key aspects; robustness of Partnership, delivery capabilities & credibility, additionality of SRB, relationship to other strategic actions, likely value for money.	Largely the same process as outline. 20 officers involved. Have sub-regional assessment meetings. Recommend to Directors who recommend to Minister.
Primary evaluation in four geographical groups. Every bid goes to each Directorate but each group only look at bids in their area. Departments see all bids & look across area. Assess using pro proforma, each bid is marked. Group leaders and Directorate look at all bids in a moderating meeting, the outcome forms the basis of the Management Board. By Round 3 each group also looked at all the bids form another area	Same as for outline. Functional Directorate see all bids. The need for consultant views originally met by core team would be supplemented by specialist Directorate as appropriate. This year at outline bid stage Directorate contact devolved

Source: Consultants Survey of Regional Offices

Table 1 Appraisal Procedures contd.

Outline bid appraisal	Final bid appraisal
Quite formal process, criteria & procedures followed. Team approach. Lead Officer and team complete proforma & send to GO division (every division by geographical area). There is extensive use of consultees, about 15-20 involved (5 from central office). Then passed on to Regional Director & Management Board.	Procedure are the same as for outline with an increasing level of intensity. The breadth of the proposals means that it is positively encouraged that all GOs in the area look at the bids.
Proforma used for all bids to ensure consistency. Extensive consultation of Govt agencies eg EP, Housing Corps etc as appropriate (depending on bid key element) this is usually done by correspondence. Each bid has 2 readers and the Area Team Leader who reads all the bids as does the Director. Recommendations are made by the 3 Area Team Leaders & Director to the Management Board.	More formal assessment. Use govt agencies more comprehensively (many attend meetings rather than just correspond) and more are consulted. Team Leaders do cross team reading so atleast 2 have read all bids. There are 3 Assessor meetings involving about 12-18 people. Three Area Team Leaders then meet to have final discussions, give Minister priority bids with the reserves.
In Round 1 bids appraised by 2 officers (3 in Round 2) in the core team plus HO secondee. All bids read & an initial sift made. Bids passed on to specialist agencies given a week to report. Each member of the team reads a number of the bids and scores them. A rated list is compiled and put to the Regional Board (5 Directors and Regional Director). The meeting takes about 1.5 days. The whole process involves 20-30 people excluding the Board.	More people involved at this stage & specialist agencies have longer to comment. Probably up to 40 involved overall, excluding Board. Board assessment takes 2 days to make recommendations & report to Minister. Core team members read twice as many bids than at outline & Team Leader reads all bids. Member from Regional Strategy Team also reads bids to give more balance.
Slightly more structured for Round 2. Each bid assigned a Leader from a pool of 12-14 officers (depending on their specialist experience). Outlines reviewed by Working Party which holds 2 appraisal meetings, use standard proforma. Comments put together in report, all written to June/July with decision to encourage/discourage, those encouraged are offered a further meeting at this stage.	Similar to outline. Working Party (12-14 officers) holds 3 meetings & puts recommendations out in late October. Meetings are longer at this stage. All bids are reassessed including submissions from bidders discouraged at outline.

Source: Consultants Survey of Regional Offices

Table 2: Communication to bidder by Government Office

Outline stage	Final bid stage
Suggest a meeting with encouraged bidders. Discouraged bidders get feedback and a meeting if they request. All get written communication	All rejected bidders offered further feedback
Statement about key problems with the bid	As for outline
Letter & invitation to meet & discuss bid	General letter to failed bids again inviting them to discuss reasons
Written letter if rejection, no reasons given but meeting offered	Written letter indicates outcome, offers meeting
General letter either encouraging/discouraging. Reasons given in a later meeting	General letter, reasons given in a subsequent meeting
Try to have meeting with discouraged bidders Encouraged bidders get letter & named contact	
Full communication. Major deficiencies pointed out & frank assessment given with appropriate recommendations	As for outline. Rejections invited to attend meeting for fuller explanation
Letter puts bid in context. Then state GO view encourage/discourage but stress that bidder can ignore this advice	Regional Director sends letter which goes into some detail about the failure.
Standard letter (encourage/discourage/middling). Give feedback including signposting where appropriate. Phone all, spend as much time as necessary	Letter sent to all. Successful bidders visited & get appropriate feedback. Try to see all unsuccessful bidders or at least phone contact encourage resubmission where appropriate
Standard letter but no full explanation given.	Standard letter no depth of explanation

Source: Consultants Survey of Regional Offices

There has been some variation between regions in what is communicated to unsuccessful bidders about shortcomings of their bid and the manner in which the communication has been made, see table 2.

Table 3 presents evidence on the responses of the regions as to what have been the three most important reasons 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.

Table 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

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 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.

Table 4 summarises the views of the Regional Offices 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 overall quality of the bids has improved. There is a better understanding of the concept of true Partnership and the involvement of the community and voluntary sector. There is evidence of more coherence in terms of the underlying strategy behind bids.

There are more realistic estimates 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.

Table 4: Improvements between Round 1 and Round 2 bids

<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-offs, 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

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.

Finally, all the Regional Offices were undertaking actions to reduce the number of unsuccessful bids in their region, although it was becoming clear to many of them that there may well be difficult choices to be taken in the future since the volume of new resources available for Round three and four were limited.

Actions to reduce the volume of unsuccessful bids took the form of improving the flow of communication between the offices and the potential bidders. There were two principal ways of doing this. The first was to encourage more meetings and dissemination of Regional Office guidance on what was required to bring about a successful bid. The second route was to provide more guidance material and most of the Regional Offices were considering what form this might take. It is worth adding that all the Regional Offices were themselves conscious of the need for them to be consistent in their appraisal procedures using best practice and in this respect courses given at the Civil Service College were considered useful as were regular meetings between Regional Office managers.

This concluding section pulls together the main conclusions of this examination of ten unsuccessful bids and identifies some issues which SRB programme managers may wish to take note of as they continue to keep the operation of the programme under review. Some of these issues also emerged in the First Report of the House of Commons Environment Committee on the Single Regeneration Budget (Session 1995-96, 22nd November 1995) 26-1 and the Government Response (Cm 3178, March 1996, HMSO). In preparing this paper we have taken note of this dialogue

SRB and Partnership promotion

The evidence from the ten unsuccessful bids and discussions with Government Offices for the Regions (GORs) suggests that, whilst most Partnerships had their origins prior to SRB, this Programme has had the effect of strengthening the formation and effectiveness of local Partnerships. Partnerships which fail tend not to fade away but become reinforced and more effective as a consequence of failure although this was not the case in the two community led unsuccessful bids. Inter-agency co-operation and mutually beneficial joint working has been enhanced by SRB, even in those areas where bids have failed twice. Agency/local partner contacts with Government Offices have also increased and relations have improved.

Most of the Partners in the unsuccessful bids were not critical of their respective Government Offices.

Outline bids

The introduction of the stage of submitting outline bids in Round 2 is regarded by unsuccessful bidders, as a most useful innovation. It has, however, raised two issues relating to firstly the bidding time-table and secondly the communication of the outcome of the appraisal of outline bids to the bidding partnership.

Communication of bid appraisal results at outline stage

Some GORs give the results of the appraisal in writing and offer a meeting to elaborate whilst others send a letter saying the outline bid is not up to standard and invite the Partnership to a meeting to discuss the reasons. Either way there has been some misunderstandings in a small minority of cases in that Partnerships have not taken sufficient notice of outline appraisal results to modify and improve their bid at the final stage or have failed to understand what the critical weaknesses of the outline bid were. These misunderstandings were voiced strongly in the ethnic minority Community Group led bid but were also expressed by two other Round 1 bidders. In the former case the recollections of what was said about the outline bid at the post appraisal meeting were quite different between GOR Officers and the Community Groups leaders. Moreover, the language of the SRB bidding process remains quite alien to these ethnic minority Community Groups. Regional Offices must make it very clear to such groups, in written form and verbally, at the outline stage that if their bid is not substantially modified and improved in specific ways, any final bid would be unlikely to be successful.

The SRB bidding timetable

The inclusion of the outline bidding stage in the SRB bidding schedule put unsuccessful bidders under time pressures to meet deadlines whilst maintaining quality of bid. The present timetable also places time constraints on the small numbers of SRB staff in GORs at certain points in the process, given the increasing consultation which is taking place with Partnerships preparing bids.

Under the present timetable bidding guidance is issued in the Spring, outline bids are due on the 7th June, final bids are due on September 23rd, recommendations go to Regional Directors at the end of October and to Ministers in early November. Announcements are made around Christmas.

The periods of pressure for bidders come in preparing the outline bid and the final bid and for GORs in appraising the outline bids as quickly as possible and appraising the final bids. Typically 40 to 50 outline bids have to be appraised in three to four weeks and a similar number of final bids within 6

weeks. Up to thirty officers at different levels would be involved in the appraisal and decision process.

It would be helpful to weaker Partnerships with limited resources and to Regional Offices in the appraisal exercise, if anything could be done to change the timetable to gain an extra week or two at the critical stage in the process.

Unsuccessful bidders perceptions of the appraisal process

Most of the unsuccessful bidders did not feel that their bid had been appraised unfairly and accepted that their bids displayed serious weaknesses and shortcomings. But a minority of unsuccessful bidding partnerships had the perception that the appraisal process was not sufficiently open and transparent and some that it was an excessively mechanical scoring system of all the criteria listed in the bidding guidance. A minority thought that their political views on aspects of the bid (eg housing policy) had been responsible for their bid being rejected and one or two thought that their regional directors favoured bids from certain areas or bids on favourite fashionable topics.

Environmental bids

Some Government Officers for the Regions reported that bids with mainly environmental objectives had problems in demonstrating quantifiable economic or social outputs in the short run and therefore tend to look weak against those bids which can. The long term downstream benefits arising from improved image of an area can, however, be substantial. To counteract any tendency for SRB to neglect environmental improvement, they suggested Regional Offices may need to be pro-active in two ways:-

- to encourage the amalgamation of environmental bids with other bids for the same area at the outline bid stage
- encourage the formation of multi-agency Partnerships to put together bids to tackle the worst environmental problems of the regions

The same kinds of problems were apparent in an East Midlands bid which had a large infrastructure component.

Bids led by Community Groups

The problems associated with a bid led by an ethnic minority Community Group are by far the most striking to emerge from this short examination of unsuccessful bids. SRB had raised the aspirations of the ethnic minority Community Groups in this bid, and yet has not been able to deliver Partnership funding even after two or three rounds. The problems arise because of the inherent characteristics of Community Groups on the one hand and the unified and competitive SRB regime on the other.

In this case the ethnic minority Community Group operated without paid staff and with very limited economic development or financial expertise. It was made up of loose confederations of many smaller ethnic minority Community Groups with differing aims and aspirations. They wanted to lead the bid in order to have ownership of the projects funded and found it difficult to forge genuine Partnership arrangements with the local authorities and TEC precisely because they would be dominated by them. Moreover, the local authority and large agencies were reluctant to enter into Partnership. Thus the bid presented was not well designed or put together, the Partnership arrangements were weak and there was a lack of credibility with respect to scheme delivery and public accountability. Moreover the quality of bid was not improving in successive rounds. Under a competitive regime such bids are likely to fail time and time again.

Prior to the establishment of SRB, there were some 22 individual programmes which were available for Regional Offices to use to respond flexibly to such problems, eg City Action Team funding or Urban Programme funding. To this extent a competitive regime reduces the flexibility of Government agencies to operate pro-actively to solve unusual and difficult problems as and when they arise. Government Offices must be seen to operate a competitive regime fairly by being even handed with all bids and not giving assistance to some bidders and not others. Although this ethnic minority community led bidder considered himself to be at a severe disadvantage in the SRB bidding process, the Regional Office could not assist the Partnership to prepare the bid and still maintain impartiality at the appraisal stage.

We are clear of the need for programme managers to urgently address the probably very small number of instances in which ethnic minority Community Group led bidders with high aspirations are having successive bids rejected through lack of their own capacity and a reluctance to become more junior partners in a wider Partnership. These are also unfortunately the bids which show an absence of matching funds which ensures that they are also rejected by other funding regimes such as the European Structural Funds.

The private sector

We could not find a genuine private sector led Partnership to include in the small sample of unsuccessful bids. The Erewash bid was the nearest and this was led by staff seconded from the Training and Enterprise Council, which for SRB purposes would be regarded more in the public sector than the private sector. The issue of the degree of involvement of the business community in the regeneration process will be addressed more fully in the later evaluation reports which focus on the progress of successful bids. Moreover, the Government commissioned Business in the Community (BiTC) to examine the experience of businessmen who participated in Round 1 and Round 2 bids.

Several of the bids in the unsuccessful bid sample had private sector participation with substantial planned private sector leverage eg Bury 2000 and Gloucestershire Growing. These two cases suggest that the private sector is most likely to be involved in SRB bids when there are financial advantages in doing so. This happens in two different types of bid:-

- thematic bids related to business support when private firms are a major beneficiary
- bids to provide or refurbish housing or commercial premises where developers and construction firms will be major beneficiaries.

Bids of both these types in highly deprived inner urban areas are likely to be amongst successful bids because of the high degree of market failure in these areas which permits bidders to demonstrate additionality in that the SRB contribution is sufficient to secure the leverage of additional private sector funds which would not otherwise be forthcoming in these areas.

However, the same type of bid from less deprived areas such as Gloucester and Bury cannot demonstrate such additionality and are unsuccessful partly on these grounds. In both these bids we asked whether any components of the bid had gone ahead anyway in the absence of SRB funding. Some elements were going ahead and others were likely to which suggests that the respective Regional Offices were correct in rejecting the bids on additionality grounds.

Overall our impression from the ten unsuccessful bids was that SRB was succeeding in bringing in the private sector more than many previous urban initiatives, but more research is required to provide confirmation of this.

Housing

Three of the ten unsuccessful bids examined had a significant housing component. One of these bids, in London, comprised little more than a revamped Estate Action proposal under the guise of a comprehensive programme, and failed to address effectively other acknowledged problems in the area. These aspects were strengthened in round 2 when the bid was successful. Another bid with a housing component was rejected partly on the ground that the housing proposals of the local authority lead partner were not in line with current Government policy. There may be a case for issuing some additional guidance to Partnerships preparing bids which have a housing component.

The use of resources on unsuccessful bids

On average unsuccessful bidders had invested about sixteen man weeks in preparing their SRB bids which might be valued at about £10,000. However, some bids had taken 40 man weeks of preparation at a cost of £23,000. Those with above average time invested were those outside the former Urban Programme areas who were not familiar with urban funding regimes and had least economic development expertise. Those bids which have failed twice will have incurred costs ranging from £20,000 to £46,000. Most Officers would have been engaged on local economic development work in any case but generally they did not have a clear view of just how this time would have been spent had an SRB bid not been prepared.

None of the unsuccessful bidders argued that this was a complete waste of money. Indeed some believed that there were good returns from this investment in time in terms of improved inter-agency working, knowledge of Regional Office procedures and improved relations with Government Officers and in enhanced understanding of economic development processes. There was no suggestion that the costs of preparing SRB bids were necessarily greater than preparing proposals under other funding regimes.

Overview

The competitive nature of SRB has not caused widespread ill-feeling or resentment amongst a majority of those Partnerships which have been unsuccessful, and such Partnerships have survived and live to compete another day. There are, however, a minority of failed bids in which this is not the case.

Many of the problems arose in Round 1 when Partnerships acknowledge that their bids were rushed and ill-prepared and everyone concerned was on a steep learning curve. The improvements between Round 1 and Round 2 were widely recognised.

The first two rounds may prove to be less problematic than future rounds from the perspective of unsuccessful bidders. In the first two rounds most good quality bids could be funded and bids which were unsuccessful were clearly identifiable as being well below acceptable standard, although this was less the case in London where there were more good quality bids in relation to the funds available.

For Round 3 some Regional Offices are expecting to have to reject high quality bids for the first time and to have to recommend that Partnerships “downsize” some bids which are successful. If the number of good quality unsuccessful bids increases more Partnerships will have some justification in feeling less happy with the SRB arrangements, than was the case in Rounds 1 and 2.

APPENDIX: CASE STUDY PRO-FORMAS

The information on the following pro formas was compiled as a result of meetings with both key partners and Regional Offices. It should be noted, however, that the “main reasons for bid being unsuccessful” are solely the comments of the Regional Offices.

