



Llywodraeth Cymru
Welsh Government

RESEARCH

Interim evaluation of property infrastructure fund and property for business development grant: summary

The two operations award grants for developers to fund refurbishment or development of new business premises, and for businesses to invest in and expand their existing property.

First published: 14 October 2020

Last updated: 14 October 2020

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

Contents

1. Research aims and methodology

2. Key findings

3. Recommendations

4. Contact details

1. Research aims and methodology

This report provides an interim evaluation of the Property Infrastructure Fund (PIF) and Property for Business Development Grants (PBDG) operations being delivered by Welsh Government. The focus of these operations are as follows:

- PIF awards grants to developers to fund speculative development of new premises or refurbishment of existing stock. This helps to ensure Wales can offer a portfolio of new and modern premises to attract inward investors and support the growth of Welsh businesses.
- PBDG awards grants to businesses to invest in their existing property estate to enable them to expand their operations. This will help to retain growing businesses in Wales and create new job opportunities for Welsh residents

The aims of the research were to:

- assess whether the operations were based on a sound rationale and consistent with Welsh Government policies and strategies
- examine programme management and monitoring processes and assess whether they adequately support the delivery of each operation
- review the process of selecting project sites for both operations and evaluate the suitability of the project sites in contributing to the aims and objectives of

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

the business plans

- explore the extent to which the operations are successfully implementing and delivering the objectives of the Welsh European Funding Office (WEFO) cross cutting themes
- assess whether the operations are on track to meet the commitments in the business plan on time and to budget

A range of methods were used including document reviews, analysis of monitoring data and progress reports, analysis of property market trends and consultations with delivery staff and other stakeholders.

2. Key findings

Both operations show a strong fit with Welsh Government strategies and policies

The [Welsh Government's Prosperity for All: Economic Action Plan](#) explicitly identifies the need for public intervention in parts of Wales where there is evidence of property market failure. This is the rationale for both PIF and PBDG; as such there is a strong fit with this strategy.

A number of strategies underline the importance of employment creation as a tool for tackling poverty and labour market disadvantage in deprived areas. This has been embedded in PIF and PBDG by considering labour market disadvantage as one of the key criteria when selecting sites. This should ensure that a large number of the project sites should help to alleviate local deprivation and worklessness.

Both operations are also consistent with the priorities identified in regional strategies which identify a shortfall of high-quality premises and the need for public intervention.

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

There is good evidence of the need for intervention

PIF and PBDG are designed to create new job opportunities in parts of Wales with high rates of unemployment and inactivity, and to address the shortage of high quality employment space which is acting as a barrier to growth and investment. The report finds good evidence for both of these needs. Without public intervention to address these challenges the supply of new premises would be severely constrained. This would put Wales at a disadvantage to other areas with higher property values and place restrictions on the ability of Welsh businesses to grow.

The process for selecting sites has worked well

The process of selecting sites used an established method which has worked effectively on similar interventions in the past (open call for projects followed by a scored assessment process). This appears to have worked well; the scoring criteria achieved a good balance between building on growth opportunities and addressing labour market disadvantage and is therefore consistent with the OP and other Welsh Government strategies. Based on a review of the applications it appears that the best projects were taken forward.

However the the process could have been improved through the following:

- greater input from regional stakeholders during the assessment process (see recommendations below)
- greater consideration of property market need in the assessment of PIF projects
- use of a wider range of factors than just whether projects are located in an Enterprise Zone, Local Growth Zone or city region to assess strategic fit

The selected projects are all suitable in contributing to the operations' aims and objectives

The selection of PIF projects which are being funded are considered to be suitable and will contribute to the improved economic performance of their local

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

area. This is on the grounds that all projects are supported by regional stakeholders and responding to clear evidence of property market and labour market need.

The selection of PBDG projects were supported by regional engagement teams and will support local and regional growth agendas. It is also evident that the current projects will help retain and create quality jobs in high value sectors, further supporting local, regional and national economic growth aspirations.

Progress towards output targets is mixed and has been hampered by the coronavirus pandemic

Both operations have had a number of projects withdrawn from the application process which has caused disruption and delays to the achievement of outputs. This has also meant that some funding has needed to be reallocated from PBDG to PIF, although the exact scale of reallocation has not formally been agreed.

PIF had a target of delivering 16,000 sq m of new business premises in its business plan. If all of the current live projects were delivered by the deadline of December 2021 the operation would deliver 23,700 sq m (7,700 sq m above the target). However there is a high risk that two of the projects will not be delivered on time unless there is an extension to the delivery period because of the coronavirus pandemic. If these projects were not delivered, the PIF operation would under-deliver on its output target by 443 sq m.

Consultees were confident that all of the seven remaining live PBDG projects would be completed by the December 2021 deadline despite the risk posed by the coronavirus pandemic. If all of the projects are delivered this would mean the operation:

- exceeds its target for created or refurbished premises by 17,021 sq m (40,246 sq m compared to a target of 23,225 sq m in the business plan)
- falls short of its target for jobs accommodated by 341 (322 compared to a target of 663)
- exceeds its target for SMEs accommodated (11 compared to a target of 5 to

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

10, as per the business plan)

Project management systems are robust but the inexperience of case officers was flagged as a challenge for PBDG

The project management structures and processes put in place for both PIF and PBDG are working well and have ensured both operations are being delivered effectively. There are good relationships between case officers (who have responsibility for oversight of applications) and operation managers (OM) and other members of the PIT which ensures OMs have good oversight of the progress of each operation.

The main delivery challenge relates to the property and development inexperience of case officers for PBDG, which has added to delays and inability to answer applicant queries promptly. This needs to be considered on future interventions (see recommendations below).

Monitoring systems are robust but there is a need for greater clarity on the role of case officers once projects are in delivery

Systems for monitoring the progress of projects which are still going through the application process are working well, with all case officers reporting to be in regular contact with applicants. The progress of projects is reported to the OMs through regular meetings with the case officers. This ensures that the OM has good knowledge of the overall progress of each operation and can offer advice to case officers if needed.

Once projects are in delivery the external Quantity Surveyor plays a key role in monitoring progress and financial expenditure. However, there is a lack of clarity for some PBDG case officers on what their role should be once delivery has commenced (see recommendations below).

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

Enforcement and monitoring of Cross Cutting Themes needs to be strengthened

Most of the contributions to cross cutting themes have been embedded in Welsh Government processes, standards and requirements (adherence to Welsh Language standards, ensuring contractors have equal opportunities policies in place, minimum BREEAM requirements).

However, there does not appear to be any formal systems or guidance in place for how these contributions should be enforced or monitored, which is resulting in inconsistent approaches being taken by case officers once projects are in delivery. This will make it difficult to assess the operations' contributions to cross cutting themes (CCT) at the final evaluation.

It is also felt that earlier involvement of WEFO's CCT Sustainable Development Adviser could have helped to identify measures relevant to CCTs which are proportionate to the scale of projects being funded, and how these could be monitored.

3. Recommendations

Project delivery

Ensure that case officers are fully aware of their roles and responsibilities for monitoring progress of projects once delivery has commenced, particularly for the larger projects where there is a risk that construction will not be completed by the December 2021 deadline.

Provide guidance to all case officers on what information should be collected in relation to contributions to CCTs and how this should be recorded in a consistent format.

OMs and other senior officers within Welsh Government should provide additional support to the case officers for those projects where there is a high risk that the December 2021 deadline will not be met. This includes liaising with

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

planning officers at the local authority to ensure that the projects are not held up by the planning process.

Over the coming months, case officers and OMS should take stock of how the coronavirus pandemic is affecting the delivery of PIF and PBDG projects, and apply for a funding extension if it looks likely that the deadline for delivery will be missed.

Communicate progress more widely outside of the project delivery team with RETs to ensure they have a good understanding on how projects are progressing and what they are expected to deliver over the course of the operation.

Future interventions

Future interventions should ensure that all case officers have the relevant experience and knowledge of property development to help applicants navigate the process. If it is not possible to recruit appropriately qualified and experienced staff, Welsh Government will need to accept a higher level of risk. This could be mitigated to some extent by providing clearer guidance and training for case officers. This should highlight all of the common risks which might arise and provide clear instructions on the advice which should be offered to applicants.

Future operations should include Regional Engagement Teams at two stages:

- at the start of the project, where RETs should be asked to identify the priority projects for their region
- during the assessment process, when they should be asked to comment on the applications which have been submitted with this feedback included in the scoring framework

4. Contact details

Authors: Hatch Regeneris

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

Full Research Report: Hatch Regeneris (2020). Interim Evaluation of Property Infrastructure Fund and Property for Business Development Grant. Cardiff: Welsh Government, GSR report number 68/2020.

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

For further information please contact:

Heledd Jenkins
Social Research and Information Division
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: heledd.jenkins2@gov.wales



Digital ISBN 978-1-80082-255-9

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).

About this document

This document is a copy of the web page [Interim evaluation of property infrastructure fund and property for business development grant: summary](#) downloaded.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

This document may not be fully accessible, for more information refer to our [accessibility statement](#).

Get [information on copyright](#).

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://gov.wales/interim-evaluation-property-infrastructure-fund-and-property-business-development-grant-summary> for the latest version.

Get [information on copyright](#).