



Llywodraeth Cymru  
Welsh Government

RESEARCH

# Evaluation of Building for the Future: mid-term report (summary)

An evaluation assessing the implementation, delivery and progress of a programme which aims to re-develop unused buildings and land in and around town centres.

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## Introduction and background

In December 2018, the Welsh Government commissioned Wavehill to undertake an evaluation of the Building for the Future Programme (BFTF). BFTF is a £108 million programme with £38 million made available through the European Regional Development Fund (ERDF) Operational Programme for West Wales and the Valleys (Priority 4, Specific Objective 4,) £16m in Targeted Match Funding from the Welsh Government and additional match funding of circa £54m from various other public and private sector sources.

Welsh Government is the Lead Beneficiary (LB) of ERDF funding. BFTF works with Joint Beneficiaries (JBs) including local authorities, the third sector and private sector to redevelop unused buildings and land within, or aligned to, town and city centres.

## The evaluation

The evaluation aims to assess the degree to which BFTF has achieved a suite of ERDF outputs and indicator targets set out within the Operation's business plan in relation to jobs and small to medium-sized enterprises (SMEs) accommodated, land and premises developed, created or refurbished and the number of traineeships supported.

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The evaluation has been conducted over three phases.

1. An inception phase: from January to September 2019
2. A mid-term phase; the focus of this report, which has taken place between March and November 2020, to update on progress
3. A final phase: commencing in spring 2021 to assess the Operation's impact

The objectives of the mid-term evaluation were to:

- assess progress against Welsh European Funding Office (WEFO) and project-level indicators for the operation, as well as qualitative measures of impact
- monitor delivery of Building for the Future at a national and local level to assess fidelity to the delivery model
- consider how well the processes and relationships are working and any lessons learnt that may support achieving the desired outputs and outcomes
- explore with stakeholders and beneficiaries how Building for the Future operations have succeeded in establishing links between the local labour market and project beneficiaries, and Welsh Government core funded employability programmes
- monitor progress against the objectives of the WEFO Cross Cutting Themes (CCTs)
- identify any unintended impacts of the delivery of Building for the Future at the mid-term stage of the project
- provide a preliminary/indicative assessment as to whether Building for the Future will be delivered on time and to budget

## Methodological approach

The mid-term evaluation has involved the following:

- a review of monitoring data and process documentation associated with BFTF
- mapping of planned BFTF funded interventions against a project evaluation framework to identify suitable approaches to monitor and evaluate each BFTF funded project

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- stakeholder interviews with 14 staff from the Welsh Government including those from the BFTF programme team, WEFO and the wider Regeneration Team. Interviews were also conducted with 19 representatives of JBAs in receipt of funding through the BFTF Operation

## Main findings and recommendations

### Context and implementation

BFTF is widely admired by stakeholders for its ambition and aspiration. Many of the sites are key gateways or focal points of towns and once a source of local pride but have become key constraints on town centre vitality and viability.

BFTF remains closely aligned to Welsh Government policy on regeneration and is viewed as part of the critical response to the impact of the Covid-19 pandemic in town centres.

Regions were asked to prioritise project ideas to put forward for BFTF funding. The principle of this process was supported by stakeholders but there were mixed views on its implementation. Many of the schemes later proved ineligible and the timescales following announcement for submission were considered tight.

As the majority of BFTF projects tend not to be regional in scale, scope or influence, notional regional funding allocations and prioritisation activities would appear of limited value beyond encouraging collaboration. However, close alignment to a local masterplan/strategy for a town has been synonymous with some of the stronger BFTF projects.

### Recommendation 1

- Localised, but strategic approaches to regeneration planning and delivery of this scale should be prioritised over regional collaboration particularly where a scheme has minimal, if any, displacement effect on other existing/potential regeneration activities in the region.

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The processes associated with bidding for BFTF were reported to be convoluted with a two-stage appraisal process for approval, firstly by the Welsh Government programme team and then by WEFO. Many of the proposals were insufficiently progressed when first submitted for appraisal compounding initial delays with the Operation.

Several stakeholders felt that some of the requirements and expectations of JB's to secure approval for BFTF funding may have been better articulated earlier on within the Operation.

## Recommendation 2

- A more collaborative approach in the design and development of prospective projects should be adopted to help bring regeneration schemes forward at an appropriate time to help expedite their implementation.
- The continued use of networking events as the Operation progressed to discuss and share lessons learnt and good practice would have been welcomed by JB's. They also would have provided an efficient route for the consistent sharing of messaging.

The implementation of BFTF was hindered by the level of resource available amongst the BFTF programme team and through the implementation of the governance structure required for the two-stage approval process.

## Delivery

The subsequent (post-implementation) provision of additional resources amongst the BFTF programme team has been warmly welcomed by JB's with many citing a substantial improvement in levels and quality of communication following these changes. Bringing in personnel with direct involvement and experience in WEFO to the programme team was considered a highly effective response. It has overcome many of the issues relating to communication that JB's had referred to during the inception phase, helping to strengthen relationships considerably.

### Recommendation 3

- Sufficient resource needs to be built into LB teams from the outset to help facilitate responsive and productive engagement and communication with JB's.

The complexities of the process and the risk associated with participating in the BFTF Operation has led to attrition in the number of projects seeking funding, particularly so where the JB has been a private sector organisation. Third sector organisations have also found the process particularly challenging which does raise the question as to whether the Operation is better suited to local authorities rather than the private and third sector.

BFTF provides funding of a scale necessary to tackle the particularly challenging and prominent buildings and derelict sites in and around town centres. With this scale of funding there is considerable risk and match funding required. For some authorities this has dissuaded them from engaging with the Operation. For other local authorities BFTF has been something of a 'game changer' in terms of their attitude and approach to these sites, recognising the scale of opportunity presented through the Operation and viewing these as long term, strategic investment opportunities for town centres.

Whilst obtaining funding through the Operation is perceived to be a complicated, bureaucratic process, the BFTF team have offered flexibility in relation to timescales for investment and in identifying alternative solutions to minimise the rate of attrition and ultimate withdrawal of applications. As one JB described 'it has enabled us to address issues on a scale that we haven't been able to do previously'.

### Recommendation 4

- A more flexible model of support for regeneration from one authority to the next may be required to help address the imbalance in resources, attitude to risks and appetite to engage in regeneration across local authorities.

The biggest challenge faced by applicants to BFTF has related to the escalation in costs for each project. It is reported that applicants had typically built-in contingencies to their budget of around 10%, however there are reports that some projects have suffered from escalations in costs of around 60%. These escalations were influenced by several factors:

- the time lapsed (and inflationary effect) since the application was initially submitted (in summer 2015) as part of the regional prioritisation process
- the complexities of the sites involved and the fact that prices were estimated prior to detailed design and investigation works
- contractors pricing in risk to their construction quotes because of the Covid-19 pandemic
- increased volatility in the price of materials and heightened uncertainty regarding supplies (and suppliers)

## **Recommendation 5**

- With sites of this nature/complexity, where financial allocations are fixed the implementation of a minimum threshold of contingency should be considered.
- In addition to fixed contingency thresholds, the provision of revenue funds to undertake initial exploratory/feasibility studies for schemes should help to provide a little more cost certainty and reduce the risk of massive escalations in cost. It may also facilitate a greater number of authorities bringing potential regeneration schemes forward for investment.

The relative flexibility of the timeframe associated with spending ERDF monies is particularly valued by JBs. Some schemes funded through the Operation have transitioned through various iterations of Welsh Government regeneration programmes and necessarily so, given their complexity. The ability to replicate this approach, but with a more efficient process of appraisal and award would be greatly valued by local authorities, particularly where annualised funding restrictions could be reduced or avoided.

## Recommendation 6

- For future funding programmes/sources, opportunities to reduce or remove annualised funding restrictions should be explored.

## Progress

As of November 2020, of the 22 projects that are in the process of securing funding through BFTF, 13 have been fully approved, construction has commenced on nine and two are complete with at least partial occupation. The combination of project withdrawals and construction delays associated with Covid-19 mean that, despite an extension to the Operation's timeframe, a failure to successfully incur the allocated expenditure within the Operation's timeframe remains a possibility. Securing approval for those schemes that still require it, and then successful procurement of lead contractors are clear priorities for the Operation to fulfil this aim.

Targets presented within the business plans associated with the 22 projects have been used to assess progress of BFTF against target indicators. BFTF is delivering close to target (within 15%) on jobs and SMEs accommodated with a greater shortfall (20% to 25%) against target on land developed and scale of premises created/refurbished.

There is also a substantial shortfall in relation to levels of investment levered in for the programme (although clarity on the origins and true scale of this shortfall is being reviewed by the operation team) and on the number of traineeships on the project. The Covid-19 pandemic has limited opportunities for work placements and traineeship/apprenticeship opportunities during the construction phase of funded projects. Whilst there will be scope for further traineeship opportunities of this nature once sites become operational, it is unlikely that the target will be met. However, the ability to encourage accommodated SMEs (for example) to utilise the local labour market is limited and there is a danger that this element of the operation may gain limited success.



## Recommendation 7

- For the final phase of the evaluation to explore approaches to linking with the local labour market, to ascertain the approaches taken and the success with these alongside the challenges encountered.

BFTFs funded projects are illustrating a useful breadth of proposed activities that will contribute to the CCTs. With only two projects completed and many yet to commence, progress against CCTs remains difficult to judge. It is understood that CCT monitoring is planned by the BFTF programme team which will aid the assessment of progress against this objective.

## Recommendation 8

- For the case study activity to include a target review of progress against CCTs (including the challenges and opportunities that have emerged through delivering them).

## Future regeneration activity

Stakeholders reiterated the desire for a local allocation of revenue to enable the funding of resource to undertake feasibility studies or in providing additional capacity to the JBs to help developers through the process. It is understood that the Welsh Government have recently made available a small amount of revenue funding to aid this process.

In addition to the provision of revenue, the adjustments to the approach of the wider Welsh Government regeneration team under the Transforming Towns umbrella alongside a closer working relationship with the BFTF Programme team has been welcomed by JBs. The alignment of activity around the Transforming Towns agenda provides a welcome consistency of message and assists in the integration of regeneration with the priorities of other public sector policy areas (employability, health and wellbeing for example). This type of integrated approach will be of crucial importance in response to the challenges

that town centres now face.

## Contact details

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

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