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Final evaluation of Property Infrastructure Fund and Property for Business Development Grant

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Title: Final Evaluation of Property Infrastructure Fund and
Property for Business Development Grant

Hatch Regeneris



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

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Glossary

Acronym/Key word	Definition
APS	Annual Population Survey: a population survey used to analyse demography and labour market characteristics
BREEAM	Building Research Establishment Environmental Assessment Method
CBP	Community Benefits Plan: a plan which outlines how community benefits will be delivered by contractors
CCT	Cross Cutting Themes: General principles which require action in multiple fields across programmes and operations. The three CCTs are equal opportunities and gender mainstreaming, sustainable development and tackling poverty and social exclusion
CEEQAL	Civil Engineering Environmental Quality Assessment and Award Scheme
EAP	Economic Action Plan
ERDF	European Regional Development Fund
ERRM	Economic Resilience and Reconstruction Mission
ESIF	European Structural Investment Funds: financial tools set up to implement the regional policy of the European Union. They aim to reduce regional disparities in income, wealth and opportunities.
EST	Department for Economy, Science and Transport
EZ	Enterprise Zone: designated areas across England and Wales that provide tax breaks and Government support.
FTE	Full Time Equivalent
GVA	Gross Value Added
IB	Intermediate Body: a body within Welsh Government with a range of delegated responsibilities, including the approval of projects funded through PIF and PBDG and the verification of claims, which is then audited by WEFO
OM	Operation Manager: Welsh Government officer responsible for overseeing the delivery of Property Infrastructure Fund or Property for Business Development Grants

OP	Operational Programme: detailed plans in which EU Member States set out how money from the European Structural Investment Funds will be spent during the programming period.
PA	Priority Axis: provide the structure of the Operational Programme. Each priority axis is linked to a certain theme (e.g. encouraging enterprise, increasing innovation) and identifies the priorities for investment, the specific objectives that operations should seek to address and the types of activities that can be funded.
PBDG	Property for Business Development Grant
PIF	Property Infrastructure Fund
SEMP	Site Environmental Management Plan
SUDS	Sustainable Urban Drainage Systems
SO	Specific Objective
WEFO	Welsh European Funding Office
WFG	Wellbeing of Future Generations Act
WWV	West Wales and the Valleys: Blaenau Gwent, Bridgend, Caerphilly, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Merthyr Tydfil, Neath Port Talbot, Pembrokeshire, Swansea, Torfaen

1. Introduction

Background

- 1.1 The Welsh Government appointed Hatch and OB3 in July 2019 to undertake an evaluation of both the Property Infrastructure Fund (PIF) and Property for Business Development Grant (PBDG) operations. Both operations seek to increase the quantity of high-quality employment floor space available to Welsh businesses. The focus of each of the funds is as follows:
- PIF awards grants to developers to fund speculative development of new industrial or commercial 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.
- 1.2 The PIF and PBDG operations build upon the Welsh Government funded Property Development Grants under the 2007-13 Wales ERDF Convergence Programme. Welsh Government are responsible for managing the operation and are the beneficiary of the funding. A separate department within Welsh Government, the Intermediate Body (IB) was established by the Welsh European Funding Office (WEFO) in 2015, which had delegated responsibility to approve the projects funded by PIF and PBDG and to verify all claims made by the projects. The IB functions were delegated by WEFO to the Welsh Government group; Economy Skills and Natural Resources (ESNR). ESNR no longer exists but was the group in 2015. The new group is Economy Treasury and Constitution Group.
- 1.3 Both operations are part funded by the European Regional Development Fund (ERDF) under Priority Axis 4 (Connectivity and Urban Development) of the West Wales and the Valleys (WWV) Operational Programme 2014-20 (Welsh Government, 2015). The operations respond to Specific Objective 4.4 which aims “to increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy”.

- 1.4 The PBDG operation originally had a total value of £21.5m, with £7m funded through ERDF and the remaining £14.5m leveraged through private sector investment. However this was re-profiled in October 2022 (for reasons explained in later sections of the report), with the total project cost reduced to £11.5m, of which £3.7m is ERDF.
- 1.5 Similarly, the PIF operation originally had a total value of £17.2m, with £7m funded through ERDF and the remaining £10.2m match funded from the private sector. This was re-profiled in August 2022 with a total project cost of £8.6m, of which £3.5m is ERDF.
- 1.6 The output indicator targets for PIF and PBDG were also reprofiled in 2022. The original and revised targets are shown in Table 1.1. Most targets were reduced. However the target for premises created or refurbished increased. This was because the original targets were based on estimates, while the revised target was based on project specific information. This included one refurbishment project which included a large amount of floorspace.

Table 1.1: ERDF output targets for PIF and PBDG

Operation	Output indicator	Original target	Revised target
PIF	Premises created or refurbished (sq m)	16,000	7,625
PBDG	Jobs accommodated ¹	663	283
	SMEs* accommodated ²	5**	3
	Premises created or refurbished (sq m)	23,225	39,672

Source: PIF and PBDG business plans.

*Small to Medium Enterprises

**The November 2018 business plan for PBDG identified a range of 5 to 10 SMEs accommodated.

- 1.7 The ERDF Result Indicator for Specific Objective 4.4 (to which PIF and PBDG contribute) is for a reduction in the claimant count rate in Travel to Work Areas

¹ This is defined as the maximum number of jobs which could potentially be located in the funded premises at any one time. This needs to be supported by evidence in the form of floor plans and building specifications demonstrating that the premises can accommodate this number of jobs.

² This is defined as the maximum number of SMEs which can potentially be located in the funded premises at any one time. This needs to be supported by similar evidence to the above (floor plans and building specifications).

(TWAs) by an average of 8% for the programme as a whole. The interim evaluation discussed whether PIF and PBDG were appropriate interventions to contribute to this indicator (see section 4 interim evaluation). However there were no specific targets set for each operation with respect to this result indicator.

1.8 The evaluation has been undertaken in two stages.

- An interim stage, the findings of which were published in the Interim Evaluation in October 2020³. The interim evaluation assessed the evidence of need for PIF and PBDG and whether the design of the operations were fit for purpose. It also evaluated the efficiency and effectiveness of management and delivery processes and assessed the performance against targets.
- A final impact stage, the findings of which are presented in this report.

Evaluation Objectives

1.9 The objectives of the final evaluation are to:

- i. Assess whether the operations have met the aims and targets as set out in the business plans, including the Cross Cutting Themes (CCTs) and whether the operation provided value for money.
- ii. Provide a final assessment of the efficiency of the programme management and monitoring processes and identify how these may be improved for future, similar programmes.
- iii. Examine whether observable additional outcomes (e.g. creation of local jobs, apprentice employment opportunities, stimulation of additional investment in the local area) are achieved at project sites occupied by businesses.
- iv. Provide an indicative assessment of whether project sites may achieve longer term impacts, as identified in the operation logic model.

³ [Evaluation of Property Infrastructure Fund and Property for Business Development Grants: interim report | GOV.WALES](#)

- v. Evaluate the extent to which the sites have created an environment for growth and meet the needs of businesses that have moved into, or may occupy the sites.
- vi. Examine the extent to which the operations support the Welsh Government's aims and objectives for the Welsh language as set out in Cymraeg 2050.
- vii. Identify whether the operation generated any deadweight or displacement effects.

Structure of the Report

1.10 The report is structured as follows.

- Chapter 2 provides a summary of the methodology and key research tasks.
- Chapter 3 analyses recent trends and changes in policy and considers whether, and if so, how this affects the rationale for the PIF and PBDG operations.
- Chapter 4 analyses the performance of the operations against their financial and output targets and explores the key factors which explain this performance.
- Chapter 5 reviews the project management, governance and monitoring systems and processes implemented for PIF and PBDG, and how effectively these have worked.
- Chapter 6 assesses the operations' contributions to CCTs
- Chapter 7 assesses the impact of the operations in the areas where projects have been funded.
- Chapter 8 provides a summary of the key findings and conclusions.
- Chapter 9 presents recommendations for similar interventions in future.

2. Methodology

2.1 The research for the final evaluation has included the following tasks:

- A review of recent policy documents published since the interim evaluation, including national, regional and local policies. This included the latest Programme for Government⁴, the Economic Resilience and Reconstruction Mission (ERRM) for Wales⁵, the Manufacturing Action Plan⁶, the North Wales Growth Deal⁷, the Cardiff Capital Region Investment Prospectus⁸, and the South West Wales Regional Economic Delivery Plan⁹.
- Analysis of monitoring information. This included all of the outputs achieved for each of the indicators listed in Table 1.1 as well as financial expenditure at the time of the final claim. The final evaluation also reviewed all of the monitoring reports and closure reports for each of the funded projects.
- Analysis of local labour market and property market conditions in the areas affected by PIF and PBDG, and how these have changed since the interim report. This included analysis of the proportion of working age people claiming Universal Credit who are seeking work¹⁰ and how this changed between September 2019 and March 2023, the number of lease deals for office and industrial premises and changes in the vacancy rate over the period Quarter 1 2018 to Quarter 1 2023. The property market indicators used CoStar, a subscription only database of property market deals and trends¹¹. All data was analysed in Excel.

⁴ Welsh Government (2021): [Welsh Government - Programme for Government - Update](#)

⁵ Welsh Government (2021) [Economic resilience and reconstruction mission | GOV.WALES](#)

⁶ Welsh Government (2021b): [Manufacturing future for Wales: framework](#)

⁷ North Wales Economic Ambition Board (2021): [Ambition North Wales | Home](#)

⁸ Cardiff Capital Region (2021): [Cardiff Capital Region Investment Prospectus](#)

⁹ SQW (2021): [South West Wales Regional Economic Delivery Plan - Swansea](#)

¹⁰ ONS (2022): [Claimant count](#)

¹¹CoStar (2023) [Market Analytics](#)

- Semi-structured telephone consultations with two of the four successful applicants for PIF and three of the four successful applicants for PBDG¹². These explored their experience of the application process and the impacts of the funded projects. An interview topic guide is included in Appendix B. All projects were either complete or in the final stages of delivery when the interviews were undertaken.
- Semi-structured telephone consultations with 13 Welsh Government staff involved in management or delivery, and other stakeholders including WFO staff (three consultees) and commercial property agents (three consultees from Cooke and Arkwright, Knight Frank and Legat Owen). These were identified as active agents in the areas which have PIF funded projects. The consultations sought their views on the quality of the premises, whether they are addressing a need in the local property market and whether there are any wider benefits. Topic guides for all stakeholders are provided in appendix B.
- A semi-structured interview with one occupier of PIF funded premises. The evaluators made several attempts to engage the eight current occupiers (by email and phone) to understand the nature and scale of benefits for their business. However it was only possible to speak to one of these. The other occupiers were either unwilling or unable to answer the questions. Named contacts within each business were not available to the evaluators. Therefore a key challenge was identifying a decision maker in the business who was in a position to answer questions about their motivation for seeking the premises, the availability of alternatives and the benefits for the business. A number of the premises are being used as branches of national retail chains which made this more difficult as the employees who work in these branches were unable to answer the questions. Three successful

¹² All applicants were invited to take part in a consultation where contact information was made available. This includes successful and unsuccessful applicants. However none of the unsuccessful applicants agreed to be interviewed and some of the successful applicants also declined or did not respond.

PBDG applicants were interviewed and these are also the occupier of the funded premises.

- A breakdown of all consultees is provided in Annex A.

2.2 All of the interviews were undertaken in March to July 2023 when the projects were complete or in the final stages of delivery. During the course of the evaluation all projects have now completed.

2.3 The low response rate from occupiers of PIF funded premises means that it has not been possible to collect the evidence needed to robustly estimate the impact of PIF on job creation and GVA (see Chapter 7). Instead the impact has been modelled based on the information available from other sources (e.g. information provided by case officers or the size of the premises). Therefore the impact estimates for PIF should be treated with caution.

3. Operation Rationale and Design

Key Findings

- None of the changes to Welsh Government and regional policy undermine the objectives of the PIF/PBDG operations and a number of these reinforce the need for intervention.
- A number of recent policies place a heavy emphasis on sustainability and the transition to net zero. It is therefore important that PIF/PBDG projects minimise their carbon impact and make positive contributions to environmental outcomes.
- Updated property market analysis shows there continues to be a strong need for PIF/PBDG, particularly addressing unmet demand for industrial space (demand for office space is weak in all areas). There is also clear evidence of widespread market failure in the property market which PIF and PBDG were designed to address.
- All parts of Wales have experienced a strong recovery in the jobs market, with unemployment falling back to pre-pandemic levels. However there has been an increase in economic inactivity since the start of the pandemic, indicating there is still a need for measures which create employment in Wales.

Purpose of Chapter

- 3.1 This chapter provides a brief review of changes to policy and economic and property market trends since the interim evaluation in 2020. The purpose is to assess whether each operation's objectives and activities continue to be consistent with policy priorities and evidence of need. The findings in this chapter are based on a review of key policies and analysis of labour market and property market data.
- 3.2 A key aim of the interim evaluation was to assess the rationale for the operation and the strategic fit with Welsh Government, regional and local policies. The interim evaluation found that:

- The operation was strongly aligned with a wide range of policies, many of which identify the need for public intervention in sites and premises to create employment and address disadvantage in Wales.
- There was strong evidence of need for the project, both in terms of market failure in the property market and high levels of unemployment.

Policy updates

Welsh Government policies

Programme for Government¹³ – 2021 to 2026

3.3 The Programme for Government sets out Welsh Government's priorities for 2021 to 2026. The following are relevant to the PIF and PBDG operations:

- Build an economy based on the principles of fair work, sustainability and the industries of the future: this includes the creation of 125,000 apprenticeships and delivering the Young Persons Guarantee which will give everyone under the age of 25 the offer of work, education, training or self-employment.
- Building a stronger, greener economy as we make maximum progress towards decarbonisation: this includes a plan to launch a new 10-year Wales Infrastructure Investment Plan for zero carbon economy. It also sets a target for 45% of journeys to be made using sustainable modes of travel by 2040.
- Embed our response to the climate and nature emergency in everything we do: this lists a wide range of measures to protect and improve the environment, and to ensure that the aim of reaching net zero is central to decision making in Wales.
- Push forward towards a million Welsh speakers, and enable our tourism, sports and arts industries to thrive. This reinforces and builds upon the

¹³ Welsh Government (2021): [Welsh Government - Programme for Government - Update](#)

objectives of Cymraeg 2050, the Welsh Language Strategy which originally set the target for one million Welsh speakers.

- 3.4 These priorities do not affect or undermine PIF and PBDG's rationale for intervention, but they reinforce the importance that the operations contribute to:
- Sustainable growth objectives. These include minimising the carbon footprint of new premises funded through PIF or PBDG, as well as minimising waste and maximising use of local materials.
 - Equal opportunities objectives, specifically ensuring that the operation adheres to Welsh Language Standards. This is consistent with the goal of pushing forwards toward a million Welsh speakers. PIF/PBDG could also contribute to Welsh Language objectives by creating employment opportunities in Welsh speaking areas which help to retain Welsh speakers in their communities.

Our Economic Resilience & Reconstruction Mission, 2021

- 3.5 The Programme for Government also includes a specific commitment to progress the Welsh Government's Economic Resilience and Reconstruction Mission (ERRM) for Wales. This builds upon previous strategies and legislation including Prosperity for All: The Economic Action Plan and the Wellbeing of Future Generations Act to set out how the Welsh economy can recover and rebuild following the Covid pandemic.
- 3.6 This sets out a vision of a "well-being economy which drives prosperity, is environmentally sound, and helps everyone realise their potential". This is underpinned by three desired outcomes: a prosperous economy, a green economy and an equal economy.
- 3.7 PIF/PBDG will help to deliver on these desired outcomes by creating new employment opportunities in Wales, which are accessible to people who have been affected by the Covid pandemic including young people and recently unemployed (see paragraphs 7.26 to 7.27). It will also support the creation of new, high quality job opportunities in key sectors such as manufacturing, which the ERRM will support through the Manufacturing Action Plan (see below).

A Manufacturing Future for Wales: A Framework for Action¹⁴

- 3.8 This action plan is a key part of the ERRM. It sets out how Welsh Government will improve manufacturing across Wales and respond to some of the key issues facing the sector including COVID-19, climate change, technological change and automation.
- 3.9 It identifies ten action points, one of which is directly relevant to PIF/PBDG: “the provision of modern infrastructure to support changes to the way we work and how we access work opportunities”. This states that: “it is essential that we have the right type of buildings for our manufacturing community to expand diversify and start up... We also need the infrastructure to be accessible by public transport”. It identifies an action to “address the needs of manufacturing when planning the delivery of premises for businesses”.
- 3.10 This action plan is consistent with the objectives of PIF/PBDG which aim to deliver new high-quality premises in areas with high concentrations of employment in manufacturing. It is not clear, however, whether all of the sites are accessible by public transport. This was an aspiration in the business plan for PIF and PBDG but a number of the sites are in out of town locations such as industrial estates which are likely to be less accessible by public transport.

Regional policies

North Wales Growth Deal¹⁵

- 3.11 The bid document for the North Wales Growth Deal was described in the interim evaluation but was formally approved in December 2020 (after the publication of the interim report). The Growth Deal aims to create 4,200 new jobs and £2.4bn in additional Gross Value Added (GVA) over the next fifteen years. It is made up of five programmes, one of which will address land and property challenges within the region by developing sites to provide residential and employment premises. The

¹⁴ Welsh Government (2021b): [Manufacturing future for Wales: framework](#)

¹⁵ North Wales Economic Ambition Board (2021): [Ambition North Wales | Home](#)

objectives are therefore clearly aligned with PIF and PBDG which include projects on the Isle of Anglesey and in Conwy.

Cardiff Capital Region (CCR) Investment Prospectus, Prosperity for our Place, March 2021¹⁶

- 3.12 The Cardiff Capital Region Investment Prospectus presents investment proposals to UK Government designed to augment the Cardiff Capital Region's regional programme, build on the City Deal and support the recovery from the COVID-19 pandemic. It identifies six core propositions and five enabling propositions, which are key to regional growth. One of the enabling propositions is "provision of accessible, affordable sites and premises" which states: "the region requires significant core investment into strategic sites and premises that can support foundational growth, local supply chains and sector specific developments". It identifies a requirement for £100m to scale up the CCR Premises Fund to facilitate property development. The objectives are aligned with PIF which includes projects in Rhondda Cynon Taf.

South West Wales Regional Economic Delivery Plan¹⁷

- 3.13 This plan sets out a route map for the development of the region's economy and identifies priorities for intervention. This identifies a series of 'key action areas', one of which states "The evidence shows that there is a persistent market failure in the delivery of commercial property. This has the effect of blocking the expansion of local SMEs (as well as presenting a barrier to attracting larger investors). Across the local authorities and Welsh Government, we will seek to bring forward development on the region's key strategic sites at Baglan, Port Talbot Waterfront, Fabian Way, Felindre, Cross Hands and the Haven Waterway". This is aligned with the objectives of PIF which includes one project on one of these strategic sites (at Baglan Energy Park).

¹⁶ Cardiff Capital Region (2021): [Cardiff Capital Region Investment Prospectus](#)

¹⁷ SQW (2021): [South West Wales Regional Economic Delivery Plan - Swansea](#)

Economic and property market trends

Commercial Property: Market Analysis and Potential Interventions, March 2020¹⁸

3.14 The Commercial Property: Market Analysis and Potential Interventions Report (SQW, 2020) assessed the need for intervention in the property market and will be used to inform a new Property Delivery Plan, which will set out a range of tools that the Welsh Government will use to meet economic need and drive future growth. This updated an earlier report by Jones Lang Lasalle¹⁹ which was referenced in the interim evaluation and provided the rationale for the PIF and PBDG operations. The SQW report analyses the Welsh commercial property market, assesses current and future demand and the extent to which there is a gap in supply. The report finds:

- Widespread evidence that industrial supply is very tight relative to demand, and there has been very little recent development other than in a small number of areas (Newport/Cardiff and Flintshire/Wrexham).
- Limited capacity appears to be constraining firms' ability to move to larger premises, potentially impeding expansion potential and the Welsh Government's objective of enabling higher quality jobs.
- Demand for office space in most areas is weak. The exceptions to this are in Cardiff (where the market is performing well) and in Newport and Swansea where there is some evidence of unmet demand. All the PIF projects are industrial. PBDG includes one office development and it is fully occupied by the applicant.
- There continues to be evidence of widespread 'market failure', particularly in the industrial sector where there is little commercial development taking place despite evidence of strong demand.

¹⁸ SQW (2020): [Market analysis and potential interventions \(gov.wales\)](https://gov.wales)

¹⁹ Jones Lang Lasalle (2014): Gap Analysis, Achieving a balanced property portfolio for the delivery of economic objectives in Wales

3.15 It concludes by identifying a need for significant intervention and that “the Welsh Government and public sector partners may wish to plan to support the delivery of at least 900,000 sq ft of new floorspace over a three-year rolling period. This equates to a potential requirement for developable land of at least 35 acres over a rolling three-year period”.

This updated assessment of the Welsh commercial property market confirms that there continues to be strong evidence of need for the PIF and PBDG intervention and the challenges that it is seeking to address. All of the PIF projects are industrial or warehouse developments which is in line with the evidence of market need described above.

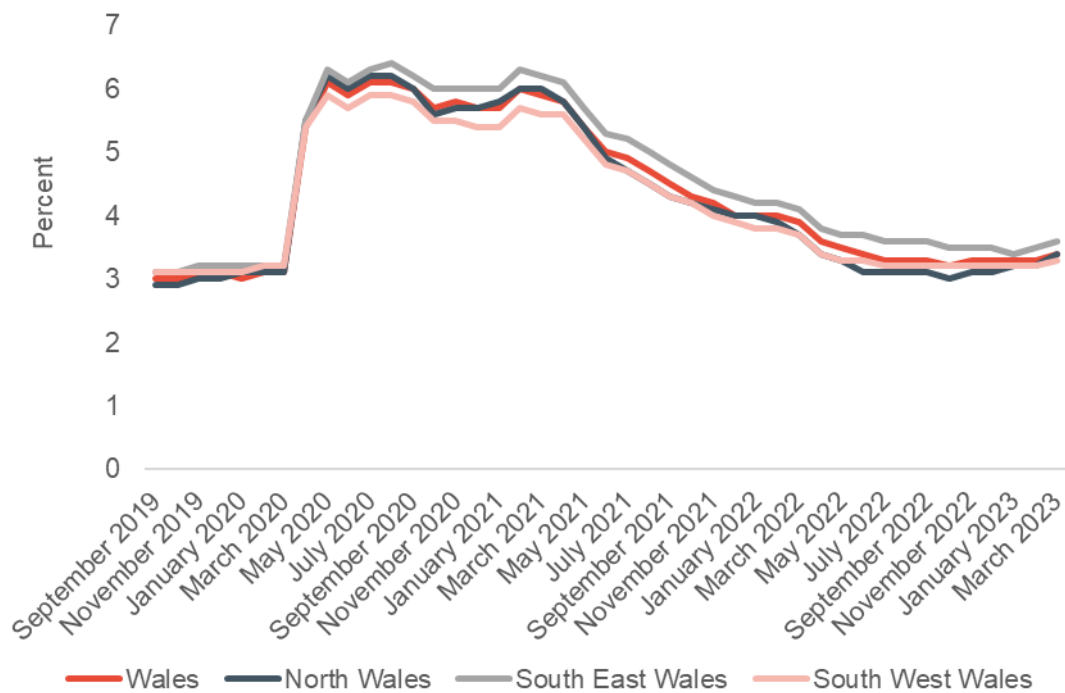
COVID-19 pandemic

3.16 The interim report was published during the early stages of the COVID-19 pandemic. This was too early to assess the impact of the pandemic on the labour market and property market, and how this relates to the rationale for PIF/PBDG.

3.17

- 3.18 Figure 3.1 shows the pandemic led to a sharp increase in unemployment from March 2020, as measured by the proportion of people claiming Universal Credit (UC) who were out of work. This applied to Wales as a whole and each of the regions with PIF/PBDG projects. However, the chart shows there has been a strong recovery in the jobs market of each area; the claimant rate is now only slightly higher than the pre-pandemic average (3.4 percentage points for Wales as a whole, which is 0.4 percentage points higher than the pre-pandemic average).
- 3.19 It should be noted that the claimant rate is below the UK average (3.7%) in all regions of Wales. However, the proportion of working age people in Wales who are economically inactive is still well above the UK average (23.8% and 21.5% respectively as of June 2023). The inactivity rate in Wales has also increased by 1 percentage point since June 2019 meaning the pandemic may have led to an increase in people withdrawing from the labour market. This suggests there is still a clear need for measures which create employment in Wales, such as PIF and PBDG.

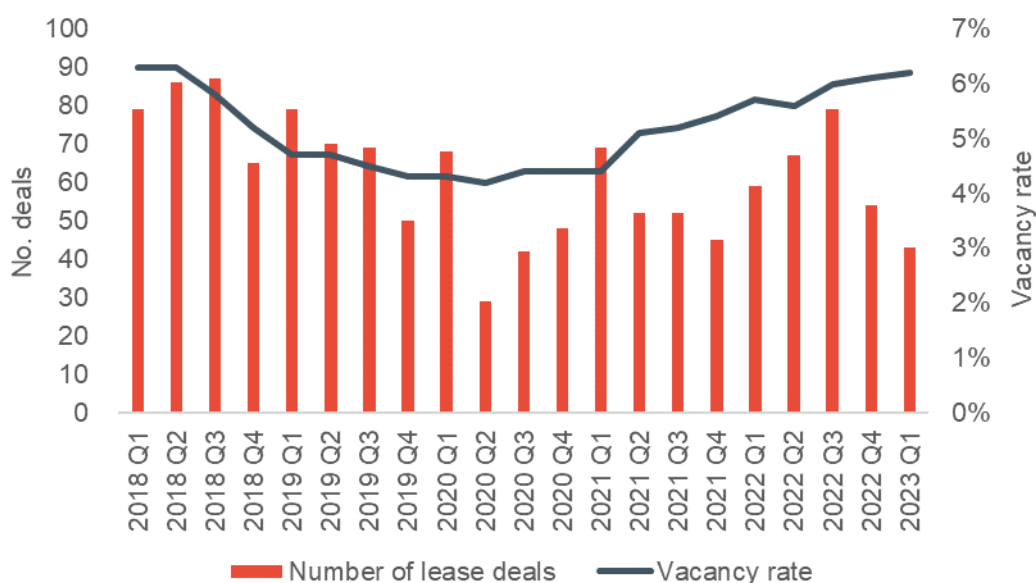
Figure 3.1: Proportion of working age people claiming Universal Credit who are out of work



Source: DWP (2023): [Claimant Count via Nomis](#)

- 3.20 The impacts of the pandemic on the commercial and industrial property market are still emerging and remain uncertain, particularly in the office market. The national lockdowns led to a large increase in homeworking, particularly in office-based sectors and a fall in demand for office space.
- 3.21
- 3.22 Figure 3.2 shows a fall in the average number of deals for office space since financial quarter 1 of 2020 and that the total quantity of occupied office space has fallen by just under 400,000 sq ft. This has led to an increase in the office vacancy rate from 4.2% to 6.2% in financial quarter 1 of 2023.
- 3.23 The longer-term prospects for the office market are uncertain but there is a risk that demand remains below pre-pandemic levels if companies choose to rationalize their use of space as they adapt to post-pandemic working arrangements.

Figure 3.2: Office lease deals and vacancy rate in Wales, 2018-2023

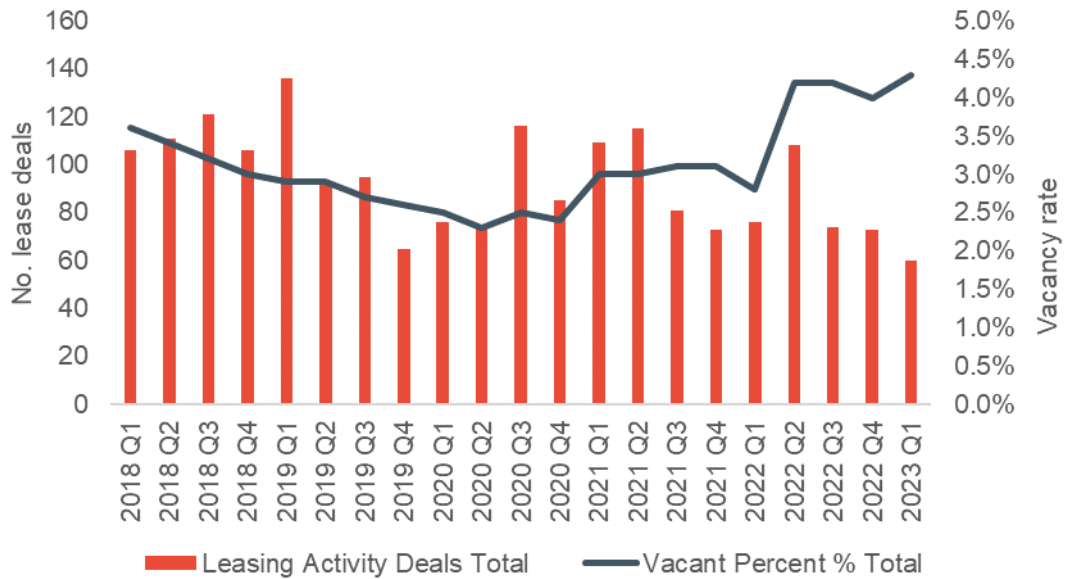


Source: CoStar (2023): [Market Analytics](#). Note: CoStar is a subscription only data portal²⁰.

- 3.24 The industrial and warehouse market was less affected by the increase in working from home during and since the pandemic. Indeed, for the UK as a whole, demand for industrial and warehouse space increased due to a combination of increased online shopping and concerns about supply chain resilience (driven by Brexit as well as the pandemic).
- 3.25 However there is limited evidence that this is the case in the market data for Wales. Although there was a temporary increase in the number of deals for industrial space at the start of the pandemic, the average number of deals in each quarter has been lower than the pre-pandemic average since financial quarter 2 of 2021. The vacancy rate has also increased from 2.5% at the start of the pandemic to 3.6% in financial quarter 1 of 2023. However this is explained by an increase in supply rather than a fall in demand; CoStar shows the total quantity of occupied space is still broadly at the same level that it was at the start of the pandemic.

²⁰ CoStar is a subscription only website

Figure 3.3 Industrial lease deals and vacancy rate in Wales, 2018-2023



Source: CoStar (2023): [Market Analytics](#) Note: CoStar is a subscription only data portal.

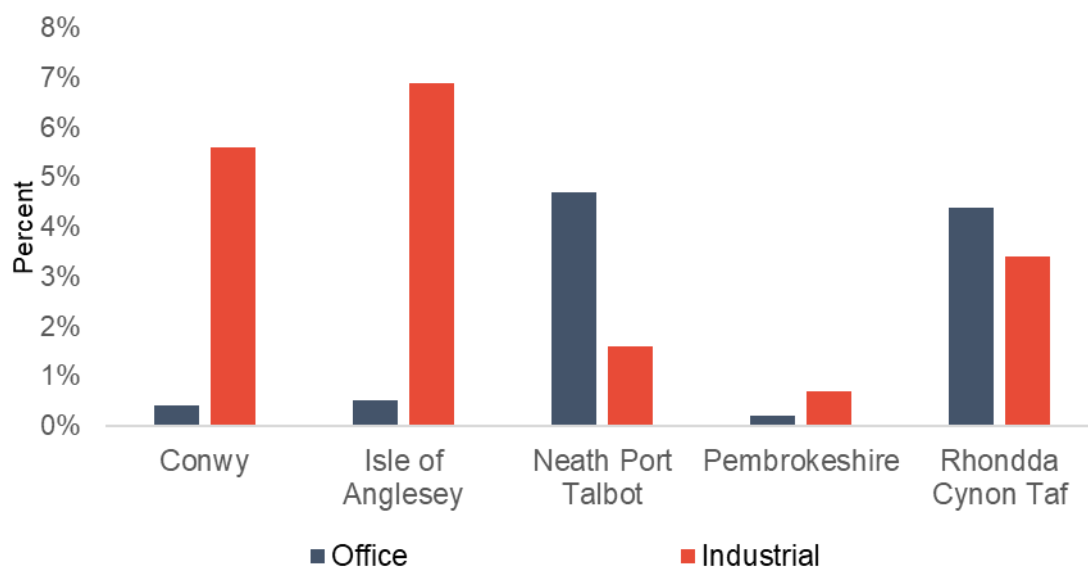
Local Property Market Trends

- 3.26 Data for the local authority areas with PIF/PBDG projects shows a mixed picture. Vacancy rates for office space are below 5% in each of the local authority areas and below 1% in three areas indicating a severe undersupply of space. Each of these areas are not established office markets and therefore demand is likely to be low. However this data suggests that the market would struggle to accommodate even modest requirements for office space from local businesses.
- 3.27 Vacancy rates for industrial space are below 5% in Neath Port Talbot, Pembrokeshire and Rhondda Cynon Taf, indicating an undersupply of industrial space. Vacancy rates are above 5% in the Isle of Anglesey and Conwy. There has been a large increase in the vacancy rate since 2020 in both of these authorities. In both cases this is due to the recent delivery of new industrial units:
- In Conwy, the increase in supply is due to new industrial units at Tir Llwyd Business Park which completed in late 2022 and were still unoccupied as of Q1 2023. This is the same site that received investment through PIF, however the vacant units relate to phase two of the development (PIF provided funding for phase one).

- In the Isle of Anglesey, the increase in supply is due to the delivery of 16 new industrial units at Trident Business Park which completed in financial quarter 1 of 2023.

3.28 In both cases, the developers have cited the growing demand for industrial space in these locations²¹. Therefore, although the vacancy rate is higher in these areas, this is likely to be temporary and there is still clear evidence of need for industrial development in these locations.

Figure 3.4: Vacancy rates for local authorities with PIF/PBDG projects, Q1 2023



Source: CoStar (2023): [Market Analytics](#) Note: CoStar is a subscription only data portal.

²¹ Hodgson, N. (2021): [Property round-up: Hassett Homes; Miller Homes; Pure Residential; Seafresh; Vivify | TheBusinessDesk.com](#)

4. Performance of the Operations

Key findings

- The original targets set for PIF and PBDG in the November 2018 Business Plan proved to be extremely challenging due to factors outside the delivery team's control.
- The operations were delivered over a period of significant economic uncertainty and unprecedented national and global challenges including the UK's exit from the EU, the Covid 19 pandemic and the war in Ukraine. These have created significant challenges for the development industry including restrictions on access to labour and materials, cost increases and economic instability. All of these have either directly or indirectly contributed to the withdrawal of a large number of applications by project applicants.
- The delivery team aimed to mitigate this by going back to the reserve list of projects on several occasions. However, given the time limited nature of the fund, it was not feasible to progress any more projects in the time available.
- As a result, the funding package and targets for both operations were reprofiled in 2022. Both operations have met these revised targets and successfully delivered eight completed projects in the delivery period. Given the highly challenging environment in which the operations were delivered, this represents a considerable achievement.

- 4.1 This section assesses the performance of each operation against its financial and output targets and identifies the key factors which explain its performance. This is based on analysis of monitoring data, progress reports and discussions with stakeholders.

Performance of PIF

4.2 The November 2018 business plan for PIF had a target of delivering 16,000 sq m of new or refurbished floorspace. This was based on the delivery of seven projects which had passed the initial assessment (stage one assessment) at the time the business plan was prepared. Cumulatively these projects had a requirement for £7m of ERDF funding, and a total project value of £17.2m.

4.3 These proved to be very challenging targets for PIF to meet. By the time the interim evaluation was undertaken, one of the seven projects had already withdrawn and a further three reserve projects had been invited to submit a Stage Two application, meaning there were nine live applications being progressed. Of these, five applications were either withdrawn by the applicant or did not progress. This was for a range of reasons, including:

- **Difficulties in raising/evidencing match funding:** the largest project which was live at the time of the interim evaluation (grant of £3.2m) was delayed as the applicant was unable to evidence that they could still meet the match funding requirements, which had risen because of an increase in building costs. This was a large project with a build period of 12 months. It eventually got to a stage where it was too late for the project to be deliverable in the time remaining so the application was not progressed.
- **Cost increases affecting viability:** one application did not proceed because cost increases meant the viability gap was so large that it could not be closed even with a grant at the maximum intervention rate of 45%.
- **Planning issues:** one application for a new office development had secured planning consent but the permission had lapsed. When the applicant tried to renew, the local authority (Swansea) had changed its policy on where new office development would be permitted and denied the request.
- **Inability to meet timescales:** it was reported that two applicants could not meet all of the requirements of the application process in the time available despite regular contact with the case officers from Welsh Government.

- 4.4 Although the Welsh Government team did investigate the possibility of inviting other applications from the reserve list to apply after some applications were cancelled or withdrawn, by the time it became apparent that some applications could not progress, it was considered too late for the projects to be deliverable in the time remaining. Furthermore, a number of the applicants on the reserve list had decided not to proceed with their projects because of the change in market conditions (e.g. cost increases) and greater economic uncertainty caused by Brexit and the pandemic²².
- 4.5 As a result, in 2022 the operation was reviewed and reprofiled in light of the considerable challenges encountered (see

²² It should be noted that it was not possible to consult the unsuccessful applicants for their perspectives on the reasons for not proceeding. Contact details were provided for two of these but neither was willing to undertake a consultation with the evaluators.

4.6 Table 4.1). This re-profile was based on the four applications which were still live and progressing at the time of the review. The total ERDF allocation was reduced to £3.4m²³ and the target for delivery of new or refurbished floorspace was reduced to 7,625 sq m. The table shows that all four projects were successfully completed and these revised targets were met or were very close to being met.

²³ Because the challenges faced by the operation was raised with WEFO at an early stage, the unspent ERDF funding could be reallocated to other activities.

Table 4.1: Performance of PIF against financial and output targets

	Indicator	Nov 18 Business Plan targets	Reprofiled targets October 22	Achieved
Projects	Number of projects	7	4	4
Financial allocation/ expenditure (£m)	ERDF	7.0	3.4	3.4
	Private sector	10.2	5.2	5.1
	Total	17.2	8.6	8.5
Outputs	Jobs accommodated	n/a	n/a	n/a
	SMEs accommodated	n/a	n/a	n/a
	Premises created or refurbished (sq m)	16,000	7,625	7,602

Source: Welsh Government

- 4.7 The four successful projects which are all now completed are shown in Table 4.2. It shows all of the developments have delivered new industrial units (including warehouse, workshop and trade counter units). One of these includes a small amount of ancillary office space. These include a mix of small (<300 sq m), mid-sized and large units.

Table 4.2: List of successful PIF projects

Project code	ERDF (£m)	Floorspace (sq m)	Description and location
PBDG03	0.81	1,795	8 industrial/trade counter units in Llangefni, Anglesey
PIF16	0.24	970	Single industrial unit at Mardon Park, Baglan, Neath Port Talbot
PIF17	0.35	544	2 x 272 sqm industrial units at Tir Llwyd Enterprise Park, Conwy
PIF06	2.25	4,296	Single industrial/warehouse building with two storey office section at Pencoed Technology Park, Rhondda Cynon Taf

Source: PIF Closure Report, Welsh Government

4.8 It was noted by some consultees that the application process itself may have deterred some applicants. This was reported to be overly complicated and bureaucratic by some case officers, and contributed to some applicants feeling that it was not worth it, particularly when combined with other factors such as rising costs and restrictions on accessing materials. One successful applicant for PIF also stated “if I knew then what I know now I might have decided not to go for it”, citing the large amounts of paperwork and long timescales as being a deterrent to applying again.

4.9 However, overall, it is clear that the main reasons for the withdrawal of applications and the underspend of ERDF were outside the control of Welsh Government, and that the operation delivery team did everything they could to meet the original targets. This was the consensus view of all stakeholders consulted as part of the evaluation.

Performance of PBDG

4.10 The original business plan for PBDG had a target of creating or refurbishing 23,225 sq m of floorspace, accommodating 663 jobs and five to ten SMEs. These targets were set in a different way to PIF. Rather than basing the targets on the applications which were live at the time of the latest business plan, targets were based on an estimate of what could be delivered with an ERDF allocation of £7m by applying a number of assumptions²⁴.

4.11 As with PIF, PBDG was reprofiled after a number of applications were withdrawn and it became clear that it would not be possible to meet these targets. Applications that were live at the time of the Interim Evaluation did not progress for a range of reasons, including:

- **Effects of Brexit:** one direct example given was a German owned company that decided they no longer wanted to invest.
- **Effects of the pandemic:** one direct example was a business which produces equipment for concerts. The pandemic meant there were no

²⁴ The method and assumptions are explained in more detail in paragraph 3.60 of the Interim Evaluation: [Interim Evaluation of Property Infrastructure Fund and Property for Business Development Grant \(gov.wales\)](#)

concerts for over a year, which had a detrimental impact on the business. This meant they could not take the scheme forward.

- **Increasing costs:** the increase in costs brought about by the Covid pandemic and subsequently the war in Ukraine led to large increases in the cost of materials which meant several projects were no longer viable, or the applicant could not afford the match funding. One example was a metals company which had very high energy costs. These increased significantly during their application, which would have meant the operation was no longer viable.
- **Planning delays:** one project was in a floodplain and could not secure planning permission until certain issues had been addressed. By the time this was resolved there was not enough time to progress the application.
- **Changes in corporate direction:** one company was undergoing a change in management and began to question whether they should be making a large investment at that time.
- **Inability to meet timescales:** as with PIF, there were a number of projects that withdrew when it became clear that they could not meet all of the requirements of the application process in the time available.

4.12 The PBDG team went back to the reserve list of applications on a number of occasions. Two of the applications from the reserve list were successfully delivered. However the delivery team encountered the same challenges as PIF, with applicants reluctant to progress their applications or being unable to meet the timescales. In total it is estimated that 27 PBDG applications were invited to progress over the life of the operation, which underlines the efforts of the delivery team to meet the original targets and the challenges they faced. As with PIF, there was consensus among all consultees that the management and delivery team could not have done any more to meet the original targets.

4.13 Following the review and reprofile in 2022, the ERDF allocation was reduced to £3.7m and the output targets were revised as shown in

4.14 Table 4.3. Most targets were reduced, but the target for premises created or refurbished was increased to 39,762 sq m. This was because the original targets

had been estimated based on the funding available, however the revised targets were based on project specific information for the four live applications that were progressing at the time of the reprofile. This included one large project which was refurbishing a large amount of floorspace (30,000 sq m) at a relatively low cost compared to a new build.

4.15

4.16 Table 4.3 shows that most of the revised targets were met or were close to being met. All four projects were successfully delivered. These accommodated 232 FTE jobs which is 51 lower than the target of 283. This was attributed to the applicants overestimating the number of jobs that would be accommodated during the application process.

Table 4.3: Performance of PBDG against financial and output targets

		Nov 18 Business Plan	2022 reprofiled targets	Achieved
Number of projects		n/a	4	4
Financial allocation/ expenditure (£m)	ERDF	7.0	3.7	3.6
	Private sector	14.5	7.8	7.9
	Total	21.5	11.5	11.5
Outputs	Jobs accommodated	663	283	232
	SMEs accommodated	5	3	4
	Premises created or refurbished (sq m)	23,225	39,762	38,235

Source: Welsh Government

4.17 The four successful projects which are all now completed are shown in

4.18 Table 4.4. These include a mix of industrial and office premises, including three new-builds and one refurbishment of a large former industrial building. Consultees from WEFO felt both operations had done well to successfully fund four projects given the challenging environment they faced.

Table 4.4: List of successful PBDG projects

Project code	ERDF (£m)	Floorspace (sq m)	Jobs accommodated	Description and location
PBDG47	1.7	6,656	100	New vegetable processing facility in Haverfordwest, Pembrokeshire
PBDG40	0.9	30,000	56	Refurbishment of former industrial premises in Neath, Neath Port Talbot
PBDG46	0.3	649	31	New build office and warehouse premises in Gaerwen, Anglesey
PBDG24	0.5	930	45	New build office space in St Asaph, Denbighshire

Source: PBDG Closure Reports, Welsh Government

5. Management and Delivery Processes

Key Findings

- The management and delivery structures put in place for PIF and PBDG have worked well. The Operation Manager and the Property Unit Business Manager have been very effective in their roles, maintaining good oversight of all projects and providing advice and guidance to case officers.
- The management team have also established strong working relationships with WEFO and the IB (Intermediate Body). The operations have benefited from having a single point of contact in WEFO and the IB; the knowledge and experience of these officers has also contributed to the successful and timely delivery of both operations.
- The main challenges faced by case officers included their large workload, which in some cases caused considerable stress, and their lack of understanding of WEFO requirements. Although most felt that they received good support, more could have been done to forewarn them about the process and information requirements.
- It sometimes took a long time to resolve queries related to procurement or eligibility rules and it was felt that many of these issues could have been anticipated. If similar grants schemes were to be offered in future, there would be value in reflecting on the queries which were frequently raised to ensure that these can be resolved more efficiently in future.
- The main frustration for applicants was the length of time that the application process took. Although this partly reflects EU funding requirements and processes which are more time consuming, there were some inefficiencies unrelated to this. This included some long delays in getting cost information verified by external surveyors, which could have been avoided.

Findings of the Interim Evaluation

5.1 The interim evaluation found that the management processes and structures put in place for PIF and PBDG were working well and that the Operation Managers had maintained good oversight of both operations. However it did identify the following issues:

- Some case officers for PBDG felt they did not have the experience and knowledge of property development to carry out the role effectively which led to some delays.
- There was a lack of clarity over roles and responsibilities of case officers once construction has commenced on site and over what indicators should be monitored to assess progress towards CCTs.
- The involvement of the Intermediate Body (IB) in the claims process was reported to have caused a number of delays and an additional administrative burden on applicants.

Management of PIF and PBDG

5.2 The management structures and processes for PIF and PBDG were explained in the interim report. There has been only one substantive change to the management structures since then, which is that both operations are now overseen by a single Operation Manager. This is because the original Operation Manager for PIF moved to a different role. The Operation Manager for PBDG therefore took on responsibility for management of both programmes, although they have been supported by the Property Unit Business Manager with the management of PIF.

5.3 Consultees felt this change had worked well given the similarity of the two operations. One consultee from WEFO said the original arrangements felt a little 'disjointed' as the Operation Manager for each operation was not always aware of what the other one was doing, whereas the new arrangements were described as being much smoother. They suggested that future operations should adopt a similar structure with a single Operation Manager as long as they are supported by sufficient senior resource, as was the case for PIF.

5.4 The day-to-day oversight of projects is still handled by case officers within Welsh Government who report to the Operation Manager. All case officers that were

consulted indicated that the structure works well and that they have a good working relationship with the Operation Manager and the Property Unit Business Manager with whom they are in contact regularly. They also said both officers were approachable, and always available to provide advice and guidance.

- 5.5 Both the Operation Manager and the Property Unit Business Manager were reported as being knowledgeable, hard working and organised, and as a result have been highly effective in their roles. They have also maintained an effective and constructive relationship with the Intermediate Body, which is responsible for verifying all claims made by projects, and with the project development officer and manager in WEFO with whom they have quarterly meetings.
- 5.6 The management of both operations were also reported to have benefitted from having a single and consistent point of contact in WEFO for the last two years. Prior to that, the Operation Managers met with a number of different WEFO officers who would be in post for a short amount of time before moving to a different role. This inconsistency meant that the project development officer would need to spend a long time building up their understanding of the operations. Having the same team in WEFO over the last two years has provided consistency, but the WEFO officers were also reported to have been highly effective at helping the management team to understand and navigate WEFO requirements. The advice they provided was described as being invaluable and helped guide the operations through to successful delivery.

Role of case officers

- 5.7 Case officers have played a vitally important role in both operations, and their hard work and dedication was recognised by the management team and by a number of the applicants consulted.
- 5.8 As noted above, the skills and experience of case officers was raised as a concern by a number of consultees in the interim evaluation. This was a particular concern for PBDG as many of the case officers were not from a property background.
- 5.9 This remained a concern for some case officers consulted as part of the final evaluation. However, for the most part, this was less of an issue, with only two of the nine consultees saying they lacked relevant skills and experience. Those that

did said they were well supported by the Operation Manager or by other case officers, and that their confidence, skills and knowledge have grown over time.

5.10 Far greater issues were:

- **Understanding EU rules, funding requirements and processes:** several said they struggled to get to grips with EU requirements around procurement and understanding which costs are eligible and ineligible. Although they received some guidance on this, many still reported being confused by the rules, and what the penalties would be if they were not all met. Some also reported having to complete forms or information that they were unaware would be required.
- **Capacity of case officers:** Several consultees noted that the role of case officer is very time consuming and has to be delivered alongside their existing workload. In some cases this led to long working hours and considerable stress, particularly for the more complex projects.

5.11 Few suggestions were made for how capacity issues could be improved in future programmes. It was recognised that Welsh Government could not recruit more staff to deliver these schemes, and it would be difficult to recruit people with the blend of property experience and knowledge of ERDF on a temporary basis.

5.12 However, a number of consultees felt more could be done to:

- anticipate some of the issues that are likely to arise in these types of projects, particularly related to procurement, and have clear responses to these issues so that applicants do not have to wait a long time for a response.
- Be clear to case officers at the outset exactly what information they will need to collect from the applicants and which forms they will need to complete to close projects.

Applicant Journey

5.13 Consultations were undertaken with five successful applicants (three for PBDG and two for PIF), all of which had projects which successfully completed.

5.14 Applicants for both operations expressed some frustration with the amount of paperwork that was required and the length of time that the process took. There was recognition that there needs to be robust processes in place where public money is awarded to the private sector to ensure accountability and value for money. Nevertheless, some consultees felt the amount of information required was excessive and onerous, and the forms they were expected to complete were difficult to understand. A number of consultees (both applicants and case officers) noted that a lot of the requirements related to EU funding requirements and, in comparison, their experience of other Welsh Government schemes was the requirements were less onerous. Examples given by representatives of Welsh Government include:

- Core funded property development grant schemes have a single stage application process rather than a two-stage process for PIF and PBDG.
- Whilst Welsh Government funded schemes have to adhere to procurement rules, the process and requirements for core funded projects are much simpler and less stringent than EU funded schemes. They also allow for a Quantity Surveyor to sign-off the eligible costs as being in line with 'market rates' particularly where the developer also has a 'sister'-construction company to carry out the works. This scenario occurred in five out of the eight successful projects delivered under the two funds and was a major frustration for consultees (see below).

5.15 With regard to timescales, a major frustration for some was the amount of time it took to obtain independent verification of the cost assumptions in the development appraisal (via a third-party surveyor). One consultee reported that they waited six months to receive comments and questions on their assumptions from the third party. They then responded to these queries but had to wait a further three months to hear back from them again.

5.16 Most were positive about their case officer. These were described as supportive, approachable and patient, particularly given their large workload. They also played an important role in keeping up the momentum of projects; they were in regular contact with the applicants and made sure that they were aware of the timescales and what needed to be provided by when. The main criticisms related to a project

which had a change of case officer, which involved the new officer having to develop their understanding of the project. This was described as a “steep learning curve” by both parties, with the case officer initially lacking the technical understanding of procurement to provide advice, although this was eventually brought to a successful conclusion. Although not a criticism of the case officers, two consultees also said that the case officers did not always have the answers to their questions, particularly where it related to EU funding requirements, and they would sometimes have to wait a long time to get a clear answer . This added to the timescales and to the frustration of applicants.

5.17 A frequent topic raised was the need to comply with EU procurement requirements which state that all large contracts need to be advertised for a competitive tender exercise or to obtain three quotes for smaller contracts to ensure best value for money is obtained. This was a particular frustration where the applicant was a construction company and they intended to do the works themselves, and therefore could not understand why they would be required to go out to tender. In other cases, applicants found it difficult to secure three quotes because of the challenging environment during Covid. Although this was a frustration, most recognised the reasons for this.

5.18 Once approved, most consultees described the process as being straight forward. The main frustration raised by some consultees related to the claims process. Some reported that the claims were too regular, with some involving five or more claims. Each claim had to be supported by evidence (e.g. a report by a Quantity Surveyor) which was described as time consuming. One case officer who was consulted noted that other property grants issued by Welsh Government involve just one or two claims. These are either paid all on completion or, if the business can demonstrate they need a payment earlier for cashflow, an interim payment can be made. This was felt to be a far easier and less onerous system than quarterly claims.

Intermediate Body

5.19 The Intermediate Body (IB) was established by WEFO in 2015 following an audit of WEFO activities by the EC. This audit found that, for operations involving many projects, such as a grant scheme, there was a regulatory requirement to exercise

greater control over the award, verification and payment of EU funding, either directly or through an intermediate body, within Welsh Government, with delegated responsibilities which are then monitored by WEFO as the Managing Authority. A Memorandum of Understanding was put in place to formally record the delegation of these tasks.

- 5.20 In the case of PBDG and PIF, the role of the IB was to award funding to beneficiaries and undertake desk-based verifications of all claims made by projects to ensure that the expenditure and activities claimed are legal and regular. This is necessary because EC Regulations require WEFO to undertake checks on all claims for reimbursement before they are submitted to the EC for payment. This requirement was delegated to the IB for the PBDG and PIF operations.
- 5.21 This was raised as an issue in the interim evaluation, with some claiming that it added an additional layer of bureaucracy that added to delays and the administrative burden on applicants. These criticisms were raised again by a small number of case officers consulted for the final evaluation. However the claim that it added to the administrative burden on applicants was not borne out by consultations with applicants themselves. Very few mentioned the IB and those that did made mainly positive comments, stating that they had provided helpful advice and helped them to navigate the claims process.
- 5.22 Other consultees in Welsh Government and WEFO acknowledged that the Intermediate Body did create an additional layer as the approval of claims became a two-step process rather than a one-step process (although given that this was a regulatory requirement, it was unavoidable). However, this was mostly hidden from applicants and they felt that this did not add to the time taken for claims to be processed because the second step was very “light touch”.
- 5.23 Some felt that the process may have even been quicker with the help of the IB. It was noted that, had the claims for both operations been processed by WEFO directly, they would have undergone the same level of checks but the claims would have been in a queue with a large number of other claims at the same time and therefore potentially taken longer to pay.
- 5.24 A number of consultees were also very positive about the two officers in the IB. Although it took some time for them to familiarise themselves with the specific

nature of the operations, they were reported as being extremely knowledgeable and effective in their roles by the end of the operation, having developed strong relationships with the Operation Manager, the grant-recipients and most of the case officers. One consultee stated that they “have made the process as efficient as possible. It would have been a lot more difficult if we didn’t have people who were as good as they were”.

Monitoring

- 5.25 The systems put in place for monitoring progress of projects and the operations appear to have been robust. Case officers reported they were in regular contact with the grant recipient and were kept abreast of the progress of each project. The progress of each project was also monitored by an external Quantity Surveyor who also verified claims. The progress of each project was then reported to the Operation Manager. All consultees felt that these processes worked effectively.
- 5.26 One case officer for PBDG questioned whether they should have been involved in the monitoring of projects once in delivery. It was felt there should be a clearer demarcation between the appraisal and monitoring of projects, which is the case for other business grants. This was felt to offer greater safeguards for the case officer as there was potential for conflicts of interest if the person who appraised the project was also involved in monitoring delivery. However other case officers saw monitoring as part of the role of case officer and did not raise similar concerns.
- 5.27 A number of CCT officers did raise issues around monitoring requirements for CCTs. This is explained in more detail in the following chapter.

6. Cross Cutting Themes and contributions to the Wellbeing of Future Generations Act

6.1 This section assesses the PIF and PBDG operations' contribution to CCTs. These are the general principles which require action in multiple fields across programmes and operations. The three CCTs are:

- sustainable development
- equal opportunities and gender mainstreaming (which includes the Welsh language) and
- tackling poverty and social exclusion.

Scope of contributions to CCTs

6.2 Table 6.1 sets out the indicators that were agreed with WEFO for monitoring and measuring the operation's contribution to CCTs. Each of the individual projects was asked to demonstrate how they have contributed to these indicators and provide supporting evidence.

6.3 The list of indicators does not include any relating to equal opportunities or promoting the Welsh language. This was because, when the operations were first reviewed by the CCT team in WEFO, they did not appear to offer opportunities to deliver against the CCT equal opportunities or Welsh language case level indicators beyond complying with the Equality Act 2010, Welsh Government Building Regulations and Welsh Language standards.

Table 6.1: CCT indicators for PIF and PBDG

CCT	CCT indicator	Evidence required
Sustainable Development	Integration of green infrastructure	Projects have maintained or developed green infrastructure (e.g. green roofs and walls, green corridors, habitat support)
	Integration of blue infrastructure	Projects have maintained or developed blue infrastructure (e.g. ponds as landscape features, rain gardens, porous paving).
	Resource efficiency measures	Projects have included passive and active approaches to reducing carbon dioxide emissions and overall energy use (e.g. solar panels, increased insulation, recycling and waste plans and targets)

	Site environmental management plans (Seps)	SEMPs should be submitted setting out commitments by the developer to minimising impact on the local environment.
	BREEAM ²⁵ excellent or very good where applicable	Projects should report their final BREEAM score and associated certificate. Exceptions to this were considered on a case-by-case basis
	Attainment of CEEQUAL ²⁶	Operations involving civil engineering should obtain an award under the CEEQUAL 28 assessment scheme.
	Use of Sustainable Urban Drainage Systems (SUDs) where applicable	Inclusion of SUDs measures by the project (e.g. inclusion of a water storage tank, taps and toilet water limiters and outside flow control chambers)
Tackling Poverty and Social Exclusion	Community skill building activity	Evidence that projects have engaged in following types of activities <ul style="list-style-type: none"> • Involvement of local community in developing ideas and opportunities • Mentoring schemes • Working with local schools, FE colleges and youth groups
	Volunteering schemes	Evidence that projects have provided support for individuals to take up the opportunity to volunteer or attend work placements
General	Developing/engaging CCT Champions	Evidence that contractors have designated individuals to ensure CCT principles have remained at the forefront of the project's design and development.
	Integration of social clauses	Evidence of clauses requiring contractors to develop local and Welsh supply chains, local recruitment programmes, work placement and training opportunities, engagement with local schools

Performance against CCT indicators

6.4 Table 6.2 and

²⁵ Building Research Establishment Environmental Assessment Method

²⁶ Civil Engineering Environmental Quality Assessment and Award Scheme

- 6.6 Table 6.3 show the CCT indicators where WEFO is satisfied that sufficient evidence has been provided for each of the PIF and PBDG projects. For both operations, all of the indicators have been claimed by at least one of the projects with the exception of CEEQUAL. However this is not relevant to PIF or PBDG projects as these are property related and not civil engineering projects. For this reason, Welsh Government's Sustainability Policy requirements are more relevant than CEEQUAL. All of the projects were reported to have met these requirements.
- 6.7 The tables show that certain projects made contributions to a greater range of CCT indicators than others. For instance the project at Pencoed Technology Park was able to claim for all CCT indicators (all except CEEQUAL), compared to only four for the project at Llangefni and five for the project at Mardon Park. There appear to be a number of reasons for this:
- Characteristics of the projects: the nature of the sites and size of the projects meant there was less scope to provide blue or green infrastructure on certain projects than others. Similarly, only the largest projects at Pencoed and Haverfordwest had a requirement to meet a BREEAM rating, with the others excepted on the grounds of their size.
 - Existing practices and policies of contractors or grant recipients. based on a review of the CCT reports for PIF, it is clear that some of the contractors appointed to carry out the works already had a clear commitment to maximizing social value and community benefits. This in turn may reflect the greater size and capacity of certain contractors. For example, the main contractor for Pencoed Technology Park already had measures in place for engaging with the local community, recruiting disadvantaged people and supporting local charities. Similarly, in the case of PBDG, those grant recipients that had pre-existing initiatives and policies in relation to community initiatives performed better than those that did not. As one PBDG consultee stated "we were doing all of this kind of stuff anyway".
- 6.8 Feedback from consultees suggests contributions to CCTs could have been even greater if the management team for PIF and PBDG had focused on this earlier in the delivery period. The CCT team in WEFO reported having limited engagement with the PIF and PBDG teams until November 2022 when a number of the projects

had already completed or were at a late stage. It was only then that the reporting requirements were agreed, which was fed down to case officers who were required to collect the evidence.

6.9 Several case officers felt that this requirement was issued at too late a stage by the management team for PIF and PBDG, with no advance warning. This added to their workload but also meant that they had to retrospectively demonstrate how the projects had contributed to CCTs instead of considering this from the outset. Some also noted that earlier engagement with the beneficiaries would have enabled them to influence their behaviour and achieve a greater range of additional outcomes. Instead, all they could claim for were the activities and measures that had been done anyway.

Table 6.2: CCT indicators for PIF where there is agreement to claim

	Llangefni	Mardon Park	Pencoed Technology Park	Tir Llywd Enterprise Park
Integration of green infrastructure		✓	✓	✓
Integration of blue infrastructure			✓	
Resource efficiency measures	✓	✓	✓	✓
SEMPs	✓	✓	✓	✓
BREEAM Excellent or Very Good			✓	
CEEQUAL				
Use of SUDs			✓	
Community skill building activity		✓	✓	
Volunteering schemes			✓	✓
Developing/engaging CCT champions	✓	✓	✓	✓
Integration of social clauses	✓		✓	✓

Table 6.3: CCT indicators for PBDG where there is agreement to claim

	Veg processing facility, Haverfordwest	New office, St Asaph	New office, Anglesey	Refurb of Metal Box, Neath
Integration of green infrastructure	✓	✓	✓	✓
Integration of blue infrastructure	✓		✓	✓
Resource efficiency measures	✓	✓	✓	✓
SEMPs	✓	✓	✓	
BREEAM Excellent or Very Good	✓			
CEEQUAL				
Use of SUDs	✓			
Community skill building activity	✓		✓	
Volunteering schemes	✓	✓	✓	
Developing/engaging CCT champions		✓	✓	✓
Integration of social clauses	✓	✓	✓	✓

Contribution to the goals of the WCFG Act

6.10 The Wellbeing of Future Generations Act is a Welsh law that requires public bodies to do things in pursuit of the economic, social, environmental and cultural wellbeing of Wales in a way that accords with the sustainable development principle. This section assesses how PIF and PBDG have contributed to each of the seven connected wellbeing goals included in the Act.

A Prosperous Wales

6.11 This goal aims to create an innovative, productive and low carbon economy which generates wealth and provides employment opportunity.

6.12 Both PIF and PBDG have directly contributed to this goal by creating new employment opportunities and contributing to GVA in Wales. Chapter 7 estimates that, once fully occupied, the PIF projects will create between 144 and 155 net additional FTE jobs and between £7.4m and £8.1m in GVA per annum for their local areas. It is estimated that PBDG will create 134 net additional FTE jobs and £9.7m per annum in GVA.

A Resilient Wales

6.13 This goal aims to build a nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example, climate change).

6.14 PIF and PBDG have contributed to this goal by embedding a range of sustainable development measures into the design of projects, including integration of blue and green infrastructure, resource efficiency measures and adoption of SEMP. These will minimise projects' impact on the local environment and support functioning ecosystems wherever it is feasible to do so. Table 6.2 and

6.15 Table 6.3 show the specific projects which have embedded these measures.

A Healthier Wales

6.16 This aims for a society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.

6.17 PIF and PBDG are likely to make a modest contribution to this goal by improving access to employment in areas with above average unemployment or inactivity (see Chapter 7). A range of studies have shown there is a clear relationship between employment and improved mental health²⁷.

A More Equal Wales

6.18 This aims to foster a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background).

6.19 PIF and PBDG have contributed to this goal by ensuring that funded projects comply with the Equality Act 2010, Welsh Government Building Regulations and Welsh Language standards. It should be noted, however, that these are legal requirements and therefore the operations' contributions to this goal are the minimum required for these types of projects. There is limited evidence that the operations have gone above and beyond these requirements.

A Wales of Cohesive Communities

6.20 This seeks to create attractive, viable, safe and well-connected communities.

6.21 PIF and PBDG contribute to this goal by creating new employment opportunities in areas with above average unemployment or inactivity. This has the potential to support the viability and cohesiveness of these communities by helping to retain people who might otherwise leave the area to find employment (e.g. young people). At this stage, little is known about who has accessed or will access the new jobs and whether this has helped to retain young people (see Chapter 7). The

²⁷ For example, see the Health Foundation (2021): [Unemployment and mental health](#)

operations could also generate economic and community benefits through increased expenditure in the areas where projects have been funded, contributing to enhanced vitality and viability of local economies.

A Wales of Vibrant Culture and Thriving Welsh Language

- 6.22 This aims for a society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.
- 6.23 This goal is less relevant to PBDG and PIF, which, due to their nature, offer limited opportunities to protect culture and heritage. However, all projects have ensured compliance with Welsh Language standards (e.g. ensuring all signs are bilingual). It should also be noted that a number of projects have created employment opportunities in areas with high concentrations of Welsh speakers, including the Isle of Anglesey and Conwy, which could help to retain Welsh speakers in their communities. This includes during the construction stage, where a high proportion of sub-contractors used were local businesses. For instance, one consultee reported that over 90% of the supply chain expenditure during the construction phase went to businesses in Anglesey.

A Globally Responsible Wales

- 6.24 This identifies a goal for Wales to be a nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.
- 6.25 This goal is less relevant to PIF and PBDG which is focused on creating new employment opportunities in local disadvantaged areas in Wales. There are therefore likely to be limited positive contributions outside Wales. Nevertheless, environmentally friendly construction practices and energy efficiency measures in the completed premises should reduce their carbon footprint and provide a positive environmental impact.

7. Current and future impacts

Key Findings

- All of the premises funded by PBDG and PIF are now occupied or have tenants waiting to move in. The fact that all PIF premises were occupied within a short time of coming to market demonstrates that they have addressed a market need.
- Although information is not available for all of the occupiers, there is clear evidence that the operations have led to additional investment in the local area. Of the nine occupiers of PIF funded premises, four are new investments in the area by national companies. Of the remaining five, there is good evidence that these have enabled the occupiers to grow their business. All of the PBDG projects have enabled the grant recipients to grow their business.
- It is estimated that, by the time the premises are occupied, PIF will have led to the creation of between 177 and 190 new FTE jobs (mostly in the retail and wholesale sector), while PBDG will have led to the creation of 145 FTE jobs (in the construction and food manufacturing sectors).
- After taking account of displacement and additionality it is estimated that PIF projects will have led to between 144 and 155 net additional FTEs for their local areas by the time they are all occupied, and between £7.4m and £8.0m in GVA per annum. PBDG projects will have led to the creation of 134 net additional FTEs in their local areas and £9.7m in GVA.
- Over a ten-year period, it is estimated that PIF investments will deliver between £17.69 and £19.13 in GVA for their local area for every pound of public money invested, while PBDG is estimated to deliver £21.53 for every pound invested. The estimated cost per job is between £22,580 and £24,300 for PIF and £27,865 for PBDG. Overall, it is concluded that the operations have delivered good value for money.

- 7.1 This section assesses the impact of the PIF and PBDG investments on job creation and economic growth, measured in terms of Gross Value Added (GVA). It also assesses the nature of benefits for businesses that have occupied PIF/PBDG funded premises and the wider benefits in terms of local regeneration.
- 7.2 The focus of the economic impact assessment is on local impact, defined here as the local authority in which the sites are located, rather than the impact on Wales as a whole. This is on the basis that the rationale for both PIF and PBDG was to encourage local employment creation. Given that most of the premises have been occupied by businesses that primarily serve a Welsh market (including a large number of retailers), the national impact of the investments would be expected to be lower due to higher levels of displacement.

Property Infrastructure Fund

- 7.3 PIF has funded four new developments, cumulatively delivering 7,600 sq m of new floorspace. As of May 2023, three of these developments were already fully occupied by eight tenants, most of whom are retailers, including a mix of local businesses and national chains²⁸. The largest project at Pencoed Technology Park in Bridgend has only recently been completed. A deal has been agreed for a large retailer to move into these premises, although this had not occurred at the time of writing. All of the new premises were fully occupied within a short time of coming to market, indicating a market need for all of the PIF funded projects.
- 7.4 The evaluators made several attempts to engage the eight current occupiers (by email and phone) to understand the nature and scale of benefits for their business. However it was only possible to speak to one of these. The other occupiers were either unwilling or unable to answer the questions. Named contacts within each business were not available to the evaluators. Therefore a key challenge was identifying a decision maker in the business who was in a position to answer questions about their motivation for seeking the premises, the availability of alternatives and the benefits for the business. A number of the premises are being

²⁸ One of the tenants is in the construction industry

used as branches of national retail chains which made this more difficult as the employees who work in these branches were unable to answer the questions.

7.5 In the absence of information from the occupiers themselves, the impacts on employment and GVA have been modelled, although the assumptions have drawn upon information provided by case officers and PIF applicants.

Number of full time equivalent (FTE) jobs created

7.6 Table 7.1 shows how the number of new FTE jobs in PIF funded premises have been estimated.

7.7 The first step was to estimate the number of FTEs *accommodated*. This was estimated using information provided by the occupier, the applicant or the case officer, where it was known²⁹. Where this was not known it was estimated by applying employment densities to the quantities of different types of floorspace. This has used the following assumptions which are informed by the 2015 HCA Employment Density Guide:

- Light industrial/workshops/trade-counter units: 47 FTEs per sq m (based on net internal area)
- B8 distribution: 70 sq m per FTE
- Offices: 12 sq m per FTE

7.8 It is estimated that, once the tenant has moved in to Pencoed Technology Park, the PIF funded premises will accommodate 225 FTEs.

7.9 It was then necessary to estimate the proportion of these jobs which are new to the area (as opposed to those that are existing jobs which have been relocated from other premises in the same area).

7.10 Where businesses are new to the local area (e.g. national companies opening a branch such as at Pencoed) it was assumed that all of the jobs accommodated are new jobs. Where businesses have relocated within the same area, it is assumed

²⁹ FTEs accommodated was not an output indicator for PIF - only for PBDG. Therefore, it was not monitored and so the figure was estimated

that most jobs are not new. However, in most of these cases, consultees reported that the move has enabled the business to grow and recruit more employees. This was confirmed by the one occupier that was interviewed by the evaluators who said the move had enabled them to recruit three new employees. Where it was not possible to estimate the specific number of jobs created, this has been presented as a range, although this is subject to uncertainty.

Table 7.1: Estimates of jobs accommodated and created in PIF funded premises

	Jobs accommodated	Jobs created	Source and justification of assumptions
Pencoed Technology Park	150	150	Estimates provided by PIF applicant. New investment by national retailer – all jobs accommodated are new
Mardon Park	25	1 to 5	Estimates provided by case officer. This is a relocation within the same area – case officer reported small amount of jobs growth.
Tir Llwyd Enterprise Park	12	6 to 10	Estimates modelled using employment densities. Two occupiers, one of which is a new branch of a national chain, so all jobs are new. Other is a local business with small amount of jobs growth.
Bryn Cefni	38	20 to 25	Five occupiers in total. Jobs estimates provided by one occupier and modelled using employment densities for the others. Two occupiers are branches of a national chain so all jobs are new. Others are local businesses who

have relocated with small amount of new jobs growth.

Total	225	177 to 190
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Source: Hatch

Gross Value Added

7.11 Most of the new jobs created in PIF funded developments have been in the retail and wholesale sector, with a small number in construction. Gross Value Added (GVA) has been estimated by multiplying the number of FTE jobs created in these industries by the average GVA per FTE for that sector in Wales. This results in a range of £9.0m to £9.9m in GVA per annum.

Table 7.2: Estimates of GVA generated by occupiers of PIF funded premises

Sector	FTE jobs	GVA per FTE	GVA
Retail & Wholesale	176 to 185	£51,000	£9.0m to £9.4m
Construction	1 to 5	£84,700	£84,700 to £423,000
Total			£9.1m to £9.9m

Source: calculations by Hatch using data from Office for National Statistics

Net additional impacts

7.12 To convert gross direct impacts to net additional impacts we have made the following assumptions:

- **Deadweight:** this is an estimate of what level of target outputs/outcomes (e.g. jobs) would have been produced if the PIF operation did not go ahead. In this case we believe it is reasonable to assume that deadweight would be low because: a) it is unlikely that the new floorspace could be delivered without the intervention due to market failure and b) there is an undersupply of industrial premises in each of the areas with PIF projects, meaning there are few alternatives for potential occupiers. This was confirmed by consultees, including PIF applicants, case officers and the one occupier that was interviewed, and by the fact that all premises were fully occupied within a short time of coming to market. The modelling therefore assumes deadweight of 10%, which is lower than most benchmarks in the HCA

Additionality Guide (between 25 and 40% for development schemes and investments in physical infrastructure).

- **Displacement:** this is the proportion of outputs accounted for by reduced outputs elsewhere in the local area. This could occur as a result of occupiers relocating within the same area which has already been accounted for above. However displacement can also occur in the product and labour markets in which businesses operate. In the case of PIF, a number of the funded premises have been occupied by retail or wholesale businesses serving a local market. This means a high proportion of the growth in sales for these is likely to come at the expense of local competitors. The level of local displacement is likely to be lower for retailers serving a national or regional market (e.g. online retailers). The modelling has therefore assumed the following displacement rates for different sectors:
 - Retail/wholesale (local market): 75%
 - Retail/wholesale (regional/national market): 25%
 - Construction: 25%
- **Leakage:** this refers to outputs that benefit those outside the target area. In this case we expect leakage to be zero.
- **Multiplier effects:** these refer to additional economic activity as a result of supply chain (indirect effects) or salary expenditure (induced effects) in the target area. We have assumed a composite multiplier of 1.29 based on the HCA Additionality Guide (Table 4.12).

7.13 These adjustments have been applied in Table 7.3. It is estimated that the PIF funded premises have led to between 144 and 155 net additional FTEs and between £7.4m and £8.0m in GVA for their local areas.

7.14 For the purpose of the value for money assessment, it is also necessary to consider how long these benefits will persist for. There is very little research on the persistence of benefits associated with local economic growth interventions. The HCA Additionality Guide provides some recommendations for assumptions that can be applied for different types of intervention. In the case of infrastructure projects, this recommends a persistence period of 10 years. Assuming future

benefits are discounted at a rate of 3.5% (in line with HM Treasury Green Book guidance) this would mean the total GVA impact of PIF would be between £62m and £67m over ten years.

Table 7.3: Net additional impacts of PIF projects

	Local retail		National/ regional retail		Construction		Total	
	Low	High	Low	High	Low	High	Low	High
Gross FTEs	15	18	161	167	1	5	177	190
<i>Minus deadweight</i>	-2	-2	-16	-17	0	-1	-18	-19
<i>Minus displacement</i>	-10	-12	-36	-38	0	-1	-47	-51
<i>Plus multiplier effects</i>	1	1	32	32	0	1	32	35
Net additional FTEs	4	5	141	144	1	4	144	155
Gross GVA (£000)	765	918	8,211	8,517	85	424	9,061	9,859
<i>Minus deadweight (£000)</i>	-77	-92	-821	-852	-8	-42	-906	-986
<i>Minus displacement (£000)</i>	-516	-620	-1,847	-1,916	-19	-95	-2,383	-2,631
<i>Plus multiplier effects (£000)</i>	50	60	1607	1667	17	83	1,674	1,810
Net additional GVA (£000)	222	266	7,150	7,416	75	370	7,446	8,052

Source: Calculations by Hatch

Access to employment

7.15 As it was only possible to speak to one of the occupiers of PIF funded premises, it has not been possible to estimate the number of jobs that have been accessed by local people. However, given the nature of the roles being created (mostly in low

and intermediate skilled roles), the vast majority should be accessible for local people. It was also confirmed that the large retailer that plans to move into the premises at Pencoed Technology Park is already in the process of advertising jobs locally and also plans to recruit a small number of apprentices.

- 7.16 It is not possible to relate this to the result indicator for the PIF operation (reduction in the claimant count), as there is no information available on the proportion of jobs that were taken by people who were claiming out of work benefits.

Property market and regeneration benefits

- 7.17 As noted above, all of the PIF funded projects have been let to tenants quickly, indicating a market need for the new premises. Consultations with local agents were carried out in three of the areas with PIF funded projects, including Bridgend, Llangefni and Kinmel Bay to elicit their views on the quality of the premises and their role in meeting current and future market needs. The key points were as follows:

- The small industrial units delivered in Llangefni and Kinmel Bay have addressed a clear need in the market for small industrial premises which meet the needs of local business. They noted the poor quality of much of the supply in the local area, although this is now changing with a number of new developments coming forward in recent years. The units themselves were felt to be of a high quality and have contributed positively to the local area. The new units at Llangefni were described as fitting in to their surroundings, and have helped to regenerate an unattractive former brownfield site.
- Agents in Bridgend reported very strong demand for the good quality, medium sized warehouses that have been delivered at Pencoed Technology Park due to the close proximity to the M4, and this was evidenced by a number of other lettings at the park in recent months.

Property for Business Development Grants

- 7.18 PBDG has funded four developments, cumulatively delivering 38,000 sq m of new or refurbished floorspace. As of May 2023, three of these premises were occupied. The fourth, a new vegetable processing facility in Haverfordwest, Pembrokeshire is

in the process of being fitted out with new equipment but should be occupied by the end of 2023.

7.19 Consultations were completed with three of the four PBDG applicants and these have been the main source of information for estimating the impacts of PBDG.

7.20 In each case, the consultee stated that the primary motivation for applying for the PBDG grant was to grow the business. One of these had previously been operating as a home-based business and the others reported being severely constrained for space.

FTE jobs created

7.21 Based on monitoring data, it is estimated that PBDG funded premises have accommodated (or will accommodate) 232 FTE jobs. In a number of cases, these were existing jobs that have been relocated into the new premises. The main exception to this was the new vegetable processing facility in Haverfordwest, where a large proportion of the jobs accommodated are expected to be new jobs. One of the businesses has so far not recruited any new staff but plan to in the future and said that this was the primary reason for moving to the new premises. Once the vegetable processing facility is occupied, it is estimated that 105 new jobs will have been created. A further 40 jobs are expected to be created in the future, meaning PBDG will have facilitated the creation of 145 new jobs.

Table 7.4: Estimates of gross jobs created in PBDG funded projects

	FTE jobs accommodated	FTE jobs created to date	Future FTE job creation
Veg processing facility, Haverfordwest	100	75*	-
Refurb of former industrial premises, Neath	75	25	25
New build office/warehouse in Anglesey	25	0	10
New build office in St Asaph	50	5	5
Total	250	105	40

Source: Hatch

*once the premises are occupied

Gross Value Added

7.22 With the exception of the vegetable processing facility, all of the PBDG funded premises have been occupied by businesses in the construction sector. GVA has therefore been estimated by applying GVA per FTE benchmarks for this and the food manufacturing sector to the estimated number of jobs created in each sector. It is estimated that PBDG has supported gross GVA of £10.4m per annum.

Table 7.5: Estimated gross GVA impact of PBDG

Sector	FTE jobs	GVA per FTE	GVA
Food manufacturing	75	£59,800	£4.5m
Construction	70	£84,700	£5.9m
Total	120		£10.4m

Source: Hatch

Net additional impacts

7.23 To convert gross direct impacts to net additional impacts we have made the following assumptions:

- **Deadweight:** Of the three PBDG applicants interviewed, two said that the investment could not have gone ahead without the grant support, but one said it may have gone ahead but would have taken them a much longer time to build up the cash reserves needed (although they could not specify time scales). Leasing property was not considered to be a viable option as there were no properties in the local area which met their requirements. In each case, the consultee confirmed that the business could not have expanded without the new premises; one business had previously been operating as a home-based business and the others said they were severely constrained for space which was a barrier to recruitment. It is therefore reasonable to assume that deadweight of economic impacts is low, at around 10%, although there is a risk that some of the benefits would have occurred without the public sector support, but at a much later date.

- **Displacement:** local displacement of economic benefits is likely to be low as all of the businesses that have received grants serve either a regional or national market, although a number of these reported having some local competitors. Displacement is therefore assumed to be 20%,
- **Multiplier effects:** as for PIF, the modelling assumes a composite multiplier of 1.29 based on the HCA Additionality Guide (Table 4.12).

7.24 Net additional impacts are shown in Table 7.6. It is estimated that PBDG projects have led to 134 net additional FTEs and £9.7m p.a. in GVA for their local areas.

7.25 Assuming a persistence period of 10 years and a discount rate of 3.5%, this would mean the total net additional impact on GVA would be in the region of £80m.

Table 7.6: Net additional impacts of PBDG projects

	FTE jobs	GVA (£m)
Gross impact	145	10.4
<i>Minus deadweight</i>	<i>-15</i>	<i>-1.04</i>
<i>Minus displacement</i>	<i>-26</i>	<i>-1.87</i>
<i>Plus multiplier effect</i>	<i>+30</i>	<i>+2.17</i>
Net additional impact	134	9.66

Source: Hatch

Access to employment

7.26 All three PBDG consultees confirmed that the majority of their employees live within the local area (defined here as the local authority area) and any future recruitment will be focused mainly on the same areas. All three also confirmed that they employ apprentices, provide training and progression opportunities for other staff, and will continue to do so as part of their future growth plans. One of the premises includes purpose built training rooms for supporting workforce development.

7.27 Two consultees stated that their business is committed to helping local long term unemployed people or school leavers to access employment in the construction industry, and work with the local Jobcentre Plus, local schools and colleges to offer

work experience opportunities. One stated that they plan to establish a training academy for young people to access employment in the construction industry.

- 7.28 There is therefore good evidence that the jobs created through PBDG will offer high quality work, will be accessible for local people and help to alleviate long term unemployment, albeit on a small scale.

Business benefits

- 7.29 All consultees reported being highly satisfied with their new premises and cited a range of benefits for their business. This included:
- **Improved productivity:** two of the consultees stated that the new space has improved the productivity of their business by integrating activities on one site and facilitating more efficient ways of working. For example, one stated that all of their heavy machinery used to be based at a separate site to the office. The new facility has it all on site which was reported to save time and money.
 - **Attracting clients and new business:** having an attractive office or production facility was reported as helping the grant recipients to attract new business, particularly where it was a self-build by the construction company. As one consultee stated: “it is a big portfolio boost for us, to show that we have got this nice impressive building and we did it all ourselves from scratch. We often bring clients in now to show them what we can do”.
 - **Staff morale:** one consultee reported that the new space is a much more attractive place for their employees to work. There are social areas for colleagues to congregate, and they have reported that this has created a much more friendly and happier work environment. This may in turn lead to higher levels of staff retention in future.

Regeneration benefits

- 7.30 One of the projects involves the regeneration of a former industrial building, the Metal Box site in Neath, which had been vacant since 2016. The PBDG grant recipient purchased half of the site, with the grant used for refurbishment and renovation. The other half of the site has now been transformed into a business

zone, with support from Neath Port Talbot Council and the Welsh Government's targeted regeneration investment programme. The building has now attracted a number of tenants including the Ministry of Furniture, Safety Letter Box Company and Vortex. The acquisition of half of the site by the PBDG grant recipient meant that the site had an anchor tenant, which has been described as being a "major boost" for the regeneration project³⁰.

7.31 Although the other projects have not contributed as directly to physical regeneration, the quality of the new buildings have been recognised as adding value to their local area:

- The new build office project in St Asaph was a regional winner in the LABC Building Excellence Awards 2022. The case officer noted the quality of this project, which has created a highly prestigious new office headquarters building and contributed to the attractiveness of the wider business park.
- The new-build office and workshop project in Anglesey is located in an industrial area. Both the applicant and the case officer felt the quality of the new premises had improved the local area.

Value for Money

7.32 This section assesses the value for money of the PIF and PBDG schemes by comparing the costs of delivery with the value of benefits delivered to date, or which are expected to be delivered in the future. Since both PIF and PBDG are place based interventions which had specific objectives to increase local employment and support business growth, the assessment has been carried out in line with the guidance for place based interventions in Annex A2 of the Green Book and Section 5 of the DLUHC appraisal guide. This is based on an estimate of the net additional GVA and job creation for local areas rather than Wales as a whole.

7.33 Table 7.7 shows that the PIF project is estimated to deliver between £17.69 and £19.13 in GVA for their local area for every pound of public money invested, while PBDG is estimated to deliver £21.53 for every pound invested. This represents

³⁰ [Inside the historic Neath 'Metal Box' factory which has been transformed - Wales Online](#)

very good value for money, although it should be noted that this is due to the assumption that benefits will persist for ten years. Nevertheless, even if the model assumed benefits persist for one year this would still represent a positive return on investment (based on the value of local rather than national benefits).

- 7.34 The table also shows the cost per FTE job for each of the operations. This is between £22,580 and £24,300 for PIF and £27,865 for PBDG. There are very few benchmarks to compare this against from recent evaluations of similar schemes. Earlier evaluations of Enterprise Zones (EZs) found that approximately 58,000 net additional jobs had been created at a cost of around £17,000 per job or £26,000 in current prices (ODPM, 1995³¹). This suggests that the estimated costs per job are reasonable and in line with similar interventions, although it should be noted there are major differences between PIF/PBDG and the early EZ programmes which offered large incentives for occupiers.

Table 7.7: Value for money benchmarks for PIF and PBDG

	PIF	PBDG
Public Sector Cost (£m)	3.50	3.73
GVA over 10 years (£m)	61.93 to 66.97	80.34
FTE jobs	144 to 155	134
Benefit Cost Ratio (GVA per £1 of public money invested)	£17.69 to £19.13	£21.53
Cost per job	£22,580 to £24,300	£27,865

³¹ [\[ARCHIVED CONTENT\] Final evaluation of Enterprise Zones - Cities and regions - Communities and Local Government \(nationalarchives.gov.uk\)](#)

8. Conclusions

8.1 This section provides the conclusions for the study, which have been framed around the evaluation objectives described in the introduction.

Meeting the aims and targets of the business plan

8.2 Neither PIF nor PBDG were able to meet most of the original targets set out in the November 2018 business plan. This was the result of only four projects progressing under each operation, substantially fewer than originally anticipated. The only target which was met was PBDG's target to create or refurbish 23,225 sq m of floorspace (achieved 38,235 sqm) which was due to the inclusion of one project that refurbished a large amount of floorspace at a relatively low cost.

8.3 However the reasons for not being able to meet the original targets were largely outside the delivery team's control. The operations were delivered over a period of significant economic uncertainty and unprecedented national and global challenges including the UK's exit from the EU, the Covid 19 pandemic and the war in Ukraine. These have created significant challenges for the development industry including restrictions on access to labour and materials, cost increases and economic instability. All of these have either directly or indirectly contributed to the withdrawal of a large number of applications. This has been coupled with a number of project specific factors which led to the withdrawal of other applications, including planning issues and changes in management.

8.4 All consultees were agreed that the delivery team did everything possible to meet the original business plan targets, including going back to the reserve list of projects several times. The scale of turbulence and challenges faced is evidenced by the fact that 27 separate PBDG applications were invited to progress at one time or another over the course of the operation.

8.5 It therefore became clear that the original targets were unachievable in light of changes in economic and property market conditions, and needed to be revised. Both operations have performed well against the reprofiled targets, having successfully delivered eight projects. Consultees all agreed that this represents a considerable achievement.

Efficiency of programme management and monitoring processes

- 8.6 The management and delivery processes put in place for PIF and PBDG have worked effectively and efficiently. The Operation Manager and the Property Unit Business Manager have been very effective in their roles, maintaining good oversight of all projects and providing advice and guidance to case officers. They have in turn been supported by a team of case officers who worked extremely hard to progress the projects alongside their existing workloads.
- 8.7 The management team have also established strong working relationships with WEFO and the IB. The operations have benefited from having a single point of contact in WEFO and the IB; the knowledge and experience of these officers has also contributed to the successful and timely delivery of both operations.
- 8.8 The main delivery challenges related to the long timescales required to progress projects. The detailed information required to demonstrate eligibility for EU funding contributed to the length of these timescales. The resolution of any queries, particularly those requiring IB or WEFO input, added to the timescales too. This stems in part from case officers' lack of understanding of EU funding rules and requirements, which meant they could not respond to some queries themselves. Therefore, some of the delays could have been avoided with better training and more time spent familiarising themselves with EU requirements. However, it should also be recognised that case officers were understandably reluctant to offer advice on subjects which falls outside their area of expertise. Many of these case officers felt more could have been done to anticipate some of the issues which they had to deal with, and to provide them with advice on how to deal with these queries should they arise. This would have meant that queries could be dealt with quicker, without the need to involve the IB or WEFO.
- 8.9 Other causes of delays were unrelated to EU requirements, including long delays in getting third party verification of costs. The reasons for this are unclear but this could have been avoided with firmer management of the appointed third party surveyors.
- 8.10 Monitoring processes also worked effectively overall, with most (but not all) case officers saying they were clear on the requirements. The one exception to this is in relation to the requirements for monitoring CCTs. This was due to the delivery team

engaging with WEFO about CCT monitoring indicators at a very late stage in the delivery of both operations. This meant the monitoring requirements were explained to case officers too late in the process, and meant they had to retrospectively collect the information required instead of advising grant recipients at an early stage about what information will be required.

Achievement of outcomes and longer-term impacts

8.11 The PIF and PBDG operations have led to the following outcomes:

- All of the premises funded by PBDG and PIF are now occupied or have tenants waiting to move in. The fact that all PIF premises were occupied within a short time of coming to market demonstrates that they have addressed a market need.
- Although information is not available for all of the occupiers, there is clear evidence that the operations have led to additional investment in the local area. Of the nine occupiers of PIF funded premises, four are new investments in the area by national companies. Of the remaining five, there is good evidence that these have enabled the occupiers to grow their business. All of the PBDG projects have enabled the grant recipients to grow their business.
- As a result it is estimated that, by the time the premises are occupied, PIF will have led to the creation of between 177 and 190 new FTE jobs (mostly in the retail and wholesale sector), while PBDG will have led to the creation of 145 FTE jobs (in the construction and food manufacturing sectors).

8.12 The job creation estimates above are gross figures which do not take account of displacement or deadweight. Based on the evidence considered, it is expected that deadweight will be low. This is on the basis that the supply of premises is constrained in each of these areas, and that consultees were clear that they could not grow their workforce without access to larger premises. Displacement is likely to be higher for PIF than it is for PBDG because of the nature of the occupiers, most of whom are retailers or wholesalers including several who serve a local market and are therefore competing with other local firms. This is less of an issue for PBDG where the occupiers are mainly serving national or regional markets.

- 8.13 After taking account of displacement and additionality it is estimated that
- PIF projects will have led to between 144 and 155 net additional FTEs for their local areas by the time they are all occupied, and between £7.4m and £8.0m in GVA per annum.
 - PBDG projects will have led to the creation of 134 net additional FTEs in their local areas and £9.7m in GVA.

8.14 The majority of these roles are likely to be accessed by local people. Given that most of the jobs in PIF funded premises are in the retail and wholesale sector it is expected that these should be accessible for local people, including those who are unemployed with low skills. The occupants of PBDG funded premises also confirmed that the new jobs created will include apprenticeships and that they actively recruit local school leavers and people who are long term unemployed. Therefore both operations should contribute towards reductions in unemployment and retention of young people, although it has not been possible to quantify this with the information available.

Value for Money

8.15 Value for money has been assessed on the basis of the balance between public sector costs and the value of local economic benefits. PIF is estimated to deliver between £17.69 and £19.13 in GVA for their local area for every pound of public money invested, while PBDG is estimated to deliver £21.53 for every pound invested. This represents very good value for money, although it should be noted that this is due to the assumption that benefits will persist for ten years. Nevertheless, even if the model assumed benefits persist for one year this would still represent a positive return on investment.

8.16 The estimated cost per job is between £22,580 and £24,300 for PIF and £27,865 for PBDG. There are very few benchmarks to compare this against to assess whether this represents good value for money. However they are broadly in line with earlier evaluations of EZ schemes.

Providing an environment for growth

8.17 As noted above, the PIF and PBDG investments have facilitated jobs growth for the occupiers and beneficiary businesses. There have also been a range of other

benefits including increased productivity, improved client engagement and staff morale.

- 8.18 There is also evidence of wider benefits from PIF and PBDG investments, including improving the local environment. One of the projects has received an award for building excellence, creating a high quality new headquarters building which adds to the prestige of the wider business park. Another has helped to refurbish a derelict industrial building and acted as a catalyst for regeneration of the rest of the site.

Contributions to CCTs and the Welsh Language

- 8.19 The PIF and PBDG projects have made a large range of contributions to CCTs, particularly sustainability and tackling poverty and social exclusion, and have provided strong evidence of these contributions to WEFO. CCT officers in WEFO reported being satisfied with the range of contributions given the nature of the operations.
- 8.20 The list of CCT indicators agreed with WEFO did not include indicators relevant to the Welsh language as it was felt that the operations did not offer opportunities to deliver against the CCT Welsh language case level indicators. Nevertheless, all projects funded have complied with Welsh Language standards, including the requirement that all signage is bilingual. The projects have also supported local employment in areas with high concentrations of Welsh speakers such as Anglesey and Conwy. This includes during the construction stage, where a high proportion of sub-contractors used were local businesses. For instance, one consultee reported that over 90% of the supply chain expenditure during the construction phase went to businesses in Anglesey. Therefore the operations have made a modest contribution to the Welsh Government's aims and objectives for the Welsh language as set out in Cymraeg 2050, particularly the objective to "develop the economy to ensure a firm footing for Welsh-speaking communities"
- 8.21 Although the operations can demonstrate they contributed to a wide range of CCT indicators, it appears more could have been done had the delivery team engaged earlier with the CCT officers in WEFO. Meaningful engagement only started in November 2022 when both operations were in their closing stages. Therefore, the only achievements that could be claimed were those that could be evidenced

retrospectively. Had engagement happened at an earlier stage, case officers would have had more of an opportunity to collect more evidence relevant to CCTs and to encourage the grant recipients to implement measures such as community skill building and volunteering, thus increasing the contributions to CCTs.

9. Recommendations

Need for similar interventions in future

- The evaluation has found clear evidence of a continued need for similar interventions such as PIF and PBDG in future, specifically in those parts of Wales that continue to suffer from market failure in the delivery of new employment space. It is therefore recommended that Welsh Government continues to make this support available in some form.

Selection of projects

- Given that ERDF will not be available in future, and that there is likely to be far less funding available for these activities through the UK Shared Prosperity Fund (UKSPF), investment decisions will need to be more strategic and selective than they were for PIF and PBDG. Funding should still be focused on areas where there is clear evidence of market failure and market need, but wherever possible should aim to fund larger strategic investments that have been identified as a regional priority. Wherever possible there should be a focus on projects which support priority sectors and minimise displacement.
- Depending on the scale of the funding available, Welsh Government may wish to reconsider the process through which funding is awarded, and whether this is best delivered through an advertised, competitive and time-limited fund. While this has ensured an open and fair process, it has created a huge amount of work to administer the allocation of a limited amount of public funding. If even smaller amounts of funding is available in future, this is unlikely to be the most appropriate mechanism for allocating funding. The alternative may be to identify projects on a case-by-case basis through engagement with businesses, regional stakeholders (e.g. the Regional Engagement Teams) or referrals from the Development Bank of Wales, and identify those which best meet Welsh Government's objectives.

Application process

- Welsh Government should adopt a streamlined application process which makes a commitment to process and make a final decision on all applications within three months (subject to the applicant meeting all of the relevant deadlines).
- Welsh Government should retain third party surveyors to provide an independent verification of the development appraisal but include a requirement in the contract that these are turned around quickly to avoid lengthy delays.
- Provide clear information at the outset about all of the information applicants will be expected to provide and by when. All forms should be as simple to follow as possible and written in plain, easy-to-understand language.

Claims process

- Adopt a more flexible approach to making claims with the grant recipient, including the ability to make a single claim or two stage claim process (if required for cash-flow reasons).
- Retain the third party independent verification of claims. Once this is done, this should trigger the approval of payment rather than going through additional stages of verification, as was the case for PIF and PBDG.

Management and delivery

- If administered as competitive funds, retain a single Operation Manager with oversight of both but with support from a senior officer for each operation. These should oversee a team of case officers who report to the Operation Manager.
- 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.

- Provide clear information on the expectations around monitoring requirements for case officers. If there is an expectation that funded projects will contribute to CCTs or their equivalent, ensure that this is clear from the outset to facilitate early engagement with grant recipients.

Annex A – List of Consultees

Organisation	Number of interviewees
Welsh Government	13
WEFO	3
Grant recipients for PIF and PBDG funding	5
Occupiers of PIF funded premises	1
Representatives of commercial property agents	3

Annex B – Interview topic guides

Welsh Government Delivery and Management Staff

Rationale

- Have there been any new policies or strategies published since the interim evaluation which are relevant to PIF or PBDG? How do these affect the policy rationale for each operation?
- Are you aware of any up to date evidence on property market and labour market trends in Wales as a whole, or in local areas that have received PIF/PBDG funding?
- What have been the longer term impacts of the Covid 19 pandemic in Wales on the property market (office and industrial markets) and how does this affect the rationale for the interventions?
- In your view is there a need for these types of interventions in future?

Performance of the operations

- Table 1.1 and Table 1.2 show the financial and output targets for PIF and PBDG and the latest position based on projects which are going forward (based on the monitoring data provided to the evaluation team).
- Are the targets correct? Have there been any changes to the funding profile or the output targets for either operation since the interim evaluation? If there have been any changes what was the reason for this?
- What factors explain the expected performance of PIF and PBDG by the end of the delivery period? In particular:
 - the fact that both operations are unlikely to commit their full ERDF allocation
 - the fact that PBDG is likely to exceed its target for floorspace created or refurbished, while PIF is unlikely to meet this target?
- To what extent was underperformance due to internal or external factors? Could anything have been done differently by Welsh Government?

- The progress reports show a large number of applications withdrew from the process or did not proceed. What were the reasons for these?
- What actions were taken by Welsh Government to try and meet the operation targets after applications withdrew? Could anything have been done differently?
- What are your main reflections about the challenges experienced in meeting the targets for the PIF and PBDG operations, and the lessons for similar interventions in future?

Cross Cutting Themes

- What evidence is there that PIF and PBDG have contributed towards the cross-cutting themes of:
 - Equal opportunities
 - Sustainable development
 - Tackling poverty and social exclusion
- What more could have been done to increase each operation's contributions to these CCTs?
- The interim evaluation found there were no formal systems or guidance in place for case officers to ensure requirements related to CCTs are met and properly monitored, resulting in inconsistent approaches by case officers. What steps were taken to address this?
- How, and to what extent, have the operations provided opportunities to promote the Welsh language through its activity?
- What more could have been done to promote the Welsh language and its use across each operation?
- How have the operations contributed to the goals of the Wellbeing of Future Generations Act? What evidence is there for this?

Management and delivery processes

- Have there been any changes to management and governance processes or structures since the interim evaluation? If so what were the reasons for this?

- Overall, how would you say the management and delivery structures put in place for PIF and PBDG have worked in practice? Could anything have been done differently in hindsight?
- How has Welsh Government monitored progress of the operation and individual applications?
- The interim evaluation identified a number of delivery related issues:
 - case officers for PBDG lacked knowledge and experience of the property development process which caused a number of delays
 - the introduction of new project management software cause frustrations and resulted in delays in the payment of claims
 - the introduction of the Intermediate Body was also reported to have caused a number of delays and an additional administrative burden on applicants
- Have these continued to be challenges for the operations?
- What steps have been taken to address these issues?
- What lessons are there for management, delivery and monitoring processes on similar interventions in future?

Outcomes and impacts

- Does Welsh Government hold any evidence on the businesses and jobs which have been accommodated on PIF and PBDG sites? IN particular, is there evidence on:
 - The size of businesses
 - The sectors in which businesses operate
 - The previous location of businesses which have moved to PIF sites (if relevant)
 - The extent to which PIF and PBDG grants have helped businesses to grow
 - The extent to which PIF and PBDG grants have helped to retain these businesses/jobs in the local area (or Wales as a whole)
- In your view, what effects have the investments had (or will have) on local property markets and local areas' attractiveness as business growth locations? What evidence is there for this?

Reflections and wrap-up

- Are there any other important issues that we have not discussed?
- What would you say have been the key achievements and successes of the PIF/PBDG operations?
- What are the key lessons for similar interventions in future?

Welsh Government Case Officers

Progress of applications

- Which applications have you been involved with?
- What is the current status of these applications?
- What were the key issues and challenges with applications you were overseeing?
- Were the applications successful in receiving funding? If not, what were the reasons for this?
- What actions were taken by Welsh Government to support and advance the applications and could anything have been done differently?

Management and delivery processes

- Overall, how would you say the PIF/PBDG operation has been managed and delivered?
- What have been the key delivery challenges and how could these have been better addressed?
- Did you feel you had the relevant skills and sufficient capacity to fulfil your role as case officer? If not, how did this affect the efficiency of delivery processes and the application itself?
- Did you feel you had adequate support to fulfil your role as case officer? How could this have been improved?
- What would you say are the key lessons for delivering these types of interventions in future?

CCTs (only to be asked if case officer has overseen one of the applications which has proceeded)

- What evidence is there that the projects you have overseen have contributed towards the cross-cutting-themes of:
 - Equal opportunities
 - Sustainable development
 - Tackling poverty and social exclusion
- Were you given clear guidance and advice on how to monitor and record contributions to CCTs? How could this have been improved?
- In your view, what more could have been done to increase the project's contributions to CCTs?
- How, and to what extent, have the project(s) provided opportunities to promote the Welsh language through its activity? What more could have been done to promote the Welsh language?
- How have the project(s) contributed to the goals of the Wellbeing of Future Generations Act? What evidence is there for this?

Outcomes and impacts (only to be asked if case officer has overseen one of the applications which has proceeded)

- Are your projects now complete and are the premises occupied?
- Do you have any information on:
 - The occupancy rates of premises (PIF only)
 - The number of businesses in the premises (PIF only)
 - The number of jobs accommodated in the new premises?
- Do you have any evidence/knowledge about the types of businesses and jobs which have been accommodated for your projects? IN particular, is there evidence on:
 - The size of businesses
 - The sectors in which businesses operate
 - The previous location of businesses which have moved to PIF sites (if relevant)

- The extent to which PIF and PBDG grants have helped businesses to grow
- The extent to which PIF and PBDG grants have helped to retain these businesses/jobs in the local area (or Wales as a whole)
- Do you think the development has had any wider benefits for the local area? E.g. contributing to regeneration or improving the attractiveness of the area? What is the evidence for this?

Reflections and wrap-up

- Are there any other important issues that we have not discussed?
- What are your key reflections about PIF/PBDG and what has or has not worked effectively?
- What are the key lessons for similar interventions in future?

WEFO Staff – Key Contact for the Operation

Rationale

- Have there been any changes in the policy context or in the property or labour market since the interim evaluation which affect the rationale for PIF/PBDG?
- In your view is there a need for these types of interventions in future?
- Performance of the operations
- How were the targets for each of the operations determined, and would you say these were ambitious but realistic?
- How would you assess the overall performance of the PIF/PBDG operations against its targets?
- In your view, what have been the main challenges for the operations and how have these been dealt with by the delivery team? Could anything have been done differently?
- What have been the operations' main achievements and successes?

Management and delivery

- Overall, how would you say the management and delivery structures put in place for PIF and PBDG have worked in practice? Could anything have been done differently?

- How has Welsh Government monitored progress of the operation and individual applications and reporting progress to WEFO? Have these ensured effective oversight of the project?
- What lessons are there for management, delivery and monitoring processes on similar interventions in future?

Contribution to Operational Programme objectives

- To what extent would you say the PIF/PBDG investments have contributed to the objectives in the Operational Programme? In particular. To what extent do the schemes
 - support “key regional or urban growth opportunities”?
 - “complement wider investment programmes and other strategic investments across the suite of ESI programmes”
 - Help to address employment deprivation by demonstrating “how new employment opportunities will be made available to those areas”

Reflections and wrap-up

- Are there any other important issues that we have not discussed?
- What are your key reflections about PIF/PBDG and what has or has not worked effectively?
- What are the key lessons for similar interventions in future?

WEFO Staff – CCT Officers

- What types of contributions to CCTs would you expect to be delivered for operations of this nature, and how could these be measured/monitored? This should consider:
 - Equal opportunities
 - Sustainable development
 - Tackling poverty and social exclusion
 - Promoting the Welsh language
- To what extent have the operations done this, and what evidence has been provided to WEFO?

- Did delivery officers engage with WEFO about measures which could have been implemented to maximise contributions to CCTs, and how these could be monitored?
- How have the operations contributed to the goals of the Wellbeing of Future Generations Act? What evidence is there for this?
- What lessons are there for how contributions to CCTs could be increased on similar interventions in future?

PIF applicants whose projects are complete or in delivery

Pre-application

- How did you first become aware of the Property Infrastructure Fund?
- What were your main motivations for applying?
- What engagement did you have with Welsh Government prior to submitting your application? Were you given sufficient information about
 - the criteria for assessing applications
 - the application and appraisal process, and
 - the requirements of funding?

The application process

- How would you describe the application process for PIF, and how could it have been improved? This could include:
 - The timescales for being notified of whether you were successful, and between then and receiving the offer letter
 - The level of detail required
 - The feedback you received on your application and any changes that you needed to make.
 - Were you satisfied with the support and guidance offered by Welsh Government throughout the application process? How could this have been improved?

Post approval

- Were you given adequate guidance and support on the implications of using EU funding (e.g. eligible expenditure, monitoring requirements and claims processes)?

- Have you experienced any issues or challenges in meeting these requirements (e.g. when making claims)?
- How could the post approval process be improved?

The project

- What were your reasons for investing in this particular site?
- What do you think you would have done if PIF funding had not been available? Do you think there would have been scope to deliver the project without PIF funding in future?
- Is the development targeting particular types of occupier? Could you describe these?
- What is the current status of the development? (e.g. complete or still under development)
- If complete, what is the current occupancy rate of the new premises? How many occupiers are there?
- Do you hold any information on the following:
 - The number and types of jobs onsite
 - The business sector and size of the occupiers
 - The extent to which the premises have helped occupiers to grow
 - The previous location of occupiers if they have moved from elsewhere
- If not yet complete, what do you think are the likely timescales for completion and occupancy of the premises? Has there been any initial market interest?
- In what ways has the project:
 - contributed to sustainable development and minimised its impact on the local environment?
 - ensured equal opportunities and equal access for all users
 - helped to tackle disadvantage and deprivation in the local area?
- Do you think the development has had any wider benefits for the local area? E.g. contributing to regeneration or improving the attractiveness of the area? Is there any evidence for this?

Wrap-up

- What are your main reflections on the PIF process and how it could be improved?

- Having gone through the process would you apply for funding through PIF again if there was another opportunity to in the future?

PBDG applicants whose projects are complete or in delivery

Background

- Confirm details of the characteristics of the business (number of employees, sector, types of markets it operates in)
- Confirm details of what PBDG was used for and the types of facilities it has helped to fund.
- What is the current status of the project? (eg complete or in delivery). If in delivery, what are the estimated timescales for completion?

Pre-application and decision to apply

- How did you first become aware of the Property for Business Development Grants?
- What were your main motivations for applying for funding? Why were you looking to expand your premises?
- If PBDG funding had not been available, what alternative courses of action do you think you would have taken to meet your business needs (e.g. moved to new premises)?
- What engagement did you have with Welsh Government prior to submitting your application? Were you given sufficient information about
 - the criteria for assessing applications
 - the application and appraisal process, and
 - the requirements of funding?

The application process

- How would you describe the application process for PBDG, and how could it have been improved? This could include:
 - The timescales for the application process
 - The level of detail required

- The feedback you received on your application and any changes that you needed to make.
- Were you satisfied with the support and guidance offered by Welsh Government throughout the application process? How could this have been improved?

Post approval

- Were you given adequate guidance and support on the implications of using EU funding (e.g. eligible expenditure, monitoring requirements and claims processes)?
- Have you experienced any issues or challenges in meeting these requirements (e.g. when making claims)?
- How could the post approval process be improved?

Benefits of the project

- If the project is now complete, please describe how the project has benefitted your business, particularly in relation to:
 - Increased employment – have you been able to recruit more people? If so, how many?
 - Increased turnover – is it possible to estimate by how much?
 - Improved productivity
- If the project is not yet complete, what do you think will be the benefits for your business over the next few years?
- To what extent could you have achieved these business benefits in the absence of the PBDG grant?
- If you have taken on more staff as a result of the project:
 - What types of positions have been created (e.g. skill levels)?
 - From which areas have you recruited these staff? (e.g. the local area, other parts of Wales or outside Wales)
- To what extent has the PBDG grant helped to retain your business in the local area, and within Wales as a whole? Would you have moved elsewhere if it was not for the grant?
- In what ways has the project:

- contributed to sustainable development and minimised its impact on the local environment?
 - ensured equal opportunities and equal access for all users
 - helped to tackle disadvantage and deprivation in the local area?
- Do you think the development has had any wider benefits for the local area? E.g. contributing to regeneration or improving the attractiveness of the area? Is there any evidence for this?

Wrap-up

- What are your main reflections on the PBDG process and how it could be improved?
- Having gone through the process would you apply for funding through PBDG again if there was a need and another opportunity to in the future?