Strategy and Policy Issues

1. How can the linkage between the various strategies and policies related to regeneration be improved?

Because there are so many different and diverse strategies and policies with the potential to effect – and indeed, affect – regeneration, coming up with a mechanism to improve their linkage will be extremely challenging. However, probably the best way of developing and maintaining effective and productive linkage between the strategies and policies will be for all interests and stakeholders to constantly keep in touch with one another so that everyone can be as well advised as possible about developments and what is going on.

BIG tries its best to constantly keep open its two-way lines of communication with all other parties that are in some way involved in regeneration including, for example, the Scottish Government, SURF, DTAS, HIE, SIS and, at a local level, local authorities.

The Scottish Government probably does have a very important central co-ordination role to play in keeping all of us with an interest in the subject fully apprised of developments, preferably, where appropriate, in advance of policy and other regeneration-related announcements appearing in the media.

2. Can physical, social and economic regeneration really be separate entities? The Committee would find it useful to hear about projects distinctly focussed on one or more aspects, and the direct and indirect outcomes of such activity.

The type of regenerative impact that a project will have will largely be determined by the type of project itself and what the outcome is that it is intended to achieve.

BIG’s Growing Community Assets (GCA) investment area aims to support communities throughout Scotland to become stronger by acquiring a wide range of assets, including physical assets like land and buildings. It could, therefore, be looked upon as a vehicle for physical regeneration. And while this is undoubtedly partly the case, projects inevitably have an economic element too : this is because we expect communities to use their physical assets as bases from which to provide quality services and amenities which will, in turn, generate income streams, thereby making the assets viable and
sustainable in the long term – financially, socially and environmentally. In a way, therefore, we, in the form of the revenue generation demands we make of GCA projects, are steering them to have both physical and economic regeneration elements.

However, GCA is being independently evaluated and this evaluation has unearthed another dimension to the economic element. The investment area was not designed explicitly to be a business or employment creation programme. Nevertheless, the evaluation has found that some GCA projects are producing a not insubstantial number of jobs and businesses. For example, the evaluators report that:

- 559 people are involved in project managing 58 operational GCA projects. A further 320 people are involved in managing those still to become operational. 1,264 regular volunteers are involved across the 58 operational projects.
- GCA projects have created or safeguarded 269 full-time and 206 part-time jobs.
- 93 businesses have been accommodated and 17 new businesses have started in GCA projects.

What is more, the evaluation also shows that GCA is making a big difference to the quality of life of project users and of communities as a whole, especially by bringing communities together. Making ‘social contacts’ and ‘new friends’ are the most frequently mentioned benefits of GCA projects so it seems that many are also encouraging the social regeneration of the communities in which they are based.

The Year 4 report of the GCA evaluation contains much more information about the sorts of physical, economic and social regeneration the investment area is bringing about in communities. A summary of the report can be viewed and downloaded at [http://www.biglotteryfund.org.uk/er_gca_summary1.pdf](http://www.biglotteryfund.org.uk/er_gca_summary1.pdf). The final report of the five year evaluation is due in the next couple of months.

BIG is also beginning to capture evidence emerging from the Our Place initiative which is investing approximately £11M in five areas with high levels of deprivation and need, but whose share of Lottery funding has fallen behind their share of need. Our Place was intended to represent a new way of investing Lottery funding based around priorities set by local people. The Our Place initiative did not set out to achieve a particular type of regeneration (i.e. social, physical or economic), but rather ring-fenced Lottery funding and asked communities to prioritise projects that will help them achieve an agreed vision for their area.
Our Place is funding 25 projects across the five communities, ranging from community food, transport and financial inclusion schemes, to larger capital projects including community allotments, gardens, hubs and playgrounds. Some of these projects are at a relatively early stage of delivery so it is too early to gather significant evidence of regeneration in these communities. However, the momentum behind a number of them is impressive, with real examples of increased skills, confidence and capacity amongst people and organisations. Our Place supports the commitment to re-energising grassroots community work and local community planning as part of a regeneration agenda, but also recognises the vital importance of committing appropriate resources to working closely with VCS organisations and encouraging them to lead, or at least be heavily involved in, projects. Our Place also demonstrates the importance of mapping and mobilising all of the different assets within a community (not just optimising physical assets, but also galvanising volunteers for example).

To summarise then, the evidence from BIG investment areas like GCA, the Our Place initiative and grant programmes like the Coastal Communities Fund (which we operate on behalf of the UK Government) suggests that the three types of regeneration – physical, social and economic – are inter-related.

BIG has simply too many examples of projects which we think the Committee might find it useful to hear about to illustrate our evidence. As we have been asked to keep this written evidence brief, we will be pleased to provide further information about the many regeneration projects we support in whatever form would be most suitable for the Committee.

3. **Are we achieving the best value from investment in this area? If not, how could funding achieve the maximum impact? Could the funding available be used in different ways to support regeneration?**

Whilst BIG is currently satisfied with the value being obtained from our grant funding, making sure that those applicants and grantees for whom social investment (i.e. investment activity with an expectation of both a specified social outcome and an explicit financial return) is a better and more appropriate funding option actually make use of it could be one way of ensuring that our grants go to projects who need them most, that they achieve best value and are most effective. To this end, BIG is currently investigating - on our own and with others - what possible role there might be for BIG to play in the further development in Scotland of social investment.

In a similar vein, BIG hires a social enterprise, the Social Investment Business (SIB), to help our applicants and grantees with financial and business planning. SIB have suggested that we might want to consider asking
grantholders to contemplate, much earlier in the life of their BIG grant, replacing this grant with investment when the grant comes to an end.

Other suggestions for ways to achieve best value from regeneration investment include:

- Focusing efforts and programmes on addressing specific needs in relatively smaller geographic communities rather than on general regeneration work in larger areas like, for example, the former SIP areas.

- Achieving multiple returns – not just economic ones - from supporting and strengthening the role in communities of community and social enterprises. Resilient Scotland’s Jessica Fund, a £15M independent endowment fund provided by BIG, has been designed to help stimulate growth in disadvantaged communities most affected by serious economic decline and market failure, helping them to become stronger and more sustainable through various types of enterprising activity.

- Supporting communities to own all sorts of financially viable assets that are important to them. We explain throughout this evidence how BIG has substantially and extensively supported this sort of activity, and highlighted the regenerative benefits which the projects we have funded have brought to their communities.

**Partnership Working**

4. **What delivery mechanisms, co-ordination of, and information on the funding that supports regeneration are required to facilitate access by all sections of the community?**

BIG is an enthusiastic supporter of the asset based approach referred to throughout *Achieving A Sustainable Future* in that a lot of our regeneration funding aims to harness and develop the assets which we believe every community, and the families and people who live in them, possess, rather than ‘tackling’ their deficiencies and how to ‘fix’ them.

This being the case, we offer a broad range of grant programmes and funding to match the aspirations of communities and the different types and scales of regeneration projects they wish to carry out. These grants can range from the small to the very large. At the bottom end of the scale our extremely popular *Awards for All* programme provides grants of between £500 and £10,000 to help people become actively involved in projects that bring about change in their local communities. At the opposite end of the scale, we have awarded £25 million to a partnership of Falkirk Council, Scottish Canals and the Central
Scotland Forest Trust under our former *Living Landmarks* programme to transform previously under-used land between Falkirk and Grangemouth into new greenspace and woodland in the new ‘Helix’ central park. The park will contain an extensive new path and cycleway network, as well as a new canal link and canal hub, and see the erection of two, 30 metre high, steel-plated, equine sculptures known as ‘The Kelpies’.

Our experience of operating GCA and its predecessor, the original Scottish Land Fund (SLF), has made us keenly aware of the importance of providing applicants with help and support to put their applications together, and of continuing our support to projects after they have been awarded funding from us. After all, as will be appreciated from the previous paragraph, some of the projects we fund, especially if their aim is regeneration, can be large and complex.

To help potential applicants explore and develop project ideas, we can provide them with small grants of up to £10,000 through our *Investing in Ideas* programme.

We have also put contractual support in place to help applicants and grantholders with self evaluation, financial and business support, and with renewable energy projects. All applicants who make it through to the second stage of the GCA application process are automatically referred on to SIB, our business support contractors referred to in 3. above. In addition to all of this, applicants can also apply for up to £50,000 (and sometimes more) in development funding. This is intended to help meet the costs of, for example, options appraisals, feasibility studies, site investigations, design development, statutory consents, business plans, professional and legal fees, market research and capacity building.

After supporting community asset acquisition and development for over 11 years, our own staff have inevitably amassed considerable knowledge and experience in this area and therefore they too can provide applicants and grantholders with lots of useful and valuable advice and assistance. We also employ two members of staff who can help applicants and grantholders with advice and support on a wide range of building and technical matters.

The Our Place initiative has offered the five communities a wide variety of support to ensure that the people and organisations in those communities are empowered to work together to produce and manage a strong portfolio of fundable projects that will bring about positive change and reflect the outcomes that BIG wants to invest in. In addition to access to the support mentioned above through our own staff, support contracts and small grants funding, a key component of the Our Place offer to communities was long-term development support provided by a dedicated support contractor in each
area. An internal evaluation of the Our Place process has highlighted the crucial role of the support contractor in each community and the value that applicants and stakeholders placed on the high quality and intensive support provided.

As mentioned at 1. above, we have links at various levels within local authorities, including the local authority external funding officer network. We send each local authority external funding officer monthly reports on the applications we receive so they are aware of what is coming in from their area and can link up with the projects and/or provide them with support. We also share similar information and details of projects funded with our partners on the Scotland Funder’s Forum.

We attend and deliver events, workshops, clinics, etc. out in communities to assist groups to apply for our funding. Many of these events focus on regeneration. We also raise awareness of our funding, and help groups access funding, through our website resources, including ‘webinars’.

5. Should funding be focussed on start up or running costs? What is the correct balance between revenue and capital funding? Please indicate reasons for your views.

Our experience of supporting community asset acquisition and development suggests that while capital funding to enable communities to acquire assets is in short supply and is therefore very important, if these assets are to have a sustainable future, then they will also need revenue funding, at least in the short term, to help them develop to the stage where they can be financially self-sufficient. Several communities that had acquired significant areas of land through the original SLF subsequently had to apply to GCA to obtain the funding they needed to develop this land.

This experience has led BIG to follow two guiding principles, namely:

(i) To try to minimise the amount of grant we pay for asset acquisition (though we do still supply funding for this) so that we can provide more funding for development; and

(ii) To always ensure that, if necessary, capital projects also receive a revenue contribution from us to support them with, for example, staffing and activities through the immediate start up period and possibly beyond. (We can give grants for up to five years.) The GCA evaluation strongly advises community asset ownership projects to employ a project manager at the earliest possible stage and this is a cost that we are happy to meet.
6. How can it be ensured that regeneration projects are sustainable in the long term?

The latest round of GCA, launched in 2010, places a much greater emphasis on the long term viability of assets than the previous round. We hope that if we carry out a much more rigorous assessment of this aspect of applications, the projects we choose to fund will stand a better chance of being sustainable in the long term. And, as explained in 3. and 4. above, we have also hired SIB to help applicants and grantholders with business and financial planning in an attempt to provide them with the strongest financial platform from which to launch and deliver their projects.

SIB have recently suggested that it might be useful to reassess a project’s financial position and projections at a ‘step change’ point - say, perhaps, one year after it has started operation. The point of such an exercise would also be to try to improve the project’s sustainability.

In order to achieve sustainability, many of the community-owned assets we support through GCA require to generate income, sometimes by establishing themselves as social enterprises and carrying out very low key, small scale, limited and localised ‘trading’ in goods and services. In assessing such applications, BIG has to carefully check that any public funding we supply through our grants will not contravene European Union competition law (or State Aid).

BIG does not believe that the State Aid regulations were put in place to stifle the small scale community ‘enterprises’ that many community asset ownership projects so badly need to help them be sustainable. We hope that the Local Government and Regeneration Committee supports our interpretation of the regulations and any measures that the Committee felt able to take to promote this view more widely would be extremely welcome.

Practical Issues

7. What actions could the Scottish Government’s forthcoming community capacity building programme include to best support communities to ‘do regeneration’ themselves?

As a strong supporter of the asset based approach, BIG is convinced that communities are best placed to know or determine how they can best be regenerated, and also to lead this regeneration effort. However, our experience also confirms that many require significant external support or assistance to drive projects forward. This is why BIG offers both its applicants and grantholders a broad range of practical support, as well as grant funding.
On a general level, there may be some ‘generic’ capacity building that could be offered to communities ‘across the board’. This might include, for example, governance, fund raising or media training. However, the more specific types of capacity building that communities will need will depend upon what they want to do to regenerate their area and how they plan to do it. An example of this might be the learning and support that the Scottish Government funded DTAS to provide to communities interested in taking over ownership of public sector assets.

It is explained in 4. above how crucial the dedicated support was to the five areas targeted by the Our Place initiative. Applicants and stakeholders alike particularly valued the quality, intensiveness and long term nature of the development support provided to the communities as part of the initiative.

8. What role should CPPs play in supporting the community in regenerating their communities?

The GCA evaluation has consistently highlighted how important it is for community asset transfer projects to receive encouragement and support from their local authorities. But given the evidence provided at 1. above on the inter-related nature of regeneration projects and the impact they can have, it is probably right that an entity that is broader than simply the local authority supports communities on this issue. Consequently, the CPP is probably the best entity to fulfil this role.

In 2. above, we outline two lessons learned from the Our Place initiative for local authorities and CPPs wishing to exploit the assets and potential of communities and VCS organisations so as to regenerate local areas. Other suggestions for how CPPs could support regeneration in communities include:

- Their building and maintaining healthy and comprehensive engagement with communities to ensure that applications to funders like BIG are well evidenced, planned and representative of likely beneficiaries, and
- Their keeping themselves fully informed of key investments in their area, thereby putting themselves in a strong position to capitalise on these investments.

9. How can CPPs best empower local communities to deliver regeneration? Please provide any examples of best practice or limitations experienced that you think the Committee would find useful in its scrutiny.

One way that CPPs might be able to best empower local communities to deliver regeneration - and especially physical regeneration - is, if appropriate, by disposing of public sector assets to these communities at as low a
purchase price as possible. This would then allow funders like us to provide
more financial support to help communities develop these assets once
acquired. However, it is important that communities are supported to be able
to assess the viability and sustainability of potential assets to ensure they are
not really liabilities.

The ‘domestic’ and European restrictions on the disposal of public sector
assets at less than market value also featured as a topic of discussion in the
recent consultations on the proposed Community Empowerment and Renewal
Bill and the Land Reform Review. We would reiterate here the view we
expressed in our responses to these consultations and at 6. above, namely,
that State Aid regulations should not be allowed to stifle the small scale
community ‘enterprises’ that many community asset ownership projects so
badly need to help them be empowered, and to regenerate themselves and
their local areas.

The Our Place area of Newmains also provides an interesting example of a
community-driven project that is well connected with the local authority. The
newly-formed Newmains Community Trust has received a grant of £2.3m to
build a brand new community hub from which services can be run by, and for
community members to improve the social and economic life of the village
and to tackle community issues. In addition to the development support
provided by BIG at the early stages and through the next stage of the capital
build, North Lanarkshire Council have been committed to the project
throughout, consulting with the Trust about their future plans in the area. Both
the Library and the Housing Services are poised to move into the hub on
completion. This level of communication and coordination at a local level is
crucial to the empowerment agenda, not only to give communities a voice that
is listened to, but also in terms of supporting the sustainability of projects (i.e.
securing service level agreements or rental income for capital projects).

10. How can the outcomes of regeneration truly be captured and measured?
What are the barriers to capturing outcomes and how should the
success of regeneration investment be determined?

As different regeneration programmes and projects may aim to impact on
different physical, economic and social conditions, one of the biggest initial
challenges in measuring the success of such efforts is to obtain clarity about
the objective(s) and outcome(s) any investment is intended to achieve, and
therefore to define what success will look like. A potential broad range of
outcomes, and the fact that they are often inter-related, can make attribution
difficult. So the challenge of actually defining a desired outcome (e.g. what is
a ‘more cohesive community’?), precedes that of measuring it. Use of a
‘theory of change’ approach may help with this first challenge, and the production of proxy indicators may assist with the second.

Regeneration tends to happen over the long term, rarely in the short term. But capturing, analysing and reporting data using a detailed monitoring or evaluation framework over an extended timeframe is resource intensive and therefore not cheap, especially if longitudinal surveys are involved.

Displacement is another potential factor to be taken into account in any measurement exercise, as is the importance of treating construction activity separately since it only has a temporary effect.

Perhaps, then, the ultimate measure of how successful regeneration investment has been will be if the projects it supports achieve the outcome(s) they set out to achieve and, in so doing, contribute to improving the overall quality of life in and for the communities in which they are located in the longer term.