Strategy and Policy Issues

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

While the aims of the Scottish Government Regeneration Strategy published in late 2011 were generally welcomed, regeneration covers a wide field combining a range of topics and fields of expertise. As such the level of central government strategies and policies can be overwhelming. A principle should be the reduction and simplification of documentation. Strategies and policies should be reinforced by best practice as well as analysis of historic project failure.

There is a need to illustrate which funding sources are available to deliver regeneration and how these can be married. Clear links between the Government’s strategies and which particular funding provisions can make a contribution to this would help.

The role of Council’s Single Outcome Agreements in delivering regeneration could be strengthened.

2. **Can physical, social and economic regeneration really be separate entities?**

The most successful regeneration projects include a combination of physical, social and economic attributes. For example in North Ayrshire the proposed development of a leisure centre in Irvine Town Centre combines the physical construction of a new building which will also provide social and economic benefits, supporting the role of the town centre, improved health and night time economy.

However there are opportunities to focus solely on individual elements of regeneration. In North Ayrshire these projects have included:

- **Physical** change through the improvement of the physical fabric of towns and in particular town centres. NAC make significant physical investment which will lead to sound economic outcomes such as:
  
  - Recent funding provided through Historic Scotland’s Conservation Area Regeneration Scheme will make a significant contribution to the historical centres of Kilbirnie and Irvine, building on previous improvement programmes lead by the Council.
- **Social** improvements which help start businesses, increase educational achievement with schools and provide other interventions which include the development of affordable housing all contribute to raising the aspirations and skills of the community. Other initiatives include:


- **Economic** improvements which increase availability of local employment opportunities, increase in business birth rates and the attraction of high value jobs and employers to the area can deal with structural unemployment issues which are particularly prevalent in North Ayrshire. Interventions include:

  - Entrepreneurial-Spark which offers accommodation, services and mentoring support for potential businesses for up to one year. North Ayrshire has committed £50,000 for the next three years to implement and support the ‘West Coast Hatchery’.

  - A number of Council-led initiatives have been set up to tackle the area’s levels of unemployment through the provision of seminars with local companies to discuss their recruitment and skills needs to help companies recruit able, qualified and motivated staff in North Ayrshire.

  - The Youth Employment Support Initiative (Y.E.S) which is designed to provide opportunities for young, unemployed people (16-24) of North Ayrshire and to support business growth for local employers. The programme works with businesses to ensure that participants have the attitude and skills required to be productive members of staff.

  - Most recently the designation of a ‘Life Sciences’ Enterprise Area in Irvine has the potential to create new employment opportunities and stimulate private investment in Irvine.

While these three strands of regeneration can be implemented individually, it is the role of the local authority, CPP’s or other structures/facilitators to ensure linkages and support a holistic approach to regeneration. i.e. through local procurement and training opportunities arising from higher value construction projects.

The balance between social, physical and economic regeneration can be difficult to measure, with recent decision making processes being more geared toward job creation. Examples of out of centre retail developments are evident in many towns and whilst they have created volume jobs, it has often been to the detriment of the local ‘high street’ and towns social fabric.
The Scottish Government review of town centres is awaited and this should include guidance on how to deal with the impacts of out of town and online shopping, and managing the inevitable change in role of more local centres.

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?**

The definition of ‘maximum impact’ is a matter of opinion as it could be either output based (i.e. floorspace, housing units, private sector leverage) or based on a measure of regeneration ‘need’, such as the perception of a place and its physical/economic/social condition. Without recognition of both measures of impact there is a risk that activity and resources will be concentrated in larger authority areas particularly those with scope to provide greater levels of match funding, with a larger population base and the presence of private sector development partners.

In order for regeneration to achieve maximum impact, there needs to be a strategic approach that can recognise both direct and indirect outcomes. Resources can be directed to projects where a short term benefit can be demonstrated rather than the longer term indirect benefits of investments which may prove to be more sustainable.

The complexities of funding models and the differing strategic needs of those involved can be challenging for local regeneration practitioners and this should be more streamlined. For example project development and the pursuit of can be extremely time consuming and at risk. This can lead to a disconnect in both time and resource to achieve ‘match’ funding.

The Governments Regeneration Strategy represents a shift towards reduced dedicated resources and to market-based delivery mechanisms. There is concern that some of these loan based or speculative business models may not be viable for development projects within areas where market failure is most evident, or for local organisations in disadvantaged communities.

The Regeneration Strategy contains only a limited expression of the funds available and how they will be targeted, focusing more on community empowerment, etc. Certain funding mechanisms are either not available to North Ayrshire (tax incremental finance; vacant and derelict land fund) or are difficult to access or make work (SPRUCE; National Housing Trust). Some models tend to be tested and aimed at more central areas and with a stronger market, examples being the NHT and work by the Scottish Government on development delivery.

The North Ayrshire experience on some of the funding mechanisms set out in the Regeneration Strategy are set out below:

- **Tax Incremental Finance** - a pilot project application for four ‘red line’ areas was submitted by NAC in 2011. While positive feedback was received the
application was ultimately unsuccessful. NAC would welcome further discussion with SFT as assessment of the pilot projects continues and the TIF mechanism is assessed for wider application;

- **Vacant and Derelict Land Fund (VDLF)** – Since 2007 the VDLF has been limited to only 5 local authorities, excluding NAC. North Ayrshire has the 3rd highest level of vacant and derelict land in Scotland, and it is disappointing that the Regeneration Strategy did not revisit the focus of or the need for the VDLF beyond funding commitments made to March 2012. As well as the high level of vacant and derelict land which exists in North Ayrshire, development economics involved in the delivery of major brownfield regeneration sites further emphasise the case for funding to be made available to North Ayrshire.

- The **SPRUCE** fund has limited availability (£50m) and a minimum £1m loan threshold, which is unlikely to be suitable for most small to medium community enterprises. It is hoped that some of the fund will be made available to North Ayrshire projects however assessment is based on financial considerations rather than wider regeneration benefits and/or ‘need’.

- The **National Housing Trust** model is not being actively pursued by NAC. The implementation of the model requires a certain level of mid market rent, which cannot be supported locally and is not thought to be a viable option in delivering affordable housing;

- The scale and priorities of the proposed **Town centre fund** have yet to be announced, although the recent start of the Town Centres Review is recognised. The Regeneration Strategy states that the national review will be used to identify the future focus of the Regeneration Investment Fund and that resource will be directed in line with clearly established visions for town centres. In Irvine in particular, through work on a Resilience model with A&DS and the further depiction of a future vision for the town centre, NAC will demonstrate how resources may make a significant difference to the future of the town centre, in addition to the on-going major programme of investment in office, leisure, conservation and the public realm.

- Funding opportunities which continue to be made available through Historic Scotland’s **Conservation Area Regeneration Scheme** are welcomed. This funding is making a significant contribution, supplementing NAC and IBRC investment in Irvine town centre. The recent success of the Kilbrinie CARS funding application will make a significant difference to the town, demonstrating a clear regeneration need within what is a compact conservation area with residual architectural merit.
• North Ayrshire Council welcome support which has been secured to date through the Irvine Bay Regeneration Company, however beyond 2014/15 there is no Scottish Government funding commitment to Urban Regeneration Companies. This is of concern given the stage that a number of Irvine Bay Regeneration Company projects are at and the case originally made by the Council and accepted by the Scottish Government that a dedicated regeneration delivery vehicle was required. There remains a case for intervention in specific areas where regeneration need is greatest through special purpose delivery vehicles such as the Irvine Bay Regeneration Company which have been able to lever in additional resources and pursue an agenda of transformational change.

NAC would request further consideration of delivery mechanisms within market areas such as North Ayrshire rather than a reliance on nationally conceived one size fits all funds. This may involve investigation of delivery mechanisms for specific sites whereby the public sector can absorb some of the risk and facilitate private sector development. We would invite discussion with Scottish Futures Trust on some of the particular delivery issues facing North Ayrshire and in relation to private housing, affordable housing, funding for new business premises, etc.

Consideration could also be given to any additional fiscal mechanisms which could help to enable development viability within priority regeneration areas such as rate relief, council tax relief, VAT, etc.

**Partnership Working**

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

The Scottish Government Regeneration Strategy correctly recognises that local authorities should have a lead role in delivering regeneration given that they are well placed to coordinate economic development and regeneration activity alongside critical functions such as housing, planning and education. Local authorities can also deliver enhanced community involvement and bring together a range of partners through the Community Planning process.

In North Ayrshire the Irvine Bay Regeneration Company are an arm’s length body and as such have taken a radical and challenging approach to projects, helping deliver and address specific areas of need. Major successes of the partnership include the Kilwinning town centre public realm project, on-going work in Irvine to develop the Bridgegate public realm and A Listed Trinity Church through a Conservation Area Regeneration Scheme, the development of new office property at Stevenston and work to deliver economic benefit from the Irvine Life Sciences EA. Similarly IBRC are implementing a significant programme of investment in Irvine
town centre through the development of a new leisure centre and reconfigured council property to increase town centre employment/footfall. The case made by North Ayrshire Council and accepted by the Scottish Government for a targeted approach to regeneration recognising the concentration of SIMD areas in Irvine Bay remains valid.

Community led regeneration can have positive impacts in terms of empowering local community organisations to drive forward locally important regeneration objectives. Community development Trusts (CDT’S) are mechanisms that can help deliver on regeneration outcomes, however they rely on community capacity which may not always be in place. Greater understanding of how to develop and operate a CDT and establish relationships between them and existing bodies could facilitate regeneration across communities. Local people often know what needs to be advanced within an area. CDT’s can bridge that gap by virtue of being staffed by local people and advancing projects that might be otherwise considered ‘small scale’. These projects when added together can support local regeneration in ways that larger initiatives may not – mainly due to local knowledge and passion and commitment.

However, the rhetoric in the Scottish Government Regeneration Strategy for more ‘community led’ regeneration is in conflict with the lower resources available from the People and Communities Fund when compared to those previously available from the Fairer Scotland Fund. Within NAC responsibility for developing these groups is primarily within the remit of Community Planning in association with Education & Skills and Housing Associations. The shift towards market-based delivery mechanisms such as Tax Incremental Finance, National Housing Trust, Business Improvement Districts and SPRUCE, part of Scotland’s Joint European Support for Sustainable Investment in City Areas (JESSICA) raises concerns that these loan based or speculative business models may not be viable for development projects within marginal areas where market failure is most evident, or for local organisations in disadvantaged communities. As an example, the SPRUCE fund will have a minimum £1m loan threshold, which is unlikely to be suitable for most small to medium community enterprises. Government funding should be flexible to reflect the differing market circumstances throughout Scotland.

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.**

There is no set balance between revenue and capital funding. The value of either is dependent on the particular project but there should be a clear link between the two with a flexible programme of funding to secure the future of regeneration projects. Generally speaking there should be a focus on start-up costs, as to support project revenue costs in perpetuity may be unsustainable.
6. **How can it be ensured that regeneration projects are sustainable in the long term?**

Physical regeneration has to be adaptable, in the right location and form part of a much larger strategy to ensure development is linked rather than fragmented. Regeneration should reflect the needs of an individual community rather than transplanting solutions from elsewhere.

There is an obvious need to protect investment in physical regeneration projects but the long term sustainability of regeneration projects is reliant on a strong and reflective vision which is both achievable and measurable whilst recognising local circumstances.

North Ayrshire Council has learnt from past failures that sound business planning has to be realistic and forms a large part of financial forecasting based on suitable and realistic projections. Market testing reduces the risk of failure and can generate support by partners but there are examples such as the ‘Big Idea’ in Irvine which projected far higher visitor numbers than were realised. Given an unsustainable business model, the facility closed after two years.

Where community led projects are proposed there needs to be an understanding that project sustainability should be viewed on a long term basis.

The aspiration to see regeneration delivered through partnership with the community is likely to be successful in areas with an active and well-resourced community however there are examples in North Ayrshire of other areas with less community interest or with less capacity to deliver change. For this reason the emphasis of funding should be flexible allowing focus to be adapted to the individual project proposed.

Community projects such as the success of West Kilbride Initiative which was supported primarily by private funding and support from the Big Lottery Fund Scotland and The Town Centre Regeneration Fund are rare. Community Planning Partnerships offer the opportunity to represent the view of communities and provide a sense of ownership and stability for regeneration.

Project appraisal and evaluation can be a subjective matter when considering different approaches across Scotland. Guidance should be produced that encourages best practice at project inception stage and which would measure the indirect benefits of project activities.

**Practical Issues**

7. **What actions could the Scottish Governments forthcoming community capacity building programme include to be support communities to ‘do regeneration’ themselves?**
The Scottish Government has to be clear in what it wants to achieve and deliver a focused approach to establishing community development trusts, with clear advice on how to establish and fund a business model for creating a CDT and how they can contribute to longer term commitments through clear links to the community planning process.

8. **What role should CPP’s play in supporting the community in regenerating their communities?**

The CPP should act as catalyst and facilitator, provide training for communities to encourage ownership, empowerment and skills development. They should drive the activity of partners towards common goals rather than being simply a discussion forum. More established CPP teams that are given direction by the Single Outcome Agreement should be established.

9. **How can CPP’s best empower local communities to deliver regeneration?**

North Ayrshire Council has submitted comments in response to the Scottish Governments consultation on the Community Empowerment and Renewal Bill. NAC welcomes the proposed Bill which will support communities to achieve their own goals and aspirations through taking independent action and by having their voices heard in the decisions that affect their area. While our comments will not be repeated here, there are many areas of the proposals which require further clarification and testing before the Council and other stakeholders can properly evaluate the contribution to communities.

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.**

One way in which many community-led bodies have traditionally attempted to strengthen themselves is by acquiring assets. Although an opportunity, the driver for asset transfer is economic. The West Kilbride Initiative is an example of a successful development trust in North Ayrshire who acquired a number of assets in the town centre in their goal to create a driver for change. This outcome has brought both economic and physical benefit to the town through its designation as Scotland’s only craft town. However it is important to understand that community engagement and asset transfer can rarely be achieved without intensive community capacity building, especially in disadvantaged communities where social capital is at a premium.

There requires a clear, shared vision with measurable outcomes and objectives to maximise community ‘buy in’, etc. There should be an understanding that regeneration outcomes are far broader than direct job creation and business growth. The work carried out by the Scottish Government in bringing forward a ‘theories of
change’ approach needs to be rolled out nationally and considered as important by all public sector agencies and councils involved in regeneration.