Local Government and Regeneration Committee

Regeneration Inquiry

Submission from Scottish Enterprise

1. How Scottish Enterprise sets its regeneration objectives

Setting the Organisation’s Objectives

Since the Scottish Government’s re-organisation of economic development in 2007, SE’s primary role has been to help increase Scotland’s sustainable economic growth, aiming to maximise our contribution to the Government’s Economic Strategy. Working in partnership with the public and private sector we support companies and sectors with growth potential and enhance Scotland’s business environment to ensure that Scotland can take full advantage of economic opportunity.

Our primary focus as we set organisational objectives is, therefore, the impact of our activities on sustainable economic growth, measured by their projected impact on:

- productivity,
- gross value added (GVA),
- employment,
- and reduction in CO₂ emissions.

Within this overall appraisal framework, our investment decisions are further shaped by the strategic priorities of the organisation, set by the SE Board in discussion with the Scottish Government. The current strategic priorities are set out in the objectives layer of the measurement framework¹, alongside our focus on Scotland’s growth sectors and our contribution to the equity component of the Government Economic Strategy, including regional equity/cohesion.

SE does not, therefore, have explicit objectives aimed at regeneration. We do, however, have objectives which reflect our contribution to regeneration – our ability to work with partners to identify and stimulate growth opportunities and secure their exploitation in pursuit of Scotland’s sustainable economic growth. As well as a major contribution to the economic growth and employment aspirations that are crucial to regeneration, we also have a supporting role in meeting outcomes more closely related to social and environmental regeneration (see Annex 2).

Setting the Objectives for Individual Projects

For those projects which may be considered strategic regeneration projects, our investment decision will be made within the framework of our overall organisational objectives, as set out above.

¹ Annex 1
In all cases, we will be one among a number of partners shaping each individual project and its objectives. Any individual project will, therefore, have defined objectives that arise from aligning the interests of all involved partners.

While our primary interest is in maximising the sustainable economic growth potential of a project at the Scotland level, we recognise that other partners may, for example, have a greater focus on the interests of a particular region, the prospects of a particular group or the growth of a particular industry.

In pursuing the maximum economic growth potential of a project, our commitment to sustainable economic growth means that we are particularly keen to work with partners to explore potential for a project to contribute to increasing employment and business opportunities for people in areas facing significant challenges, for groups (such as young people) which have experienced particularly high levels of unemployment, or to accelerate the transition to a low carbon economy.

In negotiating the setting of project objectives with partners, we are also keen to ensure that the objectives are fit for purpose. Well articulated objectives are crucial to:

- Aligning the interests of partners around the successful achievement of agreed outcomes
- Identifying outcomes by which the ultimate success of the project can be measured
- Providing the means to judge the progress of the project during delivery to allow for adjustments to the approach being taken
- Enabling the contribution of the project to wider national, regional or local outcomes to be assessed.

2. SE’s Current Regeneration Activity

Many of SE’s economic growth projects, such as our work with growth companies, make a valuable contribution to regeneration – creating jobs is a principal driver for regenerating communities. This response, however, focuses on physical regeneration.

SE supports national regeneration projects, in partnership with the Scottish Government and Local Authorities by continuing to work on the Clyde Waterfront and Dundee Central Waterfront Programmes. The SE focus on growth sectors shapes our role within these projects. For example, on the Clyde Waterfront, we focus on opportunities for financial services at the International Financial Services District, for creative industries at Pacific Quay and for tourism at the SECC Hydro Arena; similarly on the Dundee Waterfront, there are opportunities to grow the creative industries and tourism sectors through development of the V&A.

SE invested significantly with Government to establish the more employment-focused Urban Regeneration Companies (Clyde Gateway, Irvine Bay, Riverside Inverclyde and Clydebank Rebuilt). Although SE no longer contributes towards URC core costs, we continue to work closely with them on an ongoing basis and we have senior staff in Board positions on each of the four URCs. The Clyde Gateway URC
is regenerating the East End of Glasgow and its work is important in preparing the area for the 2014 Commonwealth Games and ensuring that there is a regeneration legacy for the communities in East Glasgow.

In addition to the URCs, SE works in partnership with Local Authorities on a range of initiatives with regeneration outcomes, where there is an economic development case for our involvement. For example in Fife (over a range of sites), with East Ayrshire Council (Johnny Walker/Diageo closure), West Dunbartonshire Council (Strathleven Dev Co), North Lanarkshire Council (Ravenscraig and Gartcosh), North Ayrshire Council (Hunterston), and Aberdeen City and Shire (Energetica Initiative).

In April 2008 responsibility for local regeneration passed from SE to Local Authorities. An agreed list of existing active projects was taken forward by SE during that period with any unallocated regeneration budget transferred to Local Authorities via Government. SE honoured this agreement in full.

SE continues to work closely with all local authorities in our area through our active involvement in Community Planning Partnerships. This provides the forum to identify new opportunities where we can contribute to the economic development and regeneration of an area. We are also working closely with Scottish Cities Alliance as their members develop City Investment Plans to focus on the key infrastructure investment priorities for their cities.

SE has supported the Scottish Government in developing Business Cases for funding for the major infrastructure investment to be raised via Tax Increment Finance (TIF) Initiatives across Scotland. SE was also a key partner in the process to agree and designate Scotland’s Enterprise Areas and is actively promoting key sector opportunities in these Areas to help indigenous companies and inward investors to grow there. Many of these Enterprise Areas are in areas in need of regeneration, including Irvine, Dundee and Broxburn.

Lacking the resources and infrastructure of Scotland’s cities and the central belt, SE recognises the importance of encouraging growth in rural areas which will deliver regeneration benefits for rural communities. SE delivers a rural property support scheme to help companies in rural areas with capital investment projects to grow their businesses, and is also delivering infrastructure projects across rural areas aimed at improving the competitiveness of these locations. This has included: investment in developing much needed business accommodation in Selkirk, Dumfries, Gretna, Lockerbie and Annan; and support for tourism infrastructure development in Loch Lomond, Royal Deeside and Cairngorms, Glentress and Abbotsford in the Scottish Borders, and Alloway and Girvan Harbour in Ayrshire.

Working with partners, SE will continue to seek to maximise community benefits in its capital investment programmes wherever possible.

3. How Scottish Enterprise evaluates its regeneration outcomes

SE evaluates regeneration outcomes in the same way as it does all other outcomes from its interventions. It has a dedicated Appraisal & Evaluation (A&E) team which works with colleagues throughout the project life cycle, embedding ‘ROAMEF’:
In this way, the A&E team manages programme evaluations and ensures that findings, learning points and recommendations are fed back and influence the development of successor programmes. This evidence helps clarify the rationale for SE’s interventions and their objectives which will be SMART (specific, measurable, achievable, realistic and time-bound). The A&E team works with project managers to develop rationales and objectives and to appraise project options for realising them. It also advises on monitoring and evaluation planning to ensure that evidence is collected during and at the end of projects which is used in project management and subsequent new project development.

A&E team members specialise in key sectors and themes such as business infrastructure. Evaluation is typically conducted at project end and/or a few years after the end of a project. The earlier evaluation tends to be formative, focusing on delivery processes and outputs, while the later evaluation focuses on outcomes and benefits through consultation and survey work with beneficiaries and stakeholders. Where appropriate, economic impact assessment is conducted of net job and GVA (gross value added) benefits to Scotland directly attributable to the programme, considered in relation to its costs.

Regeneration outcomes are evaluated in the same way as other outcomes, through consultation or surveying of beneficiaries, to the extent that these people, companies or organisations are identifiable and willing to discuss their experiences. They are asked a series of questions about the benefits of a particular regeneration-related project, both quantitative (e.g. jobs created or safeguarded) and qualitative (e.g. improvements to community services, inclusion, safety, access to opportunities, confidence etc), which are directly attributable to the project (compared to what might have happened anyway without the project). In regeneration projects these qualitative benefits tend to be at least as important as the quantitative ones and a range of techniques are used by evaluators to identify, assess and report them.
Evaluation reports set the findings on project benefits and costs within the context of the rationale, strategic and economic cases for the project, and provide conclusions and recommendations which are usually discussed by the project team and wider stakeholders, focusing on learning and actions for the future. The A&E and project teams work up an Evaluation Action Plan which sets out how recommendations (if accepted and practical) can be adopted into the current or future projects, and this is formally revisited 6 months on to check on progress. Evaluations are also made available on the public http://www.evaluationsonline.org.uk/evaluations/Index.do website, publicised on the SE intranet and disseminated through sessions involving interested parties (internal and external to SE) as appropriate.
Annex 2

OUR ACTIVITIES: LINKS TO SCOTTISH GOVERNMENT OUTCOMES AND TARGETS

The Government Economic Strategy sets out high-level targets for increasing sustainable economic growth. These targets, along with 16 national outcomes, have informed the development of our Business Plan. This diagram highlights the areas where our activities contribute to National Outcomes and Purpose Targets as part of the National Performance Framework.

<table>
<thead>
<tr>
<th>NATIONAL OUTCOMES</th>
<th>OUR ACTIVITIES LINKS TO OUTCOME AND TARGETS</th>
<th>7 PURPOSE TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We live in a Scotland that is the most attractive place for doing business in Europe</td>
<td>Supporting globally competitive companies with growth &amp; internationalisation opportunities</td>
<td>Increase Scotland’s Economic Growth (GDP) To match the growth rate of small independent EU countries by 2017</td>
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<td>2. We realise our full economic potential with more and better employment opportunities for our people</td>
<td>Building globally competitive sectors utilising Scotland’s existing capabilities</td>
<td>Productivity To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017</td>
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<td>3. We are better educated, more skilled and more successful, renowned for our research and innovation</td>
<td>Establishing a globally competitive business environment</td>
<td>Participation To maintain our position on labour market participation as the top performing country in the UK To close the gap with the top five OECD economies by 2017</td>
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<td>4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens</td>
<td></td>
<td>Population To match average European (EU15) population growth over the period from 2007 to 2017. Supported by increased healthy life expectancy in Scotland over the period 2007-2017</td>
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<td>5. Our children have the best start in life and are ready to succeed</td>
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<td>Solidarity To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017</td>
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<td>6. We live longer, healthier lives</td>
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<td>Cohesion To narrow the gap in participation between Scotland’s best and worst performing regions by 2017</td>
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<td>7. We have tackled the significant inequalities in Scottish society</td>
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<td>Sustainability To reduce emissions by 80 per cent by 2050</td>
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<td>8. We have improved the life chances for children, young people and families at risk</td>
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<td>9. We live our lives safe from crime, disorder and danger</td>
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<td>10. We live in well-designed, sustainable places where we are able to access the amenities and services we need</td>
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<td>11. We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others</td>
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<td>12. We value and enjoy our built and natural environment and protect it and enhance it for future generations</td>
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<td>13. We take pride in a strong, fair and inclusive national identity</td>
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<td>14. We reduce the local and global environmental impact of our consumption and production</td>
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<td>15. Our people are able to maintain their independence as they get older and are able to access appropriate support when they need it</td>
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<td>16. Our public services are high quality, continually improving, efficient and responsive to local people’s needs</td>
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Key:

- Major contribution
- Support contribution