Local Government and Regeneration Committee

Regeneration Inquiry

Submission from Blue Sea Consulting LLP

Our company are specialists in Marine and Marine Leisure led regeneration and Stuart McMillan asked us to submit our responses to your call for evidence, despite the time period for consultation being closed.

Our comments to the questions re as follows;

Strategy and Policy Issues

1. How can the linkage between the various strategies and policies related to regeneration be improved?
   A – In general terms regeneration projects are seen as large scale and ignore the regenerative potential of small catalytic schemes. Often small projects lead in the longer term to an increase in activity and the increased activity leads to commercial opportunity. E.g A car park next to a canal, river or loch, strategically placed in an attractive location, can create an access point. The access point can encourage cycling, canoeing, fishing or simply hikers. The increased activity can in turn generates requirement for services such as catering, supplies and later even accommodation.

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.
   A – In our experience the best regeneration projects have direct or indirect impacts in terms of physical, social and economic regeneration. It is unlikely that a physical regeneration project will not bring with it economic and social gains. For this reason we believe that any regeneration led scheme should consider the knock on benefits it is likely to bring and how they may best be maximised.

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?
   A – In some instances projects fail to set clear criteria for growth, economic impact or social gain. This lack of clarity can lead to poor direction and as a result overspend or returns that are not maximised. Other projects, in our experience fail to maximise returns through a failure of the procurement process to gain best value (as opposed o cheapest price) and through poor initial criteria fail to rigorously control overspend.
   A – Best returns are generally optimised by taking more care in setting out the terms of the project, the short and long terms targets and looking at the whole project in terms of delivery to ensure any tender clearly identifies supporting
information that will be required. Finally a commercial approach to project management will give a better value outcome by reducing overspend and overrun.

A – A clear approach to different levels of funding related to the type of project could generate better returns;

i. Small catalytic community run projects require a higher percentage of funding to get them off the ground and may show low short term returns, however with some support the longer term returns can look very good

ii. Small to medium sized projects should be measured in terms of overall return, and when they exceed that return (financially) there should be claw back clauses. There should be claw back clauses for projects that fail to meet the full terms of the agreement in respect of social and physical requirements

iii. Larger regeneration projects should be along the lines of;

a. Joint venture partnerships with returns to both parties in proportion to the grant/support received
b. Have social and physical gains clearly outlined with targets and claw back for failure to deliver
c. Is the project sustainable in the long term, with a business plan that allows for repair to historic structures and maintenance of social responsibility?
d. Projects with the widest sustainable economic benefit should get the highest percentage of support

**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?

A – Smaller projects, such as community delivered schemes, need commercial support in terms of advice and project management. Medium and large scale projects need to be well monitored to ensure the funds are allocated as per the project plan and “best-value” is being delivered.

A – Currently the public agencies don’t appear to fully understand the flexibility and versatility of regeneration schemes and don’t look to maximise the overall impacts. Often they should consult with the wider private sector to get the best results, rather than dictating unrealistic terms purely because of inflexible funding schemes not always designed by authorities that understand the particular market. The public agencies should avoid shoe horning projects into particular funding regimes and rather look to modify funding schemes to meet the best objectives.

A – The way funding schemes are promoted to the market should reflect the type of organisation that is likely to use them. Where applications are to be made by smaller bodies, the public sector should ensure good trained agents are on hand to advise the best way to apply. Schemes intended for use on larger projects
should have very clear information on the obligations incumbent on using such finance and the degree of return expected.

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
A – Start-up funding can be good in isolation on certain projects that can quickly generate income, but can't raise the capital to get off the ground, however many projects could benefit from a tapered support scheme over a defined “growing” period. This taper funding could be in terms of soft loans, grant or a mix of both. Too often projects gain a large injection of capital only to fail, because of an unrealistic expectation of instant results. Grant should look at how the project will balance and phase growth, and discourage the development of a scheme that is large only because large grants were available. It is more healthy to phase a regeneration project and nurture it over a realistic timeframe to sustainable maturity.
A project/ business tends to be stronger when it grows to meet demand rather than starting off large and having to unrealistically generate demand (normally at the cost of margin or quality)

6. How can it be ensured that regeneration projects are sustainable in the long term?
A – Ensure business plans are comprehensive and explore the potential long term operational and maintenance requirements. Set realistic ambitions and forecasts. Monitor performance to the aims of the business plans. Incentivise on budget, maintenance and performance targets. On larger projects ensure a well-structured non-executive board is in place. On smaller projects create a business audit programme.

Practical Issues

7. What actions could the Scottish Governments forthcoming community capacity building programme include to best support communities to do regeneration”themselves?
A. Produce a Scotland wide programme that identifies opportunities that support the development of schemes that promote the Scottish Governments wider ambitions. Encourage volunteers with relevant backgrounds to champion schemes that benefit communities and help them to achieve both funding and sensible long term business models.

8. What role should CPPs play in supporting the community in regenerating their communities?
A – CPPs should be proactive and identify projects that could aid regeneration and or be catalytic in creating change and growth in a community. They should understand what role commerce may play in such developments and aim to
support partnerships between commerce, public sector, third sector and community organisations. Above all CPPs should understand the importance of sustainability and growth potential and seek to support responsible projects.

8. 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.

A. Having industry and experienced champions has been seen to focus communities on helping themselves and identifying partners. It is often important that responsible and realistic groups are tasked with shortlisting aims and opportunities for growth and ensuring that stakeholders understand and agree with any ambitions set down. Above all communities need to be coached in how to help themselves for long term and sustainable growth and development. A number of small, successful and sustainable, catalytic developments are often more achievable and rewarding than chasing bigger ambitions that require unrealistic degrees of funding.

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?

A – As already identified the benefits of regeneration fall into the headings of;
   i. Economic Impact
   ii. Social Improvements and benefit
   iii. Structural and infrastructure improvements

- To measure any effect the current baseline has to be established by survey and the scrutiny of existing data. All parties to the project must approve and agree the derived baseline and if at all possible such baselines should be established using criteria that allow direct comparison with other similar projects.
- Targets and timescales must be set down against agreed criteria and agreed with all stakeholders
- Periodic reviews should take place against the laid down parameters and where possible they should also be compared with similar projects.
- Targets that have meet set should be annually audited through identical data collection models.
- The results should be compared to a project on the status quo (i.e if no regenerative project had been embarked on). This should highlight the gains made each year in each of the areas of i-iii above.