

## **Spatially targeted investment and regeneration**

This paper summarises findings from evaluations of Structural Funds projects that have had a specific focus on regenerating areas in the South Wales Valleys, and from wider research and evaluation studies on spatially targeted investment and regeneration. The summary below identifies the key findings, usually those that are repeated across several studies. Annex A outlines the findings in more detail.

### **Planning and Strategy**

The existence of a spatial or regional strategy underpinning any regeneration efforts is important to ensure all activities are working towards the same objectives.

Features should include:

- Involvement of full range of local partners, including the private sector;
- A degree of prioritisation and realism about what can be achieved, thereby requiring clear direction to avoid a wish-list;
- Identification of realistic and specific objectives and targets;
- If area-based, reflective of economic links between areas and not too spatially restricted; and
- Being tailor-made for the area / region concerned, identifying genuine and specific strengths upon which to build, avoiding generalisations.

### **Evaluation**

Evaluation is important for learning whether or not a particular policy or programme has worked and how future policies and programmes can be improved but sometimes the way in which a programme is designed makes a good quality evaluation difficult to achieve. Designing programmes amenable to evaluation involves:

- Having a focussed strategy that avoids too broad or ill-defined outcomes, (e.g. “a better place to live and work”) and is underpinned by a thorough intervention logic;
- Identifying a limited number of very specific goals, which can be influenced by the investment programme; and
- Evaluation planned from the outset to confirm the intervention logic and to consider data needs and whether programme implementation can be amended to facilitate better evaluation (e.g. piloting some features in selected areas within the wider region).

### **Types of investment**

The type of investment should be a means to an end rather than an end in itself, and it relies on a sound investment rationale and intervention logic. The most appropriate investment will relate to the objective being sought and should also reflect the needs and opportunities of the specific area concerned (when relating to place-based targeting). Some key elements are generally understood:

- For economic objectives, investing in skills and infrastructure may be the most productive over the long-term. Transport is important for providing access to new job opportunities but it is also necessary to consider whether low-skilled people need support (e.g. training) to take up these jobs.
- Some tourism investments have provided good evidence of sustainable outcomes (e.g. Bike Park Wales), particularly when combining private sector finance (sharing risk), sustainable income streams, and a coherent strategy.
- Physical renewal activities can have shorter term and more transitory effects if underlying weaknesses are not addressed (e.g. town centre renewal will not encourage business growth if there are no relevant skills available).

### **Targeting approaches**

A wide range of different targeting approaches have been used for different geographically focussed schemes. The following points should be considered:

- A focus on place alone may not be the best approach to address many issues faced by individuals, for which characteristics (such as skills levels) are a better indicator (and targeting mechanism); though place is linked to wellbeing. On its own, area-based targeting can be of more benefit to the better off residents in an area.
- The involvement of the private sector (specifically via financial commitments) can allow for more sustainable investments.
- The most deprived areas may not be the most appropriate areas in which to target many investments, but should be taken account of when designing more viable investments in nearby areas (e.g. via linking up the areas through transport or preparing residents for new job opportunities).
- The use of community benefits and procurement approaches that ensure benefit to the local area may help maximise the impact of the programme. This holds particularly true for major investments that might sit outside the traditional local or regional regeneration-type strategy (i.e. delivered as part of a national policy / strategy, such as the WIIP or National Transport Plan).

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### **Evaluation Evidence on the EU Structural Funds in Wales**

The Structural Funds Programmes in Wales have funded a variety of interventions including European Social Fund (ESF) projects to help people into work and to raise the skills of the existing workforce and European Regional Development Fund (ERDF) projects to improve SMEs' competitiveness and innovation capacity, projects to improve Wales's infrastructure (e.g. transport and broadband) and projects to regenerate specific areas through physical improvements such as town centre regeneration.

The remainder of this section outlines findings from evaluations of ERDF interventions specifically targeting the areas in the South Wales Valleys.

#### **Transport: Valleys Rail Strengthening Project<sup>1</sup>**

The ERDF funded Valleys Rail Strengthening project was intended to support enhanced services on key rail corridors (most notably Ebbw Vale) linking the Valleys with Cardiff. It consisted of two distinct strands: the reopening and development of the Ebbw Vale Line between Ebbw Vale and Cardiff; and the provision of additional rolling stock to provide higher capacity trains and support longer train formations (i.e. strengthened services) on peak services on selected Valleys lines.

The evaluation found that the reopening of the Ebbw Vale Line had generated around 530,000 additional train kilometres per annum and 77.5 million additional 'seat' kilometres per annum, significantly increasing rail supply. The strengthening of the other Valleys lines provided a 19% uplift in rail capacity. In a survey of passengers on the Ebbw Vale line, nearly half said that prior to the introduction of passenger services on the line, they regularly made the same journey, over 40% of whom said they would have used a car on the journey previously, suggesting the potential of the new line to encourage a shift from road to rail travel.

However, whilst an additional 300 people travelled to work by rail in the Ebbw Vale – Rogerstone catchment area between the 2001 and 2011 Census periods (an increase from 109 to 446), this is dwarfed by the additional 4,000 people who drove to work over the same period (an increase from 14,083 to 18,068). Linked to this, in a survey of residents of the local authority areas covered by the Valleys Lines, only 12% of those who said they used the Valleys Line said that they used it for commuting purposes. This may suggest that other interventions are needed to help make travel to work by rail a viable alternative for more people, e.g. support for people to improve their skills to take advantage of job opportunities that are now more accessible.

#### **Education Infrastructure: Blaenau Gwent Learning Zone<sup>2</sup>**

The Blaenau Gwent Learning Zone is a post-16 learning facility built as a regeneration partnership scheme involving Blaenau Gwent County Borough Council, Coleg Gwent and the University of Wales College Newport (now known as the

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<sup>1</sup> Evaluation of Valleys Rail Strengthening. Peter Brett Associates LLP.

<sup>2</sup> Post-Project Evaluation of the Blaenau Gwent Learning Zone Project Stage 2. Wavehill Ltd.

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University of South Wales) with support from the Welsh Government. It was developed to create a 21st century Centre for Learning and to aid the transformation of post-16 learning in Blaenau Gwent. The building was completed in August 2012 and opened to students in September 2012 when Coleg Gwent closed their former Ebbw Vale Campus and took tenancy of the Learning Zone. The Learning Zone has been constructed on “The Works” site (the former Corus Steelworks site) at Ebbw Vale.

The evaluation found that the approach to local procurement and local employment as part of the construction of the Learning Zone generated positive (albeit temporary) local labour market impacts. A number of stakeholders consulted as part of the evaluation also referred to the catalytic impact of the Learning Zone building. The facility was near completion prior to much of the primary infrastructure on the Works Site and the installation of the primary infrastructure (influenced by the progress on the Learning Zone facility) subsequently opened up the site for further development.

The evaluators conclude that the development of the Learning Zone has enabled students to access a broader curriculum and that accessibility to the site is improving, with the extension of the rail line and the opening of the cableway, although it remains challenging for some communities within the borough, particularly Abertillery. The evaluators recommend continuing to strengthen secondary school partnerships and work to ensure the Learning Zone is seen as an asset for all of the community.

### **Tourism Infrastructure: South Wales Cycling (‘Cognition Centre of Excellence’, including Bike Park Wales)<sup>3</sup>**

In the light of concerns that South Wales was losing its competitive edge as a result of increased competition from other mountain biking locations, the Cognition Centre of Excellence was launched to develop existing facilities at Afan Forest Park, Cwmcarn Forest Park and Margam Park, and create ‘Bike Park Wales’, one of the UK’s first purpose built and charged for mountain bike parks.

The evaluators for the project judged the location of the centres as an important factor influencing the proposed investments. The existing centres are all accessible from the M4. Bike Park Wales also has very good accessibility along the M5/M50 and A40.

The evaluators commented on the distinctive development and delivery arrangements for Bike Park Wales which involved Natural Resources Wales competitively procuring a private sector developer and operator. One of the key advantages of this approach was considered to be the opportunity to secure a substantial proportion of funding from, and to shift more risk onto, the private sector.

The evaluation suggests there has been a fairly substantial increase in additional visitors at the facilities, with the inherent year round nature of the activity and improved all weather facilities likely to have a positive impact on an extended visitor season. Although this has the potential to lead to increased spending on other local

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<sup>3</sup> Evaluation of the Coastal and Sustainable Tourism Projects. Regeneris Consulting Ltd.

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facilities (e.g. retail and hospitality) the evaluators comment that effectively integrating the centres with these facilities will be challenging. The evaluation also recommends that a long term strategy is required for maintaining and renewing the existing network of trails and related infrastructure on a sustainable long term basis, and their effective promotion to new users, as well as the running of linked events and festivals.

### **Tourism Infrastructure: Pontypridd Lido<sup>4</sup>**

The Pontypridd Lido project aimed to restore the original 1920s Grade II listed Ynysangharad Park lido into a regional visitor attraction, providing a facility in Pontypridd that would be unique to Wales.

The evaluation found that the project was viewed to have generated a lot of goodwill between the council and the community, partly due to the comprehensive marketing campaign and extensive community engagement and consultation, which ensured a high profile for the project. The evaluation suggests that all sections of society will benefit from the facilities since its design has catered for a diverse range of people. The evaluation also comments on the employment opportunities that have been created as a direct result, for example, in the pool itself and the café.

### **Town Centre Regeneration: Merthyr Tydfil<sup>5</sup>**

The Merthyr Tydfil Town Centre Regeneration project aimed to diversify the economic base, increase visitor numbers, boost investment and business confidence and retain spending within Merthyr Tydfil town centre. The project involved the refurbishment and redevelopment of a number of key buildings and sites within Merthyr Tydfil Town Centre.

Stakeholders and residents interviewed for the evaluation were generally very positive about the quality of the works, the working relationships formed to implement them and the communication with the wider community about the regeneration activity. However, progress against some key performance indicators is mixed, with increases in footfall and average spend but downward trends for vacancy rates, retail demand and rental levels. This may be because the full effect of the regeneration was not yet apparent at the time of the evaluation but the evaluation notes that there needs to be a complementary programme of development that aims to tackle the low level of employment opportunities and skills levels – as well as addressing other deep-set social and cultural issues that perpetuate the deprivation in the area.

### **Wider Research Evidence on Spatially Targeted Support for Deprived Areas**

In general, the literature on the impact of spatially targeted regeneration and enterprise funds on employment is mixed. As the most recent (January 2016) review

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<sup>4</sup> Evaluation of the Ponty Lido Restoration Project – Final WEFO Evaluation Report. Wavehill Ltd.

<sup>5</sup> Evaluation of the Effectiveness of Merthyr Tydfil Town Centre Regeneration Project. Miller Research UK.

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of area based initiatives<sup>6</sup>, the What Works review of 58 good impact evaluations found that Enterprise Zones can have a positive impact on employment. However, any positive impact may be the result of displacement, and improvements in the targeted area may be offset by worsening employment in nearby areas which have not received support. The What Works review suggests that Enterprise Zones may still play a role in helping concentrate local employment from a number of dispersed sites.

Other evaluations of other forms of spatially targeted support are similarly cautious on their employment impacts. A 2014 report<sup>7</sup> from the Joseph Rowntree Foundation found mixed results: although regeneration was found to have been effective, more so on non-material forms of poverty (e.g. poor health and well being) than material poverty, the positive employment effects are countered by the finding that jobs were often taken up by people living outside of the target area and were not always additional, a finding shared with other studies. The GEMS Belfast study of 2008<sup>8</sup> looked at the success of Belfast's regeneration programme. The report suggests that its targeted approach, i.e. targeting specific people within deprived areas adjacent to the regeneration site, was a critical factor in its success. Another Joseph Rowntree Foundation report comments on the importance of engaging with local workless people but also emphasises the importance of timing. The report cites evidence from the Speke area of Liverpool which, despite neighbouring an area of significant job growth, maintained high rates of worklessness. Although steps were taken to try to ensure local workless people benefitted from these job opportunities (e.g. through local labour agreements), stakeholders argued that this did not work because there was insufficient lead in time to prepare people for employment opportunities.<sup>9</sup> This underlines the need for early and continued engagement with local workless people.

Overall, these findings suggest that 'place-based' interventions are not enough on their own to improve the employment prospects for people living in deprived areas and that interventions aimed at directly supporting people to raise their skills and remove barriers to work remain important (although ESF evaluation evidence on these types of interventions suggests that these will also vary in their effectiveness).

To enhance the capacity of regeneration to generate jobs that benefit those living in poverty, the 2014 Joseph Rowntree Foundation report recommends:

- 'job-proofing' future regeneration strategies and programmes to maximise the number of direct employment opportunities;

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<sup>6</sup> What Works Centre for Local Economic Growth. 2016. *Area Based Initiatives: Enterprise Zones*. Available online: [http://www.whatworksgrowth.org/public/files/Policy\\_Reviews/16-01-04-Area-based-initiatives-EZ.pdf](http://www.whatworksgrowth.org/public/files/Policy_Reviews/16-01-04-Area-based-initiatives-EZ.pdf) Accessed 6/7/2016

<sup>7</sup> Crisp, R., Gore, T., Pearson, S. & Tyler, P. 2014. *Regeneration and Poverty: Evidence and Policy Review*. Joseph Rowntree Foundation. Available online: <https://dspace.stir.ac.uk/bitstream/1893/20712/1/jrf-regeneration-poverty-final-report.pdf> Accessed 6/7/2016

<sup>8</sup> Plöger, J. 2008. *Belfast's Gasworks Employment Matching Service: Report to the Academy for Sustainable Communities*. Centre for Analysis of Social Exclusion. Available online: <http://sticerd.lse.ac.uk/dps/case/cr/CASEREport54.pdf> Accessed 6/7/2016

<sup>9</sup> *Rebalancing Local Economies: Widening economic opportunities for people in deprived communities* (2010), Joseph Rowntree Foundation, available at: <http://www.jrf.org.uk/publications/rebalancing-local-economies>

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- ensuring job-creating initiatives carefully target sectors and groups least likely to generate displacement effects;
- providing training and employment provision to help residents access jobs created; and
- implementing large scale Intermediate Labour Market (ILM) schemes to create new jobs in areas of high worklessness (although some caution is needed here as ESF evaluation evidence suggest that these types of schemes can have high deadweight).

The GEMS Belfast evaluation notes that deep knowledge of local communities and the ability to reach those who have been excluded from the labour market for some time is helpful in making an impact on levels of unemployment. Similarly, the evaluation of the ESF Want to Work project notes that attempts to make Want to Work non-threatening and accessible have been successful. Whilst many customers had reservations about joining a government programme, Want to Work had taken a novel approach to outreach in order to engage customers. Partnership working between Want to Work and other local organisations worked well and the level of personalisation of support was highly valued by customers. This positive feedback on Want to Work is backed up counterfactual impact evaluation evidence from the project evaluation and the ESF Leavers Survey which found that this type of personalised support is effective at helping people find employment.

A review of literature undertaken by the Work Foundation suggests that it may be easier (and more sustainable) to link areas of growth and decline rather than try and create jobs in areas with weak economies.<sup>10</sup> This points to transport as an important consideration in any regeneration scheme (though as with the other interventions discussed here, transport on its own is not enough).<sup>11</sup>

Research by the Joseph Rowntree Foundation and the Work Foundation identifies the importance of having a wider strategy underpinning regeneration efforts to ensure all activities are working towards the same objectives.<sup>12</sup> This research also supports a move towards programmes at the level of areas that are linked economically (e.g. city regions), rather than restricting to administrative boundaries.

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<sup>10</sup> *Cities, Growth and Poverty: Evidence Paper 1 – review of existing literature* (2014) The Work Foundation, available at: <http://www.theworkfoundation.com/Reports/351/Cities-growth-and-poverty-Evidence-paper-1-Review-of-existing-literature>

<sup>11</sup> *Regeneration in European Cities: Making Connections* (2008), Joseph Rowntree Foundation, available at: <http://www.jrf.org.uk/publications/regeneration-european-cities-making-connections>, *Coalfields and Neighbouring Cities: Economic Regeneration, Labour Markets and Governance* (2007), Joseph Rowntree Foundation, available at: <http://www.jrf.org.uk/publications/coalfields-and-neighbouring-cities-economic-regeneration-labour-markets-and-governance>

<sup>12</sup> *Regeneration in European Cities: Making Connections* (2008), Joseph Rowntree Foundation, available at: <http://www.jrf.org.uk/publications/regeneration-european-cities-making-connections>, *Past Recessions: What are the Lessons for Regeneration in the Future* (2010), The Work Foundation, available at: <http://www.theworkfoundation.com/Reports/271/Past-Recessions-What-are-the-lessons-for-regeneration-in-the-future>