Vibrant and Viable Places
Regeneration Framework

Guidance for applicants to access Welsh Government targeted regeneration investment

Date of issue: May 2013
Contents

1. Introduction

2. Criteria for investment and eligible costs

3. Monitoring and evaluation

4. Process for developing and submitting an application

5. How applications will be assessed

6. Timetable

Annex 1 – Innovative finance
Annex 2 – Interventions
Annex 3 – Local partnerships
Annex 4 – Strategic Outline Programme template
1. Introduction

On 11 March 2013, we launched a new regeneration framework for Wales: ‘Vibrant and Viable Places’.

The framework sets out our vision that everybody in Wales should live in well-connected vibrant, viable and sustainable communities with a strong local economy and good quality of life. It should be read in the context of the Programme for Government and Wales Infrastructure Investment Plan.

We define regeneration as “an integrated set of activities that seek to reverse economic, social, environmental and physical decline to achieve lasting improvement, in areas where market forces will not do this alone without some support from government”.

The key message of the framework is that partners from across the private, public and third sectors need to work together to make sure that we obtain the maximum regeneration benefit from all investment programmes.

We recognise that the whole of the Welsh Government expenditure can be harnessed for regeneration and that mainstream budgets can be used to deliver the majority of regeneration impact across Wales. However, there remains a rationale for targeting additional funding to incentivise behaviours likely to deliver successful regeneration, and support interventions which evidence has shown to be successful but are not covered by other funding streams.

The funding available through Viable and Vibrant Places will be directed at the regeneration of town centres, coastal communities and community first clusters. The challenge is to think of new ways to regenerate our town centres and coastal settlements in a time when some town centres and settlements are in crisis. Creativity and innovation will be essential as will the aligning of other public sector uses e.g. housing, health centres, hospitals and libraries and bringing in the private sector and third sector.

The limited investment will therefore be targeted at the most coherent and integrated regeneration projects and at those which make best use of the wide array of possible funding sources with regeneration funding acting as the catalyst for action.

The exact number of town centre or coastal settlements that can be supported will depend on proposals received. However it is essential that all partners respond to this with purpose and understand that we will only invest where we believe can have maximum impact.

The funding available is additional and complementary to other mainstream budgets. It may not be used to substitute for other investment streams.

The main aims of this targeted regeneration investment are:
• to revitalise and promote the sustainable development of town centres, coastal communities and Communities First clusters, making the most of their green infrastructure, heritage and historic character;
• to build sustainable and vibrant communities that are more prosperous, better educated and healthier;
• to tackle poverty by creating jobs, encouraging skills development and helping people into work;
• to encourage wider investment in housing; and
• to deliver strategic, regionally important projects of significant scale;

Our guiding principles informing this investment will be:

• more targeted and intensive investment in fewer areas;
• better integrated working across funding programmes; and
• the need to lever in as much additional investment as possible, particularly from European programmes and from the private and third sectors.

The targeted regeneration investment is the subject of this guidance, which sets out how partners should apply for this funding, and how the budget will be allocated. The investment available will include the previously separate funding stream for Housing Renewal Area schemes once existing commitments have been fulfilled.

This guidance does not cover the following separate Welsh Government funding available to support local regeneration initiatives, pilot programmes and the development and sharing of best practice:

• Coastal Communities Fund – see [http://wales.gov.uk/topics/businessandeconomy/regeneration/coastalcommunitiesfund/](http://wales.gov.uk/topics/businessandeconomy/regeneration/coastalcommunitiesfund/)
• Community Innovation Grant – see [http://wales.gov.uk/topics/housingandcommunity/grants/communityinnovation/](http://wales.gov.uk/topics/housingandcommunity/grants/communityinnovation/)

The guidance has been developed in consultation with partners. It is designed to help partnerships produce applications which are holistic and integrated, and to ensure that the Welsh Government obtains maximum value from its investments in targeted regeneration programmes. Although it may seem prescriptive in some respects, the guidance is intended to stimulate creativity and innovation in responding to local needs.

The guidance will be reviewed on a regular basis in line with the availability of funding and the opportunity to call for new applications.

All queries about this guidance should be directed to regenerationpolicy@wales.gsi.gov.uk. For advice and assistance on developing an application, contact your local Welsh Government regional regeneration team. Seminars will be held around Wales so that you can put questions directly to Welsh Government officials. Contact details and dates for
the seminars, as well as FAQs, can be found at www.wales.gov.uk/regeneration.
2. Criteria for investment and eligible costs

Call for applications

A maximum of one application is invited from each local authority area partnership for an integrated regeneration programme in one settlement area. Each programme will comprise a package of investments and interventions over a period lasting between one and three years.

The application must be submitted by the local authority as lead partner and grant recipient, on behalf of a partnership of the public, private and third sectors (the local partnership). Responsibility for the process of selection and prioritisation of areas and projects rests with each local authority and its partners.

There are two stages to the application process. At Stage 1, a draft Strategic Outline Programme (SOP) will need to be submitted, and this will be the basis for a final SOP to be submitted at Stage 2. It is important to note that:

- Grant funding may be available at the Welsh Government’s discretion to help develop bids further for partnerships which are successful at Stage 1.
- Partnerships which are unsuccessful at Stage 1 will not be invited to develop their application for Stage 2, at this point, but can consider bidding in future years. (Stage 1 is intended to help create a pipeline of viable programme and project ideas for further consideration across and beyond the Welsh Government.)
- There are no guarantees that successful applications from Stage 1 will be automatically successful at Stage 2.

More detail on the process and timetable can be found later in this document.

Applications are welcome in English or Welsh.

Pre-requisites

Applications should be developed in line with the principles outlined in HM Treasury’s ‘Green Book’ (see http://www.hm treasury.gov.uk/d/green_book_complete.pdf ). In particular, applicants should consider the following issues:

- Rationale, which needs to state the case for change, make clear who the intended beneficiaries of the project are, what are the mechanisms which will extend the benefits to them, what structural benefits are expected as a result of the project, and the means by which these will be achieved.
- Objectives, which will be clearly aligned to specific Welsh Government as well as local priorities and are likely to include increasing housing supply, labour supply and skills, quality of life, physical environment, and local business opportunities.
• Outcomes, which will be linked to our national outcomes and could include reductions in empty dwellings, reductions in crime, improvements in the capacity of community organisations, increases in local incomes and employment.

• Partnerships between the local community, business and government are important for the sustainability of regeneration projects and the well being of local communities. Most local regeneration projects involve partnerships, and are likely to have some effect on existing institutional relationships. An appraisal should include a description of the partnership and, where possible, its expected impact on the area.

• The impacts of government intervention, which is sometimes undertaken with an employment objective in mind. In other cases, although employment is often retained as a principal objective, the justification for intervention is more far-reaching and the objectives tend to be more broadly cast. This is typical of regeneration projects. Where programmes have multiple objectives, such as environmental improvements, these other additional benefits (and any associated costs) should be covered in the appraisal, together with employment impacts. The geographical focus of regeneration projects means that it is particularly important to assess displacement effects at both the local and national levels, particularly if the programme or project is substantial.

• State Aids, which are transfers of state resources which provide selective support to organisations engaged in economic activity. When the state confers even a limited advantage on an undertaking, there is usually a distortion, or risk of distortion, of competition. To protect competition across the EU, the European Commission provides a complex body of treaty based legislation, frameworks and case law to establish which aid is, and is not allowable. Aid is payable through a large variety of measures and instruments, including tax relief, soft loans and provisions to help prepare an undertaking for privatisation as well as grants and subsidies. As such, it is important that the state aid rules are considered from the onset of any proposal to ensure that proposed measures will be compatible with EU competition rules. (See http://wales.gov.uk/topics/businessandeconomy/stateaid/)

Applications must:
• be endorsed by a local/regional partnership including the public, private and third sectors which have been fully involved in developing the application;
• include clear commitments from partners to use their resources and levers to ensure successful delivery and sustainability, with the role, responsibilities and commitments of each partner set out to ensure that future governance and delivery are enshrined in the proposal;
• demonstrate that consideration has been given to opportunities (for example proximity to transport links and labour markets, the existence of heritage and landscape assets and commitment of partners to deliver a programme of change) and needs (for example the socio-
economic conditions prevailing in the community including unemployment, benefit dependency, poor health, low educational outcomes and the combined effects of social disadvantage) of the settlement area;
• show how targeted regeneration investment will add value to other Welsh Government funding and contributions from other partners;
• demonstrate creativity and innovation in responding to well-evidenced needs and opportunities;
• show how evidence from evaluations of previous regeneration projects has been used to inform the application;
• lever in as much additional funding as possible – targeted regeneration investment is a budget of last resort which acts as a catalyst;
• demonstrate that a feasibility and option appraisal has been undertaken to ensure the most efficient and effective solution to the area is proposed;
• be deliverable within the timescales quoted including adequate consideration of the mobilisation period (planning, procurement, recruitment etc);
• be compliant with the procurement rules; and
• have a clear exit strategy through which the objectives, outcomes and impacts specifically linked to the targeted regeneration investment are met, and any ongoing resource requirements are met from other funding sources and revenue streams.

Programmes must:

• help people into work, either through job creation or by improving employability skills acquisition;
• be strategic, with regional as well as local buy-in and demonstrate cross-sector and cross-boundary benefits;
• demonstrate how the investment is complementing, but not substituting for, mainstream funding;
• support targeted recruitment and training, and where possible maximise community economic benefits;
• show clear commitment to sustainable development in terms of the balance between economic, social, cultural and environmental opportunities and constraints, together with long term viability; and
• show clear alignment with relevant commitments within the Programme for Government.

The programmes must be deliverable during the period 1 April 2014 to 31 March 2017. Targeted regeneration investment may support projects which have a lifespan beyond this period, but we would not expect any grant awarded under this programme to extend beyond this period.

We expect to be able to invest up to £30m capital per year from the Welsh Government core regeneration budget during this period across the whole of Wales, and to use this to lever in additional capital as well as revenue contributions to fund key services such as town centre management and co-
ordination of community benefits. We are looking for transformational programmes, and therefore expect to invest up to £5m per year in any one scheme (see match funding requirements below), although smaller applications are permissible as long as they fit the criteria. We reserve the right, however, not to allocate all of the funding.

Investment will be targeted according to the quality of applications, and the pattern of expenditure is likely to vary over time. We will endeavour to allocate funding across Wales, but this will depend upon the quality of the programmes put forward.

Eligible phases

Targeted regeneration investment can be provided to support the following phases of development:

- Feasibility and design work (for example master planning, character studies including an audit of heritage resources and historic character, etc) for new programmes relating to the settlements for which targeted investment is being applied (no more than 10% of total budget) – for other feasibility work outside targeted settlement areas, consider the Community Innovation Grant scheme
- Completion of existing legacy programmes where they have a demonstrable strategic fit with future plans and priorities
- Physical works on new programmes and related activity
- Monitoring and evaluation (continuous throughout and beyond investment project duration)

All the above phases must relate to the same targeted settlement area.

The evidence from our policy review suggests that the best regeneration outcomes are achieved from effective partnerships that combine multiple skills and cross professional working. Applications need to feature public, private and third sector involvement from conception to completion. Consideration should be given to the use of innovative financial models, for example combining or replacing straightforward grant support with loan-based, recycling funding. An example of innovative finance modelling is at Annex 1.

Priority areas

The national outcomes for regeneration, which are closely aligned with those for Communities First, are:

- Prosperous communities
  A range of activities at the regional and local level will support:
  - improved levels of economic activity and more jobs;
  - strong and diverse local economies with private, public and third sectors working together;
  - well-connected communities supported by transport and broadband connections;
- sustainable use of the natural environment for local energy and food production;
- a thriving private sector and social enterprise;
- successful town centres and coastal communities; and
- a well-managed historic and natural environment contributing to the distinctiveness of Wales’ landscape and settlements with heritage and historic character conserved, valued and sustained.

- Learning communities
  Regeneration is intrinsically linked with the skills and capacities of individuals, families and communities. Regeneration interventions can also support:
  - a skilled and confident existing and future workforce;
  - a high aspiration local culture;
  - engagement with school, post 16 and adult learning opportunities;
  - clear opportunities for development of social and cultural capital and strengthening equality; and
  - a belief in a better future.

- Healthier communities
  The health and wellbeing of residents is central to the vitality of places. Regeneration activity will contribute to:
  - good housing which is affordable and provides tenure choice;
  - healthy and cohesive communities able to grow and work together;
  - safe and secure localities;
  - a sustainable and high quality local environment;
  - positive and inclusive local identities; and
  - well-planned, appropriately used and good standard buildings, amenities and facilities.

Within this context, there are three strands of targeted regeneration investment:

- Town centres in both rural and urban areas
- Coastal communities
- Communities First clusters

Examples of appropriate inventions can be found at Annex 2.

Some applications will be able to show how more than one of these strands is being addressed through a single joined-up suite of interventions.
**Other funding**

Welsh Government investment (including European funding) can be used to fund a maximum of 75% of eligible costs for each programme. This overall percentage is subject to further consideration, on a case-by-case basis in line with the State Aid rules. Although all funding apart from Welsh Government targeted regeneration funding will count as investment levered in, any Welsh Government or European funding is not eligible to be counted within the 25% match funding required.

Applicants should seek to lever in as much funding as possible from other sources. For example, the new Energy Company Obligation (ECO) replaced the former CERT and CESP schemes which closed on 31 December 2012. It requires the largest energy companies to invest in a number of energy efficiency measures in the domestic sector. Whenever possible, when energy efficiency measures are being installed as part of work being undertaken, applications should demonstrate that they have explored and if possible, secured an investment contribution under the new ECO. Further information on the ECO is available from: [http://www.ofgem.gov.uk/Sustainability/Environment/ECO/Pages/index.aspx](http://www.ofgem.gov.uk/Sustainability/Environment/ECO/Pages/index.aspx)

We will work with successful applicants to secure European funding for those programmes that fit with the Welsh EU investment strategy and include eligible activities thus encouraging strategic fit and helping lever additional investment across Wales. For more information about the development of European programmes 2014-2020, see [http://wefo.wales.gov.uk/programmes/post2013](http://wefo.wales.gov.uk/programmes/post2013).

Applications must include evidence of how programmes complement and make use of existing funding, including links to other European-funded projects, mainstream expenditure and other investment.

Direct running costs, for example, of staff allocated to the successful execution of the scheme, can be considered as part of the financial contribution by the applicant.

**Terms and conditions of funding**

All grants awarded through the process outlined in this guidance will be subject to standard Welsh Government terms and conditions, plus any specific conditions the Welsh Government may decide to impose on individual applicants. The Welsh Government reserves the right to withdraw any funding awarded at any stage if we consider that agreed key milestones and outputs are not being delivered.
3. Monitoring and evaluation

The following section sets out monitoring and evaluation requirements associated with the targeted regeneration funding. If projects are suitable for EU support, we will work with them to align requirements with the specific requirements set out EU legislation and by the Managing Authority (WEFO).

All monitoring and evaluation should be developed and conducted in line with the HM Treasury ‘Magenta Book’. See http://www.hm-treasury.gov.uk/data_magentabook_index.htm.

For guidance on community benefits (including supply chain and training outputs) and the Welsh Government’s measurement tool, see www.buy4wales.co.uk/PRP/general/strategy/procstrat/communitybenefits.html

Key performance indicators

There are four key performance indicators for programmes. Three will be used to assess applications:

- Investment levered in (split by private, public and third sectors)
- Net additional Jobs created
- People supported into work (including through targeted recruitment and training)

The fourth indicator will be tracked over the lifetime of the programmes, but will not be assessed during the application process; nor will it be part of any contractual grant agreement:

- Percentage of spend retained within Wales-based supply chains. (For more information about supply chain initiatives, see ‘Community Benefits: Delivering Maximum Value for the Welsh Pound’ at http://wales.gov.uk/topics/improvingservices/bettervfm/publications/commbenguide/)

These indicators provide flexibility for targeted regeneration investment to be directed at both supply and demand side interventions; that is, both creating jobs and helping people access jobs which either already exist or are created by other investment. Facilitating access to jobs could include interventions, additional to mainstream provision, such as:

- provision of housing and related services;
- linking existing employment services to community benefits being delivered through capital investment to ensure opportunities created are available to local people;
- in conjunction with business support interventions, facilitating business development to maximise job creation opportunities;
- improving local transport and communications links;
- increasing the provision of high-quality affordable childcare;
- targeted employment support;
• encouraging the development of social enterprise, co-operative and mutual businesses; and
• encouraging the development of entrepreneurship and more innovative approaches to local economic development.

**Additional indicators**

We would expect each individual project/programme to present its own individual suite of outputs and outcomes for approval as part of any bid. However, project sponsors will also be expected to ensure that baselines against relevant indicators under the three national outcomes are in place, and track these over the lifetime of the projects.

A Results Based Accountability approach (see [http://www.raguide.org/](http://www.raguide.org/)) should be used to link baseline data with project level indicators, and link those indicators with broader outcomes.

Examples might include:

**Prosperous communities**

<table>
<thead>
<tr>
<th>Project level indicators</th>
<th>Wider outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs safeguarded</td>
<td>Business births, VAT registrations, and business survival rates beyond twelve months</td>
</tr>
<tr>
<td>Number of people moving from welfare into work</td>
<td>% workless households (gap between programme areas and other areas)</td>
</tr>
<tr>
<td>Number of people with raised employability skills levels</td>
<td>Employment rate (gap between programme areas and other areas)</td>
</tr>
<tr>
<td>Numbers of historic assets conserved or enhanced</td>
<td>Youth employment rate (gap between programme areas and other areas)</td>
</tr>
<tr>
<td></td>
<td>% age of residents, businesses and visitors who think their neighbourhood (within project area) has improved in last 3 years</td>
</tr>
<tr>
<td></td>
<td>% decrease in empty properties</td>
</tr>
<tr>
<td></td>
<td>% reduction in numbers of buildings at risk (ie heritage assets in a deteriorating condition)</td>
</tr>
</tbody>
</table>

**Healthier communities**

<table>
<thead>
<tr>
<th>Project level indicators</th>
<th>Wider outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of beneficiaries of health improvement services</td>
<td>% adults reporting fair or poor health (gap between project areas and other areas)</td>
</tr>
<tr>
<td>Number of affordable housing units delivered</td>
<td>Reduction in fuel poverty</td>
</tr>
</tbody>
</table>
• Air and water quality
• Increasing share of renewable energy
• Reduction in greenhouse gases
• Waste recycling
• Green space per 1000 population
• % reduction in crime and anti social behaviour
• Achievement of Welsh Housing Quality Standard

Learning communities

<table>
<thead>
<tr>
<th>Project level indicators</th>
<th>Wider outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of beneficiaries of skills development support</td>
<td>• % obtaining the key stage indicators at age 16 (gap between project areas and other areas)</td>
</tr>
<tr>
<td>• Number of qualifications obtained by project beneficiaries</td>
<td>• % of people with post school qualifications (gap between project areas and other areas)</td>
</tr>
<tr>
<td></td>
<td>• % increase in digital inclusion</td>
</tr>
</tbody>
</table>

All projects must include budget set aside for evaluation work to be commissioned for the entire lifecycle of the project (ie from inception to post-completion). The proposed monitoring and evaluation framework including appropriate timescales should form part of application.

Successful project sponsors will need to report on a six-monthly basis on the key performance indicators:

• Investment levered in (split by private, public and third sectors).
• Percentage of spend retained within Wales-based supply chains.
• Net additional jobs created.
• People supported into work (including through targeted recruitment and training).

To track the contribution projects are making to the Welsh Government’s Tackling Poverty Action Plan, project sponsors will also need to ensure that they can report on:

• net additional entry-level (NQF Level 2 or below) jobs created through targeted regeneration investment; and
• number of people supported into work through targeted regeneration investment who are a) low-skilled (NQF Level 2 or below) and b) from workless households.
4. Process for developing and submitting an application

Local partnerships

Local authorities will be the lead partner and grant recipient for the purposes of the application. However, applications will only be accepted if they have a stakeholder engagement and communication plan which demonstrates the involvement of a partnership of public, private and third sector representatives and that appropriate engagement with Welsh Government (and UK Government where applicable) departments has taken place.

We will expect the stakeholder engagement/communication plan to demonstrate the following principles;

- **Purpose** – be clear about what is to be achieved from any consultation/engagement with the development of a shared vision
- **Context** – be aware of the circumstances or events that form the environment within which the consultation/engagement will take place.
- **People** – demonstrate understanding of how to involve third sector partners and communities in an inclusive but meaningful way.
- **Process** – ensure the approach to consultation/engagement is fit for purpose, context and the organisations involved.
- **Inclusion** – ensure that minority voices are heard
- **Long term** – ensure that the long term is part of the process

Applicants must demonstrate that equality and diversity has been embedded throughout the scheme development process, taking into account, disability, age, religion, gender, human rights, race and sexual orientation. Evidence is required that equality impact has been properly assessed.

Evidence must also be included to demonstrate how the needs of the Welsh language have also been embedded, and that a Welsh Language Impact Assessment has been undertaken where appropriate.

A Local Service Board or the Single Integrated Planning process may provide a good starting point for developing applications, as long as all sectors can be involved. However, local governance should reflect local circumstances and should therefore be agreed at local level. See Annex 3 for suggested partners.

Linking to Local Development Plans (LDP) should also be considered as part of this process with local planning authorities identifying key issues within their administrative area. This can include areas which are underperforming, those seeking transformational strategies as well as areas of change. Town centres experiencing reductions in retail activity, agglomeration of specific uses classes, impacts on social activity are examples which may require a policy response in a LDP. Likewise, regeneration initiatives either identified by the authority itself, possibly based on indices of multiple deprivation, or national
regenerations strategies linked to external funding sources (WG/EU) should also be integral to the vision and strategy of the plan. Outcomes should be set through clear policies and spatially shown on the proposals map.

Welsh Government regional regeneration teams will be available to help develop applications. Assessment will be undertaken by a panel of Welsh Government staff with appropriate specialisms/interests. The Vibrant and Viable Places Ministerial Advisory Group will also be part of the assessment process.

**Application process**

The application process has two stages:

*Stage 1 – draft Strategic Outline Programme (SOP)*

The SOP template can be found at Annex 4.

For Stage 1, we expect to receive no more than 3,500 words (around 10 A4 pages) per application.

At this stage, the information contained in the SOP is wholly dependant on the theme of the application, and will inevitably be provisional to some extent. But as a minimum, we would expect to have additional information in the SOP on the following:

- definition of target area and rationale
- objectives
- outline costs
- population of area (which may include wider catchment of beneficiaries as well as residents)
- labour market statistics
- housing needs

There may be other relevant information which is available and relevant at this stage. Examples might include:

- crime and anti-social behaviour statistics;
- key partners to be involved;
- heritage resources and an indication that historic character will be taken into account; and/or
- visitor numbers.

For town centre interventions, for example, we would expect applicants to be working towards a baseline report covering statistics such as:

- total number of commercial units;
- comparison / convenience;
- key attractors / multiple traders;
- number of vacant units;
- number of markets/ traders;
- prime retail property yields;
• zone A rents;
• footfall counts (independently verified (e.g. Springboard footfall counters);
• car parking usage;
• business confidence surveys;
• town centre users survey;
• shoppers origin surveys;
• % of independent retailers;
• commercial/residential ratios for the town centre; and/or
• actions already taken to deal with the decline in the High Street functions and their effects.

Examples of baseline date for coastal communities might include:
• visitor numbers;
• length of season and seasonal unemployment;
• coastal erosion and defence requirements;
• accessibility; and/or
• migration patterns and population demographics.

For Communities First clusters, reference should be made to the evidence base used to develop cluster plans.

Stage 2 – final Strategic Outline Programme

For Stage 2, we expect to receive no more than 10,000 words (around 30 A4 pages) per application.

At this stage, the following elements in bold are mandatory for inclusion in the SOP:

• Overarching vision and plan for the settlement area (including why this is the preferred option).
• Communication and engagement plan.
• Risk management plan.
• Health impact statement on entire programme.
• Environmental impact assessment on entire programme.
• Community benefits statement.
• Monitoring and evaluation plan (to incorporate external summative evaluation).
• Governance structure to be signed off as fit for purpose for delivery.
• Finance & deliverability report.
• Forecast of projected outcomes & outputs associated with the programme.

Examples of other elements which may be appropriate are:
• Town Centre Management Plan to address issues such as future maintenance, parking, movement (pedestrian & vehicular), signage etc;
• evidence that an independent gateway review has been undertaken as per Treasury guidance;
• clear links to existing destination management plan;
• evidence that the role of the historic environment as contributing to environmental quality and as an economic driver has been addressed, for example by an audit of heritage resources and statement of historic character, with advice from Cadw as appropriate;
• targeting heritage assets or contributing to sustaining and enhancing historic character;
• buildings at risk survey to inform a strategic acquisitions plan and/or priority projects where appropriate;
• meanwhile use policy;
• safer by design on entire programme;
• a Low Carbon Strategy for the area, possibly in conjunction with the Carbon Trust and Energy Saving Trust;
• carbon management plan;
• residents town/city centre perception study for larger settlements;
• delivery of the Welsh Government Sustainable Buildings Standards, which are additional and separate from planning requirements;
• integration with Next Generation Broadband Wales (NGBW); and/or
• commitment to work with the Design Commission for Wales from the outset.

Completion of a Strategic Outline Programme requires partnerships to:
• make full use of the available evidence base;
• undertake options appraisal;
• include community and social benefits clauses within contracts awarded;
• use procurement innovatively but within regulations; and
• comply with all statutory guidance and consents.
5. How applications will be assessed

Process

Applications will be subject to the following assessments:

Stage 1 – draft Strategic Outline Programme

This will include:
- assessment by Welsh Government officials;
- consideration by National Regeneration Panel as its final task before handover to the Ministerial Advisory Group (the Panel will be invited to discuss the applications directly with the Minister, but will not be required to agree funding recommendations as it is not a decision making body); and
- decision by Minister for Housing and Regeneration on which applications progress to Stage 2.

Stage 2 – final Strategic Outline Programme

This will include:
- making the strategic case via regional partnership arrangements;
- technical assessment by Welsh Government panel;
- consideration by Ministerial Advisory Group (the Group will be invited to discuss the applications directly with the Minister, but will not be required to agree funding recommendations as they are not a decision making body);
- final decision by Minister for Housing and Regeneration.

Methodology

Applications will be automatically rejected without a full assessment if they do not fulfil the prerequisites outlined in Section 2 above.

Applications will be scored and compared at both stages by Welsh Government officials according to the following assessment matrix:
<table>
<thead>
<tr>
<th>General</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key outputs:</strong></td>
<td>20</td>
</tr>
<tr>
<td>• Investment levered in (Welsh Government, public, private and third sector)</td>
<td></td>
</tr>
<tr>
<td>• Net additional jobs created.</td>
<td></td>
</tr>
<tr>
<td>• People supported into work.</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic fit – with Local Development Plan, Single Integrated Plan, regional priorities and Welsh Government Programme for Government commitments, including tackling poverty, delivering jobs and growth and promoting equality.</strong></td>
<td>20</td>
</tr>
<tr>
<td><strong>Policy fit – extent to which programme is directly addressing regeneration of town centres, coastal communities and/or Communities First clusters in an integrated way.</strong></td>
<td>15</td>
</tr>
<tr>
<td><strong>Contribution to improving housing condition and supply, for example increasing residential accommodation in town centres.</strong></td>
<td>15</td>
</tr>
<tr>
<td><strong>Quality of programme delivery, for example in terms of:</strong></td>
<td>10</td>
</tr>
<tr>
<td>• clear rationale and case for change;</td>
<td></td>
</tr>
<tr>
<td>• clear links between activities, outputs and the national outcomes for regeneration, with RBA use evidenced; and</td>
<td></td>
</tr>
<tr>
<td>• robust governance and project management.</td>
<td></td>
</tr>
<tr>
<td><strong>Evidence of value for money.</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>Evidence of creativity and innovation, including where appropriate creating opportunities for social enterprises and the use of new financial models.</strong></td>
<td>10</td>
</tr>
</tbody>
</table>
6. Timetable

The key milestones are:

**2013**

12 July Draft Strategic Outline Programme (stage 1 application) deadline

2 September Outcome of first stage announced

4 November Final Strategic Outline Programme (stage 2) deadline

**2014**

21 January Announcement of successful programmes

1 April Funding period for successful programmes begins

30 September Biannual monitoring

**2015**

31 March Biannual monitoring

30 September Biannual monitoring

**2016**

31 March Biannual monitoring

30 September Biannual monitoring

**2017**

31 March Spending deadline for successful programmes

30 September Deadline for monitoring and evaluation reports*

*We would expect the evaluation programme to continue beyond the programme period.
Annex 1

Innovative Finance

When the Welsh Government published the Wales Infrastructure Investment Plan for Growth and Jobs WIIP in May 2012, it made clear that there was a strong economic and value for money case for, in some circumstances, boosting resources available for investment in infrastructure in Wales through the use of innovative finance.

The case for innovative finance is considered particularly strong now because of:

- the imperative for investment to boost jobs and growth in both the short and the long term;
- the economic and other benefits of bringing forward much needed infrastructure projects which would otherwise be delayed by many years, or possibly not happen at all;
- the huge and sustained cuts in the Welsh Government’s capital budget, imposed by the UK Government;
- the arbitrary way in which the Welsh Government’s capital budget continues to be set through the Barnett formula, with no account taken of the need to invest in Wales;
- the relative lack of indebtedness (e.g. the annual revenue cost of PFI schemes in Wales, which is about one tenth of the level in Scotland – £100m per year in Wales, compared to £1 billion per year in Scotland); and
- the historically low cost of long term debt.

Outlined below are some examples of innovative financial initiatives that the Welsh Government has launched in the recent past:

- **Welsh Housing Partnership** – implemented in August 2011, this partnership with four Registered Social Landlords (RSLs) uses Welsh Government funding to lever investment by the Principality Building Society to provide affordable rental housing across Wales;

- **Land for housing initiatives** – for example, the Ely Mill project, which uses Welsh Government support to secure substantial private investment, will deliver approximately 700 homes over the next few years – around half of which will be affordable;
• **Local Government Borrowing Initiative: highways improvement** – this initiative, which enables local authorities to borrow to finance an agreed programme of investment, delivered almost £60m of additional investment in local roads in 2012-13 and will deliver around £170m by 2014-15;

• **the Welsh Housing ‘Bond’** – a new mechanism to support investment in social housing by RSLs through a long-term revenue funding commitment will enable investment of over £100m over the next three years which will deliver more than 1,100 social housing units;

• **Local Government Borrowing Initiative: 21st century schools** – building on the successful highways initiative, from 2014-15 this will inject up to an additional £200m into the 21st century schools programme and accelerate delivery by two years; and

• **completing dualling of the A465** – in December, the Welsh Government announced that it would be undertaking around £300m of investment in sections 5 and 6 of the A465 using a non-profit distributing PPP model. This will allow the entire dual carriageway to be completed before 2020.

A number of the financial models above are based on some form of joint venture between the public and private sectors. In this type of structure, non-dividend investment models are being explored in order to ensure value-for-money and to maximise the public benefits of investment.

**Other opportunities**

Other example of innovative funding mechanisms include:

• In terms of physical / development based regeneration, the **Ely Bridge Development Company** is an example of a social enterprise with an innovative business model that plans to deliver sustainable affordable housing on a key development site in Cardiff. It is based on a partnership between Welsh Government, the Principality Building Society and Cardiff City Council.

• There are various **innovative funding mechanisms that can be drawn down from financial intermediaries** to assist a wide range of regeneration related actions. These include Social Investment Bonds; Community Share Underwriting and Social Impact Bonds. Potential intermediaries include the Big Society Capital Group; Resonance Ltd., the Social Business Trust.

• **Projects in Wales** that have adopted, or might adopt, innovative funding mechanisms within sector specific areas related to holistic regeneration include:
• **Housing**: Moneyline Cymru (a Community Development Finance Institution); the Welsh Housing Partnership (Welsh Government / Welsh RSLs / Principality Building Society), which has generated significant levels of investment for social housing at intermediate rent.

• **Renewable / Community Energy**: Community Energy Wales has been established to provide the necessary practical, policy and financial support for communities to develop their own renewable energy generation and energy efficiency schemes.

• **Transport**: Consideration is being given to different and innovative business models that might be appropriate to fund rail electrification in South Wales; and in response to the future renewal of the Wales Rail Franchise.

• **Social Care provision**: The provision of care for the elderly and specifically respite care provision, are currently being taken forward incorporating international best practice in innovative financing and new types of organisational structures.

• **Local economic development**: there are numerous examples of new types of organizational models in Wales that have adopted innovative funding mechanisms to facilitate and deliver local economic development and regeneration. These include:
  
  • **Galeri Caernarfon Cyf** (formerly Caernarfon Town Trust), a not for profit community enterprise that supported the regeneration of the Walled Town area of Caernarfon; and has since established and managed the Galeri Creative Enterprise Centre.
  
  • **Menter Môn**, a third sector organisation embracing representation from the private, voluntary and community sectors and accessing a range of public, private and social enterprise funding sources.

In terms of replacing straightforward grant support with loan-based, recycling funding, the European Investment Bank confirms that loan funding is available for regeneration projects in Wales over the next four financial years.

Some of the other programmes of financial support outlined in this Annex might also include both direct grant and loan facilities.
Annex 2

Interventions

Examples

Please note that these lists are not exhaustive. We are looking for creative and innovative solutions to local needs.

Town Centres
- Increasing housing supply and quality, particularly where this increases residential zones and consolidates retail, including creating homes above commercial premises.
- Reconfiguration of local services and creation of service hubs.
- Actions within and outside town centres which increases footfall within town centres, including making linkages with out-of-town developments to develop a complementary offer.
- Town Centre Management.
- Physical investment to improve the quality of public spaces within town centres and their hinterland.
- Provision of business accommodation.
- Hyperlocal approaches which bring traders together to work on town centre product development and targeted marketing.
- Supporting a sustainable tourism offer including promotion through strategic collaborative regional marketing campaigns.
- Supporting people into work – e.g. training, employment support, childcare.
- Interventions which improve health and well-being, complementing wider initiatives aimed at developing 'healthy towns' and creating urban environments that optimise health and well being, and therefore making citizens more able to work.
- Interventions that offer greater resilience to climate change, access to the green environment and environmental improvement and energy efficiency measures.

Coastal communities
As above, plus:
- Regeneration in association with coastal defence programmes.
- Supporting sustainable tourism where appropriate.
- Diversification of local businesses.

Communities First clusters
- Linking existing or new housing investment to better outcomes for residents in Communities First clusters.
- Investment and support to add value to activities funded through Communities First cluster plans.
- Supporting people into work – e.g. training, employment support, childcare.
Interventions which improve health and well-being and therefore make citizens more employable.

Opportunities to stimulate community based energy to tackle fuel poverty.

Interventions that offer greater resilience to climate change, access to the green environment and environmental improvement.

Other considerations

Consideration could be given, in developing programmes, to:

- existing or emerging spatially focused strategies, for example major transport investment (particularly rail electrification), Enterprise Zones, Business Improvement Districts, destination management plans etc;
- holistic area based planning which takes account of the complementary roles of settlements, their historic character, and the connections between them;
- the role within the economy of truly iconic destinations;
- the impact of planned and future Health and Education capital investment and expenditure on services;
- opportunities arising from the WIIP and other planned infrastructure investment, any gaps, and potential to use green and blue infrastructure for economic renewal;
- opportunities for joint working across regions;
- the impacts of changes in non-devolved policy areas, for example welfare reform, on communities;
- the challenges facing specific equality strands, as well as Welsh language communities, and opportunities to promote equality and inclusive outcomes for all the citizens of Wales; and
- well planned and organised collaborative regional arrangements for promotion and marketing, in partnership with Visit Wales, which positively promote regeneration activity and demonstrate investment and tourism opportunities in Wales, as well as our country being a great place to live.

Applicants could also explore opportunities to create and sustain social enterprises as key agents of community resilience and local growth. Key issues include:

- supporting young people and their parents (e.g. through childcare and play opportunities);
- helping older people live independently in their communities (through social care);
- ensuring that resources are available and affordable (through food production and distribution, and energy efficiency and micro-generation);
- stimulating start-up social businesses;
- community transport;
• making better use of empty properties and owned by third sector groups; and
• supporting the creation of service hubs in communities.
Annex 3

Local partnerships

Local partnerships will typically include (although this will depend on local circumstances):

- Local authority (with appropriate senior level representation covering town centres, coastal community and Communities First service areas)
- Town/community council
- Registered Social Landlords
- Private sector housebuilders and/or developers
- Representatives of local traders and high street multiples
- Anchor and regionally important companies and/or other major local employers
- Further and Higher Education representatives
- Local Health Board
- Tourism representatives
- Environmental representatives
- Council for Voluntary Services and/or other third sector representatives
- Communities First cluster representatives
- Local transport operators
- Police
- Other community representatives
Strategic Outline Programme template

Project Title:

Strategic Outline Programme (SOP)

Version No: 2
Issue Date:
Purpose of this document

This document provides a template for the Strategic Outline Programme (SOP) and is for guidance purposes only.

SOPs have been devised to support the development and agreement of programmes in support of an agreed strategy/strategies. The functional content of the programme may be scoped on either a national, regional or organisational basis. Following agreement to the SOP, the projects comprising the programme must be subject to individual business cases.

Importantly, even programmes are subject to choice in terms of their key components and critical paths – hence the need to address the available ‘macro’ options at the outset, thus minimising analysis at subsequent stages.
<table>
<thead>
<tr>
<th>Version</th>
<th>Date Issued</th>
<th>Brief Summary of Change</th>
<th>Owner's Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft</td>
<td>00.00.00</td>
<td>First Draft Version</td>
<td></td>
</tr>
</tbody>
</table>
CONTENTS – SOP TEMPLATE

OVERVIEW OF THE SOP PROCESS

TEMPLATE AND SUPPORTING GUIDANCE

Executive summary
Purpose
Strategic case
Economic case
Commercial case
Financial case
Management case
OVERVIEW OF THE SOP PRODUCTION PROCESS
The table below shows the systematic approach to the preparation of the SOP development phase of the business case:

<table>
<thead>
<tr>
<th>Stages</th>
<th>Development Process</th>
<th>Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 0 –</td>
<td>Determining strategic context</td>
<td></td>
</tr>
<tr>
<td>Step 1/</td>
<td>Ascertain strategic fit</td>
<td></td>
</tr>
<tr>
<td>action1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td><strong>Strategic Outline Programme (SOP)</strong></td>
<td>Strategic context</td>
</tr>
<tr>
<td>Outcome</td>
<td><strong>Strategic fit</strong></td>
<td></td>
</tr>
<tr>
<td>Review point</td>
<td><strong>Gateway 0 – strategic fit</strong></td>
<td></td>
</tr>
</tbody>
</table>
SOP TEMPLATE AND SUPPORTING GUIDANCE

Please note word counts:
Stage 1 – up to 3,500 words (around 10 A4 pages)
Stage 2 – up to 10,000 words (around 30 A4 pages)

1. Executive summary

Please provide a concise and comprehensive overview of the SOP’s content, key conclusions and principal recommendations.

2. Purpose

Please state the programme for which approval to proceed is being sought.

Please note that the primary purpose of the SOP is to:

- facilitate strategic (‘macro’) and collaborative planning and the setting of associated budgets
- identify and cost key components of the strategy (programmes) and enabling deliverables (projects)
- provide the strategic context for subsequent investments
- facilitate the speedy production of subsequent business cases for related investment.

3. Strategic case

3.1 Overview

Please provide a snapshot of the settlement area to which the proposed programme applies.

3.2 Strategy and programme investment aims

Please provide an overview of the strategy and its component programmes, together with the specific investment aims for the programme for which approval is being sought.

3.3 Existing arrangements

Please state what the existing arrangements are in relation to the programme for which approval is being sought.

3.4 Business needs

Please state what the current and future business needs are in relation to the existing position within the proposed programme.
3.5 Potential scope and service requirements

In relation to the above needs, please outline the potential scope for the proposed programme and associated service needs.

3.6 Benefits, risks, dependencies and constraints

Please provide a résumé of the main benefits and risks associated with the delivery of the programme, together with any dependencies (between this programme and other components of the strategy) and constraints.

4. Economic case

4.1 Critical success factors

Please list the criteria (critical success factors – CSFs) against which you will assess the successful delivery of the programme and the evaluation of options.

4.2 Main options

Within the potential scope for the programme, please list and evaluate the main choices (or options) for the successful delivery of the potential scope and/or required services.

This should be done by:

- describing the options for the programme

And then in relation to the investment aims and CSFs:

- assessing its main advantages
- assessing its main weaknesses
- outlining the potential projects (or investments) within the defined scope for the programme.

Please note that:

- these options may differ in relation to potential configuration and services, service solution, service delivery, implementation timescale and funding
- the minimum level of activity (or ‘do minimum’) should be identified as a baseline option.

4.3 Preferred way forward

Please state the preferred way forward in relation to the options identified for the successful implementation of the programme.

This should outline:
• the key investments within the programme
• those that will lead to separate procurements in their own right (and thus be subject to individual business cases – SOCs, OBCs, FBCs)
• related timescales
• the indicative economic cost (in £s), taking into account any attributable costs (including those falling to other organisations); quantifiable benefits (in £s) and risks (in £s). The use of optimism bias should be considered here.

5. Commercial case

5.1 Commercial strategy

Please outline the commercial strategy for the programme.

This may differ for individual investments and describes how the organisation(s) will endeavour to ‘leverage’ the best available deal for each investment, or combination of investments, from the supply-side and market place.

5.2 Procurement strategy

Please outline the procurement strategy for the programme and how its components (projects) will be procured in accordance with the EU Public Sector Directive 2004 (2004/18) and the Public Contracts Regulations 2006 (as amended), as well as the Wales Procurement Policy Statement.

This may differ for individual investments and range from the use of existing call-off contracts and catalogues, to new procurements.

6. Financial case

6.1 Indicative cost

Please indicate the total financial cost (in £s) of the programme, broken down by constituent investments and/or procurements.

This should be based on the additional cash cost of these investments to the organisation(s), taking into account any cash releasing benefits or offsetting costs.

6.2 Funding arrangements

Please indicate how it is intended that these investments will be funded.
6.3 Affordability

Please confirm the affordability of the overall programme, indicating any agreements or understandings in place with commissioning bodies and/or any affordability gaps.

7. Management case

7.1 Programme management arrangements

Please outline the programme management arrangements, including your framework (roles and responsibilities), strategy for dealing with stakeholders and customers, and outline plans.

In accordance with best practice, the programme must have a Senior Responsible Owner (SRO), who takes ownership of the programme and is responsible for its direction.

7.2 Programme milestones

Please outline the main milestones for the programme in the years ahead.

7.3 Programme assurance

Please state what these arrangements are, including any provision for gateway reviews on an ongoing basis for strategic fit (Gate 0).