

**Redundant Buildings Grant Scheme  
Evaluation 2015  
Covering: The Marches LEP & Worcestershire LEP**



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Appendix 1      Contributors to the research	

## Executive Summary

Project	Redundant Buildings Grant Scheme
Time period	Round 2: February 2012 - March 2014 Round 4: November 2013 – March 2016
Areas covered	Shropshire, Herefordshire, Telford and Wrekin and Worcestershire from November 2013.
RGF value	£1.m RGF in both Round 2 and 4
Nos. of businesses supported	Round 2: 48 Round 4: 24 to date of evaluation
Range of grants available	Original application: £3k to £50k Grants awarded: >£1k to £73k

RHCS conducted this evaluation of the Redundant Building Grant scheme (RBG) in June 2015; by nature of the budget available, it drew largely on material available from the Accountable Body. However, the views of Steering Group members were secured, either by personal meeting or structured telephone discussions. The Lead Officer role views, responsible for the project, employed by Herefordshire Council, both current and past employees, were also sought.

The aim of RBG is to bring back into productive use underused and redundant buildings across the Marches LEP area. It secured, in total, £3m Regional Growth Funding (£1.5m each in Rounds 2 and 4). The Round 4 programme, which expanded the benefitting area to include Worcestershire, is due to complete March 2016.

### Key Findings:

A well-managed project; Herefordshire Council has used previous experience to embed tried and trusted procedures in the application, appraisal and approval processes. Long standing, trusted relationships between project officers and the Council finance department resulted in streamlined, effective grant payment systems. Cost effective project management, given part time roles and a 3% levy on applicants, supports overall costs. There is some concern at 5 year monitoring requirements (as stated in the DCLG/LEP contract) and, as jobs must “survive” for 3 years”, the inability to comment fully on value for money at this early stage in the funding regime.

A well-structured Steering Group; minutes confirm good levels of attendance and all those interviewed confirm good levels of debate and clear understanding of both the programme and outputs achieved. A common view was that there had been no vested interest shown by any attendee: all had put the needs of business first. There appears to be good partnership working between the LEP and geographic areas, and cross sector between public and private.

Meetings have been used as exemplars of best practice by one Local Authority and the DCLG representative.

Marketing was thought to be ineffective – too much emphasis on the rural area (farm buildings/barns etc.) which adversely affected Telford – it being a more industrialised area. Publicity, in terms of news items on funded projects, was thought good; word of mouth was also useful as was the role of the economic development officers in each of the local authority areas.

The move to widening eligibility criteria (from business to consumer, allowed within RGF) had directly led to improvements to High Streets and village centres, which, it is felt will become more important in the forthcoming years.

There is some doubt about broadening the participating area further – it was felt the rural fringes positively benefit from the local approach.

It was accepted, given the range of financial support packages, that the simplified offer for business through the proposed Growth Hub model, was thought a good approach.

**Expenditure and Outputs**

In Round 2, the full £1.5m was defrayed, of this funding, £75,000 of the £1.5m was a contribution towards management costs, the remaining £1,425,000 being allocated to projects. The maximum award was £71,394.12 and the minimum £969.75.

The Round 2 award required the delivery of 330 jobs created or safeguarded, for a minimum period of 3 years. The following is a summary of total anticipated achievement:

<b>Outputs</b>	<b>Achieved</b>
Businesses Supported	48
Jobs created	309.3
Jobs safeguarded	28.5
Private Sector Investment	£3,872,353.13
New floor space (sq mtrs)	457.43
Floor space brought back into use (sq mtres)	17,881.98
Businesses expanded	38
New businesses created	13

Of the 48 businesses supported, the top three sectors were as follows:

- Food and Drink at 23%,
- Office at 22%.
- Manufacturing and Engineering at 21%.

The Round 4, £1.5m RGF, was awarded in November 2013 with completion forecast to be by March 2016. In terms of expenditure, thus far, £1,075,325.53 has been committed, with £243,358 of this defrayed to date. This has supported a total of 24 projects.

Round 4 grant required the delivery of a net total of 220 jobs. In terms of private sector investment a total of £3,375,000 was forecast.

At the time of writing, the 24 projects that have been approved plan to provide the following outputs:

<b>Outputs</b>	<b>Achieved</b>
Businesses supported thus far	24
Jobs to be created	165.8
Jobs to be safeguarded	28.2
Private Sector Investment expected	£2,674,213.47
New floor space to be created (sq mtrs)	146
Floor space to be brought back into use (sq mtres)	16,000
Businesses to be expanded	19
New businesses to be created	8

When considering the geographical spread of approved projects, Worcestershire has the majority with 15. Herefordshire and Shropshire both having 4 and Telford & Wrekin just 1.

This is to be expected given Round 4 was specifically written to include Worcestershire.

### **Key conclusions**

The scheme has, thus far, achieved its expenditure targets, overachieved its output targets and delivered value for money in terms of cost per job and added value delivered.

There have been a broad range of businesses supported from all counties within the scheme.

A leaflet designed to publicise RBG was said to unduly “favour” the more rural aspects of the LEP area. Direct marketing by Local Authority officers, plus press coverage of successful projects, was said to have been more successful.

In terms of added value, the wider effect of refurbishing High Street or village centre premises, either offices or retail shops, has clearly improved frontages. In turn, it has contributed to increasing footfall and better visitor/user experience.

The scheme has been administered efficiently and effectively, offering a cost effective service with excellent lead officers in post. The support and “hands off” approach of the accountable body – Herefordshire Council – is to be commended.

The Steering Group has been a worthwhile and effective partnership of public and private sector representatives from the four counties. The commitment of the members of the Steering Group is notable.

## 1. Introduction

A consortium of three Shropshire based consultancies was appointed in May 2015 to undertake the evaluation of Marches Financial Assistance & Business Support Schemes. RHCS, one of the consultancy firms, led on evaluating the Redundant Buildings Grant Scheme (RBG), one element of the support packages.

The purpose of the commission to evaluate the range of the Marches Financial Assistance Schemes, as stated in the original invitation to quote, was to enable the partners to:

- Understand whether each of the schemes is meeting the needs of the businesses, including the different LEP growth sectors
- Understand the performance of the schemes against its target spend and outputs
- Inform the delivery of financial assistance schemes to businesses in future funding programmes
- Provide robust information to include in any application for funding, presentations, PR and marketing materials
- Disseminate the information to the wider public as a legacy of the schemes
- Learn any lessons that the schemes highlight, especially in relation to the delivery of financial assistance schemes in the future

Specifically in relation to the Redundant Buildings Grant Scheme, evaluators were asked to:

- Assess the performance of the scheme against its target expenditure, outputs and results.
- Assess the type, size and location of the businesses supported through the scheme.
- Evidence the positive economic impact of the scheme including cost per output, achieved match funding and strategic benefit
- Review communication channels and materials and assess whether they have clearly articulated the scheme
- Identify if added value has been achieved and if so, what is the benefit
- Evaluate the effectiveness of the project and whether value for money (cost of managing the projects against the impact of the project) has been achieved

In undertaking the evaluation of RBG, RHCS:

- Met the project officer responsible for managing RBG;
- Met the Chair of the Steering Group;
- Held telephone discussions with other members of the Steering Group, current and past;
- Considered various aspects of RBG paperwork and procedures;
- Researched strategic documents to give a context to RBG.

A total of 13 stakeholders contributed directly to the evaluation.

## 2. Background

RBG is a well-established capital grant funding programme, having been available since 2003, managed by Herefordshire Council; its aim is to bring back into productive use underused and redundant buildings across the Marches LEP area. It met the (at the time of submission of the Round 2 bid) vision of Marches LEP “*To create the conditions for a strong, diverse and enterprising business base resulting in an increase in sustainable private sector jobs*”.

This evaluation consisted of considering how RBG used two rounds of Regional Growth Funding (RGF): Round 2 and Round 4.

The Round 2 application sought funding of £1.5m RGF, with a target of £3.5m private sector match. The grant range was from £3,000 to a maximum grant of £50k to SME's and start-ups in the Marches LEP area (Herefordshire, Shropshire and Telford & Wrekin Council areas). The original intervention level was set at 30%, allowing support to a minimum of 30 businesses, but with a target of 52 businesses supported. Outputs were set at 330 new jobs created, with a further 165 created indirectly and 165 safeguarded indirectly. The average cost per job was forecast to be £4,545 with 2.3 hectares of brownfield land reclaimed.

Key assessment criteria would be business viability and the ability to create new jobs, also that development would not proceed without RBG support. It was planned that this round would run from December 2011 to March 2014 with the application clarifying appraisal and approval procedures. It was felt that businesses would gain greater benefit by incorporating training and networking opportunities. Whilst increase in turnover would not be tracked, it was said that a further benefit would be increased income generation for the business supported and those within its supply chain. It stated that, building on previous best practice, would mean implementing a Stage One Enquiry Form followed by a full application – this would help to “weed” out ineligible/weak projects.

The Round 4 application continued the work of the first, but also added Worcestershire to the area supported. It also sought an extension to the programme delivery period to March 2016. It made the case that Worcestershire, being geographically adjacent to the Marches LEP had similar challenges and gave an opportunity to pool resources, reduce bureaucracy and offer further cost savings. It sought a further £1.5m with a target of 47 businesses supported, 220 direct jobs created and 110 indirect jobs created. It forecast private sector leverage at £3.3m.

### 3. Economic Context of LEP areas

It is useful to consider the economic backdrop against which Financial Assistance Projects have been delivered. This will allow to the evaluation to consider the performance of the grant programme under consideration.

The following is a short summation of strategic documents and statistics considered.

#### 3.1 Marches LEP Strategic Economic Plan, Accelerating Growth through Opportunity

The Plan reflects on the strengths of the area, including the three urban powerhouses of Hereford, Shrewsbury and Telford, allied to the breadth of rural villages which span the Marches. It comments on the importance of SMEs plus larger businesses driving economic growth. It is proud of its heritage and recognises both the opportunities and challenges of being one of the largest LEPs in the country, covering some 2,300 square miles. The Plan articulates a clear vision for the Marches LEP of “*a strong diverse and enterprising business base, operating in an exceptional and connected environment where the transfer of technology and skills foster innovation, investment and economic growth*” It also identifies the following as strategic priorities:

- Supporting Business
- Physical infrastructure
- Skills investment
- Low Carbon Economy
- Social Inclusion

It states market failures which need to be addressed by future investment as:

- A lack of critical mass to drive economic activity
- Lack of identity and appeals to investors
- Limited university offer or graduate jobs leading to a loss of the younger, highly skilled generation
- Low levels of R & D and commercialisation
- Poor virtual and physical connectivity

It further notes barriers to growth as:

- Stalled housing and employment sites
- Transport
- Broadband connectivity
- Skills Gap

It highlights the opportunities which need to be exploited as, the “large amount of ready to go land”, the Marches Urban Centres – the so called powerhouses, its existing business base, the Marches as an attractive investment area, the fact that it is well located and that the LEP has plans in place for a “world class, highly skilled workforce.”



The Plan gives an overview of the preferred solutions to the challenges given above.

These are based around:

- Speed up delivery on “ready to go” land
- Speed up housing completions
- Invest in infrastructure
- Support SMEs and encourage the entrepreneurial business environment\*

Here it makes clear the intention to establish a bespoke Growth Hub model within the Marches.

- Retain major employers and attract further investment
- Create a skills framework to deliver the best people for employment

The Plan states the key business sectors as being:

- Advanced Manufacturing
- Agri Technology
- Automotive Manufacturing
- Defence & Security
- Environmental Technologies and Services
- Food & Drink
- Tourism (Visitor Economy)

### 3.2 World Class Worcestershire: Driving Worcestershire Forward

The LEP area has six local authority, district areas with main urban areas plus a network of market towns, across the County; despite its rurality, 70% of its population live in urban areas.

The LEP has the following vision

*To be an internationally recognised highly competitive and innovative business location by stimulating investment, improving productivity and supporting the creation of sustainable economic growth in Worcestershire. By 2025 to have added 25000 jobs and increased GVA by £2.9 billion.*

3 objectives drive its activities:

- Create a World Class business location
- Provide individuals with World Class Skills
- Develop World Class competitive and innovative businesses

It sees these 3 key sectors as a focus of investment and growth:

- Advanced Manufacturing
- Agri-tech
- Cyber security, defence & IT

It also notes tourism as an opportunity for job creation in certain parts of the County.

### 3.3 Statistical Information

All figures below are taken from NOMIS and provide an overview of the LEP areas compared to the West Midlands

#### 3.3.1 Rate of economic activity 2014

	<b>Marches LEP</b>	<b>Worcs LEP</b>	<b>W Midlands</b>	<b>G B</b>
	%	%	%	%
Economically Active	79.5	82.7	75.3	77.3
Economically Inactive	20.5	18.3	24.7	22.7
Of which wanting a job	29.5	17.5	21.4	25.0
Of which not wanting a job	70.5	82.5	78.6	75.0

#### 3.3.2 Employment by Occupation 2014

	<b>Marches LEP</b>	<b>Worcs LEP</b>	<b>W Midlands</b>	<b>G B</b>
Occupation	%	%	%	%
Managers, Directors & Senior Officials	10.5	10.8	9.2	10.2
Professional Occupations	17.4	23.0	18.2	19.7
Associate Professional & Technical	12.7	13.7	12.6	14.1
Administrative & Secretarial	8.6	10.4	10.4	10.7
Skilled trades Occupations	13.4	11.6	11.6	10.7
Care, Leisure & Other service	9.9	7.7	9.7	9.2
Sales & Customer Service	7.6	7.7	8.0	7.8
Process, Plant & Machine Operatives	6.5	5.5	7.6	6.3
Elementary Occupations	12.9	8.7	11.9	10.8

#### 3.3.3 Qualifications 2014

	<b>Marches LEP</b>	<b>Worcs LEP</b>	<b>West Midlands</b>	<b>G B</b>
	%	%	%	%
NVQ 4 and above	31.4	36.0	29.4	36.0
NVQ 3 and above	54.6	56.6	50.1	56.7
NVQ 2 and above	72.4	73.0	67.4	73.3
NVQ 1 and above	85.5	84.2	79.9	85.0
Other qualifications	6.1	4.8	7.0	6.2
No qualifications	8.4	11.0	13.2	8.8

The differences within The Marches LEP area are perhaps greater than the differences between the LEPs, with a marked contrast between the more rural economies of Herefordshire and Shropshire and the industrial base of Telford and Wrekin. In the latter, for instance, manufacturing employment accounts for 17.6% of total employment compared with 10.3% in Shropshire.

## 4. Scheme management details

### 4.1 The structure and processes of the scheme

- 4.1.1 The RGB scheme is administered through Herefordshire Council – as the Accountable Body. It has fulfilled this role since the inception of the original scheme in 2003. Which covered only Herefordshire and Shropshire. (A similar scheme had been available previously, managed by the then regional agencies). Worcestershire became involved with the approval of Round 4, towards the end of the Programme.
- 4.1.2 A Steering Group has been established comprising nine members: two from each county plus a Department of Communities and Local Government (DCLG) representative – as the conduit for funding. Each county nominates a Local Authority economic development representative and a business/community representative. The Group meets on a regular basis – monthly when necessary, bi-monthly when not. E mail correspondence is used when quick decisions need to be made with delegated approval. The Chair of the Group feeds back to the LEP Board.
- 4.1.3 The role of the Steering Group is to receive funding requests and decide whether or not they are eligible and appropriate for support. Prior to submission, Herefordshire Council Local Authority officers will undertake a site visit and discuss the proposed project. A simple 2 page form is completed by the potential applicant and this is reviewed by the Lead Officer. If the basic eligibility criteria are met, the applicant is invited to complete a full project application. The form is quite onerous, as one would expect for a publicly funded scheme, and there is a significant proportion of drop out at this stage.
- 4.1.4 In terms of enquiries received up to March 2015, a total of 720 enquiries (including 59 from out of area) were received for Round 2 funding and 127 for Round 4 funding. This translates into a conversion rate of 7.2% for Round 2 and 10.24% for Round 4.
- 4.1.5 Once the application is submitted, it is appraised by the Lead Officer and, if over £10,000, submitted for an independent financial appraisal – to confirm the viability of the applicant, thus safeguarding public funds. Ultimately, a report is prepared by the Lead Officer and submitted to the Steering Group where discussions are held, questions asked and the decision whether or not to support is made. There are occasions when further information is requested, but in general, the majority of applications having gone through the process, are approved. A few have been deferred or rejected for a variety of reasons. For example, one was deferred due to a lack of clarity around other funding sources and accuracy of proposed costings.

### 4.2 Views of the Steering Group members

- 4.2.1 In general the views of the Steering Group were very favourable. The scheme was acknowledged as having been a very successful and beneficial grant funding programme.
- 4.2.2 In terms of the effectiveness of Marketing and Publicity campaigns, it was commented that there was very little budget available for marketing and publicity. No specific budget was available within the scheme, but some support was provided via the LEP.

It was said by one Local Authority group member that it was the responsibility of each officer from the Economic Development departments to ensure awareness of the scheme was raised in their areas. It was part of their job, if there were insufficient projects coming forward from their area, then that was a reflection on them, not the scheme itself. Moving forward it would be useful to engage with bigger, representative organisations such as the NFU and the CLA, to spread the word further.

Some commented that there had been effective press coverage in terms of successful projects – this in itself had proved to be one of the best ways of creating interest and stimulating demand, with word of mouth being acknowledged as an effective method. Others felt that press coverage was not as much use as word of mouth.

It was also commented that there was too much emphasis in marketing towards redundant rural buildings, rather than the wider industrial and urban based properties – it was felt that perhaps businesses had not realised it was available to a wider base of properties. It was said this may have adversely affected Telford, in the early stages of the programme.

- 4.2.3 Application processes, as mentioned above, were felt to be somewhat bureaucratic – as to be expected within a scheme of this nature, but nonetheless, a deterrent for some applicants. However, it was commented by all, that the presentation of the projects to the Steering Group was thorough, very effective and efficient. Paperwork was always available in advance enabling people to offer appraisal comments prior to the meeting.

Discussion about the applications took place in a very open way, with some debate taking place: not all decisions were unanimous. However, having said that, there was no ill will or ultimate dissent in the way projects were approved. A few members commented that there was a certain lack of clarity about the level of detail to be discussed: clearly, it was felt that the discussions occasionally became too detailed and focussed on areas that were, essentially, outside their remit. An example of this is discussion about building materials used in a project: clearly the projects have architect plans and have considered this element of the work – some felt this should not have been an area of consideration within the Steering Group.

- 4.2.4 There was a unanimous view about the effectiveness and efficiency of the Project Lead Officer(s). Without exception, all were effusive in their praise of Caroline Cattle's approach to project managing the scheme – and also Alison Rogers, as the subsequent Lead Officer. One Local Authority representative confirmed she had taken a member of her staff to one of the meetings to show them "How it should be done". The programme was felt to have been exceptionally well run in this regard, with Caroline and Alison being excellent project managers and worthy of note in the subsequent report.

- 4.2.5 Contributors all appeared well informed, being able to comment on spend, achievement of agreed outputs and value for money. Steering Group members all felt that the scheme was on target to achieve value for money, particularly with regard to Round 2 which is fully spent and has achieved its target outputs. Round 4 is expected to do the same. However, several commented that one difficulty was ensuring the delivery – because of the inherent delays in work of this nature and the problems of juggling a range of applicants, some of whom might change delivery plans or be withdrawn in the event of unforeseen circumstances. This is particularly true in

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factoring in the vagaries of the weather and awaiting the outcome of planning decisions. Additionally, it was said, forthcoming policy changes, such as auto enrolment for pensions, may well prevent businesses committing to projected expenditure.

Some felt that applicants would not have proceeded with plans, without grant support; level of private equity was felt to be a good indicator of the level of commitment of individual projects. Some felt that too little attention was paid to the wider value RBG brought, particularly to villages and High Streets, where refurbishment/reclamation could do much to encourage greater footfall. This was a positive, resulting from the move to widen eligibility criteria away from the purely rural focus. This type of approach may well gain in importance in the years ahead.

It was also said, the move to different requirements for grants below £10k was useful and reflected business feedback. Additionally changing the intervention rate (from 30% to 45%) to respond to the external environment had helped to ensure full spend in Round 2.

- 4.2.6 When asked about partnership, it was said it has been “first class”. There had been good cross sector relationships established, with private sector representatives gaining insight from Local Authority officers. Comments included the view that the Group had grown and become more professional as a result of the lead given by public sector representatives. The DCLG representative, who attended Steering Group meetings, confirmed he had invited a delegate from another RGF funded project to observe an RGF meeting to see first-hand the mechanisms of an effectively structured meeting.

Another aspect of RGF much commented upon, was the fact that there had also been no vested interest; the needs of businesses and the wider benefits which would accrue to the local area, as a result of RBG investment, were always the first consideration. Several positive comments were made concerning the effectiveness of the Chairs’ position throughout RGF, encouraging debate and using their casting vote wisely when necessary. The commitment of private sector representatives was also particularly remarked upon, with real dedication shown from busy business people. It was said there was no attempt to capture this commitment i.e. private sector gift in kind.

In the view of Local Authority Officers, good relationships have been established with RBG Project Officers advising colleagues of businesses who would benefit from ongoing support once the grant had been awarded; this was particularly noticeable in Telford.

- 4.2.7 In terms of the future, it was felt RBG would benefit from further “tweaking” with greater flexibility in terms of the ability to fund building extension and renovation. It was also clearly agreed that there was a continued need for this type of scheme. However, continuity is important so as not to lose momentum with potential applicants. Raising expectations and then having delays in being able to offer grants (as happened to an extent with Round 4 because of the delay in receiving the offer letter) affects the ability to deliver efficiently without detrimental impact to those applying. It was said, given levels of future funding remain unknown, the possibility of having grants and loans, in order to assist as many businesses as possible, should not be discounted. The move from a purely “rural” RBG, when barn conversions were very much the norm, to the wider approach of including industrial type buildings, should be further encouraged.

There was some doubt about further broadening the partnership approach with some contributors questioning whether a wide geographic, benefitting, area would “colour” people’s judgement; would it lose its objectivity. Furthermore, some of those from the rural fringes would always prefer the local approach; moving to a broad West Midlands programme could ultimately adversely affect the Marches. However, it was thought there are a range of financial assistance type projects and a need for simplification. Hence the move to the Growth Hub was thought useful. It was said there is a need to retain the “business speak” which has been developed within RBG; it talks in a language understood by business: it has not been public sector driven.

Thinking about future marketing, it was said networking with professional bodies, such as Estate Agents and Accountants may spread the word even further.

There was some concern regarding the contractual requirements, between Herefordshire Council and DCLG. Specifically, the need to ensure ongoing monitoring for 5 years to confirm jobs created to meet the 3 year sustainability test. It was asked, with predicting increasing cuts to Local Authorities, how to ensure there was sufficient staff, within Accountable Bodies, to ensure the contract was fully delivered?

It was thought that, given the economic turbulence seen in recent years, the UK may now have a stronger business base with the “weakest” ceasing to exist. Financial assistance packages may have had some role to play in assisting businesses to withstand some of worst effects on the recession. Business owners now were far more likely to know exactly the type of financial assistance they require; more selective in their funding requirements. There were views that business support, going forward, should be a mandatory element, to ensure maximum value results from grant funding. That said, looking ahead, there is a need for financial assistance projects to specifically assist companies to trade on line effectively, support for websites is vital, to recognise this is where the future lies. “Cyber” activities should be to the fore, with support packages designed to meet the needs of the 21<sup>st</sup> century business owner.

#### 4.3 Accountable Body Role

- 4.3.1 Herefordshire Council has held the role of Accountable Body since the first iteration of the RBG to sit within the remit of Local Authorities. During this time it has developed its systems and processes to a consistently high level. In essence, all direct project management and direct involvement is carried out through the Project Manager, and formerly the Finance Officer for the scheme. This has meant that processes have been honed and streamlined.

Unlike other councils, the Finance Department of Herefordshire Council is only involved in terms of making payments to grant recipients and receiving the grant money into the Council. The Finance team do not carry out any monitoring or validation of payments, having delegated this to the Project/Finance Officers. This has worked extremely well in terms of minimising another layer of bureaucracy for the applicants. There is an obvious level of trust which has developed over many years.

#### 4.4 Project Management Systems

- 4.4.1 As highlighted in the Steering Group comments above, the Project Management of the scheme has been recognised as exceptionally well run by all commenting.



Historically, there has been a Programme Manager and a Finance Officer, reporting to the Economic Development Team within Herefordshire Council. More recently, this has reduced to a single, part time, Lead Officer. However, there is a further post within the Council, who has the responsibility to conduct site visits, to assess suitability and report back. The post holders have been responsible for receiving applications, liaising with applicants, monitoring progress (in terms of project development, expenditure and outputs), ensuring adequate appraisal is undertaken, servicing the Steering Group and authorising grant claims.

- 4.4.2 Regular comprehensive reports have been provided to the Steering Group, updating on live projects and applications, expenditure and outputs delivered. A spreadsheet system is used to record the programme as a whole and colour coded files are maintained for each county for all applicants.

It is worth noting that the Round 4 application states that “KPMG, the independent accountant for the scheme, has undertaken the due diligence accountant report”. The report confirms that (Herefordshire) council has “extensive experience of delivering the RBG scheme and has a clear and robust appraisal process with each stage having clear and transparent documentation”

#### 4.4.3 Paperwork

When an applicant expresses an interest in applying for RBG, they are given a Stage 1 Enquiry form to complete. This is a simple one page form asking basic details about their project, the likely cost, funding and intervention and outputs to be delivered. It also includes a checklist highlighting the additional documentation needed and whether this is currently available to the applicant. It also includes a box which asks if their details can be passed on to other appropriate grant schemes, if thought relevant.

If the project is then deemed eligible, the applicant is required to complete a more detailed application form comprising 17 pages. Much of this form is in tick box format, which ensures less difficulties for the applicant: it is a straightforward form and asks for nothing which the applicant should not have considered when planning their project.

Once the project has been approved, a contract is issued and the applicant is then required to complete claim forms, when requesting payment or stage payments for work undertaken. The form is, again, straightforward and asks for details of expenditure, funding, milestones achieved and outputs generated.

There are clear guidance notes for applicants for both the application form and the claim forms and the Lead Officer is always willing to support applicants in clarifying any concerns.

In addition to the basic forms, there are a number of other documents designed to give support and guidance to applicants/projects; these include applicant guidance, a Business Plan template and business planning prompts.



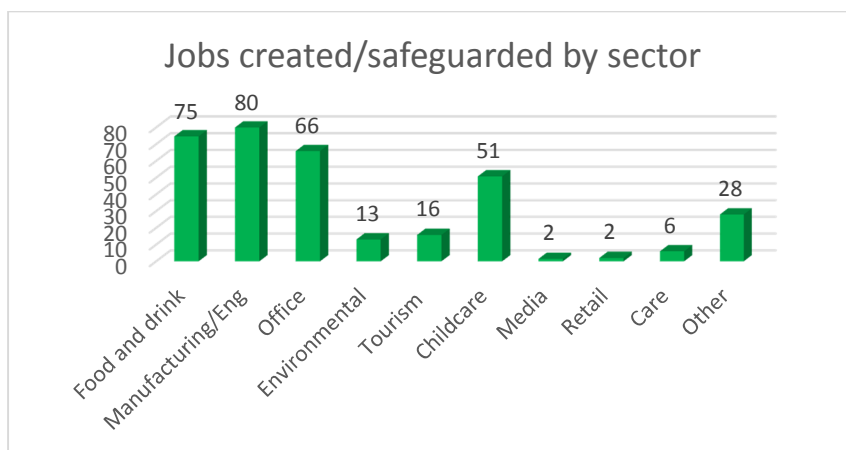
## 5 Impact of the financial assistance packages

### 5.1 The impact on benefitting sectors

5.1.1 It is interesting to note, from the records maintained, the impact on different sectors that have been supported by RBG. When considering the jobs created and safeguarded, it is not possible to fully comment on the type of jobs created, (e.g. at what level) within each of the sectors. This information is starting to be collated at time of writing this report. Thus far, of 85 job types collated, some 44 state the level of qualification, and of these 73% are level 3 and below, whilst 27% are level 4 and above.

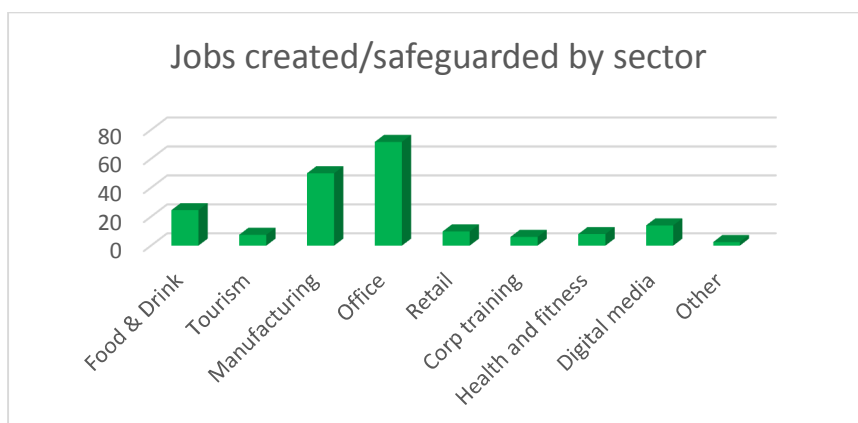
Research confirms the number of jobs created in each of the sectors is as shown in the following graphs:

In Round 2 of the scheme, a total of 309.3 jobs were created and a further 28.5 safeguarded jobs, the profile across sectors as follows:



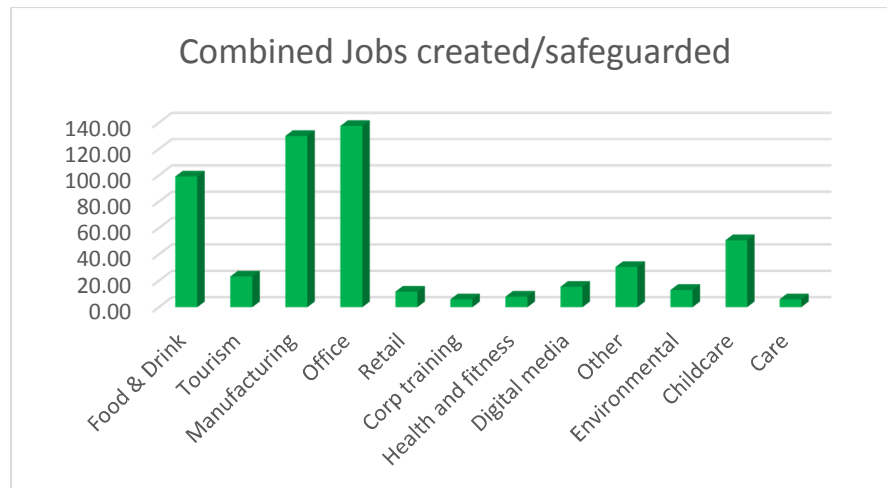
As can be seen, Manufacturing/Engineering created and safeguarded the highest number of jobs, with Food & Drink and Office close behind. Childcare also created/safeguarded a significant number.

In Round 4 the estimated sectoral profile is notably different for the 165.8 created jobs and 28.2 safeguarded:



Whilst manufacturing and office feature significantly, although in reverse favour, food & drink is less prolific and childcare doesn't feature at all. Additionally, digital media, retail and health & fitness feature in Round 4.

The overall potential impact of the combined rounds can be seen in the following graph:



This clearly shows that the three sectors to have benefitted from job creation/safeguarding, thus illustrating the economic impact of the sectors are:

- office
- manufacturing
- food & drink.

The above bears some correlation to the LEP growth areas as indicated at 3.1. above.

## 5.2. Examples of impact on specific applicants

### 5.2.1 Beaverfit Ltd: South Shropshire

This family run business commenced trading in April 2011, together with the 4 directors, it has 9 full time employees. It designs, manufactures and supplies athletic equipment relating to strength and endurance activities. It had built an impressive client base, including the armed forces and the Olympic Village in London. It operated from two premises, one in Walkmills, Church Stretton and the other (rented accommodation) in Shrewsbury. The company wanted to consolidate and create a professional showcase for their products which were manufactured at Walkmills; using a series of port-a-cabins was not considered a long term, sustainable solution. Beaverfit applied for funding to convert a redundant farm building to provide its headquarters, plus facilities for meetings, training and meeting clients.

It secured £33,704 grant funding of a total expenditure of £128,779. At the time of writing, the planned expansion to create a further 8 jobs was still to be confirmed.

**Building works started August 2013 completed May 2014**



#### 5.2.2. Church Street Nursery Wellington Telford (Ofsted Number **EY472458**)

Formerly a Solicitor's office, the freehold for this property (vacant for 12 months) was purchased by a mother/daughter to create a day nursery. Subsequently becoming co-directors, the newly formed company initially opened the ground floor as phase one. As funds allowed, the first floor was also renovated to make the building fully fit to accommodate 100 children. To date they have over 120 children enrolled and have created 21 jobs equivalent to 18.2fte. The nursery opened in January 2014 and received a "Good" Ofsted report in July 2014,

The full expenditure on the project was some £47,720, with an RBG grant of some £14,316.

**Works started October 2013 – Completed/opened January 2014**



### 5.2.3 Lower Winslow Farm Bromyard Herefordshire

The company, Sporting Saint, had operated from the family owned, Winslow Farm, since 2007. The company manufactures and supplies gundog training equipment via mail order and selected events worldwide. Sporting Saint grew literally from operating around the kitchen table to utilising 4 port cabins on the court yard of their farm. Due to expansion, the company needed space to grow to the next level. It wanted to move more into manufacturing and design to create a new product range, to be exclusive to Sporting Saint. It required more space to improve communication flows and production lines, storage of their products and an improved workspace for attracting/entertaining new clients and to assist them in safeguarding and attracting new employees. The ideal solution appeared to be to convert the hay barn at Lower Winslow farm.

It secured a RBG grant of some £46,050 against total expenditure of £125,000. It created 4 new jobs to date in the process.

**Works started October 2013 – Completed August 2014**





#### 5.2.4 Fairoaks Farm Hollybush Ledbury (Worcestershire)

This substantial renovation project focused on Fairoaks Farm. Which had been farmed until 2006. However, issues such as the foot & mouth epidemic and TB had severely affected the farm. The farm buildings, built in the 1850s, close to the Malvern Hills, comprised a series of 6 blocks with a covered archway. The buildings had been rented by local company, Zephir Ltd which sought funding to create further office space, better facilities for clients/staff and the creation of 4 luxury holiday units. Zephir Ltd is a high tech product innovation company that not only assembles in the UK but exports over 75% of its technology to some 45+ countries including China, Japan, Chile, Singapore, South Africa, South Korea, Australia, Iceland, South Africa and North America. The aim is to use the holiday units as a short term base for Zephir's employees and their affiliated companies during the long period of time they spend at the head office to understand this highly technical product before they go into the field, when vacant they will be used for normal holiday lettings.

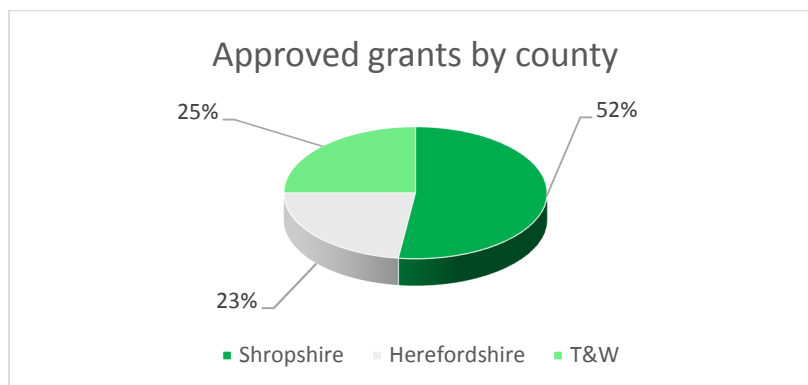
RBG of £100k was awarded against a total project spend of some £731,508. At the time of writing, jobs created of 17, remained unconfirmed.

**Works started July 2014 – To be completed July 2015**

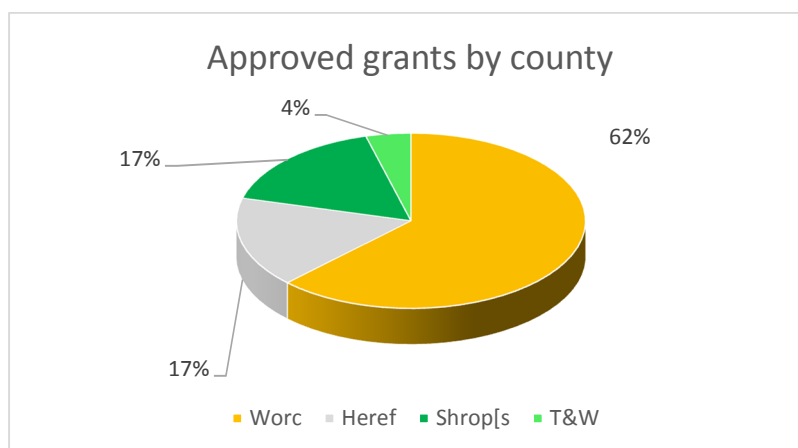


### 5.3 Impact on geographical areas

5.3.1 It is interesting to note the differing impact in each geographical area. In terms of applications approved, in Round 2, the profile is as follows:



As can be seen, over 50% were within Shropshire with the remainder being almost equally split between Herefordshire and Telford & Wrekin. In terms of Round 4, the profile is significantly different:



Clearly, Worcestershire has become the focus, as was expected with this round, but here Telford & Wrekin has received very few grants.

It is also interesting to note application to conversion rate of grants. Overall on the two rounds combined, for each county the conversion rate is as follows:

Worcestershire	-	10.24%
Herefordshire	-	4.48%
Shropshire	-	8.18%
Telford and Wrekin	-	13.33%

It can be seen that Telford & Wrekin has the best conversion rate, with Herefordshire having the least. This could potentially be influenced by the quality of applications, but there is no evidence to substantiate this without significant review of the applications submitted.

## 6 Financial commentary: value for money indicators, maximising public funding

### 6.1 Expenditure – Round 2

6.1.1 The Round 2 grant scheme was awarded in February 2012 by the Regional Growth Fund – a total of £1.5m was awarded to Herefordshire Council on behalf of the scheme. Completion of the scheme was to be by March 2015.

6.1.2 In terms of expenditure, the full £1.5m was defrayed. £75,000 of the £1.5m was a contribution towards management costs, the remaining £1,425,000 being allocated to projects. The maximum award was £71,394.12 and the minimum £969.75.

In addition to the £75,000 allocated by RGF towards management costs, all successful applicants are required to pay 3% of the grant value back to the council to contribute to administration.

### 6.2 Outputs and outcomes – Round 2

6.2.1 The Round 2 Grant award required the delivery of 330 jobs created or safeguarded, for a minimum of 3 years.

6.2.2 In terms of outputs and outcomes achieved, the following is a summary of total anticipated achievement against targets:

Outputs	Achieved
Businesses Supported	48
Jobs created	309.3
Jobs safeguarded	28.5
Private Sector Investment	£3,872,363.13
New floor space (sq mtrs)	457.43
Floor space brought back into use (sq mtrs)	17,881.98
Businesses expanded	38
New businesses created	13

6.2.3 When considering the sector make-up of the businesses, the following picture emerges:

Of the 48 businesses, the most represented sector were:

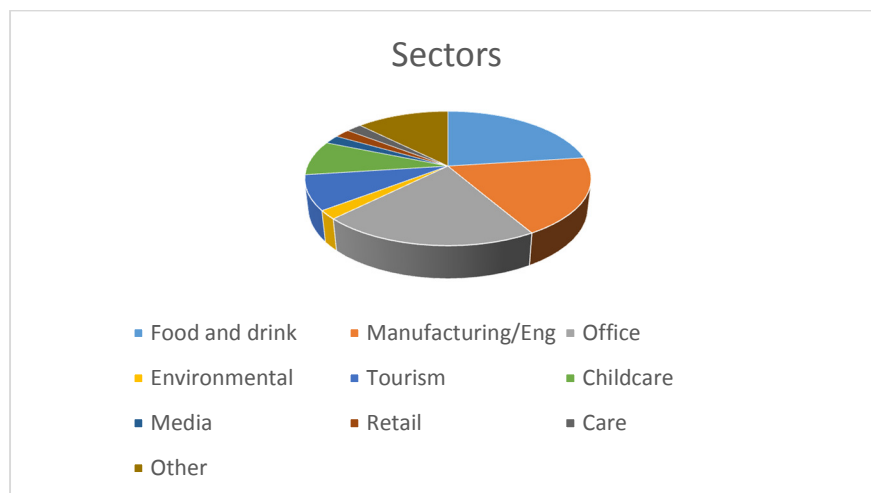
- Food and Drink at 23%,
- Office at 22%.
- Manufacturing and Engineering 21%.

The remainder were very small numbers.

Which correlate to the top three business sectors creating jobs and safeguarded jobs.



The following graph shows the breakdown across sectors:



6.2.4 It is also interesting to note the location of the businesses. Over 50% were from Shropshire (some 25 businesses) with the remainder split almost equally between Herefordshire and Telford & Wrekin.

### 6.3 Value for Money – Round 2

6.3.1 Whilst there is still time yet to confirm the longevity of the jobs created/safeguarded (the requirement being 3 years from creation) the total of 337.8 contracted to date provides an average cost per job of £4,440. Should these jobs be sustained for the three year required period, combined with the ratio of private sector investment, which was also some 11% above target, suggests the scheme will prove to be very good value for money.

6.3.2 In addition to the jobs and private sector leverage, if one considers the cost of the administration of the scheme, this equates to a very healthy percentage of some 5% of the grant value. Also, when compared to the level of private sector investment, there is a very healthy ratio, with RGF providing £75k towards the costs, the projects themselves contributing 3% - equating to £42,750, a ratio of circa 33:1.

### 6.4 Expenditure - Round 4

6.4.1 The Round 4 grant scheme was awarded in November 2013 by the Regional Growth Fund – a total of £1.5m was awarded to Herefordshire Council on behalf of the scheme. Completion of the scheme is to be by March 2016. Of this £1.5m, £75k was towards management of the scheme – however, it is unlikely that this will be needed in totality due to final appraisals taking place in September 2015 and any unused allocation will be used for grant awards.

6.4.2 In terms of expenditure, thus far, £1,075,325.53 has been committed, with £243,358 of this defrayed to date. This has supported a total of 24 projects.

## 6.5 Outputs and outcomes – Round 4

6.5.1 The Round 4 grant required the delivery of the following cumulative profile of jobs created/safeguarded:

2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
15	65	115	150	155	105	55

This translates to a net total of 220 jobs.

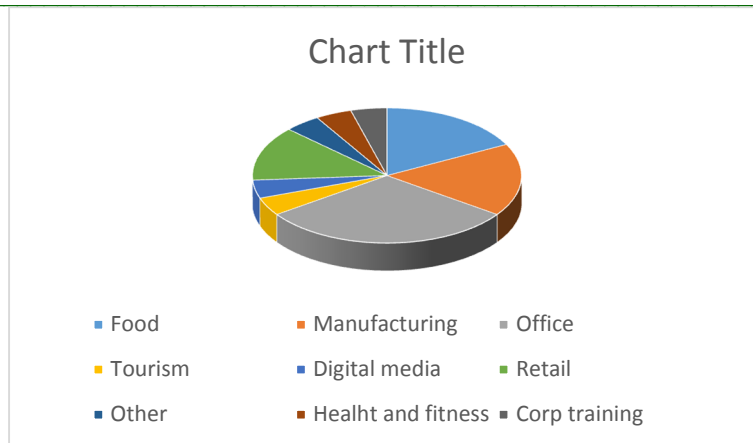
In terms of private sector investment the following profile was stipulated:

2014/15	£ 50,000	
2015/16	£1,350,000	
2016/17	£1,975,000	- Total £3,375,000

6.5.2 In the period to date, the 24 projects that have been approved plan to provide the following outputs:

<b>Output</b>	<b>Achieved</b>
Businesses supported thus far	24
Jobs to be created	165.8
Jobs to be safeguarded	28.2
Private Sector Investment expected	£2,674,213.47
New floor space to be created (sq mtrs)	146
Floor space to be brought back into use (sq mtrs)	16,000
Businesses to be expanded	19
New businesses to be created	8

6.5.3 When considering the sector make-up of the businesses, there is a broad spread, with offices, manufacturing and food & drink being the most popular:



6.5.4 When considering the geographical spread of approved projects, Worcestershire has the majority with 15. Herefordshire and Shropshire both having 4 and Telford & Wrekin just 1.

#### 6.6 Value for money – Round 4

6.6.1 Currently, should the forecast jobs materialise and be sustained for 3 years, the average cost per job would stand at £5,543 – slightly higher than Round 2 outturn, but still well within reasonable limits. In terms of private sector leverage, an expected ratio is 2.25:1 – at the current stage this stands at 2.49:1 – already exceeding the target.

Refurbished and new floor space add to the value for money exhibited.

6.6.2 In line with Round 2, the cost of management and the ratio to private sector investment should be similar, as the basis of the scheme is the same. However it is too early at this stage to confirm this given not all the funding has been spent.

## 7 Best practice

Clearly the benefit of having highly experienced staff available to project manage the programme has ensured it has been well administered. This has, in turn, given confidence to those participating in RBG. This holds true for members of the Steering Group and beneficiaries alike. The value placed on the programme management by all who contributed to the evaluation is not to be understated: clearly the officers and the systems they administer are of a very high standard.

The partnership itself is worthy of note: it is obvious from discussions with the Steering Group that all have been involved and feel they have been able to add value. The ability to take responsibility for the programme and feel empowered to do so is not always the case. The business and public sector representatives have worked well together and have developed a sound basis for discussion and decision making. It is also to Herefordshire Council's credit that they have stepped back and allowed the system and processes that they originally set up to run at arm's length.

The long standing relationship between departments within the Council has enabled a "hands off" approach by the finance team. This is to be commended, enabling a less bureaucratic and more partnership focussed approach to expenditure and processes.

## **8 Likely future demand**

There is a perception amongst those working in the scheme that there is undoubtedly significant future demand for this type of, large, capital, grant scheme. There have been delays in achieving full expenditure, due in part to the delay in approval (by DCLG), but also because of the nature of the works to be undertaken which often have delaying factors concerning planning, environment and the weather.

When considering the availability of redundant buildings, there are still significant numbers available – from rural farm buildings in Herefordshire and Shropshire, through City centre properties in Worcester, to industrial premises in Telford. The market towns also present a range of opportunities yet to be explored.

With an improving economy, the view is that there will be continued appetite from companies, keen to take advantage of grant assistance, to expand existing operations.

## 9 Conclusions

- 9.1 The scheme has, thus far, achieved its expenditure targets, overachieved its output targets and delivered value for money in terms of cost per job and added value delivered.
- 9.2 There have been a broad range of businesses supported from all counties within the scheme.
- 9.3 A leaflet designed to publicise RBG was said to unduly “favour” the more rural aspects of the LEP area. Direct marketing by Local Authority officers, plus press coverage of successful projects, was said to have been more successful.
- 9.4 In terms of added value, the wider effect of refurbishing High Street or village centre premises, either offices or retail shops, has clearly improved frontages. In turn, it has contributed to increasing footfall and better visitor/user experience.
- 9.5 The scheme has been administered efficiently and effectively, offering a cost effective service with excellent lead officers in post. The support and “hands off” approach of the accountable body – Herefordshire Council – is to be commended.
- 9.6 The Steering Group has been a worthwhile and effective partnership of public and private sector representatives from the four counties. The commitment of the members of the Steering Group is notable.

## Appendix 1: Contributors

Name	Organisation
Caroline Cattle	Marches LEP
Darren Cope	DCLG
Alwyn Davies	Steering Group Worcester Rep.
Angela Fitch	Steering Group Federation of Small Businesses
Katie Foster	Ex Chair
Chris Hill	Steering Group Shropshire Council
Arthur Hill	Steering Group, Shropshire Business Board
Paul Hinkins	Chair of Steering Group, Telford & Wrekin Business Board
Nadine Kinsey	Herefordshire Council
Alison Rogers	Herefordshire Council
Mandy Swain	Steering Group Telford & Wrekin Council
Kathryn Wagstaff	Steering Group Worcestershire Council
Nick Webster	Steering Group Herefordshire Council