

Acknowledgements

The Yorkshire and Humber Assembly would like to express their thanks to all the organisations and individuals who contributed to the Business Birth Rate Strategy Pilot Scrutiny Enquiry, particularly the members of the Assembly and Yorkshire Forward panels and those who kindly agreed to be interviewed.

Foreword

This is an exciting time to be undertaking the first scrutiny enquiry in Yorkshire and Humber. As regional level structures develop, the scrutiny process gives the region an opportunity to further enhance the effectiveness of regional economic activity, within the framework of the Regional Economic Strategy and building on the strong partnerships which already exist.

This report highlights some important issues in relation to the Business Birth Rate Strategy and Yorkshire Forward has already acted on some of the issues identified. We hope that all bodies operating at the regional level will learn from the enquiry's findings, and that this in turn will help achieve the ambitious targets set for developing Yorkshire and Humber's economy.

Progress in responding to the report's findings will be monitored by the Yorkshire and Humber Assembly.

Finally I would like to thank both my fellow panel members for all their hard work, and all those who submitted evidence to the scrutiny review. The scrutiny process highlights that we will only achieve our aspirations for the region if we work in partnership and recognise the importance of continuously improving what we do - we owe it to the people and businesses of Yorkshire and Humber to work together effectively to drive economic growth.

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Introduction

This is the report of the Yorkshire and Humber Assembly scrutiny review into the region's Business Birth Rate Strategy.

The report is divided into three parts:

Part One

This sets out the key issues and findings arising from interviews with Yorkshire Forward officers, regional and sub-regional partners and an enquiry hearing held in public.

The report asks Yorkshire Forward to consider the findings and identify ways to address the issues raised within an agreed timescale. In this way the review will support their work to implement the region's Business Birth Rate Strategy (BBRS) and improve its impact.

Part Two

The report also briefly considers the implications of the findings for future strategy development in the region - particularly where those strategies depend on the involvement of multiple partners for successful development and delivery.

It calls on the Yorkshire and Humber Assembly, Government Office for Yorkshire and the Humber and Yorkshire Forward to jointly review the findings and consider how they can be used to enhance and support the strategy development processes of all partners at local, sub-regional and regional level.

Part Three

The third part of the report sets out the response of Yorkshire Forward to the enquiry summary and recommendations. It also says how the Yorkshire and Humber Assembly will take forward the opportunities for wider regional learning identified in the report.

Summary and Recommendations

Part One

Yorkshire Forward, on behalf of the region, published the Business Birth Rate Strategy (BBRS) 'Can Do - Will Do' in 2000. The related Action Plan was launched at the end of June 2001. The strategy seeks to achieve higher business birth and survival rates to create a radical improvement in the number of new, competitive and sustainable businesses in the region. The Action Plan sets out the activities to deliver the strategy for the period 2002 - 2004.

The scrutiny panel considered the development of the BBRS, the effectiveness of the implementation arrangements, the impact so far, the monitoring and review arrangements and the influence of national policy.

The main conclusions of the panel were:

- The development of the first draft BBRS would have been helped if there had been more involvement of partners at an earlier stage. In particular, the organisational restructuring of key delivery agencies such as Business Links meant that initially these bodies could not be involved. Despite this, once consultation got underway, arrangements were effective for those consulted, although in some instances, better follow-through of suggestions made by consultees would have improved 'buy-in'. Some key groups that could have been specifically targeted during the process were not. These included black and minority ethnic communities and end-users of business support services.
- The BBRS effectively identifies the key priority actions to improve the region's business birth rate, but there are a number of areas where the strategy could be developed further. These include more specific references to sub-regional differences and the need for different support arrangements for different sectors; a greater customer focus; and the need to reference and take account of start-up activity already being undertaken in the region.
- The evidence provided to the enquiry suggests that the successful implementation of the BBRS depends on effective leadership and co-ordination. The perception of partners is that Yorkshire Forward could further develop their lead strategic and facilitating role. This would include co-ordinating delivery at local, sub-regional and regional level by working with partners to more clearly define roles and responsibilities for each delivery layer and communicating clear delivery targets.
- There are a number of programmes and projects underway delivering excellent results, for example the Young People's Enterprise Forum. However there is no clear picture of the overall impact of the BBRS. This is because there appears to be a gap in the information available. High-level progress is tracked using new VAT registrations as a measure, and detailed monitoring information is available on a project-by-project basis, but there is no composite picture of total activity delivering the strategy. This could reduce the impact of the strategy and compromise the quality of the services being provided.

Recommendation

For Yorkshire Forward:

That Yorkshire Forward review the findings set out in this report and in discussion/consultation with partners, identify ways to address the issues raised. The Assembly asked that a timed Action Plan be produced detailing how this will be done and this can be found in Part Three.

Part Two

The enquiry was also required to examine the evidence relating to the BBRS and consider how this might be relevant to wider regional activity. The main learning points are briefly examined in Part Two of this report. They cover communication issues, the need to secure 'buy-in' from partners, the importance of full participation, the responsibilities of partners, the importance of good co-ordination of strategy delivery at all levels, and the effective collection, interpretation and dissemination of monitoring information.

It has not been possible to examine these areas in depth but they are felt to warrant further work.

Recommendation

For the Yorkshire and Humber Assembly, Government Office for Yorkshire and the Humber and Yorkshire Forward:

That the three regional organisations jointly review the findings in this report and consider how they can be used to enhance and support the strategy development process at local, sub-regional and regional level.

Part Three

Part Three sets out Yorkshire Forward's response to the scrutiny enquiry report summary and recommendations.

Yorkshire Forward welcome the report's support for the BBRS and the action taken to deliver it. Their response specifically addresses consultation, further development of the strategy, their leadership role, monitoring activity and wider lessons and highlights some key lessons learnt from the scrutiny review process.

The action plan identifies a review of all activities detailed in the BBRS action plan and of lead partner roles, an investigation into the potential for a radical improvement in services available to business start-ups through a potential joint Business Link and Learning and Skills Council pilot, improved monitoring of business start-up activity, a major initiative to increase the number of businesses run by people from Black and Minority Ethnic communities, and improvements to the support available for local social and community enterprises.

Part One

Issues and Findings

The following section details the issues emerging from the scrutiny review into the BBRS, the desk research, interviews and subsequent scrutiny hearing and sets out the findings of scrutiny panel.

Strategy Development Process and the Involvement of Partners

Preparing the draft strategy

In June 1998 'Yorkshire and Humberside - Advancing Together into the Millennium: A Strategic Framework' was developed. The framework and regional priorities were used by the Yorkshire Forward Board to develop broad objectives, values and a vision for regional development, which formed the basis for the Regional Economic Strategy (RES). The RES development process included a regional consultation process with stakeholders, partners and businesses.

A key objective of the RES was to achieve higher business birth and survival rates within the region. This objective was supported by a number of deliverable activities, which were broadened to form the structure of the BBRS.

The strategy was developed through draft documents, which were used as a basis for partner consultation, before the Yorkshire Forward Board endorsed the revised strategy paper. The final strategy document: 'Can Do - Will Do' was produced and circulated to over 800 organisations for information and comment, indicating Yorkshire Forward would take the process forward by developing a BBRS Action Plan.

It was the role of Yorkshire Forward to lead the development of the BBRS on behalf of the region. They were responsible for preparing the strategy document and Action Plan. This work was done by Yorkshire Forward officers.

Although business experts and consultants were involved in the development of the RES and in the later stages of the BBRS consultation process they were not involved in the development of the priorities and programmes in the draft document. There was also little involvement of other stakeholders at an early stage such as the financial institutions or local authorities.

Yorkshire Forward highlighted the supporting role of the Yorkshire and Humber Assembly, the Assembly Advanced Economy Commission and Government Office for Yorkshire and the Humber in assisting in the early development of the strategy. The Assembly and Government Office acted as sounding boards and commented on the draft reports. Yorkshire Forward found this process particularly useful.

It was noted that during the development of the draft strategy, significant public sector organisational change was occurring that had a particular impact on the process. The Business Link Network and the Training and Enterprise Councils, two of the key delivery agencies, were being restructured. This meant their role as leading partners was limited at this crucial early stage. Evidence suggests that this resulted in some omissions from the draft strategy; for example Business Links start-up activity is not explicitly part of the BBRS strategy.

The panel found:

That the regional ownership of the BBRS would have been helped if more partners had been fully involved in its earlier development. This could have been achieved by setting up a cross-cutting working party to work with the Yorkshire Forward team and could have included representatives from local authorities, Chambers of Commerce, universities, financial institutions and the end users of business support services.

That whilst the Assembly and the Advanced Economy Commission did take a role in facilitating the strategy development by acting as a sounding board this alone did not ensure proper involvement of all key stakeholders.

That the restructuring of key agencies meant they were not fully involved in developing the strategy in the early stages and only had limited involvement at later stages. This has resulted in some partners perceiving a degree of disconnection between the final strategy and what they are delivering at sub-regional and local level.

Consultation with partners

The draft strategy went out to consultation in Spring 2000. The consultation process focused on gaining feedback from targeted consultees. Yorkshire Forward had learnt from earlier experience during the development of the Regional Economic Strategy (RES) that a more targeted approach would be effective. The process involved key partners and included the use of focus groups made up of representatives of entrepreneurial groups as well as specific sessions for those who were thought to require additional support. The specialist groups chosen were technology, women and young entrepreneurs. However, a number of focus group sessions were cancelled due to poor attendance, these sessions were not rearranged and alternative methods were not tried. In addition there was no specific consultation targeted at Black and Minority Ethnic communities (BME), and no evidence of local-level consultation with service deliverers nor the 'end users' of those services.

The consultation process did give consultees an opportunity to share ideas, but the main purpose of the sessions was to prioritise the list of objectives and programmes which had already been agreed prior to consultation.

Although the consultation process had an impact on the content of the final strategy there were examples of changes that could have been made but were not. For example, Yorkshire Universities and Yorkshire and Humber Chamber of Commerce expressed an interest in taking a lead role on delivering a programme during consultation. However Yorkshire Forward did not make contact with these agencies post consultation and no further development of these programmes occurred.

The panel found:

In relation to the consultation that took place:

- *That overall partners who felt they were consulted perceived that their opinions and comments had been listened to and visibly used in the development of the BBRS strategy.*
- *That the consultation approach succeeded in raising the awareness of the strategy at a regional and sub-regional level.*
- *That in some instances specific offers of support made during the consultation period were not taken forward.*

In relation to the consultation methods used:

- That poor attendance resulted in the cancellation of focus group sessions. This mean there was limited engagement in a number of areas and in particular lack of consultation with business support agencies regarding business support provision.
- That consideration should have been given to using additional methods of communicating with partners. These could include virtual communications such as an e-mail discussion group or web-based feedback.

In relation to the range of groups targeted in the consultation:

- That no provision was made to engage BME communities
- That local-level service deliverers and their 'end users' felt inadequately consulted.

Developing the content of the strategy

Following the consultation process the strategy was finalised and an Action Plan put in place. The BBRS Action Plan formed the foundation for delivery of the strategy.

The plan listed priorities, suggested programmes, lead organisations and potential top line costs to support projects. The evidence suggests that there may be areas that require further development, in both the strategy and Action Plan. This is particularly true given the problems surrounding the early involvement of key delivery partners (Business Links and the Learning and Skills Councils). Some of the areas identified during the enquiry by partners were:

- The need to reflect regional diversity, including explicit references to the sub-regional differences within the region. This should also consider the different types of delivery arrangements and business support services required at a sub-regional level.
- Provision of an accurate regional baseline against which improvements in start-up activity can be measured, over and above the high-level target relating to VAT registrations. This could involve a mix of quantitative and qualitative data.
- The need to acknowledge the differing nature of start-up activity in the different sectors - for example, different requirements for rural business support.
- The need for a greater customer focus - the BBRS is currently seen to be provider driven - on the delivery of programmes rather than customer needs.
- To consider further ways the strategy can contribute to tackling social exclusion issues.
- The need to reference current start-up activity already undertaken within the region.
- The need to monitor and then help improve the overall quality of start-up business support services.

The panel found:

That there was scope to further develop the BBRS, for example in the areas suggested by partners and listed above. Yorkshire Forward may want to consider these and other areas further in discussion with partners.

Strategy Implementation

The success of the BBRS rests on effective and swift implementation across the region. The strategy was championed by Yorkshire Forward, but also required co-ordinated delivery by local, sub-regional and regional partners to achieve results. This meant that lead partners had to be identified for each programme in the strategy, funding earmarked, detailed plans developed and finally, individual projects established.

The role of Yorkshire Forward

Yorkshire Forward describe their role in championing the BBRS as 'a broker and banker'; bringing together partners to deliver the strategy and financially supporting delivery and capacity building. They also saw the strategy as supporting projects that focused on longer term, high-level objectives, so creating an enterprise culture within the region. In addition to this strategic role they took responsibility as Lead Partner delivering a number of regional projects. Where Yorkshire Forward led on the delivery of projects they were complimented by partners on their ability to support project implementation and ensure the project has adequate resources to move forward. Examples include the Connect Programme and the Young People's Enterprise Forum.

The role of partners

There were two key issues arising from the way lead partners emerged.

Firstly, the consultation process was successful in identifying a number of partners who offered to take the lead on specific project areas. The lead partners were responsible for project co-ordination, implementation and monitoring.

The following table shows examples of ongoing projects and lead partners:

Project	Lead partner
Young People's Enterprise Forum	Yorkshire Forward
Enterprise shows	Yorkshire Forward
Mentor Databank	Institute of Directors
Enterprise in Education	Business Angels
Connect Yorkshire	Yorkshire Forward
Enterprise agenda initiatives	Small Business Service & Business Links

But there was a second group of partners who indicated that they only became aware of their role as Lead Partner on reading the strategy. In some instances these partners had not received any direct individual communication from Yorkshire Forward regarding their role or what was expected of them. Although these partners recognised that they also had a responsibility to progress their projects, they found it difficult to determine what exactly was required.

As a consequence some projects have not been taken forward as partners were unclear on how they should proceed. An example was some of the sub-regional Business Links who, because of the organisational restructuring issues described above, found that they were highlighted within the BBRS as Lead Partners, even though discussions regarding their role or responsibilities in delivering the BBRS had not occurred at that point.

In addition, partners were not clear why some projects from the BBRS Action Plan that were piloted have not proceeded further whilst others have been supported to the delivery stage. The rationale used by Yorkshire Forward to determine whether projects progressed was not communicated to partners.

The panel found:

That a number of projects are successfully delivering against the strategy and are achieving excellent results. A particular example of good practice is the work undertaken by the Young People's Enterprise Forum.

That where Yorkshire Forward had taken the role of Lead Partner and was responsible for the delivery of projects they were widely complimented on their success.

That the BBRS was championed effectively by Yorkshire Forward during the consultation stage and many partners felt fully involved. However, once the strategy and action plan had been formulated, some partners did not receive any further communication regarding implementation, their role in delivery, nor what resources they should provide to support the strategy.

The impact of the action planning process

The BBRS Action Plan and subsequent actions were subsumed within the Regional Action Plan (RAP) in November 2001. In addition to the RAP, Sub-Regional Action Plans (SRAPs) have been developed as a sub-regional delivery mechanism. All projects included in the RAP and SRAPs are intended to deliver the objectives of the Regional Economic Strategy and thus the BBRS.

The enquiry identified a number of issues arising from the introduction of the action planning process:

- Partners perceived that there were unclear linkages between sub-regional activity and regional delivery. They also felt that there was a lack of clarity as to who should be, or was, responsible for delivery at regional and sub-regional levels.
- There is concern from partners that even with the development of the SRAPs, the BBRS may not impact or influence the delivery of partners at a sub-regional or local level.
- Evidence suggests that local partners may not understand how their projects link to the BBRS and still continue to focus on bidding for very specific, short-term projects addressing localised needs rather than using the BBRS as a starting point to develop projects aligned with regional objectives.
- There was concern that the operational arrangements put in place by Yorkshire Forward to provide links between the sub-regions and the centre (Yorkshire Forward has a named Board Member and Executive Director with lead responsibility for each sub-region, there is also an office in each sub-region) were not yet working as well as they might. It was suggested that they were not actively reinforcing the links between sub-regional and local delivery activity and the regional objectives of the BBRS.
- Whilst there is an appraisal process in place to assess individual projects included in Sub-Regional Action Plans there appears to be no way to appraise what is the collective impact of individual projects in any one sub region. Without this information it is difficult for Yorkshire Forward to have an overview of how the sub-regions are contributing to the delivery of the BBRS.

The panel found:

That partners' perception is that not enough use is being made of Yorkshire Forward's sub-regional

organisational arrangements to monitor sub-regional delivery and to build links with local delivery partners. Better use of these arrangements would ensure partners fully understand their role in delivering the strategy. It would also help to provide feedback on performance against agreed targets to the centre.

There needs to be more discussion between regional, sub-regional, and local level partners to secure 'buy-in' to deliver overall BBRS objectives. This work needs to inform the development of robust programmes and projects for inclusion in the SRAPs.

The impact of the 'Single Pot'

At the time the BBRS was developed Yorkshire Forward was embarking on a major restructuring of its funding arrangements with the development and introduction of the Single Pot. This brought together thirteen earmarked funding streams into a single budget to be spent on key strategic projects. Funding from the Single Pot was only available for programmes and projects that had been included in the RAP and SRAPs.

This made it initially difficult to support the BBRS initiatives until the Single Pot was in place. Some agencies have suggested that despite being named as Lead Partner on a project they opted not to progress because of the financial uncertainty caused by the change.

It was also suggested by partners that the sums available to support BBRS programmes and projects could have been increased if all public funding for business support was more closely aligned to secure common objectives.

The impact of the strategy to date and monitoring and review arrangements

The 'primary aim' of the BBRS is to 'double the rate of business start-ups in the region' with a target of 'around 15,000 new VAT registered businesses per year in 2010'. Progress against this target is reported annually in the 'Progress in the Region' report, published by Yorkshire Futures.

Assessing impact

As implementation of the BBRS has begun, the evidence suggests there has been little feedback of progress against the deliverables detailed in the Action Plan. For many partners the links between the outputs and outcomes of their programmes and projects and the delivery of the strategy and its targets have been unclear.

Yorkshire Forward are aware of the importance of measuring business start-up and survival rates more effectively. They are currently developing the Barclays' Bank model to gather more accurate information on business start-up. They are also working on the use of lifestyle data to get a better understanding of people's perceptions about starting a business as a career choice. It is hoped this information will provide a greater regional level of understanding of business start-up performance and the impact of regional initiatives.

But more evidence is needed to show the overall impact of all activity that is delivering the BBRS. Partners have commented on the need for a clearly communicated and robust monitoring and evaluation process. The region needs to understand performance against both the high level targets and the operational targets relating to business start-up and survival. Any system should collect both regional level information and partner information in order to build a picture of overall progress about which projects are successful and over what time frame. This would help decide which projects have the most impact and should be supported in the future.

As well as limited feedback about performance it was also not possible to establish an overall view of the total public funding supporting business start-up and enterprise activity in the region. Yorkshire Forward have committed significant funding to the delivery of the BBRS but this does not include activity undertaken at a sub-regional or local level by a variety of partners with different delivery arrangements. Without a clear understanding of the level of investment in the region it is difficult to measure the value for money of this investment.

Sharing good practice

There should also be greater sharing of evidence-based learning with the region. This would provide information about why particular programmes and projects have worked well and what key characteristics make them successful. This information could also then be used to develop new initiatives.

The panel found:

Overall, it was difficult to gain a sense of how the region is performing. Particular projects were highlighted by Yorkshire Forward as being successful, or as having areas for improvement, but there is no sense of a complete and accurate overview.

That information provided by any monitoring and review system should give a clear picture of overall performance and the extent to which identified partners are committed to and are able to deliver the agreed targets set out in the BBRS Action Plan. It should include details of:

- *The total outputs resulting from regional, sub-regional and local activity*
- *The impact of projects supporting the strategy - to include the types of start-ups created*
- *The impact of existing activity already undertaken*
- *What funding has been used to support what part of the strategy*
- *The total cost of activity in the region and an assessment of value for money*

That there was not enough sharing of good evidence-based monitoring information. This could reduce the impact of the BBRS and affect the quality of the services being provided.

The impact of national policy on the BBRS

Yorkshire Forward suggested that national policy has generally had a positive impact on the development of enterprise initiatives and the BBRS in Yorkshire and Humber.

However, as indicated earlier in this report, at the time the BBRS was being developed a number of major changes were taking place in the region that made it difficult for some key partners to engage in development and delivery of the strategy.

Under the current arrangements a wide range of Government agencies influence start-up support services and how they are delivered. These include Government Offices, the Learning and Skills Councils, the Small Business Service and the Regional Development Agencies. The evidence suggests that the result is a less well co-ordinated approach with no clear lead agency. This causes confusion for both the organisations involved and the end user of business support services.

There are currently proposals from government to pilot closer working between the Regional Development Agencies and Business Links and/or the adult learning elements of Learning and Skills Councils activity. These proposals are aimed at providing better co-ordination of services.

In the future further changes are anticipated that may impact on the delivery of BBRS objectives. These include:

- The Small Business Service National Strategy for Business Start-up. The regional BBRS is in place and Business Links are currently delivering start up services on a sub-regional basis. This current approach may conflict with the revised SBS national framework for start up.
- The future impact of the government's wider policy of decentralisation (including publication of the Regional Government White Paper, Your Region, Your Choice, in May 2002, and the associated regional implications). As the Government devolves more power to the region, the region will need to consider how it will balance government policy, national targets and regional needs.

The panel found:

That Government changes to the organisational structure that provides business support services in the region at the time of the development of the BBRS led to a less inclusive strategy development process. The changes were also, in part, responsible for the subsequent limitation in alignment of services to deliver BBRS objectives.

That recent Government proposals to pilot projects that would improve co-ordination between RDA's and sub-regional delivery agencies may be helpful in addressing the issues highlighted in this report, although further structural change at this time could hamper delivery of the BBRS.

That future changes in Government policy need to take better account of how national policy is made to work at a regional level, in particular how government agencies interact and define roles and responsibilities - 'who does what to whom'.

Conclusion

The purpose of the pilot scrutiny enquiry was to review how effective the region's BBRS has been to date. The BBRS target is for 'around 15,000 new VAT registered businesses per year' to be created in Yorkshire and Humber by 2010.

The Panel found that the BBRS sets out the key priorities to improve the region's Business Birth Rate. A number of regional partners are actively engaged in the delivery of programmes supporting the strategy at a regional and sub regional level. There is now a perception that Yorkshire Forward should take a stronger lead facilitating and co-ordinating to ensure the effective implementation of the Strategy.

There is some evidence that the Strategy needs developing to reflect the sub-regional differences and a number of other key areas that are highlighted in this report. The focus should however be on driving the delivery of the Strategy by providing a more co-ordinated approach to agreeing delivery roles and responsibilities. This coupled with more information about the region's progress to achieve the outcomes of the BBRS at all levels, will help to create regional ownership and ensure delivery of the Strategy. Improved two-way communication between Yorkshire Forward and their partners will also enable the effective delivery of the Strategy, as will the sharing of good practice and learning with the region, identifying the characteristics of successful projects.

It is now up to partners to drive forward work to implement the BBRS with Yorkshire Forward taking a lead strategic, coordinating and facilitating role. The region must make a collective effort to engender enthusiasm, ensure ownership and enable the delivery of clear results that radically improve the region's business start-up and survival performance. In this way we will achieve the economic step change that the region is seeking.

Part Two

Wider Lessons for the Region

In establishing the scrutiny process the Yorkshire and Humber Assembly agreed that each scrutiny review would consider opportunities for wider regional learning, arising from the enquiry findings. These should support and add value to regional activity.

At any one time, various organisations across the region are leading the development of strategies and action plans. Many of these join up and align the work of a wide range of organisations to deliver common objectives. In this way, we attempt to ensure our strategies translate into real improvements.

This enquiry identified some issues related to the strategy development process. This section of the report attempts to briefly highlight some key learning points in these areas.

These are:

- The need for ongoing two-way communication between a Lead Partner responsible for strategy development and the regional, sub-region and local partners that will be leading delivery. This will help ensure regional 'buy-in' from the start and so make it much easier for the strategy to achieve its objectives.
- Partners who participate in the development process, rather than just respond to consultation, are likely to feel greater ownership of the strategy.
- All partners should take responsibility for identifying the role of their organisation in delivery of the strategy. This is equally important whether it is a direct role leading a new programme or project, or a less direct role with the contribution being through existing activities.
- Once the strategy has been agreed and the delivery partners identified, then it is the responsibility of both the organisation leading the development of the strategy and the other partner organisations to ensure the agreed actions happen and targets are met.
- A Lead Partner should have an ongoing responsibility to ensure proper co-ordination of strategy delivery at all levels. This includes agreeing roles and responsibilities with each delivery organisation; ensuring delivery targets are understood; and that there is regular collection, interpretation and dissemination of monitoring information to provide an overall picture of the impact the strategy is having in the region.

Part Three

Response to the Findings

Yorkshire Forward response to summary and recommendations

1. Yorkshire Forward is committed to increasing the number of people setting up new businesses in the region. The BBRS was produced to agree priority actions that a range of different organisations would implement to achieve such an increase. We welcome the report's support for the Strategy and the action taken to deliver it.
2. The report contains recommendations aimed at improving the effectiveness of the region's efforts to increase the number of people setting up new businesses. Yorkshire Forward particularly welcomes the invitation to take a more proactive leadership role in ensuring the delivery of the Strategy and has the following detailed comments about the report:

Consultation about the Strategy

3. The report comments on the extent of consultation carried out about the proposals to increase the number of people setting up businesses in the region. Most of the proposals were produced as a result of the extensive consultation about the Regional Economic Strategy in 1999 involving over 6,000 businesses, organizations and individuals. Yorkshire Forward undertook a more targeted consultation process in 2000 involving individual businesses and representative organisations such as the Chambers of Commerce, CBI and Federation of Small Businesses as well as agencies such as the Small Business Service, Business Links, and the then Training and Enterprise Councils. The consultation in 2000 was on a smaller scale than 1999 because many organisations were complaining about 'consultation fatigue' following the production of the Regional Economic Strategy and two European funding strategies.
4. The consultation in 2000 included meetings targeted at specific groups that research suggested had particular difficulties in obtaining support to set up in business on their own: women, young entrepreneurs and technology-based businesses. No specific meeting was held with Black and Minority Ethnic communities (BME) because research suggested that a more entrepreneurial culture already existed in those communities. Yorkshire Forward accepts that an opportunity to learn from and better support such groups has been missed and will address this in future.

Further development of the Strategy

5. The report suggests areas where the Strategy could be developed further. Yorkshire Forward agrees that more account can be taken of the diverse nature of the Yorkshire and Humber region than was possible in the original Strategy. For example, achieving an increase in the number of people setting up businesses requires a very different approach in rural North Yorkshire than in cities such as Leeds and Sheffield. The new version of the Regional Economic Strategy has much better coverage of such local diversity. Project funding is available through action plans tailored to the different needs of local areas. Early work will focus on improving the support available for local social enterprises.

6. Yorkshire Forward strongly agrees that support should be tailored to meet the needs of the business customer. Specific support packages are being developed in the region's five priority clusters: advanced engineering and metals, bioscience, chemicals, digital media and food and drink (including agriculture).
7. Yorkshire Forward notes the Assembly's view about the need to make reference to existing activities to help more people to set up in business. The strategy was produced because such support was insufficient in 1999 and since then Yorkshire Forward and its partners have released over £100 million of new funding that will be available over the next 10 years to people wishing to set up a business in Yorkshire and Humber. Any regional strategy must take care to set priorities that add value and move the agenda forward, rather than describing the status quo or attempting to overtake the authority of local delivery agencies.

Leadership

8. Yorkshire Forward was established in 1999 to provide a strategic lead in the economic development of Yorkshire and Humber. The Government has since extended the remit of Regional Development Agencies, providing them with additional responsibilities and resources to deliver economic improvements. Yorkshire Forward accepts the Assembly's invitation to provide stronger leadership in galvanizing the wide array of different regional and local agencies with responsibilities to increase the number of people setting up new businesses. The new Regional Economic Strategy clarifies which agencies are responsible for priority actions to boost business start-ups. It also sets out clearly what is expected of agencies taking on such a role. Yorkshire Forward accepts its leadership role in ensuring that all such agencies deliver real improvements to enable more people to set up businesses in Yorkshire and Humber. The development of a pilot project on business support and adult skills by Yorkshire Forward, Business Links and Local Learning and Skills Councils (as set out in the Government's Spending Review) presents a major opportunity to seek radical improvements in the services available to businesses.

Monitoring activity

9. The report accepts that the region's access to information on new business formation and survival is very limited. This is mirrored at the national level. Yorkshire Forward is investing in better sources of intelligence on overall business formation and survival as part of its joint activity with the Assembly through the Yorkshire Futures Regional Intelligence Network.

Wider lessons

10. Yorkshire Forward welcomes the opportunity to discuss with the Assembly and Government Office for Yorkshire and the Humber improvements to the production and monitoring of regional strategies.

Action Plans

Involvement of partners at an earlier stage

Action	Partners involved	Outcomes/outputs	Timescales
Develop a major initiative to increase the number and quality of businesses run by people from Black and Minority Ethnic communities (BME)	Yorkshire Forward lead, Black and Minority Ethnic communities (BME) Networks, Business Links, Government Office for Yorkshire and the Humber	Undertake initial meetings with all relevant groups - preferably in one forum meeting Work up a project to submit to the 2003/4 Regional Action Plan Follow up with bi-monthly meetings to track progress Regular communication by email, publications and media	Immediate start, with a view to funding being agreed through Yorkshire Forward 2003/6 Corporate Plan

Action	Partners involved	Outcomes/outputs	Timescales
Develop a specific initiative to improve the support available for local social and community enterprises	Yorkshire Forward lead, Business Links, Small Business Service, Government Office for Yorkshire and the Humber	Undertake initial meetings with all relevant groups in one forum meeting Review research into current activities to promote business creation and start-up for social and community groups Work up a project to submit to the 2003/4 Regional Action Plan	Immediate start, with a view to funding being agreed through Yorkshire Forward 2003/6 Corporate Plan

Further development of the Business Birth Rate Strategy

Action	Partners involved	Outcomes/outputs	Timescales & targets
Review all activities detailed in the current BBRS Action Plan, reviewing lead partner roles in line with the new Regional Economic Strategy	Yorkshire Forward lead, all partner organisations involved in current action plan	Review current activities being conducted by all partners involved in action plan delivery Identify levels of support and resource required by lead partners for priority actions Hold regular meetings with lead partners to track progress.	Initial discussions with partners in January/February 2003 Report on review by March 2003 Consultation on revisions in April/May 2003 Revised Action Plan released July 2003

Leadership

Action	Partners involved	Outcomes/outputs	Timescales
Consider how to achieve a radical improvement in the services available to business start-ups as part of potential joint Business Link/local Learning and Skills Council pilot	Yorkshire Forward lead, Business Links, local Learning and Skills Council, Government Office for Yorkshire and the Humber	Meet with Business Links and local Learning and Skills Councils to consider potential improvements Decide whether to proceed with proposal by end of year Work up a project to submit to the 2003/4 Regional Action Plan	Decide whether to proceed with pilot by March 2003 Implement pilot (if agreed) from April 2003

Monitoring

Action	Partners involved	Outcomes/outputs	Timescales
Develop improvements to monitoring of business start-up activity	Yorkshire Forward lead through Yorkshire Futures, Small Business Service/Business Links	Invest in development of improved data Produce progress update as part of 2003 Progress in the Region report	Produce Progress in the Region report by June 2003

Wider Regional Learning Issues

This scrutiny enquiry has raised a number of important issues that have implications for strategy development more generally. The Yorkshire and Humber Assembly is committed to examining the issues raised in consultation with partners and using the lessons learnt to support improved activity both in its own strategy development and generally across the region. Set out below is what we will do.

Issue Raised in the Report	Proposed Activity
Communication & participation	YHA has a funded programme of activity in place to build capacity at regional level to deliver sustained involvement of a wide range of people and organisations in the development and delivery of regional strategies. YHA will continue to work with regional partners to implement this programme and so ensure there is ongoing commitment to, and delivery of, activities that will achieve our vision for a world-class region.
Roles and responsibilities	Effective delivery of strategies is dependent on clarity about who is responsible for doing what. The YHA will work with partners to ensure that all strategies clearly define the roles of organisations and individuals involved. In doing so YHA will promote the process set out in the revised Regional Economic Strategy ¹ as an example of best practice.
Co-ordination and delivery	The co-ordination of the activity of multiple partners to ensure the delivery of overall regional strategic objectives requires action at local, sub regional and regional level. The YHA will work with regional partners to consider current practice and if appropriate make proposals for strengthening existing arrangements.
Monitoring	YHA with its partners will continue to support the development of Yorkshire Futures (the regional intelligence unit) to ensure that robust and meaningful monitoring information is available to measure the impact of regional strategies and that progress is reported regularly to the region.

¹ Regional Economic Strategy for Yorkshire and Humber 2003-2012, Government Consultation Draft, November 2002 - para 38 and 39

Additional Information:

Pilot strategy review - terms of reference

Methodology

Scrutiny investigation

Interview schedule

Research sources

The origins of the BBRS

The BBRS development process

Pilot scrutiny review - terms of reference

Business Birth Rate Strategy

Yorkshire Forward published the BBRS 'Can Do - Will Do' in 2000. The related Action Plan was launched at the end of June 2001. The strategy seeks to achieve higher business birth and survival rates to create a radical improvement in the number of new, competitive and sustainable businesses in the region. The Action Plan sets out the plan to deliver the strategy for the period 2001-2004.

In relation to the BBRS the enquiry will consider:

Strategy development process

- Who was involved and what was their involvement?
- How did contributor involvement influence the evolution of the strategy?
- What was the consultation process and did it represent best practise?

The involvement of partners

- How far did consultation process engage partners and begin to challenge or change partners' existing strategies?

The impact of the strategy to date

- What initial actions, strategies and processes were put in place by Yorkshire Forward and partners to provide a foundation for delivery?
- What influence has the BBRS had on other strategies and actions?
- How has strategy influenced enterprise and entrepreneurship initiatives across Yorkshire Forward?

The effectiveness of delivery to date and monitoring and review arrangements

- What progress is there against delivery (note many of the Action Plan activities have 2001/02 target dates)?
- Are budgets and funding decisions supporting delivery?
- Extent to which identified partners are committed to and able to deliver/are delivering the agreed targets set out in the Action Plan?
- Are partners being engaged on an ongoing basis and is proper monitoring occurring of Action Plan delivery?

The scope of strategy in comparison with other comparable strategies

- Is there clear strategic fit with Advancing Together/RSDf/RGP/RES etc?
- How does the BBRS compare with other comparable Strategies including national strategies

The impact of the national policy framework on the strategy development and implementation process

- Did central government policy support the development and implementation of the Strategy (i.e. changes to Business Links etc, move to Single Pot)?

Regional learning and added value

It is essential that any scrutiny review provides opportunities for regional learning and that it adds value to regional activity. The general learning points that will be considered in this review are as follows:

- The process of strategy development, implementation and monitoring involving a regional project that depends on multiple partners and associated budgets for delivery of objectives

- The region's ability to develop a high quality, relevant and effective regional strategy in instances where the success of that strategy will fundamentally impact on the region's ability to meet a key regional target
- The impact of the national policy framework and decisions on regions ability to develop and implement a key regional strategy

Methodology

The scrutiny panel was selected from the 'approved list' of scrutineers established by the Assembly. Members of the 'approved list' had all completed scrutiny training.

The scrutiny panel were:

Tony Cherry	Member of the Assembly and its Executive Board; Yorkshire & Humber Policy Chairman and Director of the National Federation of Small Businesses
Maureen Foers OBE <i>(Chair of the Panel)</i>	Member of the Assembly; Managing Director of Northern Business Group and representing the Confederation of British Industry
Brigid Kane	Member of the Assembly's Advanced Economy Commission; Director of South Yorkshire Coalfields Health Action Zone
Cllr Mark Kirk	Member of the Assembly; Deputy Leader of North Lincolnshire Council and Cabinet member for Regeneration and Public Relations
Cllr Bob Tress	Member of the Assembly's Advanced Economy Commission; former Joint Leader of the East Riding of Yorkshire Council and Vice Chair of Humberside Police Authority (2001)

In carrying out their investigation the panel were supported by:

Sue Jeffrey	Director of Policy, Yorkshire and Humber Assembly
Karen Hill	Economy & Skills Policy Manager, Yorkshire and Humber Assembly

QED Consulting was commissioned as advisers to the panel and undertook research to support the enquiry including interviews with Yorkshire Forward and regional partners. They were:

Helen Whitten	Project Consultant, QED Consulting
Steve Hinton	Managing Director, QED Consulting

Research documentation and Yorkshire Forward interviews were co-ordinated by:

Alex Chatterley	Policy Manager, Yorkshire Forward, acting as Gateway Officer for the purposes of the enquiry.
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Scrutiny investigation

The panel carried out a detailed investigation into the development and implementation to date of the BBRS, which sits within the regional strategic framework of Advancing Together and the Regional Economic Strategy. The views of Yorkshire Forward and other partners were collated through the following methodology:

- Desk research to identify the key stages of the strategy development process and to compare the strategy with other regional approaches
- Interviews with Yorkshire Forward Officers and Directors to find out the RDA's views
- Interviews with regional partners to gain their perspective on their role in shaping the strategy and delivering programmes to support its implementation. These agencies included:
 - The Small Business Service
 - The Prince's Trust
 - Yorkshire and Humber Chambers of Commerce
 - Yorkshire and Humber Universities Association
 - Government Office for Yorkshire and the Humber
- Interviews with sub-regional partners to discuss sub-regional delivery arrangements and local issues. These included:
 - Business Links - South, West, North Yorkshire and the Humber
 - Representatives from the region's Learning and Skills Councils
 - Representatives from sub-regional partnerships involved in developing and implementing the sub-regional Action Plans

Scrutiny review hearing

A scrutiny review hearing was held in public. Yorkshire Forward representatives answered questions put to them by the Assembly scrutiny panel about the development and implementation of the BBRS. The purpose of the hearing was to gain further information on key areas highlighted by this investigation.

The Yorkshire Forward representatives were:

Richard Gregory	Yorkshire Forward's Deputy Chairman with lead responsibility for scrutiny
Lord Christopher Haskins	Chairman of the Yorkshire Forward Board Business Sub-Committee
Adeeba Malik	Yorkshire Forward Board member with a lead role for developing the e-region and a support role for the Humber sub-region
John Ashcroft	Yorkshire Forward Board member with a lead role on the BBRS, innovation and technology transfer and a support role for the North Yorkshire sub-region
Susan Johnson	Yorkshire Forward Executive Director of Business Development

Interview Schedule

Interviewee	Role & Organisation	Date of Interview
Patrick Bowes	Head of Research, Yorkshire Forward	12/08/02
Martin Hathaway	Yorkshire and Humber Chambers of Commerce	15/08/02
Neville Myers	Director, Small Business Service	15/8/02
Alex McWhirter	Head of Enterprise, Yorkshire Forward	02/08/02
Reza Zadeh	Head of Business Competitiveness, Yorkshire Forward	05/08/02
Simon Foy	Head of Strategy, Yorkshire Forward	08/08/02
Tom Riordan	Director of Strategy, Yorkshire Forward	09/08/02
Michael Noble	Chief Exec Officer, Yorkshire Universities	12/08/02
Margaret Jackson	Director of Competitiveness and Sustainability, Government Office for Yorkshire and the Humber	20/08/02
Brian James	Managing Director, Business Link South Yorkshire	05/09/02
Helen West	Chief Executive, Business Link York & North Yorkshire	05/09/02
Mike Egar	Chief Executive, Business Link Humber	05/09/02
Eddie Rodger	Managing Director, Business Link West Yorkshire	05/09/02
Lee Barker	Liaison Director, Prince's Trust	06/09/02
Jonathon French on behalf of David Smurthwaite	Manager, North Yorkshire Sub-Regional Partnership	06/09/02
David Hodgeson on behalf of Margaret Colemanthe	Director of Development, West Yorkshire LSC	09/09/02
Kalpana Joshi on behalf of Paul Williamson	External Funding Manager, South Yorkshire LSC	11/09/02
David Harbourne	Executive Director, North Yorkshire LSC	12/09/02

Research sources

- Yorkshire and Humber Assembly Scrutiny Review into the regions' BBRS
- Protocol for the operation of the Yorkshire & Humber Assembly Scrutiny Panel
- List of Focus Groups
- Executive Structure - Draft
- Regional Action Plan for the Yorkshire and Humber Economy - Apr 00
- Regional Action Plan for the Yorkshire and Humber Economy - Feb 01
- Regional Action Plan for the Yorkshire and Humber Economy - May 01
- Regional Action Plan for the Yorkshire and Humber Economy - Jul 01
- Regional Action Plan for the Yorkshire and Humber Economy - Nov 01
- Yorkshire and Humber
- RES Objective 2
- Yorkshire And Humberside - Advancing Together Into The Millennium
- Respondents to consultation on the BBRS
- Can Do - Will Do (A BBRS for Yorkshire and Humber)
- Consultation on A BBRS for Yorkshire and the Humber
- Responses to BBRS Consultation
- Getting Down to Business - Consultation on a BBRS for Yorkshire and Humber
- Strategy & Policy Directorate, Yorkshire Forward
- Young People's Enterprise Forum information
- First report from Yorkshire Forward for Yorkshire Futures - the Regional Intelligence Network.
- Reshaping the Local Economy
- BBRS - A Developmental Timeline
- Objective 1 - South Yorkshire
- Scottish Economic Report
- A Smart, Successful Scotland: Ambitions for the Enterprise Networks

- Plan for Wales 2001
- A Winning Wales
- The National Economic Development Strategy

The origins of the BBRS

There was no regional economic strategy until a 'competitiveness strategy document' was produced in the late 1990s to address a number of economic issues within the region. This document included an emphasis on the development of existing businesses in the region.

In June 1998 the 'Yorkshire and Humberside - Advancing Together into the Millennium: A Strategic Framework' was developed for the region by the Yorkshire and Humber Assembly. This document identified the region's priorities, together with an over-arching vision and a number of delivery objectives.

The framework and regional priorities were used by the Yorkshire Forward Board to develop broad objectives, values and a vision for regional development, which formed the basis for the Regional Economic Strategy (RES). The RES development process included a regional consultation process with stakeholders, partners and businesses.

The rationale for the RES was to address fundamental structural issues affecting the region's economy including:

- GDP
- High levels of unemployment
- The industrial structure of the region
- Low levels of enterprise/business start-up with poor survival rates

The RES saw a move away from focusing on inward investment as a lever to drive the region's economy forward, to greater support for indigenous business and creating new businesses.

A key objective of the RES (objective 2) was to achieve higher business birth and survival rates within the region. This objective was supported by a number of deliverable activities, which included:

1. **Creating Centres of Excellence clustered around universities**
2. **Make the process of setting up a business more accessible in the region**
3. **Explore the potential for a verbal business school in the region**
4. **Establish supporting funding arrangements including a Y&H Venture Capital Fund**
5. **Facilitate a long term culture change in the region to value entrepreneurs, enterprise and creativity**

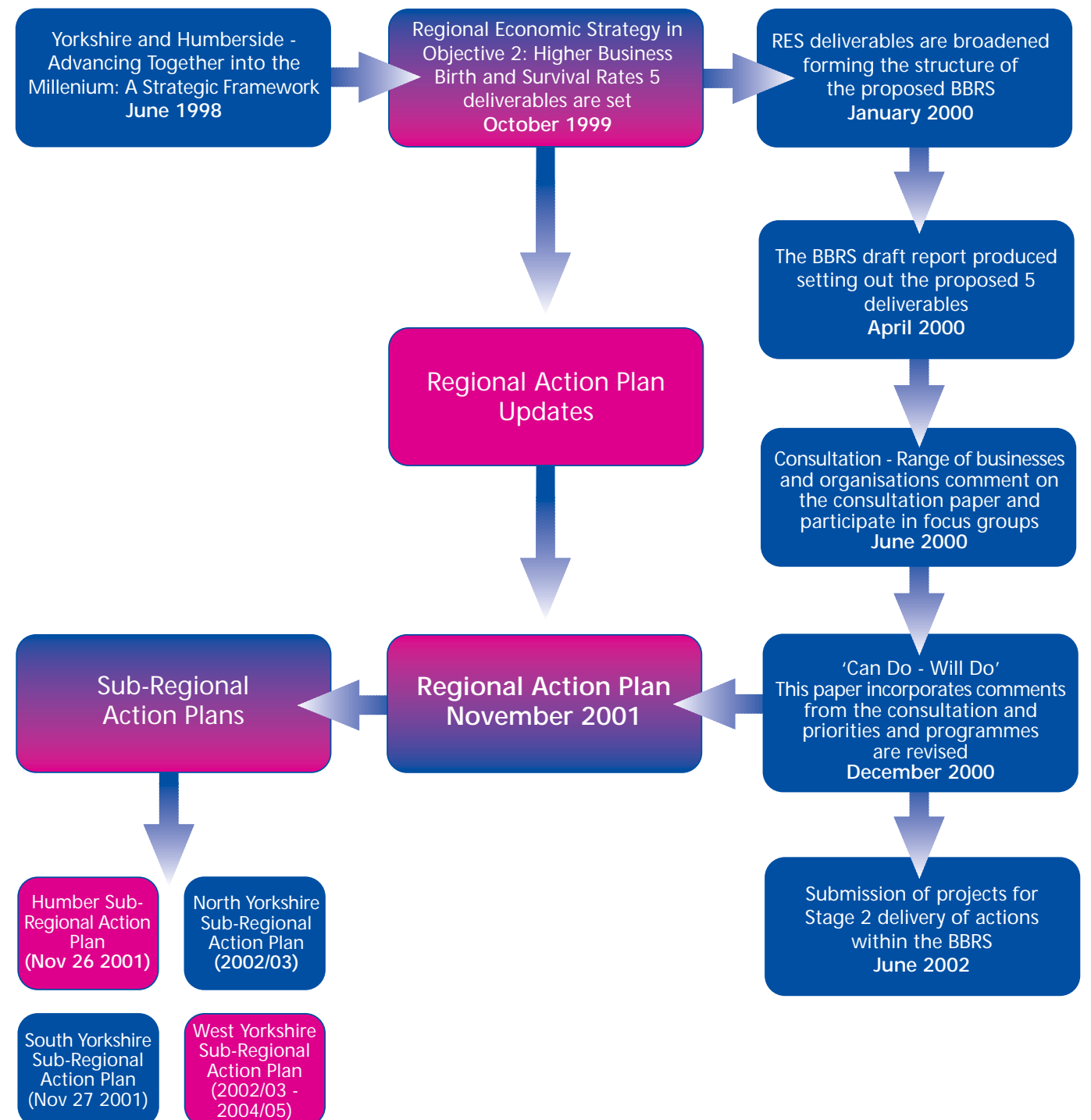
These five deliverables were broadened to form the structure of the BBRS.

The Yorkshire Forward Policy team developed the BBRS. The Strategy was developed through draft documents, which were used as a basis for partner consultation, before the Yorkshire Forward Board endorsed the revised strategy paper. The final strategy document: 'Can Do - Will Do' was produced and circulated to over 800 organisations for information and comment, indicating Yorkshire Forward would take the process forward by developing a BBRS Action Plan.

The BBRS had a number of proposed objectives, which dovetailed to the five original RES deliverables:

1. Long term cultural change to value entrepreneurs and enterprise
2. Make the business support structure fit the purpose
3. Develop entrepreneurial skill and business skills
4. Improve access to finance
5. Generate and promote high growth businesses.

BBRS development process



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Business Birth Rate Strategy

Scrutiny
Enquiry 1