

# S O R D J U S T I N E

impact  
challenges  
issues  
recommendations

## 14 - Investment Planning

February 09

**YORKSHIRE  
AND  
HUMBER  
ASSEMBLY**

The Regional Strategic Partnership



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## Foreword

Partnership working is integral to Yorkshire and Humber moving forward in the future. With the many challenges and opportunities facing our region, and the limited resources to effect change, it is vital partners work together to agree the priorities, maximise the budgets and confirm who does what.

Led by Yorkshire Forward, the Investment Planning process has encouraged organisations in Yorkshire and Humber to recognise the importance of working together, and indeed, partners place great value upon this. This focus on collaborative working is a great step forward for the region and bodes well for the future.

As the region moves into Investment Planning via locally based Geographic Programmes, we hope that our recommendations highlight how the region can get even better at working together to achieve the sustainable economic growth in Yorkshire and Humber that we all need.

Following the Sub-national Review, this will be the last review that the Assembly's Scrutiny Board will undertake. I would like to thank all the many people and partners who have got involved with regional scrutiny over the past eight years. The regional scrutiny role has meant that the region, and Yorkshire Forward, have developed and evolved the all-important economic policies that will lead to a stronger region. We look forward to the Government's new Regional Select Committee continuing this important work, and greatly welcome the potential influence on voicing the region's needs to Westminster.

Finally, can I add a special thanks to all of the current and former Scrutiny Board and Yorkshire Forward scrutiny panel members for their time and commitment to regional scrutiny, which has undoubtedly made a difference to how our region works.



**Paul Jagger**

*Deputy Chair, Yorkshire and Humber Assembly  
Chair, Scrutiny Board*

# The Assembly's Scrutiny Role

The Assembly has a statutory responsibility to scrutinise how Yorkshire Forward spends its money. Each year we undertake detailed scrutiny reviews on a specific part of the Regional Economic Strategy (RES). The purpose of these reviews is to ensure that Yorkshire Forward is accountable to the region, and that it is achieving the best possible results for the region's economy.

This is our fourteenth scrutiny review to date. For the last three years, the scrutiny reviews have been undertaken by our standing Scrutiny Board. The Scrutiny Board consists of up to eight Assembly members, who are nominated by the Assembly at the Annual General Meetings. The members include the standing Chair of the Scrutiny Board, core Scrutiny Board members, a nominated representative of the Sustainable Development Board, and up to two co-opted members who can provide previous scrutiny experience or knowledge of the scrutiny topic. The core Scrutiny Board members agree to undertake a minimum of two scrutiny reviews, whilst the Sustainable Development Board representative, and co-opted Scrutiny Board members, are appointed for each scrutiny review. The Scrutiny Board is also able to enlist the support of specialist advisors for each review if and when required, to provide technical expertise.

We have used a number of methods to obtain the views and comments of partners, business representatives and the voluntary and community sector across Yorkshire and Humber, on the subject of Investment Planning. These methods have included a Public Discussion with Yorkshire Forward, a series of consultative interviews with partners and businesses, written requests for questions and comments, and a two-week consultation on the review's early findings. We also held a focus group meeting.

If you would like to know more about any aspect of the process used, or would like to see the information and data gathered during this review, further detail can be found in the 'Scrutiny' section of our website <http://www.yhassembly.gov.uk>.

# The Assembly's Scrutiny Board

## **Paul Jagger MBE - Deputy Chair of Yorkshire and Humber Assembly & Chair of the Scrutiny Board**

Paul is the Deputy Chair of the Yorkshire and Humber Assembly, and is a member of the board of the Yorkshire and Humber Learning and Skills Council. Paul is also Pro Chancellor and Chair of Council at Bradford University, Vice Chair of the Committee of University Chairs, and a Member of the Board of the Sheffield Chamber of Commerce. Paul was the Regional Secretary for TUC Yorkshire and the Humber until November 2005. Paul is the Chair of the Yorkshire and Humber Assembly Scrutiny Board.

## **Cllr Carl Lis MBE - Craven District Council**

Carl is a member of Craven District Council and is one of two councillors who have represented the Ingleton and Clapham ward for 19 years. He was previously Leader of the Council for almost 8 years. Carl was Chair of the Yorkshire Dales National Park Authority for 4 years until July 2008 and still serves as a Member of the Authority. He was also recently elected Chair of their Planning Committee and Member Champion for Corporate Management. He worked in the quarrying industry for 40 years before retiring from his position as manager of the Hanson Aggregates Ingleton quarry in North Yorkshire.

## **Cllr Brian Cleasby - Leeds City Council**

After a career as a Senior Stills Photographer with Yorkshire Television, then running his own media and video company, Brian has been a Leeds City Councillor for 14 years, serving many of them as a Scrutiny Board Chair. During the 2007/08 financial year Brian served as Lord Mayor of Leeds.

## **Michael Oughtred - Yorkshire and Humber Chambers of Commerce**

Michael is the President of the Yorkshire and Humber Chambers of Commerce. He was appointed to this position on 1 January 2007 for a two-year term. He is Vice Chairman and Corporate Development Director of William Jackson and Son Ltd, a fifth generation family food business in Hull, and is Non Executive Chairman of Oughtred and Harrison limited. Michael is also Chair of the Hull Truck Theatre Company.

## **Tony Cherry - Federation of Small Businesses**

Tony Cherry is the Yorkshire and Humber Policy Chairman and is a Director of the National Federation of Small Businesses (FSB). Tony is an activist member of the FSB, and runs a micro business based in Sheffield, and provides consultancy services to small and medium sized enterprises (SMEs). Tony is a Social, Economic and Environmental (SEE) group member of the Yorkshire and Humber Assembly, and was elected to the Assembly's Executive Board at the 2008 Annual General Meeting (AGM). He is a keen supporter of the Voluntary and Community Sector, and is Chair of a successful Community Development Trust, is Vice Chair of governors at a community primary school, and is a Management Committee Member of the North East Sheffield Education Action Zone. He also provides active support for Business in the Community and its numerous projects within South Yorkshire. On a lighter note, Tony is a Governor of the Yorkshire and Humber Sports Aid Foundation and enjoys membership of the National Trust and English Heritage.

## **Sarah Tyler - South Yorkshire Open Forum (on behalf of the Regional Forum)**

Sarah Tyler is the Director of South Yorkshire Open Forum, a sub-regional strategic support organisation for the voluntary and community sector. The Open Forum has led on a number of engagement and consultation events for the voluntary and community sector including the Regional Economic Strategy (RES), the Regional Spatial Strategy (RSS) and the Sheffield city region. Sarah is also Chair of the South Yorkshire ChangeUp consortium, which is made-up of 19 voluntary and community sector infrastructure partners. She is a representative on the Sheffield city region's South Yorkshire Programme Board, and is also the environment champion for the European Regional Development Fund (ERDF) Cross-cutting Theme Group. In addition, Sarah is a trustee of the Regional Forum and is Chair of the South Yorkshire Voluntary and Community Sector (VCS) Research group. Sarah has previously worked at the Yorkshire and Humber Assembly, where she led on the Regional Sustainable Development Strategy. Previously, she worked at Rotherham Council, Shelter, Groundwork Regeneration Trust, and was a consultant in the private sector. She is also a post-16 tutor and has worked in colleges and as an on-line mentor.

# Background on Investment Planning

Following the Government's decision in March 2001 to award funding to the Regional Development Agencies (RDA) via the Single Pot, Yorkshire Forward prepared an 'operational' type document to sit below the Regional Economic Strategy (RES). This document would identify a list of priority actions and activities that would need to be funded and delivered to meet the objectives outlined in the RES.

Between 2001 and 2004, this document was known as the Regional Action Plan, and it was supplemented by four action plans, one for each of the sub-regions. From April 2004, Yorkshire Forward identified a list of priority actions and activities for the region and sub-regions through the Yorkshire Forward Development Fund (YDFD) and four Sub-regional Investment Plans. The basis for Investment Planning was that it would be a longer-term and properly integrated plan, which 'pooled' Single Pot and European funding with financial contributions from a broad range of partner organisations, such as the Learning and Skills Council, Jobcentre Plus and higher education institutions. Investment Planning also attempted to integrate the investment priorities of the local authorities with regional objectives, and aimed to work more closely with local businesses.

In 2004, Yorkshire Forward allocated a five-year budget of £137 million to the YDFD to fund regional projects, pilot initiatives, research and development, and activities that met regional priorities for economic development. The priorities in the YDFD were determined by the challenges identified in the Progress in the Region report to ensure that it was based on robust evidence. Yorkshire Forward also provided each of the sub-regional economic partnerships at this time with an indicative five-year budget allocation. The amount of budget awarded to each sub-region was determined by a number of factors, including the population in the sub-region, economic needs, economic opportunities and the extent of European funding.

As with the YDFD, Yorkshire Forward wanted to ensure that the priorities identified for each sub-region were based on evidence of need. The priorities were therefore drawn from the respective Progress in the Sub-region reports and detailed Strategic Economic Assessments (SEAs). The priorities in the Sub-regional Investment Plans were effectively based on the areas of weakness in each sub-regional economy, and the first SEAs were endorsed

by the respective sub-regional partnership Boards in March 2004. The draft Sub-regional Investment Plans were then endorsed by the sub-regional partnership Boards in June 2004, and were submitted to the Yorkshire Forward Board for approval soon after.

The Sub-regional Investment Plans were each written in a different format. However, they all identified the challenges for the sub-region and indicated where the sub-regional economy needed to improve, included a list of priority activities with timescales and likely outputs, and provided information on projects that were already being delivered. The Sub-regional Investment Plans also provided indications of which agencies could appropriately lead on the priority activities, the estimated costs for delivering the activities and how a multitude of investment sources would fund it, and details on how progress against the Investment Plan priorities would be monitored and evaluated.

The Yorkshire Forward Board approved the Sub-regional Investment Plans in July 2004, and the sub-regional economic partnerships then began to 'commission' specific projects from appropriate partner organisations (or 'project sponsors') to deliver the priorities, rather than operate 'open-bidding' application rounds. Partners/sponsors responded to the commissioning through the submission of project applications, which were then processed through the Performance Management Framework (PMF), Yorkshire Forward's appraisal and approval process, before being contracted and delivered.

The Yorkshire Forward Board agreed in July 2004 that the Investment Plans would be reviewed every three years, with the first review taking place in 2006. The Board also agreed that the sub-regional economic partnerships would undertake their own 'Light Touch' review of progress before the three-yearly review by Yorkshire Forward. During this time it became clear that the first SEAs duplicated data from the Progress in the Sub-region reports. The SEAs were subsequently revised by consultants in spring/summer 2006 who worked closely with Yorkshire Forward's Research Team and Yorkshire Futures. The revised SEAs were based over a future ten-year period, and included data from the Learning and Skills Council, Jobcentre Plus and the Environment Agency. Activity in the sub-regions was also mapped to the six RES objectives. As a result of these improvements, the revised

SEAs were more robust and policy-oriented and complemented the Progress in the Sub-region reports.

Following Yorkshire Forward's Strategic Review of Investment Planning in autumn 2006, and consultation with partners over the winter, Yorkshire Forward began to make plans for a transition from Sub-regional Investment Planning to City Region Investment Planning. Whilst local authorities and other partners agreed with the logic of focusing economic development on the principal cities, subsequent consultation over summer 2007 reiterated earlier concerns about some rural and coastal areas falling outside the city region boundaries. Questions were also raised about how City Region Investment Planning would deal with RDA boundary issues, and secure investment from the East Midlands Development Agency for the Sheffield city region, and One North East for the parts of North Yorkshire that were covered by the Tees Valley city region.

As Yorkshire Forward developed their 2008 to 2011 draft Corporate Plan, and discussed with partners the eleven

new Policy Products that would provide the strategic focus for economic development, it became clear that Investment Planning might require more flexible geography. It was understood that if investment priorities were determined at a local level, activity and investment could be built-up to either cover several districts, a city region or a sub-region where there were common issues and needs. It was therefore decided by the Yorkshire Forward Board that from April 2009, Investment Planning would be delivered through a series of Geographic Programmes. This means that a three-year Geographic Programme will be developed by each of the local authorities in the Humber, South and West Yorkshire in conjunction with Yorkshire Forward, with a single Geographic Programme produced for the whole of North Yorkshire. Each Geographic Programme will identify a series of localised priority activities and actions, which are evidenced by an economic masterplan for the area covered by the programme. Until the transition to Geographic Programmes is complete, Yorkshire Forward will honour the commitments already made in the Sub-regional Investment Plans up to March 2010.



# Executive Summary

This scrutiny review has considered the effectiveness of the region's Investment Planning process, which is led by Yorkshire Forward. The Scrutiny Board chose to look at two themes on Investment Planning: the Impact of Investment Planning and Lessons for the Future.

## Impact of Investment Planning

The Scrutiny Board considered how Investment Planning has led to change in the sub-regions. The Scrutiny Board also looked at the involvement of partners and organisations in the development of the Sub-regional Investment Plans (SRIPs).

The purpose of Investment Planning was to bring partners together to agree a set of priority activities for each of the four sub-regions, and to pool financial resources to fund the activities. The Scrutiny Board has identified broad support for the Investment Planning concept, with many welcoming the opportunity to shape the priority activities in their locality. The Scrutiny Board has also identified broad support for the Strategic Economic Assessments (SEAs) that were conducted in each sub-region, as they highlighted the long-term economic needs that needed to be addressed. It is clear that Investment Planning has enabled cross-agency discussions to take place, and the Scrutiny Board regards this collaborative working as hugely positive. The Scrutiny Board recognises however, that there was a weakness in aligning the priorities of national and regional organisations with the sub-regional priorities. There is also a perception that Yorkshire Forward has not always agreed with the sub-regional priorities, and to some, it has appeared as if Yorkshire Forward has been 'cherry-picking' the priority activities in the SRIPs that they have supported.

The Scrutiny Board welcomes Yorkshire Forward's decision to award five-year budget allocations to each of the SRIPs on the basis of financial assurance, although the Board recognises that partners concentrated more effort on spending the Single Pot allocation than attracting additional funding sources. The five-year budget allocation did make it easier to align the Single Pot with the longer-term nature of European funding. However, whilst there was strong alignment between the Single Pot and ERDF Objective Two, there were difficulties in aligning the Single Pot and the sub-regional priorities with alternative European, Neighbourhood Renewal, and other public sector funding. Some funding streams are only available in specific parts of the region, and this therefore provided limited opportunity for sub-region wide activities. It has

been suggested that Yorkshire Forward should have concentrated increased effort on ensuring that all available and relevant funds were pooled and maximised under Investment Planning.

The inclusive partnership that has developed through Investment Planning is greatly valued and has been beneficial. Partners have developed a greater understanding of each others individual organisational strategies and objectives, and have increased their knowledge of economic needs within the sub-region. Whilst there has been limited engagement of the private sector in Investment Planning, many of the respondents appreciate how difficult it is to engage businesses in regular meetings to discuss economic development. The Scrutiny Board has been informed however, that the role for businesses on the partnerships was not clear. Businesses did not therefore fully understand why it was important for them to get actively involved in Investment Planning, and what difference their involvement could make. This means that the partnerships have been heavily public sector led. The Scrutiny Board appreciates the differences in language and culture between the public and private sectors, and understands that this has led to some business representatives losing interest and disengaging. Although Yorkshire Forward appreciates the difficulty in engaging the private sector on Investment Planning overall, there has been successful business engagement in the Humber sub-region. Yorkshire Forward worked with the Chamber of Commerce and Business Forums and funded business networks in the Humber to positively engage businesses in Investment Planning. Some respondents have credited this success to the Humber Economic Partnership which has had a different Board structure to the other Sub-regional Partnerships, whilst some suggest that businesses have a common and vested interest in the development of the Hull and Humber Ports. The Scrutiny Board applauds how business engagement has worked in the Humber sub-region, but feels that this practice should have been replicated with the Chambers of Commerce and other business representative networks in the other sub-regions. Like the role of businesses, some respondents cited a lack of clarity over the role of the voluntary and community sector. Others have indicated that the amount of time and effort needed to fully engage in the Investment Planning process was a barrier for volunteers and community representatives. Yorkshire Forward invested a considerable amount of money in helping the voluntary and community sector to move away from grant dependency and become more strategic. The Scrutiny

Board regards this investment as a really positive outcome, although the Board recognises that this was influenced by the sector's own lobbying of Members of Parliament (MPs). The Scrutiny Board has concluded that there was insufficient clarity and guidance from Yorkshire Forward on the roles of partners on Investment Planning, and their level of authority in making decisions and approving projects.

The Scrutiny Board has detected a great sense of frustration over Yorkshire Forward's withdrawal of funds from the sub-regional budget allocations to fund regional projects. The Scrutiny Board understands that at times Yorkshire Forward has had to top-slice the sub-regional budgets for unforeseen investments as other budgets were already committed. However, expectations were raised when the sub-regional budget allocations were made, and partners believed that they had the entire budget to spend at will. The respondents to this review have also commented that the partnerships were not provided with sufficient information on the regional projects being directly developed and funded by Yorkshire Forward and they believe that this resulted in some applications for priority projects being rejected or deferred. The Scrutiny Board has concluded that these issues could easily have been avoided with better communication, and more comprehensive guidance on the Sub-regional Partnership role, function and authority on Investment Planning.

In terms of project delivery, the Scrutiny Board has detected a considerable degree of frustration amongst partners on the PMF process. Although Yorkshire Forward issued guidance on Investment Planning to partners in 2003/04, some partners mistakenly believed that if projects were included in the Investment Plan, applications would progress through the PMF without difficulty and would be guaranteed Single Pot funding. The Scrutiny Board agrees with Yorkshire Forward that the PMF process has to be robust and rigorous, to ensure that public funding is being spent appropriately. The Scrutiny Board appreciates that this may mean deferring or rejecting applications that do not stand-up to this appraisal. The respondents to this review have however, commented that there has been insufficient feedback from Yorkshire Forward on the reasons why a project has been deferred or rejected. The Scrutiny Board therefore believes that Yorkshire Forward's decisions to approve and reject those projects included in the SRIPs have not been as transparent as they should have been. The Scrutiny Board understands that Yorkshire Forward's development of a 'project ideas' list in one sub-region has been a practical way of helping partners to develop higher quality applications and suggests that this could have been usefully replicated in the other sub-regions. The Scrutiny Board

therefore recommends that Yorkshire Forward reviews the PMF process and works more closely with project sponsors on developing project proposals. It is also recommended that Yorkshire Forward demonstrates how they will improve the quality of feedback that they provide throughout the PMF process.

Both the respondents and the Scrutiny Board would like to see Yorkshire Forward and other public sector partners, encourage and support innovative and transformational projects which can deliver significant benefits and outcomes, even though the outputs may not be vast. The Scrutiny Board acknowledges the constraints that Yorkshire Forward has to work with as the Government drives the Regional Development Agencies to concentrate on output target achievement. However, the respondents feel that there should have been more performance management data collected on the projects and activities funded and delivered through Investment Planning. The Sub-regional Partnerships were not required to collect output and outcome data, and it is therefore not possible to properly ascertain how well the Investment Plan priorities have been delivered, how well the activity has addressed the needs of the sub-region, and the identify the impact that Investment Planning has had on the sub-regional economies. The Scrutiny Board agrees that had this data been available, it would have been easier to avoid duplicate activity, and replicate the successful projects in other areas. The Scrutiny Board believes that in hindsight, the Sub-regional Partnerships should have been given the responsibility for collecting output and outcome data, as this would have ensured greater accountability for Single Pot expenditure.

The Investment Planning process has been reviewed by Yorkshire Forward four times between 2002 and 2006. The National Audit Office also reviewed it as part of their Independent Performance Assessment in 2006. It is therefore not surprising that the respondents feel that too much time, resource and emphasis has been placed on continually developing the Investment Planning process, with insufficient focus on delivery. Yorkshire Forward believes that the reviews have resulted in gradual improvements to the process, and to some extent the Scrutiny Board agrees. Yorkshire Forward has for example concentrated great effort on reviewing the mechanics of the process, evaluating the engagement with partners and assessing whether the geographical boundaries were right. Whilst the Scrutiny Board supports this commitment to continuous improvement, the Board believes that there has been insufficient evaluation of the actual delivery of the Investment Plan priorities, and a lack of assessment on the impact that the projects have had on the sub-regional economies.

Although it has been difficult for partners to quantify the impact that Investment Planning has had in the sub-regions, there are clear examples of how the projects funded have resulted in obvious physical change and job creation. These projects include Science City York and the urban and rural renaissance programmes in places like Scarborough, Bridlington, Barnsley and Doncaster. Science City York in particular, has been so successful that it has been replicated in several other regions. There have been suggestions as to whether these successful projects would have happened regardless of Investment Planning. Certainly, the renaissance programmes do pre-date Sub-regional Investment Planning. However, European funding enabled some of these initiatives to be prioritised and this ensured that the projects happened more quickly. Other tangible benefits of Investment Planning include a better understanding of spatial issues, the way in which the Northern Way and city regions have developed, and more meaningful collaboration between partners. Without sufficient quantitative and qualitative data on the delivery of Investment Plan projects, the added value and achievements of the projects cannot be determined. The Scrutiny Board therefore recommends that Yorkshire Forward undertakes a formal evaluation of the activities funded through Sub-regional Investment Planning, to assess the impact on the sub-regional economies.

## Lessons for the Future

The Scrutiny Board looked at the key lessons learnt from the Investment Planning process, with a view to identifying those issues which need to be tackled and developed for Geographic Programming. The Scrutiny Board also considered the positive elements of Sub-regional Investment Planning which need to be replicated in the new arrangements.

Since Autumn 2006, partners across the region have been waiting for Investment Planning to change. It is fair to say, that the timescale for transition has not happened quickly, and the geographical aspects of the new phase of Investment Planning were uncertain for some time. The respondents to this review have consistently informed the Scrutiny Board of their concerns over the time-lag, and have reported that the uncertainty resulted in some tail-off of activity in the sub-regions.

All of the respondents are clear of, and welcome the fact that, local authorities will lead on the development of the Geographic Programmes. The Scrutiny Board has however, identified considerable confusion amongst partners of all sectors on when and how the Geographic Programmes will be developed and delivered. In order to clarify understanding of the process, Yorkshire Forward

confirmed to the Scrutiny Board that draft Geographic Programmes would be submitted to the Yorkshire Forward Board in January 2009. Yorkshire Forward also confirmed that the full Geographic Programmes will be in place by April 2009 with delivery against the programme commencing shortly after. The Scrutiny Board understands that Yorkshire Forward does not want to prescribe how Geographic Programmes should be developed, but there is similar confusion about the precise role, responsibilities and autonomy that local authorities will have on Geographic Programmes, and how they will work with other partners. A key lesson from Sub-regional Investment Planning was a lack of clear guidance and poor communication between Yorkshire Forward and the Sub-regional Partnerships. Yorkshire Forward needs to immediately resolve this confusion and avoid replicating the same issues again. The Scrutiny Board therefore recommends that Yorkshire Forward clearly communicates how the Geographic Programmes will work, when they will be developed and when delivery will commence.

Given the frequency of reviews and re-structuring on Investment Planning partners are keen to ensure that Geographic Programmes are more consistent and stable to avoid confusion and negative impacts on project delivery. The Scrutiny Board agrees that the new phase of Investment Planning must provide longevity, and must have a settled state of arrangements, so as to retain a focus on delivering the agreed priorities. Although the respondents support the decision to base Geographic Programmes on local authority areas, it is felt that Yorkshire Forward needs to tackle the governance issue of overlapping geographical boundaries which may affect the alignment of priorities and funding. The Sheffield and Tees-Valley city region boundaries pose a particular challenge as they cross over Regional Development Agency (RDA) administrative borders. Under Sub-regional Investment Planning partners in North and South Yorkshire had to grapple with the issues of differing economic development priorities, and how to secure funding from two RDAs for city region initiatives. Yorkshire Forward acknowledges that it is their responsibility to agree those projects which overlap RDA boundary lines with their neighbouring RDAs, and they see no problem in funding city region wide projects because of the good relationships with the RDAs in the North East and East Midlands. Some respondents have however, suggested that there is little dialogue between Yorkshire Forward and East Midlands Development Agency on the Sheffield city region and perhaps the local authorities have a better relationship with their counterpart local authorities over the border.

As national Government policy moves towards the delegation of regional economic development funds to local authorities, the respondents are conscious that this involves a step-change for Yorkshire Forward. The respondents have been critical of Yorkshire Forward's complete control of Sub-regional Investment Planning, and want to see genuine delegated authority through Geographic Programmes. They also want Yorkshire Forward to retain sufficient funds for regional activity, and avoid the withdrawal of funding from the budget allocations that was such a contentious issue in Sub-regional Investment Planning. The Scrutiny Board agrees with the respondents that the ability of the local authorities to deliver the Geographic Programmes effectively is largely dependent on the genuine delegation of authority. The Scrutiny Board also agrees that Yorkshire Forward could helpfully give the local authorities the flexibility to vire funding from underachieving projects to other projects, as this would have been extremely welcome on Sub-regional Investment Planning.

It is evident that Sub-regional Investment Planning did not produce sufficient performance management data, and that the data produced was not widely shared between the region and the sub-regions. The respondents agree that the process of gathering, analysing and disseminating performance management data must be strengthened for Geographic Programmes. The collection and analysis of quantitative and qualitative data from the individual Geographic Programmes will provide greater accountability, and will enable information on successful and unsuccessful activities to be shared. The Scrutiny Board therefore recommends that Yorkshire Forward and the local authorities identify and agree a mechanism that will be used to regularly collect performance management output and outcome data from the activities delivered under Geographic Programmes. The Scrutiny Board also recommends that Yorkshire Forward analyses the data collected at the end of each year to identify the successes, good practice and learning points from Geographic Programmes so that this information can be quickly disseminated and applied.

Although Yorkshire Forward has indicated that they would take more of a 'hands-off' approach to Geographic Programmes, the respondents are uncertain as to whether Yorkshire Forward's role and approach will be significantly different in reality. Partners do expect the responsibilities for leadership on Geographic Programmes to be split, with Yorkshire Forward leading on regional and national activities and having a strategic overview, whilst the local authorities lead on local economic development. Partners have greatly appreciated the specialist advice and expertise of Yorkshire Forward staff, and are keen to ensure that it

is always available, and that the advice provided is consistent across the agency.

Yorkshire Forward recognises that one of the most successful features of Sub-regional Investment Planning has been the creation of inclusive partnerships, and like the respondents to this review, they are eager for this collaborative working to continue. The Scrutiny Board has however identified concern amongst partners on whether the local authorities will want to continue to consult with other sectors, and work with them to determine and agree the Geographic Programme priorities. Yorkshire Forward believes that Geographic Programmes will continue the tradition of partnership working and engagement, and the local authority respondents have also indicated their intention to continue to work with other partners. Local authorities are also willing to work with each other to develop joint activities that cover several local authority districts, which will be particularly important for the district authorities in North Yorkshire on the single county-wide Geographic Programme. The Scrutiny Board welcomes the intentions to continue collaborative working. However, whilst Yorkshire Forward wants to obtain the formal input of partners on Geographic Programme projects, they have confirmed to the Scrutiny Board that they will not specify which partners the local authorities should work with. The Scrutiny Board agrees with the respondents that stronger private sector and voluntary and community sector involvement would be beneficial, as Sub-regional Investment Planning was predominantly delivered and funded by the public sector. The Scrutiny Board therefore recommends that Yorkshire Forward and the local authorities work proactively to ensure strong partner engagement in the development and delivery of the Geographic Programmes.

Despite the best intentions and efforts to pool financial contributions from a variety of sources, Sub-regional Investment Planning was dependent on Single Pot and European Funds. The respondents to this review are keen to ensure that Geographic Programmes maximises the many different funding streams in the region more successfully. To some extent, a partnership approach between the local authorities and other partners will aid the pooling of financial resource to support programme delivery. The maximising of other funds is also reliant on the strong alignment of national, regional, city regional and local strategies, objectives and priorities. Yorkshire Forward will help to facilitate this priority alignment through the development of the single Integrated Regional Strategy. In terms of the alignment of funding however, the respondents have asked for clarification from Yorkshire Forward on the levels of funding that they are expecting as

a match for any Single Pot or ERDF funds in the Geographic Programmes, from other partners and agencies. Partners believe that Yorkshire Forward could usefully undertake some work with other national and regional funders on agreeing where national and regional investment will support delivery of the Geographic Programme priorities. This would be with a view to matching relevant national and regional funding to the pre-determined local and regional priorities, rather than developing priorities to fit national funding. The Scrutiny Board therefore recommends that Yorkshire Forward works with Government departments, national agencies and other regional organisations, to identify where national and regional funding can contribute to regional, sub-regional, city regional and local objectives.

A lesson from Sub-regional Investment Planning is that the planning of priority activities was sometimes disassociated from the delivery, meaning that delivery bodies did not always have the resource or capability to deliver. Partners are therefore keen to ensure that the capacity of partners to deliver is considered when the priority activities for the Geographic Programmes are being identified. The respondents recognise that the local authorities will need the time, resource, skills and expertise to pull priorities and funding streams together. They will also need to plan what activities take place where and when, and monitor delivery of the Geographic Programme. Yorkshire Forward did previously allocate funding through Sub-regional Investment Planning to advise and develop the skills needed to produce qualitative funding applications and found that it helped considerably. The Scrutiny Board believes that capacity and resource can also be appropriately supported in either of two ways. Yorkshire Forward could pump-prime the Geographic Programmes to develop the capacity to deliver where it is recognised as weakness. Alternatively, Local Government Yorkshire and Humber could support capacity building for Geographic Programmes as part of the Regional Improvement and Efficiency Partnership (RIEP) initiative. Partners do recognise that the local authorities vary in size and resource, and that some may have more capacity than others. There is therefore a clear role for Yorkshire Forward in ensuring that all local authorities have the appropriate level of capacity to develop and deliver the Geographic Programmes. The respondents have suggested to the Scrutiny Board that Yorkshire Forward staff should offer assistance and advice to local areas, to facilitate the

alignment of regional and local priorities and to avoid any conflict further along the process. The Scrutiny Board therefore recommends that Yorkshire Forward provides local authorities with the advice and expertise of its staff where local authorities require assistance.

It has been suggested during this review that the quality of Investment Planning should naturally improve through partner collaboration, the alignment of national, regional and local funding and priorities, and the collection and analysis of performance management data. Some respondents have also indicated that improvements in the quality of investment can be achieved through a greater emphasis on long-term outcomes, and more innovative programme and project delivery. Partners perceive the introduction of the Single Pot as hindering innovation and creativity in programme development and delivery, rather than enabling it. This is because Yorkshire Forward was seemingly more able to encourage and support creative and riskier project ideas, as they had greater flexibility from national Government. Partners strongly feel that Geographic Programmes should look to enable greater innovation in project design and project delivery as a result. Many respondents have enquired about the flexibility of the Geographic Programmes and how they will be future-proofed, citing the current economic downturn and the need to respond to urgent economic needs. There is a broad recognition that Yorkshire Forward and the local authorities will need to strike a balance between having an ambitious Geographic Programme that can stimulate local economic growth, and a responsive programme that can deal with a sluggish local economy and economic shocks. Yorkshire Forward has a contingency plan for dealing with economic crises but they recognise that similar contingencies will need to be in place in the individual Geographic Programmes to allow local partners the flexibility to respond to local economic crises quickly. As Yorkshire Forward has a strong record of dealing with economic shocks in the past, the Scrutiny Board is confident that Yorkshire Forward will ensure sufficient flexibility in the Geographic Programmes to be able to act swiftly should further economic crises arise.

The Scrutiny Board has made seven recommendations on the effectiveness of the region's Investment Planning process, led by Yorkshire Forward, and how the process can be improved under the new Geographic Programmes.

# Introduction

The Regional Economic Strategy (RES) identifies six objectives for developing the Yorkshire and Humber economy.

These objectives are:

- a. More businesses
- b. Competitive businesses
- c. Skilled people
- d. Connecting people to good jobs
- e. Transport, infrastructure and the environment
- f. Stronger cities, towns and rural communities

Under each of these objectives, the RES lists a number of activities that Yorkshire Forward will deliver with partners, in order to develop the region's economy. The RES objectives and activities are delivered through a series of Investment Plans. This scrutiny review has considered the effectiveness of the region's Investment Planning process, which is led by Yorkshire Forward.

The Scrutiny Board chose to look at two themes on Investment Planning:

- **Impact of Investment Planning** - how successfully have partners been engaged in the development of the Sub-regional Investment Plans, and to what extent Investment Planning has led to change in the sub-regions.
- **Lessons for the Future** - which aspects of Sub-regional Investment Planning have not worked well and need to be resolved, and what are the positive elements of Sub-regional Investment Planning which need to be replicated in Geographic Programmes.

The next two sections of this report look at each of these themes in turn, and the emerging findings and recommendations are discussed in each section. The Scrutiny Board has also highlighted some key messages for other regional partners and the Government, on how they can help to improve investment in the economic development and regeneration of the Yorkshire and Humber region. These key messages can be found towards the back of this report.

# Impact of Investment Planning

This line of enquiry addresses the impact that Investment Planning has had on the sub-regional economies. It assesses the involvement of partners and organisations in the development of the Sub-regional Investment Plans (SRIPs), and how Investment Planning has led to change in the sub-regions.

## Strategic Alignment

The introduction of Sub-regional Investment Planning in 2004 saw a greater emphasis on planning investment over the long-term. The purpose of Investment Planning was to bring different partners together to agree a set of priority activities for each of the four sub-regions, and to pool financial resources to fund the agreed activities. The Scrutiny Board has identified broad support for the Investment Planning concept, as it has allowed partners to be more strategic, and has enabled them to develop and agree a suite of activity through which to deliver the aims and objectives of the Regional Economic Strategy (RES).

Many of the respondents welcomed the fact that the Investment Planning process provided the opportunity to public, private and voluntary and community partners to help shape the priority activities in the SRIPs. The Scrutiny Board has also identified broad support for the Strategic Economic Assessments (SEAs) that were conducted in each sub-region, as they highlighted the long-term economic needs that partners needed to address. Yorkshire Forward credits these SEAs with helping to develop the RES into a more spatially specific document, and it is evident that the current edition of the RES references explicit issues for certain places and areas within the region, more than previous editions did. It does appear however, that the SEAs have not been widely used by partners outside the Investment Planning process, indicating that an opportunity may have been missed by partners to relate their own organisation's strategies and activities to the needs of the sub-region.

The Scrutiny Board has detected an acceptance that each individual partner on the Sub-regional Partnership had their own opinion about which of the SRIP priorities were most important and relevant to their organisation. The respondents to this review credit Investment Planning with enabling cross-agency discussions to take place, and for producing a set of agreed priorities that were based on economic evidence from the sub-regions. The Scrutiny Board regards this collaborative working as hugely

positive. However, the Scrutiny Board also recognises that there was a weakness in aligning the priorities and activities of national and regional organisations with the sub-regional priorities.

It is widely believed that Yorkshire Forward genuinely wanted to consult with partners in the sub-regions, and wanted to clearly understand the priorities in each SRIP. However, the Scrutiny Board has been alerted by partners to the perception that Yorkshire Forward has not always listened to, or agreed with the sub-regional priorities, meaning that some priority activities have not been funded. To some of the respondents, this has appeared like 'cherry-picking', where Yorkshire Forward has seemingly only selected the activities in the SRIPs that they wanted to support. It has been suggested by these respondents that Yorkshire Forward also appears to be 'cherry-picking' projects for the European Regional Development Fund (ERDF), with Yorkshire Forward's own projects being seen to be processed quickly through the Performance Management Framework (Yorkshire Forward's project appraisal and approval system), whilst partner projects take considerably longer. Some partners do however recognise that Yorkshire Forward has to balance conflicting economic development needs across the region with available resource under the Single Pot. The Scrutiny Board feels that Yorkshire Forward has inadvertently created the impression that they have disagreed with the sub-regional priorities, and are not supportive of the activity. The Scrutiny Board is concerned however, that innovative or unique projects which may have added value to the sub-regions may have missed out on funding.

The Scrutiny Board welcomes Yorkshire Forward's decision to award five-year budget allocations to each of the SRIPs, as this provided financial assurance to enable them to make choices about investments in the sub-regions. The National Audit Office also complimented Yorkshire Forward for this decision in their Independent Performance Assessment (IPA) report in early 2007. There is agreement amongst the National Audit Office, the Scrutiny Board and Yorkshire Forward themselves, that the downside to the five-year budget allocation was that partners concentrated on spending the Single Pot rather than attracting sources of additional funding.

Partners have indicated to the Scrutiny Board that Yorkshire Forward's five-year financial commitment should have made it easier to align Single Pot monies with the

longer-term nature of European funding. Whilst there does appear to have been strong alignment between Yorkshire Forward's priorities for Single Pot and ERDF Objective Two, the Scrutiny Board has identified difficulties in aligning the Single Pot and sub-regional priorities with the funding and priorities of other European monies, and the funding streams of other public and private sector organisations. This is particularly true in the case of the Learning and Skills Council (LSC) and Jobcentre Plus, as their core funding is largely determined by national priorities, with little flexibility. Several respondents have cited during this review that the constraints and eligibility criteria of these other funding sources led to Investment Planning mainly concentrating on aligning Single Pot funding to ERDF and the local authorities' Local Transport Plan funding, because these funding streams were more flexible and therefore easier to match.

The Scrutiny Board has heard that the Rural Programme for England and Neighbourhood Renewal Funding were especially difficult to align under Investment Planning, as were the Local Enterprise Growth Initiative (LEGI) and Local Authority Business Growth Incentive (LABGI) monies. These particular funding streams are only available in specific parts of the region, and it is understood that this provided limited opportunity to fund sub-regional wide projects. The individuals and organisations who have contributed to this review acknowledge that these funding streams also had complex governance arrangements which provided an added complication. It has been suggested by the respondents that Yorkshire Forward should have concentrated more effort on resolving the governance issues surrounding other economic development and regeneration funding resources, to ensure that all available and relevant funds were pooled and maximised. One respondent has also suggested that the Regional Funding Allocations should have been aligned with Investment Planning to link the regional funding and priorities for economic development, transport and housing with those of the sub-regions.

In addition, it has been indicated to the Scrutiny Board that more flexible geographical boundaries could have helped with the alignment of those activities covering multi-areas and crossing-over sub-regional boundaries, such as city region, and rural or coastal projects. Yorkshire Forward acknowledges that it was far easier to align the city region priorities with the sub-regional priorities in the Humber than in the Sheffield and Leeds city regions, as the Hull and Humber Ports city region has the same geographical boundary as the Humber sub-region.

Unlike the previous rounds of European funding, Yorkshire Forward has responsibility for administering the 2007 to

2013 ERDF programme and Rural Development Programme for England (RDPE) funds. This should in theory make it easier to align these funding programmes to the Single Pot, without the complication of governance arrangements. Both of these current programmes were subject to wide consultation with partners and although the priorities of the European programmes do not entirely match those of the sub-regions, there is considerable complementarity. Yorkshire Forward is also using the Performance Management Framework (PMF) to process applications for ERDF funding alongside the Single Pot.

## Engagement and Enabling

The inclusive partnership that has developed through Investment Planning is greatly valued by the organisations and individuals who have contributed to this review. The Scrutiny Board has received many complimentary comments about the range of sectors represented on the Sub-regional Partnership Boards, and the significant benefits of this collaboration on economic development. These include the facts that partners have developed a greater understanding of each others own organisational strategies and objectives, they have increased their knowledge of economic needs within the sub-region, and they have considered the collective and broader strategic priorities for the sub-region rather than just focusing on those of their own organisation.

It is widely recognised by the respondents to this review, that there has been limited engagement of the private sector in Investment Planning, both in terms of business representation on the Sub-regional Partnership Boards, and in delivering projects within the Investment Plan. The Scrutiny Board has learnt that private sector engagement has mainly centred on larger employers, who have found it easier to give their time to the partnerships than smaller companies. Partners have expressed concern about not having effectively engaged the smaller businesses which make-up the vast majority of businesses in the region. Whilst many of the respondents appreciate how difficult it is to engage small and medium sized enterprises in regular meetings to discuss economic development, many have indicated to the Scrutiny Board that the role for businesses on the partnerships was not clear. This meant that businesses did not fully understand why it was important for them to get actively involved in Investment Planning, what was expected of them, what benefits they could expect from their involvement, and what difference their involvement could make. Where smaller businesses were engaged, partners have informed the Scrutiny Board that they often became frustrated by the bureaucracy, and the length of time it took to action and approve projects to deliver the Investment Plan. Partners recognise that the

partnerships have therefore been heavily public sector led. The Scrutiny Board appreciates that the language, ways of working and speed of decision-making are vastly different between the public and private sector, and that this has led to some business representatives losing interest and disengaging. The Scrutiny Board has also concluded that business representative organisations were not adequately used as a way of securing the involvement of businesses, and a lack of private sector engagement has limited the contribution of private sector funds to the Investment Planning process.

Yorkshire Forward agrees that it has been difficult to engage the private sector on Investment Planning overall, but they have pointed to some success in engaging businesses in the Humber sub-region. Yorkshire Forward has informed the Scrutiny Board that they worked with the Chamber of Commerce and Business Forums to engage businesses, and funded business networks in the Humber through Investment Planning to positively engage them. The respondents have confirmed that it has been easier to engage businesses in the Humber, although some credit this to the Humber Economic Partnership which has had a different Board structure to the other Sub-regional Partnerships, and has a more equal balance between elected members and business representatives. Partners have also highlighted that local authority members on the Humber Economic Partnership have helped guide the business members through Investment Planning, and helped them to understand it and thus engage more proactively. Other respondents have suggested that the Humber based businesses who have engaged, may have done so because of a common interest in the development of the Humber ports, and the economic benefits that this has for their business. The Scrutiny Board applauds how business engagement has worked in the Humber sub-region, but feels that this process of engagement should have been disseminated and replicated with the Chambers of Commerce and other business representative networks in the other sub-regions.

The Scrutiny Board has also learnt from this review that engagement with the voluntary and community sector was an issue in the early days, although in this case it was the voluntary and community sector who found it difficult to engage. The sector wanted to actively engage in the process, and contribute to the development of strategic priorities, but whilst it was easier for the sector to engage in Investment Planning in South Yorkshire because of past collaboration, it was not as easy in the other sub-regions. Like the role of businesses, some respondents have cited a lack of clarity over the role of the voluntary and community sector. Others have commented that the amount of time and effort needed to fully engage in the

Investment Planning process was a barrier for volunteers and community representatives. The voluntary and community sector has indicated to the Scrutiny Board that there is a general imbalance in the support available to them as businesses, and that which is available to the private sector. In particular, several respondents have suggested that the voluntary and community sector projects were not always considered to be strategic enough, even though they were included in the Investment Plan.

Yorkshire Forward has confirmed that they have always regarded the engagement of the voluntary sector as being their responsibility at the regional level, and they highlight their investment in the sector as a helpful way of moving the voluntary and community sector away from grant dependency. Indeed, the voluntary and community sector are reliant on Yorkshire Forward's funding to help them to develop a sustainable business. As the Yorkshire Forward funding is coming to an end however, the sector now feels exposed and requires additional support. The Scrutiny Board regards Yorkshire Forward's sizeable investment in the sector, the largest from any RDA in the country, as a really positive outcome, although the Scrutiny Board recognises that the sector's own lobbying of Members of Parliament (MPs) influenced this decision. Yorkshire Forward's positive engagement with the voluntary and community sector at the regional level may also have inadvertently led to difficulties in engaging at the sub-regional level. Indeed, some respondents have highlighted similar difficulties in engaging other regional organisations in sub-regional issues, as these organisations seemingly preferred to engage with Yorkshire Forward directly.

Overall, the individuals who have commented through this review have reported many positive aspects of partnership engagement in the Investment Planning process. In order to boost co-operative working, some of the Sub-regional Partnerships asked key agencies to lead on certain theme groups and collaborate with other partners that they may not otherwise have worked with. The respondents have also highlighted examples where individual partners were able to contribute incredibly insightful data, such as the location of workless households, and this type of input helped target specific projects in particular districts within the sub-region.

Despite the strong partnerships that were formed, the Scrutiny Board has concluded that there was insufficient clarity and guidance from Yorkshire Forward on the individual and collective roles of partners on Investment Planning, and their level of authority in making decisions and approving projects. It is felt that this lack of clarity has caused some confusion. The Scrutiny Board has

particularly detected a great sense of frustration amongst partners over Yorkshire Forward's use of the sub-regional budget allocations to fund regional projects such as the European Office and cluster activity, when these were not included in the Sub-regional Investment Plans. This was a major issue for Sub-regional Investment Planning, and partners have objected to having their budget allocation awarded only to have large sums of the budget withdrawn to fund projects at short notice. The respondents strongly believe that those activities which were being universally delivered across the region, could and should have been funded through the Yorkshire Forward Development Fund (YFDF). Yorkshire Forward has confirmed to the Scrutiny Board that the withdrawal of local authority funding for the European Office in particular, meant that they had to quickly find the financial support from other budgets, and this therefore resulted in the top-slicing of funds from the sub-regional allocations as other budgets were already committed.

The Scrutiny Board believes that when the sub-regional budget allocations were made, expectations were raised by Yorkshire Forward, as partners believed that they had the entire budget allocation to spend at will on projects in the Sub-regional Investment Plan. Partners have criticised the fact that some projects which were agreed by sub-regional partners, and were included in the Investment Plan, had to be delayed or dropped in order to fund the sub-regional contributions to regional projects. Whilst the Scrutiny Board accepts that Yorkshire Forward may have to vire funding between budget allocations to fund unforeseen regional project activity, the Scrutiny Board feels that the withdrawal of funds appeared to undermine the purpose and value of developing and agreeing the sub-regional priorities.

The respondents to this review have also highlighted some support issues for the Sub-regional Partnerships. These include insufficient information on the regional projects being directly developed and funded by Yorkshire Forward, and unclear guidance on how to develop projects and the standards required for funding applications to the Single Pot. It is widely believed by partners, that this resulted in some applications for priority projects being rejected or deferred, on the grounds of duplication of activity, or a poor quality application. It is also understood that the Partnerships found it difficult to appropriately advise local partners on the funding application process because of this.

The Scrutiny Board has concluded that these issues could easily have been avoided with better communication, and more comprehensive guidance on the Sub-regional Partnership role, function and authority on Investment

Planning. In addition, this indicates a need for Yorkshire Forward to help develop the capacity of partners to produce better quality project ideas and applications in future. The Scrutiny Board also believes that Yorkshire Forward could have provided a clearer indication of what would be classed as a regional project or sub-regional activity. The Scrutiny Board's conclusions on this mirror the National Audit Office's findings in their IPA report. The IPA report highlighted a need for Yorkshire Forward to help the partnerships to develop high-quality project proposals. It also indicated that whilst Yorkshire Forward was clear about which projects should be funded through the YFDF, and which ones should be funded through the SRIPs, this information was not passed down to the Sub-regional Partnerships therefore indicating a need for clearer communication.

## Performance Management

Yorkshire Forward has reiterated to the Scrutiny Board that the emphasis of Investment Planning is on 'planning for investment', rather than project delivery. However, the Scrutiny Board agrees with the respondents that ultimately the plans have to be actioned and delivered, thus project delivery is inextricably linked to Investment Planning and cannot be separated from the process.

In terms of project delivery, the Scrutiny Board has detected a considerable degree of frustration amongst partners on the PMF process. Despite the guidance issued by Yorkshire Forward to partners in 2003/04, some partners mistakenly believed that if projects were included in the Investment Plan, and that Investment Plan was agreed by Yorkshire Forward, any projects within it would progress through the PMF without difficulty and would be guaranteed Single Pot funding. Yorkshire Forward maintains that the PMF process has to be robust and rigorous to ensure that public funding is being spent appropriately. This means that even if a project idea is supported, the project application may not stand-up to appraisal, meaning that project applications may need to be deferred or rejected for legitimate reasons.

Yorkshire Forward has confirmed to the Scrutiny Board that funding applications for Investment Plan projects have often been rejected or deferred because either the project idea was not properly developed, or the application was of a poor quality. The respondents have reported however, that there has been insufficient feedback from Yorkshire Forward on the reasons why a project has been deferred or rejected. In addition, the Scrutiny Board has received comments about the PMF process being too lengthy and bureaucratic, and needing to be streamlined so that project applications can progress through the process



much more quickly. Partners have highlighted that projects which are being appraised for ERDF funding are currently experiencing similar difficulties. This has led to a call for more clarity and guidance from Yorkshire Forward on what is expected of an application, and more transparency about why projects have failed to progress through appraisal, so that partners can learn from the experience and submit applications that are fit for purpose. The Scrutiny Board therefore believes that Yorkshire Forward's decisions to approve and reject projects included in the SRIPs have not been as transparent as they should have been.

Yorkshire Forward has informed the Scrutiny Board that they are far more explicit now about the fact that projects within the Investment Plans may still get referred or rejected. Indeed, Yorkshire Forward has in one sub-region, developed a 'project ideas' list where the ideas can be fully developed with partners prior to submitting an application. Whilst Yorkshire Forward appreciates that this means that project ideas can take up to a year to come to fruition, they have found that when the application is submitted, it goes through the PMF system more quickly. The downside to this approach is that it has reduced the number of projects coming forward for funding. The Scrutiny Board understands that this is a practical way of helping partners to develop higher quality applications but suggests that this practice could have been usefully replicated in the other sub-regions.

The Scrutiny Board concurs with Yorkshire Forward's comments about needing a rigorous appraisal system. However, the Scrutiny Board agrees with the respondents that the PMF process should be simplified, significantly shortened, and should offer detailed and constructive feedback to applicants. The Scrutiny Board also believes there is merit in shortening the PMF process for smaller-scale projects, as a project seeking £25,000 of funding currently goes through the same process for the same length of time, as a project seeking £5 million. The Scrutiny Board also understands that whilst the PMF process was rigorous, the contracts for approved projects perhaps need to be strengthened to ensure that project applicants/sponsors are delivering the project in the manner specified in the application.

Some respondents have reported complications in developing innovative or ambitious projects that could transform the sub-region. Difficulties have been encountered in justifying these types of projects without hard economic evidence, and the projects have not always been regarded as sufficiently strategic when they have been appraised through the PMF. There is also a higher risk factor in funding creative projects which public sector bodies, including Yorkshire Forward, are not always comfortable with, especially if the outputs of the project are unclear. Both the respondents and the Scrutiny Board would like to see Yorkshire Forward and other public sector partners, encourage and support those innovative or transformational projects which can deliver significant benefits and outcomes, even though the outputs may not be vast. Yorkshire Forward agrees that it would be preferable to identify the outcomes of projects because they are often more meaningful than outputs, which can be restrictive. However, the Government requires the Regional Development Agencies to concentrate on output achievement, and the Scrutiny Board appreciates the constraints that Yorkshire Forward has to work with.

Despite the need for Yorkshire Forward to concentrate on outputs to meet Government requirements, the respondents have commented on a lack of performance management data from the projects and activities funded and

## Recommendation

### 1

Yorkshire Forward should further review the PMF process and work more closely with project sponsors on developing project proposals. Yorkshire Forward should also demonstrate how they will improve the quality of feedback that they give to applicants throughout the PMF process.

delivered through Investment Planning. Sub-regional Partnerships were not required to collect output and outcome data, so they have been unable to properly ascertain how well the Investment Plan priorities have been delivered, and how well the activity has addressed the economic needs of the sub-region. Other partners have also struggled to identify the impact that Investment Planning has had on the sub-regional economies. The respondents firmly believe that the collection, analysis and dissemination of project data should have been integral to the Investment Planning process. Many have suggested to the Scrutiny Board that an important opportunity has been missed in not collecting and assessing both output and outcome data on the projects which have been either wholly, or in part, funded with Single Pot monies. In addition, partners feel that they have lost out on knowing which activities have worked well in other areas and why, and which projects have not. The Scrutiny Board agrees that had this data been made available, it would have been far easier to avoid duplicate activity, and easier to replicate the successful projects that had a positive impact elsewhere. The Scrutiny Board believes that in hindsight, Yorkshire Forward should have given the Sub-regional Partnerships a definitive role on monitoring and evaluation of the Investment Plan's delivery, and the responsibility for collecting output and outcome data. This would have ensured greater accountability for Single Pot expenditure in the sub-regions.

## Improvement

The Scrutiny Board is aware that the Investment Planning process has been regularly reviewed by Yorkshire Forward to ensure that it has been working effectively. Between 2001 and 2003 there had been Regional Action Planning, and following a review, this evolved into Sub-regional Investment Planning in April 2004. One year later, Yorkshire Forward asked the Sub-regional Partnerships to conduct a Light Touch Review on their Investment Plan, to assess the economic analysis behind it, and the resulting priority activities, and to determine the progress made on project development and delivery. The next phase of reviews was in the latter half of 2006. In addition to the National Audit Office's IPA report, Yorkshire Forward conducted their own Seven Year Review of their achievements, and undertook the first Strategic Review of Investment Planning. The 2006 review assessed the Investment Planning structures, and considered appropriate mechanisms for future investment in light of emerging national and regional policy on economic development. The Strategic Review also reflected on the lessons learnt from Sub-regional Investment Planning and Regional Action Planning. This involved detailed consultation with local authority Leaders and Chief

Executives, and Social, Economic and Environmental (SEE) partners as well as the Sub-regional Partnerships themselves. Considering the volume and extent of these reviews, it is perhaps not surprising that the respondents feel that too much time, resource and emphasis has been placed on continually developing the Investment Planning process, with insufficient focus on delivery. A pertinent comment made to the Scrutiny Board is that 'Investment Planning has always been in transition'.

Yorkshire Forward believes that the several reviews conducted on the Investment Planning process have resulted in gradual improvements, and to some extent the Scrutiny Board agrees. It is clear that Yorkshire Forward has concentrated considerable effort on reviewing the mechanics of the Investment Planning process, and evaluating how well it has engaged partners and whether the geographical boundaries are right. The Scrutiny Board supports this commitment to continuous improvement of the Investment Planning process, and understands that the mechanics of the process have been refined by Yorkshire Forward over time. However, the Scrutiny Board believes that there has been insufficient review of the delivery against the Investment Plan priorities, and the impact that projects funded through Investment Planning have had on the sub-regional economies. The Scrutiny Board also suggests that the issues of communication, transparency and performance management data identified in the National Audit Office's IPA report, and some previous scrutiny reviews, still need to be resolved.

Although it has been difficult for partners to quantify the impact that Investment Planning has had on tackling the priority economic issues in the sub-regions, the Scrutiny Board has been given examples of key projects and initiatives which have resulted in visible change. The projects referenced by partners, include activities under the urban and rural renaissance programmes, and Scarborough, Bridlington, Sheffield, Barnsley and Doncaster specifically. The Scarborough Renaissance project in particular, is cited as one where the impact is clearly evidenced, as it has led to obvious physical change and job creation. Science City York was also developed under Investment Planning and it has been so successful that it has been replicated in several other regions. Some partners have also credited the housing projects funded through Investment Planning as leading to local infrastructure and public realm improvements.

There have been suggestions as to whether these successful projects would have happened regardless of Investment Planning. Certainly, urban and rural renaissance, and investment in higher education institutions and innovation, have been long-term goals for



Yorkshire Forward. The renaissance programmes also pre-date Sub-regional Investment Planning and may have happened at some point anyway. One respondent has however, highlighted that the European Structural Funds Programme of 2000-2006 enabled local authorities to prioritise the development and delivery of some of these initiatives as they were deemed priority initiatives for Yorkshire Forward funding, and this therefore encouraged the projects to happen more quickly.

There are other tangible examples of the improvements that have been made in the region because of Investment Planning. Yorkshire Forward has highlighted that there is now a better understanding of spatial issues, the way in which the Northern Way and city regions have developed. Yorkshire Forward also points to the positive alliances between local authorities, the way that partners have been brought together to collaborate and drive strategic investments in the sub-regions, and how previously unknown threats have been identified. The respondents and the Scrutiny Board agree that partners have collaborated in a more meaningful way through Investment Planning, and this pooling of expertise and resources has led to successful project delivery. In addition, the Scrutiny Board acknowledges that Investment Planning has led to a better understanding of the specific economic needs of localities and districts within the sub-regions through the production of the SEAs.

The Scrutiny Board has identified broad support for the move to fewer, larger and more strategic projects where it should be easier to see the changes and improvements that are made across the region. However, without sufficient quantitative and qualitative data on the delivery of Investment Plan projects, the benefits, added value and achievements of the projects cannot be determined. The Scrutiny Board believes that this presents a risk in not recognising achievement and being unable to roll-out the activity as good practice.

## Recommendation 2

Yorkshire Forward should undertake a formal evaluation of the activities funded through Sub-regional Investment Planning, to assess the impact that the activities have had on the sub-regional economies. This work should link to the findings from the evaluation of the European Structural Funds Programme for 2000 to 2006.

# Lessons for the Future

This line of enquiry identifies the key lessons learnt from the Investment Planning process. It identifies those aspects of Sub-regional Investment Planning which have not worked well, and which need to be tackled and developed for Geographic Programming. It also highlights the positive elements of Sub-regional Investment Planning which need to be replicated in the Geographic Programming process and the new strategic planning arrangements.

## Governance Arrangements

Since autumn 2006, when Yorkshire Forward undertook their Strategic Review of Investment Planning, partners across the region have been waiting for Investment Planning to change. It is fair to say that the timescale for transition has not happened quickly, and the geographical aspects of this new phase of Investment Planning were uncertain for some time. Eighteen months have elapsed since the decision to end Sub-regional Investment Planning was made, and during this time partners have been anticipating further detailed information on the Geographic Programmes which will replace the Sub-regional Investment Plans from April 2009. Partners have consistently alerted the Scrutiny Board to their concerns over the time-lag throughout this review, reporting that it has resulted in some tail-off of activity in the sub-regions.

Yorkshire Forward regards Geographic Programmes as a natural evolution of Sub-regional Investment Planning rather than full-scale change. In essence, the Geographic Programmes will focus on local strategic priorities rather than sub-regional wide priorities, and they will also be determined by the findings of the Strategic Economic Assessments (SEAs) and local data, so there are some similar characteristics. In addition to the Geographic Programmes, Yorkshire Forward will undertake strategic planning with the three city regions for Leeds, Sheffield and the Humber and the county of North Yorkshire, to identify high-level strategic priorities and help develop the single Integrated Regional Strategy. It is thought that the Geographic Programmes will have improved links to the City Region Development Plans and local strategic plans such as Local and Multi Area Agreements. This should therefore, ensure that priorities and actions are appropriately aligned. It is also highly likely that the priority activities and actions eventually outlined in the Geographic Programmes will resemble those from the Sub-regional Investment Plans, particularly for North Yorkshire which will have the same geographical boundary.

The Scrutiny Board has identified considerable confusion amongst the respondents to this scrutiny review on the exact timeframe for Geographic Programmes, in terms of when and how they will be developed and delivered. This is highly surprising considering the amount of time it has taken to plan the introduction to Geographic Programmes. All of the respondents are clear that local authorities will lead on the development of the Geographic Programmes. Indeed, this change is broadly welcomed, with many believing that it will give local authorities more control over economic development funds, more flexibility to fund activities that will meet local needs, and independence over decision-making. Some respondents also suggest that it should enable financial and administrative savings to be made more easily.

Partners also understand and accept that Yorkshire Forward has only liaised with the individual local authorities up to this point. However, the Scrutiny Board has been alerted to the fact that the local authorities themselves have received mixed messages from Yorkshire Forward on the process and timescales for producing the Geographic Programme. All local authorities were informed that the Geographic Programmes would need to evolve over the 2008/09 financial year, with draft multi-year Geographic Programmes produced by December 2008, and delivery commenced from April 2009. Some local authorities were however, since informed that Geographic Programmes would not be finalised or fully implemented by April 2009, and that there would be a further round of Investment Planning. To clarify understanding, Yorkshire Forward confirmed to the Scrutiny Board that the draft Geographic Programmes would be submitted to the Yorkshire Forward Board in January 2009 to allow the local authorities additional time to complete them. Yorkshire Forward also confirmed that the full Geographic Programmes will be in place by April 2009 with delivery against the programme commencing thereafter. This means that delivery of Geographic Programme activity can commence as early as April 2009, although there is no specific date for when delivery should take place. In the meantime, projects approved through Sub-regional Investment Planning will continue up to 31 March 2010 so that there is an overlap of the two phases of Investment Planning.

There is also confusion amongst partners from all sectors about the precise role, responsibilities and autonomy that local authorities will have on Geographic Programmes, and in particular, how they will work in partnership with other



agencies in future. The Scrutiny Board understands that Yorkshire Forward does not want to prescribe how Geographic Programmes should be developed, in the interest of providing the local authorities with some flexibility. However, the Scrutiny Board is concerned by the degree of confusion across the region, on how Geographic Programmes will be developed and delivered in practice. A key lesson from Sub-regional Investment Planning was a lack of clear guidance for developing the Investment Plans, and poor communication between Yorkshire Forward and the Sub-regional Partnerships. Yorkshire Forward needs to resolve this confusion as a matter of urgency to avoid replicating the same issues again, and to avoid any slippage in project delivery. The Scrutiny Board is therefore pleased to hear that Yorkshire Forward is producing a number of Frequently Asked Questions (FAQs) on Geographic Programmes that will help to facilitate understanding.

Partners are keen to ensure that Geographic Programmes are more consistent and stable than the previous form of Investment Planning which was often reviewed and re-structured. Many of the respondents to this review believe that this caused confusion and hindered partnership working and project delivery. Partners are therefore keen to avoid a regular re-structuring of the Geographic Programme process. The Scrutiny Board agrees that the new phase of Investment Planning must provide longevity, and must have a settled state of arrangements, so as to retain the focus on delivering the agreed priorities.

Although the respondents to this review generally agree with the decision to base Geographic Programmes on local authority areas, it is felt that Yorkshire Forward needs to tackle the governance issue of overlapping geographical boundaries. Whilst local authorities should be able to align priorities to cover several districts, such as a Multi-Area Agreement (MAA) or the sub-region, the Sheffield and Tees-Valley city region boundaries still pose a challenge as they cross over Regional Development Agency (RDA) administrative borders. Partners in North and South Yorkshire grappled with differing economic development priorities, and the task of securing funding from two RDAs for city region initiatives, under Sub-regional Investment Planning. A clear distinction must therefore be made between local, city regional and sub-regional roles and activities. A clear indication must also be given of how the economic development priorities are aligned at each level. This should mean that the confusion experienced by partners on Sub-regional Investment Planning is averted, but it should also make the process more transparent, with duplication of activity avoided.

Yorkshire Forward regards the alignment of city region priorities with the Geographic Programmes as a role for local authorities. However, Yorkshire Forward will continue to work with the city regions and the county of North Yorkshire at a strategic level. Yorkshire Forward acknowledges that it is their responsibility to agree those projects which overlap RDA boundary lines with the East Midlands Development Agency (emda) and One North East. In fact, Yorkshire Forward sees no problem in funding city region wide projects across RDA borders, and they have cited a good relationship with both neighbouring RDAs which should enable this to happen. Some respondents have however, suggested that there is little dialogue between Yorkshire Forward and emda on the Sheffield city region. They have also indicated that relationships between the South Yorkshire local authorities and the North Nottinghamshire and Derbyshire local authorities are stronger, and do perhaps offer a better vehicle for agreeing city region wide activities.

### Recommendation 3

Yorkshire Forward should clearly communicate how the Geographic Programmes will work, when they will be developed, when the programmes will commence delivery, and when the transition from Investment Planning will be fully completed, to dispel confusion.

As national Government policy is moving towards the delegation of regional economic development funds to local authorities, the respondents to this review are conscious that delegating regional funding and decision-making to local authorities will involve a step-change for Yorkshire Forward. The Scrutiny Board has heard criticism of Yorkshire Forward's complete control of Sub-regional Investment Planning, particularly in terms of the withdrawal of funds from the sub-regional allocations to support regional projects, and rejecting applications for projects listed in the SRIP. Partners therefore want to see genuine delegated authority through Geographic Programmes, where local authorities are allocated a set budget in return for delivering agreed outputs and outcomes, and where local agencies are empowered to make decisions over which projects and activities are approved and funded. Partners are also adamant that Yorkshire Forward should retain sufficient funds for regional activity, and not pull-back funding from the local authorities once the budgets have been allocated. As the withdrawal of funding was a contentious issue in Sub-regional Investment Planning, the Scrutiny Board is disappointed to hear that discussions between Yorkshire Forward and the local authorities, coupled with the Government's response on the Sub-national Review of Economic Development and Regeneration (SNR), suggest that the delegation of set budgets and power of decision-making is unlikely. The Scrutiny Board accepts that Yorkshire Forward will need time to consider the

Government's response on SNR, and decide how they will move forward. However, the Scrutiny Board also agrees with the respondents that the ability of the local authorities to deliver the Geographic Programmes effectively is largely dependent on the genuine delegation of authority.

Partners were unclear throughout this review on whether Geographic Programme projects would still have to go through the PMF process for appraisal and approval. ERDF funding is currently administered through the PMF process, and Geographic Programme projects will be processed for funding approval through the PMF, just as they were with Sub-regional Investment Planning. There is a clear indication that the local authorities would have welcomed the opportunity to appraise and approve the projects under their respective Geographic Programmes. Partners have indicated throughout this review that they would have found the ability to vire funding on Sub-regional Investment Planning extremely useful. The Scrutiny Board therefore feels that Yorkshire Forward could helpfully give the local authorities the flexibility to vire funding from any underachieving projects to other approved projects. This would enable 'pipeline' projects to be brought forward, and would ensure that the funding was being invested appropriately.

Another key lesson from the Sub-regional Investment Planning process is how to obtain sufficient performance





management data from project activities, and how to use this data to identify the impact of the activity has made and inform new projects and initiatives. It is evident that Sub-regional Investment Planning did not produce sufficient performance management data, and that the data produced was not widely shared between the region and the sub-regions. The respondents agree that the process for gathering performance management data from the projects within the Geographic Programme, and the methods used for analysing the data and disseminating it must be strengthened. Data must be robust, accurate and timely.

The respondents believe that the collection and analysis of quantitative and qualitative data from the individual Geographic Programmes will provide greater accountability, and will enable both the successful and unsuccessful activities to be shared with other Geographic Programmes, and allow good practice to be communicated. Clearly, the local authorities will need to take responsibility for gathering and recording such data under Geographic Programmes, and reporting it to Yorkshire Forward. However, partners see a role for Yorkshire Forward in collating, evaluating and disseminating the data from the regional activities and individual Geographic Programmes, and identifying and communicating the impact and value added from Single Pot investment.

### Partnership

Partners ideally see Yorkshire Forward’s role in the future being more strategic and enabling, less controlling and more focused on delivery than it was on Sub-regional Investment Planning. Yorkshire Forward previously indicated that they would take a ‘hands-off’ approach to Geographic Programmes and would concentrate their efforts on regional and national priorities. However, the respondents are uncertain as to whether Yorkshire Forward’s role and approach will be significantly different on Geographic Programmes in reality.

There is an expectation amongst the partners that the responsibilities for leadership on Geographic Programmes will be split. Yorkshire Forward is expected to lead on regional activities and have a strategic overview of economic development activity across the region as a whole, whilst the local authorities lead on local economic development and oversee its progress. Partners have greatly appreciated the specialist advice and expertise of Yorkshire Forward staff, and are keen to ensure that it is always available. Cross-team working within Yorkshire Forward however, was not as successful as it could have been on Sub-regional Investment Planning. The respondents have proposed that there needs to be more joined-up thinking and collaborative working across the Yorkshire Forward teams on Geographic Programmes to ensure that the programmes reflect the full range of Policy Products. The Scrutiny Board agrees that internal communication and inter-team working at Yorkshire Forward should be improved, to ensure that the advice provided by Yorkshire Forward staff is consistent.

The respondents to this review are eager to continue with the partner collaboration that has worked so well on Investment Planning, and want to avoid a silo mentality where each partner is only concerned about their own area of work. Yorkshire Forward also recognises that one of the most successful features of Sub-regional Investment Planning has been the creation of inclusive partnerships. In light of this, the Scrutiny Board has identified concern amongst partners on whether the local authorities will want to continue to consult with other sectors, and work with them to determine and agree the priorities for the new Geographic Programmes. Yorkshire Forward believes that Geographic

### Recommendation 4

Yorkshire Forward and the local authorities should identify and agree a mechanism that will be used to regularly collect performance management output and outcome data from the activities delivered under Geographic Programmes. The data collected should be analysed by Yorkshire Forward at the end of each year, to identify the successes, good practice and learning points from Geographic Programmes so that this information can be disseminated across the region, and quickly applied.

Programmes, and the strategic planning with the city regions and North Yorkshire County on the single Integrated Regional Strategy, will continue the tradition of partnership working and engagement. This is because partners are used to working in this collaborative fashion, and because strategic alignment will depend on partner networking. The comments from the local authority respondents on this review indicate that they intend to continue to work with other partners through Geographic Programmes, particularly as there is now a greater understanding of each other's roles and strategic priorities following the SRIPs, and this is welcomed by the Scrutiny Board. Local authorities are also willing to work with each other to develop joint activities that cover several local authority districts. This will be particularly important for the single Geographic Programme for North Yorkshire, as the district authorities are keen to ensure their continued active involvement in determining the priority activities that will benefit both urban, rural and coastal areas. The Scrutiny Board suggests however, that local authority engagement with other partners needs to be undertaken much more widely than the membership of Local Strategic Partnerships.

Whilst Yorkshire Forward wants to obtain the formal input of partners on projects within the Geographic Programmes, they have confirmed that they will not specify which partners the local authorities should work with on the development and delivery of the Geographic Programmes. If local authorities are to continue consulting and engaging other partners on the development and delivery of Geographic Programmes, particular thought needs to be given as to how the private sector can be encouraged to actively participate. The Scrutiny Board agrees with the respondents that stronger private sector involvement would be beneficial, as Sub-regional Investment Planning was predominantly delivered and funded by the public sector. In order for the private sector to engage effectively however, communication needs to be better and clearer than it was on Sub-regional Investment Planning. The private sector must also be given a clearly defined role. In terms of the specific role that businesses can play, the respondents have suggested several examples. These include assisting in the development of economic development activities that will benefit local businesses, larger private sector companies providing financial contributions to economic development and regeneration, and innovative delivery of projects.

The Scrutiny Board also sees benefits for Geographic Programmes in the continued engagement of the voluntary and community sector, and it is clear that there are established local relationships between some local authorities and voluntary and community sector bodies already. However, both the Scrutiny Board and Yorkshire Forward are concerned that some engagement may be lost if the voluntary and community sector does not currently have a positive relationship with a local authority. The Scrutiny Board therefore believes that in order for Geographic Programmes to be as inclusive as the Sub-regional Partnerships, there needs to be a replicated group of partners in each local authority with whom the local authority can consult on the development and delivery of the Geographic Programmes.

### Agreeing Priorities and Maximising Funding

The Scrutiny Board has learnt that it was relatively easy to obtain the partners agreement on priorities in Sub-regional Investment Planning. Partners have been quick to suggest though, that this needs to be built-on by ensuring greater alignment between the priorities of national, regional, city regional and local agencies. Yorkshire Forward will need to bear this in mind when undertaking



## Recommendation 5

Yorkshire Forward and the local authorities should work proactively to ensure strong partner engagement in the development and delivery of the Geographic Programmes.



strategic planning with the city regions and the North Yorkshire County, and when developing the single Integrated Regional Strategy. In addition, partners have suggested to the Scrutiny Board that the development of the Geographic Programmes would benefit from a strong focus on delivery, so that links can be made with similar activity that is taking place elsewhere, and so to avoid duplication of activity.

As previously mentioned in this report, despite the best intentions and efforts to pool financial contributions from a variety of partner resources, Sub-regional Investment Planning was predominantly based on Single Pot and European Funds. The respondents to this review are keen to ensure that Geographic Programmes maximises the many different funding streams in the region more successfully than its predecessor. Clearly, this will to some extent, depend on a partnership approach where the local authorities and their partners can shape and agree a programme of priority activities between them, and combine their financial resources to support delivery costs. It will also depend on the strong alignment of national, regional, city regional and local strategies, objectives and priorities, along with alignment to Regional Funding Allocations. By doing this the Geographic Programmes should accurately reflect local needs and issues, whilst paying sufficient regard to the economic development and regeneration issues of regional and national significance. It is believed that Yorkshire Forward will help to do this through the development of, and consultation on, the single Integrated Regional Strategy. The Scrutiny Board is particularly keen to ensure that Yorkshire Forward works closely with the local authorities and other relevant partners on major infrastructure projects in the region. The Scrutiny Board recognises however, that Yorkshire Forward may feel that it is more appropriate to deal with this through the high-level strategic planning with the city regions and the North Yorkshire County, rather than through local Geographic Programmes.

It has been highlighted by the respondents that Yorkshire Forward needs to clarify the levels of funding that they are expecting as match for any Single Pot or ERDF funds in the Geographic Programmes, from other partners and agencies. Whilst there should be a better alignment of European funding to Single Pot now that Yorkshire Forward is responsible for administering ERDF and RDPE funds, the Scrutiny Board recognises the benefit in aligning all available funding sources before the Geographic Programmes are fully developed, as this should avoid the difficulty faced in Sub-regional Investment Planning. Partners believe that Yorkshire Forward could usefully work with national agencies such as the Homes and Communities Agency and Big Lottery, and other regional bodies and Government departments. This would be with a view to obtaining an agreement on where national and regional investment will support delivery of the identified priorities in the regional and local Geographic Programmes. By doing this, the local authorities would then be left with the responsibility of securing investment from local partners and local budgets. The Scrutiny Board is keen to emphasise however, that this liaison with other key funders is about seeking appropriate funding that matches the priorities and activities already determined locally and regionally, rather than developing priorities just to fit the other funding available.

**Recommendation 6**

Yorkshire Forward should continue to work with Government departments, national agencies and other regional organisations, to identify where national and regional funding and priorities, including Regional Funding Allocations, can contribute to regional, sub-regional, city regional and local objectives.

**Capacity to Deliver**

A lesson from Sub-regional Investment Planning is that the planning of priority activities was sometimes disassociated from the actual delivery, meaning that delivery bodies did not always have the resource or capability to deliver the activity. Partners are therefore keen to ensure that when the priority activities

for the Geographic Programmes are planned, consideration is also given to the capacity of partners to deliver the chosen activity. The comments received during this scrutiny review have highlighted such concerns over the capacity to develop and deliver Geographic Programmes. The respondents recognise that the local authorities in particular, will have increased responsibilities for ensuring that the activities identified in the Geographic Programme are delivered. This means that local authorities will need the time, resource, skills and expertise to pull priorities and funding streams together, to plan what activities will take place and where, and to monitor the programme's delivery. There is also a recognition that the local authorities vary in size and resource, and that some may have more capacity than others.

Partners see a definitive role for Yorkshire Forward in ensuring that all local authorities have the appropriate level of capacity to develop and deliver the Geographic Programmes. As the specialist and expert advice of Yorkshire Forward staff is valued by partners, it has been suggested to the Scrutiny Board that Yorkshire Forward staff should offer assistance and advice to local areas, as this would facilitate the alignment of regional and local priorities and avoid any conflict further on in the process. The Scrutiny Board firmly believes that if economic development is to be effectively delivered, those partners and organisations delivering the activity must have sufficient capacity and resource to undertake it. The Scrutiny Board feels that this could be achieved in either of two ways. Firstly, by Yorkshire Forward pump-priming the Geographic Programmes to develop the capacity to deliver where it is recognised as being insufficient, and secondly by Local Government Yorkshire and Humber developing the capacity of local authorities through the Regional Improvement and Efficiency Partnership (RIEP) initiative. Yorkshire Forward did indeed allocate funding through Sub-regional Investment Planning to advise and develop the skills of organisations to develop qualitative funding applications, and they acknowledge that this particularly helped the private and voluntary and community sectors. The Scrutiny Board believes that this assistance could be rolled-out through Geographic Programmes to where it is needed, in order to further improve the quality of any funding applications made.

## Ensuring Quality

It has been suggested during this review that as long as there is collaboration between partners, if national, regional and local funding and priorities are aligned, and if the collection and analysis of performance management data on Geographic Programmes is improved, the quality of Investment Planning should be improved.

Some respondents have indicated that improvements in the quality of investment can also be achieved through a greater emphasis on long-term outcomes, and more innovation in programme and project delivery. During this review, the Scrutiny Board has learnt how the Investment Planning process has hindered innovation and creativity rather than enable it. It has been suggested that prior to the introduction of the Single Pot, Yorkshire Forward was more able to encourage and support creative and riskier project ideas, as they had greater flexibility from national Government on the activities they could support. Partners strongly feel that Geographic Programmes should enable greater innovation in project design and project delivery. As partners have also suggested that innovation and creativity often come from the private and voluntary and community sectors, this would require the direct and active involvement of non-public sector agencies.



## Recommendation

7

Yorkshire Forward should provide local authorities with the advice and expertise of its staff where local authorities require assistance.

Many partners have enquired as to how flexible the Geographic Programmes will be, and how the Geographic Programmes will be future-proofed. The current economic downturn has led many respondents to comment on the importance of the Geographic Programmes being flexible enough to be able to respond to urgent economic needs. Partners recognise that a balance needs to be struck between having an ambitious Geographic Programme that can stimulate local economic growth, and a responsive Geographic Programme that can deal with a sluggish local economy and economic shocks. Yorkshire Forward already has a contingency plan for

dealing with economic crises but recognises that similar arrangements need to be in place in the individual Geographic Programmes so that local partners can appropriately and quickly respond to local crises. The Scrutiny Board acknowledges and applauds Yorkshire Forward's previous quick responses to economic shocks such as Foot and Mouth disease, the Selby pit closure and their current action on redundancies in the region's financial institutions. The Scrutiny Board is therefore confident that Yorkshire Forward will ensure that sufficient flexibility is retained through Geographic Programmes to be able to act swiftly in any further economic crises.

## Conclusions

The Scrutiny Board has concluded from this scrutiny review that Investment Planning has allowed highly valued and inclusive partnerships to be formed in the sub-regions. Public, private and voluntary and community partners have all been given the opportunity to help shape and agree the priority economic development activities in their area, and this is very much welcomed. Investment Planning has also enabled cross-agency discussions to take place. The Scrutiny Board accepts that the engagement of businesses on Investment Planning has been limited because of differences between the public and private sectors on language, ways of working and speed of decision-making, but the Scrutiny Board believes that the more successful engagement of businesses in the Humber sub-region could be replicated in other geographical areas. The Scrutiny Board regards the collaborative work on Sub-regional Investment Planning as hugely positive, and a legacy which must be continued in the emerging Geographic Programmes.

The Scrutiny Board applauds Yorkshire Forward's decision to award five-year budget allocations under each Sub-regional Investment Plan as this provided some financial assurance to partners. The Scrutiny Board does however acknowledge the difficulty that Yorkshire Forward and the sub-regional economic partnerships had in aligning and attracting additional sources of funding. Yorkshire Forward must tackle the governance issue of overlapping geographical boundaries with Regional Development Agencies (RDAs) in the East Midlands and North East for the Sheffield and Tees-Valley city regions, to enable RDA funds to be 'pooled' for city region activities. The Scrutiny Board therefore concludes that Yorkshire Forward needs to assist the local authorities in aligning the funding and priorities of national and regional organisations with the local and regional Geographic Programmes, to avoid the alignment difficulties encountered on Sub-regional Investment Planning.

Whilst the Scrutiny Board welcomes Yorkshire Forward's intentions to continually improve the Investment Planning process through consultation with partners, the Scrutiny Board has concluded that this has led to an unsettled state of arrangements in terms of the transition from Sub-regional Investment Planning to Geographic Programmes. There is confusion amongst local authorities and other partners on how and when the Geographic Programmes will be delivered. Yorkshire Forward has for some considerable time been assuring partners that the commitments made to projects under Sub-regional Investment Planning, will be honoured up to March 2010. However, because of the time delay in the transition, and the associated uncertainty, there has been an unfortunate impact on the delivery of activity in the sub-regions. The Scrutiny Board firmly believes that this issue can easily be resolved through better, more detailed and more regular two-way communication with partners, and with local authorities in particular, given their responsibilities for the Geographic Programmes.

The Scrutiny Board has identified that Yorkshire Forward's decisions to approve and reject projects under Investment Planning were not as transparent as they should have been. Some partners mistakenly believed that if a project was included in the Sub-regional Investment Plan it would be approved by Yorkshire Forward once the application went through the Performance Management Framework (PMF) process. There are some issues with the PMF in regards to how long it takes a project application to progress through appraisal, and in terms of the level of detail relayed to project sponsors/applicants on why an application has been deferred or rejected. The Scrutiny Board agrees with Yorkshire Forward that the PMF process should be robust and rigorous, but has concluded that it needs to be reviewed and improved accordingly to address the issues.

Finally, a key conclusion from this scrutiny review is that the collection, analysis and dissemination of output and outcome data from projects funded with Single Pot monies, is fundamentally important to the region. With the exception of Science City York and the urban and rural renaissance programmes in Scarborough, Bridlington, Sheffield, Barnsley and Doncaster, it has been difficult to assess the economic impact that has been made through Investment Planning. The Scrutiny Board believes that it is essential that those individuals making decisions about where and how to invest in economic development and regeneration activity, have access to information about which activities have had a positive impact elsewhere, and which have not. There have of course been other types of positive 'impacts' from Investment Planning, such as a better understanding of the economic needs of localities and districts in the sub-regions, and collaborative working between partners and agencies. The Scrutiny Board believes however, that any investment activity under Geographic Programmes must produce accurate and timely quantitative and qualitative data, in order to provide greater accountability and to appropriately inform future investment decisions.

## Key Messages for Partners

The scrutiny review on Investment Planning has identified three key messages for regional agencies and local partners to consider, in order to improve investment in the economic development and regeneration of the Yorkshire and Humber region.

Issue	Suggested Action
<b>Engaging the private sector</b>	The Confederation of British Industry (CBI), Chambers of Commerce, Federation of Small Businesses, Institute of Directors and other trade organisations which represent businesses in the region should work together as a singular business network to ensure that the needs of all businesses are met, regardless of their size, status or sector.
<b>Continuing the engagement of non-local authority partners on Geographic Programmes</b>	Local authorities' engagement with other partners on Geographic Programmes needs to be undertaken much more widely than just through the Local Strategic Partnerships (LSPs), to ensure that key partners who are not members of the LSPs are consulted.
<b>Building the capacity to deliver economic development and regeneration</b>	Local Government Yorkshire and Humber should consider how the Regional Improvement and Efficiency Partnership (RIEP) initiative can be used to build the capacity of local authorities where it is required, to develop and deliver the Geographic Programmes.

## Key Messages for Government

The scrutiny review on Investment Planning has identified two key messages for Government:

1. Government could better align national funding for transport, health, environment, skills and employment to allow the RDAs to fund delivery of the single Integrated Regional Strategy. This is particularly pertinent where the priorities of the national agencies which are delivering activities within the regions are decided and agreed centrally.
2. Governance arrangements for public funding in the regions must be streamlined and complementary. The responsibilities for significant issues such as transport and skills and employment are too fragmented, and are constraining economic development and regeneration in the regions.

## Next Steps

The Scrutiny Board has made seven recommendations on how investment in the economic development and regeneration of the Yorkshire and Humber region could be improved. Yorkshire Forward has developed an Action Plan which outlines how it will work with partners to deliver these recommendations, and a copy of this Action Plan can be found in Appendix I.

During the last three years, the Scrutiny Board has monitored the delivery of the scrutiny review Action Plans every six months, and Yorkshire Forward has produced written progress reports and discussed the progress made against the recommendations at special meetings with the Scrutiny Board. However, following the Government's conclusion of the Sub-national Review of Economic Development and Regeneration (SNR) in 2008, the scrutiny process and the monitoring of the scrutiny review Action Plans, will now change.

From 1 April 2009 the Assembly will cease to exist and new regional Governance arrangements will replace the Assembly's functions, including the responsibility for scrutiny and accountability. During the 2009/10 financial year, the Action Plans for this scrutiny review on Investment Planning, and the preceding scrutiny review on Climate Change, will still need to be monitored to ensure that the recommendations are delivered. Discussions are currently taking place about the most appropriate reporting mechanisms for monitoring these Action Plans.

# Appendix 1: Action Plan

	Recommendation	Current Progress/Activity	New Activity	Timescale
<b>LINE OF ENQUIRY 1: IMPACT OF INVESTMENT PLANNING</b>	<p><b>Recommendation 1</b></p> <p>Yorkshire Forward should further review the Performance Management Framework (PMF) process and work more closely with project sponsors on developing project proposals. Yorkshire Forward should also demonstrate how they will improve the quality of feedback that they give to sponsors throughout the PMF process.</p> <p><b>Recommendation 2</b></p> <p>Yorkshire Forward should undertake a formal evaluation of the activities funded through Sub-regional Investment Planning, to assess the impact that the activities have had on the sub-regional economies. This should link to the findings from the evaluation of the European Structural Funds Programme for 2000 to 2006.</p>	<p>Yorkshire Forward currently does evaluate projects, Business Link and PPRs.</p> <p>The RDA Impact Assessment published in January 2009 will provide a significant body of evaluation intelligence which will be a valuable resource for reviewing approaches both within Yorkshire Forward and with partners.</p>	<p>Yorkshire Forward is looking to introduce a monitoring and evaluation process for Geographic Programmes which will progress this activity as recognised as a weakness in Investment Planning.</p> <p>Yorkshire Forward is reviewing how it communicates with public sector bodies to ensure we distribute the right information and intelligence in the format public sector bodies require.</p>	<p>To start August 2009 led by Mike Bridge</p> <p>Consultation on this will take place during February and April 09</p> <p>A new simple system will be implemented from April 2009-12</p>

	Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>LINE OF ENQUIRY 2:</b></p> <p><b>LESSONS FOR THE FUTURE</b></p>	<p><b>Recommendation 3</b></p> <p>Yorkshire Forward should clearly communicate how the Geographic Programmes will work, when they will be developed, when the Programmes will commence delivery, and when the transition from Investment Planning will be fully completed, to dispel confusion.</p>	<p>This is currently ongoing at Yorkshire Forward and being developed jointly with Local Authorities. A clear process will be disseminated after the January 2009 Yorkshire Forward Board Meeting, in consultation with partners.</p>	<p>YF Chief Executive to telephone all Local Authority leaders in February 2009.</p> <p>Quarterly letters to Local Authorities from the CEO.</p> <p>Board Meeting - January 2009</p> <p>Geographic teams - Chief Executive/ EDO's LA discussions</p> <p>Yorkshire Forward Executive team and Local authorities Executive team 2nd round meetings</p> <p>A list of FAQs are currently being developed.</p>	<p>New process by March 2009.</p> <p>Jan-Mar 2009</p> <p>Jan-Apr 2009</p>
	<p><b>Recommendation 4</b></p> <p>Yorkshire Forward and the local authorities should identify and agree a mechanism that will be used to regularly collect performance management output and outcome data from the activities delivered under Geographic Programmes. The data collected should be analysed by Yorkshire Forward at the end of each year, to identify the successes, good practice and learning points from Geographic Programmes so that this information can be disseminated across the region, and quickly applied.</p>	<p>An internal group has been established within Yorkshire Forward to look at delivering an appropriate Monitoring and Evaluation (M&amp;E) process.</p> <p>Geographic teams are currently in discussion with Local Authorities to understand their processes in relation to M&amp;E Economic strategies.</p>	<p>Yorkshire Forward is looking at introducing a Monitoring and Evaluation process for Geographic Programmes which will progress this activity as recognised as a weakness in Investment Planning.</p> <p>The M&amp;E process is likely to cover</p> <p>(i) Evaluation of the GP process including communication, governance, partnership working and likely to be as at a regional level</p> <p>(ii) Individual M&amp;E of geographic programmes tailored to local requirements</p>	<p>April 2009 - June 2009</p>

Recommendation	Current Progress/Activity	New Activity	Timescale
<p><b>Recommendation 5</b></p> <p>Yorkshire Forward and the Local Authorities should work proactively to ensure strong partner engagement in the development and delivery of the Geographic Programmes.</p>	<p>Yorkshire Forward currently uses a range of methods to engage with partners and will continue to use these methods into the GP.</p> <p>This is currently ongoing and being developed jointly with Local Authorities. A clear process will be disseminated after the January 2009 Yorkshire Forward Board Meeting, in consultation with partners.</p>	<p>Discussions will take place with each Local Authority regarding the governance and partner engagement in each GP. Experience will be drawn from investment planning. These discussions will take place once the drafts of GP's have been agreed.</p>	<p>Ongoing</p> <p>March 2009</p> <p>Reviewed Annually as part of M&amp;E and GP annual review</p>
<p><b>Recommendation 6</b></p> <p>Yorkshire Forward should continue to work with Government departments, national agencies and other regional organisations, to identify where national and regional funding and priorities, including Regional Funding Allocations, can contribute to regional, sub-regional, city regional and local objectives.</p>	<p>Geographic Assistant Directors will further enhance partner contributions from January 2009 onwards.</p> <p>Yorkshire Forward currently in discussion with the Homes and Communities Agency (led by Jan Anderson), Government Office (led by Julie Hutton), Utilities companies eg Anglia water, Environmental agencies and key private sector investors eg ABP (led by Geographic Assistant Directors). These are included in the GP detailed schedules.</p>	<p>On going and will be added to GP once information becomes available.</p>	<p>After January 2009.</p> <p>March 2009 and on going</p>
<p><b>Recommendation 7</b></p> <p>Yorkshire Forward should provide local authorities with the advice and expertise of its staff where local authorities require assistance.</p>	<p>Yorkshire Forward currently provides additional capacity and expertise through the Renaissance Programmes, Urban Regeneration Company's (URC's) and Key Account Management (KAM)</p>	<p>Yorkshire Forward will continue to liaise with Local Authorities to determine where additional or more specific support is required.</p> <p>Where secondment and matrix team working becomes an opportunity Yorkshire Forward will look at supporting these either through the short term secondment of staff from Yorkshire Forward to a Local Authority or vice versa.</p>	<p>March 2009-10</p>

## Appendix 2: Yorkshire Forward Panel

### **Cllr Kath Pinnock - Board Member, Yorkshire Forward and Chair of Scrutiny Panel**

Kath is an elected member of Kirklees Council and has represented Cleckheaton since 1987. Kath was the first female Leader of Kirklees Council, from 2000 to 2006 and is leader of the Kirklees Liberal Democrat Group. Kath is a member of the Local Government Association Policy Group, an IDeA Peer Mentor, a trustee of the Kirklees Council Mayor's Charity Appeal Fund and a chair of her local high school governors. Kath chairs Yorkshire Forward's Scrutiny Panel, which involves working closely with the Yorkshire and Humber Assembly. Kath used to work as a senior examiner and a History teacher in the West Yorkshire area. Kath has an enduring passion for cricket and in her student days played cricket for Staffordshire County Women's team.

### **Linda Pollard OBE - Deputy Chair of Yorkshire Forward**

As part of her role as a Board Member at Yorkshire Forward, Linda's lead role responsibilities include skills, tourism, key account management and enterprise. Linda started her first business at 24 and sold the last of her businesses over eight years ago. She now devotes her time to the public sector having had several public appointments within health and education. Linda's other roles include being the Pro-Chancellor and Chair of the governing body at the University of Leeds. She is the Regional Chair of Coutts Bank Plc, President of Breast Cancer Haven - Yorkshire, Chair of the Bradford Property Forum and sits on the HEFCE Enterprise and Skills Strategic Advisory Committee.

### **Laura Moynahan - Board Member, Yorkshire Forward**

Laura champions inclusion and skills issues on behalf of Yorkshire Forward. She is the Chief Executive of Zest - a leading development trust in Sheffield. Laura is a Board Member of Sheffield First Partnership and Renaissance South Yorkshire. She is also a member of the advisory board for the University of Sheffield Management School, and is a Fellow of the Royal Society for Arts, Manufacturing and Commerce.

### **Don Stewart - Executive Director of Strategy, Yorkshire Forward**

Don is one of the founder Directors of Yorkshire Forward. His remit covers the Regional Economic Strategy (RES), Investment Planning, Northern Way, Yorkshire Forward Development Fund (YDF), Culture, Sport, Tourism, Major Events and key account management of sub-regional/city regional partnerships and HM Treasury. Don has worked in the public sector for 30 years and has a background that is probably unique in its diversity. His career started in Transport, before he moved to the British Overseas Trade Board. From there Don moved through all the major economic Departments of State, including Prices and Consumer Protection, Environment, Housing, Education, Training and Employment, as well as the Office of the Health Service Commissioner, the Manpower Services Commission and the Government Offices in Manchester and Leeds before joining the Regional Development Agency.

### **Simon Foy - Chief Economist, Yorkshire Forward**

Simon is Chief Economist at Yorkshire Forward, the Regional Development Agency for Yorkshire and the Humber. The Chief Economist primarily plays a lead role in the strategic direction of Yorkshire Forward, including the development, delivery, review and evaluation of the Regional Economic Strategy (RES). The role entails setting the economic rationale for Yorkshire Forward activities, providing economic input into our corporate plan, and ensuring the right research, intelligence and evaluation are in place to inform strategic direction and effective delivery - including organisational efficiency and policy area performance. Simon has a background in Economic and Policy Research and has worked both in the private and public sectors. He has a wide range of experience in the field of local and regional economic development and analysis.

### **Sarah Pearson - Assistant Director of Strategy - Humber, Yorkshire Forward and Special Advisor to the Panel**

Sarah is the Assistant Director Strategy - Humber, for Yorkshire Forward. She was previously Area Director for Kingston upon Hull City Council co-ordinating and directing council services across the Wyke area of Hull. Since completing a MPhil in Town Planning at the University of London in 1992, Sarah has worked on various community safety and regeneration projects for Kingston upon Hull Community Safety Partnership, Regional Government Office for Yorkshire and the Humber, NACRO, Crime Concern and York City Council. Her principle areas of expertise are in regeneration, neighbourhood management/renewal, community planning and consultation, crime prevention & community safety, project management and the development of strategic plans and policy documents.

## Appendix 3: Contributors

We would like to thank the following organisations and individuals for contributing their views and comments on Investment Planning:

- Barnsley and Rotherham Chamber of Commerce
- Barnsley Metropolitan Borough Council
- Business Link Yorkshire
- Calderdale Metropolitan Borough Council
- City of Bradford Metropolitan District Council
- City of York Council
- Creative Sheffield
- Doncaster Chamber of Commerce
- East Riding of Yorkshire Council
- Environment Agency
- Fit-4-Funding
- Government Office for Yorkshire and the Humber
- Groundwork
- Hambleton District Council
- Harrogate Borough Council
- Homeless Link
- Hornsea Resident
- Hull and Humber Chamber of Commerce, Industry and Shipping
- Humber Economic Partnership
- Incommunities Group
- Jobcentre Plus
- Kingston-upon-Hull City Council
- Kirklees Metropolitan District Council
- Learning and Skills Council
- Leeds City Council
- Leeds Initiative
- METRO
- North Lincolnshire Council
- North York Moors National Park Authority
- North Yorkshire County Council
- One Barnsley
- Rotherham Metropolitan Borough Council
- Scarborough Borough Council
- Selby District Council
- Sheffield City Region
- Sheffield College
- Sheffield Hallam University
- South Yorkshire Housing Association
- South Yorkshire Open Forum
- University of Hull
- University of York
- Wakefield Metropolitan District Council
- Wykeland Group
- York and North Yorkshire Chamber of Commerce
- York and North Yorkshire Partnership Unit
- Yorkshire and Humber Chambers of Commerce
- Yorkshire and the Humber Regional Forum for Voluntary and Community Organisations
- Yorkshire Dales National Park

In addition, we would like to thank DJS Research for their assistance and support to the Scrutiny Board.

# Glossary

<b>CBI</b>	Confederation of British Industry
<b>EMDA</b>	East Midlands Development Agency
<b>ERDF</b>	European Regional Development Fund
<b>IPA</b>	Independent Performance Assessment
<b>LABGI</b>	Local Authority Business Growth Incentive
<b>LEGI</b>	Local Enterprise Growth Initiative
<b>LSC</b>	Learning and Skills Council
<b>LSP</b>	Local Strategic Partnership
<b>MAA</b>	Multi Area Agreement
<b>PMF</b>	Performance Management Framework
<b>RDA</b>	Regional Development Agency
<b>RES</b>	Regional Economic Strategy
<b>RIEP</b>	Regional Improvement and Efficiency Partnership
<b>SEA</b>	Strategic Economic Assessment
<b>SEE</b>	Social, Economic and Environmental
<b>SNR</b>	Sub-national Review (of Economic Development and Regeneration)
<b>SRIP</b>	Sub-regional Investment Plan
<b>YFDF</b>	Yorkshire Forward Development Fund

**YORKSHIRE  
AND  
HUMBER  
ASSEMBLY**

The **Regional** Strategic Partnership

impact  
**issues**  
challenges  
recommendations

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