

Yorkshire Forward and Economic Development

Learning Legacy

Overview and Summary



The Region's
Development Agency

July 2011

Written by: Les Newby

About the Learning Legacy Series

The Learning Legacy is a series of reports produced to capture knowledge, achievements and lessons learned from twelve years of regional economic development in Yorkshire and Humber. It seeks to pass knowledge on to other bodies who may be able to apply it now or in the future.

The work has been completed at a time when Yorkshire Forward is working towards closure, with all that entails in terms of dwindling capacity and simultaneous pressures of work on competing fronts. So it is rooted in the art of the possible, bringing approaches, projects and insights to the fore as far we can. It is not and does not seek to be a comprehensive and polished portfolio of work.

The Learning Legacy series outlines many aspects of Yorkshire Forward's activity and is chiefly about 'passing on the baton'. Its core audience includes the Local Economic Partnerships (LEPs) and those who are involved in them – local authorities and businesses interested in economic development. Yorkshire Forward consulted the LEPs to guide this work at its outset and they are also central to its communication. We further intend the work to be of value to central government departments and to think tanks and academics who may research the work and impact of the Regional Development Agencies (RDAs) independently and in more depth.

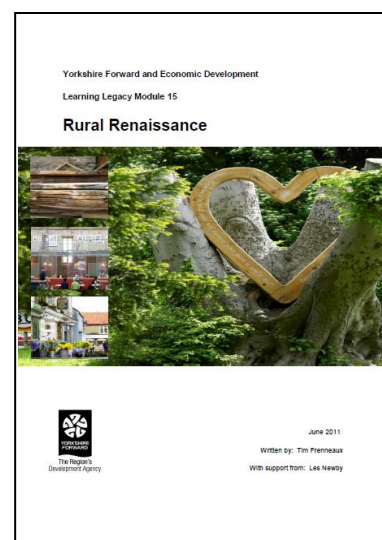
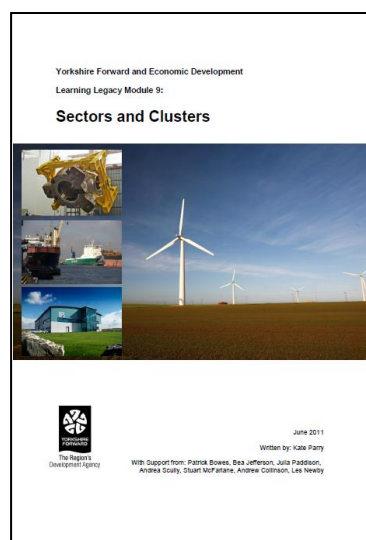
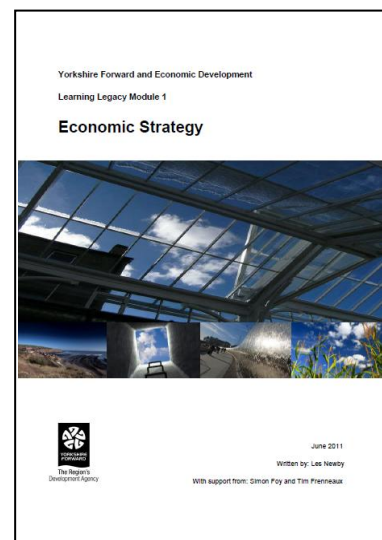
The work is split into a series of 'modules' covering the different elements of the Yorkshire Forward's work. Each of these modules is a succinct standalone document that covers the purpose of the work, the approaches adopted, results and lessons learned. These are aimed primarily at practitioners working in the relevant field. Each one includes a short Executive Summary to highlight the key lessons and make them accessible to a wider audience.

This Overview and Summary picks out the overarching points that emerge across the series, and which are more about general organisational development, operation and approaches. They are grouped into four main areas based around strategy and leadership, operations, people and relationships, and organisational scale and context. These are supplemented by one short summary point from each of the sixteen modules to give a sense of the main lessons emerging.

The Learning Legacy series does not provide a magic formula for successful economic development. Whilst we learnt as we implemented over the years, as with all fields of endeavour, there is never any one 'right' solution. Many of the lessons are about balances and choices not prescriptions. We hope they will prove valuable in informing the planning, prioritisation and delivery of economic development in the future.

The full range of modules in the series covers:

- 1: Economic Strategy
- 2: Research, Intelligence and Evaluation
- 3: Responding to Economic Shocks
- 4: Low Carbon Economy and Sustainable Development
- 5: Enterprise - Helping New Businesses to Start and Survive
- 6: Supporting Existing Businesses
- 7: Access to Finance
- 8: International Trade and Investment
- 9: Sectors and Clusters
- 10: Innovation
- 11: Skills
- 12: Urban Renaissance and Physical Regeneration
- 13: Social Regeneration and Inclusion
- 14: Transport
- 15: Rural Renaissance
- 16: Tourism and Major Events



Overall Context, Lessons and Insights

Work to establish Yorkshire Forward began in 1998 and it appointed its first Chairman, Board and Chief Executive in 1999. The first Regional Economic Strategy was launched in January 2000. The closure of the RDAs was sounded shortly after the May 2010 general election and 2011/12 is the last full year of Yorkshire Forward's operation.

The Agency's activity was wide ranging geographically and in its scope. There were marked differences between where it started and its closing days, and it learned much on the way. National evaluation suggested every £1 invested in RDAs led to a return of £4.50 in increased GVA. That figure varied considerably by area, activity and projects, and balancing the pressures to generate GVA and outputs as well as 'strategic added value' (such as through a leadership role) was an ongoing challenge. Outputs themselves were sizeable. Yorkshire Forward created over a hundred thousand jobs (gross) in its last five full years – equivalent to approximately 1 in 33 jobs in the region. Yet whilst much was delivered, not everything worked. Some approaches were unsuccessful, and in others the gist was right, but refinement was needed.

High levels of outputs do not necessarily translate into improved regional outcomes. There are so many other factors at work, in the region, nationally and globally that the RDA and its budget was one cog in a much larger machine. That meant the role of building the understanding, capacity and alliances necessary for change, raising ambitions, enhancing profiles, perceptions and signals to market was critical. So was the need to deliver foundational and large scale projects that could trigger transformative and long term impacts. The region has improved its position and narrowed the gap to national average on some key indicators such as employment rates and the number of new businesses formed. On others despite project level delivery, the region's position relative to others is largely unchanged. Long term challenges remain.

Others are better placed than Yorkshire Forward to dispassionately judge our success. We are better placed to assess what we have learned over the years that may assist others in rising to face the economic challenges of the future. It is beyond the reach of this work to log *all* of those lessons – some are documented elsewhere (e.g. evaluation reports), others remain in people's heads. However many are set out in the modules that make up the Learning Legacy series. In this summary we set out 21 overall lessons, grouped under four main themes.

1. Vision, Strategy and Leadership

Some organisations are led more by numbers and systems, others by strategy, vision and qualitative judgment. Yorkshire Forward was by and large in the latter group (although that changed during closure). Given that, many of the points under this heading are in essence strengths. However they do have knock on consequences in terms of things the agency was less good at and which are covered later. Key points to emerge are:

- i. Yorkshire Forward was aided greatly by the fact it led on a regional **strategy** and that this communicated a clear vision which was on the whole well owned, well respected and linked to delivery. The Regional Economic Strategy depended on having good internal capacity and grew more involved (perhaps too involved) over time. In a world where resources are tight and opportunity is everything, it can be tempting to skip strategy. However, just as strategy without action is futile, action that is not guided by strategy can end up being scattergun, fragmented and ineffective.

- ii. A **clear purpose** – The purpose of economic development is often assumed to be obvious, and so is not set out. But in reality there can be quite different goals and rationales which point to different priorities and courses of action. One distinction is whether GVA or business profitability is seen as the driver, or whether other factors like jobs and inclusion or environmental sustainability are equally or more important. Whilst there was sometimes debate about priorities, Yorkshire Forward generally sought a balanced approach based on sustainable economic development. Post recession, the pressures could seem to be simply maximising growth or creating jobs. However, often the realities are more complex. Knowing what ultimate end is sought and why (and notably, GVA is a *means* not an *end*) is critical to having clear strategy, the right priorities and to delivering what is intended.
- iii. RDAs were able to **integrate a wide range of functions and had discretion and flexibility** to spend where needed. Gaining a ‘single pot’ that was not ring fenced to particular programmes was a huge advantage. Economic development in the future looks set to be more fragmented and money without ties will be far more rare. Nevertheless, joining up different aspects of economic development, employment and skills as far as possible will be crucial to having a coherent and effective impact.
- iv. Yorkshire Forward had the scale and latitude that meant it could **take calculated risks and pioneer new approaches**. Some of its best work was to champion approaches that economic development agencies had generally not pursued before – urban renaissance, low carbon activity, and transport initiatives being good examples. The ability and confidence to take calculated risks and be innovative enabled some major breakthroughs and successes, often based partly on instinct and judgement about what was needed. However not all risks pay off and in a context of tight resources, there will be an understandable aversion to risk. An approach that allows calculated risks, but takes them on the basis of strong analysis of options and impacts can combine the best of both worlds.
- v. Good **leadership** is vital from Board level down. Yorkshire Forward benefited from relative stability in its top teams at Board and Executive level and from having some outstanding leaders. It brought together senior figures from the private and public sectors as well as other key partners. This mix may have been further strengthened with greater representation from the region’s biggest cities. And despite many other forms of monitoring and accountability, the lack of *directly elected* accountability became an issue for RDAs generally. Leadership was most effective when it provided a clear steer and took responsibility for driving change, but also listened and engaged with partners.



2. Operations, Prioritisation and Delivery

- i) Yorkshire Forward built up excellent **capacity on evidence and intelligence**, internally through its Chief Economist Unit and Evaluation teams, and connecting with the region through 'Yorkshire Futures'. This capability became stronger and better used as time went by, and helped to prioritise and make a strong case for investments. Operating at a wide geographic level and in a true partnership spirit led to economies of scale and the establishment of expert capacity that would have been very difficult to build at a more local level. Even where good evaluation processes are in place and a wealth of information exists, there is usually scope to communicate and apply these assets more powerfully. Putting priority on doing so is vital, as is turning information into intelligence and bridging the very different worlds of data specialists and decision makers. A key lesson is the importance of building good intelligence *and of* using and communicating it well.
- ii) **A clear and focused approach to prioritisation combining good analysis and rounded judgements pays dividends.** A combination of strong leadership, flexibility, sufficient resources, and knowledge of partner priorities meant that qualitative judgements in selecting projects and approaches came to the fore more than strict and analytically based prioritisation. This approach facilitated innovation, dynamism and the ability to be sensitive to partner concerns. Combining these virtues with robust, clear and well presented evidence can further assist in predicting impacts and securing cost effective success.
- iii) Yorkshire Forward excelled at 'front end' tasks – creative thinking and working up projects, often with partners, innovating and getting things moving. This was a real strength and allowed it to do some things that others couldn't. It applied systems and processes most strongly during its later years as it moved towards closure. Both sets of skills are valuable and the best organisations **combine excellent front end and creative skills with delivery systems and enough 'completer-finishers'** to get the job done.
- iv) A successful approach is likely to **combine 'early wins' and longer term approaches to secure transformational change.** Few have the luxury of working for years to achieve change without having to deliver outputs or other visible successes in the short term. However, focusing *only* on delivery of short term outputs can miss the big strategic changes that are needed – for instance, the changes to places and their profiles, in culture and ambitions – which send signals to market and attract business investment.



- v) Some aspects of economic development attract attention and interest more than others. For example, clusters policy had ‘bandwagon’ qualities that meant it had fast and frenetic (but less lasting) uptake, whilst foreign direct investment is high profile because it offers the chance to secure ‘big wins’ that can create many jobs and accompanying positive media coverage. Other **economic development activities may be less high profile and bring about similar or better returns**. For instance, business support work delivered few ‘ribbon cutting moments’ but excellent outputs, whilst ‘key account management’ with existing companies secured slightly better GVA returns than foreign direct investment. The best plans weigh up and prioritise all the options on their merits.

- vi) **Combining spatial and thematic approaches is difficult, but powerful**. ‘Thematic’ activities (e.g. to deliver an agenda like innovation, skills or sector development) are sometimes implemented in a way that does not explicitly connect to particular places and their needs. Equally, geographic approaches (such as a renaissance programme in a town) can focus on key projects there, but fail to tie these up to the full range of activities that are needed or ongoing. Success was greatest where these approaches were joined up, with clear priorities agreed by partners and delivered as an integrated programme.

- vii) The best organisations are **confident enough to question themselves and open to new ideas, change and alternative options**. Achieving that means adopting an outward looking and flexible approach that can adapt to new needs and opportunities and overcome any natural resistance to change. Good management, flexible structures, independent evaluation and use of performance data can help with that task.



3. People and Relationships

Yorkshire Forward put considerable, often behind the scenes, time and effort into relationships and partnership work, especially at a senior level, but also as part its general approach.

Recruiting good people, creating a positive culture, and developing trust, relationships and understanding between partners are as vital to success as the mechanics of projects and investments. Key points to emerge are:

- i) People count! As in all areas, **having good people makes a huge difference** to what is achieved. That means putting effort into recruiting and retaining good staff, keeping them motivated, focused and enabling them to use their talents.
- ii) **Putting effort into partnership and relationships pays dividends.** Whilst this doesn't deliver results in of itself, it oils the wheels of success and enables delivery. Few things can hamper long term progress like dysfunctional relationships. Yorkshire Forward's partnerships reached across the public, private and voluntary sectors and also extended to parties that assisted the success of the RDAs but who can be neglected – for instance lead roles with HM Treasury, the CBI and the TUC, as well as work to win the support of MPs in the region for economic development here.
- iii) It is good to **adhere to a firm strategic focus and to be able to respond flexibly to partner preferences.** The problem is these two goals are often in conflict and difficult to balance. Establishing strong relationships *before* difficult decisions need to be taken, applying consensus building skills, the creativity to find win-win solutions, and using evidence to inform decisions all help in striking that balance. Ultimately this is about judgment and understanding of the circumstances. It is also important to maintain the right tone and to avoid being perceived as arrogant or dismissive of partner concerns.
- iv) One of Yorkshire Forward's successes internally was to **foster a creative, dynamic, enthused and enabling culture.** New recruits were often surprised at the flexibility they had, the onus on them to use their initiative, and impressed with the down to earth, approachable and ambitious feel of the organisation. Using strongly communicated core values to guide the organisation, led by the Chief Executive, helped to achieve this. So did the aim of bringing together the best aspects of private sector culture (e.g. dynamism) and public sector culture (e.g. responsibility).
- v) Working hard to **communicate well**, internally and externally builds profile, attracts interest and enables people to engage and work together. In a complicated and relatively niche area like economic development it is essential. Key points include speaking to different sectors in their own 'language', using events to get key messages across and raise awareness of initiatives, and to proactively engage with the media. Publicising local impacts is important so that businesses are aware of an agency and available support and tax payers know what they are getting for their money.

4. Context, Scale and Type of Organisation

There are certain things about being an RDA that helped or hindered and from which lessons emerged, but which were mostly due factors outside RDA control. Key points include:

- i) In the end, working at a large, regional scale was central to the downfall of the RDAs. However in Yorkshire and Humber, it had brought benefits. The fact that the region was largely based on a historic county that people identify with helped greatly as the region seemed real not contrived. Working together over a relatively large geography makes it easier to develop specialist capacity, to deliver large transformational projects, and to enhance value for money through reduced duplication and economies of scale. However, it also means less insight into and connection with local communities. On balance, **some agendas can work well at regional level, whilst others suit sub/city-regional or local action.** Effective delivery in any geographic area depends not only on the scale of that area, but upon whether partners wish to work together at that level.
- ii) Too much competition can lead to wasted effort and resources going to places with the best bid writers and influencers rather than the greatest needs and opportunities. Yorkshire Forward had less competition for a sizeable budget, pressures to hit output targets, and needed to ensure project delivery was on schedule to avoid loss of resources across financial years. Some partners only saw Yorkshire Forward as a source of funding, making it more difficult to attract match funding or to focus on an influencing role. **It is important to ensure that the right balance is struck between securing the benefits of competition in raising the bar on quality and cost effectiveness, whilst avoiding wasteful bidding and poor allocation of resources.** Flexibility across financial years could offer benefits in optimising allocation of resources. Equally, delivery capacity, including in local partners, needs to match the scale of resources to be managed to prevent delivery bottlenecks and delays.
- iii) **Success fuels growth...and sometimes overgrowth.** People who deliver well get asked to do more. That was true of RDAs, where government liked what they were doing and expanded their functions and budget. That increased RDA influence and capacity to begin with, but arguably meant that RDAs became overextended. Care should be taken in adopting new roles to ensure focus and rationale are retained and that growth is not too far too fast and unsustainable.
- iv) The ability to bridge central government and local areas was a great strength. The full national coverage RDAs provided and the modest number of them meant they were relatively easy for Government departments to deal with and to run programmes through. A base in and Board and staff from the region meant that Yorkshire Forward was in spirit an advocate for the region not an instrument of Government, even if that sentiment was not backed by direct local accountability. When priorities were shared, that was fine. But by 2010, the RDA was squeezed between the need to maintain the support of both a host department with one set of priorities and local partners with different ones. Serving multiple masters is tough. **Clarity about who an organisation is ultimately for, who pulls the strings and how decisions are made is essential** when there are competing priorities. That needs to be agreed up front, not amid a debate when one emerges.

Subject Specific Insights from the Learning Legacy Modules

Each module presents much fuller analysis than can be summarised here, and executive summaries typically present 5-10 key lessons learned for each of the sixteen modules. It is best to refer to those to gain rounded insights. Here we summarise just one overview point on each of the modules to sum up some of the most important insights and factors for success.

Strategy

With the right leadership, **good strategy is possible and valuable**. Whilst strategy is easy to criticise, good strategy can engage stakeholders, embed a shared vision and catalyse action. The best strategies fuse high level vision with practicalities and set clear priorities that are wanted by partners and backed by evidence.

Intelligence, Research and Evaluation

As it does not directly deliver results itself, it is easy to neglect evidence and evaluation. Good evidence helps to select priorities, guide delivery approaches, monitor progress, ease partnership decision making, and to secure resources by strengthening the case that is made when projects and proposals seek funding.

Responding to Economic Shocks

Scale, flexibility and dynamism are vital in responding to crises like flooding, foot and mouth disease, recession or large scale redundancies. Those factors played to Yorkshire Forward's strengths. In the absence of a similar body, it will be important to agree in advance how partners come together and their respective lead roles and responsibilities.

The Low Carbon Economy

This is a major economic opportunity and one where there are synergies between the different assets and potentials across Yorkshire and Humber. Organisationally, key factors for success include senior commitment and leadership, expert capacity to progress the issue, and a mainstreaming approach to incorporate it across all areas of activity.

Enterprise (helping new businesses to start)

Direct support to potential entrepreneurs is helpful. It needs to be complemented by mainstreamed activity to create and support a culture of enterprise from school onwards to achieve long term change.

Business Support (for existing businesses)

Business Support delivered well on outputs and did so very cost effectively after competitive tendering. It is important that activity based outputs (e.g. businesses assisted) translate into outcomes such as business competitiveness and growth. Integration between general business support and more specialist elements (e.g. on innovation, enterprise, skills, access to finance) assists success, and it is important to ensure the services offered are demand led.

Access to Finance

This works best when it tackles a clear market failure, is linked to other business support, and comprises both work to provide finance to firms *and* activity to ensure businesses have sound 'investment ready' propositions. It is best suited to boosting growth in the medium to long term, although it can also be instrumental to safeguarding jobs at times of recession

International Trade and Investment

This area is unpredictable and can deliver anything from transformational success to very little. In the region, success was initially muted then blossomed. 'Key account management' approaches were a notable success. Good practice points include linking new investors into local supply chains and labour markets, and cooperation between local areas to raise profile.

Sectors and Clusters

Success can be impressive but is far from guaranteed; some of the initial 'growth clusters' grew, others did not. Real clusters are usually more local and specialised than those adopted in the region. It is important to work with the real geography and needs of sectors and to provide integrated support to help them exploit growth potential or to avoid decline.

Innovation

Innovation builds productivity and competitiveness and typically pays dividends in the long term. Initially regional innovation work focused on connecting businesses to universities and the science base, before then expanding in scope. Innovation is relevant to all businesses, not just high tech ones, and is about services, cultural change, skills and attitudes too.

Skills

Skills should not be artificially separated from strategies and implementation plans for economic development. Activity in this area works best when it is demand led and involves employers. Care is needed to avoid 'displacing' activity businesses may undertake themselves.

Urban Renaissance and Physical Development

This is about long term change. It is not guaranteed to deliver, but can be transformational. Success factors include a focus on places that *need* transformation, an ambitious vision backed by strong local leadership, community engagement, an emphasis on quality design, and making sure that the process translates into tangible change on the ground, including early wins.

Social Regeneration and Inclusion

Turning around the reputations, prospects and realities of deprived communities is a long term task that is likely to take decades not a few years. It requires persistence and an integrated, holistic approach. It is best suited to the local level, but linked in to wider opportunities.

Transport

Transport is a top priority for many and one where action can win private sector support. Prioritisation and evidence are vital to cut through the mass of points often made on the basis of individual experiences, and to direct focus to the few things that will make the biggest difference.

Rural Renaissance

Rural concerns are sometimes generalised under a single 'rural' label. In reality, diverse rural settings have very different needs and their cases for economic intervention vary in strength and nature. A clear rationale and prioritisation is needed to ensure investment supports action where it is needed. Small amounts can often trigger very positive results.

Tourism and Major Events

Larger scale high profile interventions based on real markets deliver more than fragmented local action – but the cost can be high. Impact requires a clear focus (e.g. raising the value of tourism) and integration with other economic and place based interventions.

Acknowledgments and Further Information

The learning legacy series in full will be available from the Yorkshire Forward website (for an interim period before closure), through Local Enterprise Partnership web sites and through the Department for Business, Innovation and Skills. Additional source material will also be made available.

Useful web links and access points for modules from this series will include:

Leeds City Region LEP <http://www.leedscityregion.gov.uk/LEP.htm>

Sheffield City Region LEP www.sheffieldcityregion.org.uk/local-enterprise-partnership

York and North Yorkshire LEP <http://www.vnylep.co.uk/>

Humber LEP (web address to be confirmed)

BIS Local <http://www.bis.gov.uk/policies/economic-development/bis-local-offices>

Yorkshire Forward www.yorkshire-forward.com

We are grateful to all those organisations and individuals who have helped to guide this work and to communicate it, and to all those who have worked with Yorkshire Forward over the years. This series is about your work and the legacy it leaves.



The Learning Legacy series has been produced with guidance and support from Yorkshire Forward's Board and its Executive Team. Those who produced it are:

Lead Authors: Tim Frenneaux, Bea Jefferson, Paul Turton, Kate Parry, Andrew Sharp, Alison Wilson, Seamus McDonnell, Kerry Lawson, Jonathan Brown, Alison Barker, Lucy Cooper, Les Newby

Design & Format: Andrew Sharp and Kate Parry

Edited and Directed by: Les Newby

Photos in this document are by Steve Morgan



The Region's
Development Agency