

Yorkshire Forward and Economic Development

Learning Legacy Module 13

Social Regeneration and Inclusion



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Executive Summary

The Regional Economic Strategy set out a vision for the region that goes beyond economic growth. A central concern of the strategy is to ensure that people in all the region's communities are able to access good jobs and live in healthy and inclusive communities.

This module considers the lessons learned by Yorkshire Forward in developing and delivering social regeneration and inclusion initiatives with partners. In particular, programmes related to:

- Worklessness
- Supporting the voluntary and community sector
- Diversity and equality

Yorkshire Forward's approach to inclusion has developed substantially over its lifetime. Initially, support was principally to Single Regeneration Budget (SRB) programmes developed before the RDA was created. Over time, more emphasis was put on employment programmes, financial sustainability of initiatives and linking the opportunities provided by the RDA's business growth agenda to deprived communities.

Key lessons that can be drawn out of Yorkshire Forward's experience include:

- a) **The importance of joined-up working.** Many agencies and organisations are involved in the inclusion agenda. It was important that Yorkshire Forward initiatives were flexible enough to fill gaps and avoid any duplication.
- b) **Operating at an appropriate spatial scale.** Some types of interventions are best delivered to small areas, others need a regional coverage. Yorkshire Forward moved away from funding interventions with closely defined geographical boundaries (such as SRB) to a more considered and flexible approach.
- c) **A continuing need to innovate.** Entrenched problems need innovative solutions. Yorkshire Forward was able to pilot new schemes and promote new ways of working.
- d) **The need to embed inclusion and equality issues.** Inclusion and equality objectives should not be delivered by a series of 'stand alone' projects – they should be integral to all economic development.
- e) **Transforming deprived communities is a long term task.** Transforming the reputations, prospects and realities of deprived areas will usually take decades not a few years. It requires persistence and an integrated, holistic approach.

Despite some very successful examples of social regeneration and inclusion programmes in Yorkshire and Humber, some crucial questions remain in developing initiatives. These include:

- Whether the focus should be on people or places?
- Whether to prioritise investment in areas with the greatest need or the greatest opportunities?
- How to achieve financial sustainability for inclusion activities?
- How to properly value benefits of inclusion?

1. Task and Purpose

Yorkshire Forward's Regional Economic Strategy (RES) 2006-15, sets out a vision for the region:

... to be a fantastic place to live. One where businesses are innovative and growing. One in which people have excellent skills, benefit from good jobs that pay well, and live in healthy, inclusive communities. (p.32)

As this vision shows, the RES is more than a strategy for economic growth. A central element of the strategy's vision is that people in the region, particularly those in disadvantaged communities, are able to benefit from economic growth. As such, one of the strategy's six high level objectives is 'connecting people to good jobs' and 'diversity' is a cross cutting theme underpinning of all its objectives.

Setting aside any moral imperative, there is a clear economic case for addressing economic and social inclusion issues. Before the onset of the current recession it was estimated that worklessness cost the region £1.6 billion per year; and this was before costs of crime, poor health or social breakdown associated with deprivation were considered (Yorkshire Forward 2008).

Deprivation tends to be geographically concentrated. 17% of the 10% most deprived areas in the country are in Yorkshire and Humber according to the 2010 Index of Multiple Deprivation. These are generally in the urban areas of the region.

Yorkshire Forward's overall approach has been consistent with that of the current and previous governments in seeing work as being the primary route to social and economic inclusion. Therefore activities have been focussed on increasing employment levels in deprived communities and keeping people in work.

The Department for Work and Pensions and Jobcentre Plus have a remit to address worklessness and have access to far greater resources than those available to Yorkshire Forward. In addition, a number of programmes such as Local Enterprise Growth Initiative, New Deal for Communities, and Working Neighbourhood Fund have supported interventions in the most deprived areas of the region. Yorkshire Forward's focus has been on complementing the investments of other agencies, making links to Yorkshire Forward's business and skills agendas, and piloting new approaches tailored to particular localities.

Clearly, social inclusion depends on more than work. A healthy and sustainable voluntary and community sector is also important in developing and maintaining inclusive communities. Therefore, Yorkshire Forward has also invested in the development of voluntary and community sector infrastructure and support to social enterprise.

Social regeneration and inclusion is a difficult area to define as it cuts across many of Yorkshire Forward's activities. For the purposes of this paper, social regeneration and inclusion initiatives are taken to encompass:

- Employment/addressing worklessness
- Voluntary and community sector
- Diversity/equality

In all RDA investments, there has to be a clear rationale for intervention based on an identified market failure. The market failure justifications typically put forward for social inclusion projects and programmes include:

- Information asymmetries
- Externalities in training
- Risk aversion
- Barriers for hard to reach individuals entering the labour market (including transport, language and childcare)
- Poor access to sustainable local employment
- Weak support structures in areas of deprivation
- Equity failures, specifically low participation in enterprise by women, older workers and other target groups
- External benefits for social and community stability (Fraser Associates, 2010)

2. Approaches Adopted

Yorkshire Forward's approach to social regeneration and inclusion evolved over time. In the Agency's early years, activity in this area was dominated by Single Regeneration Budget (SRB) programmes formulated locally prior to the agency's establishment. In later years, a regional approach developed which was crystallised in the Economic Inclusion Policy Product Range (PPR) agreed in 2008.

Single Regeneration Budget Programmes

The Single Regeneration Budget (SRB) was launched in 1994. It was designed to simplify regeneration funding and develop new ways of addressing local issues through a partnership based approach. Six competitive bidding rounds took place, with the final schemes being completed in 2008.

Responsibility for the oversight of SRB programmes was transferred to the RDAs from Government Offices soon after the RDAs were established. At this time, rounds one to four had been contracted and had commenced delivery. The RDAs managed bidding and scheme selection on rounds five and six, and were able to introduce consideration of regional priorities into the selection process.

Each SRB scheme agreed a delivery plan. This committed the scheme to delivering against a wide range of outputs and securing additional private and public sector investment. Schemes were intended to be holistic, investing in both capital and revenue projects including housing, business premises, community facilities, training schemes, voluntary sector support, public realm improvements, crime prevention and health initiatives. Some schemes had very tightly drawn geographical boundaries, others took a thematic approach, addressing a particular issue over a wider geographical area.

Nationally, there were over 1,000 SRB schemes with a budget of £5.8 billion. Yorkshire Forward was responsible for 100 of these (PricewaterhouseCoopers 2008).

As Yorkshire Forward took over responsibility for these schemes fairly late in the lifetime of SRB funding, it had limited influence over scheme development and delivery. However, SRB was important to Yorkshire Forward in two main ways. Firstly, it embedded an approach based on partnership working, community engagement and holistic approaches to addressing disadvantage and these were to remain central to the social inclusion agenda. Secondly, it was critical to meeting output and expenditure targets for the RDA's early years – these would not have been achievable for a new organisation developing projects and programmes from scratch.

Post SRB, Pre PPR

Initially, a key priority for Yorkshire Forward was in building regional level capacity – either through the development of regional institutions, or enhancing the capacity of national organisations operating in the region. This included investments in the Yorkshire and Humber

Regional Forum, the Churches Regional Commission, Regional Faiths Forum, the Prince's Trust and Business in the Community.

The rationale for these investments was principally in terms of 'strategic added value' (SAV), pre-empting inclusion of SAV in the RDA performance framework. However, Business in the Community and the Prince's Trust were also able to increase delivery activity in the region, producing quantifiable outputs.

Funding for these organisations was provided for a limited term (usually three years in the first instance) in the expectation that they would work towards financial sustainability over this time. Progress in achieving financial sustainability was mixed, with some organisations requiring further Yorkshire Forward funding to continue activities.

As well as supporting regional initiatives, Yorkshire Forward supported a large number of projects with social inclusion objectives put forward by sub regional and local partnerships via sub regional action plans, and subsequently through investment plans. The selection process for these projects was intended to ensure that they met local needs. However, consultations with staff involved indicated that the process could become highly political (with a small 'p') and sometimes lead to the funding of projects that lacked sustainability or strategic value at a regional level. In addition to funding discrete projects, the Yorkshire Forward Inclusion Team also invested time in developing partnerships, innovative approaches and pilot initiatives. In establishing joint working across organisations, secondees played an important role, particularly in initiatives with the NHS, police, prisons service and the Development Trusts Association. Secondments worked well in making links to complex organisations that have developed distinctive ways of working that are often difficult to engage with for outsiders.

Internally, Yorkshire Forward developed its own Corporate Social Responsibility Programmes. These included allowing and encouraging teams and individual members of staff to get involved in initiatives like 'Right to Read' or to help charities or other good causes on occasional team building days.



Economic Inclusion Policy Product Range

During 2007/8, Yorkshire Forward developed a series of Policy Product Ranges (PPRs). This was intended to refocus activities in preparation for moving from a 'project' based approach to a wider 'programme' approach.

The economic inclusion PPR had three products (see box 1) encompassing employment, third sector development and equality and diversity issues. Employment became far more central to the inclusion agenda than it had been previously. The increasing focus on employment led to significant levels of investment in programmes addressing worklessness, such as MORE in the Humber (case study 1). Key features of these programmes were that they:

- Were developed with key stakeholders such as Jobcentre Plus and local authorities
- Focused on filling gaps not met by other providers
- Provided flexible, personalised solutions to help people into work and support them in work

Box 1: Economic Inclusion Policy Product Range

Product 1: increasing the number of people in **employment**

Objectives:

- Move people off benefits and into work, and keep them in work
- Reduce the number of people claiming out of work benefits
- Reduce the number of repeat benefit claimants

Activities:

- Brokering between businesses and local residents looking for work
- Mentoring for new employees to help keep them in work
- Conferences, seminars and masterclasses
- Responding to redundancies

Product 2: **local economic development** in the more deprived areas

Objectives: Increase sustainability of third sector organisations

- Increase flow of loan finance to the third sector
- Increase the number of social enterprises accessing public contracts
- Reduce failure rates of social enterprises

Activities:

- Increasing access to finance for the third sector
- Building a procurement network for the third sector
- Influencing work with external partners

Product 3: **equality and diversity**

Objectives: Move people in target groups into work, and keep them in work

- Reduce number of people in target groups claiming out of work benefits
- Reduce the number of people in target groups who are repeat claimants

Activities:

- Promoting economic inclusion to businesses
- Mainstreaming diversity into business support

Source: Regeneris (2010)

Some programmes, such as MORE, worked across local authority boundaries, others worked within a single local authority. Where there were multiple delivery organisations, a managing agent took overall responsibility for the Yorkshire Forward Contract. These programmes took a considerable amount of development time. Unfortunately, some programmes had not been contracted prior to cuts in RDA budgets in 2010 and Yorkshire Forward's proposed investment had to be withdrawn.

Case Study 1: Making Opportunities Realistic for Everyone (MORE)

The origins of the programme can be traced to 2006 when Yorkshire Forward saw the potential to group together and add value to a set of four projects aimed at tackling worklessness amongst vulnerable groups across the Humber sub-region. These projects had emerged through the Sub-Regional Investment Planning process. It was anticipated that significant benefits might arise from a unified framework in terms of monitoring, economies of scale, sharing good practice, sub-regional coverage and enhanced provider/partnership delivery and impact.

Seven projects were funded. Some of these targeted specific groups such as older workers, ex offenders and people with learning disabilities. Others addressed specific barriers such as transport. East Riding of Yorkshire Council (ERYC) acted as the managing agent of the programme.

The programme was based on five important principles which projects have sought to embrace:

- Support: one to one, enduring and where taking part is voluntary
- Skills and training: bespoke, individualised and integrated
- Removing barriers: recognising that these vary across the sub-region
- Communication: including use of ICT, transcending agency remits and enabling informed choices
- Partnership working: with an emphasis on not duplicating existing mainstream provision.

The final evaluation of MORE concludes that the learning legacy of the programme demonstrates:

- How the spatial reach of projects and programmes can be flexible/pragmatic
- How, within specific policy domains, bespoke projects can be designed to fill gaps, contribute to policy and practice development and add value
- That efficient and effective management arrangements can be economically put in place which allow projects to concentrate on delivery
- The issues for programme design in terms of being a convenient 'wrapper' for projects or a strategic assembly of integrated and inter-related projects
- The operational value in programme and project design of having established some key principles which are then demonstrably embedded in practice and performance
- That programme management is not a substitute for effective project management; sound practice at both levels is necessary
- The need for policy makers to recognise that, in general, there is not an effective market in these fields where people can pay for the services needed.

Source: MTL (2011)

Employment programmes were able to benefit from European (ERDF) funding. However, project and programme managers have experienced problems with this funding including eligibility issues, administrative burdens and difficulties in aligning local programme objectives based on support to individuals to ERDF objectives based on support to organisations.

The PPR also shifted the approach to supporting the voluntary and community sector, with the emphasis being placed very firmly on financial sustainability and away from grant dependency. This was to be achieved by developing access to loan finance (case study 2) and supporting community and voluntary sector infrastructure organisations (case study 3).

Equality and diversity were central to Yorkshire Forward's stated core values. However, there was always a risk that diversity would be perceived as an internal HR issue rather than something underpinning all of Yorkshire Forward's work. With that in mind, Yorkshire Forward's RDA's Inclusion Team worked across the RDA and partner organisations to embed a commitment to diversity rather than funding discrete 'diversity' projects.

An important aspect of this work was in making the economic case for diversity. Work was undertaken with Yorkshire Forward's Chief Economist Unit which showed the immense potential of ethnic minority businesses to the region (Ethnic Minority Business Taskforce, 2009).

When Yorkshire Forward took over responsibility for Business Link services and contracted new regional providers, the Inclusion Team worked closely with the Business Directorate to influence the approach taken in the delivery of business support.

Previously, business support to ethnic minority populations and other underrepresented groups was seen as an area that was best contracted out to specialist delivery organisations; the focus of activities tended to be particularly on start ups. This approach worked well in some situations, but tended to ignore the full potential of entrepreneurs from minority groups – particularly relating to high growth businesses, innovation and exporting.

The new providers of Business Link services were encouraged to mainstream support, developing the skills of their advisors to deal with all client groups.

In addition to this proactive stance on diversity, the Inclusion Team were responsible for 'vetting' all proposals submitted for Yorkshire Forward funding to ensure that equalities impacts had been considered. Consultations with staff suggest that this was not a particularly effective process. It did allow for the identification of a few projects where improvements to proposals could be made or opportunities for joint working followed up however, in the majority of cases, it was a formality that added little value.

Post PPR

Priorities were refocused by the PPR, and these priorities remained in place for the remaining life of Yorkshire Forward. However, job losses associated with the economic downturn changed the context in which Yorkshire Forward operated, and the Inclusion Team, along with the rest of Yorkshire Forward became more active in responding to events such as large scale redundancies (see also module 3: responding to economic shocks).

Case Study 2: Charity Bank

Charity Bank is an established national organisation providing loans to voluntary and community groups who would otherwise struggle to access funding from commercial banks. Yorkshire Forward invested £9.75m to enhance Charity Bank's offer to regional voluntary and community groups and social enterprises.

The purpose of the investment was to help grow the voluntary and community sector (especially social enterprises) so that they could make a greater contribution to the Yorkshire and Humber economy, to encourage investment in deprived wards, and to help voluntary and community organisations become more financially sustainable and entrepreneurial in their outlook. The fund also aimed to wean voluntary community groups away from grant fund financing in response to the reduction and demise of Single Regeneration Budget and EU funding provisions.

Critical to the charity bank business case was an Investment Readiness Programme. This consisted of four parts:

1. Investment readiness needs analyses.
2. Investment readiness programme components - business planning, financial planning and management, client needs and operations design, and people planning and management.
3. Organisational culture analysis – helping each organisation to identify its organisational motives, cultures, unique motivations, individual motivations, the role of volunteers and the role of any paid staff they may employ. The programme then examined whether and how each of these elements may need to change.
4. Organisational mentoring.

605 organisations were supported through the Investment Readiness Programme up to 2010. After a slow start the bank met its regional lending targets and is likely to become a sustainable fund generating substantial benefits for many years into the future. Key features in its success have been the establishment of a regional presence and the support provided through the investment readiness programme

Source: Sheffield Hallam University (2011)



Ed Miliband speaking at the launch of Charity Bank in the North

Trends

Over the lifetime of Yorkshire Forward, there were some key changes in the way that the organisation addressed inclusion issues. These include:

- Increased emphasis on employment as a primary route to economic inclusion
- Increased working across the RDA to link deprived communities to economic opportunities and mainstream approaches that embrace diversity
- A move away from grant funding voluntary sector organisations to the development of capacity to exploit other income streams including contract delivery and loan finance
- Strengthening of partnership relationships
- Increased working at a sub regional level to meet local needs

Despite many very positive developments in the way in which social inclusion has been tackled by the RDA, some consultees felt that a number of issues remain unresolved. In particular:

- Adversity to risk (and associated bureaucracy) is perceived as having increased over the life of the RDA. This has made it more difficult to develop innovative solutions to entrenched problems. Risk adversity appears to be particularly high in programmes using funding from European programmes.
- Project appraisal, monitoring and evaluation remain driven by an approach derived from the Treasury's 'Green Book' which only takes into account tangible economic costs and benefits. Social benefits are largely undervalued.

Case Study 3: South Yorkshire Social Infrastructure Programme

The South Yorkshire Social Infrastructure Programme (SYSIP) committed investment funds of around £36.8 million (Yorkshire Forward and European funds) to voluntary and community sector infrastructure organisations in South Yorkshire between 2006 and 2009.

The aim of SYSIP was to increase the sustainability of the voluntary and community sector in South Yorkshire through support to the infrastructure organisations that provide support to the wider sector.

Broad areas of activity encompassed: encouraging volunteering, improved utilisation of community assets, supporting core infrastructure services, supporting neighbourhood infrastructure services, the Academy for Community Leadership and developing partnership, engagement and influence of the voluntary and community sector.

The final evaluation of the programme attempted to estimate the economic benefits of the programme. These were assessed as between £21.4 million and £33.7 million of GVA against an investment from Yorkshire Forward of £21.4 million. However, assessing the economic impacts of a programme of this nature is inherently problematic and tends to undervalue wider social benefits.

A number of areas of good practice were identified in the evaluation:

Volunteering: although 'general' volunteer support was funded, there was a growing recognition of volunteering being part of a welfare - through volunteering - to work approach

Assets and place making: the asset developments at district and neighbourhood levels were often an intrinsic part of wider economic programmes

Core infrastructure services: the evidence around the 'reach' of the Programme suggested that organisations with a community, economic and employment remit were more likely to be accessing and benefiting from the Programme.

The evaluation found that SYSIP has had mixed success in achieving its aim of increasing the sustainability of the VCS in South Yorkshire. However, this needs to be seen against major changes in the economic and policy environment.

Source: Sheffield Hallam University (2010).



Ian McMillan presenting certificates to voluntary organisations taking part in the South Yorkshire Quality Project, funded through the South Yorkshire Social Infrastructure Programme. Photograph by Ted Quinn.

Case Study 4: The Prince's Trust

The Prince's Trust is a national organisation established in 1976 to support young people, particularly the most disadvantaged in society. Yorkshire Forward invested £2.4m in the Prince's Trust 'Hardest to reach' project from 2006-9. This supported:

- the **Business** programme (start-up loans and grants to help young people)
- the **Team** programme (12-week programme of personal training aimed at young people aged 16-25 who are unemployed, educational underachievers, leaving care or ex-offenders)
- **Development Awards** (small cash awards of £50-£500 to assist disadvantaged young people to overcome barriers to education, training or work)
- **Community Cash Awards** (up to £5,000 towards a youth-led community project that young people learn together to manage, plan and run)
- **Get Into** (sector-based intermediate labour market programme)
- **xl** (two-year team-based personal development programme for 14-16 year olds facing difficulties at school and often excluded or facing risk of exclusion)
- **Sound Live** (aimed at engaging young people through music production skills)
- the **European** (residential abroad, volunteering on community projects in other European countries.)

During the life of the contract, two further programmes were developed:

- **Get Started** (entry level programme for young people not ready for more intensive programmes)
- **Young Ambassadors** (for young people who have completed another Prince's Trust course to become involved as volunteers speaking to partners and sponsors about their experiences and supporting other young people.)

The final evaluation of the programme showed overwhelmingly positive results. The Trust's distinctive ethos, which takes a youth work approach to working with young people and allows young people to work towards self-defined goals, is thought to be a key part of its success. It also utilises volunteers in a manner which increases cost-effectiveness and adds value by providing mentors that young people can relate to. Team working is a critical part of many of the programmes and is seen as a key part of the attitudinal change that often results.

Overall:

- 499 jobs had been created or safeguarded during the contract period
- 3,104 young people assisted to get a job
- 467 new businesses had been started using the loanbook
- 2,721 young people benefited from skills and training.
- The evaluators estimate a net GVA benefit achieved of over £39 million.

The programmes represent tried and tested models, usually having evolved nationally, but with the flexibility to respond to particular local and regional needs, or to develop local and regional pilots where new needs arise.

Source: SQW (2009)

3. Resources, Results and Outcomes

Total resources, results and outcomes specific to social inclusion activity over the lifetime of Yorkshire Forward are hard to identify with precision, as in the early years of the RDA skills and inclusion activities were combined. However, it is possible to provide analysis relating to SRB programmes, 'people' related investments from 1999-2007 (including skills) and economic inclusion investments from 2007-2010.

Yorkshire Forward spent £331.6 million on SRB programmes from 1999 to 2007. This levered in additional public and private sector funding in a ratio of £3 for every £1 of Yorkshire Forward SRB funding, and produced the outputs shown in table 1.

Table 1: SRB Gross and Net Outputs, Yorkshire and Humber (Source, PwC 2008)

Output	Gross	Net*
Jobs created	16,077	6,592
Jobs safeguarded	8,754	3,764
People trained obtaining qualifications	71,600	40,096
New businesses started surviving 52 weeks	712	313
Land improved/reclaimed (ha)	353	173
Community Enterprises started	204	159

*this estimates outputs that would not have happened without the investment and takes account of any displacement, deadweight, substitution and leakage of benefits to other regions. It is based on net benefits to the region, not the SRB target area.

In the same period, Yorkshire Forward invested £236.8million in other 'people' related programmes. The impact of this investment was assessed by PwC in their 2008 RDA impact report (PricewaterhouseCoopers 2008). However, this was based on evaluations available at the time, all of which related to skills interventions, not social inclusion. Hence, the PwC findings are not relevant for assessing the impact of inclusion.

Inputs, outputs and impacts of the economic inclusion policy product range for 2007-2010 were assessed by Regeneris in 2010. These are summarised in tables 2 and 3.

Table 2: Inputs to the Social Inclusion PPR 2007-10 (Source, Regeneris 2010)

	Product 1 Increasing no. of people in employment	Product 2 Local economic development in more deprived areas	Product 3 Equality and diversity
Single Pot expenditure	20.2m	46.8m	1.4m
ERDF expenditure	3.2m	8.7m	-
Core staff (not all FTE)	9	4	2

Table 3: Outputs and Impacts Achieved by the Social Inclusion PPR 2007-10 Single Pot expenditure only (Source, Regeneris 2010)

	Product 1 Increasing no. of people in employment	Product 2 Local economic development in more deprived areas	Product 3 Equality and diversity
Jobs created and safeguarded (gross)	3,138	2,088	1
People assisted to gain employment (gross)	11,936	3,648	10
Business creation (gross)	436	118	-
Businesses supported (gross)	871	2,803	56
People assisted with skills (gross)	8,191	8,507	276
Net estimated GVA impact	16.2m	660.0m	1.1m

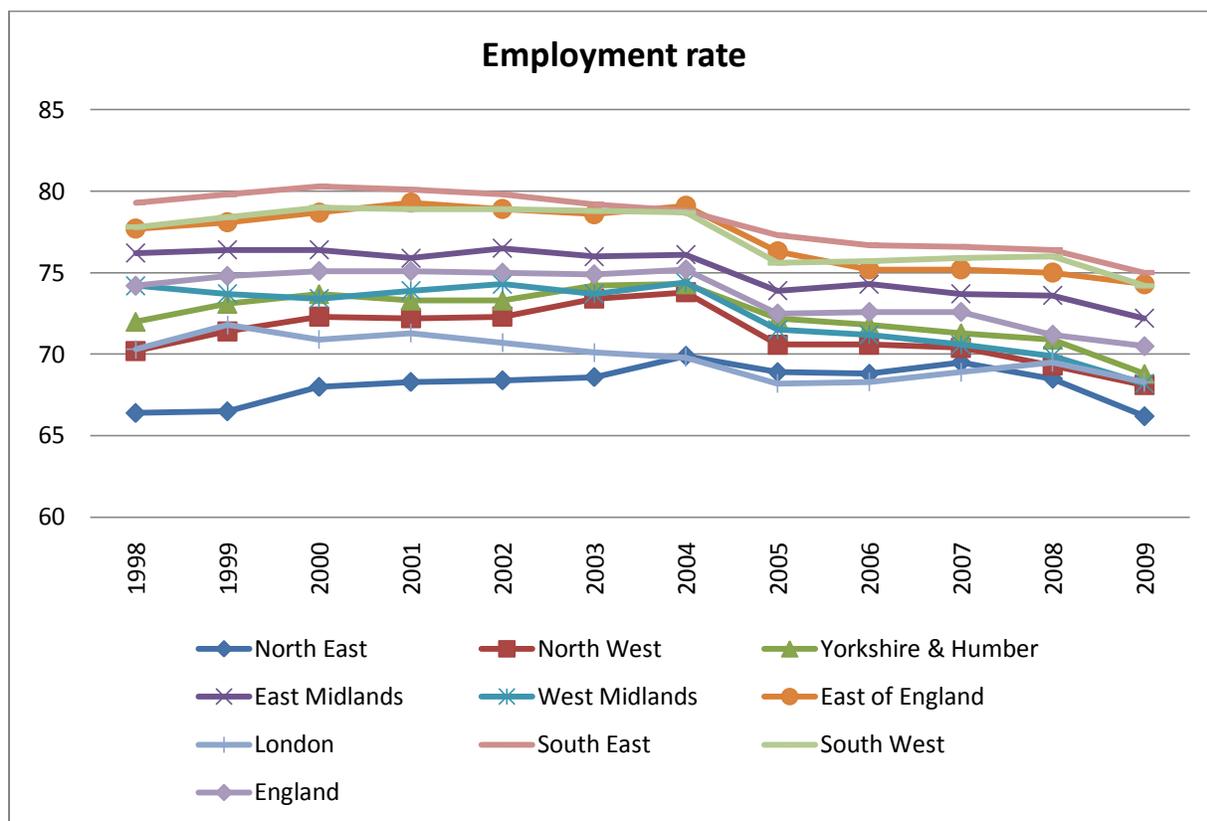
Regeneris estimated net GVA impacts of initiatives to be £0.8 for every £1 invested for products 1 and 3, but an impressive £14.1 per £1 for product 2, where the biggest individual investment was in Charity Bank (case study 2).

However, this calculation does not value the wider benefits to society in reducing worklessness and social exclusion, such as reduced benefit costs, improved health and reduced crime. In addition to quantifiable benefits, Yorkshire Forward's approach to inclusion generated strategic added value. Examples include:

- Bringing together partnerships to address worklessness involving statutory agencies, local authorities and the third sector
- Acting quickly and flexibly in the light of the economic downturn
- Integrating a concern for diversity into mainstream business support

If overall employment rates in the region are considered (see figure 1) it can be seen that in the period before the recession Yorkshire and Humber was improving faster than other regions and slowly closing the gap with the national average (improving from 97.0% of the England average in 1998 to 99.6% in 2005). However, in the downturn, the gap has once again widened.

Figure 1: Employment Rate in the English Regions 1998-2009



The proportion of the working age population living in workless households is also monitored at regional level. On this indicator, the region made some progress and moved from having 14.6% of people in workless households in 1998 to 14.0% in 2009 (although it had been down to 12.6% in 2008 before the full impact of the recession hit). That compared to a smaller reduction nationally, from 12.4% in 1998 to 11.4% in 2008 and 12.3% in 2009. This meant that the gap between regional and national average had decreased by around a third between 1998 and 2009.

One further way to look at progress is against the targets the Regional Economic Strategies set over the years to reduce the number of local areas (initially 'wards', latterly 'lower super output areas') in the region that fell into the most 10% deprived nationally. Aspirational ten year targets to support the first RES (2000-2010) aimed to halve this – a fine goal, but an improbable one in hindsight. The 2006-2015 RES revised this to halving the gap between the national and regional figure. Based on the 2009 CLG data (as reported in Progress in the Region 2009), this would have meant a cut from 17.4% of local areas in the region being in the most deprived nationally to 13.7%. By 2007, the figure was down to 16.7%. As with workless households, progress had been made in the right direction. But equally it is clear that turning around deprivation is a long term process that requires persistence and transformational and holistic approaches.

4. Insights and Lessons Learned

A number of generic lessons and issues emerge based on national experience that are as relevant to Yorkshire and Humber as nationally (see annex A – experience elsewhere). However, the experience of the RDA in delivering and developing social inclusion programmes points to some additional issues. Specific lessons around a number of areas are identified first before a number of overall points are drawn out.

Strategic Planning

- Inclusion is a cross-cutting objective which should underpin all RDA activity. For this to happen, support for the inclusion agenda is needed at all levels in an organisation. Cross-organisational working is needed to embed inclusion and diversity considerations in all projects and to make links between projects generating economic opportunities with those addressing needs in deprived communities. High level support is important for this to happen.
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- The benefits of social inclusion need to be actively marketed both internally and externally. At Yorkshire Forward, the shifting focus to employment seen in the PPR improved the level of cross-organisational understanding and acceptance of inclusion.
- Economic development alone cannot deliver inclusion objectives. Housing, access to transport, education, health, crime and cultural attitudes are all also essential aspects of inclusion.

Partnerships

- Engaging with partner organisations is essential. However, there are multiple partners working on this agenda who will have different priorities – they will not always agree. At times, an organisation such as an RDA has to take a lead, stating clearly what it is seeking to achieve and sticking to this in its investment decisions. The funding of community based projects can become more politically fraught than many areas of the RDA's work.
- Partnership working is essential to deliver 'joined up' working that avoids duplication. Including partner organisations on steering groups for programmes can help facilitate this. However, relationships between organisations depend very much on individuals, so good relationships have to be fostered at all levels, from the strategic to the operational.
- Where partnerships are being developed between organisations that are unfamiliar with each other's activities, secondments can be a useful way of fostering understanding.

Spatial Coverage

- It is important to consider the most appropriate spatial level for an intervention. Regional scale programmes may be appropriate for strategic activities; but are unlikely to be

appropriate for delivery of activities targeted at disadvantaged communities. Projects targeted at small areas may be good at addressing specific community needs, but they can encourage duplication and 'turf wars'.

- Employment programmes developed at a sub regional level by Yorkshire Forward appeared to be reasonably successful (case study 1). They allowed working across local authority borders, but were flexible enough to meet local needs. However, contracting arrangements tended to be complex involving multiple levels of sub contracting.
- In some cases, working with national organisations to enhance their delivery in the region has been effective (case studies 2 and 4). It is unlikely that Charity Bank's services would have been accessible to many regional organisations without RDA support.

Operational Planning

- Effective inclusion and employment programmes take a long time to develop. 18 months to two years may be required as a lead in time.
- A particularly important issue to address is the 'fit' of an intervention with other complementary schemes. The flexibility of RDA funding meant that Yorkshire Forward could fill gaps that were preventing statutory schemes from fully meeting the needs of individuals and employers.
- Flexibility in funding has been important in allowing RDAs to reach disadvantaged individuals not covered by statutory provision and respond quickly to changing circumstances. However, flexibility also carries risks and it can result in unfocused programmes where everything can be made to fit within the broad rationale. It is therefore important to maintain clarity and strategic objectives in the project and programme development process.
- Links to other schemes must go beyond programmes directly assisting workless people. Links also need to be made to workforce skills and business development activities.

Innovation

- Flexibility in funding allowed the testing of innovative solutions to entrenched social and economic problems. However, within Yorkshire Forward, tensions sometimes arose over different perceptions and acceptance of risk. The availability of small funding pots to pilot schemes worked well as these are seen as less of a risk than large highly innovative programmes. It is important to build in evaluation or action research into pilot programmes so lessons can be fully learned from them that can guide decisions on any future roll out.
- Yorkshire Forward developed some schemes that were unique to the RDA network, such as Charity Bank (case study 2). These took a considerable amount of development time, but provided important intelligence related to new ways of working that are likely to be highly relevant in future (for example, in informing development of the Green Investment Bank).

- If innovative interventions are successful, their success needs to be shared if it is to be transferred elsewhere. All too often, independent evaluations will conclude that a programme is 'innovative', but then not spell out what features made it innovative, or consider what innovative practice is transferable elsewhere.

Procurement and commissioning

- RDAs adopted a number of approaches to procurement, both in the methods by which projects/programmes were submitted for funding, and in commissioning delivery activities once funding had been agreed. There is a lack of comparative evidence over which approaches work best. Nevertheless, consultations with staff and evaluation evidence point to a number of common risks whatever process is pursued:
 - Well written bids/proposals are more likely to succeed, even though quality of writing does not necessarily reflect the underlying quality of the proposal or delivery capacity of submitting organisations
 - Under a competitive bidding system, there is a tendency for organisations to promise more than can be delivered
 - High level support (internal or external) can be as important as the underlying quality of a proposal- Formal tendering processes can create delays and barriers in circumstances where a known partner could deliver effectively and provide value for money.

Sustainability

- Yorkshire Forward funding supported activities for finite time periods. Contracting tended to be for a maximum of three years (with extensions built into some contracts, subject to certain conditions being met). Short term funding has been used to address long term, embedded inclusion issues.
- In many cases it has been assumed that activities funded by Yorkshire Forward will be able to continue beyond the RDAs period of funding through securing income from elsewhere or 'mainstreaming' by other organisations. A degree of over optimism has often been apparent, particularly given the impacts of the economic downturn and public spending cuts. More realism was needed when assessing whether financial sustainability was possible in such a limited time frame.
- However, in some cases, short term interventions may be an appropriate response to a problem. One member of staff referred to this as the 'circus model' for intervention – where the RDA funds activities that operate for a limited time, then packs up and moves on. In this model, it is clear from the start that there is no expectation of continued funding and no risk of developing a grant dependent culture within supported organisations.

Diversity

- Diversity and equality should be integrated into all economic development activity. Support for this is needed at all levels of the organisation, and within delivery partner organisations. 'Selling' the agenda to internal and external audiences can be helped by strong leadership and robust evidence to show it makes economic sense (Ethnic Minority Business Taskforce, 2009).
- Processes for monitoring and measuring diversity need to be developed – particularly where the approach is one of integrating to mainstream activities rather than funding specialist provision. Otherwise it is impossible to tell whether diversity objectives are being met.
- Diversity is not just about inclusion of BAME communities. Poverty, age, health, gender and lack of access to transport can also exclude people from opportunities.

Overall lessons

A number of general points emerge from the more specific ones that have been discussed:

- a) **The importance of joined-up working.** Many agencies and organisations are involved in the inclusion agenda. It was important that Yorkshire Forward initiatives were flexible enough to fill gaps and avoid any duplication.
- b) **Operating at an appropriate spatial scale.** Some types of interventions are best delivered to small areas, others need a wider or regional coverage. Yorkshire Forward moved away from funding interventions with closely defined geographical boundaries (such as SRB) to a more considered and flexible approach. Acceptance that people in deprived areas could also benefit from initiatives outside but in easy reach of them (e.g. new jobs) grew over time.
- c) **A continuing need to innovate.** Entrenched problems need innovative solutions. Yorkshire Forward was able to pilot new schemes and promote new ways of working.
- d) **The need to embed inclusion and equality issues.** Inclusion and equality objectives should not be delivered by a series of 'stand alone' projects – they should be integral to economic development. Leadership and clear targeting of beneficiaries is needed as inclusion can sometimes be seen as a 'soft' or side issue within economic agencies, where some will see 'GVA' and productivity, not jobs and inclusion as the core goal. It needs to be clear that one of the purposes of economic development is to benefit communities.
- e) **Transforming deprived communities is a long term task.** Transforming the reputations, prospects and realities of deprived areas will usually take decades not a few years. It requires persistence and an integrated, holistic approach that combines routes into employment and issues around education and skills, but also changes in cultures and aspiration and work to improve social and environmental conditions.

Annex A: Experience Elsewhere

A considerable body of evaluation evidence exists in relation to worklessness initiatives. Particularly relevant summaries of evidence include:

Centre for Local Economic Strategies (2009) Making it Work: Analysing Different Ways of Tackling Worklessness

Hasluck, C and Green, A.E (2007) What Works for Whom? A Review of Evidence and Meta-analysis for the Department for Work and Pensions. DWP Research Report 407.

Joseph Rowntree Foundation (2008) Local Initiatives to Help Workless People Find and Keep Paid Work

The Northern Way (2010) Rebalancing Local Economies: Widening Economic Opportunities for People in Deprived Communities

Sheffield Hallam University (2011) Tackling Worklessness in Britain's Weaker Local Economies

In addition, major area based initiatives have been subject to evaluation. Of particular relevance are the New Deal for Communities Evaluations (available from <http://extra.shu.ac.uk/ndc/>) and the SRB national evaluation (Rhodes et al 2007).

Evidence relating to successful building of capacity in the voluntary and community sector is less extensive. However, reviews of major programmes such as Change Up and Futurebuilders are available (NAO 2009).

Consistent messages arise from these evaluations and reviews. These include:

- The importance of partnership working in both project development and delivery. Effective partnerships should involve communities, the private sector and the voluntary sector. Partnership working needs to be effective at both a strategic and operational level to provide 'joined up' solutions.
- The importance of a thorough and accurate analysis of the issue being addressed. This ranges from understanding the barriers faced by particular groups of individuals in accessing work, to the nature of market failures, to spatial relationships between deprived communities and wider economies.
- The need for flexible solutions offering tailored support. Both at the level of individuals, but also for programmes as a whole.
- The importance of sharing information, innovation and good practice.
- The need for effective monitoring and evaluation.
- The key role of talented and motivated individuals in developing and delivering successful programmes.

- The need for holistic approaches that link need to economic opportunity.

However, some **key questions and issues** remain in the delivery of inclusion issues. In particular:

- Whether programmes should be targeted at disadvantaged people or disadvantaged places.
- The appropriate spatial scale for the design and delivery of inclusion programmes targeted at places. As disadvantage tends to be spatially concentrated, there is an argument that activities should be focused on small areas if they are to make a tangible difference. Nevertheless, there is also a strong rationale for programmes covering a wider area in order to link areas of deprivation to those likely to generate opportunities.
- Whether to prioritise areas with entrenched severe disadvantage or focus on those experiencing recent decline which are perceived as being more readily 'turned around'.
- Whether payment to delivery organisations based on outcomes is effective. This is particularly pertinent given the reliance of the current government's Work Programme on this approach. Payment based on outcomes can lead to 'cherry picking' of those closest to the labour market and competition between delivery organisations that should be working together. However, it could encourage value for money solutions to addressing worklessness.
- How to develop programmes that become financially sustainable or effectively integrated into mainstream provision. Funding for inclusion programmes tends to have been relatively short term, even though it is recognised that turning round communities takes many years. Sustaining successful programme activities is frequently problematic.
- The difficulty in assessing economic impacts of programmes that have wider social benefits.

Annex B Further Information

Ethnic Minority Business Taskforce (2009) The Economic Case for Investment in Ethnic Minority Businesses

Fraser Associates (2010) Review of Evaluation Evidence, Yorkshire Forward

MTL (2011) Evaluation of the MORE Round 2 Programme, Yorkshire Forward

NAO (2009) Building Capacity of the Third Sector, HMSO

PricewaterhouseCoopers (2008) An Evaluation of the Single Regeneration Budget in Six English Regions, Department for Business, Enterprise and Regulatory Reform

Regeneris (2010) Policy Product Range Evaluation, Phase 1 Report, Yorkshire Forward

Rhodes, J. ,Tyler, P. and Brennan, A (2007) Single Regeneration Budget Final Evaluation, Department for Communities and Local Government

Sheffield Hallam University (2010) Evaluation of the South Yorkshire Social Infrastructure Programme, Yorkshire Forward

Sheffield Hallam University (2011)

SQW (2009) Evaluation of the Prince's Trust

Yorkshire Forward (2006) Regional Economic Strategy (2006-2015)

Yorkshire Forward (2008) Economic Inclusion Policy Product Range

This paper is part of a suite of 'Learning Legacy' reports produced by Yorkshire Forward in 2011. The series is intended, as far as we can, to capture knowledge, achievements and lessons learned from regional economic development. It seeks to pass knowledge on to other bodies who may be able to apply it now or in the future.

We are grateful to all the many partner organisations, businesses and individuals who have contributed to this work over Yorkshire Forward's lifetime.

In addition to an Overview, 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
- 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

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.ynylep.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



The Region's
Development Agency