



Regeneration Zones Revisited

An assessment of how Advantage West Midlands have responded to the 2004 Scrutiny Review

Scrutiny Review 2006

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1. **Introduction**

- 1.1 The West Midlands Regional Assembly (WMRA) has a statutory role to scrutinise Advantage West Midlands, the Regional Development Agency. This process is governed by the Scrutiny and Strategic Review Protocol agreed between the Assembly, Advantage West Midlands and Government Office for the West Midlands (GOWM). Scrutiny reviews examine specific areas of Advantage West Midlands' activities that contribute to the Regional Economic Strategy.
- 1.2 We welcome Advantage West Midlands' commitment that this report will inform the review of the Regional Economic Strategy. In particular this will be of particular interest to two strands within the current stage of developing the evidence base. The independent evaluation of the WMES and of its delivery mechanisms will benefit from consideration of the wider implications of the issues raised in this report.
- 1.3 This report will also be used to inform the first Independent Performance Assessment of Advantage West Midlands by the National Audit Office that is due to commence in Autumn 2006.

2. **Context**

- 2.1 In 2004, the Assembly carried out a scrutiny review of Regeneration Zones that explored the progress made by Advantage West Midlands in developing the regeneration zone concept and the issues faced by those involved in them. The review panel made 17 recommendations around vision, communications, structural issues, integration with other initiatives, partnership working and process issues. In its response Advantage West Midlands did not accept all of the recommendations. The full report and AWM's response can be accessed on www.wmra.gov.uk/page.asp?id=87.
- 2.2 The Assembly endorsed the report in October 2004 and in addition requested that a further review take place to identify the progress made in implementing the Panel's recommendations, taking account of completed and planned activities together with any external factors.

2.3 The key issues addressed by these recommendations are:

- The breadth of the Regeneration Zone approach to regeneration
- Partnership Working
- Communication
- Future development of Regeneration Zones
- Evaluation of impact
- Scrutiny process

3. **Review Methodology**

- 3.1 This assessment was carried out using a panel hearing approach. All Assembly Members and Alternate Members were asked if they wished to be involved in the process and subsequently a Panel was identified.
- 3.2 The Assembly has delegated responsibility for carrying out this review to the Panel who have prepared this report reflecting their assessment of progress. This report will be submitted to the Full Assembly meeting on 12 July 2006 for discussion and endorsement.
- 3.3 The process consisted of briefing sessions for Panel Members which included significant input from Advantage West Midlands, evidence sessions, including meetings with four of the six Regeneration Zones¹. In addition, a joint workshop with members of the Regional Economic Development Officers Group and the Rural Renaissance Working Group informed the review. The evidence sessions were held on 4, 5 and 10 May 2006. A written submission was received from Coventry and Nuneaton Regeneration Zone. Officers from Advantage West Midlands attended all these sessions as observers thus enabling Advantage West Midlands to clarify issues for us and to be fully briefed for the formal hearing.
- 3.4 Following completion of evidence sessions with stakeholders a formal hearing was held with Advantage West Midlands on 15 May 2006. A draft report was circulated to all participants for their comments which were discussed by the Panel. This report contains a number of amendments made as a result of this consultation period.

¹ East Birmingham and North Solihull, North Staffordshire, Future Foundations and Arc of Opportunity. The Rural Regeneration Zone was represented at the joint REDOG/RRWG meeting.

4. **Panel Members**

4.1 The Panel comprised of:

Sarindar Singh Sahota	Assembly Vice-Chair Business Sector
Yann Lovelock	Other Stakeholders Group – Faith
Richard Bubb	Other Stakeholders Group – Voluntary and Community Sector (Urban)
Cllr Mrs Jo Jones	Shrewsbury and Atcham Borough Council
Kevin Farrell	British Ceramic Confederation (co-opted member)

4.2 Two of the Panel Members, Dr Sahota and Cllr Mrs Jones also served on the original scrutiny review panel.

5. **Evidence Presented**

5.1 The Assembly does not have the power to summon witnesses to Panel Hearings. We would therefore like to thank those who agreed to contribute to the process. The focused nature of this assessment resulted in a decision to limit discussion to representatives of the Regeneration Zones and Advantage West Midlands.

5.2 In addition to the verbal evidence given, written evidence was also considered including additional information from those attending the hearings. Appendix 1 details individuals who attended the hearings and supporting documentation considered.

5.3 We would like to take this opportunity to thank Advantage West Midlands for their support throughout the review process. This included attendance of Karen Yeomans, Corporate Director, Operations at the panel briefing and provision of supplementary information when requested.

5.4 We recognise that the environment in which Regeneration Zones operate is one of continual change and development,

reflecting changes in Advantage West Midlands, Zone structures and local partners in addition to external factors.

- 5.5 This report discusses progress made by Advantage West Midlands within a number of general themes rather than by individual recommendation. This reflects the linkages between recommendations and how different activities contribute to a number of goals. We have not made further recommendations but have identified areas where additional activity would contribute to the achievement of the original recommendations.
- 5.6 Detailed reports of the evidence sessions are available on West Midlands Regional Assembly website (www.wmra.gov.uk). Further details regarding this review can be obtained from Dagmar Waller, Regional Scrutiny Manager, telephone 0121 678 1054 or email d.waller@wmra.gov.uk.
- 6. General Comments**
- 6.1 We recognise that the original review was challenging for the Panel, partners and Advantage West Midlands both in terms of the outcomes and the process itself. We feel that Advantage West Midlands has made progress in implementing the recommendations from the original report although there is a need for additional activity in some areas.
- 6.2 The environment in which Regeneration Zones are operating has changed significantly since the review was completed. The already complex arrangements that contribute to economic development and regeneration in the region have been added to by the introduction of Local Area Agreements and Local Enterprise Growth Initiative (LEGI). The debates regarding City Regions and the need to support renaissance in rural areas² have provided additional dimensions to consider. Housing Market Renewal Pathfinders have developed considerably since the original review. Renew North Staffordshire and Urban Living will have a major impact on Regeneration Zones in those areas.
- 6.3 We have been impressed by the open and helpful attitude demonstrated by Advantage West Midlands throughout the assessment. This clearly demonstrates the maturing scrutiny

² Discussed in the final scrutiny report "Advantage West Midlands' Support for Rural Renaissance" completed by West Midlands Regional Assembly April 2006

relationship between Advantage West Midlands and the Assembly.

7. **Regeneration Zone Principles**

7.1 These relate to recommendations 1, 2 and 3 in the original review:

R1. Advantage West Midlands should clarify whether the aim of Regeneration Zones is holistic or purely economic regeneration. If it is the latter Advantage West Midlands will need to explain how this relates to the original concept and how it will ensure that the perceived negative impact of previous attempts at this kind of regeneration can be avoided.

R2. Advantage West Midlands should examine whether the Regeneration Zone concept is still the most appropriate delivery mechanism in light of the above recommendation, the establishment of other cross boundary initiatives and the need to ensure ownership of a common vision for a regeneration of a specified geographical area.

R3. Advantage West Midlands should develop a methodology for the ongoing review of Regeneration Zone boundaries to take account of changing needs and opportunities.

7.2 This assessment has taken place against the background of the current revision of the Regional Economic Strategy (RES) being led by Advantage West Midlands on behalf of the region. This commenced in March 2006 and will be published in two stages with a statement of regional strategy in April 2007 and a full action plan, taking into account the outcomes of the Comprehensive Spending Review 2007, in September 2007. An element of the current stage of building the evidence base is an independent assessment of the delivery mechanisms including Regeneration Zones. The outcome of this will inform the development of policy options to be completed by September 2006. We would anticipate that this report will contribute to the assessment process.

7.3 We are confident that the fundamental issues in respect of the appropriateness and the aims of the Regeneration Zone concept will be addressed by this revision. We appreciate that

some of these issues are integral to the wider debate about the future direction of regeneration within the region. However we believe that Advantage West Midlands should have started to examine how these could be resolved in order to feed into the RES revision process.

- 7.4 We would request that the RES revision process also identifies how Regeneration Zones are able to respond to the challenges and opportunities offered by initiatives including Local Area Agreements. We believe that it is important that Regeneration Zones, if they are to continue as a key delivery mechanism of the RES, remain fit for purpose and evolve to meet changing needs.
- 7.5 Advantage West Midlands is clearly committed to the concept of holistic regeneration. In the original review there was confusion amongst partners in how this equated with the Agency's more economically focused activity. We believe that Advantage West Midlands has recognised this contradiction with clear statements that its role is to ensure that that Regeneration Zones deliver the economic aspects of holistic regeneration. The broader approach will be achieved by the culmination of activities led by different partners. Advantage West Midlands has a clear role to work with Regeneration Zones to engage wider partners to achieve this holistic approach. We feel that Advantage West Midlands must do more to communicate this view to partners. (See section 8). There needs to be a wider understanding of the responsibilities, capacity and ability of partners to deliver holistic regeneration within Zone areas.
- 7.6 There still appear to be some concerns regarding Regeneration Zone boundaries but we are pleased to see the more flexible approach taken by the Rural Regeneration Zone. The proposed linking of the governance structures of the two Black Country Zones³ via the Black Country Consortium will go a long way to addressing the concerns regarding the Zone arrangements in the Black Country expressed at the original review.
- 7.7 We recognise that this proposal has resulted in some disquiet amongst partners in those areas of the two Zones that are outside the Black Country. This is linked to communication issues discussed in section 8 of this report. It is imperative that these areas are not disadvantaged in any way as a result

³ Future Foundations and Arc of Opportunity

of this change. Partners from all parts of the two Zones must continue to feel involved in the development of strategy and projects. Advantage West Midlands has a key role to play in ensuring this happens and we welcome the actions already taken to address this issue. Advantage West Midlands should continue to work with the Black County Consortium, the two Zones and partners to develop governance arrangements that ensure partners from Birmingham and South Staffordshire retain a key role in the structure of the two Zones.

8. Communications and Partnership Working

8.1 These were fundamental issues within the original review and were addressed by the following recommendations:

R4. Advantage West Midlands should undertake an audit of communications with Regeneration Zone Boards and Secretariats including open discussions with partners about their concerns and suggestions for improvement. This audit should then form the basis for the further development of customer care protocols for basic communications. These should be monitored on a regular basis and linked to Advantage West Midlands' complaints procedure.

R5. Advantage West Midlands needs to be clear and consistent in communicating decisions. To assist this we recommend that they, in conjunction with key partners, develop clear protocols to address relationship management problems in a frank and serious manner at the most appropriate level

R10. Advantage West Midlands need to provide clear guidance on how they see relationships between Regeneration Zones, Clusters and High Technology Corridors developing and act as facilitators to assist this process. One such option for development is the establishment of meetings between Chairs and Officers from all three delivery mechanisms to enable horizontal communication.

R11. Advantage West Midlands should work to develop positive relationships with partners based on openness and trust. A starting point for this would be to work with partners including Local Authorities, the West Midlands Business Council and Regional Action West

Midlands to examine how the recommendations within the CSR Partnership Report can be implemented for all sectors.

R12. Advantage West Midlands should take active steps to improve its understanding of the needs of partners and to explain its own role. This could take the form of a series of sub regional workshops held annually which might also start to address wider communication issues.

- 8.2 We were very pleased to find that Advantage West Midlands has taken positive steps to address the serious concerns raised in the original review regarding the Agency approach to communications and partnership working. Examples of this are the role of Partnership Directors, regular meetings at all levels between Advantage West Midlands and Zones and the development of a Zone Charter. We would reiterate the views of the original Panel that communications and partnership are fundamental to achieving significant changes for communities within Regeneration Zones.
- 8.3 The Zone Charter, intended to clarify roles and responsibilities as requested by Zone Directors, is still under development. We were disappointed that this, or something similar, had not been completed and introduced during the period since the original review. We would urge Advantage West Midlands and Zone Directors to complete this as soon as possible and ensure that it is shared widely with Zone partners.
- 8.4 We were disappointed that Advantage West Midlands does not appear to have addressed the lack of linkages between Regeneration Zones, High Technology Corridors and Clusters in a systematic way. It is critical that there is a clear awareness of the aims, strategic direction and priorities between the individual elements of these three delivery mechanisms. This will assist in identifying and developing joint actions to achieve common objectives.
- 8.5 We were pleased to hear at the formal hearing that Advantage West Midlands is to repeat a joint workshop carried out in 2004 as part of its corporate planning process that brought together representatives from the three key delivery mechanisms. From the evidence presented to us it is clear that Regeneration Zones were keen for this type of event to be held annually in order to provide updates on strategic direction and priorities. This would assist them in identifying areas of synergy. It was felt that this was particularly

required in respect of clusters in order to assist in targeting possible areas of joint activity.

- 8.6 The governance arrangements for the Coventry and Nuneaton Zone have resulted in a shared secretariat for the Zone and Coventry, Solihull and Warwickshire Corridor within CSWP. This has naturally led to close relationships and clearer understanding between these delivery vehicles. This is however a unique arrangement that cannot be replicated in other sub regions.
- 8.7 We believe that Advantage West Midlands could do more to address connectivity between delivery mechanisms. It is difficult to see how an holistic approach to regeneration (see paragraph 7.5) can be facilitated when economic activity appears not to be joined up. It is important that Advantage West Midlands take proactive and systematic action to ensure a more effective use of resources by promoting joined up activity and sharing of good practice. We welcome the acknowledgement that Advantage West Midlands should do more to address this and look forward to positive action in the future. We would also hope that any changes to delivery mechanisms that may arise from the RES revision process also takes account of the need for linkages.
- 8.8 We were satisfied that clear communication structures are in place between Advantage West Midlands and Regeneration Zones. There are regular meetings, both formal and informal, at all levels dealing with strategic and operational issues resulting in clearer understanding of processes and concerns.
- 8.9 A key contribution to improving communications and working relationships with the Regeneration Zones was the introduction of Delivery Directors within Advantage West Midlands with responsibility for specific sub regions. The evidence presented to us was that these individuals played a vital role in developing current positive relationships. We welcome Advantage West Midlands' commitment to this approach demonstrated by the strengthening of the support for the Partnership Directors in the recent realignment of the Agency's structure.
- 8.10 We were pleased that Advantage West Midlands recognise that communication mechanisms need regular attention to ensure effectiveness. We were informed at the formal hearing that a communication plan was being prepared demonstrating a commitment to continual improvement. We

were disappointed when this draft plan was subsequently shared with us, to see that this comprised of details of meeting structures, dates and contact details. Advantage West Midlands subsequently clarified that this document should be considered in the context of the Zone Charter and the Agency's wider approach to corporate communications.

8.11 We feel that it is important for Advantage West Midlands to help Regeneration Zones benefit from the experiences and relationships developed at a regional level. This would enable individual Zones to benefit from contacts at a sub regional level via regional organisations such as West Midlands Business Council. This is linked to Recommendation 11 of the original report.

8.12 We were interested to hear if communications and relationships between Advantage West Midlands and wider partners had changed since the original review. As we expected there are less formal mechanisms than between Advantage West Midlands and Regeneration Zones and contacts tend to be project related. As with any organisation, how Advantage West Midlands is viewed is dependent upon experiences with individual members of staff. It does appear that this too has improved and has been assisted by strong informal networks and the recent introduction of a more mobile working structure for staff within the Agency.

8.13 A further positive step is that partners feel that Advantage West Midlands' senior officers, not only Partnership Directors, have a higher profile within the sub regions. Attendance at local meetings and the willingness to engage in debate have resulted in a feeling that Advantage West Midlands is now more open than previously. However concerns have been expressed that there is still a perceived lack of trust by Advantage West Midlands in local partners to deliver. We acknowledge that any funding body, by the nature of the process of fund allocation, will always be subject to criticism. It is important that Advantage West Midlands continues to work to develop open relationships in order to change such perceptions.

8.14 It is clear from evidence presented to us that there is still a lack of clarity amongst wider partners of Advantage West Midlands' role particularly in relation to the Regional Economic Strategy and the Agency's contribution to holistic regeneration. (See paragraph 7.5). Recommendation 12 of the original review urged Advantage West Midlands to take

active steps to understand the needs of partners and explain its own role. We understand that this was also identified as an issue within the recently completed scrutiny review of Advantage West Midlands' Support for Rural Renaissance.

- 8.15 We recognise that these wider communication issues are, to an extent, outside the remit of this review although they have a major impact upon it. Corporate communications has not been the subject of scrutiny activity and that we have not seen all relevant evidence in this area. We would therefore request that Advantage West Midlands take forward the wider issues of communication with partners raised by this review. It may also be helpful to also consider public awareness of delivery mechanisms such as Regeneration Zones.
- 8.16 We were pleased that Advantage West Midlands acknowledged the need to develop better relationships with partners based on openness and trust. It is important that Advantage West Midlands demonstrates this commitment by positive and clear actions. Some progress has been made since the original review but there is still more to be done.

9. **Implementation Issues**

- 9.1 A number of recommendations reflected concerns with how Advantage West Midlands supported the implementation of the Regeneration Zone concept:

R6. That Advantage West Midlands produce a three year plan for the development of the Regeneration Zone concept including structures, relationships and delegation following consultation with Regeneration Zone representatives and key partners.

*R7. Advantage West Midlands should agree broad guidelines reflecting regional priorities with Regeneration Zone Boards. These Boards should be allowed the freedom to develop and manage Regeneration Zone activity within this framework in a way that addresses locally defined needs. This should help to clarify Advantage West Midlands' **strategic** role in relation to the **delivery** role of Regeneration Zone Boards.*

R9. Advantage West Midlands should work with partners to map all regeneration structures in the West Midlands, their governance arrangements and involvement of

partners. This information should be used to identify duplication, areas of commonality that could lead to integration and joint working, and the potential for rationalisation leading to possible economies of scale.

R13. Advantage West Midlands should change Zone Implementation Plans so they operate as a business planning mechanism linked to a three year funding cycle. This would consist of two stages with the common vision and approach detailed through Advantage West Midlands' Corporate Plan, supported by six separate delivery plans detailing individual Regeneration Zone priorities.

R15. Advantage West Midlands should not enter into any commitments at a regional level that have a direct budgetary implication for Regeneration Zones without full discussions with Regeneration Zone Boards and partners prior to their approval.

R16. Advantage West Midlands should lead on the development of common indicators to enable a coherent and robust evaluation of the impact of Regeneration Zone programmes. This should also include a link to a baseline assessment of conditions within Regeneration Zone areas that will enable ongoing changes to be identified over time.

9.2 As with communication and partnership working, Advantage West Midlands has made some progress in addressing implementation issues. In part this has been due to the communication improvements that have enabled debate with the Regeneration Zones.

9.3 We believe the key factor has been the change in the Zone Implementation Plan (ZIP) to a three year planning document. The ZIP is revised annually but an examination of the strategic direction of the Regeneration Zones is only required every three years. The intervening two years focus on refreshing action plans to take account of changing circumstances and project development.

9.4 We feel that there is now more ownership of ZIP's at a sub regional level and they clearly reflect the differing needs and priorities within each Regeneration Zone. They are now much more a mechanism by which local priorities can be agreed within the framework of the RES and as such have helped to

clarify the strategic role of Advantage West Midlands and the delivery role of the Regeneration Zones.

- 9.5 There were concerns expressed with how Advantage West Midlands have commented on draft ZIPs in the past. It appears that these were circulated widely within the Agency for comments which were subsequently forwarded to the Zones without being filtered or feedback given regarding areas that do not fit with the Zone approach. We are pleased that Advantage West Midlands have acknowledged that there have been difficulties and are working with Zones to address these within the next ZIP guidance document.
- 9.6 It is obvious that the individual Regeneration Zones are stronger and more confident in their approach reflecting how they have matured since the original review. This maturity is demonstrated within the ZIPs and the strength of partnership working within the Zones themselves. This has led to changes in how all Regeneration Zones are operating resulting in more distinctiveness – there is no longer a “typical Regeneration Zone”. We welcome Advantage West Midlands’ support for the Regeneration Zones as they grow and develop in response to individual circumstances and partner requirements. Examples of this include the Rural Regeneration Zones restructuring in response to partner concerns and the proposed changes to the governance arrangements in the Black County Zones (see paragraph 7.6).
- 9.7 The original review coincided with a time of significant funding changes for the Regeneration Zones and other mechanisms supported by Advantage West Midlands. The move to predominantly capital funding has had a major impact on how Regeneration Zones operate. It was clear at the formal hearing that Advantage West Midlands had anticipated that the revenue gap would be filled by other partners involved in Regeneration Zones. It appears that this is now starting to happen albeit to a limited degree. This is linked to the understanding of the contribution individual partners make to holistic regeneration (see paragraph 7.5).
- 9.8 The introduction of a three year funding cycle including indicative funding has provided some certainty of funding. We have found no evidence of Zone funding being allocated directly by Advantage West Midlands to or that budgets are reduced in order to fund other Advantage West Midlands’ activity (recommendation 15). We feel that the key issue now is the capacity of Zones to spend allocated funds. Advantage

West Midlands should continue to work with individual Regeneration Zones to develop more realistic budget allocations based on projected project delivery.

- 9.9 We were disappointed that little progress has been made in formally mapping regeneration structures to provide a clearer understanding of roles and responsibilities leading to smarter working (recommendation 9). The regeneration stage is becoming more crowded with the development of Local Area Agreements, Housing Market Pathfinders, Local Enterprise Growth Initiatives and the City Region concept. However we are now satisfied that this is being undertaken as part of the RES revision process.
- 9.10 We are pleased with Advantage West Midlands' actions in respect of recommendation 16. West Midlands Regional Observatory has been commissioned to develop indicators that can be broken down to Zone level to provide a picture of the Zone economy. This will be completed by the end of May 2006 and will also inform the RES revision process. We believe that this goes further than the original recommendation and will provide a key tool for Zones and partners. We would urge Advantage West Midlands to encourage Zones to use this data to inform their planning process and support them in the collection of data over time to provide trend analysis.

10 **Delegation**

- 10.1 The concerns expressed by partners in relation to the delegation process were reflected by two linked recommendations:

R8. Advantage West Midlands should ensure that the detailed proposal to delegate powers to Regeneration Zone Boards including levels of delegation, timescales and process commences as soon as possible and is communicated to all relevant bodies.

R14. Advantage West Midlands should move swiftly to delegate powers to Regeneration Zone Boards to reduce the duplication that exists within the current appraisal system. In the meantime Advantage West Midlands should ensure that sufficient guidance is given to Regeneration Zone Secretariats and partners submitting proposals, as to the level of information required.

- 10.2 Advantage West Midlands has responded to the original recommendations by the development of delegation tests and guidance. To date two Zones have responded positively to delegation with North Staffordshire currently in the interim stage and an initial proposal submitted by East Birmingham and North Solihull.
- 10.3 It is apparent that the move towards larger capital projects has meant that delegation in terms of Regeneration Zones initially having responsibility for appraisal of projects under £350,000 is largely academic. North Staffordshire have only had two projects below this level in the eight months since starting interim delegation arrangements. Even full delegation of projects up to £2million would not have a major impact in this area as most projects are excess of £5million.
- 10.4 We believe that delegation levels should be increased in order to take into account the size of projects required to achieve transformational change within Zones. We are therefore very pleased that Advantage West Midlands has given us an undertaking to review delegation limits.
- 10.5 It appears that the Zones that wish to move to delegated authority are not merely driven by a desire to be allowed to appraise projects. Regeneration Zones interested in delegation view it as a step to obtaining control over their own destiny particularly in relation to project management. Currently information is provided by Advantage West Midlands to Regeneration Zones Boards as Zones do not have direct access to data in respect of spend or outputs. This information is timely and helpful but Regeneration Zones appear to be frustrated that they are unable to be proactive at an early stage to address issues that could lead to slippage or more serious problems with individual projects. We were surprised that Advantage West Midlands could not share this real time information with Regeneration Zones. There also appears to be a discrepancy between interim delegation guidance that states that reporting on spend and outputs would be the responsibility of Regeneration Zones under interim arrangements⁴ and the experiences of North Staffordshire.

⁴ Table 1-3 Full and Interim Delegation in Overview page 7 Advantage West Midlands Regeneration Zone Delegation Tests and Guidance

- 10.6 We accept that individual Zones have differing views regarding delegation. It can be seen as a method of gaining additional control or as a governance and administrative burden that “gets in the way” of project development and delivery. We believe that it is important for Advantage West Midlands to provide information and mechanisms that will empower Zone Boards to make this key decision about their future responsibilities.
- 10.7 We welcome the progress made by Advantage West Midlands in streamlining the project appraisal process. The introduction of weekly meetings for the Advantage West Midlands project approval group has decreased the time for projects to be approved. The involvement of Advantage West Midlands in the project development process has also assisted in the bringing forward of appraisal ready projects. We welcome Advantage West Midlands’ introduction of a project tracking system and the establishment of an internal group to continually assess progress. We agree that smarter working will enable projects to be brought forward more quickly but feel it essential that sufficient time is given for partners to work together to develop complex projects that meet the objectives of all concerned.

11. **The Scrutiny Process**

- 11.1 The original review raised issues regarding the operation of the scrutiny process for the Assembly and Advantage West Midlands:

R17. Advantage West Midlands and the Assembly’s Strategic Review Group should work together to develop a more open approach to strategic review and scrutiny. This could for example include the joint provision of scrutiny training to potential panel members, joint working to explore issues prior to the formal review process and a joint process appraisal following each review.

- 11.2 We believe that the scrutiny process has significantly improved since the original review. The revision of the Scrutiny and Strategic Review Protocol has provided a clear guide to the process and expectations of the Assembly and Advantage West Midlands. Both organisations have clearly committed time and staff resources to developing an open and productive relationship.

11.3 We were pleased that Advantage West Midlands clearly recognise the value of the scrutiny process in providing critical friend support. This was demonstrated by the keenness to involve the Assembly as early as possible in the forthcoming Independent Performance Assessment of the Agency led by the National Audit Office. The Assembly's willingness to suspend its planned scrutiny activities for the period of the IPA is indicative of the improved relationship.

11.4 From our experiences as a Panel it is clear that the approach to scrutiny by Advantage West Midlands and the Assembly has changed. The involvement of Advantage West Midlands representatives at the Panel briefing, attendance at all evidence sessions and willingness to share information all contributed to a much more effective process. The holding of the formal hearing at Advantage West Midlands' offices rather than at an independent location is a clear indication of how the process has matured.

12. **Conclusion**

12.1 We have found the review process to be informative and positive. Advantage West Midlands has made progress on the implementation of the recommendations from the original review although as this report indicates, more action is still needed

12.2 We welcome Advantage West Midlands' commitment that the outcomes of this assessment will inform the review of the Regional Economic Strategy. However we would urge Advantage West Midlands to ensure that the revision process does not prevent the Agency taking action to address the areas identified for further development.

12.3 It is clear that personalities play a key part in the development and maintenance of good working relationships. However this does not abrogate an organisations' responsibility for ensuring structures are in place to enable this to occur. We are encouraged that Advantage West Midlands has recognised and is addressing many of the communication and partnerships issues that were highlighted in the original review.

12.4 It is apparent that Advantage West Midlands is reacting positively to suggestions from Regeneration Zones for clarification and improvements. The Zone Charter is a good

example of this although there appear to be differing views on this document and we look forward to seeing the final version when it has been agreed.

- 12.5 We have been interested to examine the differing perceptions of the roles of partners in achieving holistic regeneration and transformational change. From the evidence presented to us, there appears to be a common understanding of those goals and concepts but we would remind Advantage West Midlands of the pitfalls that could occur when assumptions are made about partners' goals, constraints and ability to deliver.
- 12.6 This review has specifically examined Advantage West Midlands' progress in implementing 17 recommendations, some of which were not agreed by the Agency in its initial response to the review. We have decided not to make further recommendations for Advantage West Midlands but have instead identified areas for action within the body of the report.
- 12.7 These have been identified within the current context of Regeneration Zones being a key element of the Regional Economic Strategy. We recognise that the outcome of the RES revision process may have an impact on how Advantage West Midlands addresses these issues.
- 12.8 Key areas of activity for Advantage West Midlands include
- Supporting Regeneration Zones in responding to changes in the policy and delivery environment
 - Implementation of appropriate and inclusive Zone governance arrangements in the Black Country
 - Linkages between delivery mechanisms
 - Understanding of Partners' expectations, responsibilities, capacity and ability to deliver
 - Corporate communication issues including understanding of Advantage West Midlands' role and communication with wider partners and how this relates to communications with Regeneration Zones
 - Completion and use of the Zone Charter
 - Continued development of realistic Zone budgets
 - Encouraging use of the indicators developed by WMRO at a Zone level
 - Re-examination of delegation levels
 - Development of an IT solution to allow sharing of real time project spend and output data

- 12.9 We would request that Advantage West Midlands develops an action plan addressing the areas identified above to be shared with the Assembly's Strategic Review Group on 25 October 2006. This action plan will then be included in the Strategic Review Groups ongoing monitoring arrangements.
- 12.10 Finally we would agree with Advantage West Midlands that a key challenge for everyone in the region is working across organisational borders. This is becoming more of an issue with the ongoing development of Local Area Agreements and Housing Market Renewal Pathfinders, debates about City Regions and rural renaissance. Advantage West Midlands are quite clear that their role is guardianship of the Regional Economic Strategy, as the Assembly's is of the Regional Spatial Strategy. It is up to the Agency and the Assembly to work to ensure new structures develop and deliver within the framework of these two key regional strategies.

References

Scrutiny and Strategic Review Protocol – approved by West Midlands Regional Assembly 15 July 2005

Delivering Advantage – The West Midlands Economic Strategy and Action Plan 2004 -2010 – published January 2004

Regeneration Zones Review Report– endorsed by West Midlands Regional Assembly October 2004

Regeneration Zones Delegation Tests and Guidance – Advantage West Midlands published January 2004

Advantage West Midlands Support for Rural Renaissance – Scrutiny Review Report endorsed by West Midlands Regional Assembly April 2006

Glossary of Terms

Clusters – key delivery mechanism within the Regional Economic Strategy that is a grouping of related businesses

City Regions - a large functional metropolitan area which operates without regard to traditional administrative boundaries, with a focus on economic, social and cultural activity, which supports the mutual interdependence of the city region and rural hinterland

Economic Regeneration - measures to improve economic performance and boost competitiveness

High Technology Corridors - key delivery mechanism of the Regional Economic Strategy to attract and develop high technology, high value added businesses into 3 parts of the region

Holistic Regeneration - A response to problems of economic, social and environmental dereliction, seeking to promote prosperity and an enhanced quality of life for citizens.

Local Area Agreements (LAA) - set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level.

Regeneration Zones - Geographically focused delivery mechanism of the RES that incorporates deprived areas. 6 Zones have been established including 5 urban and 1 rural

Regional Economic Strategy (RES) - Framework for economic development and regeneration for the region

Regional Spatial Strategy (RSS) - The long term land use and transport planning framework for the Region.

Zone Implementation Plans (ZIP) – Strategic direction and priorities for individual Zones

Supporting Evidence

The list below details supporting evidence that was considered by the Panel. These were either background papers or documents were submitted to the panel by partners as supporting evidence.

Supporting Documents

Advantage West Midlands

Update on Advantage West Midlands response from the review of Regeneration Zones as at February 2006

Presentation – Panel Briefing

Summary of Advantage West Midlands Actions following Panel Briefing 13 April 2006

Policy Crib Sheets

Regeneration Zone Implementation Plans 2006-9 – Guidance for Partners

Project Appraisal Performance Targets

Regeneration Zone Delegation Tests and Guidance

Briefing on Operational Restructuring of the Rural Regeneration Zone (previously submitted to Rural Renaissance scrutiny review)

Draft Communications Plan for Regeneration Zones

Proposal for Baseline Monitoring of Regional Economic Strategy – WMRO

Listing of data sets for baseline monitoring

Presentation - NSRZ

Future Foundations Regeneration Zone Implementation Plan 2006/9

North Staffordshire Regeneration Zone Implementation Plan 2006/9

Written Submissions

Regional Economic Development Officers Group

Coventry and Nuneaton Regeneration Zone

Review Participants

John Edwards

Advantage West Midlands

Alan Emery

Advantage West Midlands

Marie Greer

Advantage West Midlands

Kaushik Patel

Advantage West Midlands

Clare Robinson

Advantage West Midlands

Tony Sealy

Advantage West Midlands

Roger Sumpton

Advantage West Midlands

Karen Yeomans	Advantage West Midlands
Graham Edwards	EBRZ
John Taylor	EBRZ
Bill Fryer	Future Foundations/Arc of Opportunity
Veronica Docherty	Birmingham City Council
Sally Irgin	Birmingham City Council
Ray Walker	Birmingham and Solihull LSC
David Howatson	GOWM
Carol Johnson	GOWM
Philippa Lydford	Herefordshire Partnership
Eric Kelsall	Keele University
Stephen Beck	NSRZ
Aktar Chaudhry	NSRZ
Ian Edwards	Rural Regeneration Zone
Nick Taylor	Shropshire County Council
Liz Dand	Staffordshire County Council
John Gething	Stoke on Trent City Council
Jane Kaur Gill	Walsall Council
Mandy Walker	Warwickshire Country Council
David Collier	WMBC (NFU)
Lynda Wilcox	WM CALCS
Kate Docherty	WMRA