

Strategic Review
2003/4

Regeneration Zones



Contents

Page Number

1.	Introduction	3
2.	Background	3
3.	Review Methodology	4
4.	Panel Members	5
5.	Research	5
6.	Evidence Presented	8
7.	Vision	10
8.	Communications	15
9.	Structural Issues	23
10.	Integration with Other Initiatives	30
11.	Partnership Working	33
12.	Process Issues	38
13.	Conclusion	43
14.	Summary of Recommendations	45
	References	49
	Appendices	
1	Review Terms of Reference	50
2	Evidence Presented	52
3	Glossary	54

1. **Introduction**

- 1.1 The West Midlands Regional Assembly has a responsibility to ensure that the plans and strategies of the Regional Development Agency, Advantage West Midlands, meet the needs of this region. This is achieved by the Strategic Review Process which examines specific areas of activity.
- 1.2 In 2002/3, as part of its examination of aspects of the four pillars of the Regional Economic Strategy, the Assembly explored the rationale behind the development of Regeneration Zones, implementation and involvement of partners. This resulted in a number of recommendations including that Regeneration Zones are examined in detail by the Assembly in a future Strategic Review.

2. **Background**

- 2.1 Regeneration Zones are one of the three key delivery mechanisms of the Regional Economic Strategy and are unique to the West Midlands Region. The six Regeneration Zones were developed by Advantage West Midlands in response to the perceived failure of large capital projects to positively impact on local communities facing considerable social and economic disadvantages. They are designed as long term programmes to concentrate resources in those areas of the region with the greatest levels of need.
- 2.2 The six Regeneration Zones in the region are
 - North Staffordshire
 - ARC of Opportunity – South Black Country/West Birmingham
 - Coventry and Nuneaton
 - Future Foundations – North Black Country/South Staffordshire
 - East Birmingham and North Solihull
 - Rural Regeneration Zone
- 2.3 Regeneration Zone structures are being developed by Advantage West Midlands and generally comprise of an independent Board supported by a Secretariat. Regeneration Zone Boards are responsible for identifying priorities, developing activities and encouraging involvement of a variety of organisations to support economic, social and environmental regeneration. Activities are predominantly funded by Advantage West Midlands and are required to support the aims of Regional Economic Strategy and Advantage West Midlands' Corporate Plan.

2.4 The 2002/3 review process identified a number of areas to be examined in detail. These included governance, operation and the effectiveness of Regeneration Zones.

3. **Review Methodology**

3.1 The review was carried out using a panel hearing approach supported by research. 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 West Midlands Regional Assembly has delegated responsibility for carrying out this review to the Panel who have prepared this report reflecting their views and recommendations. This report will be submitted to the full Assembly for discussion and endorsement on 21 October 2004.

3.3 We wanted to explore the progress made by Advantage West Midlands in developing the Regeneration Zones concept and issues faced by those involved in this innovative approach to regeneration. Time and resource constraints did not allow a detailed examination of each of the six Regeneration Zones or the activities of other partners in supporting Regeneration Zones. We used a series of discussions to explore key issues supported by a case study approach that examined the sub regional dimension using the Black Country as an example. We also visited a specific project, Electric Wharf in Coventry, to obtain an understanding of operational issues.

3.4 We recognise that Advantage West Midlands is directly responsible to central government for the funding provided to it. As part of the performance management system for all Regional Development Agencies, it is expected to achieve a number of targets set by Ministers. This responsibility also requires Advantage West Midlands to ensure that some of its processes comply with national guidance. The Strategic Review process as a whole is designed to complement Advantage West Midlands' reporting to the DTI and other departments through Government Office West Midlands.

3.5 The review process consisted of a briefing session for Panel Members, three evidence sessions (approximately fifteen hours in total) and Panel discussions. The evidence sessions were held on 7, 14 and 19 May 2004.

3.6 This report discusses a number of themes in the light of the evidence presented, draws conclusions and makes a number

of recommendations for Advantage West Midlands. Detailed reports of the evidence sessions will be available on West Midlands Regional Assembly website (www.wmra.gov.uk). Further details regarding this review can be obtained from Dagmar Waller, Strategic Review Officer, telephone 0121 678 1054 or email d.waller@wmra.gov.uk.

4. **Panel Members**

4.1 The Panel comprised of

Sarindar Singh Sahota	Asian Business Forum	Chair
Cllr Catherine Grundy	Birmingham City Council	
Cllr Andrew Coulson	Birmingham City Council	
Jane Slowey	Assembly Vice Chair	
Cllr Jo Jones	Shrewsbury and Atcham District Council	

4.2 Declaration of interests were made by Andrew Coulson, Regeneration Zone Board Member and Jane Slowey, Regional Action West Midlands Board Member.

4.3 Not all Panel Members were able to attend each session however they were involved in the identification of recommendations and in approval of this report.

5. **Research**

5.1 Two pieces of independent research were carried out to inform the review as detailed below. The final reports are available on the West Midlands Regional Assembly website (www.wmra.gov.uk).

Structured Interviews – MGA Research

5.2 In order to guide and assist Panel Members in their Strategic Review of Regeneration Zones, MGA Research were engaged to undertake a series of interviews with representatives from each Regeneration Zone during the early part of 2004. These interviews used the findings and recommendations of the 2003 Review as a frame for discussion.

5.3 The main areas discussed during the interviews were Zone Implementation Plans (ZIPs), effective implementation, cross

cutting projects, inclusivity, governance, community involvement, national/local targets and urban rural linkages.

- 5.4 As well as reflecting the diversity of issues faced by individual Regeneration Zones there were a number of common issues and concerns expressed. However, in general, responses, views and comments were most strongly expressed in relation to five issues.
- The effect of cuts to indicative budgets
 - Lack of effective and consistent communications between Advantage West Midlands and Regeneration Zones
 - Delays associated with programme and project approval by Advantage West Midlands
 - Uncertainty as to the autonomy of Regeneration Zone Boards particularly with regard to delegation
 - Clarity in terms of expectations with respect to community engagement
- 5.5 This research provided us with a clear overview of the issues facing Regeneration Zone Boards and Secretariats. The key areas identified were reinforced by evidence provided to us during the hearings and are discussed in the body of this report.

Voluntary and Community Sector Engagement CSR Partnership

- 5.6 This research project was jointly commissioned by the Assembly and Regional Action West Midlands (RAWM) to examine Advantage West Midlands' engagement of the Voluntary and Community Sector in Regeneration Zones.
- 5.7 The study looked at four of the six Regeneration Zones selected to reflect rural and urban interests and a balance between geographical and thematic interests. Research was designed to examine Advantage West Midlands' performance in relation to operational development - systems and processes, policy and setting priorities, governance arrangements, engagement and partnership and strategic fit.
- 5.8 For each of these areas the report details a summary of the evidence found including examples of good practice and where things went wrong, key learning points and recommendations for Advantage West Midlands, Regeneration

Zone Boards and Secretariats and for the Voluntary and Community Sector.

- 5.9 Recommendations made for Advantage West Midlands were to
- Clarify, deepen and communicate the definition of regeneration in Regeneration Zones
 - Streamline application and appraisal processes and involve others
 - Pay more attention to communicating decisions made and the reasons for them, and be prepared to be held accountable for them
 - Develop communication strategies with special attention to the voluntary and community sector. Put these in place quickly and monitor for effectiveness
 - Build on the lessons learnt from other regeneration programmes and delegate to appropriate organisations within the Regeneration Zones.
 - Develop a small grants pot that would work in a similar way to the Objective 2 supported Global Grants Programme; this would enable the sector to test out ideas e.g. about developing social enterprises
 - Work with the sector to increase awareness about the contribution voluntary and community organisations can make to Regeneration Zones and to increase partner agencies' skills to work effectively with the sector
 - Release funds for voluntary and community sector and other projects as soon as possible
 - With the Regeneration Zones and the sector, pay considerably more systematic attention to issues of equality and diversity, promoting in particular the shared responsibility for ensuring representation from Black and Ethnic Minority communities, for engaging and supporting people with disabilities and for monitoring the level of women's engagement
 - Don't expect other programmes to be able to resource all voluntary and community sector involvement in Regeneration Zones
 - Work with RAWM and the voluntary and community sector to develop and implement a regional Compact between the sector, Advantage West Midlands and other agencies including Regeneration Zone Boards
- 5.10 The evidence submitted to us has led us to believe that the issues discussed by this report and its findings are equally applicable to other sectors as well as to the Voluntary and Community Sector. It highlights areas of fundamental concern to partners who provided evidence to us.

- 5.11 It is also interesting to note that the recommendation to develop and implement a regional Compact has been echoed in the 2004 Spending Review. Paragraph 23.8 states “ To minimise the impact of the SRB wind-down on the voluntary and community sector (VCS), the RDAs will continue to work closely with the VCS in a number of areas throughout the 2004 Spending Review period, including by developing regional Compacts with the VCS in each region.”
- 5.12 We took the findings from both pieces of research into account in our deliberations and these are reflected as appropriate in the remainder of this report. We found that there was a significant amount of synergy between the issues raised by these pieces of research and evidence presented to us.

6. **Evidence Presented**

- 6.1 The West Midlands 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. They were frank and open and provided us with much to discuss and consider.
- 6.2 We were grateful that partners were prepared to discuss contentious issues with us. The issues discussed within this report are those that were raised with us by many witnesses.
- 6.3 Unfortunately we had to balance our wish to talk to as many partners as possible with the time and resources available. We would like to apologise to any individual or organisation who would have wished to participate in the process.
- 6.4 In addition to the verbal evidence given, written evidence was also considered. This included supporting or additional information from those attending the hearings and background papers and reports. Appendix 2 details all individuals who provided evidence to us, including representatives from Advantage West Midlands, and all written evidence considered by the Panel.
- 6.5 We would like to thank all those who either attended in person or provided written evidence. We were impressed by the positive contributions made to discussions about difficult issues.

- 6.6 Following completion of evidence sessions with stakeholders a formal hearing was held with Advantage West Midlands. We welcomed the level of attendance from Board Members and Officers, which demonstrated a clear commitment to the Strategic Review Process. We feel that there was a missed opportunity for a frank and open discussion of issues that were of major concern to those involved with Regeneration Zones. We acknowledge that the review process puts Advantage West Midlands representatives in a difficult situation and that the select committee approach is not always conducive to open discussion. We would hope that the Assembly and Advantage West Midlands will work together to further develop the review process thus providing an opportunity for a frank discussion.
- 6.7 We would also like to take this opportunity to thank Advantage West Midlands for contributing to the initial Panel Briefing.
- 6.8 The objective of the review, as detailed in the Terms of Reference (Appendix 1), was to assess Advantage West Midlands' activities in relation to Regeneration Zones in four areas. These are governance, engagement of partners, delivery and monitoring and evaluation. This report will not detail all issues discussed in the review process but focuses on the six related topics of vision, communications, structures, integration with other initiatives, partnership working and process issues.

7. **Vision**

7.1 Introduction

Regeneration Zones are one of the three key delivery mechanisms of the Regional Economic Strategy, Delivering Advantage. Together with Clusters and High Technology Corridors, they act as a focus for economic development within the West Midlands. Regeneration Zones are unique to this region and were developed in response to the perceived failure of large capital projects to have beneficial impacts on local communities, many of which faced considerable social and economic disadvantages. Regeneration Zones are considered by Advantage West Midlands to be a long-term strategy to be implemented over 10 to 15 years.

The aims of the Regeneration Zone approach are to:

- Target resources of Advantage West Midlands and others on areas of greatest need
- Improve the co-ordination of regeneration activity, on the ground and across boundaries
- Better link need and opportunity

At the Strategic Review Panel Hearings 2002/3, Advantage West Midlands described Regeneration Zones as a change in the way economic development is approached and delivered.

"Partners are being drawn together in different ways, across traditional administrative boundaries into a single body which truly reflects the community in the Regeneration Zone area. They are about long-term change, bringing strategy development and implementation under one body."

*Strategic Review of Advantage West Midlands
Pillar 4 Regenerating Communities
December 2002*

Regeneration Zones are intended to bring together aspects of the four pillars of the Regional Economic Strategy:

- Creating a diverse and dynamic business base
- Promoting a learning and skilful region
- Creating the conditions for growth
- Regenerating communities

They are therefore seen as taking an holistic approach to regeneration that encompasses economic, environmental and social issues. The emphasis on involvement of communities is

intended to ensure that local needs and priorities are met. The utilisation of Advantage West Midlands funding as well as other public sector and partner funding streams will help develop complimentary programmes and projects.

Individual Regeneration Zones have their own vision, for example Future Foundations' is "to ensure that the Walsall, Wolverhampton and South Staffordshire Zone will be a recognised sub region of ambition, innovation, diversity, knowledge and inclusion". It was not our intention to examine these individual visions, but how Advantage West Midlands views the development of Zones within the broad concept outlined above.

7.2 Focus of Regeneration Zones

Evidence presented to us demonstrates that partners feel that Regeneration Zones are moving away from a wider approach to focus on economic regeneration at the expense of social and environmental regeneration.

Advantage West Midlands were very robust in their commitment to Regeneration Zones. The Regional Economic Strategy makes a clear commitment to Regeneration Zones' future and this will be reflected in Advantage West Midlands' new Corporate Plan to be completed during 2004.

Their view was that Regeneration Zones need to focus strongly on sustainable economic development in order to contribute to regional goals. The basis for Regeneration Zone activity should be economic development.

We would agree with partners that this appears to demonstrate a change in emphasis. The Zone Implementation Plans 2004-7 Guidance for Partners issued by Advantage West Midlands in August 2003 states that "Partners should aim to achieve the sustained development of their zone by ensuring the full range of economic, environmental and social issues are addressed."

We acknowledge that a change from a holistic to a purely economic approach to regeneration may be due to pressures on Advantage West Midlands' revenue budget and from the Department of Trade and Industry (DTI). Advantage West Midlands needs to make the aim of Regeneration Zones clear to Regeneration Zone Boards and partners in order that appropriate programmes of activity can be developed.

7.3 Impact of Other Cross Boundary Initiatives

The cross boundary approach of Regeneration Zones has been joined by the introduction of other initiatives to encourage cross boundary working e.g. Housing Market Renewal Areas. Partners are unsure how this will impact upon Regeneration Zone activities and sub regional working.

We were pleased to note that the North Staffordshire Regeneration Zone Secretariat is working towards the creation of a Special Purpose Vehicle for delivery of Regeneration Zone activity, SRB 6 and the Housing Market Renewal Area as an alternative model. There are significant problems associated with this but we would suggest that a co-ordinated approach is the most logical way forward. This is less easy for other areas where differing initiatives also have differing but overlapping geographical areas. We welcome Advantage West Midlands' support for this approach.

Advantage West Midlands are also working with the Birmingham/Sandwell Housing Market Renewal Area to build synergy with the Regeneration Zone, Urban Development Company and the renewal area. They aim to ensure benefits to the area are aggregated rather than becoming fragmented.

We are concerned that the questions raised in respect of ownership of an overall vision and co-ordination of activity towards this have not yet been addressed. Who is the custodian of a vision for the development of an area, is it a regional body such as Advantage West Midlands, is it the Local Strategic Partnership, or should it be a combination of structures working within that area? This issue is linked to section 10 of this report, Integration with Other Initiatives.

The impact of the introduction of Local Area Agreements as detailed in the 2004 Spending Review on Regeneration Zones will also have to be assessed.

".. Local Area Agreements to provide a common framework for departments to deliver additional funding with a focus on outcomes and devolving decision making"
2004 Spending Review

7.4 Assessment of Changing Needs

The need for flexibility was raised by a number of partners. We agree it is important that changing needs and opportunities are re-assessed in order to ensure that the boundaries of the Regeneration Zones remain appropriate.

Evidence presented to us included a comprehensive business case for a review of the Regeneration Zone arrangements in the Black Country. We do not feel it is appropriate for us to comment on specific requests to change Regeneration Zone boundaries as such detailed issues are clearly outside the terms of reference of this review. Requests to change Regeneration Zone boundaries should be widely discussed with partners within the appropriate geographical areas. This evidence illustrated clearly the need for a mechanism by which current Regeneration Zone boundaries can be assessed in response to requests from partners or external factors. Such a mechanism may also help with the alignment of other cross boundary initiatives as discussed above.

We support partner's views that Advantage West Midlands should consider the impact of changing circumstances on current Regeneration Zone boundaries, for example the recently updated index of deprivation. This will help to alleviate concerns that areas of deprivation not currently within a Regeneration Zone are receiving insufficient attention. The current Black Country Study will also have a major impact on Regeneration Zones by identifying key centres for development within the sub region. We would hope that Advantage West Midlands assesses the impact on current Regeneration Zone structures of the outcomes of this key study.

We were pleased that Advantage West Midlands recognised that need and opportunities change over time. However they stated that the consultation on the Regional Economic Strategy had shown that there was no appetite for boundary changes. Advantage West Midlands agreed at the formal hearing to test the current boundaries against the revised index of multiple deprivation and to report back to the Assembly.

7.5 Recommendations

- 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.

8. **Communication**

8.1 Introduction

Evidence presented to us indicated clearly that poor communications both with and within Advantage West Midlands were hampering the operation of Regeneration Zones. This is best illustrated by examining a particular issue and we have therefore decided to use Regeneration Zone funding as a case study.

The changes in funding outlined below were in themselves a major issue for Regeneration Zone Boards and Secretariats to address. This was compounded by how these cuts were communicated by Advantage West Midlands. Regeneration Zone representatives were critical of this and some suggested that this was illustrative of Advantage West Midlands' lack of appropriate communications with partners.

8.2 Case Study – Regeneration Zone Funding

Regeneration Zones Boards are reliant on Advantage West Midlands for both capital and revenue project funding. Regeneration Zone Boards do not have direct control of this funding as they currently do not have delegated powers. Advantage West Midlands will enter into contracts on behalf of Regeneration Zone Boards following successful completion of project appraisals. The issue of delegation is discussed in Section 8 and project appraisal in Section 12 of this report.

Advantage West Midlands' proposed direct funding to Regeneration Zones to support Zone Implementation Plans (ZIPs) is set out in their Corporate Plan 2003-6:

- £32m in 2003-4
- £57m in 2004-5
- £71m in 2005-6

Advantage West Midlands subsequently informed us that the actual level of direct funding to Regeneration Zones has exceeded these levels and that total direct funding allocations for the three years from 2005-6 to 2007-8 will be £251m.

During 2003/4 £166m was spent within Regeneration Zone areas of which £32m was delivered through the Zone Implementation Plan (ZIP) process. Each Regeneration Zone Board is required to prepare a ZIP detailing aims, priorities and planned activities.

The 2003 Zone Implementation Plan Guidance for Partners requires Regeneration Zones to provide an estimate of resources required under each pillar of the Regional Economic Strategy. The ZIP, therefore, can be seen to be a key financial planning document in addition to setting out the aims, priorities and activities for a three year period. As part of the approval process, draft ZIPs are sent to Advantage West Midlands for comments, revised in light of these and then sent for formal approval to Advantage West Midlands' Board of Directors.

The ZIP's for the period 2003- 6 were approved at the Advantage West Midlands Board Meeting on 25 March 2003. These included detailed information regarding spend and activity for the financial year 2003-4 and an indication of activity and indicative funding for the following two years. During 2003-4 Regeneration Zone Secretariats worked actively with partners to develop projects to be brought forward during 2004-5. This included, as with previous years, a degree of over programming in line with guidance from Advantage West Midlands. This would ensure that if planned projects failed to reach implementation it would not result in a significant underspend.

As part of the development of the 2004-7 ZIPs all Regeneration Zone Secretariats had a number of discussions and consultations with Advantage West Midlands. These were followed by invitations to Regeneration Zone Chairs to present the ZIPs to Advantage West Midlands' Board. No formal confirmation of approval was made to Regeneration Zone Boards following these meetings. However it was generally felt that Advantage West Midlands' Board agreed with the ZIPs and the funding levels detailed within them.

The lack of formal written confirmation of approval of the ZIPs was not taken as an indication of possible funding problems but as normal behaviour as written communications from Advantage West Midlands were perceived to be rare.

Regeneration Zone Secretariats did have some concerns regarding funding for a number of months prior to the start of the financial year. These concerned the amount of funding to be made available and the allocation or split between capital and revenue. Some of these arose from discussions with Advantage West Midlands and others from the regional rumour mill. Advantage West Midlands seemed unable to clarify the situation.

"In the late summer of 2003 all Zones were informed that their indicative budgets were being significantly cut back and that by early 2004 they were still unclear that the revised budgets – in some case equivalent to a halving of their programme – would be approved."

MGA Report

The amount of funding available was finally clarified during late April 2004. John Edwards, Advantage West Midlands' Chief Executive, informed a full meeting of West Midlands Regional Assembly on 29 April that the majority of the Agency's 2004-5 budget had been committed leaving very little headroom for new projects. At the same time letters were sent by Advantage West Midlands to all Regeneration Zone Chairs. These letters laid out the financial situation in broad terms, endorsed the individual ZIP's and making comments regarding certain aspects of these. They then informed Regeneration Zone Chairs of the need to concentrate uncommitted funding solely on capital schemes.

These were followed by a meeting between Regeneration Zone Chairs and Nick Paul, Advantage West Midlands Chair, early in May 2004. This discussed the funding situation and clarified that no new revenue projects, including those that had been endorsed by Regeneration Zone Boards or had completed the appraisal process, but for which contracts had not yet been signed, would be funded.

The above process can be illustrated by the funding allocation to Future Foundations. The indicative budget for 2004-5 as set out in the 2003-6 ZIP was £21million was reduced to an actual budget of £12million as stated in their letter from Advantage West Midlands (4 May 2004). However funding details within the 2004-7 ZIP, previously presented to Advantage West Midlands, shows a total of £13.4m. The ZIP shows capital/revenue split for 2004-5 as;

Contracted Projects

Capital	7,479,671
Revenue	2,988,238
Sub Total	10,647,909

Endorsed Projects

Capital	910,000
Revenue	2,065,000
Sub Total	2,975,000
Grand Total	13,442,909

The problems facing Future Foundations Board in resolving these significant funding changes are shared by all other Regeneration Zone Secretariats. The MGA Research (see Section 5) found that the funding changes had produced a number of negative results.

- *A climate of uncertainty as to this pattern being repeated by Advantage West Midlands*
- *Loss of credibility of the (Regeneration Zone) Board and an undermining of their role*
- *Loss of (Regeneration Zone Board) credibility amongst partners and in their respective areas*
- *Commitment of partners being threatened as a result of projects being lost*
- *Administrative upheaval to deal with re-profiling*
- *Slippage of their 2003/04 programme and threatening future spend*
- *Leveraged funds being put at risk – including European and Lottery funds*
- *Specific financial problems for private sector partners*

MGA Report

When questioned at the formal hearing, Advantage West Midlands stated that their endorsement of 2003-6 ZIPs did not include approval of indicative funding for future years. This would depend on many factors including the success of projects. They felt that they had given a clear indication of funding available.

Advantage West Midlands told us that they would expect Regeneration Zone Secretariats to source funding from elsewhere to support activities. The 2003 ZIP Guidance states "Partnerships are reminded that the Zone concept should not rely solely on Advantage West Midlands funding".

We found it difficult to equate the views of Advantage West Midlands with the perceptions of partners demonstrated by the evidence presented to us. Advantage West Midlands stated on a number of occasions that funding had not been

reduced and figures subsequently presented to us support this. However it is clear that the need to concentrate on capital spend has resulted in a cut in revenue budgets. This has meant that funding has been withdrawn from a number of projects that Advantage West Midlands, on behalf of the Regeneration Zones, were not legally committed to support.

We appreciate that there are difficulties with the capital/revenue split agreed with the DTI and that this impacts upon a number of RDAs. This issue is complicated by a change from cash to resource accounting in line with DTI guidance. We believe that Advantage West Midlands need to work harder to inform partners of the reasons for key changes in a clear and consistent manner.

This case study clearly demonstrates the way in which poor communications are having a negative impact on Regeneration Zone policy. The issue of communication has also been raised in other Strategic Reviews and is one that Advantage West Midlands should address as a matter of priority.

8.3 Other Communication Issues

Partners gave us a clear and consistent message that communications with Advantage West Midlands are ineffective, frustrating and potentially damaging to Regeneration Zone Board and Secretariat credibility. We were given many examples of poor communications and how this was impacting upon working arrangements not only internally but also on relationships with wider partners. This was supported by the independent research described in section 5 of this report. The CSR Partnership report highlights poor communication about changing priorities particularly in terms of changing delivery systems (proposals to have scattergun projects, flagship projects, themed projects) and budgetary changes (overspend on capital projects, cuts for Pillar 4).

Partners clearly felt that at a strategic level Advantage West Midlands needed to be more frank in its communications.

We were concerned by the volume and extent of communication problems raised by partners such as

- A lack of written communication including written confirmation of agreements made at meetings

- Verbal advice changed at a later stage with Advantage West Midlands officers passing subsequent confusion off as misinterpretation by Regeneration Zone Secretariats
- Officers representing Advantage West Midlands at meetings not being empowered to make decisions leading to frequent changes in advice or instructions
- A lack of continuity with different officers within Advantage West Midlands being responsible for different projects or aspects of Regeneration Zone activity

These problems have contributed to the provision of differing and potentially conflicting information by Advantage West Midlands. Evidence presented to us suggests that poor communication has also arisen from a lack of internal discussions between officers within Advantage West Midlands dealing with differing aspects of Regeneration Zone policy.

Partners feel that Regeneration Zone effectiveness is being inhibited by a lack of clear and consistent policy guidance. One example cited was Advantage West Midlands' failure to respond to enquiries from Regeneration Zone Secretariats regarding their role in the wider strategy to engage the Voluntary and Community Sector. Partners accept that there will be changes to strategy direction and policy but it is vital that Advantage West Midlands communicates decisions clearly and effectively.

When we asked witnesses how communications could be improved a number of excellent suggestions were made. However they too clearly demonstrated the state of current communications including, as a serious suggestion, that officers should stop using voicemail and return telephone calls. It is important that Advantage West Midlands understand that such complaints were almost universal and came from all sectors.

We are pleased that Advantage West Midlands recognised the importance of delivering a clear and consistent message to partners and their need to improve lines of communication with Regeneration Zone Boards and Secretariats. We welcome the introduction of mechanisms to assist this including quarterly meetings with Regeneration Zone Chairs, six weekly meetings between Regeneration Zone Directors and Advantage West Midlands, project sponsors or champions within Advantage West Midlands, the development of a secure "extranet" and creation of standard letter formats for project appraisal.

We were disappointed that when questioned further about partners' concerns, Advantage West Midlands referred us to the recent internal restructure introduced on 1 September 2003. Whilst we accept that the structure is relatively new and is still bedding down, there is no evidence that it is helping to resolve communication difficulties. Indeed, far from improving matters, problems seemed to have increased with partners stating that it is now difficult to identify who can take decisions. We welcome the identification of Directors with responsibility for specific geographical areas. We were pleased to note that one Director had been nominated to lead on activities in relation to the Arc of Opportunity and Future Foundations which cut across these geographical areas.

We were surprised that Advantage West Midlands did not refer to the Customer Service Standards detailed within "Delivering the Advantage" Advantage West Midlands' Corporate Plan 2003-6. If implemented these will go some way to address partners concerns regarding basic communications but need to be regularly monitored and reported upon.

The issues raised by partners in respect of communications are inextricably linked to partnership working (see section 11). Partners were clear that communication should consist of a meaningful dialogue rather than a repetition of instructions and guidance.

On a more positive note we were pleased to note that Regeneration Zone representatives, at both Board and Officer level, have begun to meet together to exchange experiences and address common issues. This is an important start to Regeneration Zone structures working together to identify and address areas of common concern. We believe that similar meetings should be held between representatives of all key regeneration initiatives within each Regeneration Zone area.

We were subsequently informed by Advantage West Midlands that a Communications Group has been established to discuss communications issues with Regeneration Zone representatives. This is well attended by Advantage West Midlands delivery teams, the Regeneration Zone policy lead as well as the Communications team (including PR). All Regeneration Zone Secretariats attend and are invited to submit items for discussion. Several initiatives have already resulted from this, including establishing a regular channel for management and policy information of relevance to

Regeneration Zones and agreeing a common understanding on key issues. We would hope that this group continue to work together to make communications more effective, address issues raised by this section of the report and to implement its recommendations.

8.4 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

9. **Structural Issues**

9.1 Introduction

Most Regeneration Zones have now been constituted as independent organisations with their own Boards and governance structures. The exception to this is North Staffordshire, which is in the process of developing joint arrangements with the Housing Market Renewal Area. Independent Secretariats have been established to support Regeneration Zone Boards and to develop and implement policies and programmes.

We discussed a number of issues surrounding Regeneration Zone structures and their future development.

9.2 Regeneration Zone Boards and Secretariats

Although Regeneration Zones have been under development for approximately four years they are only now moving towards the model of independent Boards and Secretariats. Advantage West Midlands and Zone partners have spent considerable time and effort in tackling governance issues and establishing independent Boards.

Partners raised concerns regarding the appointment process to Boards and in particular how they address diversity and the involvement of business interests. We acknowledge that this process is not determined by Advantage West Midlands and meets the Nolan principles on public appointments

The CSR Partnership report (see section 5) examines governance primarily in relation to the Voluntary and Community Sector however its conclusions are equally valid for wider partners.

- Improved standards of accountability and transparency are required in Zone processes.
- Advantage West Midlands needs to ensure that the Zones communicate with partners about Zone governance structures and that their role in governance is improved.
- Advantage West Midlands need to work with Zones to ensure that the partners' capacity to engage in governance is released and resourced.
- Advantage West Midlands, Zone boards and partners are not paying sufficient attention to issues of equity and diversity to ensure appropriate levels of engagement by women, minority ethnic communities and people with disabilities.

CSR Report

We would hope that, as Boards mature and are given more responsibility, these issues will be resolved by the development of good practice based procedures supported by Advantage West Midlands.

A positive step forward has been the establishment of individual Regeneration Zone Secretariats. These are well liked and appear to have improved the operational capacity of Regeneration Zones. Their ability to make local connections to partners has clearly enhanced delivery operations. We recognise that each Regeneration Zone is at a different stage in appointing staff but are pleased with the progress made.

We recognise the need to allow Regeneration Zone Boards to develop a stronger identity and to provide support to their individual Board Members so they are able to work as Company Directors rather than representatives of particular sectors or organisations, and take informed decisions. We feel that this support should primarily come from Regeneration Zone Secretariats supported as appropriate by Advantage West Midlands.

9.3 Independence and Flexibility

As a consequence of the development process, Regeneration Zones have spent significant time and effort dealing with internal governance issues. There is no doubt that governance structures have improved but partners are concerned about the independence of Regeneration Zones and the flexibility allowed by Advantage West Midlands.

Regeneration Zone representatives made it clear to us that they wanted to be free to concentrate on delivery. A key part of this is their need to understand Advantage West Midlands' medium to long term plans for the development of the Regeneration Zone concept including delegation. At the present time they feel that they are working on year by year basis and often kept in the dark.

Advantage West Midlands stated that Regeneration Zones will be provided with an indicative policy and planning framework for 2005-8 in July 2004. This will allow them to develop strategy and implementation plans for a three year period. We welcome this but would urge that this framework goes much further than the current guidance provided. This should also be viewed as the start of developing a comprehensive three year business planning process.

Regeneration Zones need the ability to be more flexible than the current Zone Implementation Plan (ZIP) process allows. The ZIP process is discussed more fully in section 12 of this report. There is a perception that flexibility of Regeneration Zones is adversely affected by the degree of control operated by Advantage West Midlands through the ZIP and project appraisal processes.

Advantage West Midlands want Regeneration Zones to develop and implement strategic approaches to regeneration within the framework of the Regional Economic Strategy.

We understand that Advantage West Midlands needs to retain a degree of oversight of Regeneration Zones but the current level of control appears excessive. Examples of this given to us include:

- Advantage West Midlands questioning the strategic fit of projects within Zone Implementation Plans after they have been approved by Regeneration Zone Boards
- Concerns that project appraisal process allows Regeneration Zone Board decisions to be overridden by Advantage West Midlands
- Monitoring information being provided directly by projects to Advantage West Midlands not to Regeneration Zone Boards.

Advantage West Midlands made it clear that although it wanted to move away from direct delivery it would still retain

a degree of control to ensure that projects fit with the Regional Economic Strategy and Advantage West Midlands' Corporate Plan.

9.4 Delegation

Several witnesses raised a concern with what they saw as a significant change of emphasis within the revised Regional Economic Strategy. This now states that 70% of Advantage West Midlands funding will be spent **within** Zones rather than **by** Zones. This change appears to impact upon the future role of Regeneration Zone Boards. There is a perception that not all Advantage West Midlands funding within Regeneration Zone areas will be delegated to Regeneration Zone Boards.

Delegation represents a transfer of power and responsibility and as such is a clear demonstration of Advantage West Midlands' trust in its partners. It also gives Regeneration Zone Boards credibility and flexibility. There is a strong feeling among partners, including Regeneration Zone Secretariats that this trust is lacking. We feel that this was borne out by the evidence presented to us and the apparent lack of willingness to discuss these concerns at the formal evidence hearing.

Without financial delegation Regeneration Zones lack independence and can appear to be little more than mechanisms to micro manage Advantage West Midlands priorities. We are aware of proposals to delegate powers to Regeneration Zone Boards and were told that a plan for limited delegation has been discussed and clarified with Regeneration Zone Chairs. In order to qualify for delegation Regeneration Zone Boards would need to meet specified criteria.

Advantage West Midlands stated that they were keen to move to a position to delegate responsibilities to Regeneration Zones. Advantage West Midlands' Board had approved a phased approach with financial responsibilities of up to £350,000 in the first stages rising to £2million for each project. Delegation is seen to be more than just financial responsibility with Advantage West Midlands identifying 15 different tasks such as the identification of long term strategy and sequencing and developing of projects. These will be delegated over a period of time as Regeneration Zone Boards and Secretariats develop sufficient skills and capacity.

The MGA report (see section 5) identified a general eagerness to proceed to a stage where Regeneration Zone Boards have a degree of independence and autonomy, which will only come through Advantage West Midlands agreeing to clear levels of delegation.

There is a general concern at delays in the delegation process, which explains some of the following observations;

- Advantage West Midlands needs to be more directive on Governance – the recent consultation exercise seems to have resulted in a stalling of the process
- Advantage West Midlands appear to dragging their feet on delegation with suggestions that it might be 12-18 months away – leading to a feeling that Advantage West Midlands is losing its commitment to the Zone concept
- Advantage West Midlands had advised and provided guidance on readiness testing so that if a Zone was going through that process it did not need to address Governance in its ZIP – that advice was subsequently ignored
- Difficult to maintain commitment when there is the sense that the Regeneration Zone Board approves but Advantage West Midlands remains the final arbiter
- Regeneration Zones feel impotent, without control, feeling that they are often the intermediaries rather than the drivers of activity
- Spending within the Regeneration Zone is still within the control of Advantage West Midlands, not the Regeneration Zone, leading to partners feeling that they are simply implementing their policy without a sense of ownership

MGA Report

We understand that delays may be due to concerns raised by the DTI regarding possible statutory limitations on Regional Development Agencies in respect of delegating financial responsibilities. If this is the case, Advantage West Midlands needs to make clear to partners that this needs to be resolved prior to moving forward.

At the evidence hearings we found that the issue of delegation, had to some extent, become overshadowed by funding issues, discussed earlier in this report. Partners understandably asked what is the point of delegation if there

is no money to spend? It is clear that some Regeneration Zone Board Members, particularly from the business sector are seriously querying their role and whether involvement is worth the commitment required. Partners did agree that delegation would radically change how Regeneration Zone Boards and Secretariats operate. We recognise that delegation will move accountability from Advantage West Midlands to Regeneration Zone Boards for a number of areas including integration with other initiatives and partnership working.

9.5 Pillar Approach

Regeneration Zone Implementation Plans have generally been structured to align with the “four pillars” of the Regional Economic Strategy. Regeneration Zone structures tend to include Pillar Groups and Pillar Managers with responsibility for various aspects of development. In some Regeneration Zones these Pillar Managers are based within partner organisations and there were some concerns expressed that this could result in the concentration of Pillar activities in certain geographical areas.

We endorse the view expressed by many that concentration on individual pillars can lead to a silo approach and work against the concept of holistic regeneration.

The Pillar approach was identified as a major factor in the marginalisation of the Voluntary and Community Sector within Pillar 4 and the Business Sector within Pillar 1. We therefore welcome the move by some Regeneration Zones to an emphasis on key projects and cross cutting themes rather than Pillars.

Advantage West Midlands recognised that there is a debate around the role of Pillars. The region has restated its commitment to the Pillars through the Regional Economic Strategy. Advantage West Midlands felt that the important issue is how Regeneration Zone Boards develop connections between individual Pillars.

It is important that Pillars are integrated in such a way to retain their individual aims. However we would not wish to prescribe a common approach that might undermine the ability of individual Regeneration Zones to respond to need in the most appropriate way.

9.6 Recommendations

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

10. Integration with Other Initiatives

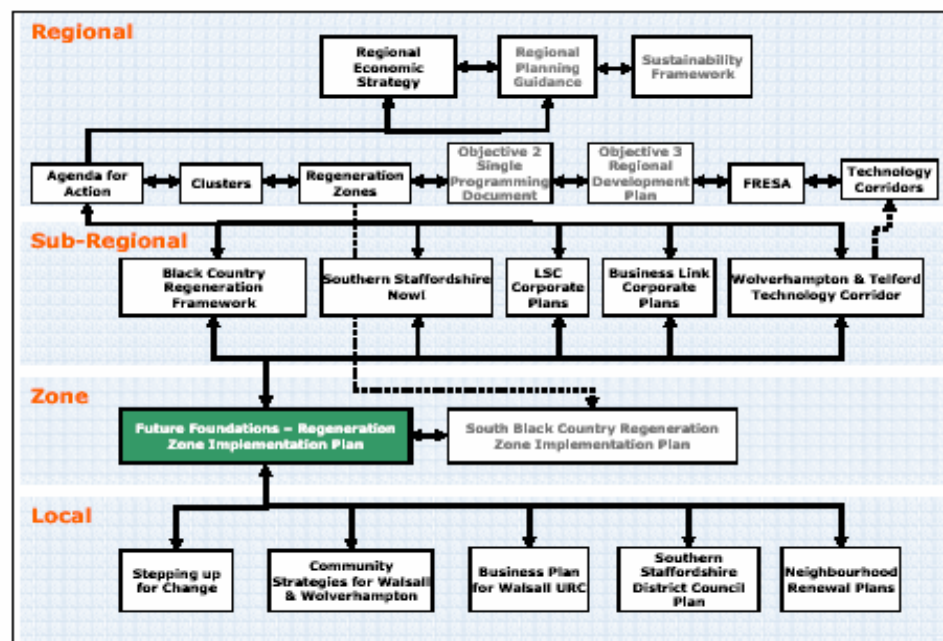
10.1 Introduction

Regeneration Zones are one of three key delivery mechanisms for the Regional Economic Strategy, the other two being Clusters and High Technology Corridors. The Economic Strategy states that these three delivery mechanisms cannot be considered in isolation and that Advantage West Midlands needs to facilitate connections between them.

Since Regeneration Zones were established a number of new regeneration structures and programmes have been established at a sub regional and local level including Urban Regeneration Companies (URC) and Local Strategic Partnerships (LSP). This has led to a degree of confusion further complicated by the fact that each Regeneration Zone operates within a sub regional partnership structure with some Regeneration Zones cutting across sub regional and administrative boundaries.

10.2 The Complex Picture

The complexity of the interrelationship between Regeneration Zones and other delivery mechanisms can be indicated by the following diagram taken from Future Foundations Zone Implementation Plan 2004-7.



This complexity is repeated in all Regeneration Zones although the organisations and structures involved may be different. The differing delivery mechanisms, regeneration structures and programmes all have their own visions, governing structures and management arrangements. Section 7 of this report raises the issue of a vision common to all such structures within a geographical area. There is a view that Regeneration Zone structures simply contribute to an already complex picture, adding another layer of bureaucracy.

Urban Regeneration Companies were a national initiative that Advantage West Midlands tried to fit into the Regeneration Zone structure. They are funded through the appropriate Regeneration Zones but it is unclear exactly how far Regeneration Zone Boards have individual control over their development. During the formal hearing Advantage West Midlands clarified this relationship stating that Regeneration Zone Boards will make decisions regarding resources but should take account of the role of Urban Regeneration Companies.

10.3 Existing Linkages

Evidence presented to us suggests that linkages between the three key delivery mechanisms of the Regional Economic Strategy are at best patchy. Where they do exist, they appear to have been developed in an ad hoc local way rather than being systematically facilitated by Advantage West Midlands.

The development of linkages is clearly the responsibility of individual Regeneration Zone Secretariats but Advantage West Midlands can and should play a key enabling role. We welcomed the good examples of integration identified by Advantage West Midlands, such as the links between clusters and the North Staffordshire Regeneration Zone Secretariat. However they recognise that linkages are not always being made and are working with Regeneration Zone Secretariats to develop these and share good practice.

The lack of integration becomes more obvious when looking at connectivity with other delivery mechanism or initiatives that are not driven by the Regional Economic Strategy. Advantage West Midlands recognised the complexity of structures that exist within the region. They clearly see the need to ensure different initiatives are working in parallel and

have already identified issues that need to be addressed to prevent, in their words, fragmentation. However evidence presented to us suggests that fragmentation may have already occurred.

We were concerned that the implication of differing agencies with complex grant procedures, and separate requirements for reporting, outputs and projections did not seem to be considered when jointly funded projects were developed.

Partners also raised particular concerns in respect of the strategic relationship between Regeneration Zones and Local Strategic Partnerships (LSPs). We were disappointed that Advantage West Midlands indicated that they felt that it was up to LSPs to decide what their strategic role should be.

Despite relationships between the complex structures proving difficult on occasions, we were pleased the efforts being made by Regeneration Zone Boards. For example the linkages made between the Black Country Consortium and Arc of Opportunity and Future Foundations Zones.

However the overall picture that emerged from the evidence presented to us suggests that that integration is limited and that duplication exists. There does appear to be some joined up thinking but resulting from individual initiatives rather than through a planned approach.

10.4 Recommendations

- 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, commonality leading to integration and joint working and the potential for rationalisation leading to possible economies of scale.
- 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.

11. Partnership Working

11.1 Introduction

Advantage West Midlands recognise that the only way to achieve the goals of the Regional Economic Strategy is through active and committed partnership working.

“vision ... will only be made reality through partners working together across the region”
Regional Economic Strategy

The ZIP Guidance for Partners 2003 identifies partnership as one of its key principles;

“There must be a demonstration that all partners have played a part in agreeing strategic priorities and proposals for financial support. It is up to each Zone to determine how this is done according to local circumstances. We are particularly keen to ensure that the private sector and Local Strategic Partnerships (LSPs) have been properly engaged. Holistic regeneration is a partnership activity in which everyone has a part to play. The ZIP should recognise this and demonstrate the steps that have had to be taken to be inclusive in designing the Zone programme and identifying roles and responsibilities”
ZIP Guidance for Partners 2003

The remainder of this section discusses key raised in respect of Advantage West Midlands’ activities to support partnership working in Regeneration Zone in respect of the business and the Voluntary and Community Sectors.

11.2 The Business Sector

“More therefore needs to be done to engage business people in partnerships and delivering action. Encouraging involvement in what are often perceived as bureaucratic organisations and processes is not easy, but without the energy and involvement of our business people, the region will not achieve the increased jobs and prosperity it seeks.”
Regional Economic Strategy

We welcome this recognition that more work is required to fully engage the business sector. This has been borne out by evidence presented to us during this review. There is considerable concern that the process surrounding Regeneration Zones has discouraged business sector involvement.

This was the view of Regeneration Zones prior to the establishment of independent Boards. Advantage West Midlands have worked hard to keep the business sector engaged and the development of a formal structure with Boards chaired by a Business Sector representative has made a significant contribution to this.

There are still concerns that Advantage West Midlands are failing to focus sufficiently on engaging the business sector in aspects other than governance issues. Regeneration Zones are therefore unable to benefit fully from business sector expertise and perspective.

Evidence presented to us suggests that processes are seen to be too lengthy, lack transparency and that the method of working prevents business engagement. The funding issue (see Section 8) has added to concerns that business sector representatives will disengage from involvement in Regeneration Zones.

Regeneration Zones were established before the creation of the West Midlands Business Council therefore Advantage West Midlands were unable to call upon the expertise it offers. We would hope that Advantage West Midlands will work closely with it to address these concerns and increase the engagement of the business sector.

11.3 The Voluntary and Community Sector

“Regeneration action is effective only when members of the community are fully engaged and representative organisations are fully involved in regeneration developments. This involvement flows from neighbourhood level to local, sub regional and regional levels.”
Regional Economic Strategy

Advantage West Midlands is working towards achieving this in a number of ways. They have provided £2million of funding for the Regional Strategic Engagement Fund (RSEF), which is

administered by Regional Action West Midlands (RAWM), in recognition of the diversity of the sector in the region and to ensure its engagement in regeneration policy. This fund was designed in partnership with RAWM, Government Office, West Midlands Regional Assembly and Embrace West Midlands. The funding includes support for a post in RAWM specifically dedicated to engaging the sector in Regeneration Zones. The RSEF is unique to the West Midlands and has received national recognition for innovation in Voluntary and Community Sector engagement from the Home Office Active Communities Unit.

The importance of the sector is also recognised within Regeneration Zone structures. A third of Regeneration Zone Board Membership is nominated and drawn from the Voluntary and Community Sector. Advantage West Midlands also provides funding for Regeneration Zone Secretariats specifically to enable them to engage with partners within their Zone, and to ensure Agency funding can work in tandem with other funding sources, including those that target the Voluntary and Community Sector.

These approaches are supported by partners in the Voluntary and Community Sector however evidence presented to us suggests that Advantage West Midlands are not working with the sector in a way that will achieve effective regeneration, or understands its needs.

The issues raised by the sector are clearly demonstrated by the findings of the CSR Partnership report (see Section 5). These were supported by evidence presented to us and are very similar to issues raised by representatives from the Business Sector.

The recent funding issues have increased frustrations within the sector. Clear evidence was presented to us that many voluntary and community sector projects will be lost as a consequence of this. We were concerned that Advantage West Midlands did not appear to understand the impact of these decisions or how the way they work affects partners.

We welcome the recognition by government of the importance of engagement with the Voluntary and Community sector.

“increase funding and flexibilities of the Regional Development Agencies, which will enable them to continue support for voluntary and community organisations in the delivery of both social and economic outcomes, including by developing Compacts with the VCS in each region”
2004 Spending Review

The development of a Regional Compact is also one of the recommendations of the CSR Partnership report and we would hope that the national guidance will ensure that Advantage West Midlands progress this as a matter of urgency.

11.4 Common Issues

In undertaking this review we have heard evidence from a number of key partners suggesting that partnership working is a real area of concern. A number of comments were made to us about Advantage West Midlands' current capacity to work well in partnership. Their apparent desire to exhibit true partnership working was undermined by

- a tendency to want to remain in control
- a lack of trust in the operational capacity of partners
- poor communications
- lack of transparency

The issue of partnership working is inextricably linked to communication issues discussed in Section 8 of this report.

There is a great deal of work to do to improve the effectiveness of Advantage West Midlands' partnership working practices. This means taking positive steps to address partners concerns, demonstrate trust and develop open relationships.

We were concerned with Advantage West Midlands' lack of understanding and recognition of the potential contributions of partners to Regeneration Zone activity. The findings of the CSR Partnership report suggests that there is still a need to develop the capacity of some partners. Many of the recommendations in this report can be applied more widely than the Voluntary and Community Sector.

Partners at both a strategic and operational level still want to be engaged with Regeneration Zones. Indeed despite recent funding issues, we were impressed with the level of commitment shown towards the concept of Regeneration

Zones but feel that that this goodwill may be lost if relationships at both the strategic and operational level are not improved. Advantage West Midlands will also need to work to rebuild trust with partners.

If Advantage West Midlands believe that the involvement of local partners in the governance of Regeneration Zones is important, it is essential that this is reflected through their relationship with empowered Regeneration Zone Boards. As Regeneration Zone Boards take on more responsibility it is essential that they continue to work to develop effective partnership working

11.5 Recommendations

- 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.

12. Process Issues

12.1 Introduction

As part of this review we looked at a number of the processes that underpin the development of Regeneration Zones. We identified Zone Implementation Plans (ZIPs), project appraisal and monitoring and evaluation systems as areas of concern.

12.2 Zone Implementation Plans

Zone Implementation Plans are key planning documents that provide detailed information in respect of a Regeneration Zone Board's vision, priorities and planned activities. Each Regeneration Zone Secretariat prepares a ZIP annually on a three year rolling basis. ZIPs are approved by the Regeneration Zone Board and are then submitted to Advantage West Midlands' Board for approval. Guidance for their preparation is provided by Advantage West Midlands and they provide comments on drafts prior to approval by Regeneration Zone Boards.

Generally witnesses felt the process of prioritisation that takes place through the ZIP process is very useful. However there is a feeling that greater flexibility is required in order to accommodate unexpected opportunities or shocks.

Concerns were expressed about the process of obtaining Advantage West Midlands approval. This has been lengthy and, on occasions, difficult. The impact of the recent funding changes and consequential reviews of programmes of activity have meant that ZIPs are seen by some partners to be largely irrelevant. Zones have now been asked to prepare ZIPs for 2005/6 by September 2004 in order to link to Advantage West Midlands Corporate Planning cycle. Advantage West Midlands had agreed to provide guidance for these in June 2004 leaving a relatively short period for preparation. This coupled with funding uncertainty for future years, has led at least one witness to tell us that ZIPs are a waste of effort.

Partners felt that a business planning process would be more appropriate than the current ZIP approach.

Another issue brought to our attention is the process whereby Advantage West Midlands is able to agree regional projects without appropriate discussion with Regeneration Zone Boards. These can have a direct impact on individual

Regeneration Zone work areas and budgets. Examples cited included a three year contract with Business in the Community. There was considerable resentment caused by the fact that these cut across Regeneration Zone priorities and will therefore reduce funding available for other activities considered by Regeneration Zone Boards to be more pressing. Concern was also expressed that Regeneration Zone Secretariats were not informed by Advantage West Midlands of non Regeneration Zone projects led by them within a Regeneration Zone area.

12.3 Project Appraisal

Prospective projects are appraised at two levels. Initially an outline proposal is submitted for appraisal by the Regeneration Zone Secretariat. Dependant on individual Regeneration Zone arrangements, this may be considered at individual Pillar Groups, scrutiny sub groups as well as at Regeneration Zone Board level. If it is agreed that a project has strategic fit with the Regeneration Zone priorities and the ZIP, a full project appraisal is carried out using a similar process. If this is then agreed, the project is then referred to Advantage West Midlands for their approval which requires both outline and full appraisal procedures to be completed.

Evidence presented to us suggests that the Advantage West Midlands appraisal process is long and protracted and can take up to between six months and two years. Whilst, on occasions delays may be caused by a need for additional information, partners feel that Advantage West Midlands decision making is overly long, inconsistent and lacks transparency.

Concerns were also expressed that the Single Programme Appraisal Guidance recently introduced by Advantage West Midlands is complicated, bureaucratic and may extend project approval time even further. We appreciate that this has been issued by central government and is binding upon all Regional Development Agencies.

In the formal hearing, Advantage West Midlands asserted that delays were caused by projects not being appraisal ready. They were unable to give an average time taken to develop projects due to the variety dealt with however this was being examined. They wanted to get to the position where applicants and Regeneration Zones work together to reduce

delays in the appraisal process and are working with their own staff to provide written guidance which they hope to share with partners.

Evidence presented to us demonstrated that Advantage West Midlands' appraisal process can lead to the overriding of decisions taken by individual Zone Boards. There is a perception that on occasions Advantage West Midlands are looking for reasons to reject projects.

Advantage West Midlands admitted that there had been some confusion regarding responsibilities for project appraisal. They intend to clarify with Regeneration Zone Boards that individual projects will require outline and full appraisal by Advantage West Midlands.

We are concerned with that the perception among partners that Advantage West Midlands do not trust Regeneration Zone Boards. The processes discussed above contribute to this feeling especially the control exercised by Advantage West Midlands over the preparation of ZIPs and their project approval processes. Partners need reassuring that Advantage West Midlands are confident in the vision and ability of Regeneration Zone Boards to lead regeneration within their areas.

12.4 Monitoring and Evaluation

There is a lack of clarity regarding who is responsible for the monitoring and evaluation of Regeneration Zone projects. The absence of delegation means that Regeneration Zone Boards and Secretariats feel that they are discouraged from being directly involved in project monitoring in their areas.

Currently all monitoring information is provided to Advantage West Midlands by projects as the contracted partner. Regeneration Zone Secretariats are currently developing their own systems to provide information to their own boards and are relying on goodwill from project partners in providing this information. This duplication puts pressure on project officers but data provided by Advantage West Midlands to Regeneration Zones is not considered to be sufficiently comprehensive, timely or on occasions accurate. In addition, the amount and frequency of monitoring information required does not always appear to be commensurate with the amount of funding allocated.

Advantage West Midlands seem to acknowledge concerns expressed by partners. They are currently examining all projects to ascertain if they were delivering expected outcomes.

We are uneasy with the current monitoring arrangements for a number of reasons. There does not appear to be a common approach to monitoring and evaluation based on baseline data and indicators or intra zone comparisons based on common indicators. The emphasis appears to be on monitoring short term outputs from individual projects rather than a more strategic evaluation of high level outcomes arising from Regeneration Zone Programmes. This level of evaluation would start to explore the value of a holistic approach to regeneration and how individual programmes impact collectively on areas. This may become easier to adopt within the proposed new framework for DTI monitoring of RDAs based on Public Service Agreements and regionally specific targets expected to be implemented from April 2005.

12.5 Recommendations

- 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.
- 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.
- 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.

13. Conclusion

- 13.1 We were very concerned with the strength of feeling expressed by partners about the issues discussed in this report. We hope Advantage West Midlands accept this report in the spirit it is meant, as a genuine attempt to improve regeneration in the West Midlands.

The role of this Panel has been to undertake an independent and informed evidence based review of Regeneration Zones. It is too early to say if these delivery mechanisms are succeeding in improving the overall quality of life in targeted areas. It is not too early to say that there are significant underlying issues that must be resolved in order to allow them to succeed.

The key areas discussed in this report can be addressed if Advantage West Midlands and partners work together. Advantage West Midlands need to recognise that these are genuine issues of concern rather than unjustified criticism. Partners have made a number of practical suggestions to improve the situation, some of which have been incorporated in our recommendations. It was clear that partners want to get on with the job and for Advantage West Midlands to help them to do it.

An underlying issue arising from the review process has been the approach of Advantage West Midlands to partners. It is essential that Advantage West Midlands examines its relationships with partners and how it communicates with them. We were disappointed in what appeared to be a defensive attitude adopted by Advantage West Midlands during the formal hearing which did not appear to be a genuine dialogue between partners. Advantage West Midlands need to be more willing to accept constructive criticism in order to retain the support of partners.

We hope that it will be possible to enter into a positive dialogue with Advantage West Midlands in order to develop a greater degree of trust in the strategic review process and an understanding of the Assembly's role as a critical friend.

13.2 Recommendation

- 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.

14 **Summary of Recommendations**

14.1 The purpose of this review was to investigate the operation of Regeneration Zones and make recommendations to Advantage West Midlands that will result in an improved delivery of area based regeneration initiatives. Our views and conclusions are based on evidence from independent research, stakeholders and from Advantage West Midlands. We cannot stress enough that all recommendations are intended to be constructive and to assist Advantage West Midlands in improving service delivery.

14.2 We have made a number of recommendations for Advantage West Midlands that we believe will begin to address key issues raised during this review. We would urge Advantage West Midlands to accept these as a way of improving the operation of Regeneration Zones as a delivery mechanism of the Regional Economic Strategy. The recommendations are discussed in detail in the body of this report and are summarised below.

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.

The remaining recommendations apply to the operational processes supporting Regeneration Zones.

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

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
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

- 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.

References

Regeneration Zone Strategic Review Summary of Findings April 2004 (MGA Research and Consulting)

The Strategic Review of Advantage West Midlands 2003 – 2004 Voluntary and Community Sector Engagement Regeneration Zones (CSR Partnership)

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

2004 Spending Review

Regeneration Zone Implementation Plans 2004 – 2007 Guidance for Partners (Advantage West Midlands)

Delivering The Advantage – Advantage West Midlands Corporate Plan 2003 – 2006

Advantage West Midlands Structure Chart

Future Foundations Regeneration Zone Implementation Plan 2004 - 2007

**West Midlands Regional Assembly
Strategic Review**

Examination of Regeneration Zones

Terms of Reference

Aim

The aim of this review is to explore in detail the issues highlighted in respect of Regeneration Zones during the 2002/3 Strategic Review Hearings. It will also explore the level of progress made by Advantage West Midlands in addressing areas of concern as raised by partner organisations.

Method

This will be achieved by a series of Panel Hearings taking evidence from regional partners culminating in a formal hearing with Advantage West Midlands. The Panel will also be informed by independent research and written evidence submitted to it.

Objectives

Evidence will allow the panel to assess activities in four areas:

1. Governance

- Effectiveness of governance arrangements
- Inclusivity and accountability of Regeneration Zone Boards
- Progress made in delegating financial responsibility
- Support provided to Regeneration Zones.

2. Engagement of Partners

- Success of Advantage West Midlands in engaging partners in Regeneration Zones
- The effectiveness of the Voluntary and Community Sector experience
- The role of business development
- Level of involvement of Local Authorities.
- Engagement with sub regional and local partnerships

3. Delivery

- Zone Implementation Plans

- Issues that inhibit or facilitate progress
- Project appraisal
- Effectiveness in targeting and co-ordinating expenditure
- Linkages with other key delivery mechanisms and area based initiatives such as SRB and New Deal for Communities
- Structures and responsibilities of Pillar Groups

4. Monitoring and Evaluation

- The effectiveness of Regeneration Zones in linking opportunity to need
- The relevance of targets and how they relate to individual Zones
- Monitoring and evaluation arrangements

The above issues will be developed further by Panel Members during the review process. Additional areas may be identified as a result of preparatory work and input from partners.

Outputs

A final report will be produced by the Panel and circulated to all regional partners.

Appendix 2

Evidence Presented

1. Verbal Evidence

Verbal evidence was presented by;

Sarah Middleton	Black Country Consortium
Ian Everall	Black Country Consortium
Nicola Bargery	Wolverhampton City Council
Ben Reid	West Midlands Business Council
Betty Taylor	Wolverhampton Network Consortium
Rachel Ginnelley	Wolverhampton Voluntary Sector Council
Bill Fryer	Future Foundations
Akshay Parikh	Future Foundations
Ged Bowles	Arc of Opportunity
Linda Round	Arc of Opportunity
John White	Arc of Opportunity
Kath Rees	Regional Action West Midlands
Chris Bonnard	Regional Action West Midlands
Ian Horrabin	Complex Development Projects
Annette Hay	Coventry and Nuneaton Regeneration Zone
Dave Hill	Coventry City Council
John Gething	Stoke on Trent Council
Alison McLean	Rural Regeneration Zone
Aktar Chaudhury	North Staffordshire Regeneration Zone
Graham Edwards	East Birmingham and North Solihull Regeneration Zone
Julia Herdman	East Birmingham and North Solihull Regeneration Zone

The following representatives attended from Advantage West Midlands;

Cllr Sue Davis OBE	Deputy Chair
Tony Sealey	Board Member
John Edwards	Chief Executive
Karen Yeomans	Corporate Director Development and Inclusion
Roger Sumpton	Director of Strategy
Rob Hetherington	Head of Regeneration Zone Policy

2. Written Evidence

The list below details written evidence that was considered by the Panel. These documents were submitted by partners either as primary or supporting evidence or were made available to Panel Members as supporting information.

Evidence of Wolverhampton City Council

Submission by Sandwell Metropolitan Borough Council

West Midlands Local Government Association submission to the Regional Assembly Strategic Review of Regeneration Zones

Submission by Coventry and Warwickshire Chamber of Commerce/Business Link

West Midlands Business Council Discussion Paper West Midlands Regional Assembly Inquiry – Regeneration Zones

Establishing the Business Case for a Revisit to the Arrangements for Regeneration Zones in the Black Country

Extract from Strategic Review of Advantage West Midlands Pillar 4 : Regenerating Communities
Hearing held 5 December 2002

Extracts from presentations by Advantage West Midlands to the West Midlands Regional Assembly (2001, 2002 and 2004)

Summary reports from Advantage West Midlands Board Meetings 30 March and 27 April 2004

Letters from Advantage West Midlands to Coventry and Nuneaton, Arc of Opportunity and Future Foundations
Regeneration Zone re Zone Implementation Plans 2004/7

Spreading Market Confidence North – Coventry and Nuneaton
Regeneration Zone Implementation Plan 2004/5 to 2006/7

Glossary

DTI	Department of Trade and Industry
RAWM	Regional Action West Midlands
RDA	Regional Development Assembly
RSEF	Regional Strategic Engagement Fund
SRB	Single regeneration Budget
VCS	Voluntary and Community Sector
ZIP	Zone Implementation Plan