



## **Evaluation of Renaissance South Yorkshire**

### **Final Report**

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# 1 Background

## Introduction

***“Renaissance South Yorkshire works with partners to deliver regeneration projects that support the physical and economic redevelopment of South Yorkshire.”***

Renaissance South Yorkshire Mission Statement

1.1 In June 2008, EKOS were commissioned by Yorkshire Forward to undertake an evaluation of Renaissance South Yorkshire (RSY).

1.2 RSY is a company limited by guarantee, established in 2004 by Yorkshire Forward, Objective 1 and Local Authority partners in Barnsley, Doncaster, Rotherham and Sheffield. It was created to address a sub-regional delivery gap and has had a remit to deliver key projects that contribute to the economic regeneration of South Yorkshire. These include some of the most complex and transformational projects that have been undertaken in the sub-region over the last decade.

## Evaluation Aims

1.3 The overarching aim of the evaluation has been to assess the success of RSY in delivering regeneration projects in South Yorkshire and to learn lessons for the future.

1.4 Specifically, the evaluation has sought to identify and assess:

- The achievements of RSY to date against its original aims and objectives;
- The added value generated by RSY in delivering its programme of transformational projects, coalfield projects and Objective 1 projects. In particular:
  - the additionality of projects delivered in terms of whether they would have happened without RSY; whether projects have been delivered more quickly, more efficiently, to a higher quality or on a larger scale because of RSY.
  - The Strategic Added Value achieved by RSY in terms of strategic leadership/influence, catalytic impacts, leverage, synergy and engagement (this qualitative perspective is a particularly important aspect of the study);
- The effectiveness, efficiency and value for money of RSY’s operations;
- Lessons for the future in the establishment and operation of Special Purpose Vehicles (SPVs) in the region;

- Key delivery priorities for South Yorkshire going forward beyond the lifetime of RSY.

1.5 To clarify, the scope of this evaluation relates primarily to RSY's core or operational expenditure. It does not include an assessment of the projects and programmes delivered by the SPV, partly because separate evaluations have already been undertaken of these.<sup>1</sup>

## Study Methodology

1.6 The evaluation has been based largely upon a comprehensive, in-depth programme of face-to-face and telephone consultations with a range of strategic and operational stakeholders (over two thirds of the interviews were recorded and transcribed). These include current and former RSY employees, senior figures within the four South Yorkshire Local Authorities and representatives from the private sector. Altogether 36 consultations have been undertaken.

1.7 In addition, secondary analysis (literature and document reviews) has been undertaken on a range of RSY related documentation, such as business plans, terms of reference, recorded outputs and transition plans.

## Net Impact and the Impact Evaluation Framework

1.8 This study scope is qualitative in nature, focusing on the added value that RSY has brought to the delivery of major investment projects in South Yorkshire. Whilst Section Three provides a quantitative element in terms of reported headline gross spend and outputs, it does so with a view to setting the other findings from the study in context rather than as a major analytical component of the report. More detailed quantitative analysis is likely to be undertaken through parallel project or programme level evaluations. The steering group felt that the focus of the evaluation should not be on output performance but the added value of RSY in addressing a delivery capacity gap in South Yorkshire (essentially its remit) and pointing out lessons for Special Purpose Vehicles (SPVs) and remaining priorities.

## Report Structure

1.9 The remainder of the report is structured as follows:

- **Section Two** explains the rationale and policy context for the introduction of RSY;

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<sup>1</sup> Specifically, Yorkshire Forward has commissioned evaluations of the South Yorkshire Inward Investment Programme, Directions Finningley (a core aspect of RHADS), as well as an evaluation of the Agency's Cluster Programme, which incorporates an assessment of the AMP and Barnsley's Digital Media Centre. These evaluations include assessments of economic impacts.

- **Section Three** provides an overview of RSY's spend, recorded outputs and organisational structure;
- **Section Four** explores RSY's key activities and achievements, including the four Transformational Projects;
- **Section Five** covers the factors behind RSY's successes and the challenges it has faced;
- **Section Six** draws together the findings from the previous sections into a series of conclusions and recommendations, including lessons that can be taken forward by Special Purpose Vehicles SPVs in the future.

## Acknowledgements

1.10 We would like to express our thanks to everyone who has kindly taken the time to contribute to this evaluation. Particular thanks are owed to Chris Scholey, Tony Newson, Ian Muffett and Martin Beasley at RSY and Bea Jefferson at Yorkshire Forward.

## 2 The Rationale for RSY

### Establishing an SPV: Context, Ambition and Key Aims

2.1 Following heavy industrial decline during the 1970s and 1980s, particularly in coal and steel, the GDP of South Yorkshire fell from 91% to 75% of the European average. Accordingly, the sub-region was allocated £700 million of Objective 1 funding.

2.2 Despite this allocation, there remained a sub-regional delivery gap, affecting the capacity of the sub-region to support and deliver economic growth projects. The need to create a new delivery vehicle in South Yorkshire, and as such the need for RSY, was initially a recommendation of the Objective 1 Performance Management Board (PMB). The PMB emphasised that in order to fully capitalise on the opportunities presented by Objective 1 funding, the sub-region required an over-arching local, dedicated, single management framework, focused solely on delivery of projects where it could add value.

2.3 Those that remember the Objective 1 Programme Complement and Single Programming Document will also know about the ambitious spatial strategy that was proposed to deliver Strategic Economic Zones (SEZs) and major Urban Centre investment, a magnitude unprecedented in recent memory.

*'RSY will have the responsibility for a delivery framework for South Yorkshire and will directly manage relevant flagship projects which are best delivered by RSY.'*<sup>2</sup>

2.4 RSY was launched on 30th May 2003. Partners signed an agreement setting out board membership arrangements, whilst an initial business plan set in place robust governance and performance management and delegation protocols (in some detail). These arrangements have remained in place throughout the life of RSY. The initial business plan also identified a number of risks around RSY's ability to deliver, although to our knowledge these did not materialise.

2.5 It was decided that RSY would be responsible for the practical implementation of a number of transformational economic development projects, a legacy of coalfield regeneration initiatives and Objective 1 (mainly Priority 5) infrastructure projects (referred to in this report as Transformational Projects). Of course, the sub-region had seen delivery vehicles of various kinds before, including Dearne Valley City Challenge, Barnsley City Challenge and Sheffield Development Corporation, but RSY represented a new and more wide-reaching concept. Unlike some SPVs it was decided not to adopt an asset based model where it would own parts of the projects it was implementing.

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<sup>2</sup> RSY Business Plan 2004, Section 3.3.1 Summary of RSY Partners Workshop

2.6 At the time of its creation it was stressed that RSY must be appropriately resourced, bringing together a co-located team of specialist technical and managerial expertise to undertake dedicated tasks driven by the objectives of RSY. In this way, RSY was able to provide the capacity required to effectively achieve its aim.

2.7 In summary, the rationale to create RSY was rooted in the economic context of the time and the capacity constraints that existed in delivering and adding value to major economic development projects in South Yorkshire. The introduction of RSY came at an opportune time for Yorkshire Forward, who were beginning to move away from direct delivery, and it was anticipated that RSY would strengthen existing sub-regional arrangements to ensure that the benefits of the South Yorkshire Objective 1 programme were fully maximised. It was also envisaged that RSY would provide a focused and co-ordinated approach to the delivery of specified activities and projects in the sub-region. This, in turn, would provide the market with a focal point and strengthen South Yorkshire's approach to inward investment.

### Overview of RSY's Role

2.8 With a five year life span, £138m of programme expenditure, over 70 projects and four transformational investments, RSY has overseen the implementation of some of the most significant regeneration projects in South Yorkshire over the last decade. It is a company limited by guarantee and, with a five year life span, it will cease to exist at the end of March 2009.

2.9 The work of RSY covers the development of urban areas and key property sites within South Yorkshire's three SEZs of the M1 and M18 corridors, and the Dearne Valley. Specifically, the company has responsibility for:

- Four Transformational Projects:
  - **Robin Hood Airport Doncaster Sheffield (RHADS) Business Park and the development of the M18 corridor (M18 SEZ):** the development of an integrated strategy and subsequent delivery of projects within the M18 SEZ, an area designated by Objective 1 to increase employment opportunities and develop business through strategic investment;
  - **Advanced Manufacturing Park (AMP):** Yorkshire Forward identified the need to provide the AMP, a specific site close to the M1 motorway with facilities to attract and accommodate the high-tech aerospace, medical and automotive sectors within the region;
  - **Barnsley Digital Media Centre (BDMC):** the development of a showcase project to promote and support the application of digital technologies in the

sub-region, including the growth and creation of new business, learning and skills development, and business modernisation and competitiveness;

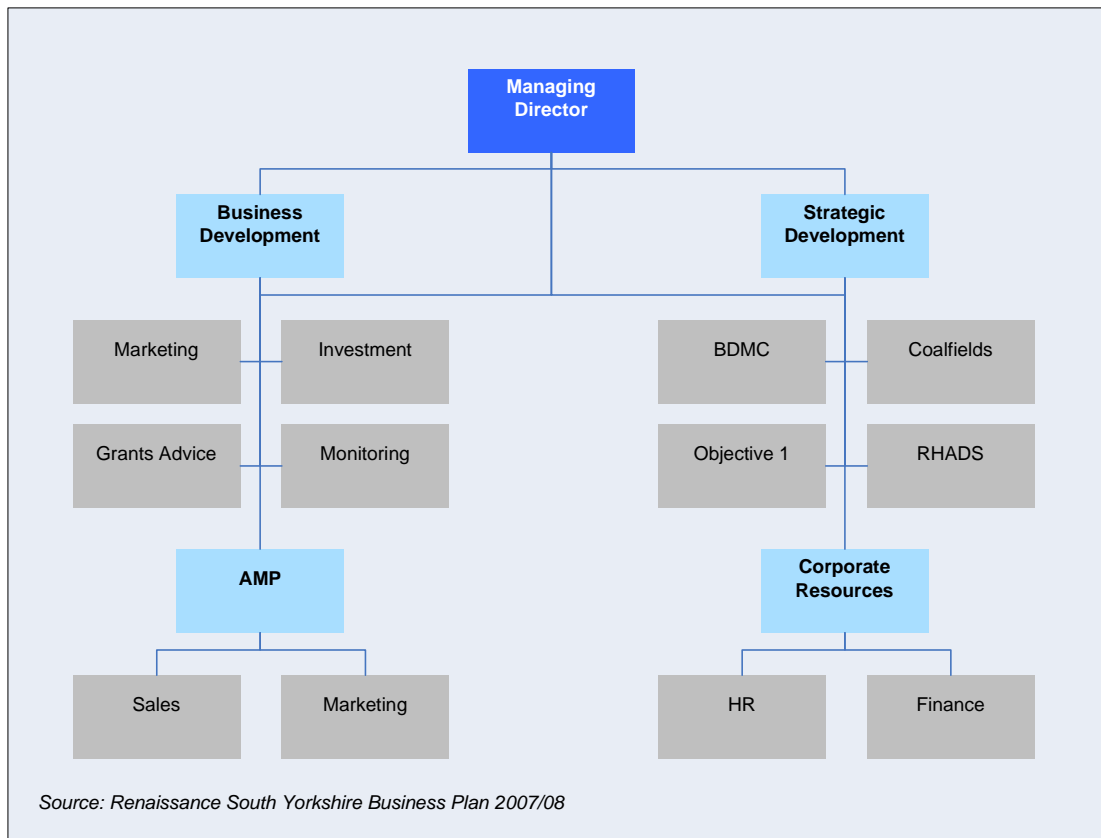
- **South Yorkshire Inward Investment Programme (SYIIP)**: a multi-partner project of activities across the sub-region, aimed at enhancing the coherence and co-ordination of inward investment. RSY was involved in the delivery of activities relating to research, lead generation, enquiry and project handling, and marketing of the programme;
  
- **Coalfield programme** (29 projects) and **Single Pot** projects (20 projects) under a Service Level Agreement with Yorkshire Forward. The projects represent a mix of former coalfield projects, specific revenue projects under the urban centres and SEZs and other projects, previously funded and managed by Yorkshire Forward;
  
- 33 projects as an **accountable body for Objective 1**. Yorkshire Forward successfully applied for European Regional Development Funds (ERDF) funding for the South Yorkshire Objective 1 Programme to assist in achieving two key measures, namely seizing the opportunities of SEZs and realising economic opportunities in urban areas. The purpose of these projects has been to provide sustained economic growth and activity in South Yorkshire and to secure support and funding from EU Programmes and the private sector.

2.10 RSY has sought to ensure that all of its activities are consistent with the aims of the Regional Economic Strategy for Yorkshire and the Humber and the Objective 1 Single Programming Document.

### 3 Structure, Spend and Outputs: A Summary

#### Structure

3.1 RSY’s organisation structure (as published in its 2007/08 Business Plan) is shown below. The structure was created to tie in the management and delivery of major physical investments with revenue and support functions that include marketing and aftercare services.



3.2 At the time of writing, RSY employs 18 people (more than half of whom are seconded from other organisations). Whilst not a skeleton staff structure, this does reflect the fact that the company is in its final few months. In the past, employee numbers have been as high as 50.

3.3 RSY is governed by a Board that meets on a bi-monthly basis<sup>3</sup>. In addition to members of the RSY senior management team, the Board includes representatives from Yorkshire Forward, the four South Yorkshire Local Authorities, Objective 1 and a range of independent stakeholders with experience and expertise in regional regeneration (including the Chair, Sir Hugh Sykes). As explained in Section Five, there is a general consensus that

<sup>3</sup> Although the frequency of meetings has varied over the life of RSY.

the Board has provided effective governance, especially in later years, and has been informative and inclusive, and supportive of RSY. In particular, there is a consensus that the Board became more effective after the appointment of the current Chair and Managing Director. Together, these individuals (with the support of the senior team) managed to overcome the initial resistance and suspicion of partners towards RSY.

## Spend and Costs

3.4 Table 3.1 shows RSY's spend on programmes, separated by its four main areas of activity. It indicates that around 40% of all programme spend has, or will, take place on Objective 1 projects, with a slightly smaller percentage (37%) on the coalfield programme and 18% on the Transformational Projects. Spend on the Single Pot projects accounts for only 6% of the total, all of which had been committed prior to the end of the 2006-07 financial year.

<b>Programme</b>	<b>To 31/03/07 £000</b>	<b>2007/08 £000</b>	<b>2008/09 £000</b>	<b>Total £000</b>
Transformational	17,493	3,958	4,028	25,479
Objective 1	12,424	18,737	22,078	53,239
Coalfield	33,720	5,645	12,198	51,563
Single Pot	8,047	-	-	8,047
<b>Total</b>	<b>71,684</b>	<b>28,340</b>	<b>38,304</b>	<b>138,238</b>

Source 2007/08 RSY Business Plan

3.5 Operational costs are shown in Table 3.2. Total operational costs to March 2009 are predicted to be in the region of £6.8m. Yorkshire Forward has contributed £3.7m towards operational costs, whilst the remainder, around £3.1m, has been funded by Objective 1.

3.6 Total operational costs equate to 5% of total programme spend over the life of RSY. There do not appear to be standard benchmark figures for operating costs, but experience of working on other programmes indicates that at 5%, RSY's running costs represent good value for money. For example, work several ERDF Programmes (e.g. Yorkshire and the Humber, South West, North West) have shown that operational costs can range between 10% and 15% of spend. Similarly, EKOS's work on Housing Market Renewal Programmes has shown that their running costs have also been in the order of 10% of total spend. A recent study by SQW of AWM's Regeneration Zones has concluded that operational costs at 5% of total spend "appears to be an acceptable figure".<sup>4</sup>

<sup>4</sup> SQW (2008) *An Interim Evaluation of the Regeneration Zone Programme for AWM: Final Report*. <http://advantagewm.co.uk/Images/Regen>

	Actual		Profiled	Total £000
	To 31/03/07 £000	2007/08 £000	2008/09 £000	
Staffing	3,000	1,003	687	4,690
Premises	355	95	195	645
Travel and Subsistence	82	17	16	115
Marketing Development	86	12	-	98
ICT, Stationery and Other Related Costs	120	15	9	144
Legal, Professional and Insurance	534	228	50	812
Irrecoverable VAT	95	16	15	126
Other Costs	67	2	9	78
Funding Reserve	-	-	127	127
<b>Total</b>	<b>4,339</b>	<b>1,388</b>	<b>1,108</b>	<b>6,835</b>
Source 2007/08 and 2008/09 RSY Business Plans				

## Outputs and Results

3.7 RSY has generated a significant volume of outputs across a range of categories. These are presented in Table 3.3 (based on actuals up to the end of 2007/08 and predicted figures for 2008/09), but in summary the key messages are that by the end of RSY's life in March 2009:

- Nearly 600,000 square metres of floorspace will have been either created or accommodated;
- Almost 20,000 jobs will have been created, accommodated or safeguarded;
- Over 400 companies (including SMEs) will have been supported or assisted;
- Over £200m of private sector investment will have been made and approaching £1bn of sales increases will have been generated.

<b>Table 3.3: RSY Outputs and Results</b>				
	<b>To 31/03/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Total</b>
Floorspace created (sq. m.)	73,917	77,603	93,555	245,075
Floorspace accommodated (sq. m.)	97,828	193,314	45,710	336,852
Gross Jobs Accommodated (no.)	718	2,770	1,353	4,841
Gross Jobs Created (no.)	6,960	2,997	1,874	11,831
Gross Jobs Safeguarded (no.)	1,269	948	807	3,024
Highways (km)	9.22	2.2	-	11.42
Land developed (ha)	53.69	59.05	6.25	119
Land reclaimed (ha)	204	45.71	32.4	282.11
New dwellings (no.)	9	120	316	445
Private sector investment (£m)	94.67	30.8	84.76	210.23
Public Open Space	73.2	-	1.9	75.10
Companies Supported (no.)	60	14	-	74
Companies Assisted (no.)	160	96	-	256
Increase in Business Sales (£m)	984	5	-	989
SMEs Assisted (no.)	50	48	-	98
Safeguarded Business Sales (£m)	6.25	4	-	10.25
Source 2007/08 and 2008/09 RSY Business Plans				

## 4 Major Activities and Achievements

### Introduction

4.1 As previously outlined, RSY assumed responsibility for delivering four Transformational Projects in South Yorkshire, considered to be of strategic importance due to their potential to achieve economic regeneration benefits across the sub-region. In addition, Yorkshire Forward transferred to RSY its duties and activities relating to the spend and delivery of the coalfield programme and 20 Single Pot projects. RSY was also tasked with operating as the accountable body for 33 projects contained within the Objective 1 Action Plan.

4.2 Overall, RSY has therefore been responsible for delivering over 70 transformational, legacy and Objective 1 projects. Many of these have either already delivered significant outputs or are expected to do so in the future.

4.3 This section takes each of the Transformational Projects in turn, providing summary background information and identifying where RSY is seen to have added value, based on the feedback obtained through the stakeholder consultations undertaken for this. It also outlines RSY's role in the delivery of the coalfield programme.

### The Advanced Manufacturing Park

4.4 The Advanced Manufacturing Park (AMP) is a 100-acre manufacturing technology park on the Rotherham/Sheffield border. Technologies on the AMP centre on materials and structures typically used in precision industries including aerospace, automotive and construction. Organisations currently located at the AMP include the Advanced Manufacturing Research Centre, a Boeing/University of Sheffield partnership, Castings Technology International (Cti), TWI and Rolls Royce.



4.5 It is projected that by the end of RSY's existence, almost 800 jobs will have been accommodated at the AMP.

## Added Value of RSY

4.6 There is little doubt that RSY have played a pivotal role in delivering the AMP. They are credited with accelerating the construction work, undertaking a substantial amount of marketing activity and, in the case of the Innovation and Technology Centre, securing above target occupancy rates (see Section Five).

4.7 Prior to RSY's involvement, the AMP had experienced significant delays due to difficulties in agreeing land prices with the site owners, UK Coal. As a consequence, reaching agreements and securing deals with potential investors was also being inhibited. RSY (or more specifically certain individuals within RSY) helped to successfully address and broker the resolution of these issues to enable development work to progress.

*"RSY really cut through the problems and took hold of the AMP. They were instrumental in pulling it all together"* Local Authority consultee

4.8 From a managerial perspective, it is felt that RSY's role at AMP also helped to instil a greater degree of South Yorkshire ownership and influence on the development, which to that point had been managed from Leeds. Local authorities reported that at this stage they found it *"difficult to influence delivery – it was a Leeds based scheme"*. As acknowledged by several respondents, the added value of RSY is that it *"facilitated a South-Yorkshire approach"*, and Rotherham and Sheffield had *"more say and a greater influence – we could use our skills and strength to work with RSY to support delivery"*.

4.9 A significant recent success for the AMP, and one in which RSY has been centrally involved, is the decision by Dormer Sandvik (a tool manufacturing company) to take a 20,000 square foot new build at the park over a ten year lease. Following the decision to close Dormer's plant in Worksop, there was a strong probability that the jobs would be relocated abroad, but through working with RSY (which helped the company to receive specialist advice on the Selective Finance for Investment), Dormer have been able to secure a grant that contributes to development costs and helps them to safeguard jobs. The company is now looking forward to building upon its existing relationship with Boeing, who are already represented on the AMP.

*"Without RSY I don't think we would be on the AMP. I have nothing but praise for the people that helped us – I found them to be tremendously helpful and tremendously useful"* Chief Information Officer, Dormer Sandvik

4.10 Whilst the above is a strong endorsement of RSY's involvement in the AMP, and whilst other consultees also reported having received very useful advice and guidance from RSY when putting together bids to locate onto the AMP, challenges were also cited. These tended to fall into two categories:

- private sector consultees felt that the awareness and image of the AMP could be enhanced if road signage was introduced, both from the Sheffield Parkway and on the site itself. As one respondent noted: *“The AMP has no tangible gateway that tells you it’s there, which is disappointing given the amount of money that’s gone into it”*;
- although not questioning the rationale behind having criteria to assess companies’ suitability for the park, a small number of consultees felt that on occasion the criteria had perhaps been too strict and had not only prevented occupancy rates from being higher, but had also prevented some high profile and well established organisations from adding their names to the AMP brand.

*“Companies have to be quite high-end to get on the AMP. We have turned down any number of people who’ve wanted to be there, including some quite significant occupiers, because they don’t fit the vision. I wonder if we’re being too elitist.”*

City Development Company consultee

4.11 Overall, the AMP is seen as having been a success and has considerable potential to become established as a high profile and integral component of the long-term regeneration of South Yorkshire. RSY has been an important driver behind this, not least in the way it helped to resolve long-standing and difficult issues over land price, accelerated occupancy rates and secured the investment of major companies. Concern exists around whether the marketing and publicity will be driven to the same extent without RSY, although the current volume of enquiries, including those from overseas, suggests that interest in the park continues to grow. Raising occupancy levels will be a key consideration going forwards to ensure critical mass in the catalytic investment.

### **Robin Hood Airport Doncaster Sheffield Business Park**

4.12 The Airport, which is owned by Peel Airports Group, opened in 2005. After handling nearly 845,000 passengers in its first year, it has been experiencing steady ongoing growth in both passenger numbers and freight transport. It is estimated that the Airport currently employs around 1,000 people and this is projected to increase as it continues to grow.



4.13 RSY's role in the development of the Airport has been multifaceted. It began by helping to secure £10m of Objective 1 funding for its creation and then engaged in a wide range of activities to support its long term growth, particularly with a view of maximising its potential contribution to the sub-regional economy.

4.14 RSY's activities can be structured along the following themes:

- **Planning:** *"RSY came up with logical activity in the form of a plan"* (former RSY employee). The company has coordinated the development of the Airport Project Plan to enable a structured and proactive approach regarding its long-term growth;
- **Supporting the Business Park:** Adjacent to the Airport is a 62 acre Business Park, which is targeted at attracting aviation related businesses as well those in the freight and cargo sectors. RSY has engaged in a programme of activity to promote the Business Park and attract businesses to locate there. It should be noted, however, that progress has been somewhat slower than anticipated to date;
- **Marketing:** RSY has engaged in several promotional campaigns designed to raise awareness of the Airport and the Business Park. These are deemed to have been well organised and fairly successful;
- **Skills and Training:** RSY assisted the development of the Directions Finningley Aviation Academy. It facilitated access to £2m of ERDF support to enable Directions Finningley to offer a range of airport and aviation related training courses, conferencing and other facilities, as well as incubation and office space for aviation related businesses;

- **Connectivity:** RSY has been a key partner in the Finningley and Rossington Regeneration Route Scheme (FARRRS), which is seeking to improve surface access to the Airport and is widely regarded as key to increase business opportunities. Whilst this project has not yet received consent from central government, RSY has had success with the development of the Airport Access Road, which was another scheme designed to improve surface access;
- **Partnership Working:** RSY facilitated and chaired the RHADS Project Board, and established a Business Development Working Group to stimulate investment activity around the Airport. It has also reinforced local and sub regional working arrangements.

### The Added Value of RSY

4.15 To some observers, the role and remit of RSY with regards to the development of the Airport has not been especially clear when compared with, say, the AMP. To an extent this may be a product of the consultation sample and progress at the time of writing, but also reflects the deliberate decision taken by RSY not to publicly champion its own involvement and achievements in projects.

4.16 That said, whilst some disappointment was expressed by consultees that consent for FARRRS had not been secured, RSY regularly received praise for the way it has:

- Assisted with the marketing and awareness raising of the Airport, both domestically and overseas;

*“They helped us to market ourselves. We joined them on several stands at exhibitions that we couldn’t afford to attend ourselves, such as the Paris and Farnborough air shows” private sector consultee*

- Facilitated the local transport planning regime to put forward the link road as a priority to the Department for Transport;
- brought together partners from the private and public sector (and within the latter across a range of functions) via the Airport development and associated steering group;

*“The Airport steering group will continue but rather than being chaired by RSY, Doncaster will take the lead. RSY’s legacy will include the creation of partnerships, comprised of people and organisations from across the region” Local Authority representative*

- Strove to position the Airport as part of a wider South Yorkshire offer that included new roadways, business premises and innovation centres;

4.17 Overall, RSY is credited with making the Airport a transformational, pan-sub regional project: *“RSY had a role in making sure that the impact of the Airport supported South Yorkshire and that it wasn’t Doncaster-centric”* (former RSY employee).

4.18 It has further been noted that RSY was faced with a greater challenge in ensuring the success of the Airport compared to other transformational projects because it did not have the same level of control. *“RSY was never in control of the Airport. It could only influence the operator...but it achieved the outcomes”* (former RSY employee) Given that the relationship between the Airport operator and RSY was at times said to be frustrating, the achievements and activities of RSY seem even more significant.

4.19 Overall, there is a general view that without RSY, the Airport and the AMP would not have been as developed as they have been. Encouraging sub-regional partnerships to work on a project located in one district is perhaps one of RSY’s most notable lasting achievements. The continued engagement of operators and developers is an important consideration for the continued growth of the Airport and its hinterland.

### **Barnsley Digital Media Centre**

4.20 Barnsley Digital Media Centre (BDMC), which was completed in June 2007, received £9.7m funding from Yorkshire Forward and Objective 1. It has been designed specifically to support the success and development of creative and digital media businesses. Hence, its vision is to be a *“leading component of South Yorkshire’s incubation and acceleration strategy for digital and creative businesses”*.



4.21 The BDMC encompasses modern architecture, up-to-the-minute technology and flexible packages in order to attract both start-up and established companies. As with the Innovation and Technology Centre at the AMP, the ultimate aim is for companies to graduate from the centre and expand into the local economy.

### **Added Value of RSY**

4.22 “*RSY delivered what it was asked to*”. This captures the sentiment expressed by several consultees regarding the delivery of the BDMC, although to some extent it does not do justice to the sensitivities and difficulties involved in taking on the project management of a complex build partway through development.

4.23 Due to the unavailability of appropriate resource within the Local Authority, RSY seconded a project manager to oversee the build of the BDMC, which itself had been planned for several years but had subsequently become delayed. It was acknowledged by all consultees who felt able to comment that as a direct consequence of RSY’s involvement, the BDMC was delivered on time and to budget. RSY were also involved with the appointment of Oxford Innovation, the company that is now responsible for the day-to-day management and attraction of businesses into the centre.

*“This was an excellent example of collaboration between RSY and the Barnsley Development Agency. It would have been difficult to complete the project on time without their involvement”*  
Local Authority representative

4.24 The general view across consultees is that the BDMC is an iconic building for Barnsley and should support the town’s urban renaissance agenda, particularly when combined with other major developments in the town (such as the train station, Westgate and the Gateway Plaza). As one consultee put it, *“it makes a statement. It’s in a key location and as a physical build, it’s transformational. The idea is that it establishes confidence that Barnsley is a good place to invest”*.

4.25 It should also be noted, however, that such a consensus is less evident in terms of whether or not the centre can be seen as transformational for South Yorkshire. This is not a reflection on RSY’s performance, which as noted is seen to have been a success. Rather, there is a feeling amongst some that the original application overestimated the demand and market for digital media companies, although current occupancy rates at the BDMC, at around 30%, are in line with original projections. Effective management of this iconic asset is an important priority for the future of digital media in the sub-region.

## **South Yorkshire Inward Investment Programme (SYIIP)**

4.26 RSY established the Invest South Yorkshire (ISY) team to deliver the SYIIP, which comprised three key strands of activity:

- Attracting new investment;
- Creating new investment through existing businesses;
- Aftercare – providing ongoing support to companies.

4.27 In relation to the above, direct delivery was predominately undertaken by local agencies and Yorkshire Forward. RSY added value by coordinating the activity of the relevant stakeholders and ensuring effective communication between them.

4.28 Overall, the SYIIP has sought to attract and embed new investment within the sub-region to diversify and add value to the local economy. Phase 1 of the programme ended in 2006 and Yorkshire Forward continued to support inward investment in a reduced form through the extension of the Objective 1 contract. As this contract ended in March 2008, RSY's direct involvement in managing the SYIIP also came to an end. However, it worked with the Local Authorities to submit a funding application to Yorkshire Forward to ensure elements of inward investment continue to be undertaken collaboratively. There is now a revised structure in place with each of the four Local Authorities contracting individually with Yorkshire Forward.

### **The Added Value of RSY**

4.29 It is this Transformational Project about which there is the probably least agreement amongst those consulted for the evaluation. As a consequence, it is useful to outline the context within which RSY has been operating – in doing so, its achievements with regard to inward investment can be more accurately identified.

4.30 Prior to the establishment of RSY, each of the four South Yorkshire Local Authorities had their own mechanisms for attracting inward investment, which were either through in-house teams or arms-length agencies. At the time, Yorkshire Forward was responsible for direct foreign investment into the region.

4.31 Whilst the senior decision makers within the four Local Authorities agreed it would be beneficial for RSY to assume responsibility for elements of inward investment, anecdotal evidence suggests that this was not necessarily the unanimous view shared across the operational teams. This may have contributed to the initial confusion and uncertainty about RSY that we explore further in Section Five and may also have generated a degree of resentment towards RSY's role and authority with regard to inward investment.

4.32 However, this initial resistance was overcome and the SYIIP is credited with several achievements, including:

- Securing the chairmanship of an individual with a high profile in both the private and public sector, thus raising the awareness and credibility of the programme;
- Introducing propositional marketing;
- Commissioning the South Yorkshire Land and Property Study, deemed to be highly valuable to decision makers and investors;
- Standardising the processes with regards to handling enquires across the four Local Authorities and encouraging a common approach.

4.33 The SYIIP also funded two marketing campaigns for South Yorkshire, although opinion is divided on their success (whilst recognising the benefits of promoting a region-wide offer, consultees were concerned that South Yorkshire as a brand is not one that is easily recognisable in the market place).

4.34 The larger question, however, is whether or not the SYIIP has led to an increase in the volume of inward investment activity. The main finding in this regard appears to be three-fold:

- Whilst any increase does not appear to have been overwhelming, it is probably unrealistic to expect that such change could have taken place within the available timeframe;

*“I don't know of any organisation that would have transformed inward investment in this timescale. Maybe given another 10 years and maybe on a city region basis, but not under these conditions”* City Development Company consultee

- There are differences of opinion as to whether there have been equal benefits for each of the four Local Authority areas, although it seems doubtful that this could ever have been the case;
- Over the life of the SYIIP, there has also been an emphasis placed upon indigenous growth, which to a certain degree has negated the need for collaboration.

4.35 Overall, it seems that the most widely regarded achievement of the SYIIP is that it formalised partnership working between the Local Authority teams responsible for inward investment activity. As one consultee noted, *I think it was more successful in getting us to*

*think about South Yorkshire in terms of non-physical based issues such as inward investment, and in this regard it successfully brought us together".* Going forwards, co-ordination brought by RSY is its main achievement – as the Sub-National Review unfolds, Local Authorities and Yorkshire Forward will need to ensure that the coherence developed is retained.

### **The Coalfields Programme**

4.36 English Partnerships (the national regeneration agency) is responsible for the extensive 16-year National Coalfield Programme, which is due to end in 2012. With a total budget of nearly £390m, the programme acts as a catalyst for land acquisition, site assembly, remediation and master planning – in essence redeveloping former colliery sites for employment, leisure and residential uses.

4.37 In South Yorkshire, the coalfield programme has been managed by RSY since 2004. Its budget of £93m been allocated across 31 sites. A notable example of RSY's role and success is the redevelopment of the Dinnington site in Rotherham, which won a prestigious national environment award for reclamation works in 2004 and in 2005 received a commendation at the Institute of Civil Engineers Yorkshire Awards.

### **The Added Value of RSY**

4.38 The coalfield programme has been managed and successfully delivered by a team at RSY. Consultee feedback suggests that delivery has been relatively straightforward, although it has been assisted by an effective delivery structure. An external observer noted that *"coalfields has been successful ...because of the team. RSY handled the team in the right way"*. Local Authority partners working with RSY to deliver specific projects have virtually all been complimentary about its contribution. As one consultee noted, *"we've had no problems working with them. They're good partners to work with – they're open and honest and willing to take on board any issues that we raise"*.

4.39 The overall added value of RSY in terms of the coalfield programme can be summarised as follows:

- The experience and knowledge of the RSY team bridged a gap in local capacity and skills;
- By their nature, coalfield sites are difficult to develop and require public investment before private investment can be attracted. Accordingly, RSY has been credited for supporting the relevant Local Authority to identify the most appropriate types of development that should taken place on particular sites;

- RSY avoided adopting a ‘client-contractor’ approach and were willing to embrace new approaches to delivery, such as supporting one Local Authority to implement NEC contracts<sup>5</sup> with developers;
- It provided continuity during times when English Partnerships experienced personnel changes;
- It had the necessary experience of contracting and selecting developers, which was deemed by some to be invaluable.

4.40 With the exception of a couple of consultees, there is a consensus that RSY has successfully delivered the coalfield programme and to a large extent, has achieved time additionality (a subject returned to in more detail in Section Five): *“Without RSY, the sites would not have been at the stage that they are now”* (coalfield project manager). The continued revival of the coalfields will need to be set within the new vision that is being developed for the Dearne Valley.

### **The Dearne Valley**

4.41 The Dearne Valley is a former Economic Enterprise Zone and RSY, along with partners, has worked hard to attract businesses to locate across its various sites. Indeed, this has been a major achievement and should not be underestimated given the poor image and reputation of the area in the mid 1990s.

4.42 Today, the Valley manages to retain businesses even after the Enterprise Zone status has ended. This is fairly unique compared to other Enterprise Zone areas where businesses that were initially drawn in by incentives subsequently left when they were no longer available.

4.43 The Dearne Valley is regarded as a success, yet there are lessons that can be taken forward for future:

- It is reported that the initial marketing of the area lacked focus and was not sufficiently targeted at end users. In future, the marketing of sites should be targeted rather than seeking to maximise the number of attendees at promotional events;

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<sup>5</sup> The NEC Contract is a legal framework of project management procedures designed to handle all aspects of the management of engineering and construction projects. Its benefit is that it supports the concept of partnership working and encourages employers, designers, contractors and project managers to work together through a legal framework to facilitate all aspects of the creation of construction projects.

- Improving road signage for new developments may help to raise awareness more quickly. In the words of one consultee, *“Whilst the Dearne Valley has ended up being an enormous success, I actually think the success would have come earlier had things like motorway signage been organised...”*.

4.44 The Dearne Valley has been very successful in creating a large volume of employment opportunities. Looking to the future, the quality of new jobs will be an important consideration.

## Summary

4.45 RSY was tasked with delivering a substantial level of investment not previously experienced in South Yorkshire (at least not in the last 20 years). Continued private sector engagement and effective asset management are two key priorities going forwards. The continued revival of the coalfields and improvement quality of employment opportunities will be important considerations in a post-RSY era.

4.46 It is clear that RSY has delivered the sub-region’s most transformational projects and that without its establishment, this presented a risk. Yet, most stakeholders would agree that there is little room for complacency. The physical structures have been built and now the next challenge is to optimise their economic potential. Within the current economic climate, this task will be more difficult, but local partners should continue the sub-regional partnerships that RSY has helped to encourage.

4.47 The next section identifies the factors that have influenced RSY’s performance, including strong and effective leadership at operational and Board levels.

## 5 Success Factors and Challenges

### Introduction

5.1 This section builds upon the findings presented in Section Four, exploring the main successes factors of, and challenges faced by, RSY as identified through the consultations. Generally, the message is that RSY has been a positive force in galvanising sub-regional interests, with a consistent finding across a broad range of stakeholders that it has directly and indirectly generated a range of tangible benefits that would not have occurred to the same extent in its absence.

5.2 Challenges have existed – and there have been instances where they have been significant – but despite this, the common consensus is that the overall influence of RSY’s existence has been very positive.

### Clarity of Role and Purpose

5.3 In the early stages of its existence, there was uncertainty within the sub-region as to the specific role and purpose that RSY had been given. Anecdotal evidence suggests that this was not as a result of poorly defined objectives, but more of the way in which stakeholders were engaged by RSY and how the remit of the organisation was cascaded by its senior management. In short, the problems appear to have been two-fold:

- In the eyes of some stakeholders, including the Local Authorities, RSY began by positioning itself as an accountable body for regeneration and inward investment in South Yorkshire without sufficient consultation or stakeholder engagement (it was described by some as appearing like a mini-RDA);
- This prompted uncertainty about how RSY’s activities would align with the Local Authorities’ role in the implementation of regeneration and inward investment priorities. As a result, RSY was initially viewed with a degree of scepticism by those with whom it should have been forming the strongest relationships.

*“People weren’t sure about RSY at the start.....it was seen to be treading on people’s toes and taking responsibility away from the Local Authorities”* Local Authority representative

5.4 The significance of the above should not be underestimated. It was mentioned in the majority of the consultations, often in the context of RSY having generated first impressions that would take some time (and which resulted in changes at senior management level) to overcome. At the time, it was also the case that whilst the concept of SPVs was not a totally

new one in South Yorkshire, it was not understood by all, contributing to the uncertainty about how RSY would add value.

5.5 As explained below, this situation was successfully addressed through a proactive communications and stakeholder engagement exercise, but in the early days it nonetheless hindered the pace at which RSY became accepted in the sub-region as an integral component of the regeneration landscape.

5.6 A lesson for future SPVs is therefore to ensure that their role and remit is clearly defined to all relevant stakeholders at the outset and that this is done in a consensual and communicative way. As one consultee explained, *“in the early stages, it felt like RSY was being done to us, not with us. That didn’t help people to buy into it”*.

## **Duplication**

5.7 Section 4 identified the various ways in which RSY added value to the sub-region’s major transformational projects. At the same time, there is a view that in establishing RSY, there has been an element of duplication. For example, RSY’s Inward Investment Team has operated alongside those established by local authorities and Yorkshire Forward. It has been noted that whilst RSY coordinated the activity of relevant stakeholders, perhaps it could have played a stronger role in establishing joint working teams.

## **Building Consensus**

5.8 Faced with the above, the challenge for the new managing director of RSY and his senior management team colleagues was to overcome first impressions, build consensus and give confidence that their expertise could add value. This process began with the interim Managing Director who was in post for six months before the current director was appointed. The interim Director played a role in changing the culture of RSY and external perceptions of it, which was accelerated by the existing Director and Board Chair.

5.9 Overall, RSY has been extremely successful in building consensus and giving confidence that it could add value to local and regional activity. Stakeholders frequently made reference to *“a transformation”*, *“a complete change in approach”* and *“a far more inclusive culture”* once the first Managing Director left. It also introduces the notion that there have effectively been two RSYs, one under the stewardship of the previous managing director and one under the current managing director (and associated senior management colleagues). Perceptions of the two are extremely different, with feedback suggesting that under the current stewardship:

- there is a far greater degree of buy-in to actions arising from Board and sub-group meetings, due in part to work that has been done to build stakeholder relationships and in part to the introduction of formal processes to ensure that senior

representatives within the relevant organisations both review and approve actions arising from Board meetings;

- a great deal of time and effort has gone into engaging stakeholders and explaining how and why RSY can enhance and quicken delivery and generate inward investment. In other words, communicating and clarifying RSY's role within the sub-region has been an important component in its ability to fulfil its role as a delivery vehicle.

5.10 In relation to the second point, the present senior management team held a full staff away day at which they ran a stakeholder and relationship mapping exercise, clarifying the organisations with which RSY needed to develop a relationship and who within RSY was responsible for each relationship. This is seen to have been a particularly effective way of ensuring that all the relevant organisations in South Yorkshire were kept informed of, and where appropriate consulted upon, key aspects of RSY activity.

5.11 A lesson for SPVs going forwards is to undertake exercises such as these at the earliest opportunity, thus increasing the chances of generating support and enthusiasm for the remit they have been charged to deliver.

*“When starting up an SPV there needs to be a lot of dialogue with partner organisations. There needs to be engagement at various levels, not just with the executive team but with the mayor and politicians too. You need to be seen to be involved in developing relationships and keeping in touch”* Local Authority Chief Executive

5.12 Through the leadership shown by senior management within RSY, the active contribution of employees has been maximised.

### **Minimising the Bureaucratic Burden**

5.13 Although a relatively small point when compared with, say, the physical legacy that RSY will leave or the extent to which it has quickened delivery, the regularity with which it was cited as having been an *“easy partner to work with”* merits its inclusion here as a success.

5.14 The main message is that those who have dealt with RSY in an appraisal, monitoring or claiming capacity have, almost without exception, found the experience to be relatively unburdensome. Whilst RSY has been operating within the regulations of European funding and has not therefore been able to sidestep or reduce bureaucracy, there is a general feeling that bureaucratic process have been as streamlined as possible. There was also regular praise for specific individuals within RSY in terms of:

- the speed with which they have responded to queries (for example, relating to claims or monitoring returns);
- the assistance they have willingly provided to help stakeholders complete claims and monitoring returns comprehensively and accurately;
- the effective communication of administrative deadlines.

*“They’ve been very approachable, flexible and co-operative”* private sector consultee

*“Claiming has been simple, quick and easy, much more so than with Millennium Commission funding, and that was ring-fenced specifically for us”* private sector consultee

5.15 Often unprompted, consultees compared the experience of working with RSY in an administrative capacity with that of working with other organisations. RSY consistently received favourable feedback and at an administrative level, and particularly at what could be classed a day-to-day level (responding to phone and email queries, claims procedures etc.), **RSY is seen to have been something of an exemplar of good practice** in relation to the relative simplicity and effective management of its processes. That is not to say that challenges haven’t arisen – in its early days, for example, there was an issue with the quality and consistency of monitoring and reporting data on Objective 1 projects (much improved since) – but all in all it has been successful.

### **Additionality**

5.16 Additionality can broadly be defined as that which would not have happened, either at all (pure additionality), as quickly (time additionality) or to the same extent (scale additionality) in the absence of a given action or intervention, in this case RSY.

5.17 Being able to demonstrate additionality is paramount for RSY – if it is not able to do so, questions must be asked about the rationale and evidence for its original conception and about how it has performed against its objectives.

5.18 Encouragingly, however, there are numerous examples of where additionality has occurred, either in part or in whole, as a result of RSY’s actions. This has tended to be in the form of time additionality and, to a lesser extent, scale additionality. For example:

- **Innovation and Technology Centre:** occupancy rates in the first year of operation were at 50% (against a target of 17%) and recently reached 80%. Businesses are also graduating from the ITC and moving into other premises on

the AMP. This time and scale additionality is attributed by the ITC's managing director, at least in part, to the marketing activity that RSY has undertaken;

*"Getting the occupancy rates up would have been much tougher without RSY. They've really accelerated the success of the ITC"* ITC Managing Director

- **Bridon International:** through support and advice from RSY, the company secured a £723,000 grant from Yorkshire Forward – 25% of the cost of a major capital expenditure programme aimed at introducing leading edge manufacturing technologies to safeguard jobs and prolong the company's competitiveness. As a result of the grant, the company has been able to start the investment programme significantly earlier (time additionality) than would have been the case otherwise. As the Environmental Manager at Bridon explained *"the programme might have gone ahead without the grant, but it would have been delayed significantly. The impacts of that for the business in Doncaster could have been devastating"*. In addition, the company now believes it will be competitive in its marketplace for at least the next ten years, whereas prior to the investments they were predicting a survival window of no more than five years. They have safeguarded over 250 jobs, are upskilling a significant proportion of their workforce and will continue to spend around £20m per annum (excluding raw materials) in the sub-regional supply chain.

*"RSY were pivotal in our successful bid. They helped to identify the grant that was available, provided a route map for applying and introduced us to a financial expert to help with the detail"* Environmental Manager, Bridon International

- **Barnsley Digital Media Centre:** RSY provided project management support that enabled the timely completion of the Barnsley Digital Media Centre – one of the four transformational projects and a high profile development in the Barnsley area. Without this support it is likely that the project would have experienced a significant overrun;

5.19 These are by no means the only examples of RSY's additionality. There are also the coalfield projects (see Section Four), the common systems and processes that have been introduced through the SYIIP and the property feasibility study for Doncaster High Melton College, to name but a few.

5.20 These examples do, however, serve to highlight that RSY has been far more than simply a delivery vehicle. Rather, it has been able to add value through its capacity to work on both physical developments and inward investment activity (including a substantial amount

of marketing work) in parallel. Opinion was divided amongst consultees as to whether the physical developments in which RSY has been involved could or would have happened anyway (i.e. to what extent RSY has demonstrated pure additionality). However, what is not in question is that time and scale additionality that RSY has brought to a range of significant developments in all areas of the sub-region.

## Partnership Working

*“Excellent organisations plan and manage external partnerships, suppliers and internal resources in order to support policy and strategy and the effective operations of processes”<sup>6</sup>*

5.21 As with additionality, the evidence gathered for the evaluation points towards many examples of effective partnership working that have been created or catalysed by RSY. Broadly these can be categorised under the headings of strategic partnership working and programme and project deployment:

- **Strategic:** such as on the SYIIP, where common systems and processes and Service Level Agreements have facilitated activity across administrative boundaries. Other examples include the RSY Board, which is seen to have been an important driver for partnership working, bringing together the views of partner organisations represented on the Board and creating a more inclusive governance structure.

*“Over time, RSY has been much more outcome orientated, which has helped to bring people on board and foster a partnership culture. In the early days there was far less consensus”* RSY Board Member

- **Programme and Project Deployment:** for example, RSY has typically had a single point of contact on projects and therefore a degree of continuity that is not always evident (nor possible) within Local Authorities, where the different constituent parts of projects (planning, funding etc.) will often have different contacts;

*“At the airport, RSY had one lead person dealing with the Academy, creating jobs, working with the private sector developers etc. A big strength of RSY has been that it has been able to see the project in its entirety”* Yorkshire Forward consultee

On the Airport development and associated Project Board, RSY is seen to have brought together partners from the private and public sector to create an effective

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<sup>6</sup> Introducing Excellence: the EFQM Excellence Model, 2003

partnership, the benefits of which will continue to be felt in the future with Doncaster taking forward the chairing of the Project Board;

5.22 There is, however, evidence from the consultations that whilst partnership working has improved through RSY, challenges have arisen and a risk exists around the extent that it will be sustained in the future. In particular:

- Issues regarding RSY's identity, remit and relationship with partner organisations (see earlier) hindered partnership working in the early stages of its existence;
- As covered in Section Four, although the formal structures introduced through the SYIIP have been welcomed, there is a sense in some quarters that they have not led to notable increases in inward investment enquiries, nor that there is necessarily a better sharing of enquiries across the sub-region;
- RSY has affected positive change in the way that major capital investments are viewed as part of a South Yorkshire-wide offer. However, this change has not been uniform and the consultations did provide anecdotal evidence to suggest that some stakeholders are yet to be convinced of the sub-region-wide benefits of the Transformational Projects;

*"A lot of RSY's activities have been concentrated on the AMP, but that has little impact for us"* Local Authority consultee

- Going forwards, an implication of the Sub-National Review is that greater responsibility for regeneration funding will be transferred to Local Authorities and will reside less with sub-regional and regional agencies. The challenge is therefore to ensure that the partnerships and partnership working arrangements developed through RSY are not diluted by the devolution and that the togetherness and coherence developed on major capital investment programmes is not lost.

*"There is a risk that the Sub-National Review changes will cause regeneration activity to become parochial again....hopefully some of the lessons learnt through RSY will prevent that"* RSY employee

## Strategic Added Value

5.23 Strategic Added Value (SAV)<sup>7</sup> is a term used to refer to the non-quantifiable or qualitative benefits of publicly funded interventions. Assessing SAV is becoming a core component of evaluation activity, especially in relation to RDAs<sup>8</sup>.

5.24 Under the general heading of SAV there are five recognised sub-categories, against each of which RSY is able to demonstrate evidence. See below.

## Strategic Leadership and Catalyst

5.25 Perhaps the most significant achievement of RSY is that it has accelerated the delivery of complex and high profile physical developments in South Yorkshire. In doing so, it has raised the awareness of opportunities and solutions to partners and stakeholders in the region and elsewhere (such as the marketing of the AMP and the support provided to the Airport to exhibit at airline conferences and overseas exhibitions). Importantly, it has marshalled like-minded interests around major sub-regional priorities and delivery challenges.

*“If I could say one thing about RSY, it would be that in a number of areas it has been a catalyst”* private sector consultee

## Strategic Influence

5.26 Especially on major transformational projects such as the AMP and the Airport, RSY has been successful in generating partnerships from across the sub-region that are (in the eyes of most but not all stakeholders) of mutual benefit to the growth prospects of the sub-region as a whole. The RSY Board has encouraged stakeholders to share strategic objectives and agree on the allocation of funds available to RSY accordingly.

*“RSY helped to make the Local Authorities realise that they needed to work together more. Through RSY they agreed to the priority projects across the sub-region”* RSY Board Member

5.27 Overall, the enabling role of RSY is without doubt one of its lasting success features.

## Leverage

5.28 A key achievement of RSY is that through the AMP, the Airport and the BDMC (although these are not the only examples), they have secured the commitment of the private

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<sup>7</sup> Also known as Strategic Impact

<sup>8</sup> DTI Tasking Framework for RDA Corporate Plans 2005-08, Annex C: *“RDAs are increasingly active in non-project activities that do not produce traditional outputs, and so capturing this ‘catalytic’ and ‘influencing’ role is essential to full monitoring of RDA performance. As RDAs’ strategic added value (SAV) is a key part of their contribution to PSA delivery, it is part of the Tasking Framework and will be identified in RDA Corporate Plans and reporting.”*

sector to invest in South Yorkshire over the longer term. In total, private sector investment is estimated at £0.2bn over the last half decade.

5.29 Public sector leverage has been less evident, as the majority of funds have come through Objective 1, but this is more a reflection on the funding landscape within which RSY has been operating rather than a criticism of its public leverage capabilities.

### **Synergy and Improving Intelligence**

5.30 The SYIIP is an example of where information exchange and knowledge transfer between partners has been improved through RSY (although as mentioned above, there are some differences of opinion on the extent to which this has resulted in inward investment benefits in all parts of the sub-region), as is the South Yorkshire Land and Property Study. RSY has also provided the capacity to enable the scaling up of projects and programmes to beneficial levels that achieve significant economies of scale (such as managing physical developments and running marketing campaigns in parallel) and has provided a critical mass to secure benefits.

5.31 In addition, RSY is seen largely as having been an 'honest broker'. Given the scale of regeneration resources available in the sub-region over the life of RSY, there may have been a danger of conflict at borough level had RSY not existed, and of complex and lengthy decision making processes. However, RSY is seen to have avoided that, keeping in mind the wider South Yorkshire agenda.

*"They were there to deliver rather than serve the interested of individual parties....the cogs would not have turned without them"* private sector consultee

### **Engagement**

5.32 Stakeholder engagement has been without doubt a major achievement of RSY, most notably following the change in Managing Director. There has been effective engagement of stakeholders in the design and delivery of sub-regional priorities and programmes.

### **Governance**

*"The function of governance is to ensure that an organisation or partnership fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient and ethical manner"*<sup>9</sup>

5.33 RSY is governed by a Board comprised of members that have been selected for their expertise and reputation in managing influential organisations in and around South Yorkshire.

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<sup>9</sup> The Independent Commission for Good Governance in Public Services: (2004) *The Langland Report: The Good Governance Standard for Public Services*.

5.34 There is a general consensus that the Board has provided effective governance, especially following the change in Managing Director. The Board is now seen to be informative, inclusive and supportive of RSY and few, if any, recommendations arose via the consultations for improving either the Board or the governance of RSY more widely. Whilst a small number of consultees mentioned the high volume of Board meeting papers, this is by no means unique to RSY.

*“It is an effective Board, lots of people contribute, there are no conflicts of interest. They review every Board meeting at the end of the meeting – someone sums up what went well and what didn’t”* Yorkshire Forward consultee

### **RSY’s People**

5.35 In any limited life organisation, there is a risk that as the end date of the organisation draws nearer, staff uncertainty increases. This can lead to reduced morale and can result in a significant proportion of the staff team leaving within a short space of time. In turn, this can have a negative impact on delivery over the final few months of the organisation’s life.

5.36 RSY identified and anticipated this risk and its senior management have been proactive in helping members of staff to find employment that is at least on a par with, if not a positive career move upwards from, their positions within RSY. Early in his tenure, the current managing director communicated to all staff that he considered it part of his remit to ensure that wherever possible this would happen and that no-one would be disadvantaged by working in a limited life organisation.

5.37 Anecdotal evidence suggests that on the whole this has been a successful strategy. Numerous former RSY employees now hold senior posts in other organisations, both within and outside of the region (such as the financial director of the new Business Link organisation and the chief executive of an urban regeneration company in the South West) and there are instances where RSY has either forged the initial relationship between employee and potential employer or has helped to further develop and strengthen an existing relationship. For less senior staff, employability skills training has been provided, including CV writing and interviewing techniques.

*“People feel that they’ve been supported [in finding employment]. They feel they’ve been looked after by RSY”* RSY employee

5.38 This focus on staff support is one which other SPVs can use as a blueprint and reflects well upon senior management within RSY. Whilst RSY has unavoidably experienced staff attrition in recent months, this has been occurred in a way which has been well managed and has not jeopardised the successful completion of RSY’s remaining obligations to its sponsors.

## In Summary

5.39 RSY had a difficult start and was unable to make the progress it would have hoped in its early days. One of its key successes has therefore been securing buy-in to its concept and remit, achieved through structured stakeholder engagement activity and the clear communication of its role. The experience of RSY in this regard is a valuable lesson for future SPVs.

5.40 RSY will be remembered as having a responsive and helpful administrative function and streamlined administrative processes. This is likely to have helped in part by the model it has been able to adopt in comparison with other organisations.

*"RSY doesn't have to deal with the broader political interface that Local Authorities have to deal with....it is a much simpler model"* Local Authority Chief Executive

5.41 RSY has generated a substantial amount of time and scale additionality and has made notable progress in facilitating partnership working across the sub-region, bringing a degree of coherence where sometime competition prevailed over co-operation. This has not always been an easy task and it is important that the alignment brought about to date does not wither away post-2009.

## 6 Conclusions and Recommendations

### Conclusions

6.1 The creation of RSY was a bold and ambitious move for South Yorkshire. The scale of market failure, volume of activity and resources necessitated a somewhat radical approach.

6.2 The choice of SPV was generally considered by stakeholders to be an appropriate model. It is likely that an asset based model would have run into difficulties in the current climate, as might a more commercial model.

6.3 The tensions experienced in the early days of RSY were overcome through a concerted effort to engage stakeholders and to clarify its role and remit. RSY succeeded in changing hearts and minds and went on to manage a portfolio of successful projects, although its early effectiveness was impeded by initial uncertainty, especially within Local Authorities.

*“If you are convinced that you do want a special purpose vehicle, be very clear about its purpose at the start and keep its set up phase to a minimum”* Local Authority Chief Executive

6.4 The (gross) outputs attributed to RSY provide evidence of the considerable tangible impact that it has had in South Yorkshire. It has created or accommodated more than 600,000 square metres of floorspace, assisted over 400 companies and secured around £200m of private sector investment. The current economic climate has led to facilities being taken up at a slower rate than predicted, but it is still anticipated that RSY will have created, safeguarded or accommodated more than 20,000 gross jobs by the time it ceases in March 2009.

6.5 In terms of SAV (an integral component of the Impact Evaluation Framework), RSY has been particularly strong in terms of its strategic leadership and catalytic effect – taking forwards and accelerating (in some cases quite significantly) complex, multi-partner developments such as the AMP and the Airport. Engagement is another element of SAV where RSY has performed strongly, overcoming early difficulties through proactive and consultative stakeholder involvement. Cross-boundary partnership coherence has been improved, although there is still some way to go to secure universal buy-in to a South Yorkshire-wide offer (a challenge that is likely to remain under the Sub-National Review changes) and in some quarters there is a sense that the distribution of the benefits achieved by RSY has been somewhat uneven.

6.6 However, much of what RSY has delivered would not have happened either as quickly (time additionality) or to the same extent (scale additionality) without its existence. There is less evidence of pure additionality, although what is not in question is the value that

RSY has added through its capacity and ability to manage physical developments in parallel with marketing and inward investment activities.

6.7 The next decade will bring some interesting challenges for South Yorkshire. The policy landscape has changed considerably since RSY was conceived. Local authorities and stakeholders have been delivering many large scale transformational regeneration programmes in recent years, including major renaissance programmes and city/town centre signature projects. In summary, capacity has improved and the cessation of RSY offers an opportunity to take stock on the requirements for the next phase of stakeholder investment.

## Recommendations

6.8 The evaluation aims identify two areas of focus for the recommendations – SPV lessons and delivery priorities. We also add some suggestions to plan for the next decade of investment post-RSY.

### Lessons for the future in the establishment and operation of SPVs in the region

6.9 The SPV in South Yorkshire was a bold statement of intent. On reflection it was considered an appropriate vehicle at the time but there are some clear learning points that those developing similar delivery vehicles could take on board.

6.10 **Set-Up:** Early articulation of the process for setting up an SPV is required, with agreement on its primary aims and objectives.

6.11 **Clarity of Purpose and Direction:** The rationale and terms of reference for an SPV need to be transparent and agreed by stakeholders and a clear role for the organisation set out. The choice of model is important – an asset based model, for instance, should be treated with caution given the potentially volatility of land and property prices. Statutory powers<sup>10</sup> and control over budgets needs to be agreed (bearing in mind the time taken and autonomy and responsibility that may result). Securing buy-in across all levels from decision makers to operational staff is important.

6.12 **Avoid Duplication:** In creating a new SPV, attention should be given to ensuring that it does not duplicate existing activity. If relevant, attention should also be given to using the SPV as a mechanism for enhancing joint working between organisations undertaking similar work.

6.13 **Business Planning:** A detailed assessment of activities, costs and funding should be provided alongside protocols around membership, governance, performance management and appraisals. This should be externally prepared or verified. Legal advice on appropriate

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<sup>10</sup> Planning, Highways, Transportation and CPO for instance.

structures should be sought, and the implications of accountable body status or asset management, clearly stated. Legal advice should also be used to determine VAT treatment and pensions liabilities.

6.14 **Good Governance:** The Langland Principles of Good Governance should be adopted by the board and management structures. An appropriate mix of membership and accountability is encouraged including a market perspective and suitably senior public sector stakeholders. Effective leadership is a key consideration (see below) and choice of personnel is important.

6.15 **Risk Assessment:** The management of risk should be undertaken in a robust manner and in line with the principles and concepts outlined in HM Treasury's Orange Book (Management of Risk, 2004).

6.16 **Organisational Excellence:** The principles or 'enablers' of the EQFM model should govern the operation of the SPV. Lessons from RSY cover the following EQFM themes:

- **Leadership:** RSY has demonstrated that strong leadership can provide clarity of purpose (where this falters confidence can wane);
- **People:** RSY's people have been its asset – their investment and engagement will underpin an SPV's success – a mature approach to people management, engagement and skills/careers development will motivate staff;
- **Policy and Strategy:** the ability to deliver a focused strategy that takes account of the market and changing landscape within which it operates is important;
- **Partnerships and Resources:** creating, facilitating, and nurturing partnerships has been an achievement of RSY – other SPVs could learn from the clear communication of priorities from the outset to stakeholders at various levels;
- **Process:** a streamlined, unbureaucratic organisation that is able to make decisions swiftly will quickly gain the confidence of its stakeholders, notably developers and the wider private sector (this was largely achieved in South Yorkshire).

6.17 **Legacy and Transition:** The transitional arrangements for SPVs are a major consideration from the outset. A smooth handover is an important consideration.

6.18 **Marketing and Branding:** The communication of messages is an important consideration for SPVs. Whilst a brand may be low profile its outward facing elements and

marketing materials need to look right – stakeholders need to be in full agreement before any major marketing campaigns are signed off.

### **Key delivery priorities for South Yorkshire beyond RSY's timescale**

6.19 RSY has made excellent progress on project delivery. Most of these projects were conceived before RSY's conception and will continue beyond 2009. Most stakeholders felt that embedding these major investments will be an important priority over the next 5 year period. Yorkshire Forward will need to play a key role on the most strategic developments and the growth in status of the local economic development is likely to continue beyond the Sub-National Review. This backdrop informs the tenor of remaining delivery priorities. The RSY Board may wish to consider the following.

6.20 **Transitional Arrangements:** Further refinement of the RSY transition plan articulating not just what needs to be done by whom, but with some detail on how:

- A full handover of the **AMP** to YF should be complete by March (with the involvement of Rotherham MBC). Unless existing arrangements are in place, we suggest reformulating a multi-stakeholder AMP steering group with an appropriate committee to co-ordinate continued growth of the park;
- **Objective 1** Projects should lie with GOYH and the European Team at Yorkshire Forward;
- Yorkshire Forward (in Wath) will assume responsibility of the **coalfield programme** to 2012.
- **Inward Investment:** individual authorities will assume the responsibility for inward investment and they will also contract with Yorkshire Forward. Continued co-operation and co-ordination between the four Local Authorities is encouraged and Yorkshire Forward will continue to manage key account companies;
- Responsibility for RHADS will fall with **Doncaster MBC** who will chair the Airport Project Board – the continued engagement of the airport operator and developers is a priority.

6.21 **Staffing:** Retention of skeleton staff for the final few months of RSY is an important consideration. Staff should be positively supported to subsequent careers.

6.22 **Shift to City Regional Agenda:** Dialogue on strategic issues (transport, innovation and the knowledge economy) can be handled through the city region Joint Issue Boards or

appropriate regional fora. The work with the Dearne Valley should also be pursued through the Dearne Valley Special Board.

6.23 **Regional Priorities:** Yorkshire Forward should take forward the land and property work – taking a strategic overview of developable sites (and capacity constraints) within the sub-region.

6.24 **RSY Studies:** Ownership of the above report and other studies (the sector reviews for instance) should sit with Yorkshire Forward.

6.25 **Closure Report:** Appropriate closure and project funding reports should be completed alongside any legal/asset considerations.

6.26 **Contact:** Individuals involved with RSY should put in place arrangements so that they can be contacted from time to time on legacy enquiries (with seconded staff this can be built into their job roles).

### **A New Agenda for the Next Decade**

6.27 The Board now needs to reflect on what next steps are right for the continued growth of the sub-region. Stakeholders may wish to consider putting in place some further actions to inform the next stage of investment planning:

6.28 **Taking Stock of Capacity and Investment Plans:** RSY may wish to consider a review of current delivery capacity in South Yorkshire. The review could summarise major known developments and articulate what capacity is needed by when. It should conclude by considering whether there is sufficient capacity post RSY.

6.29 **Policy Review:** The current policy landscape brings some new opportunities, challenges and responsibilities. The Sub-National Review, for instance, means the spatial scale of many functions is changing<sup>11</sup> and the local authorities' economic development functions are likely to grow.

6.30 **Consideration of Possible New Arrangements:** The Board then may wish to consider what arrangements, if any, are needed (and on what spatial scale) to deliver major policy priorities (transport, economic development, land and property etc.).

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<sup>11</sup> For instance transport may be handled on a regional basis, business support and skills at a sub-regional level and business support for major companies at a regional level.