



National Audit Office

2007

Independent Performance Assessment

HELPING THE NATION SPEND WISELY

The National Audit Office scrutinises public spending on behalf of Parliament.

The Comptroller and Auditor General, Sir John Bourn, is an Officer of the House of Commons. He is the head of the National Audit Office, which employs some 800 staff. He, and the National Audit Office, are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

Our work saves the taxpayer millions of pounds every year, at least £8 for every £1 spent running the Office.

The assessment team comprised of Peter Cudlip, Eleanor Fletcher, Guy Munro, Malcolm Page, Colin Stobbs and Sonia Stoddard. Peter Cudlip is seconded to National Audit Office from Deloitte and Malcolm Page is Director of Corporate Resources ONE NorthEast. The other team members are National Audit Office Staff.

For further information please contact:

David Corner
Director, Room A378
National Audit Office
157-197 Buckingham Palace Road,
Victoria, London, SW1W 9SP

020 7798 7529

Email: David.Corner@nao.gsi.gov.uk

East Midlands Development Agency (*emda*)

CONTENTS		PAGE
1	Preface	2
2	Summary	3
3	The context for East Midlands Development Agency's activities	5
4	Ambition	6
5	Prioritisation	9
6	Capacity	12
7	Performance management	15
8	Achievement	18
9	Technical Annex	22

1 Preface

1.1 The National Audit Office (NAO) has undertaken this Independent Performance Assessment of East Midlands Development Agency (*emda*) at the request of the Department of Trade and Industry (DTI), which is the sponsor department for Regional Development Agencies (RDAs). *emda* is one of nine RDAs established under the Regional Development Agencies Act 1998 to further regional economic development, promote business efficiency and competitiveness, increase employment and the skills base, and contribute to regional environmental sustainability.

1.2 The English regions vary significantly in size, geography, population, and economy. Each Agency operates within a unique environment reflecting the strengths, activities, infrastructure, and character of the region. RDAs face diverse challenges with different budgets, so each needs to respond appropriately to its specific circumstances.

1.3 However all RDAs face a number of common challenges, including balancing the interests of the region with national policy requirements, managing the conflicting demands of different regional stakeholders, looking outwards to promote the region while staying focused on what is happening inside, and responding to new duties imposed by central government from time to time. The Independent Performance Assessment assesses how well each RDA has responded to these common challenges.

1.4 *emda* will review its improvement plan in the light of our assessment report. The revised plan should be forwarded to the NAO within one month of the date of publication. The NAO will then consider the extent to which the plan addresses the areas for improvement identified in the assessment report and provide the RDA with advice. *emda* will then formally adopt the plan.

1.5 As part of the Independent Performance Assessment process, each RDA will include progress in implementing the improvement plan in its regular performance reports that it puts to its Board, which are shared with Government and are placed in the public domain at least every six months. As the Government's representative in the regions, Government Offices will support the RDA in their region in its continuous improvement and will alert departments and Ministers to any issues or concerns that may arise.

1.6 We are grateful to the East Midland Development Agency's Chair, Chief Executive,

Board members and staff members for their help in the Independent Performance Assessment. We would like to thank the numerous stakeholders and partners who helped us. We are indebted to Malcolm Page, Director of Corporate Resources at ONE NorthEast, who gave valuable time to serve on our team.

2 Executive Summary

2.1 The East Midlands Regional Development Agency (*emda*) has scored 22 points out of a possible maximum of 24. This is equivalent to performing strongly overall, as set out below. The Technical Annex describes the methodology for arriving at this assessment. Section 3 sets out the context to *emda's* activities while Sections 4 to 8 provide more detail about the five themes.

Theme	Assessment	Score
Ambition	Performing strongly	4
Prioritisation	Performing well	3
Capacity	Performing well	3
Performance management	Performing strongly	4
Achievement (double weight)	Performing strongly	4 (8)
OVERALL	Performing strongly	22

2.2 *emda's* self assessment which included its draft improvement plan is well structured and thorough. The self assessment gives a clear picture of the challenges facing the region and of *emda's* approach to tackling them. There has been wide and extensive consultation on the self assessment with staff, partners and stakeholders. The assessment identified a number of key learning points. The document is balanced and self aware, showing where *emda* has made a positive impact and added value as well as indicating areas for further development.

2.3 *emda* has a strong vision for the region which has been developed and strengthened in successive productions of the Regional economic Strategy (RES). The aim of becoming a top 20 region by 2010, and a "Flourishing Region" by 2020, is challenging and recognised by partners as appropriate.

2.4 *emda* has developed strong partnership working across the region. *emda's* partnership working is a real strength, with an emphasis on building strategic delivery and in getting stalled projects to work again.

2.5 The 2006-20 RES, "A Flourishing Region" built upon the previous strategies, "Prosperity though People" (1999) and 'Destination 2010' (2003), and was published in July 2006 after a wide and extensive consultation process, which included partners and stakeholders as well as the general public. There were 100 events reaching 1400 regional stakeholders and partners, 11 public road shows and an advertising campaign which received over 20,000 hits. *emda* undertook an innovative public advertising campaign for the RES which was successful in generating considerable interest within the region. There is strong support for the aims, ambitions, priorities and actions outlined in the RES.

2.6 The evidence base, developed in house, is detailed and comprehensive and is well regarded by partners and stakeholders, many of whom use it as a reference to produce programmes and strategies for the region. The Index for Sustainable Economic Wellbeing is seen by partners, stakeholders and staff as a very positive and innovative development and will provide *emda* with additional comparative data.

2.7 During our on site visit, *emda* was in the process of developing a Regional Implementation Plan (the Plan) which will facilitate the delivery of the RES. A first draft of the Plan is due to be published in February 2007 and the RDA acknowledges that there will be a need for ongoing work to ensure it remains a proactive way of delivering the RES. We believe this is positive step forward for *emda* and, once published, will be a valuable tool for the region to manage delivery of the RES and for *emda* to pursue its own RES targets.

2.8 There are good clear links from the 2003 RES (Destination 2010) to the current Corporate Plan (2005-08). The business plans of the Strategic Sub Regional Partnerships (SSPs) are reviewed and approved by *emda* to ensure priorities are aligned with the RES and *emda's* overall priorities set out in *emda's* Corporate Plan and Annual Business Plans, as are the individual directorate business plans. The roles and responsibilities of the SSPs have been reviewed to bring a more consistent approach and to ensure their priorities are aligned more closely with the RES.

2.9 The establishment of *emda's* Shared Resource Centre (SRC), which undertakes appraisal, financial and contract monitoring in a consistent manner, has released some capacity within the SSPs. The establishment of the SRC is recognised as a major improvement in the relationship between *emda* and the SSPs. The SRC has been so

successful that *emda* is rolling its function out across all the Agency's programmes and projects.

2.10 *emda* has restructured internally to align its directorates with delivery of its business plans. The restructuring of *emda* has been well received by staff, partners and stakeholders.

2.11 *emda* is making good headway towards fully implementing diversity and equality into its processes and mainstreaming awareness of the issues into the culture of the organisation. *emda* provides training for staff which is also available to the SSPs and is working on forward action plans to embed diversity across all *emda*'s culture and processes.

2.12 *emda* has a strong learning culture which is genuinely embraced throughout the organisation. *emda* has made good progress on evaluation of individual projects. It has also commissioned an independent impact evaluation of *emda* as a whole. *emda* has a clear and demonstrable lead over the rest of the RDA network in respect of this work.

2.13 *emda* has established an effective Board that provides robust challenge. The Executive Team exercise effective control of *emda* operations. *emda*'s Chair and Chief Executive form an effective partnership, with a visible presence in the region. *emda* takes robust decisions on matters within its remit of economic development and in providing its support to regional players.

2.14 Aside from its commitment to delivering projects in an economically sustainable way, *emda* has also shown its commitment to social sustainability through its engagement with Social Enterprise East Midlands. Sherwood Energy Village is an excellent example of *emda*'s approach to sustainable development. *emda* has a team dedicated to mainstreaming sustainability issues throughout *emda*, which is now finalising an internal sustainable development framework and has commissioned a piece of work to fully mainstream sustainable development across the entire Agency's culture and processes by 2008.

2.15 *emda* has a good track record of establishing working partnerships and has brought together organisations that previously did not share or communicate, such as the main universities in the region and the 3 cities (Nottingham Derby and Leicester). *emda* has been instrumental in promoting a regional identity.

2.16 *emda* has strong performance management mechanisms and clear governance procedures in

place with excellent reporting and monitoring systems at all levels of the organisation. These are embedded in the culture of *emda* as routine and there is a clear and demonstrable link between the individual performance objectives, business plans, the Corporate Plan and the RES.

2.17 Risk management is embedded throughout *emda* and there is a strong risk aware culture which helps to ensure decisions are taken on the basis of information about positive and negative risks

2.18 The East Midlands has moved from 35th to 28th out of Europe's 77 regions since 2003. *emda* has delivered against the Critical Success Factors (CSFs) included in its Annual Business Plan and has a good record of achieving its targets against the PSA framework and has exceeded its efficiency savings targets.

2.19 *emda* has added value and delivered stalled projects and programmes. It has delivered innovative projects in the social enterprise, skills and sustainability areas. The vehicle used as part of *emda*'s approach to delivering regeneration ("Blueprint") is being considered by other RDAs and the wider public sector.

2.20 Since 2003, *emda* has made strong progress in leveraging inward investment to the region, moving from 11th to 6th in UK. It has performed its lead role well and has developed an effective network.

3 The context for East Midlands Development Agency's activities

3.1 The East Midlands is geographically England's fourth largest region in terms of area, at around 15,607 sq km. Whilst it is England's second smallest region in terms of population at around 4.3 million, it has one of the fastest population growth rates, at 5.1 per cent. Almost 30 per cent of the population live in rural areas compared to 19 per cent in England as a whole.

3.2 The East Midlands is made up of six counties: Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire, Northamptonshire and Rutland, and is one of England's most diverse regions:

- The areas around the former coalfields in the north of the region, along with the cities of Derby, Nottingham and Leicester along the M1 corridor, share the industrial heritage of the West Midlands, North West and Yorkshire;
- The south of the region, part of the Milton Keynes/South Midlands Growth Area, has more in common with the South East;
- Lincolnshire, with its sparse population and rural economy has more in common with East Anglia.

3.3 Unlike most other regions, the East Midlands has no regional capital. Nottingham is one of England's nine core cities but is small relative to most of the others, and Derby, Leicester, Lincoln, Northampton, Chesterfield and Mansfield are also significant population centres.

3.4 The region's economy is around £65 billion, of which approximately a third (£20 billion) falls to the remit of the public sector, i.e. local authorities, health and further and higher education. The economic and social mix in the East Midlands is as diverse as its geography, ranging from relatively prosperous city-dwellers and commuters to pockets of serious urban and rural deprivation:

- GVA is relatively low, at 91.5 per cent of the UK average, although significant disparities exist within the region: GVA per head is less than 80% of the UK average in Nottinghamshire, East Derbyshire and Lincolnshire, but above the UK average in Northamptonshire.
- Nine percent of people living in the East Midlands region at the time of the 2001 Census

were from ethnic minority backgrounds. Of the eight other English regions, only London and the West Midlands had a higher proportion of non-White British residents.

3.5 The unemployment rate in the region is one of the lowest in the country at 4.3%, which is below the national average and employment is high at 75.4% compared to a UK average of 74.2% (2004).

3.6 There are some 260,000 registered businesses in the region, with a predominance of small to medium-sized enterprises (SMEs). The region hosts a variety of industries and sectors. Manufacturing represents 23 per cent of output and 19 per cent of employment. Key sectors in the region include: transport equipment; food and drink; healthcare; and construction. The services sector is a small but growing sector.

3.7 In comparison with many other regions, the East Midlands is dominated by sectors that involve a high percentage of low-skilled jobs. Of the 25 per cent of the workforce employed in the distribution, hotels and restaurants sector and those employed in manufacturing, relatively few are employed in graduate-level jobs. In 2005, 53 per cent of pupils achieved five or more GCSEs at grades A* to C, compared to 57 per in England, while 17 per cent of the working-age population did not have an NVQ or equivalent qualification, compared to 15 per cent in England. There are ten higher education institutions in the region.

3.8 The East Midlands is home to a variety of rural attractions including Sherwood Forest, the Peak District national park, and the Lincolnshire coastline. There is an international airport, which is one of the UK's largest dedicated freight airports, and good rail and road links throughout much of the region.

3.9 *emda* is the one of the smallest of the nine RDAs in England with a budget of £168 million (gross) (2005/06) and an establishment of 246 staff (235 in post).

4 Ambition

Key Sources: *Regional Economic Strategy, Regional Housing Strategy, Regional Spatial Strategy and Regional Funding Allocations document, focus groups and interviews*

emda is performing strongly in terms of ambition. (SCORE 4)

- Through the Regional Economic Strategy (RES), has *emda* set clear and challenging ambitions for the region?
- Are ambitions based on shared understanding amongst *emda* and partner organisations of regional needs and opportunities?
- Does *emda* provide strategic economic leadership across the region and ensure effective partnership working?
- Does *emda* with its partners have an integrated and cohesive approach to improving regional economic performance?

4.1 *emda*'s latest RES for the period 2006 to 2020, "A Flourishing Region", was published in July 2006. It clearly builds on the previous strategies, 'Prosperity through People' published in 1999 and "Destination 2010" published in 2003. The current RES continues the region's vision to become a top 20 European region by 2010 but extends this to include the concept of a "Flourishing Region". Becoming a "Flourishing Region" encompasses a broader range of issues, most notably on social and environmental aspirations. *emda* has set out to measure its progress toward the "Flourishing Region" through the Index of Sustainable Economic Wellbeing, described below at 4.10.

4.2 The RES sets out in detail how it will mobilise the region's resources and engage the region to maximise the opportunities available to it. It describes 10 priority objectives under three broad headings: raising productivity; ensuring sustainability; and achieving equality.

4.3 *emda* has demonstrated its commitment to delivering the RES ambitions by reorganising its internal structure to reflect the RES. This gives a clear line of sight from overall regional ambitions into *emda*'s practical activity through its Corporate Plan and annual business plan.

4.4 *emda* is generally acknowledged to have helped to forge a regional identity for the East Midlands. *emda* undertook a wide and inclusive

consultation for its RES. This included 100 events, 11 public road shows and an outdoor advertising campaign ("Have your Say"). The consultation reached 1,400 regional stakeholders and partners, and generated 495 substantive written contributions, with a dedicated website receiving over 20,000 hits. Many partners commented that *emda* had been bold in conducting such a wide consultation. We agree that the innovative approach adopted has paid off, helping to build *emda*'s profile within the region. The majority of partners and stakeholders we spoke to and contacted felt that they had played a role in the development of the RES and that their suggestions had been listened to and acted upon.

4.5 *emda* has built on the wide scale consultation on the RES to ensure it is widely seen as the region's document and partners regard the ambitions within the RES as the appropriate ones for the region.

4.6 *emda* has created a detailed and comprehensive evidence base which was instrumental in developing the RES. The evidence base was created and managed in house, supplemented by national experts who were brought in to advise on specialist areas and to corroborate the findings. *emda* has been successful in securing partners' and stakeholders' support and buy in for the evidence base. *emda* now needs to ensure that the evidence base is refreshed on a regular basis.

4.7 Through the RES, *emda* has set challenging targets. Most partners understand the concept of the Top 20 region and believe it is an appropriate goal for the East Midlands. The majority felt that the term "A Flourishing Region" encompasses the broad and ambitious nature of the whole RES document and that it is an appropriate goal for the region.

4.8 Partners are committed to delivering the RES and confirmed that they either had been consulted or were expecting to be consulted on their contribution to the region's RES Implementation Plan. The final version of the Implementation Plan will include costs, actions and targets for delivery. At the time of our onsite work, 83 out of 93 partners had signed up to the Implementation Plan.

4.9 Partners we spoke to noted that *emda* is willing to take strong decisions regarding matters within its own remit on behalf of the region and that it has been supportive of regional players faced with tough decisions. Examples of where *emda* has taken "tough decisions" include the shift in

prioritisation from six clusters to four sectors, the set up of the sub-regional strategic partnerships (SSPs) along economic lines rather than existing administrative boundaries, and the decision made to appoint a single contractor for the operation of business links.

4.10 *emda*, in partnership with the New Economics Foundation, has developed an index, the Index for Sustainable Economic Wellbeing, to measure a wide range of factors that indicate the wellbeing of the region. These factors include social and environmental issues as well as economic. This is seen as very positive and innovative by partners, stakeholders and staff alike. Central Government have shown a strong interest in this, and other RDAs are also looking at its applicability.

4.11 *emda* has a good reputation for engendering partnership working. Whilst, in the past, this has not always been the case, many partners and stakeholders commented that *emda* is perceived as a much more mature organisation in terms of its own partnership working and that it is very good at bringing others to the table and helping other organisations work together. For example, *emda* has been instrumental in facilitating communications between the three cities (Nottingham, Derby and Leicester) to work together to achieve economic growth in a way they have not done before.

4.12 We found evidence that *emda* has a positive attitude to working cross-regionally with other RDAs and nationally, for example in its work with Advantage West Midlands (AWM) on transport technology and inward investment and with South East Economic Development Agency (SEEDA) on the Milton Keynes growth area. *emda*'s work overlaps with AWM in many ways and partners usually commented that they felt there was a strong relationship between the two RDAs.

4.13 *emda* has a strong relationship with the Government Office and Regional Assembly. Both these relationships have matured over the past few years and they are now able to work constructively together. *emda* has worked well to support the Regional Assembly's development of the Regional Spatial Strategy which is aligned with the RES and is widely lauded for its good partnership working on the Regional Funding Allocations.

4.14 *emda* is working hard to mainstream sustainable development throughout its work and processes. The RES emphasises the need for sustainable development on environmental and social issues as well as economic. *emda* places

emphasis on economic inclusion and social enterprise work. It works closely with organisations such as Social Enterprise East Midlands, for example on the Genesis Social Enterprise Centre. On environmental sustainability, *emda* has delivered projects to showcase environmental efficiencies, such as the Sherwood Energy Village.

4.15 *emda* has a dedicated team to work on sustainable development and monitors the level of staff understanding of the issues. *emda* is now developing a sustainable development framework to mainstream sustainable development through *emda*'s role and priorities, all the way down to the individual responsibilities of staff. They are commissioning a programme of work to develop and implement a whole sustainable development policy, including a proofing function for all internal strategies and plans, and annual action plans on specific areas of work. In the meantime, the dedicated team at *emda* provides a point of contact to spread awareness throughout *emda*. They also have (and are continuing to develop) a regional sustainability checklist to be applied on project appraisals.

4.16 *emda* is keen to raise awareness in the region of the economic benefits of sustainable development and to share its learning with all partners. *emda*'s choice of the Igloo Regeneration Fund, which has a strong commitment to socially responsible investment, as the private sector partner for "blueprint" is an example of its growing commitment to sustainable development.

4.17 Diversity is addressed through specific actions in the RES. *emda* itself has an equalities steering group and has developed an internal suite of packages to raise general awareness and understanding of diversity issues. *emda* is coaching key members of staff on diversity, so that they are fully aware of how diversity relates to their work. An example of this training is on diversity impact evaluation for project appraisals. *emda* is also working with SSPs to make the same training available to them. Whilst there is still some way to go to embed diversity awareness and equality throughout all aspects and levels of *emda*, it has made real progress on this agenda.

Summary:

Strengths	Areas for Development
<ul style="list-style-type: none"> • Inclusive and consultative approach to developing the new RES • Ambitious targets i.e. Top 20 / Flourishing region • Index of Sustainable Economic Wellbeing is an innovative step towards setting meaningful overall regional targets • Credit for in house production of evidence base • <i>emda</i> works well trans-regionally & collaborates positively (e.g. AWM - transport technology; SEEDA - Milton Keynes growth area) • Diversity is mainstreamed in the RES • Innovative public consultation has helped to forge a regional identity • Strong alignment of RES and Regional Spatial Strategy • Tough decisions made & implemented (e.g. clusters/sectors, SSPs, Business links) • Good reputation for engendering partnership working 	<ul style="list-style-type: none"> • Good progress made through the equalities steering group and on the diversity agenda, <i>emda</i> need to continue to take this forward • <i>emda</i> need to explain the content and purpose of the ISEW more widely • <i>emda</i> need to consider and communicate the outcome and impact of the RES Implementation plan

5 Prioritisation

Key Sources: *Regional Economic Strategy, Corporate Plan, Risk Management Strategy, Directorate and Area Team Business plans, Annual Accounts and Annual Performance Reports and Reviews, focus group and, interviews*

emda is performing well in terms of prioritisation. (SCORE 3)

- Are there clear economic priorities within the ambition for the region?
- Is there a robust corporate strategy expressed within *emda's* Corporate Plan to deliver the priorities?
- Is robust action taken to deliver the Regional Economic Strategy?

5.1 In the 2003 RES the strategic vision of the region is underpinned by three key drivers of success: Employment Learning & skills; Climate for Investment; and Enterprise & Innovation. The RES identified 12 strands of activity, and for each of these strands *emda* identified its strategic objectives, and priority actions needed to achieve them. In order to prioritise its activities in line with these actions it has allocated funds over 12 key strands, as a basis for planning and managing business at regional and sub regional level.

5.2 From April 2007, *emda* will adopt the structure of the 2006 RES, and will allocate funds against the ten priorities which support its three main themes, raising productivity; ensuring sustainability; and achieving equality. Whilst *emda* accepts that the primary theme is economic (Raising Productivity) it believes the others are needed to achieve the overall regional vision. The RES has been developed and the strategic priorities and actions were targeted using the evidence base. There is a clear link between the evidence base and the RES.

5.3 Most partners are content that they understand the reasons for all the decisions made in the RES; however a minority reported that they did not think *emda* had adequately explained the reasons for some of the choices made.

5.4 *emda* is developing a Regional Implementation Plan to deliver the objectives outlined in the RES. Partners are in the process of signing up to the priority actions they have agreed to deliver and to indicate the resources they will commit. This will, for the first time, provide a clear

statement of which partners are delivering which elements of the RES and state their current and future resource commitments.

5.5 The draft of the implementation plan, dated December 2006, shows that of the 93 organisations asked to contribute, 83 have responded in detail. These organisations supported the plan and provided details of actions they would be taking to deliver. Few were, at that point, in a position to provide detail on the level of resources they planned to make available. *emda* is on schedule to complete its implementation plan. NAO believes the RES Implementation Plan should become a strong document and will influence the capacity of partners and stakeholders in the region.

5.6 *emda* has been instrumental, with the Government Office East Midlands (GOEM), in facilitating the establishment of the Regional Coordination Forum Steering Group (RCFSG) in the East Midlands, and proposed that one of the Group's aims is to provide an effective performance management framework for the delivery, reporting and monitoring of the RES. The RCFSG includes the key public sector funding organisations of the region, including public health, Learning and Skills Council (covering skills), Job Centre Plus, local government (upper tier level), GOEM and the Regional Assembly. The group is chaired by the Regional Director of GOEM. At the time of our on site visits, the group had established its remit and was on track to progress with its agreed role.

5.7 *emda* has reviewed its activity levels in the light of key transformational actions outlined in the RES. It plans to move from a project and grant giving organisation to become more of a commissioning organisation. This should result in fewer projects, but with improved targeting to regional priorities. *emda* will also be commissioning programmes of work for the SSPs to deliver. This is a clear step forward. Whilst many partners were aware of *emda's* intention to move toward commissioning with fewer bigger projects, there are few examples of this yet. *emda* needs to continue its momentum in moving to a commissioning approach to its partners and stakeholders as this will position them better to deliver their key transformational actions.

5.8 There are good links from the 2003 RES (Destination 2010) to the current Corporate Plan (2005-08). *emda* has aligned its financial allocations in the Corporate Plan with the key priorities in the 2003 RES to deliver its objectives. Partners were consulted in the preparation of the Corporate Plan and were aware of and supported the action taken by *emda*.

5.9 *emda's* Annual Business Plan provides greater detail on the allocation of resources. *emda* has kept the 2007 - 08 business plan up to date by aligning it with the 2006 RES because the Corporate Plan is not yet due for a refresh, and there exists detailed "tracking" of resources through this, to the 2005- 08 Corporate Plan. *emda* has not produced a refreshed Corporate Plan on the basis that the alignment is provided through this process.

5.10 The seven SSPs produce their own business plans outlining their strategic objectives and priorities. *emda* reviews and approves these plans ensuring all the priorities are aligned with the RES and *emda's* overall priorities. In addition, all projects undertaken by the SSPs are required to be assessed and appraised by the Strategic Development Manager (SDM) and the Shared Resource Centre (SRC) to ensure that they are aligned with RES priorities as well as specific Business plans.

5.11 Each Directorate produces its own business plan, prioritising its actions which are aligned with *emda's* plans as are individual team and staff objectives. There is a clear link from team and directorate plans and objectives to *emda's* overall plans and objectives. The 2005-08 Corporate Plan has a clear cross reference to *emda's* PSA targets providing the link with central government policy.

5.12 The Regional and Strategic Health Authority priorities for public health, procurement, and development are closely aligned with the RES. This is indicative of *emda* taking a strong lead in a priority area for the region.

Summary:

Strengths	Areas for Development
<ul style="list-style-type: none">• Establishment with GOEM of the Regional Coordination Forum Steering Group• Strong buy-in to the RES priorities from partners who have signed up to the RES Implementation Plan• Strong alignment of priorities linking RES, Corporate Plan and Business Plans for <i>emda</i> and SSPs• The Shared Resource Centre and the Strategic Development Managers ensure SSP projects are focussed on the delivery of RES priorities	<ul style="list-style-type: none">• RES Implementation Plan to be fully populated with costs and resources• <i>emda</i> needs to continue its momentum in developing a commissioning rather than a grant-giving approach

6 Capacity

Key sources: *Regional Economic Strategy, Corporate Plan 2005-08, Annual business plans, HR strategy, focus groups and interviews.*

emda is performing well in terms of capacity (SCORE 3)

- Is there clear accountability and decision making to support delivery and continuous improvement?
- Is capacity used effectively and developed to deliver ambitions and priorities?
- Does the agency, with its partners have the capacity to achieve change and deliver its priorities?

6.1 The Chief Executive Officer is very well regarded by both staff, and partners. Partners were particularly aware of improvements in *emda's* communications, visibility and the clarity and transparency of decision making made over the past 18 months. Along with the Chair, the Chief Executive Officer has been visible throughout the region and is a strong advocate for the region's needs and aspirations.

6.2 The Board was observed and found to operate in a robust manner, providing challenge in the decision making process. *emda* has recognised that there is scope for increasing the business expertise of the Board and is actively working with GOEM to recruit members with strong business experience to fill current and future vacancies. Partners and stakeholders told us that the Board played a significant role in assisting *emda* to create and promote a regional identity.

6.3 The current Executive Team is relatively new in post, following a restructuring. It operates strongly as a team and is regarded as an effective and efficient group within the region. The Executive Team meeting that the NAO observed was thorough and efficient.

6.4 Beneath the Executive Team, the Directors convene a weekly meeting which monitors progress using key performance data in a more detailed way. As with the Executive Team, this group was observed to operate in an effective manner. The Directors are regarded as competent and highly motivated and this view is held across the organisation.

6.5 We received more mixed views from the partners and stakeholders on the quality of *emda* staff at lower levels. Whilst many are regarded as competent and of high quality, we were also informed that some were, on occasions, seen to be too process driven.

6.6 *emda* has undertaken internal reorganisations to ensure effective alignment of delivery to the RES priorities. Whilst staff and partners have been supportive of these changes, there is some confusion amongst partners as to points of contact. There is a perception by partners and stakeholders that *emda* has experienced some capacity problems, where specialist knowledge and experience may have been lost or dispersed across the agency with insufficient corporate memory. This was a particular issue in the skills area where responsibility has moved between different directorates over the past years. This has resulted in a perception by partners of a lack of continuity and commitment from *emda*. *emda* is aware of this and is taking appropriate action in restructuring the skills team and aligning them directly with the RES strategic priorities. This recent structural change needs to be communicated to stakeholders and partners.

6.7 *emda* has succession planning arrangements in place; however the retirement of an acknowledged expert from the rural team caused concern with some partners. To avoid any concern in the future, *emda* needs to be more proactive communicating these plans to partners and stakeholders.

6.8 *emda* has exceeded its efficiency savings targets. A key saving has been in the consolidation of its offices into Apex Court in Nottingham. The SRC is another important mechanism for building efficiency (further information is provided in section 6.14 on the SRC).

6.9 We were impressed by *emda's* approach to staff development and training. All staff have their own individual development plans, which are closely aligned to the organisation's objectives, and are encouraged to use the mentoring system. Staff are encouraged to develop their skills, competencies and career aspirations and given the opportunity to achieve progression.

6.10 Consultation with the staff is seen as an integral part of the HR strategy. Staff input has been sought on a regular basis, and in 2006 *emda* commissioned a wide ranging staff perception survey, which gave a positive results and had an exceptionally high response rate. The resultant

action plan has been of particular importance in relaying the message to staff that *emda* has taken on board their views and is serious about actioning them.

6.11 *emda* has a good track record for establishing working partnerships whether funded directly, or through other sources. They have used both public sector and public private partnerships to initiate development in the region. Examples include would be working in partnerships with Blueprint, the Environment Agency, English Partnerships, JE Jacobs (Engineers), Turner and Townsend (Construction and Management consultants) and the Environment Partnership at Avenue Coking works. *emda* has also been instrumental at engaging with organisations and bringing organisations together where there has been clear need for them to work in partnership. For example, it has facilitated collaboration between universities in the region and also the three cities. One example of practical success with this approach is the BioCity project, which brought together the two Nottingham Universities to work in partnership to deliver a successful and well regarded scheme.

6.12 Whilst, as stated above, *emda* has been good at developing partnership working, some partners did say that it has on occasions had too controlling an approach to delivering projects and that *emda* needed to become more trusting of its delivery partners. This is, in part, due to the perception of the SRC (see 6.14) being a mechanism for centralising power away from the sub-regions. There was also a wider feeling that *emda* can, on some projects, get too involved with project delivery; however partners commented that this is now less of an issue.

6.13 *emda* uses the SSPs as the vehicles for delivery at a local level. We found mixed views on the effectiveness of the SSPs, particularly prior to 2005, the response to some extent governed by the particular SSP involved, with Northamptonshire in particular receiving praise. The roles, responsibilities and structures of the SSPs were reviewed in 2005, to ensure their objectives were aligned more closely with the RES and to bring a more consistent approach to project development and appraisal. These changes have been implemented by the introduction of the SRC and the three-year Sub-regional Investment Plans (SRIPs) for each SSP which *emda* agreed after our on-site visit.

6.14 *emda's* principal day-to-day interface with SSPs is through an SSP Team of 9 staff, including 6 SDMs and one seconded advisor. This team works

predominantly on concept development. They collaborate with SSPs to work up and improve appropriate project proposals into applications that maximise the strategic fit with the RES, and where applicable the Sub-Regional Investment Plans (SRIPs), and *emda's* Corporate Plan. Project applications are then processed through the SRC. The SRC was introduced following the SSP review of 2005 to ensure consistency between project applications, avoid duplication at the regional level and to better utilise the capacity of SSPs. The SRC provides a centralised function in checking applications for compliance with state aid issues and any other requirements, for example in relation to sustainability. The SRC will also set and carry out contract monitoring and reporting (financial and non financial) of all projects at a single source.

6.15 Initially, after the SSP review, the creation of the SRC caused some resentment sub-regionally and overall confusion as to who became responsible for strategy and delivery in the region. *emda* has more work to do to externally communicate the relationship between the resulting roles of the SSPs, the SDMs and the SRC at the project development stage, however this is now underway.

6.16 The SRC has been successful in increasing the capacity of the SSPs and *emda* to concentrate on fewer, larger projects. *emda* has achieved savings in resources (£200k in 2005/06) and a quicker turn around time in project appraisal by using the SRC approach. As the SRC has been successful in achieving an effective and consistent appraisal process and in providing better value for money, its scope has been extended to appraise all Single Programme projects whether initiated by SSPs or by *emda's* central directorates.

Summary:

Strengths	Areas for Development
<ul style="list-style-type: none"> • Board operates in a robust manner providing effective challenge • Chairman, Chief Executive, Executive Team and Directors are well regarded • Efficiency plan savings above targets set • Strong partnership working, especially with organisations which previously did not work together • Staff development and training • Shared Resource Centre builds efficiency 	<ul style="list-style-type: none"> • Encourage some staff to take a more strategic approach, whilst remaining within <i>emda's</i> procedural boundaries • Continue to work closely with GOEM to ensure strong relevant business expertise on the Board • Further clarification and communication on the project development roles of the Sub Regional Strategic Partnerships, the Strategic Development Managers and the Shared Resource Centre • Communicating existing succession planning arrangements more proactively with partners

Z Performance Management

Key Sources: *Corporate Plan, Performance Management Framework, Project Appraisal System, Annual Performance Report, Risk Management Strategy, Evaluations, ECOTEC Communications Strategy, Business & Delivery Plans*

emda is performing strongly in terms of performance management (SCORE 4)

- Is there a consistent, rigorous and open approach to performance management?
- Do *emda* and partner organisations know how well they and each other are performing against planned/expected outcomes?
- Is knowledge about performance used to drive continuous improvement in outcomes and learning?

7.1 *emda* has strong accountability and performance management mechanisms and clear governance procedures in place. These are embedded in the culture of *emda* and embraced by staff as part of their routine procedures. The processes are closely aligned to the Corporate Plan, the Annual Business plan and, by extension, the RES through frequent and regular reporting at appropriate levels on progress against targets, for example the monthly reporting against each strand, described in the prioritisation chapter above. Staff, partners and stakeholders agree *emda* has a very strong and open culture of rigorous performance monitoring.

7.2 The key drivers for each of the RES priorities are identified and linked to the Corporate Plan and the Annual Business plan. To measure progress, *emda* has identified a number of Critical Success Factors (CSFs), with challenging milestones, which are necessary to achieve objectives outlined in the corporate plan. *emda* has also developed key performance indicators (KPIs) to monitor progress. A detailed performance monitoring framework has been introduced to ensure that *emda* is in a position to report and take appropriate remedial action, at an early stage. These reviews were not paper exercises and are an integral process for *emda*, and are taken seriously by all levels of staff.

7.3 Through its performance management framework *emda* produces quarterly, monthly and weekly reports, to the Board, the Executive Team and to the Directors Operational Meeting (DOM). These include weekly KPI reports, monthly and weekly financial reports, monthly strand reports,

quarterly reviews of CSF, quarterly reviews of directorate and SSP business plans, and half yearly performance reports to the Board. The SRC has appropriate milestones set for undertaking the project appraisal process and has been successful in achieving all of these.

7.4 To assist and inform all staff in monitoring progress of projects and programmes and as an aid to planning, *emda* has introduced a visual control management tool. Displays across the office show achievement against agreed targets.

7.5 *emda*, like many of the other RDAs, uses Portfolio Director as the single source of information on the status of project applications and output reporting. *emda* is able to disaggregate its outputs into relevant areas for analysis through Portfolio Director. This system appears to work well for *emda*.

7.6 *emda* estimates that about 30% of its projects and 50% of its spend are subject to project level evaluation. This is a higher proportion than we found in many other RDAs. The majority of these project level evaluations are output based, though some are full impact evaluations.

7.7 During 2005 *emda* commissioned an independent overall impact evaluation of the whole organisation from 1999 to date. This study is looking at the activities under the individual strands highlighted in the 2003 RES and the extent to which these have been effective and efficient; whether the expected output and outcomes have been realised; whether there have been secondary or tertiary impacts, what were the particularly successful or unsuccessful interventions and why; and how this may be used to inform future policy and strategies. The evaluation is a three year programme and the first interim report is due to be presented to the Board in February 2007. The NAO regard this as a bold and innovative approach to the need for RDAs to measure and evaluate their overall impact better.

7.8 *emda* has a strong culture of learning lessons which permeates through all levels. Where *emda* has carried out reviews, such as on the SSPs, or Business Link Operators, they have taken on board lessons from other organisations and applied them. Throughout the on-site visit, staff at *emda* consistently showed awareness of aspects of best practice that *emda* can and does use, how they could improve and develop and what could be done better.

7.9 *emda* is self aware. Staff, partners and stakeholders commented that the *emda* IPA Self-Assessment document demonstrated a critical self-awareness. The GOEM commented that *emda* had already raised everything they would have thought of in the Improvement Plan. In addition, *emda* uses internal surveys to find areas where awareness of issues and learning need to improve, for example on sustainability awareness.

7.10 *emda* has developed a number of additional KPIs that go beyond those generally used within the RDA network to measure progress, such as those for Tourism and the Index for Sustainable Economic Wellbeing. *emda* has succeeded in devising a measure of its own and the region's progress in innovative ways.

7.11 Risk is managed via a corporate risk register which is updated by risk owners on line and reviewed quarterly at meetings of the Board and Audit Committee. We found that risk management is embedded throughout *emda* and there is a strong risk aware culture which helps to ensure decisions are taken on the basis of information about positive and negative risks.

7.12 *emda* is standardising its approach to procurement and contract management, but has made the decision not to centralise it. All contract decisions go to the heads of team and the SRC check for any state aid issues.

7.13 *emda*'s improvement plan acknowledges that the profiling of its spending needs to improve. This comment is echoed by DTI finance, and is an issue across some of the other RDAs. Smoothing the spend profile more evenly across the financial year will improve the business planning cycle.

Summary:

Strengths	Areas for Development
<ul style="list-style-type: none"> • Robust and clear performance management and corporate governance systems • Very strong culture of rigorous performance monitoring • Evident positive approach to learning throughout the organisation • <i>emda</i> has made tough evidence based decisions. (E.g. Shared Resources Centre, Business links). • Risk management is effective • Evaluation strong at project level and whole agency level • Full evaluation of <i>emda</i>'s impact since inception will provide valuable lessons 	<ul style="list-style-type: none"> • Spend profile issue remains but is acknowledged in the Improvement Plan. • Improve the profile of procurement

8 Achievements

Key sources: *Annual Report and Accounts, Annual Performance Reports, Case studies brochure, Sustainable Development documents and Lead Role Reports*

The Agency is performing strongly in terms of Achievement (SCORE 4) (8)

- Has the Agency delivered its contribution to achieving the ambitions identified in the RES as set out in the Corporate Plan for the timescales covered by the assessment?
- Has the Agency made progress in achieving its ambitions in sustainable development?
- Has the Agency made progress in leveraging investment into the region against the priorities set out in the RES and has it influenced the resource allocation of partner organisations?
- Has the Agency made progress towards achieving its ambitions and priorities for its lead role for Department of Trade and Industry?

8.1 *emda* has a highly impressive record of achievement despite its small budget, with a strong emphasis on sustainable development and economic inclusion. *emda* has achieved imaginative and innovative integration of the three key drivers of success (Employment Learning & skills; Climate for Investment; and Enterprise & Innovation) which underpinned the 2003 RES. *emda* has been particularly successful in building strong partnerships between those who had not previously worked together and in taking responsibility for kick starting stalled projects. In addition, *emda* has a particular lead over other RDAs in respect of its project for whole Agency evaluation.

8.2 The East Midlands has moved up the ranking of European regions from 35th to 28th between 2003 and 2006. This rise is due predominantly to increases in the regional GDP and labour market indicators. Many partners and stakeholders attributed part of this move to *emda's* leadership. *emda's* successful delivery of programmes has been confirmed by many partners and stakeholders who endorse *emda's* self assessment claims. Much of *emda's* success is attributed to the effective partnerships that it has nurtured. The examples of achievement that are included in this section of our report are all clearly linked to objectives stated in the "Destination 2010" RES published in 2003.

8.3 Two projects that particularly demonstrate *emda's* exemplary approach to partnership working are the BioCity and "blueprint" projects:

8.3.1 BioCity provides incubation facilities for the start up and growth of Medium Sized Enterprises in the bio-pharmaceutical and life science sector. In addition to attracting the UK National Micro and Nanotechnology Network to locate in Nottingham, BioCity has provided facilities for 48 bio-pharmacy and life science companies, 13 of which have been spinouts from universities. BioCity is believed to be the largest facility of its kind in the country and to have rapidly achieved one of the highest levels of occupancy, at the lowest rental rates, with widest spread of tenants. The bringing together by *emda* of the two Nottingham universities for the first time in a project of this scale was a particular success which has led to further collaboration with Leicester and Loughborough Universities.

8.3.2 The "blueprint" partnership was established by *emda* to deliver regeneration in the region by leveraging private sector funding and expertise. During 2004, *emda* identified that there was an opportunity to utilise the £23 million investment portfolio it had inherited in order to generate funding to contribute to the £50 million quoted by the URCs as necessary to support the regional urban capital regeneration. *emda* created a steering group consisting of English Partnerships, the urban regeneration companies (at Derby, Leicester, Corby and Nottingham), a local authority representative and a private sector developer to guide the establishment of "blueprint", a public private partnership between *emda*, EP and the Igloo Regeneration Fund. Rather than retaining the profits made by "blueprint", *emda* reinvests the funds into further regeneration work for the region. "blueprint" is already delivering some key projects including a site development at Highfields in Nottingham and other significant regeneration schemes in Derby and Leicester: at the same time the investment portfolio value has increased by 12%.

8.4 *emda* is at the forefront of developing an evaluation methodology for use within the RDA network.

8.4.1 *emda* has made significant progress in respect of impact evaluation when compared to other RDAs and is widely accepted as being further advanced in the design and implementation of the DTI impact evaluation framework. *emda* has embarked upon a project that will provide evidence on the extent to which its programme activities under each of the 12 strands of the 2003

RES have been effective and efficient and to what extent outputs and outcomes have been achieved. Most notably, the project will provide an assessment of *emda's* Strategic Added Value (SAV) which will fully embrace the DTI's framework for impact evaluation of RDAs.

8.4.2 At the time of our onsite visit, *emda* was in the process of reviewing the results of the first phase of its whole Agency evaluation. Initial figures indicate that, across the five areas included in the first stage of the project (site provision and development, urban, economic growth and environment, transport and the national coalfield programme), *emda* is forecast to achieve Gross Value Added of approximately £200 million per year. Whilst the absence of any meaningful data from other RDAs means we are unable to benchmark this achievement, the fact that *emda* is the only RDA to be able to demonstrate such significant progress in this way is a significant achievement.

8.5 *emda* has made substantial progress against its Corporate Plan, its own critical success factors (CSFs) and its targets against the PSA framework.

8.5.1 The CSFs, which we believe are challenging, are the key deliverables *emda* needs to achieve in order to deliver its Corporate Plan in any one year. In the year 2005-06, *emda* met all its targets, and exceeded more than half of them by a significant margin. From 1999-2005, *emda* created or safeguarded 54,121 jobs, secured £416m of private sector investment, helped 5,204 businesses to start and survive, reclaimed 1603 hectares of brownfield land and trained (since 2002) 46,228 people.

8.5.2 *emda* has gone beyond the "usual" range of targets and indicators, included as part of the tasking framework, and has achieved an innovative solution to measuring regional progress. Working with the New Economic Foundation, *emda* is developing the Regional Index of Sustainable Economic Wellbeing. The Index of Sustainable Economic Wellbeing extends the philosophy underpinning the Top 20 index by measuring well being at the regional level. It is a composite indicator that seeks to ensure different factors that contribute to economic wellbeing are taken into account. It is hoped this will enable *emda* to gauge progress towards a "flourishing region". The Index of Sustainable Economic Wellbeing enables *emda* to take account of factors such as the value of voluntary work, the costs of pollution, the quality of the natural environment and the costs of crime as

well as the more "traditional" indicators of economic growth.

8.6 Low levels of skills are a major issue identified in both the RES and the Corporate Plan. Reflecting the priorities of the RES, *emda* has developed a range of programmes to tackle areas of under performance across the region. Examples include increasing graduate employment in the region, the Skills to Support priority sectors (Foundation Degree development) programme and the National Skills Academy for Manufacturing. *emda* has successfully maintained its momentum on skills during periods when two key partners were going through periods of organisational change. *emda's* leadership of the Employment, Skills and Productivity partnership (esp – the East Midlands Regional Skills Partnership) has helped stimulate greater collaboration with other regional partners, including higher education institutes and local authorities, as well as achieving alignment of *emda's* and the Learning and Skills Council's capital investment plan into further education colleges.

8.7 We received very positive feedback from partners and stakeholders on the role of *emda* in regenerating the former coalfield and collieries sites. *emda* has taken forward these projects in a manner that is consistent with the RES, has got work moving on many sites in the East Midlands and that has also done so in a technologically advanced manner. In respect of the Avenue Coking Works, *emda* have taken what was one of the most highly polluted sites in Europe and, working with partners, undertaken what is internationally recognised as one of the most complex on-site remediation treatments undertaken in the UK. *emda's* approach has been an exemplar in using cutting edge technology and engaging a wide and diverse set of partners at an early stage to meet the challenges faced in terms of capacity and environmental management.

8.8 Feedback from partners and stakeholders across the region presents a positive picture of *emda's* achievements on sustainability issues. *emda's* emphasis on delivering quality sustainable solutions is recognised and supported by many strategic partners. *emda* has delivered a number of high profile projects that show progress in respect of environmental sustainability and their commitment to biodiversity. An example is the Sherwood Energy Village, which is a mixed use development that has created a diverse industrial and commercial base. *emda* led on this project, working closely with English Partnerships, to secure funding from the National Coalfields programme to subsequently remediate the 91 Ha site and also

contributed £5m to support its redevelopment. It demonstrates innovative redevelopment using cutting edge technologies in sustainable construction, including the UK's largest system of sustainable urban drainage which has attracted international interest. Sherwood Energy Village won the Enterprising Britain 2005 award.

8.9 *emda* has reviewed its approach to the delivery of business support via the business link network. From 1st April 2007, *emda* will deliver a regional service for the East Midlands that is accessed through the Business Link IDB service gateway. Following an open tendering process, East Midlands Business (EMB) Ltd was appointed as the regional business link service provider. From 1st May the contracts for pre-start and start-up business support will initially be managed by *emda*, but will be transferred to EMB and managed as part of the Business Link service. *emda* is receiving exceptionally strong support and buy-in for its approach to delivering the service. It receives much praise from partners and stakeholders for its approach to the whole business support project which is widely acknowledged as being completed in a very practical, pragmatic and positive manner which maximised partner and stakeholder communication.

8.10 *emda* has a strong commitment to social enterprise and works well with partners in the region on this agenda. The Genesis project is a good example of *emda's* active engagement in social enterprise and has been praised by partners and stakeholders. Genesis is a regeneration site of community and social entrepreneurship on the site of an old bus depot in Alfreton, Derbyshire, towards which *emda* have contributed £2.2m. Genesis is now a community centre which, as well as providing jobs and supporting local services has stimulated business in the area. In addition, *emda* receives much praise from its partners and stakeholders for its work with Social Enterprise East Midlands. *emda* places emphasis on economic inclusion and, as commented in the Ambition chapter above, has developed strong processes and a sound culture in its work and projects to include many aspects of diversity.

8.11 Evidence from UKTI shows that, since 2003, *emda* has made strong progress in leveraging inward investment to the Region, moving it up from 11th to 6th in the UK rankings for RDAs. Last year (2005-06), *emda* exceeded its target for individual successes in terms of inward investment success by 41%. *emda* played a part in 61% of the total inward investment successes for the region as a whole, placing it second only to ONE NorthEast when comparing this measure across the English

network. Major international automotive companies such as FIUK, a Japanese owned firm, and the Canadian owned Lawrence Automotive have been attracted to make and maintain investments in the region. FIUK's investment was the largest manufacturing investment into the UK in the last five years.

8.12 The relationship between *emda*, the Government Office and the Regional Assembly is excellent. The three organisations have successfully worked well together and with other regional partners on a number of occasions, such as on the regional funding allocations. As a result of these excellent relationships, the key regional strategies (Regional Housing Strategy, Regional Spatial Strategy, and Regional Economic Strategy) are all strongly aligned and the organisations are working in partnership for regional delivery.

8.13 In terms of lead role, *emda* is the lead RDA on issues relating to International Trade and Inward investment (UKTI), manufacturing and European matters. Given the potential breadth and scope of the European lead role, *emda* took an early decision to focus on key EU policy and funding issues that have a significant impact on the RDAs. We found that *emda* communicates well the key issues in respect of its lead role to other RDAs and has developed an effective network. Other RDAs comment that *emda* has been proactive in taking policy leads where needed. Particular comment was made in regard to the development of the MAS programme, the National Skills Academy for manufacturing and the new UKTI strategy.

8.14 Some staff, partners and stakeholders expressed the opinion that *emda* is not always good at celebrating its own successes and publicising these both within the region and at a central government level. There is a perception that *emda* has a lower profile nationally than some of the other RDAs. A minority of partners comment that *emda* had on occasions taken full credit for projects that had been delivered in partnership with others – we found no evidence of this during our review.

Summary:

Strengths	Areas for Development
<ul style="list-style-type: none">• Delivery through partnerships• Progress and leadership on evaluation• Impressive delivery of regeneration initiatives across the region• Revitalising previously stalled projects• Financial and output targets have been consistently achieved• Progress on addressing issues and developing its lead role across the RDA network• Strong work on developing the business links offer• Progress in respect of the skills agenda• Leverage of investment to the region	<ul style="list-style-type: none">• Perception that Agency has a lower national profile than it should• Integrate lessons from whole agency evaluation into all activities of <i>emda</i> and partners

9 Technical Annex

Background

9.1 The National Audit Office (NAO) has undertaken this Independent Performance Assessment of *emda* at the request of the Department of Trade and Industry (DTI), which is the sponsor department for Regional Development Agencies. The NAO is responsible for advising Government and Parliament about financial management in public sector bodies. *emda* is one of nine Regional Development Agencies established under the Regional Development Agencies Act 1998 to further regional economic development, promote business efficiency and competitiveness, increase employment and the skills base, and contribute to regional environmental sustainability.

9.2 The NAO's Independent Performance Assessment covers the eight Regional Development Agencies outside London. The Audit Commission published its Initial Performance Assessment of the London Development Agency in November 2004. We are grateful to colleagues at the Audit Commission for their help in designing our Independent Performance Assessment and to colleagues in the Regional Development Agencies for their help in tailoring our approach to their activities.

Approach

9.3 The Independent Performance Assessment is structured under three headings:

- aims (covering the two themes of ambition and prioritisation);
- activities (covering the two themes of capacity and performance management);
- achievement (covering the single theme of achievement).

9.4 We have assigned a score for each theme on the basis of guidance which we prepared in agreement with the Regional Development Agencies. The range of possible scores for each theme is:

- performing inadequately (score 1);
- performing adequately (score 2);

- performing well (score 3); or
- performing strongly (score 4).

9.5 The theme scores combine to give an overall score that gives equal weight to the three headings. This is achieved by doubling the score for the single achievement theme, adding all the resultant scores together and assigning an overall score according to the table below.

Overall score	Weighted theme total
Performing inadequately	6 to 8
Performing adequately	9 to 14
Performing well	15 to 19
Performing strongly	20 to 24

Evidence

9.6 We reviewed a wide range of information sources for our assessment, including existing documents, observed routine meetings, site visits and tailored interviews and focus groups with internal and external stakeholders. We tested *emda's* awareness of its own position by referring to the self-assessment and improvement plan that *emda* prepared before we undertook our assessment. We sought views on *emda* from Central Government, co-ordinated by the Department of Trade and Industry, as Regional Development Agency sponsor department. We sought views from other Regional Development Agencies on how well *emda* conducts its lead role. We invited external stakeholders to respond to a survey. We consulted our colleagues who visit *emda* every year to audit the accounts, developing insights over an extended period. We triangulated all these different information sources to give a rounded view of *emda* and, as a further check, our assessment team included a senior director from another Regional Development Agency.

9.7 In analysing each triangulated information source, we referred to detailed questions underlying each of the five assessment themes, set out at the start of each report section. We drew observations from each source for as many of the questions as were relevant, and balanced this against evidence collected from other sources. In arriving at a final score for each theme, we compared the weight of evidence collected against

illustrative examples of different performance levels for each question, agreed in advance with the Regional Development Agencies.

9.8 During our assessment we:

- reviewed over 100 documents or pieces of evidence;
- consulted over 85 *emda* staff, in 35 in-depth interviews and 2 focus groups covering
 - Heads of Team
 - General staff
- consulted over 100 external stakeholders in 50 in-depth interviews and 9 focus groups covering
 - Investors business support
 - Business support
 - Tourism and culture
 - Urban regeneration, site provision and transport
 - Rural, economic growth and the environment
 - Employment, learning and skills
 - Enterprising communities and the voluntary sector
 - Innovation
 - Regional Assembly scrutiny panel.
- observed the following meetings
 - Board
 - Audit Committee
 - Board Resources Group
 - Executive Team meeting
 - Weekly staff feedback
 - DOM
 - Ecotec presentation.
- made site visits around the sub-regions, meeting further internal and external stakeholders;
- received 64 questionnaire returns from stakeholders (out of 310 who were given the opportunity to respond);

- received comments from seven other Regional Development Agencies and Department of Trade and Industry regarding *emda's* lead role; and

- received comments from the Department of Trade and Industry on behalf of all government departments with an interest in *emda*.

9.9 To ensure wide coverage of external stakeholders we:

- invited *emda* to propose an initial list;
- invited the Government Office for the East Midlands to comment on the list and add to it if appropriate.

Consistency

9.10 We held a consistency panel, chaired by a member of the NAO Management Board, on 23rd January 2007. The panel comprised an independent consultant and senior National Audit Office staff who had not been involved in the assessment. The consultant examined our work in detail on behalf of the panel to ensure we had applied the Independent Performance Assessment methodology guidance appropriately, used evidence in a consistent manner and applied the same standards across assessment teams covering different Regional Development Agencies.

Actions following issue of report

9.11 *emda* will review its improvement plan in the light of our assessment report and will publish a revision. We will provide advice in this process, as requested.